BEFORE THE PUBLIC SERVICE COMMISSION

COMMONWEALTH OF KENTUCKY

IN THE MATTER OF	)	
RATE APPLICATION BY	)	**CASE NO. 20060-00464**
ATMOS ENERGY/KENTUCKY DIVISION	)	

FILING REQUIREMENTS

VOLUME 8 OF 9

FILED IN SUPPORT OR PROPOSED

CHANGE IN RATES

DECEMBER 2006

Atmos Energy
Case No. 2006-00464
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Volume 8

Atmos Energy Kentucky
Case No. 2006-00464
Forecasted Test Period Filing Requirements

FR 10(9)(p)

Description of Filing Requirement:

SEC's annual report for most recent 2 years, Form 10-Ks and any Form 8-Ks issued during prior 2 years and any Form 10-Qs issued during past 6 quarters;

Response:

Continued

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

November 8, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On Tuesday, November 8, 2005, Atmos Energy Corporation (the "Company") announced in a news release its financial results for the fourth quarter of fiscal 2005 and fiscal year ended September 30, 2005, and that certain of its officers will discuss such financial results in a conference call on Wednesday, November 9, 2005 at 7:00 a.m. Central Time. In the release, the Company also announced that the conference call would be webcast live and that slides for the webcast would be available on its website for all interested parties.

A copy of the news release is furnished as Exhibit 99.1. The information furnished in this Item 2.02 and in Exhibit 99.1 attached hereto shall not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated November 8, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: November 8, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release dated November 8, 2005 (furnished under Item 2.02)

Exhibit 99.1

News Release

Analysts and Media Contact:
Susan Kappes (972) 855-3729

Atmos Energy Corporation Reports Impressive Results for Fiscal 2005; Issues Fiscal 2006 Guidance

DALLAS (November 8, 2005)—Atmos Energy Corporation (NYSE: ATO) today reported consolidated results for its fiscal year and fourth quarter ended September 30, 2005.

- For fiscal year 2005, net income was $135.8 million, or $1.72 per diluted share, compared with net income of $86.2 million, or $1.58 per diluted share the prior year. Fiscal 2005 results exceeded First Call's mean estimate of $1.71 per diluted share.
- For the fiscal 2005 fourth quarter, the net loss was $16.8 million, or $0.21 per diluted share, compared with a net loss of $6.4 million, or $0.11 per diluted share in the prior year quarter. Atmos Energy historically reports a loss in the fourth quarter of its fiscal year because customers' natural gas usage is lowest in the summer months. The net loss widened for the fiscal 2005 fourth quarter due to the acquisition of TXU Gas Company (TXU Gas).
- Results for the prior fiscal year ended September 30, 2004, included a nonrecurring after-tax gain of $4.2 million, or $0.08 per diluted share associated with the sale of an office building and the sale of the company's remaining indirect interest in Heritage Propane Partners, L.P. (Heritage).
- Fiscal 2005 results from the TXU Gas acquisition were accretive to consolidated earnings by $0.18 per diluted share.
- Hurricane Katrina adversely affected net income by $3.8 million or $0.05 per diluted share for fiscal 2005.
- Atmos Energy expects fiscal 2006 earnings to be in the range of $1.80 to $1.90 per diluted share.

"Atmos Energy had a record-breaking year, with more than $1 billion in gross profit for the first time in our company's history," said Robert W. Best, chairman, president and chief executive officer of Atmos Energy Corporation. "We also saw our net income increase 57 percent to $136 million, while our gas marketing earnings rose 41 percent to $23 million."

"Our TXU Gas acquisition was a major contributor, surpassing our original estimate of a contribution to earnings of $0.05 to $0.10 per diluted share. Acquiring the TXU Gas operations nearly doubled the number of utility customers to make Atmos Energy the largest pure-gas provider in the nation. In our nonutility business, gas marketing operations contributed an outstanding $0.30 per diluted share to set a new company record. In every way, it was a banner year for Atmos Energy," Best said.

N come for fiscal 2005 was adversely affected by approximately $22.8 million, or $0.29 per diluted share, by weather that was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized rates. However, because of solid results in its nonutility operations coupled with the acceleration of $12.4 million after-tax ($20.0 million pretax) of expense reductions from the TXU Gas acquisition that were originally anticipated in fiscal 2006, Atmos Energy substantially overcame the negative effect of weather on fiscal 2005 results. The realization of these operational synergies improved net income by $0.16 per diluted share in the current fiscal year.

Earnings in fiscal 2005 include the results of operations of the acquired natural gas utility distribution and pipeline operations of TXU Gas. After completing the acquisition on October 1, 2004, Atmos Energy formed its Mid-Tex Division to operate the acquired utility distribution operations and its Atmos Pipeline–Texas Division to operate the gas pipeline and storage operations. Together, the new divisions contributed $52.7 million in net income during fiscal 2005 and generated a net loss of $3.0 million during the fiscal 2005 fourth quarter.

Earnings per diluted share for fiscal 2005 and the fiscal 2005 fourth quarter reflect dilution associated with a 24.6 million share increase, year over year, and a 19.6 million share increase, quarter over quarter, in the company's weighted average number of diluted shares outstanding. The increases in shares were primarily due to equity offerings in July and October 2004, resulting in a total issuance of 26.0 million new shares to finance a portion of the TXU Gas acquisition.

Results for the Year Ended September 30, 2005

Consolidated gross profit for the fiscal year ended September 30, 2005, was approximately $1.1 billion, compared with $562.2 million in the prior year. The $566.9 million increase in consolidated gross profit primarily reflects the positive effects of the TXU Gas acquisition coupled with a strong performance in the nonutility natural gas marketing segment.

Utility gross profit increased $404.3 million to $907.4 million for fiscal 2005, compared with $503.1 million in the prior year, before intersegment eliminations. Consolidated utility throughput increased to 411.1 billion cubic feet (Bcf) for fiscal 2005, compared with 246.0 Bcf for the prior year, an increase of 165.1 Bcf. The increases in utility gross profit and throughput primarily reflect the contribution of $398.2 million in gross profit and 174.3 Bcf in throughput from the Mid-Tex Division. Additionally, gross profit increased $6.1 million primarily due to rate increases in the West Texas and Mississippi jurisdictions that were not in effect during the same period last year, coupled with the recognition of a $1.9 million refund to customers in the Colorado service area in the prior fiscal year that did not recur in the current year. Offsetting these in es was a $3.9 million reduction in gross profit in the Louisiana Division due to the impact of Hurricane Katrina. For the fiscal year ended Se ber 30, 2005, weather was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized operations. In the Louisiana and Mid-Tex Divisions, where the company does not have weather-normalized rates, weather was 22 percent and 20 percent warmer than normal. Atmos Energy is currently exploring alternatives to reduce the impact of weather on earnings in these two jurisdictions.

Natural gas marketing gross profit increased $15.4 million to $62.0 million for fiscal 2005 compared with $46.6 million last year, before intersegment eliminations. The increase in natural gas marketing gross profit was primarily attributable to capturing more favorable arbitrage spreads through storage activities coupled with improved profitability from successfully executed marketing efforts on higher-margin customers and customers in new market areas. This increase was partially offset by weather that was warmer than normal across the market areas and an unfavorable mark-to-market effect on increased physical volumes in storage. At September 30, 2005, physical volumes in storage were 6.9 Bcf, compared to 5.5 Bcf in the prior year. Consolidated natural gas marketing sales volumes were 238.1 Bcf during fiscal 2005, compared with 222.6 Bcf in the prior year.

On October 1, 2004, Atmos Energy created a separate pipeline and storage reporting segment under which it manages its gas pipeline and storage operations. This segment combines the regulated pipeline and storage operations of the Atmos Pipeline–Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC, which were previously included in the company's other nonutility segment. Pipeline and storage gross profit was $157.9 million for fiscal 2005, compared with $10.4 million in the prior year. The increase was primarily due to $149.5 million in gross profit associated with 375.6 Bcf of incremental pipeline transportation volumes from the new Atmos Pipeline–Texas Division.

Consolidated operation and maintenance expense for fiscal 2005 was $427.7 million, compared with $214.5 million for fiscal 2004. Excluding the provision for doubtful accounts and a $196.3 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the fiscal year ended September 30, 2005, increased $2.0 million compared with the prior year. The increase was primarily attributable to higher operation and maintenance expense of $2.3 million associated with the effects of Hurricane Katrina and increases in personnel costs in the natural gas marketing segment partially offset by cost control efforts in the utility segment. The provision for doubtful accounts increased from $5.4 million in the prior year to $20.3 million for the fiscal year ended September 30, 2005. The $14.9 million increase in the provision for doubtful accounts was primarily attributable to the new Mid-Tex Division operations and increases in the utility and natural gas marketing segment provisions due to potential increased collection risk associated with higher natural gas prices. Exceptional customer ac nts receivable collection efforts helped to mitigate these increases. In the utility segment, the average cost of natural gas for the fiscal year en September 30, 2005, was $7.41 per thousand cubic feet (Mcf), compared with $6.55 per Mcf for the 2004 fiscal year.

Depreciation and amortization expense for the fiscal year ended September 30, 2005, was $178.0 million, compared with $96.6 million in the prior year. The $81.4 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the fiscal year ended September 30, 2005, were $174.7 million, compared with $57.4 million for the prior year. The $117.3 million increase was primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions and higher franchise taxes due to higher revenues. Increases in franchise taxes have no permanent effect on net income because these amounts are revenue based and are ultimately recovered through collection of customer bills.

Interest charges for the fiscal year ended September 30, 2005, were $132.7 million, compared with $65.4 million for the fiscal year ended September 30, 2004. The $67.3 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $1.4 billion debt offering in October 2004, which was used to finance a portion of the TXU Gas acquisition.

Miscellaneous income for the fiscal year ended September 30, 2005, was $2.0 million, compared with miscellaneous income of $9.5 million for fiscal 2004. The $7.5 million decrease was primarily due to the absence in the current year of a $5.9 million pretax gain associated with the sale of the company's indirect interest in Heritage in fiscal 2004 and a $0.8 million pretax gain on the sale of an office building in fiscal 2004, partially offset by a $1.6 million increase in interest income earned on higher cash balances during fiscal 2005 compared with fiscal 2004.

For fiscal 2005, operating activities provided cash of $386.9 million, compared with $270.7 million for the fiscal year ended September 30, 2004. The period-over-period increase was primarily due to increased net income, more effective management of working capital and seasonally favorable purchased gas cost recoveries, partially offset by lower than expected utility sales volumes due to the effects of warmer weather. In addition, cash flow was negatively affected by a 40 percent quarter-over-quarter higher average cost of natural gas, resulting in higher accounts receivable and natural gas inventories compared with the prior year and an increase in margin deposits due to net unfavorable movements in the market indices used to value the natural gas marketing segment financial instruments.

Capital expenditures increased to $333.2 million for the fiscal year ended September 30, 2005, from $190.3 million for fiscal 2004 primarily reflecting spending for the new Mid-Tex Division of $115.0 million and for the Atmos Pipeline–Texas Division of $31.4 million.

Results for the 2005 Fourth Quarter Ended September 30, 2005

Consolidated gross profit for the three months ended September 30, 2005, was $201.7 million, compared with $89.5 million for the three months ended September 30, 2004. The $112.2 million increase in consolidated gross profit primarily reflects the positive effects of the TXU Gas acquisition and substantially increased margins in the company's natural gas marketing segment.

Utility gross profit increased $69.7 million to $151.8 million for the three months ended September 30, 2005, compared with $82.1 million in the same period last year, before intersegment eliminations. Consolidated utility throughput increased by 22.0 Bcf to 59.4 Bcf for the three months ended September 30, 2005, compared with 37.4 Bcf for the prior year quarter. The increases in utility gross profit and throughput primarily reflect the contribution of $73.7 million in gross profit and 23.6 Bcf in throughput from the Mid-Tex Division.

Excluding the new Mid-Tex Division, gross profit margin decreased $4.0 million, primarily due to the loss of $3.9 million in gross profit margin in Atmos Energy's Louisiana operations from the impact of Hurricane Katrina.

Natural gas marketing gross profit was $13.6 million for the three months ended September 30, 2005, compared with $5.6 million in the same quarter last year, before intersegment eliminations. The $8.0 million increase in natural gas marketing gross profit was largely attributable to increases resulting from successfully capturing more favorable arbitrage spreads through the company's storage activities, partially offset by increased storage fees associated with incremental storage contracted in the third quarter of this fiscal year. Consolidated natural gas marketing sales volumes were 58.4 Bcf during the three months ended September 30, 2005, compared with 48.8 Bcf in the prior year quarter.

Pipeline and storage gross profit was $36.0 million for the three months ended September 30, 2005, compared with $1.3 million for the three months ended September 30, 2004. The $34.7 million increase was primarily due to $38.0 million in gross profit associated with 121.1 Bcf of incremental pipeline transportation volumes from the operations of the Atmos Pipeline–Texas Division, coupled with higher transportation and related service margins due to significant "basis differentials" at the three major Texas gas hubs.

Consolidated operation and maintenance expense for the three months ended September 30, 2005, increased $66.0 million to $114.0 million, compared with $48.0 million for the three months ended September 30, 2004. Excluding the provision for doubtful accounts and a $55.1 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the three months ended September 30, 2005, increased $4.9 million compared with the prior year period. The increase in operation and maintenance expense is primarily attributable to increased operation and maintenance expense of $2.3 million associated with the effects of Hurricane Katrina and increases in personnel costs in the company's natural gas marketing segment partially offset by the effects of cost-control efforts in the utility segment. The provision for doubtful accounts increased $6.0 million during the three months ended September 30, 2005, compared with the prior year quarter due to increases in the utility and natural gas marketing segments reflecting potential increased collection risk associated with higher natural gas prices. In the utility segment, the average cost of natural gas for the three months ended September 30, 2005, was $9.05 per Mcf, compared with $6.46 per Mcf for the three months ended September 30, 2004.

Depreciation and amortization expense for the quarter ended September 30, 2005, was $45.2 million, compared with $26.8 million in the prior year period. The $18.4 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the three months ended September 30, 2005, were $34.2 million, compared with $11.5 million for the prior year period. The $22.7 million increase was primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Interest charges for the three months ended September 30, 2005, were $33.4 million, compared with $15.9 million for the three months ended September 30, 2004. The $17.5 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with the company's $1.4 billion debt offering in October 2004 used to finance a portion of the TXU Gas acquisition.

Miscellaneous expense for the three months ended September 30, 2005, was $0.8 million, compared with miscellaneous income of $1.7 million for the three months ended September 30, 2004. The $2.5 million decrease primarily reflects a $1.0 million increase in charitable donations towards the Hurricane Katrina relief effort combined with lower interest income attributable to a lower average cash balance in the current year quarter compared with the prior year quarter as the proceeds from the July 2004 equity offering were still on hand in the prior year quarter in advance of the TXU Gas acquisition.

Outlook

Atmos Energy said its leadership remains focused on enhancing shareholder value by delivering consistent earnings growth and providing a sound and attractive dividend. Atmos Energy expects fiscal 2006 earnings to be in the range of $1.80 to $1.90 per diluted share, assuming normal weather conditions and the negative impact of Hurricane Katrina, which is expected to reduce fiscal 2006 earnings by as much as $0.08 to $0.10 per diluted share. Capital expenditures for fiscal 2006 are expected to be in the range of $400 to $415 million. The Board of Directors today announced an increase in the company's annual dividend for the 18th consecutive year, raising the indicated dividend in fiscal 2006 to $1.26 per share of common stock.

Conference Call to be Webcast November 9, 2005

Atmos Energy Corporation will host a conference call with financial analysts to discuss the financial results for the fiscal year ended September 30, 2005 on Wednesday, November 9, 2005, at 7 a.m. CST. The phone number is 800-218-0713. The conference call will be webcast live on the Atmos Energy Web site at www.atmosenergy.com. A slide presentation also will be available on the company's Web site, and a playback of the call will be available on the Web site later that day. Atmos Energy officers who will participate in the conference call include: Bob Best, chairman, president and chief executive officer; Pat Reddy, senior vice president and chief financial officer; Earl Fischer, senior vice president, utility operations; JD Woodward, senior vice president, nonutility operations; Fred Meisenheimer, vice president and controller; Laurie Sherwood, vice president, corporate development, and treasurer; and Susan Kappes, vice president, investor relations.

Highlights and Recent Developments

$600 Million Credit Facility

On October 18, 2005, Atmos Energy entered into a $600 million 3-year committed revolving credit facility. The credit facility will expire on October 18, 2008. This facility serves as a backup liquidity facility for the company's commercial paper program. The credit facility, which replaced the company's $600 million 364-day working capital facility, contains essentially the same terms as those of the previous facility.

Forward-Looking Statements

The matters discussed in this news release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this news release are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this news release or in any of the Company's other documents or oral presentations, the words "anticipate," "believes," "estimate," "expects," "forecast," "goal," "intends," "objective," "plans," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this news release, including the risks relating to the acquisition of the operations of TXU Gas, the Company's ability to continue to access the capital markets and the other factors discussed in the Company's SEC filings. These factors include the risks and uncertainties discussed in the Company's Form 10-K for the fiscal year ended September 30, 2004, and the Company's Form 10-Q for the three and nine month periods ended June 30, 2005. Although the Company believes 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. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

About Atmos Energy

Atmos Energy Corporation, headquartered in Dallas, is the country's largest natural gas-only distributor, serving about 3.2 million gas utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 22 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas. For more information, visit www.atmosenergy.com .

Atmos Energy Corporation
Financial Highlights (Unaudited)

Statements of Income ('000s except per share)	Three Months Ended September 30		Year Ended September 30	
	2005	2004	2005	2004
Operating revenues:				
Utility segment	$ 452,347	$212,706	$3,103,140	$1,637,728
Natural gas marketing segment	632,751	363,216	2,106,278	1,618,602
Pipeline and storage segment (1)	33,944	1,515	164,742	19,758
Other nonutility segment (1)	1,244	1,144	5,302	3,393
Intersegment eliminations	(115,659)	(85,703)	(406,136)	(359,444)
	1,004,627	492,878	4,973,326	2,920,037
Purchased gas cost:				
Utility segment	300,593	130,617	2,195,774	1,134,594
Natural gas marketing segment	619,177	357,576	2,044,305	1,571,971
Pipeline and storage segment (1)	(2,084)	225	6,811	9,383
Other nonutility segment (1)	—	—	—	—
Intersegment eliminations	(114,765)	(85,060)	(402,654)	(358,102)
	802,921	403,358	3,844,236	2,357,846
Gross profit	201,706	89,520	1,129,090	562,191
Operation and maintenance expense	113,981	47,994	427,734	214,470
Depreciation and amortization	45,234	26,768	178,005	96,647
Taxes, other than income	34,159	11,478	174,696	57,379
Total operating expenses	193,374	86,240	780,435	368,496
Operating income	8,332	3,280	348,655	193,4
Miscellaneous income (expense), net	(846)	1,657	2,021	9,507
Interest charges	33,354	15,931	132,658	65,437
Income (loss) before income taxes	(25,868)	(10,994)	218,018	137,765
Income tax expense (benefit)	(9,066)	(4,610)	82,233	51,538
Net income (loss)	$ (16,802)	$ (6,384)	$ 135,785	$ 86,227
Basic net income (loss) per share	$ (0.21)	$ (0.11)	$ 1.73	$ 1.60
Diluted net income (loss) per share	$ (0.21)	$ (0.11)	$ 1.72	$ 1.58
Cash dividends per share	$ .310	$ .305	$ 1.24	$ 1.22
Weighted average shares outstanding:				
Basic	80,030	60,477	78,508	54,021
Diluted	80,030	60,477	79,012	54,416

Summary Net Income (Loss) by Segment (000s)	Three Months Ended September 30		Year Ended September 30	
	2005	2004	2005	2004
Utility	$ (22,889)	$ (8,025)	$ 81,117	$ 63,096
Natural gas marketing	3,991	1,725	23,404	16,633
Pipeline and storage (1)	2,035	123	30,599	2,767
Other nonutility (1)	61	(207)	665	3,731
Consolidated net income (loss)	$ (16,802)	$ (6,384)	$ 135,785	$ 86,2

(1) Effective October 1, 2004, Atmos Energy created the pipeline and storage segment, which reflects the regulated pipeline and storage operations of the Atmos Pipeline – Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage,

LLC, which was previously included in the other nonutility segment. Segment information for all prior year periods has been restated to reflect this new organizational structure.

A s Energy Corporation
F. cial Highlights, continued (Unaudited)

Condensed Balance Sheets (000s)	September 30, 2005	September 30, 2004
Net property, plant and equipment	$3,374,367	$1,722,521
Cash and cash equivalents	40,116	201,932
Cash held on deposit in margin account	80,956	—
Accounts receivable, net	454,313	211,810
Gas stored underground	450,807	200,134
Other current assets	238,238	99,319
Total current assets	1,264,430	713,195
Goodwill and intangible assets	744,596	245,528
Deferred charges and other assets	276,943	231,383
	$5,660,336	$2,912,627
Shareholders' equity	$1,602,422	$1,133,459
Long-term debt	2,183,104	861,311
Total capitalization	3,785,526	1,994,770
Accounts payable and accrued liabilities	468,123	185,295
Other current liabilities	503,368	238,682
Sh term debt	144,809	—
C .t maturities of long-term debt	3,264	5,908
Total current liabilities	1,119,564	429,885
Deferred income taxes	292,207	241,257
Deferred credits and other liabilities	463,039	246,715
	$5,660,336	$2,912,627

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Statements of Cash Flows
(000s)

	Year Ended September 30	
	2005	2004
Cash flows from operating activities		
Net income	$ 135,785	$ 86,227
Gain on sales of assets	—	(6,700)
Depreciation and amortization	178,796	98,112
Deferred income taxes	12,669	36,997
Changes in assets and liabilities	48,172	57,870
Other	11,522	(1,772)
Net cash provided by operating activities	386,944	270,734
Cash flows from investing activities		
Capital expenditures	(333,183)	(190,285)
Acquisitions	(1,916,696)	(1,957)
Proceeds from sales of assets	—	27,919
Other	(2,131)	(570)
Net cash used in investing activities	(2,252,010)	(164,893)
Cash flows from financing activities		
Net increase (decrease) in short-term debt	144,809	(118,595)
Net proceeds from issuance of long-term debt	1,385,847	5,000
Repayment of long-term debt	(103,425)	(9,713)
Settlement of Treasury lock agreements	(43,770)	—
Cash dividends paid	(98,978)	(66,7
Net proceeds from equity offering	381,584	235,7
Issuance of common stock	37,183	34,715
Net cash provided by financing activities	1,703,250	80,408
Net (decrease) increase in cash and cash equivalents	(161,816)	186,249
Cash and cash equivalents at beginning of period	201,932	15,683
Cash and cash equivalents at end of period	$ 40,116	$ 201,932

	Three Months Ended September 30		Year Ended September 30	
	2005	2004	2005	2004
Statistics				
Heating degree days *	8	22	2,587	3,271
Percent of normal *	47%	76%	89%	96%
Consolidated utility gas throughput (MMcf as metered)	59,422	37,449	411,134	246,033
Consolidated natural gas marketing sales volumes (MMcf)	58,418	48,843	238,097	222,572
Consolidated pipeline transportation volumes (MMcf)	121,076	—	375,604	—
Natural gas meters in service	3,157,840	1,679,136	3,157,840	1,679,136
Utility average cost of gas	$ 9.05	$ 6.46	$ 7.41	$ 6.55

* *Adjusted for weather-normalized operations.*

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

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☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On Monday, August 8, 2005, Atmos Energy Corporation (the "Company") announced in a news release its financial results for the third quarter of fiscal 2005, and that certain of its officers will discuss such financial results in a conference call on Tuesday, August 9, 2005 at 7:00 a.m. Central Time. In the release, the Company also announced that the conference call would be webcast live and that slides for the webcast would be available on its website for all interested parties.

A copy of the news release is furnished as Exhibit 99.1. The information furnished in this Item 2.02 and in Exhibit 99.1 attached hereto shall not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated August 8, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: August 8, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release dated August 8, 2005 (furnished under Item 2.02)

Exhibit 99.1

News Release

Analysts and Media Contact:
Susan Kappes (972) 855-3729

Atmos Energy Corporation Reports Strong Results For Fiscal 2005 Third Quarter and Nine Months; Sharpens 2005 Guidance

DALLAS (August 8, 2005)—Atmos Energy Corporation (NYSE: ATO) today reported consolidated results for its fiscal third quarter and nine months ended June 30, 2005.

- For the fiscal 2005 third quarter, net income was $4.5 million, or $0.06 per diluted share, compared with net income of $4.8 million, or $0.09 per diluted share in the prior year quarter.
- For the nine months ended June 30, 2005, net income was $152.6 million, or $1.94 per diluted share, compared with net income of $92.6 million, or $1.78 per diluted share for the nine months ended June 30, 2004.
- Results for the three and nine month periods ended June 30, 2004, included a nonrecurring after-tax gain of $1.1 million, or $0.02 per diluted share for the three months and $4.2 million, or $0.08 per diluted share for the nine months; the gain was associated with the sale of an office building and the sale of the company's remaining indirect interest in Heritage Propane Partners, L.P. (Heritage).
- Results from the TXU Gas Company (TXU Gas) acquisition for the nine months ended June 30, 2005, have been accretive to consolidated earnings by $0.14 per diluted share.
- As a result of these strong year-to-date results, Atmos Energy now expects to achieve earnings at the middle of the previously announced range of $1.65 to $1.75 per diluted share for fiscal 2005.

"Because of the seasonal nature of the company's utility operations, the third quarter of the fiscal year is typically a breakeven or loss quarter. However, by controlling expenses across the enterprise during the quarter, coupled with realizing expense reductions earlier than planned from the TXU Gas acquisition and strong results in our nonutility businesses, we were able to offset the negative effect during this past heating season on our earnings from the unseasonably warm weather in jurisdictions without weather-normalized rates," said Robert W. Best, chairman, president and chief executive officer of Atmos Energy Corporation.

Net income for the nine months ended June 30, 2005, was adversely affected by approximately $20.3 million, or $0.26 per diluted share, due to weather that was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized rates. However, by accelerating into fiscal 2005 $20.0 million pretax of operational synergies from the TXU Gas acquisition that were originally anticipated in fiscal 2006, Atmos Energy substantially overcame these negative effects of weather on fiscal 2005 results. The realization of these operational synergies improved net income by $0.16 per diluted share in the current nine month period.

Earnings in fiscal 2005 include the results of operations of the acquired natural gas utility distribution and pipeline operations of TXU Gas. After completing the acquisition on October 1, 2004, Atmos Energy formed its Mid-Tex Division to operate the utility distribution operations and its Atmos Pipeline–Texas Division to operate the gas pipeline and storage operations. Together, the new divisions contributed $2.1 million in net income for the three months ended June 30, 2005, and $55.7 million in net income for the nine months ended June 30, 2005.

Earnings per diluted share for the three and nine month periods ended June 30, 2005, reflect dilution associated with a 27.5 million share increase, quarter over quarter, and a 26.3 million share increase, year over year, in the company's weighted average number of diluted shares outstanding. The increases in shares were primarily due to equity offerings in July and October 2004, resulting in a total issuance of 26.0 million new shares to finance a portion of the TXU Gas acquisition.

Results for the 2005 Third Quarter Ended June 30, 2005

Consolidated gross profit for the three months ended June 30, 2005, was $224.3 million, compared with $107.5 million for the three months ended June 30, 2004. The increase in consolidated gross profit primarily reflects the positive effects of the TXU Gas acquisition.

Utility gross profit increased to $175.2 million in the current quarter, compared with $93.2 million in the same period last year, before intersegment eliminations. Consolidated utility throughput increased to 72.7 billion cubic feet (Bcf) for the three months ended June 30, 2005, compared with 42.6 Bcf for the prior year quarter. The increases in utility gross profit and throughput primarily reflect the contribution of $79.4 million in gross profit and 28.6 Bcf in throughput from the Mid-Tex Division. Excluding the new Mid-Tex Division, gross profit margin increased $2.6 million, primarily due to weather that was 6 percent colder than the same period last year for the company's historical utility

operations, partially offset by lower irrigation margin in its West Texas and Colorado-Kansas divisions.

Natural gas marketing gross profit was $10.4 million for the three months ended June 30, 2005, compared with $11.6 million in the same quarter last year, before intersegment eliminations. The slight decrease in natural gas marketing gross profit was primarily attributable to increased st e fees associated with the incremental storage contracted in the current quarter and less favorable arbitrage spreads, partially offset by i ved profitability resulting from successfully executed marketing efforts to customers in new market areas. Consolidated natural gas marketing sales volumes were 52.7 Bcf during the three months ended June 30, 2005, compared with 47.6 Bcf in the prior year quarter.

On October 1, 2004, Atmos Energy created a separate pipeline and storage reporting segment to manage the company's gas pipeline and storage operations. This segment combines the regulated pipeline and storage operations of the Atmos Pipeline–Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC, which were previously included in the company's other nonutility segment. Pipeline and storage gross profit was $38.3 million for the three months ended June 30, 2005, compared with $2.2 million for the three months ended June 30, 2004. The increase was primarily due to 97.6 Bcf of incremental pipeline transportation volumes from the new Atmos Pipeline–Texas Division.

Consolidated operation and maintenance expense for the three months ended June 30, 2005, was $94.5 million, compared with $50.5 million for the three months ended June 30, 2004. Excluding the provision for doubtful accounts and a $41.2 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the three months ended June 30, 2005, decreased $3.5 million compared with the same quarter in 2004, primarily due to the effects of cost-control efforts in the utility segment. Atmos Energy continued to experience strong collection efforts during the third quarter of 2005. In the utility segment, the average cost of natural gas for the three months ended June 30, 2005, was $7.43 per thousand cubic feet (Mcf), compared with $6.49 per Mcf for the three months ended June 30, 2004.

Depreciation and amortization expense for the quarter ended June 30, 2005, was $43.4 million, compared with $23.3 million in the prior year period. The $20.1 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the three months ended June 30, 2005, were $46.9 million, compared with $12.3 million for the prior year period. The $34.6 million increase was primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions and higher franchise taxes due to higher revenues. Increases in franchise taxes have no permanent effect on net income because these amounts are revenue based and are ultimately recovered through customer billings.

Interest charges for the three months ended June 30, 2005, were $33.7 million, compared with $16.0 million for the three months ended June 30, 2004. The $17.7 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $1.4 billion debt offering in October 2004 used to finance a portion of the TXU Gas acquisition.

Miscellaneous income for the three months ended June 30, 2005, was $1.5 million, compared with $2.2 million for the three months ended June 30, 2004. The $0.7 million decrease was primarily due to the absence in the current quarter of a $1.0 million pretax gain associated with the sale of the company's remaining indirect interest in Heritage and a $0.8 million pretax gain on the sale of an office building during the third quarter of fiscal 2004, partially offset by increased interest income earned on higher cash balances during the third quarter of 2005 compared with the prior year quarter.

Results for the Nine Months Ended June 30, 2005

Consolidated gross profit for the nine months ended June 30, 2005, was $927.4 million, compared with $472.7 million for the nine months ended June 30, 2004. The increase in consolidated gross profit reflects the positive effects of the TXU Gas acquisition coupled with strong performance ir nonutility natural gas marketing segment.

Utility gross profit increased to $755.6 million for the nine months ended June 30, 2005, compared with $421.0 million in the same period last year, before intersegment eliminations. Consolidated utility throughput increased to 351.7 Bcf for the nine months ended June 30, 2005, compared with 208.6 Bcf for the prior year period. The increases in utility gross profit and throughput primarily reflect the contribution of $324.5 million in gross profit and 150.7 Bcf in throughput from the Mid-Tex Division. Additionally, gross profit increased $10.1 million primarily due to rate increases in the West Texas and Mississippi jurisdictions that were not in effect during the same period last year, coupled with the recognition of a $1.9 million refund to customers in the Colorado service area in the prior year period. For the nine months ended June 30, 2005, weather was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized operations. In the Louisiana and Mid-Tex Divisions where the company does not have weather-normalized rates, weather was 22 percent and 20 percent warmer than normal, respectively. Atmos Energy is pursuing alternatives to reduce the impact of weather on earnings in these two jurisdictions.

Natural gas marketing gross profit was $48.4 million for the nine months ended June 30, 2005, compared with $41.0 million in the same period last year, before intersegment eliminations. The increase in natural gas marketing gross profit was primarily attributable to improved profitability from successfully executed marketing efforts on higher-margin customers and customers in new market areas, partially offset by weather that was warmer than normal across the market areas and an unfavorable mark-to-market effect on increased physical volumes in storage. At June 30, 2005, physical volumes in storage were 14.7 Bcf, compared to 4.9 Bcf in the prior year period. Consolidated natural gas marketing sales volumes were 179.7 Bcf during the nine months ended June 30, 2005, compared with 173.7 Bcf in the prior year period.

Pipeline and storage gross profit was $121.9 million for the nine months ended June 30, 2005, compared with $9.1 million for the nine months ended June 30, 2004. The increase was primarily due to 254.5 Bcf of incremental pipeline transportation volumes from the operations of the Atmos Pipeline–Texas Division, coupled with higher transportation and related service margins due to significant "basis differentials" at the three major Texas gas hubs.

Consolidated operation and maintenance expense for the nine months ended June 30, 2005, was $313.8 million compared with $166.5 million for the nine months ended June 30, 2004. Excluding the provision for doubtful accounts and a $141.2 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the nine months ended June 30, 2005, decreased $2.8 million compared with the same period in 2004. The provision for doubtful accounts increased from $5.6 million in the prior year period to $14.5 million for the nine months ended June 30, 2005. The $8.9 million increase in the provision for doubtful accounts was primarily attributable to the new M x Division operations partially offset by exceptional customer accounts receivable collection efforts. In the utility segment, the average cos. .1 natural gas for the nine months ended June 30, 2005, was $7.20 per Mcf, compared with $6.56 per Mcf for the nine months ended June 30, 2004.

Depreciation and amortization expense for the nine months ended June 30, 2005, was $132.8 million, compared with $69.9 million in the prior year period. The $62.9 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the nine months ended June 30, 2005, were $140.5 million, compared with $45.9 million for the prior year period. The $94.6 million increase was primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions and higher franchise taxes due to higher revenues.

Interest charges for the nine months ended June 30, 2005, were $99.3 million, compared with $49.5 million for the nine months ended June 30, 2004. The $49.8 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $1.4 billion debt offering in October 2004, which was used to finance a portion of the TXU Gas acquisition.

Miscellaneous income for the nine months ended June 30, 2005, was $2.9 million, compared with miscellaneous income of $7.9 million for the nine months ended June 30, 2004. The $5.0 million decrease was primarily due to the absence in the current year period of a $5.9 million pretax gain associated with the sale of the company's indirect interest in Heritage in fiscal 2004 and a $0.8 million pretax gain on the sale of an office building in fiscal 2004, partially offset by a $2.0 million increase in interest income earned on higher cash balances during fiscal 2005 compared with fiscal 2004.

For the nine months ended June 30, 2005, operating activities provided cash of $387.4 million, compared with $359.3 million for the nine months ended June 30, 2004. The period over period increase was primarily due to increased net income and more effective management of working capital, partially offset by lower than expected utility sales volumes due to the effects of warmer weather. In addition, cash flow was negatively affected by higher volumes of natural gas held in inventory at a 10 percent higher average cost, as compared with the prior year period, seasonally unfavorable purchased gas cost recoveries and an increase in margin deposits due to net unfavorable movements in the market indices used to value the natural gas marketing segment risk management assets and liabilities.

Ca expenditures increased to $226.9 million for the nine months ended June 30, 2005, from $129.5 million for the nine months ended June 30, . 4, primarily reflecting spending for the new Mid-Tex Division of $77.8 million and for the Atmos Pipeline–Texas Division of $16.3 million. Capital expenditures for fiscal 2005 are expected to be between $335 million and $345 million.

Conference Call to be Webcast August 9

Atmos Energy Corporation will host a conference call with financial analysts to discuss the financial results for the third quarter and first nine months of fiscal 2005 on Tuesday, August 9, 2005, at 7 a.m. CDT. The telephone number is 800-218-0713. The conference call will be webcast live on the Atmos Energy Web site at www.atmosenergy.com . A slide presentation also will be available on the company's Web site, and a playback of the call will be available on the Web site later that day. Atmos Energy officers who will participate in the conference call include: Bob Best, chairman, president and chief executive officer; Pat Reddy, senior vice president and chief financial officer; Earl Fischer, senior vice president, utility operations; JD Woodward, senior vice president, nonutility operations; Fred Meisenheimer, vice president and controller; Laurie Sherwood, vice president, corporate development, and treasurer; and Susan Kappes, vice president, investor relations and corporate communications.

Highlights and Recent Developments

Debt Reduction

On July 6, 2005, Atmos Energy announced that it had elected to utilize excess cash to facilitate the early redemption, effective June 30, 2005, of five series of its First Mortgage Bonds, due from 2007 to 2022, reducing the aggregate principal amount of its outstanding debt by approximately $72.5 million. The make-whole premium paid to extinguish these bonds was approximately $25.0 million. Additionally, accrued interest of approximately $1.0 million was also paid. Atmos Energy's total savings for interest payments resulting from the debt redemptions are expected to be approximately $1.3 million pretax, or $0.01 per diluted share for fiscal 2005 and about $5.1 million pretax, or $0.04 per diluted share, for fiscal 2006.

Pipeline Projects

On May 17, 2005, Atmos Energy announced it had entered into an agreement with Enbridge Energy Partners, L.P., to transport up to 100,000 million Btu per day of natural gas through its Texas intrastate pipeline system for Enbridge beginning in April 2006. Atmos Energy said the natural gas would flow from gas producers in the Fort Worth Basin through its 36-inch X line to an interconnection with Enbridge's new Bethel-to-Carthage line. To handle the increased volumes for this project and other planned projects, Atmos Energy will install near Howard, Texas, compression equipment and other pipeline infrastructure, costing approximately $20 million. These system improvements will benefit utility customers of Atmos Energy by increasing the reliability and capacity of the company's pipeline system, as well as Texas gas producers and shippers by transporting Fort Worth Basin natural gas in the Texas intrastate wholesale gas market.

In conjunction with the compression upgrade at Howard, Atmos Energy executed an agreement with a third-party shipper on July 14, 2005, to transport an additional 50,000 million Btu per day of natural gas through its Texas intrastate pipeline system.

Both of these projects are expected to come on line beginning in fiscal 2006.

Georgia Rate Filing

On May 20, 2005, Atmos Energy announced that it had requested its first gas rate increase in Georgia in more than nine years because of increased operating costs and investments to maintain service reliability and safety for its customers. The company asked the Georgia Public Service Commission to increase its revenues by approximately $4.0 million, or 5 percent. Hearings are scheduled in Atlanta in October 2005, and rates are expected to be implemented in November 2005. Atmos Energy serves approximately 68,000 residential, commercial and industrial natural gas customers in Georgia.

Forward-Looking Statements

The matters discussed in this news release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this news release are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this news release or in any of the Company's other documents or oral presentations, the words "anticipate," "believes," "estimate," "expects," "forecast," "goal," "intends," "objective," "plans," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this news release, including the successful integration of the Company's acquisition of the operations of TXU Gas, the Company's ability to continue to access the capital markets and the other factors discussed in the Company's SEC filings. These factors include the risks and uncertainties discussed in the Company's Form 10-K for the fiscal year ended September 30, 2004, and the Company's Form 10-Q for the three and six month periods ended March 31, 2005. Although the Company believes 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. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Atmos Energy Corporation, headquartered in Dallas, is the country's largest natural gas-only distributor, serving about 3.2 million gas utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 22 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas. For more information, visit www.atmosenergy.com .

Atmos Energy Corporation
Financial Highlights (Unaudited)

Statements of Income

(000s except per share)	Three Months Ended June 30		Nine Months Ended June 30	
	2005	2004	2005	2004
Operating revenues:				
Utility segment	$501,735	$256,252	$2,650,793	$1,425,022
Natural gas marketing segment	466,835	364,339	1,473,527	1,255,386
Pipeline and storage segment	36,524	5,357	130,798	18,243
Other nonutility segment	1,421	853	4,058	2,249
Intersegment eliminations	(96,563)	(80,743)	(290,477)	(273,741)
	909,952	546,058	3,968,699	2,427,159
Purchased gas cost:				
Utility segment	326,502	163,093	1,895,181	1,003,977
Natural gas marketing segment	456,440	352,708	1,425,128	1,214,395
Pipeline and storage segment	(1,733)	3,150	8,895	9,158
Other nonutility segment	—	—	—	—
Intersegment eliminations	(95,606)	(80,385)	(287,889)	(273,042)
	685,603	438,566	3,041,315	1,954,488
Gross profit	224,349	107,492	927,384	472,671
Operation and maintenance expense	94,518	50,467	313,753	166,476
Depreciation and amortization	43,448	23,268	132,771	69,879
Taxes, other than income	46,915	12,297	140,537	45,901
Total operating expenses	184,881	86,032	587,061	282,2
Operating income	39,468	21,460	340,323	190,4
Miscellaneous income	1,524	2,187	2,867	7,850
Interest charges	33,689	16,011	99,304	49,506
Income before income taxes	7,303	7,636	243,886	148,759
Income tax expense	2,817	2,871	91,299	56,148
Net income	$ 4,486	$ 4,765	$ 152,587	$ 92,611
Basic income per share	$ 0.06	$ 0.09	$ 1.96	$ 1.79
Diluted income per share	$ 0.06	$ 0.09	$ 1.94	$ 1.78
Cash dividends per share	$ .310	$ .305	$ .930	$ .915
Weighted average shares outstanding:				
Basic	79,683	52,220	78,009	51,788
Diluted	80,144	52,617	78,478	52,166

Summary Net Income (Loss) by Segment (000s)	Three Months Ended June 30		Nine Months Ended June 30	
	2005	2004	2005	2004
Utility	$ (6,668)	$ (548)	$ 104,006	$ 71,121
Natural gas marketing	2,360	3,950	19,413	14,908
Pipeline and storage (1)	8,842	542	28,564	2,644
Other nonutility	(48)	821	604	3,938
Consolidated net income	$ 4,486	$ 4,765	$ 152,587	$ 92,6

1) Effective October 1, 2004, Atmos Energy created the pipeline and storage segment, which reflects the regulated pipeline and storage operations of the Atmos Pipeline – Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage,

LLC, which was previously included in the other nonutility segment. Segment information for all prior year periods has been restated to reflect this new organizational structure.

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Balance Sheets

(000s)	June 30, 2005	Septemb 2004
Net property, plant and equipment	$3,304,811	$1,722,521
Cash and cash equivalents	23,637	201,932
Cash held on deposit in margin account	22,660	—
Accounts receivable, net	299,954	211,810
Gas stored underground	334,245	200,134
Other current assets	75,958	63,236
Total current assets	756,454	677,112
Goodwill and intangible assets	709,980	238,272
Deferred charges and other assets	286,699	231,978
	$5,057,944	$2,869,883
Shareholders' equity	$1,616,010	$1,133,459
Long-term debt	2,183,639	861,311
Total capitalization	3,799,649	1,994,770
Accounts payable and accrued liabilities	231,881	185,295
Other current liabilities	342,408	223,265
Short-term debt	—	—
Current maturities of long-term debt	3,242	5,908
Total current liabilities	577,531	414,468
Deferred income taxes	222,699	213
Deferred credits and other liabilities	458,065	246,715
	$5,057,944	$2,869,883

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Statements of Cash Flows

	Nine Months Ended June 30	
(000s)	2005	2004
Cash flows from operating activities		
Net income	$ 152,587	$ 92,611
Gain on sales of assets	—	(6,700)
Depreciation and amortization	133,405	71,149
Deferred income taxes	17,703	5,750
Changes in assets and liabilities	76,122	197,857
Other	7,593	(1,405)
Net cash provided by operating activities	387,410	359,262
Cash flows from investing activities		
Capital expenditures	(226,851)	(129,508)
Acquisitions	(1,916,654)	(1,957)
Proceeds from sales of assets	—	27,9
Other	(1,648)	(5
Net cash used in investing activities	(2,145,153)	(104,051)
Cash flows from financing activities		

Net decrease in short-term debt	—	(118,595)
Net proceeds from issuance of long-term debt	1,385,847	5,000
Repayment of long-term debt	(102,801)	(9,079)
Settlement of Treasury lock agreements	(43,770)	—
(lividends paid	(74,048)	(47,615)
Net proceeds from equity offering	382,014	—
Issuance of common stock	32,206	26,290
Net cash provided (used) by financing activities	1,579,448	(143,999)
Net increase (decrease) in cash and cash equivalents	(178,295)	111,212
Cash and cash equivalents at beginning of period	201,932	15,683
Cash and cash equivalents at end of period	$ 23,637	$ 126,895

Statistics

	Three Months Ended June 30		Nine Months Ended June 30	
	2005	2004	2005	2004
Heating degree days *	167	237	2,580	3,249
Percent of normal *	97%	94%	89%	96%
Consolidated utility gas throughput (MMcf as metered)	72,678	42,574	351,712	208,584
Consolidated natural gas marketing sales volumes (MMcf)	52,739	47,640	179,679	173,729
Consolidated pipeline transportation volumes (MMcf)	97,567	—	254,528	—
Natural gas meters in service	3,163,912	1,680,008	3,163,912	1,680,008
Utility average cost of gas	$ 7.43	$ 6.49	$ 7.20	$ 6.56

* *Adjusted for weather-normalized operations.*

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

June 30, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.02. Termination of a Material Definitive Agreement.

Atmos Energy Corporation, a Texas and Virginia corporation, redeemed effective June 30, 2005, prior to their scheduled maturities, a total of five series of first mortgage bonds issued under two indentures with an aggregate cash payment of $98,473,530, consisting of cumulative principal outstanding of $72,499,999, make-whole premiums of $25,016,808 and accrued interest of $956,723. A total of four series of first mortgage bonds were issued under the Indenture of Mortgage dated July 15, 1959 by and between United Cities Gas Company and City National Bank and Trust of Chicago and R. Emmett Hanley (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees the United Cities indenture). One additional series of first mortgage bonds was issued under the Indenture of Mortgage and Deed of Trust dated March 1, 1957 by and between Greeley Gas Company and The Central Bank and Trust Company (now known as U.S. Bank National Association), Trustee, as amended and supplemented by the Seventh Supplemental Indenture dated October 1, 1983, by and between Greeley Gas Company and Central Bank of Denver (now known as U.S. Bank National Association), as Trustee (the Greeley Gas indenture). A schedule containing detailed information on the redemption of these bonds is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Atmos Energy, successor to both United Cities Gas Company and Greeley Gas Company, paid an aggregate amount of $25,016,808 in make-whole premiums (penalties for early redemption), based on the latest available long-term interest rates published by the Federal Reserve, to the trustees of the indentures on behalf of the holders of the five first mortgage bonds. Neither Atmos Energy nor any of its affiliates have any other material relationships with the trustees of the indentures or the holders of the bonds, other than in respect of the participation by U.S. Bank

National Association as one of the lenders in Atmos Energy's $600 million revolving credit facility as well as the continued service by U.S. Bank as one of the trustees under the United Cities indenture, with a total amount of outstanding debt under such indenture at June 30, 2005 of $10,000,000.

As discussed in Note 6 to Atmos Energy's consolidated financial statements in its Form 10-K for the year ended September 30, 2004, substantially all of the utility plant assets in the Mid-States Division of Atmos Energy were pledged to secure the repayment of the Series P, Q, U, and V first mortgage bonds under the United Cities indenture and substantially all of the utility plant assets in the Colorado-Kansas Division of Atmos Energy were pledged to secure the repayment of the Series J first mortgage bonds under the Greeley Gas indenture. With the redemption of the Series Q, T, U and V first mortgage bonds under the United Cities indenture, the utility plant assets in the Mid-States Division, other than those remaining pledged to secure the repayment of the Series P first mortgage bonds, are in the process of being released from the lien of said indenture by the trustees. In addition, with the redemption of the Series J first mortgage bonds under the Greeley Gas indenture, the utility plant assets in the Colorado-Kansas Division are in the process of being released from the lien of said indenture by the trustee.

Atmos Energy elected to redeem each of the specified series of first mortgage bonds prior to their respective maturity dates because Atmos Energy had sufficient excess cash on hand to pay down such long-term debt, which bore a relatively high rate of interest. In addition, such redemptions allow Atmos Energy to make continued progress towards its goal of achieving a more equal debt to equity ratio in its capital structure. Even after such redemptions, Atmos Energy still believes that its current liquidity will be more than adequate to meet its operational needs.

The foregoing statements regarding Atmos Energy's capital structure and its adequacy of liquidity are forward-looking statements within the meaning of the federal securities laws. Such statements are subject to numerous risks and uncertainties, many of which are beyond the control of Atmos Energy, which could cause actual results to differ materially from such statements. Reference is made to "Cautionary Statement Regarding Forward Looking Statements" in Management's Discussion and Analysis of Financial Condition and Results of Operations in Atmos Energy's Form 10-K for the fiscal year ended September 30, 2004 and Form 10-Q for the quarter ended March 31, 2005, for a discussion of certain of these risks and uncertainties.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 Schedule of First Mortgage Bonds redeemed by Atmos Energy Corporation on June 30, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: July 6, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	Schedule of First Mortgage Bonds Redeemed by Atmos Energy Corporation on June 30, 2005

Exhibit 99.1

Schedule of First Mortgage Bonds Redeemed by Atmos Energy Corporation on June 30, 2005

1. The following series of first mortgage bonds were issued under the Indenture of Mortgage dated July 15, 1959 by and between United Cities Gas Company and City National Bank and Trust of Chicago and R. Emmett Hanley (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees and redeemed by Atmos Energy on June 30, 2005:

- **Series Q first mortgage bonds** —aggregate original principal amount of $20,000,000 bearing interest at the rate of 9.75% and maturing April 30, 2020, issued under the Seventeenth Supplemental Indenture dated April 1, 1990 by and between United Cities Gas Company and Continental Bank, National Association, and M.J. Kruger (now known as U.S. Bank National

Association and Frank Sparaglino, as successor trustee), Trustees, supplementing the United Cities indenture. Atmos Energy paid to the trustees, on behalf of the holders of the bonds, the total amount of principal outstanding of $15,000,000, a make-whole premium (early redemption penalty) of $4,828,420 plus accrued interest of $247,813, for a total redemption price of $20,076,233.

- **Series T first mortgage bonds** —aggregate original principal amount of $18,000,000 bearing interest at the rate of 9.32% and maturing June 1, 2021, issued under the Eighteenth Supplemental Indenture dated June 1, 1991 by and between United Cities Gas Company and Continental Bank, National Association, and M.J. Kruger (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees, supplementing the United Cities indenture. Atmos Energy paid to the trustees, on behalf of the holders of the bonds, the total amount of principal outstanding of $18,000,000, a make-whole premium (early redemption penalty) of $5,691,858 plus accrued interest of $135,140, for a total redemption price of $23,826,998.
- **Series U first mortgage bonds** —aggregate original principal amount of $20,000,000 bearing interest at the rate of 8.77% and maturing May 1, 2022, issued under the Nineteenth Supplemental Indenture dated May 1, 1992 by and between United Cities Gas Company and Continental Bank, National Association, and M.J. Kruger (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees, supplementing the United Cities indenture. Atmos Energy paid to the trustees, on behalf of the holders of the bonds, the total amount of principal outstanding of $20,000,000, a make-whole premium (early redemption penalty) of $5,957,961 plus accrued interest of $292,333, for a total redemption price of $26,250,294.
- **Series V first mortgage bonds** – aggregate original principal amount of $10,000,000 bearing interest at the rate of 7.50% and maturing December 1, 2007, issued under the Twentieth Supplemental Indenture dated December 1, 1992 by and between United Cities Gas Company and Continental Bank, National Association, and M.J. Kruger (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees, supplementing the United Cities indenture. Atmos Energy paid to the trustees, on behalf of the holders of the bonds, the total amount of principal outstanding of $2,499,999, a make-whole premium (early redemption penalty) of $26,785 plus accrued interest of $15,104, for a total redemption price of $2,541,888.

B. The following series of first mortgage bonds was issued under the Indenture of Mortgage and Deed of Trust dated March 1, 1957 by and between Greeley Gas Company and The Central Bank and Trust Company (now known as U.S. Bank National Association), Trustee, as amended and supplemented by the Seventh Supplemental Indenture dated October 1, 1983, by and between Greeley Gas Company and Central Bank of Denver (now known as U.S. Bank National Association), as Trustee:

- **Series J first mortgage bonds** –aggregate original principal amount of $17,000,000 bearing interest at the rate of 9.40% and maturing May 1, 2021, issued under the Ninth Supplemental Indenture dated April 1, 1991 by and between Greeley Gas Company and Central Bank of Denver, National Association (now known as U.S. Bank National Association), Trustee, supplementing the Greeley Gas indenture. Atmos Energy paid to the trustee, on behalf of the holders of the bonds, the total amount of principal outstanding of $17,000,000, a make-whole premium (early redemption penalty) of $8,511,784 plus accrued interest of $266,333, for a total redemption price of $25,778,117.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

May 9, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On May 9, 2005, Atmos Energy Corporation (the "Company") announced in a news release its financial results for the second quarter of fiscal 2005, and that certain of its officers will discuss such financial results in a conference call on May 10, 2005 at 7:00 a.m. Central Time. In the release, the Company also announced that the conference call would be webcast live and that slides for the webcast would be available on its website for all interested parties.

A copy of the news release is furnished as Exhibit 99.1. The information furnished in this Item 2.02 and in Exhibit 99.1 attached hereto shall not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated May 9, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by tl lersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: May 9, 2005

By: /s/ LOUIS P. GREGORY
Louis P. Gregory
Senior Vice President
and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release dated May 9, 2005 (furnished under Item 2.02)

Exhibit 99.1

News Release

Analysts and Media Contact:
Susan Kappes (972) 855-3729

Atmos Energy Corporation Reports Results for Fiscal 2005 Second Quarter and Six Months

DALLAS (May 9, 2005)—Atmos Energy Corporation (NYSE:ATO) today reported results for its fiscal 2005 second quarter and six months ended March 31, 2005. Second quarter financial highlights include:

- Net income of $88.5 million, or $1.11 per diluted share for the current quarter, compared with $58.3 million, or $1.12 per diluted share in the prior year quarter.
- Prior period results included a $2.9 million after-tax gain, or $0.05 per diluted share, on the sale of the company's indirect interest in Heritage Propane Partners, L.P. in January 2004.
- Net income for the current quarter was adversely affected by approximately $11.8 million, or $0.15 per diluted share due to weather that was 10 percent warmer than normal, as adjusted for jurisdictions with weather-normalized rates.
- Because of the positive effects of its TXU Gas acquisition coupled with cost-control efforts across the enterprise, Atmos Energy maintained its fiscal 2005 earnings guidance at the lower end of the previously announced range of $1.65 to $1.75 per diluted share.

For the six months ended March 31, 2005, net income was $148.1 million, or $1.90 per diluted share, compared with net income of $87.8 million, or $1.69 per diluted share for the six months ended March 31, 2004. Results for the same period last year included a $2.9 million after-tax gain, or $0.05 per diluted share, as referenced above. Net income for the six months was adversely affected by approximately $17.1 million, or $0.22 per diluted share due to weather that was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized rates.

Earnings in fiscal 2005 include the results of operations of the acquired natural gas utility distribution and pipeline operations of TXU Gas Company (TXU Gas). After completing the acquisition on October 1, 2004, Atmos Energy formed its Mid-Tex Division to operate the utility distribution operations and its Atmos Pipeline–Texas Division to operate the gas pipeline and storage operations. Together, the new divisions contributed $29.3 million in net

income for the three months ended March 31, 2005, and $53.7 million in net income for the six months ended March 31, 2005.

Earnings per diluted share for the three and six month periods ended March 31, 2005 reflect dilution associated with a 27.5 million share increase, q r over quarter, and a 25.7 million share increase, year over year, in the company's weighted average number of diluted shares outstanding. T. .ıcreases in shares were primarily due to equity offerings in July and October 2004, resulting in a total issuance of 26.0 million new shares to finance partially the TXU Gas acquisition.

"Due to the continued strong performance by our acquired distribution and pipeline operations and our controlling of discretionary expenses during the second quarter of fiscal 2005, we were able to offset much of the effect on our earnings of the one thing we cannot control—unseasonably warm weather in jurisdictions without weather-normalized rates," said Robert W. Best, chairman, president and chief executive officer of Atmos Energy Corporation. "We remain focused on seeking rate design to mitigate the effects of weather, conservation and regulatory lag on our utility margins."

Results for the 2005 Second Quarter Ended March 31, 2005

Consolidated gross profit for the three months ended March 31, 2005 was $378.6 million, compared with $206.1 million for the three months ended March 31, 2004. The increase in consolidated gross profit reflects the positive effects of the TXU Gas acquisition.

Utility gross profit increased to $323.1 million in the current quarter, compared with $189.5 million in the same period last year, before intersegment eliminations. Consolidated utility throughput increased to 160.1 billion cubic feet (Bcf) for the three months ended March 31, 2005, compared with 97.8 Bcf for the prior year quarter. The increases in utility gross profit and throughput primarily reflect the contribution of $131.2 million in gross profit and 70.2 Bcf in throughput from the Mid-Tex Division. Excluding the new Mid-Tex Division, gross profit margin increased $2.4 million, primarily due to the effect of rate increases in West Texas and Mississippi that were not in effect during the same quarter last year and the absence of a one-time regulatory refund to customers in the Colorado service area recorded in the prior year quarter, partially offset by weather that was 3 percent warmer than the same period last year.

Natural gas marketing gross profit was $11.2 million for the three months ended March 31, 2005, compared with $11.9 million in the same quarter last year, before intersegment eliminations. The slight decrease in natural gas marketing gross profit was primarily attributable to the unfavorable mark-to-market effect on increased physical volumes in storage offset by improved profitability from certain restructured asset management transactions. Consolidated natural gas marketing sales volumes were 66.6 Bcf during the three months ended March 31, 2005, compared with 67.2 Bcf in the prior year quarter.

O tober 1, 2004, Atmos Energy created a separate pipeline and storage reporting segment to manage the company's gas pipeline and storage op. .ons. This segment combines the regulated pipeline and storage operations of the Atmos Pipeline–Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC, which was

previously included in our other nonutility segment. Pipeline and storage gross profit was $43.8 million for the three months ended March 31, 2005, compared with $4.3 million for the three months ended March 31, 2004. The increase was primarily due to 84.2 Bcf of incremental pipeline transportation volumes from the new Atmos Pipeline–Texas Division, which was formed from the acquired TXU Gas pipeline and storage operations.

Consolidated operation and maintenance expense for the three months ended March 31, 2005, was $106.1 million, compared with $59.1 million for the three months ended March 31, 2004. Excluding the provision for doubtful accounts and a $51.1 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the three months ended March 31, 2005 decreased $2.4 million compared with the same quarter in 2004, primarily due to the impact of cost-control efforts in our utility segment and reduced contract labor costs in our natural gas marketing segment. The provision for doubtful accounts decreased $1.7 million to $2.8 million for the three months ended March 31, 2005, compared with $4.5 million in the prior year quarter. The decrease in the provision for doubtful accounts was primarily attributable to exceptional customer accounts receivable collection efforts, partially offset by the incremental provision for doubtful accounts associated with the new Mid-Tex Division operations. In the utility segment, the average cost of natural gas for the three months ended March 31, 2005 was $7.12 per thousand cubic feet (Mcf), compared with $6.72 per Mcf for the three months ended March 31, 2004.

Depreciation and amortization expense for the quarter ended March 31, 2005 was $45.3 million, compared with $23.1 million in the prior year period. The $22.2 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the three months ended March 31, 2005 were $55.0 million, compared with $18.5 million for the prior year period. The $36.5 million increase was primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions and higher franchise taxes due to higher revenues. Increases in franchise taxes have no permanent effect on net income because these amounts are revenue based and are recovered through customer billings.

Interest charges for the three months ended March 31, 2005 were $33.1 million, compared with $16.2 million for the three months ended March 31, 2004. The $16.9 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $1.4 billion debt offering in October 2004 used to finance partially the TXU Gas acquisition.

Miscellaneous income for the three months ended March 31, 2005 was $1.0 million, compared with $4.5 million for the three months ended March 31, 2004. The $3.5 million decrease was primarily due to the absence of the $4.9 million pretax gain associated with the sale of the company's indirect interest in Heritage Propane Partners, L.P., in January 2004.

Results for the Six Months Ended March 31, 2005

Consolidated gross profit for the six months ended March 31, 2005 was $703.0 million, compared with $365.2 million for the six months ended M 31, 2004. The increase in consolidated gross profit reflects the positive effects of the TXU Gas acquisition coupled with strong pe nance in the nonutility natural gas marketing segment.

Utility gross profit increased to $580.4 million for the six months ended March 31, 2005, compared with $327.9 million in the same period last year, before intersegment eliminations. Consolidated utility throughput increased to 279.0 Bcf for the six months ended March 31, 2005, compared with 166.0 Bcf for the prior year period. The increases in utility gross profit and throughput primarily reflect the contribution of $245.1 million in gross profit and 122.1 Bcf in throughput from the Mid-Tex Division, as well as the effect of rate increases in West Texas and Mississippi that were not in effect during the same period last year. For the six months ended March 31, 2005, weather was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized operations.

Natural gas marketing gross profit was $38.0 million for the six months ended March 31, 2005, compared with $29.4 million in the same period last year, before intersegment eliminations. The increase in natural gas marketing gross profit was primarily attributable to improved profitability from certain restructured asset-management transactions partially offset by an unfavorable mark-to-market effect on increased physical volumes in storage. Consolidated natural gas marketing sales volumes were 126.9 Bcf during the six months ended March 31, 2005, compared with 126.1 Bcf in the prior year period.

Pipeline and storage gross profit was $83.6 million for the six months ended March 31, 2005, compared with $6.9 million for the six months ended March 31, 2004. The increase was due to 157.0 Bcf of incremental pipeline transportation volumes from the operations of the Atmos Pipeline–Texas Division.

Consolidated operation and maintenance expense for the six months ended March 31, 2005 was $219.2 million compared with $116.0 million for the six months ended March 31, 2004. Excluding the provision for doubtful accounts and a $100.0 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the six months ended March 31, 2005 was flat compared with the same period in 2004. The provision for doubtful accounts increased $2.5 million to $10.2 million for the six months ended March 31, 2005, compared with $7.7 million in the prior year period. The increase in the provision for doubtful accounts was primarily attributable to the new Mid-Tex Division operations partially offset by exceptional customer accounts receivable collection efforts. In the utility segment, the average cost of natural gas for the six months ended March 31, 2005 was $7.16 per Mcf, compared with $6.58 per Mcf for the six months ended March 31, 2004.

D iation and amortization expense for the six months ended March 31, 2005 was $89.3 million, compared with $46.6 million in the prior ye riod. The $42.7 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the six months ended March 31, 2005 were $93.6 million, compared with $33.6 million for the prior year period. The $60.0 million increase was

primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions nd higher franchise taxes due to higher revenues.

nterest charges for the six months ended March 31, 2005 were $65.6 million, compared with $33.5 million for the six months ended March 31 004. The $32.1 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense ssociated with Atmos Energy's $1.4 billion debt offering in October 2004 used to finance partially the TXU Gas acquisition.

Miscellaneous income for the six months ended March 31, 2005 was $1.3 million, compared with $5.7 million for the six months ended March 1, 2004. The $4.4 million decrease was primarily due to the absence of the $4.9 million pretax gain associated with the sale of the company's ndirect interest in Heritage Propane Partners, L.P., in January 2004.

For the six months ended March 31, 2005, operating activities provided cash of $400.1 million, compared with $290.6 million for the six months nded March 31, 2004. The period over period increase was primarily due to increased net income and more effective management of working apital, partially offset by lower than expected utility sales volumes due to the effect of warmer weather. In addition, cash flow was negatively ffected by higher volumes of natural gas held in inventory and a 9 percent higher average cost of gas, as compared with the prior year period, nd by seasonally unfavorable purchased gas cost recoveries.

Capital expenditures increased to $137.5 million for the six months ended March 31, 2005 from $83.7 million for the six months ended March 31, 004, primarily reflecting spending for the new Mid-Tex Division of $45.8 million and for the Atmos Pipeline–Texas Division of $7.9 million.

Outlook

Atmos Energy said its leadership remains focused on enhancing shareholder value by delivering consistent earnings growth and providing a ound and attractive dividend. Despite the slight reduction in earnings per share, the company experienced a net increase in cash and cash quivalents of $45.2 million for the six months of fiscal 2005. Additionally, the company had a $247.1 million cash balance with no short-term ebt outstanding at March 31, 2005. Debt comprised 58.1 percent of total capitalization, down from 59.8 percent at December 31, 2004. Revised xpectations for operation and maintenance expense are that it will decline to $430 to $440 million for fiscal 2005. Capital expenditures for fiscal 005 are still expected to be $340 to $350 million. As previously announced, earnings per diluted share in fiscal 2005 are expected to be at the ower end of the $1.65 to $1.75 range. The indicated annual dividend remains $1.24 per share.

Conference Call to be Webcast May 10

Atmos Energy Corporation will host a conference call with financial analysts to discuss the financial results for the second quarter and first six m s of fiscal 2005 on Tuesday, May 10, 2005, at 7 a.m. CDT. The telephone number is 800-218-0204. The conference call will be webcast li the Atmos Energy Web site at www.atmosenergy.com. A slide presentation also will be available on the company's Web site, and a playback of the call will be available on the Web site later that day. Atmos Energy officers who will participate in the conference call include: Bob Best, chairman, president and chief executive officer; Pat Reddy, senior vice president and chief financial officer; Earl Fischer, senior vice president, utility operations; JD Woodward, senior vice president, nonutility operations; Fred Meisenheimer, vice president and controller; Laurie Sherwood, vice president, corporate development, and treasurer; and Susan Kappes, vice president, investor relations and corporate communications.

Highlights and Recent Developments

Atmos Energy Opens Third Call Center

On April 1, 2005, Atmos Energy took control of a third customer support center in Waco, Texas. The Waco call center handles approximately 10,000 calls a day from utility customers in Texas. Annually, the center is expected to respond to more than 3.5 million calls, making it the second largest of Atmos Energy's three call centers. In addition to 1,896 telephone lines at the 55,000-square-foot facility, state-of-the-art equipment was installed recently to provide faster customer service. The center primarily answers service requests and billing questions from the 1.5 million customers in the company's Mid-Tex Division. Previously, this work was handled by an outside contractor.

Forward-Looking Statements

The matters discussed in this news release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this news relea are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this news release or in any of the Company's other documents or oral presentations, the words "anticipate," "believes," "estimate," "expects," "forecast," "goal," "intends," "objective," "plans," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this news release, including the successful integration of the Company's acquisition of the operations of TXU Gas, the Company's ability to continue to access the capital markets and the other factors discussed in the Company's SEC filings. These factors include the risks and uncertainties discussed in the Company's Form 10-K for the fiscal year ended September 30, 2004, and the Company's Form 10-Q for the three months ended December 31, 2004. Although the Company believes 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. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Atmos Energy Corporation, headquartered in Dallas, is the country's largest natural gas-only distributor, serving about 3.2 million gas utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 18 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas. For more information, visit www.atmosenergy.com.

Atmos Energy Corporation
Financial Highlights (Unaudited)

Statements of Income (000s except per share)	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Operating revenues:				
Utility segment	$1,235,377	$ 708,282	$2,149,058	$1,168,770
Natural gas marketing segment	512,891	517,218	1,006,692	891,047
Pipeline and storage segment (1)	45,546	9,967	89,236	12,886
Other nonutility segment (1)	1,278	687	2,637	1,396
Intersegment eliminations	(110,007)	(118,669)	(193,914)	(192,998)
	1,685,085	1,117,485	3,053,709	1,881,101
Purchased gas cost:				
Utility segment	912,309	518,820	1,568,679	840,884
Natural gas marketing segment	501,731	505,356	968,688	861,687
Pipeline and storage segment (1)	1,718	5,681	5,590	6,008
Other nonutility segment (1)	—	—	—	—
Intersegment eliminations	(109,256)	(118,498)	(192,283)	(192,657)
	1,306,502	911,359	2,350,674	1,515,922
Gross profit	378,583	206,126	703,035	365,179
Operation and maintenance expense	106,109	59,093	219,235	116,009
Depreciation and amortization	45,326	23,138	89,323	46,611
Taxes, other than income	54,967	18,481	93,622	33,604
Total operating expenses	206,402	100,712	402,180	196,224
Operating income	172,181	105,414	300,855	168,955
Miscellaneous income	958	4,456	1,343	5,663
Interest charges	33,073	16,160	65,615	33,495
Income before income taxes	140,066	93,710	236,583	141,123
Income tax expense	51,564	35,405	88,482	53,277
Net income	$ 88,502	$ 58,305	$ 148,101	$ 87,846
Basic net income per share	$ 1.12	$ 1.12	$ 1.92	$ 1.70
Diluted net income per share	$ 1.11	$ 1.12	$ 1.90	$ 1.69
Cash dividends per share	$ .310	$ .305	$ .620	$ .610
Weighted average shares outstanding:				
Basic	79,270	51,850	77,290	51,666
Diluted	79,760	52,240	77,769	52,057

Summary Net Income by Segment (000s)	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Utility	$ 73,651	$ 50,558	$ 110,674	$ 71,669
Natural gas marketing	3,791	3,422	17,053	10,958
Pipeline and storage (1)	10,638	1,587	19,722	2,102
Other nonutility (1)	422	2,738	652	3,117
Consolidated net income	$ 88,502	$ 58,305	$ 148,101	$ 87,846

(1) Effective October 1, 2004, Atmos Energy created the pipeline and storage segment, which reflects the regulated pipeline and storage

operations of the Atmos Pipeline – Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC, which was previously included in the other nonutility segment. Segment information for all prior year periods has been restated to reflect this new organizational structure.

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Balance Sheets (000s)	March 31, 2005	September 30, 2004
Net property, plant and equipment	$3,251,595	$1,722,521
Cash and cash equivalents	247,126	201,932
Cash held on deposit in margin account	16,990	—
Accounts receivable, net	527,411	211,810
Gas stored underground	273,811	200,134
Other current assets	112,428	63,236
Total current assets	1,177,766	677,112
Goodwill and intangible assets	722,044	238,272
Deferred charges and other assets	261,039	231,978
	$5,412,444	$2,869,883
Shareholders' equity	$1,632,270	$1,133,459
Long-term debt	2,254,817	861,311
Total capitalization	3,887,087	1,994,770
Accounts payable and accrued liabilities	533,232	185,295
Other current liabilities	298,802	223,265
Short-term debt	—	—
Current maturities of long-term debt	5,887	5,908
Total current liabilities	837,921	414,468
Deferred income taxes	245,836	213,930
Deferred credits and other liabilities	441,600	246,715
	$5,412,444	$2,869,883

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Statements of Cash Flows (000s)	Six Months Ended March 31 2005	2004
Cash flows from operating activities		
Net income	$ 148,101	$ 87,846
Gain on sales of assets	—	(4,898)
Depreciation and amortization	89,800	47,212
Deferred income taxes	42,605	10,081
Changes in assets and liabilities	116,272	151,306
Other	3,315	(944)
Net cash provided by operating activities	400,093	290,603
Cash flows from investing activities		
Capital expenditures	(137,466)	(83,729)
Acquisitions	(1,912,532)	(1,950)
Proceeds from sales of assets	—	24,661
Other	(1,957)	2,878
Net cash used in investing activities	(2,051,955)	(58,140)
Cash flows from financing activities		
Net decrease in short-term debt	—	(118,595)
Net proceeds from issuance of long-term debt	1,385,847	5,000
Repayment of long-term debt	(3,849)	(5,546)
Settlement of Treasury lock agreements	(43,770)	—
Cash dividends paid	(49,211)	(31,6[illegible]
Net proceeds from equity offering	382,014	
ssuance of common stock	26,025	17,594
Net cash provided (used) by financing activities	1,697,056	(133,163)
Net increase in cash and cash equivalents	45,194	99,300
Cash and cash equivalents at beginning of period	201,932	15,683
Cash and cash equivalents at end of period	$ 247,126	$ 114,983

tatistics	Three Months Ended March 31 2005	2004	Six Months Ended March 31 2005	2004
Heating degree days *	1,422	1,772	2,415	3,012
Percent of normal *	90%	97%	89%	96%
Consolidated utility gas throughput (MMcf as metered)	160,099	97,831	279,034	166,010
Consolidated natural gas marketing sales volumes (MMcf)	66,644	67,172	126,940	126,089
Consolidated pipeline transportation volumes (MMcf)	84,208	—	156,961	—
Natural gas meters in service	3,185,612	1,682,401	3,185,612	1,682,401
Utility average cost of gas	$ 7.12	$ 6.72	$ 7.16	$ 6.58

* *Adjusted for weather-normalized operations.*

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

February 8, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On February 8, 2005, Atmos Energy Corporation (the "Company") announced in a news release its financial results for the first quarter of fiscal 2005, and that certain of its officers will discuss such financial results in a conference call on February 9, 2005 at 7:00 a.m. Central Time. In the release, the Company also announced that the conference call would be webcast live and that slides for the webcast would be available on its website for all interested parties.

A copy of the news release is furnished as Exhibit 99.1. The information furnished in this Item 2.02 and in Exhibit 99.1 attached hereto shall not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated February 8, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: February 8, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President
and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release dated February 8, 2005 (furnished under Item 2.02)

Exhibit 99.1

News Release

ANALYSTS AND MEDIA CONTACT:
Susan Kappes (972) 855-3729

Atmos Energy Corporation Reports
Strong Results for Fiscal 2005 First Quarter

DALLAS (February 8, 2005)–Atmos Energy Corporation (NYSE: ATO) today reported that net income in the first quarter of its 2005 fiscal year more than doubled from results in the same period last year. Net income for the three months ended December 31, 2004, was $59.6 million, or $0.79 per diluted share, compared with net income of $29.5 million, or $0.57 per diluted share, for the three months ended December 31, 2003.

Earnings in the fiscal 2005 first quarter include results of operations of the acquired natural gas utility distribution and pipeline operations of TXU Gas Company (TXU Gas). After completing the acquisition on October 1, 2004, Atmos Energy formed its Mid-Tex Division to operate the utility distribution operations and its Atmos Pipeline–Texas Division to operate the gas pipeline and storage operations. Together, the new divisions contributed $24.3 million of the total $30.1 million increase in net income for the 2005 first quarter.

Earnings per diluted share for the fiscal 2005 first quarter increased 39 percent over the same quarter a year ago, reflecting the effects of a 23.9 million share increase, quarter over quarter, in the company's weighted average number of diluted shares. The increase in shares was primarily due to issuing 26.0 million shares in July and October 2004 to partially finance the TXU Gas acquisition.

"Our 2005 first-quarter results display how beneficial the TXU Gas acquisition will be for Atmos Energy," said Robert W. Best, chairman, president and chief executive officer of Atmos Energy Corporation. "In our utility segment, the acquisition clearly strengthened our earnings and offers prospects for continued growth. The strong performance by the acquired pipeline and storage operations, along with our existing nonutility gas marketing segment, helped overcome lower performance in our historical utility operations caused largely by unseasonably warm weather during the quarter. We feel confident that Atmos Energy is on track to meet our previously announced guidance for fiscal 2005 of earning between $1.65 and $1.75 per diluted share."

Consolidated gross profit for the three months ended December 31, 2004, was $324.5 million, compared with $159.1 million for the three months ended December 31, 2003. The increase in consolidated gross profit reflects the positive effects of the TXU Gas acquisition coupled with strong performance in the nonutility natural gas marketing segment.

U[illegible] gross profit increased to $257.3 million for the three months ended December 31, 2004, compared with $138.4 million in the same p[illegible] last year, before intersegment eliminations. Consolidated utility throughput increased to 118.9 billion cubic feet (Bcf) for the three months ended December 31, 2004, compared with 68.2 Bcf for the prior-year quarter. The increases in utility gross profit and throughput primarily reflect the contribution of $114.0 million gross profit and 51.9 Bcf in throughput from the acquired TXU Gas operations as well as the effect of rate increases in West Texas and Mississippi that were not in effect during the same period last year. For the three months ended December 31, 2004, weather was 12 percent warmer than normal, as adjusted for jurisdictions with weather-normalized operations. Excluding the new Mid-Tex operations, weather was 6 percent warmer than normal for the three months ended December 31, 2004, and 1 percent warmer than the same period last year.

Natural gas marketing gross profit was $26.8 million for the three months ended December 31, 2004, compared with $17.5 million in the same period last year, before intersegment eliminations. The improvement in natural gas marketing gross profit was primarily attributable to the favorable mark-to-market impact on increased physical volumes in storage. Consolidated natural gas marketing sales volumes were 60.3 Bcf during the three months ended December 31, 2004, compared with 58.9 Bcf in the prior-year quarter.

On October 1, 2004, Atmos Energy created a separate pipeline and storage reporting segment to manage the company's gas pipeline and storage operations. This segment combines the regulated pipeline and storage operations of the Atmos Pipeline–Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC, which was previously included in the other nonutility segment. Pipeline and storage gross profit was $39.8 million for the three months ended December 31, 2004, compared with $2.6 million for the three months ended December 31, 2003. The increase was due to 72.8 Bcf of incremental pipeline transportation volumes from the operations of the Atmos Pipeline–Texas Division, which was formed from the acquired TXU Gas pipeline and storage operations.

Consolidated operation and maintenance expense for the three months ended December 31, 2004, was $113.1 million, compared with $56.9 million for the three months ended December 31, 2003. Excluding the provision for doubtful accounts and a $48.9 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the three months ended December 31, 2004, increased $3.0 million compared with the same quarter in 2003, primarily due to increased employee compensation and benefits. The provision for doubtful accounts increased $4.3 million to $7.5 million for the three months ended December 31, 2004, compared with $3.2 million in the prior year period. The increase in the provision for doubtful accounts was primarily attributable to the new Mid-Tex operations. In the utility segment, the average cost of natural gas for the three months ended December 31, 2004, was $7.22 p[illegible] thousand cubic feet (Mcf), compared with $6.35 per Mcf for the three months ended December 31, 2003.

Depreciation and amortization expense for the quarter ended December 31, 2004, was $44.0 million, compared with $23.5 million in the prior-year period. The $20.5 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the three months ended December 31, 2004, were $38.7 million, compared with $15.1 million for the prior-year period. The $23.6 million increase was primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas operations and higher franchise taxes due to higher revenues. Increases in franchise taxes have no effect on the company's net income because these amounts are revenue-based and are recovered through customer billings.

Interest charges for the three months ended December 31, 2004, were $32.5 million, compared with $17.3 million for the three months ended December 31, 2003. The $15.2 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $1.4 billion debt offering in October 2004 used to partially finance its TXU Gas acquisition.

Miscellaneous income for the three months ended December 31, 2004, was $0.4 million, compared with $1.2 million for the three months ended December 31, 2003. The $0.8 million decrease primarily was due to the absence during the current-year quarter of equity earnings associated with the company's Heritage Propane Partners, L.P., interest, which was sold in January 2004.

For the three months ended December 31, 2004, operating activities provided cash of $67.9 million, compared with $11.5 million for the three months ended December 31, 2003. The quarter-over-quarter increase was primarily due to increased net income, more effective management of working capital partially offset by lower than expected utility sales volumes due to the effect of warmer weather. In addition, cash flow was negatively affected by a 14 percent higher average cost of gas, as compared with the prior-year quarter, and by seasonally unfavorable purchased gas cost recoveries.

Capital expenditures increased to $67.2 million for the three months ended December 31, 2004, from $45.5 million for the three months ended December 31, 2003, primarily reflecting spending for the new Mid-Tex Division of $23.4 million and for the Atmos Pipeline–Texas Division of $1.1 million.

Highlights and Recent Developments

Acquisition of TXU Gas Operations Completed

On October 1, 2004, Atmos Energy completed its acquisition of the natural gas distribution and pipeline operations of TXU Gas Company. Atmos Energy paid approximately $1.905 billion in cash for the acquisition, which was funded by issuing both senior unsecured notes and common stock. The acquisition increased the company's number of customers served in its gas distribution business to more than 3.1 million and made Atmos Energy the largest pure-play natural gas distribution company in the United States. It also made the company one of the largest intrastate pipeline operators in Texas.

Atmos Energy and Energy Transfer Partners Agree to Build Natural Gas Pipeline

On January 12, 2005, Atmos Energy signed a letter of intent with Energy Transfer Partners L.P. to jointly construct, own and operate a 45-mile, 30-inch natural gas pipeline in the northern portion of the Dallas/Fort Worth Metroplex. Under terms of the letter of intent, Energy Transfer will provide the initial capital to build the pipeline, and Atmos Energy will contribute its share of capital within two years of signing a definitive agreement. The new pipeline is expected to be in operation by December 31, 2005.

Conference Call to be Webcast February 9

Atmos Energy Corporation will host a conference call with financial analysts to discuss the financial results of its fiscal 2005 first quarter on Wednesday, February 9, 2005, at 7 a.m. CST. The telephone number is 800-218-0713. The conference call will be webcast live on the Atmos Energy Web site at www.atmosenergy.com . A slide presentation also will be available on the company's Web site. A playback of the call will be available on the Web site later that day. Atmos Energy officers who will participate in the conference call include: Bob Best, chairman, president and chief executive officer; Pat Reddy, senior vice president and chief financial officer; Earl Fischer, senior vice president, utility operations; JD Woodward, senior vice president, nonutility operations; Fred Meisenheimer, vice president and controller; Laurie Sherwood, vice president, corporate development, and treasurer; and Susan Kappes, vice president, investor relations and corporate communications.

Forward-Looking Statements

The matters discussed in this news release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this news release are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this news release or in any of the Company's other documents or oral presentations, the words "anticipate," "believes," "estimate," "expects," "forecast," "goal," "intends," "objective," "plans," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this news release, including the successful integration of the Company's acquisition of the operations of TXU Gas, the Company's ability to continue to access the capital markets and the other factors discussed in the Company's SEC filings. These factors include the risks and uncertainties discussed in the Company's Form 10-K for the fiscal year ended September 30, 2004. Although the Company believes 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. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Atmos Energy Corporation, headquartered in Dallas, is the country's largest natural gas-only distributor, serving more than 3.1 million gas utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 18 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas storage and pipeline assets, including one of the largest intrastate natural gas pipeline systems in Texas. For more information, visit www.atmosenergy.com .

Atmos Energy Corporation
Financial Highlights (Unaudited)

Statements of Income (000s except per share)	Three Months Ended December 31 2004	2003
Operating revenues:		
Utility segment	$ 913,681	$460,488
Natural gas marketing segment	493,801	373,829
Pipeline and storage segment [1]	43,690	2,919
Other nonutility segment [1]	1,359	709
Intersegment eliminations	(83,907)	(74,329)
	1,368,624	763,616
Purchased gas cost:		
Utility segment	656,370	322,064
Natural gas marketing segment	466,957	356,331
Pipeline and storage segment [1]	3,872	327
Other nonutility segment [1]	—	—
Intersegment eliminations	(83,027)	(74,159)
	1,044,172	604,563
Gross profit	324,452	159,053
Operation and maintenance expense	113,126	56,916
Depreciation and amortization	43,997	23,473
Taxes, other than income	38,655	15,123
Total operating expenses	195,778	95,51[illegible]
Operating income	128,674	63,54[illegible]
Miscellaneous income	385	1,207
Interest charges	32,542	17,335
Income before income taxes	96,517	47,413
Income tax expense	36,918	17,872
Net income	$ 59,599	$ 29,541
Basic net income per share	$ 0.79	$ 0.57
Diluted net income per share	$ 0.79	$ 0.57
Cash dividends per share	$ .310	$ .305
Weighted average shares outstanding:		
Basic	75,306	51,483
Diluted	75,725	51,861

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Summary Net Income by Segment (000s)	Three Months Ended December 31 2004	2003
Utility	$37,023	$21,111
Natural gas marketing	13,262	7,536
Pipeline and storage [1]	9,084	515
Other nonutility [1]	230	379
Consolidated net income	$59,599	$29,541

(1) Effective October 1, 2004, Atmos Energy created the pipeline and storage segment, which reflects the regulated pipeline and storage operations of the Atmos Pipeline–Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, L.L.C, which was previously included in the other nonutility segment. Segment information for all prior-year periods has been restated to reflect this new organizational structure.

Condensed Balance Sheets (000s)	December 31, 2004	September 30, 2004
Net property, plant and equipment	$3,223,143	$1,722,521
Cash and cash equivalents	25,162	201,932
Accounts receivable, net	640,760	211,810
Gas stored underground	389,625	200,134
Other current assets	152,686	63,236
Total current assets	1,208,233	677,112
Goodwill and intangible assets	647,938	238,272
Deferred charges and other assets	271,682	231,978
	$5,350,996	$2,869,883
Shareholders' equity	$1,539,078	$1,133,459
Long-term debt	2,255,173	861,311
Total capitalization	3,794,251	1,994,770
Accounts payable and accrued liabilities	653,403	185,295
Other current liabilities	283,130	223,265
Short-term debt	28,797	—
Current maturities of long-term debt	5,897	5,908
Total current liabilities	971,227	414,468
Deferred income taxes	145,637	213,930
Deferred credits and other liabilities	439,881	246,715
	$5,350,996	$2,869,883

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Statements of Cash Flows (000s)	Three Months Ended December 31 2004	2003
Cash flows from operating activities		
Net income	$ 59,599	$ 29,541
Depreciation and amortization	44,251	24,145
Deferred income taxes	8,308	19,347
Changes in assets and liabilities	(45,231)	(61,054)
Other	977	(476)
Net cash provided by operating activities	67,904	11,503
Cash flows from investing activities		
Capital expenditures	(67,201)	(45,471)
Acquisitions	(1,912,532)	—
Other	(1,051)	489
Net cash used in investing activities	(1,980,784)	(44,982)
Cash flows from financing activities		
Net increase in short-term debt	28,797	73,200
Net proceeds from issuance of long-term debt	1,385,847	—
Repayment of long-term debt	(3,373)	(5,363)
Settlement of Treasury lock agreements	(43,770)	—
Cash dividends paid	(24,521)	(15,744)
Net proceeds from equity offering	382,014	—
Issuance of common stock	11,116	7,413
Net cash provided by financing activities	1,736,110	59,506
Net increase (decrease) in cash and cash equivalents	(176,770)	26,027
Cash and cash equivalents at beginning of period	201,932	15,683
Cash and cash equivalents at end of period	$ 25,162	$ 41,710

Statistics	Three Months Ended December 31 2004	2003
Heating degree days *	988	1,240
Percent of normal *	88%	95%
Consolidated utility gas throughput (MMcf as metered)	118,935	68,179
Consolidated natural gas marketing sales volumes (MMcf)	60,296	58,917
Consolidated pipeline transportation volumes (MMcf)	72,753	—
Natural gas meters in service	3,184,727	1,683,387
Utility average cost of gas	$ 7.22	$ 6.35

* *Adjusted for weather-normalized operations.*

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

November 9, 2004
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

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(Former Name or Former Address, if Changed Since Last Report)

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Item 2.02. Results of Operations and Financial Condition.

On November 9, 2004, Atmos Energy Corporation (the "Company") announced in a news release its financial results for the fiscal 2004 fourth quarter and fiscal year ended September 30, 2004, and that certain of its officers will discuss such financial results in a conference call on November 10, 2004 at 7:00 a.m. Central Time. In the release, the Company also announced that the conference call would be webcast live and that slides for the webcast would be available on its website for all interested parties.

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Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated November 9, 2004

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: November 9, 2004

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President
and General Counsel

EXHIBIT 99.1

News Release

ANALYSTS AND MEDIA CONTACT:
Susan Kappes (972) 855-3729

Atmos Energy Corporation Reports Strong Results for 2004 Fiscal Year and Fourth Quarter

DALLAS (November 9, 2004)—Atmos Energy Corporation (NYSE: ATO) today reported net income of $86.2 million, or $1.58 per diluted share, for the fiscal year ended September 30, 2004, compared with net income of $71.7 million, or $1.54 per diluted share, for fiscal 2003. Fiscal 2004 results were in line with First Call's mean estimate.

For the fourth quarter of fiscal 2004, Atmos Energy reported a net loss of $6.4 million, or 11 cents per diluted share, compared with a net loss in the fourth quarter of fiscal 2003 of $2.4 million, or 5 cents per diluted share. Atmos Energy historically reports a loss in the fourth quarter because customers' natural gas usage is lowest in the summer months.

Fiscal 2003 results were affected by a cumulative noncash charge of $7.8 million, resulting from a change in accounting principle for the adoption of the final provisions of EITF 02-03, which required the company to change the way it accounts for gas storage and transportation contracts. Income before the cumulative effect of the accounting change was $79.5 million for the fiscal year ended September 30, 2003, or $1.71 per diluted share.

Results for fiscal 2004 represent an 8 percent year-over-year increase in income before the cumulative effect of the accounting change, despite weather that was 6 percent warmer than last year. Earnings per diluted share before the cumulative effect of the accounting change decreased 8 percent because the company's average number of diluted shares outstanding rose by 7.9 million shares, or 17 percent, during fiscal 2004.

"Our fiscal 2004 was an exceptional year," said Robert W. Best, chairman, president and chief executive officer of Atmos Energy Corporation. "Our financial results were exceeded only by the leap we made in acquiring TXU Gas to become the largest natural-gas-only utility in the United States. Furthermore, we financed the acquisition with two highly successful equity offerings that raised approximately $620 million in net proceeds and a $1.4 billion debt offering."

Best reaffirmed Atmos Energy's earnings guidance for fiscal 2005. He said earnings are projected to be in the range of $1.65 to $1.75 per diluted share for the year, assuming normal weather conditions and less volatile gas commodity prices. "We expect our acquisition of TXU Gas to contribute from 5 cents to 10 cents per diluted share to 2005 earnings," Best said.

Results for the Year Ended September 30, 2004

Consolidated gross profit for the fiscal year ended September 30, 2004, was $562.2 million, compared with $535.0 million in the prior year. Utility gross profit was $503.1 million, compared with $491.4 million in the prior year before intersegment eliminations. The increase in utility gross profit primarily reflects a full year of results in the current period from the operations of Mississippi Valley Gas Company (MVG), which was acquired in December 2002, compared with 10 months of results in the prior-year period and rate increases in Kansas, Texas and Mississippi in fiscal 2004. Utility gas throughput for the year ended September 30, 2004, was 246.0 billion cubic feet (Bcf) compared with 248.0 Bcf for the prior year. Lower throughput in the current year was primarily due to lower consumption, resulting from weather that was 6 percent warmer than last year and 4 percent warmer than normal, as adjusted for jurisdictions with weather-normalized operations, and lower irrigation sales. Nonutility gross profit was $60.4 million for the year ended September 30, 2004, compared with $44.3 million in the prior year before intersegment eliminations. The improvement in nonutility gross profit was primarily attributable to a margin-enhancement initiative undertaken in the latter half of fiscal 2003, the ability to amend contracts to transfer risk to customers and improved position management. These increases were partially offset by the effects of warmer weather in fiscal 2004. Natural gas marketing sales volumes were 222.6 Bcf during fiscal year 2004, compared with 226.0 Bcf in the prior year.

Operation and maintenance expense for the year ended September 30, 2004, was $214.5 million, compared with $205.1 million in fiscal 2003. Excluding the provision for doubtful accounts and the $6.1 million increase attributable to the acquired MVG assets, operation and maintenance expense for fiscal year 2004 increased $11.1 million, compared to fiscal year 2003, primarily due to an increase in employee compensation, benefits and insurance costs. The provision for doubtful accounts was $5.4 million in fiscal year 2004, compared with $13.2 million last year. The decrease in the provision for doubtful accounts was attributable to continued improvement in accounts receivable collections during fiscal 2004. In the utility segment, the average cost of natural gas for the 2004 fiscal year was $6.55 per thousand cubic feet (Mcf), compared with $5.76 per Mcf for last year.

Depreciation and amortization expense for the year ended September 30, 2004, was $96.6 million, compared to $87.0 million in the prior year, which primarily reflects the results of a full year of depreciation on the MVG assets.

Taxes, other than income taxes, for the year ended September 30, 2004, were $57.4 million, compared with $55.0 million for the prior year. The increase primarily was attributable to additional franchise, payroll and property taxes associated with the acquired MVG assets and higher franchise taxes due to higher revenues. Increases in franchise taxes have no effect on net income because these amounts are revenue-based and are recovered through customer billings.

Interest charges for fiscal year 2004 were $65.4 million, compared with $63.7 million for the 2003 fiscal year. The $1.7 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $250 million debt offering in January 2003 used to partially finance the MVG acquisition.

Miscellaneous income for the year ended September 30, 2004, was $9.5 million, compared with $2.2 million for fiscal 2003. The $7.3 million increase primarily was attributable to a $5.9 million pretax gain associated with the sale of the company's interest in Heritage Propane Partners, L.P., during fiscal 2004. Miscellaneous income also was favorably affected by $5.0 million related to the absence of weather insurance amortization, resulting from the termination of a weather insurance policy in the third quarter of fiscal 2003. These increases were partially offset by the absence in fiscal 2004 of a $3.9 million pretax gain associated with a sales-type lease of a distributed electric generation plant recognized in fiscal 2003.

For the year ended September 30, 2004, operating activities provided cash of $270.7 million, compared with $49.5 million during the year ended September 30, 2003. The year-over-year increase was primarily due to improved accounts receivable collections, lower injections of natural gas into storage compared with the prior year, improved purchased gas cost recoveries, a reduction in cash held on deposit in margin accounts to collateralize certain financial derivatives and favorable changes in various other working capital accounts.

Results for the 2004 Fourth Quarter Ended September 30, 2004

Consolidated gross profit for the 2004 fourth quarter ended September 30, 2004, was $89.5 million, compared with $99.8 million for the same period last year. Utility operations contributed $82.1 million to gross profit, compared with $83.5 million in the prior-year quarter before intersegment eliminations. Utility gas throughput for the 2004 fourth quarter was 37.4 Bcf, compared with 36.2 Bcf for the same period a year ago, primarily due to an increase in transportation volumes quarter over quarter. Utility gross profit declined $1.4 million quarter over quarter primarily due to reduced consumption resulting from lower irrigation sales, partially offset by rate increases in Mississippi, Texas and Kansas. Nonutility gross profit for the three months ended September 30, 2004, was $8.1 million, compared with $16.4 million in the prior-year quarter before intersegment eliminations. The decrease in nonutility gross profit from the prior year quarter was primarily attributable to less favorable marketing margins in the current year quarter compared with the prior year quarter.

Operation and maintenance expense for the 2004 fourth quarter was $48.0 million, compared with $53.8 million in the 2003 fourth quarter. Excluding the provision for doubtful accounts, operation and maintenance expense for the 2004 fourth quarter decreased $0.8 million from the fourth quarter last year, primarily due to cost control efforts in the current-year quarter. The provision for doubtful accounts decreased $5.0 million quarter over quarter due to continued improvement in accounts receivable collections during fiscal 2004. In the utility segment, the average cost of natural gas for the 2004 fourth quarter was $6.46 per Mcf, compared with $5.60 per Mcf for the same perio last year.

Depreciation and amortization expense for the 2004 fourth quarter was $26.8 million, compared with $21.7 million for the same quarter a year ago. The $5.1 million increase in the 2004 fourth quarter primarily was the result of a regulatory disallowance of certain costs and higher plant balances compared with the prior-year quarter.

Miscellaneous income for the 2004 fourth quarter was $1.7 million, compared with miscellaneous expense of $1.1 million for the same period in 2003. The $2.8 million positive change primarily was attributable to the absence of a $1.1 million loss quarter-over-quarter from an indirect equity interest in Heritage Propane Partners, L.P., resulting from the sale of Atmos Energy's interest in fiscal 2004 and a $0.8 million increase in interest income earned on the net proceeds invested from the July 2004 equity offering.

Highlights and Recent Developments

Acquisition of TXU Gas Operations Completed

On October 1, 2004, Atmos Energy completed its acquisition of the natural gas distribution and pipeline operations of TXU Gas Company. Atmos Energy paid approximately $1.905 billion in cash for the operations after making certain adjustments pursuant to the merger agreement. The transaction was initially financed with an interim 364-day revolving credit facility, which served as a backstop for the company's commercial paper program. The acquisition increased the company's number of customers served in its gas distribution business to more than 3.1 million and made Atmos Energy the largest pure-play natural gas distribution company in the United States. It also made the company one of the largest intrastate pipeline operators in Texas. The transaction is expected to be accretive to earnings in fiscal 2005 by 5 cents to 10 cents per diluted share.

Debt Offering

On October 22, 2004, Atmos Energy completed the sale of a total principal amount of $1.4 billion of its senior unsecured notes in four series to provide long-term financing for a portion of the acquisition of the operations of TXU Gas Company. The notes consisted of $300 million of floating-rate senior unsecured notes due 2007, with an annual interest rate of three-month LIBOR plus 0.375% (initial annual interest rate of 2.47%), $400 million of 4.00% senior unsecured notes due 2009, $500 million of 4.95% senior unsecured notes due 2014 and $200 million of 5.95% senior unsecured notes due 2034. The company used the net proceeds of approximately $1.39 billion to repay a portion of the approximately $1.7 billion in commercial paper issued on October 1, 2004, which temporarily funded a portion of the acquisition of the operations of TXU Gas Company.

Equity Offering

On October 27, 2004, Atmos Energy completed the sale of 16.1 million shares of common stock from a public offering, priced at $24.75, which raised approximately $382.5 million in net proceeds before legal, accounting and other offering costs. The company used the proceeds to pay the remainder of its outstanding short-term debt incurred to purchase the natural gas distribution and pipeline operations of TXU Gas Company and for working capital and other general corporate purposes.

$600 Million Credit Facility

On October 22, 2004, Atmos Energy entered into a $600 million committed revolving credit facility through October 20, 2005. This facility serves as a backup liquidity facility for the company's commercial paper program. The credit facility, which replaced the company's $350 million working capital facility, contains essentially the same terms as those of the previous facility.

Conference Call to be Webcast November 10

Atmos Energy Corporation will host a conference call with financial analysts to discuss the financial results of its 2004 fiscal year and fourth quarter on November 10 at 7 a.m. CST. The telephone number is 800-219-6110. The conference call will be webcast live on the Atmos Energy website at www.atmosenergy.com for all interested parties. A slide presentation will also be available on the company's website. If you are unable to participate in the live webcast, a playback will be available on the website later that day. Atmos Energy officers who will participate in the conference call include: Bob Best, chairman, president and chief executive officer; Pat Reddy, senior vice president and chief financial officer; Earl Fischer, senior vice president, utility operations; JD Woodward, senior vice president, nonutility operations; Fred Meisenheimer, vice president and controller; Laurie Sherwood, vice president, corporate development, and treasurer; and Susan Kappes, vice president, investor relations and corporate communications.

Forward-Looking Statements

The matters discussed in this news release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this news release are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this news release or in any of the Company's other documents or oral presentations, the words "anticipate," "believes," "estimate," "expect," "forecast," "goal," "intends," "objective," "plans," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this news release, including the successful integration of the Company's acquisition of the operations of TXU Gas, the Company's ability to continue to access the capital markets and the other factors discussed in the Company's SEC filings. These factors include the risks and uncertainties discussed in the Company's Form 10-K for the fiscal year ended September 30, 2003, and in the Company's Form 10-Q for the quarterly period ended June 30, 2004. Although the Company believes 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. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Atmos Energy Corporation, headquartered in Dallas, is the country's largest natural gas-only distributor, serving more than 3.1 million gas utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 18 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas storage and pipeline assets, including one of the largest intrastate natural gas pipeline systems in Texas. For more information, visit www.atmosenergy.com.

Atmos Energy Corporation
Financial Highlights (Unaudited)

Statements of Income (000s except per share)	Three Months Ended September 30		Year Ended September 30	
	2004	2003	2004	2003
Operating revenues:				
Utility segment	$212,706	$ 211,555	$1,637,728	$1,554,082
Natural gas marketing segment	363,216	329,761	1,618,602	1,668,493
Other nonutility segment	2,659	5,388	23,151	21,630
Intersegment eliminations	(85,703)	(109,832)	(359,444)	(444,289)
	492,878	436,872	2,920,037	2,799,916
Purchased gas cost:				
Utility segment	130,617	128,030	1,134,594	1,062,679
Natural gas marketing segment	357,576	318,673	1,571,971	1,644,328
Other nonutility segment	225	65	9,383	1,540
Intersegment eliminations	(85,060)	(109,674)	(358,102)	(443,607)
	403,358	337,094	2,357,846	2,264,940
Gross profit	89,520	99,778	562,191	534,976
Operation and maintenance expense	47,994	53,780	214,470	205,090
Depreciation and amortization	26,768	21,728	96,647	87,001
Taxes, other than income	11,478	10,988	57,379	55,045
Total operating expenses	86,240	86,496	368,496	347,136
Operating income	3,280	13,282	193,695	187,840
Miscellaneous income (expense)	1,657	(1,130)	9,507	2,191
Interest charges	15,931	15,981	65,437	63,66
Income (loss) before income taxes and cumulative effect of accounting change	(10,994)	(3,829)	137,765	126,371
Income tax expense (benefit)	(4,610)	(1,393)	51,538	46,910
Income (loss) before cumulative effect of accounting change	(6,384)	(2,436)	86,227	79,461
Cumulative effect of accounting change, net of income tax benefit	—	—	—	(7,773)
Net income (loss)	$ (6,384)	$ (2,436)	$ 86,227	$ 71,688
Basic income (loss) per share:				
Income (loss) before cumulative effect of accounting change	$ (.11)	$ (.05)	$ 1.60	$ 1.72
Cumulative effect of accounting change, net of income tax benefit	—	—	—	(.17)
Net income (loss)	$ (.11)	$ (.05)	$ 1.60	$ 1.55
Diluted income (loss) per share:				
Income (loss) before cumulative effect of accounting change	$ (.11)	$ (.05)	$ 1.58	$ 1.71
Cumulative effect of accounting change, net of income tax benefit	—	—	—	(.17)
Net income (loss)	$ (.11)	$ (.05)	$ 1.58	$ 1.54
Cash dividends per share	$ .305	$ .300	$ 1.22	$ 1.20
Weighted average shares outstanding:				
Basic	60,477	51,200	54,021	46,319
Diluted	60,477	51,200	54,416	46,496

Atmos Energy Corporation
Financial Highlights, continued *(Unaudited)*

Summary Net Income (Loss) by Segment (000s)	Three Months Ended September 30		Year Ended September 30	
	2004	2003	2004	2003
Utility	$(8,025)	$(8,357)	$63,096	$62,137
Natural gas marketing	1,725	3,593	16,633	(970)
Other nonutility	(84)	2,328	6,498	10,521
Consolidated net income (loss)	$(6,384)	$(2,436)	$86,227	$71,688

Condensed Balance Sheets (000s)	September 30, 2004	September 30, 2003
Net property, plant and equipment	$1,722,521	$1,624,394
Cash and cash equivalents	201,932	15,683
Cash held on deposit in margin account	—	17,903
Accounts receivable, net	211,810	216,783
Gas stored underground	200,134	168,765
Other current assets	63,236	38,863
Total current assets	677,112	457,997
Goodwill and intangible assets	238,272	273,499
Deferred charges and other assets	231,978	269,605
	$2,869,883	$2,625,495
S[illegible]eholders' equity	$1,133,459	$ 857,517
-term debt	861,311	862,500
Total capitalization	1,994,770	1,720,017
Accounts payable and accrued liabilities	185,295	179,852
Other current liabilities	223,265	133,957
Short-term debt	—	118,595
Current maturities of long-term debt	5,908	9,345
Total current liabilities	414,468	441,749
Deferred income taxes	213,930	223,350
Deferred credits and other liabilities	246,715	240,379
	$2,869,883	$2,625,495

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Statements of Cash Flows (000s)	Year Ended September 30 2004	2003
Cash flows from operating activities		
Net income	$ 86,227	$ 71,688
Cumulative effect of accounting change, net of income tax benefit	—	7,773
Gain on sales of assets	(6,700)	—
Depreciation and amortization	98,112	89,194
Deferred income taxes	36,997	53,867
Changes in assets and liabilities	57,870	(167,186)
Other	(1,772)	(5,885)
Net cash provided by operating activities	270,734	49,451
Cash flows from investing activities		
Capital expenditures	(190,285)	(159,439)
Acquisitions	(1,957)	(74,650)
Proceeds from sales of assets	27,919	—
Other	(570)	704
Net cash used in investing activities	(164,893)	(233,385)
Cash flows from financing activities		
Net decrease in short-term debt	(118,595)	(27,196)
Net proceeds from issuance of long-term debt	5,000	253,267
Proceeds from bridge loan	—	147,000
Repayment of bridge loan	—	(147,000)
Repayment of long-term debt	(9,713)	(73,16
Repayment of Mississippi Valley Gas debt	—	(70,93
Cash dividends paid	(66,736)	(55,291)
Issuance of common stock	34,715	25,720
Net proceeds from equity offering	235,737	99,229
Net cash provided by financing activities	80,408	151,626
Net increase (decrease) in cash and cash equivalents	186,249	(32,308)
Cash and cash equivalents at beginning of period	15,683	47,991
Cash and cash equivalents at end of period	$ 201,932	$ 15,683

Statistics	Three Months Ended September 30 2004	2003	Year Ended September 30 2004	2003
Heating degree days	22	35	3,271	3,473
Percent of normal	76%	113%	96%	101%
Consolidated utility gas throughput (MMcf as metered)	37,449	36,152	246,033	247,965
Consolidated natural gas marketing sales volumes (MMcf)	48,843	44,948	222,572	225,961
Natural gas meters in service	1,679,136	1,672,798	1,679,136	1,672,798
Utility average cost of gas	$ 6.46	$ 5.60	$ 6.55	$ 5.76

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

October 18, 2004
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)
1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS (Address of Principal Executive Offices)		75240 (Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

[ ] Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

[ ] Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

[ ] Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

[ ] Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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Item 1.01. Entry into a Material Definitive Agreement.

On October 18, 2004, Atmos Energy Corporation entered into a purchase agreement (the "Purchase Agreement") with Merrill Lynch & Co., Merrill Lynch, Pierce Fenner & Smith Incorporated, Banc of America Securities LLC, J.P. Morgan Securities Inc., SunTrust Capital Markets, Inc., SG Cowen Securities Corporation, KBC Financial Products USA Inc., U.S. Bancorp Piper Jaffray Inc. and Wachovia Capital Markets, LLC (collectively, the "underwriters"), whereby Atmos Energy agreed to sell and the underwriters agreed to purchase from Atmos Energy, subject to and upon the terms and conditions set forth in the Purchase Agreement (i) $300,000,000 aggregate principal amount of its floating rate senior notes due 2007, (ii) $400,000,000 aggregate principal amount of its 4.00% senior notes due 2009, (iii) $500,000,000 aggregate principal amount of its 4.95% senior notes due 2014, and (iv) $200,000,000 aggregate principal amount of its 5.95% senior notes due 2034 (collectively, the "Notes"). The Notes are issuable pursuant to an indenture dated as of May 22, 2001 between Atmos Energy and SunTrust Bank, as trustee. The Purchase Agreement contains customary representations, warranties and agreements of Atmos Energy and customary conditions to closing, indemnification rights and obligations of the parties and termination provisions.

A copy of the Purchase Agreement is attached hereto as Exhibit 1.1 and is incorporated by reference. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Purchase Agreement.

Each of the Notes will be represented by a global security. Forms of the global securities are attached hereto as Exhibits 4.1, 4.2, 4.3 and 4.4.

Item 7.01 Regulation FD Disclosure.

On October 21, 2004, Atmos Energy announced in a news release that its public offering of 14 million shares of its common stock was priced at $24.75 per share, which will yield net proceeds to Atmos Energy of approximately $332.2 million (after underwriters' discounts and commissions and offering expenses, and excluding any exercise of the overallotment option Atmos Energy granted the underwriters in the offering to purchase up to 2,100,000 additional shares of common stock to cover overallotments).

A copy of the news release is attached hereto as Exhibit 99.1. The information in this Item 7.01 and in Exhibit 99.1 attached hereto shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, and it shall not be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

Exhibit No.	Description
1.1	Purchase Agreement dated October 18, 2004 among Atmos Energy Corporation, Merrill Lynch & Co., Merrill Lynch,

	Pierce Fenner & Smith Incorporated, Banc of America Securities LLC, J.P. Morgan Securities Inc., SunTrust Capital Markets, Inc., SG Cowen Securities Corporation, KBC Financial Products USA Inc., U.S. Bancorp Piper Jaffray Inc. and Wachovia Capital Markets, LLC
4.1	Form of Global Security for the Floating Rate Senior Notes due 2007
2	Form of Global Security for the 4.00% Senior Notes due 2009
r.3	Form of Global Security for the 4.95% Senior Notes due 2014
4.4	Form of Global Security for the 5.95% Senior Notes due 2034
5.1	Opinion of Gibson, Dunn & Crutcher LLP, Dallas, Texas
12.1	Computation of Pro Forma Earnings to Fixed Charges
23.1	Consent of Gibson, Dunn & Crutcher LLP, Dallas, Texas (included in Exhibit 5.1)
99.1	News Release dated October 21, 2004 (furnished under Item 7.01)

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: October 22, 2004

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President
and General Counsel

EXHIBIT INDEX

Exhibit No.	Description
1.1	Purchase Agreement dated October 18, 2004 among Atmos Energy Corporation, Merrill Lynch & Co., Merrill Lynch, Pierce Fenner & Smith Incorporated, Banc of America Securities LLC, J.P. Morgan Securities Inc., SunTrust Capital Markets, Inc., SG Cowen Securities Corporation, KBC Financial Products USA Inc., U.S. Bancorp Piper Jaffray Inc. and Wachovia Capital Markets, LLC
4.1	Form of Global Security for the Floating Rate Senior Notes due 2007
4.2	Form of Global Security for the 4.00% Senior Notes due 2009
4.3	Form of Global Security for the 4.95% Senior Notes due 2014
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23.1	Consent of Gibson, Dunn & Crutcher LLP, Dallas, Texas (included in Exhibit 5.1)
99.1	News Release dated October 21, 2004 (furnished under Item 7.01)

EXHIBIT 1.1

EXECUTION COPY

ATMOS ENERGY CORPORATION

(a Texas and Virginia corporation)

$300,000,000 Floating Rate Senior Notes due 2007

$400,000,000 4.00% Senior Notes due 2009

$500,000,000 4.95% Senior Notes due 2014

$200,000,000 5.95% Senior Notes due 2034

PURCHASE AGREEMENT

Dated: October 18, 2004

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SCHEDULES

Schedule B - 4 - Information Relating to 2034 Notes

Schedule C - List of Subsidiaries

EXHIBITS

Exhibit A - Form of Opinion of Company's Counsel

Exhibit B - Form of Opinion of Virginia Counsel to the Company

Exhibit C - Form of Opinion of General Counsel of the Company

ATMOS ENERGY CORPORATION
(a Texas and Virginia corporation)

$300,000,000 Floating Rate Senior Notes due 2007

$400,000,000 4.00% Senior Notes due 2009

$500,000,000 4.95% Senior Notes due 2014

$200,000,000 5.95% Senior Notes due 2034

PURCHASE AGREEMENT

October 18, 2004

Merrill Lynch & Co.
Merrill Lynch, Pierce Fenner & Smith
Incorporated
Banc of America Securities LLC
J.P. Morgan Securities Inc.

SunTrust Capital Markets, Inc.

SG Cowen Securities Corporation
KBC Financial Products USA Inc.
U.S. Bancorp Piper Jaffray Inc.
Wachovia Capital Markets, LLC

c/o Merrill Lynch & Co. Merrill Lynch, Pierce Fenner & Smith Incorporated
4 World Financial Center
New York, New York 10080

Ladies and Gentlemen:

Atmos Energy Corporation, a Texas and Virginia corporation (the "Company"), confirms its agreement with Merrill Lynch & Co., Merrill Lynch, Pierce Fenner & Smith Incorporated ("Merrill Lynch"), Banc of America Securities LLC, J.P. Morgan Securities Inc., SunTrust Capital Markets, Inc., SG Cowen Securities Corporation, KBC Financial Products USA Inc., U.S. Bancorp Piper Jaffray Inc. and Wachovia Capital Markets, LLC (collectively, the "Underwriters", which term shall also include any underwriter substituted as hereinafter provided in Section 10

hereof), for whom Merrill Lynch, is acting as representative (in such capacity, the "Representative "), with respect to the issue and sale by the Company and the purchase by the Underwriters of its (i) Floating Rate Senior Notes due 2007 on the terms and conditions stated herein and on Schedule B-1 (the "2007 Notes"), (ii) 4.00% Senior Notes due 2009 on the terms and conditions stated herein and on Schedule B-2 (the "2009 Notes"), (iii) 4.95% Senior Notes due 2014 on the terms and conditions stated herein and on Schedule B-3 (the "2014 Notes") and (iv) 5.95% Senior Notes due 2034 on the terms and conditions stated herein and on Schedule B-4 (the "2034 Notes" and together with the 2007 Notes, the 2009 Notes and the 2014 Notes, the "Securities") on the terms and conditions stated herein and in Schedule B. The Securities are to be sold to each Underwriter, acting severally and not jointly, in the respective principal amounts set forth in Schedule A hereto opposite the name of such Underwriter. The Securities are to be issued pursuant to an indenture dated as of May 22, 2001 (the "Indenture") between the Company and SunTrust Bank, as trustee (the "Trustee") and an officers' certificate to be dated as of October 22, 2004 pursuant to Section 301 of the Indenture (the "Section 301 Officer's Certificate"). The Securities and the Indenture are more fully described in the Prospectus (defined below).

The Company has prepared and filed with the Securities and Exchange Commission (the "Commission") a registration statement on Form S-3 (Registration No. 333-118706). Such registration statement, as amended at the date hereof, including the exhibits thereto, schedules thereto, if any, and the documents incorporated or deemed to be incorporated by reference therein, is hereinafter referred to as the "Registration Statement". The Registration Statement includes a prospectus prepared in accordance with Rule 415 under the Securities Act of 1933, as amended (the "1933 Act"), relating to certain debt securities and common stock of the Company, as the case may be, and the offering thereof from time to time in accordance with Rule 415 under the 1933 Act pursuant to the Registration Statement. The Registration Statement has been declared effective by the Commission and the Indenture has been qualified under the Trust Indenture Act of 1939, as amended (the "1939 Act"). As provided in Section 3(a), a prospectus supplement reflecting the terms of the Securities, the terms of the offering thereof and other matters set forth therein has been prepared and will be filed pursuant to Rule 424 under the 1933 Act. Such prospectus supplement, in the form first filed after the date hereof pursuant to Rule 424, is herein referred to as the "Prospectus Supplement." The base prospectus included in the Registration Statement relating to all offerings of Securities under the Registration Statement, as supplemented by the Prospectus Supplement, is herein called the "Prospectus," except that, if such base prospectus is amended or supplemented on or prior to the date on which the Prospectus Supplement is first filed pursuant to Rule 424, the term "Prospectus" shall refer to the base prospectus as so amended or supplemented and as supplemented by the Prospectus Supplement, in either case including the documents filed with the Commission pursuant to the Securities Exchange Act of 1934, as amended (the "1934 Act"), that are incorporated by reference therein. Any preliminary prospectus supplement attached to the base prospectus that was filed omitting certain information regarding the public offering price and description of Securities pursuant to Rule 424 of the rules and regulations of the Commission under the 1933 Act and used prior to the execution and delivery of this Agreement, is herein called a "preliminary prospectus." For purposes of this Agreement, all references to the Registration Statement, any preliminary prospectus, the Prospectus, or any amendment or supplement to any of the foregoing shall be deemed to include the copy filed with the Commission pursuant to its Electronic Data Gathering, Analysis and Retrieval system ("EDGAR").

All references in this Agreement to financial statements and schedules and other information which is "contained", "included" or "stated" in the Registration Statement, any preliminary prospectus or the Prospectus (or other references of like import) shall be deemed to mean and include all such financial statements and schedules and other information which is incorporated by reference in the Registration Statement, any preliminary prospectus or the Prospectus, as the case may be; and all references in this Agreement to amendments or supplements to the Registration Statement, any preliminary prospectus or the Prospectus shall be deemed to mean and include the filing of any document under the 1934 Act which is incorporated by reference in the Registration Statement, such preliminary prospectus or the Prospectus, as the case may be.

October 1, 2004, LSG Acquisition Corporation, a wholly owned subsidiary of the Company ("LSG"), pursuant to an agreement and plan of merger, dated as of June 17, 2004, as amended on September 30, 2004 (the "Merger Agreement"), with TXU Gas Company LP ("TXU Gas") completed the acquisition (the "Merger") of substantially all the natural gas distribution and pipeline operations of TXU Gas. In addition, on such date, LSG was merged with and into the Company, which was the surviving corporation.

The Company understands that the Underwriters propose to make a public offering of the Securities as soon as the Representative deems advisable after this Agreement has been executed and delivered.

SECTION 1. Representations and Warranties.

(a) Representations and Warranties by the Company. The Company represents and warrants to each Underwriter and agrees with each Underwriter, as follows:

(i) Compliance with Registration Requirements. The Company meets the requirements for use of Form S-3 under the 1933 Act. The Registration Statement has become effective under the 1933 Act and no stop order suspending the effectiveness of the Registration Statement has been issued under the 1933 Act and no proceedings for that purpose have been instituted or are pending or, to the knowledge of the Company, are contemplated by the Commission, and any request on the part of the Commission for additional information has been complied with.

At the respective times the Registration Statement and any post-effective amendments thereto became effective and at the time of the filing by the Company of any annual report on Form 10-K or any quarterly report on Form 10-Q and at the Closing Time, the Registration Statement and any amendments and supplements thereto complied and will comply in all material respects with the requirements of the 1933 Act and the published rules and regulations under the 1933 Act (the "1933 Act Regulations"), the 1939 Act and the published rules and regulations of the Commission under the 1939 Act (the "1939 Act Regulations") and did not and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. Neither the Prospectus nor any amendments or supplements thereto, at the time the Prospectus or any such amendment or supplement was issued and at the Closing Time, included or will include an untrue statement of a material fact or omitted or will omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or Prospectus made in reliance upon and in conformity with information furnished to the Company in writing by any Underwriter through the Representative expressly for use in the Registration Statement or Prospectus.

Each preliminary prospectus and the Prospectus filed as part of the Registration Statement as originally filed or as part of any amendment thereto, or filed pursuant to Rule 424 under the 1933 Act, complied when so filed in all material respects with the 1933 Act Regulations and each preliminary prospectus and the Prospectus delivered to the Underwriters for use in connection with this offering was identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(ii) Incorporated Documents. The documents incorporated or deemed to be incorporated by reference in the Registration Statement and the Prospectus, at the time they were or hereafter are filed with the Commission, complied and will comply in all material respects with the requirements of the 1933 Act, 1933 Act Regulations, 1934 Act and the published rules and regulations of the Commission thereunder (the "1934 Act Regulations"), and, when read together with the other information in the Prospectus, at the time the Registration Statement became effective, at the time the Prospectus was issued and at the Closing Time, did not and will not contain an untrue statement of a material fact and did not omit to or will not omit to state a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading.

(iii) Independent Accountants of the Company. Ernst & Young LLP ("Ernst & Young"), the accountants who certified the financial statements and supporting schedules of the Company included or incorporated by reference in the Registration Statement and the Prospectus, are independent public accountants as required by the 1933 Act and the 1933 Act Regulations and registered public accountants as required by the Public Company Accounting Oversight Board ("PCAOB").

(iv) Financial Statements. The financial statements of the Company included or incorporated by reference in the

Registration Statement and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of the Company and its consolidated subsidiaries at the dates indicated and the statement of operations, stockholders' equity and cash flows of the Company and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the periods involved. To the knowledge of the Company, the financial statements of TXU Gas included or incorporated by reference in the Registration Statement and the Prospectus, together with the related schedules and notes, present fairly in all material respects the financial position of TXU Gas and its consolidated subsidiaries at and for the dates indicated and the statement of operations, stockholders' equity and cash flows of TXU Gas and its consolidated subsidiaries for the periods specified; said financial statements have been prepared in conformity with GAAP applied on a consistent basis throughout the periods involved. The supporting schedules, if any, included in the Registration Statement and the Prospectus with respect to the Company present fairly in all material respects in accordance with GAAP the information required to be stated therein. The selected financial data and the summary financial information included in the Prospectus present fairly, in all material respects, the information shown therein and have been compiled on a basis consistent with that of the audited financial statements of the Company and, to the knowledge of the Company, TXU Gas, as the case may be, included or incorporated by reference in the Registration Statement and the Prospectus. The pro forma financial statements and the related notes thereto included or incorporated by reference in the Registration Statement and the Prospectus present fairly, in all material respects, the information shown therein, have been prepared in accordance with the 1934 Act and the 1934 Act Regulations, including the Commission's rules and guidelines with respect to pro forma financial statements and have been properly compiled on the bases described therein, and the assumptions used in the preparation thereof are reasonable and the adjustments used therein are appropriate to give pro forma effect to the transactions and circumstances referred to therein.

(v) No Material Adverse Change in Business. Since the respective dates as of which information is given in the Registration Statement and the Prospectus, except as otherwise stated therein, (A) there has been no material adverse change, or a development known to the Company involving a prospective material adverse change, in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business (a "Material Adverse Effect"), (B) there have been no transactions entered into by the Company or any of its subsidiaries, other than those in the ordinary course of business, which are material with respect to the Company and its subsidiaries considered as one enterprise, and (C) except for regular quarterly dividends on the Common Stock in amounts per share that are consistent with past practice, there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

(vi) Good Standing of the Company. The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Texas and the Commonwealth of Virginia and has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under this Agreement and the Indenture; and the Company is duly qualified as a foreign corporation to transact business and is in good standing in each other jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(vii) Good Standing of the Subsidiaries. Each "significant subsidiary" (as such term is defined in Rule 1-02 of Regulation S-X) of the Company (each a "Subsidiary" and, collectively, the "Subsidiaries") (a) has been duly organized and is validly existing as an entity in good standing under the laws of the jurisdiction of its formation, (b) has power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign entity to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect. The only Subsidiaries of the Company are the subsidiaries listed on Schedule C hereto.

(viii) Capitalization of the Company. The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus in the column entitled "As Adjusted" under the caption "Capitalization" (except for

subsequent issuances, if any, pursuant to reservations, agreements, acquisitions or employee benefit plans each referred to in the Prospectus or pursuant to the exercise of convertible securities or options each referred to in the Prospectus). The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(ix) Capitalization of the Subsidiaries. All of the issued and outstanding capital stock, limited liability company membership interests, or other beneficial interests, as the case may be, of each Subsidiary have been duly authorized and validly issued, are fully paid and non-assessable and are owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock or limited liability company membership interests, as the case may be, of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary.

(x) Authorization of Agreement. This Agreement has been duly authorized, executed and delivered by the Company.

(xi) Authorization of Indenture and Section 301 Officers' Certificate. The Indenture has been duly qualified under the 1939 Act. The Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms, except as enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally and by equitable principles of general applicability, regardless of whether such enforceability is considered in a proceeding at equity or at law. At the Closing Time, the Section 301 Officers' Certificate will have been duly authorized, executed and delivered by the Company.

(xii) Authorization of Securities. The Securities have been duly authorized by the Company and, at the Closing Time, will have been duly executed by the Company and, when authenticated, issued and delivered in the manner provided for in the Indenture and delivered against payment of the purchase price therefor as provided in this Agreement, will constitute valid and binding obligations of the Company and enforceable against the Company in accordance with their terms, except as enforcement thereof may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or affecting the enforcement of creditors' rights generally and by equitable principles of general applicability, regardless of whether such enforceability is considered in a proceeding at equity or at law, and will be in the form contemplated by the Indenture and the Section 301 Officers' Certificate, and will be entitled to the benefits of the Indenture.

(xiii) Description of Securities and the Indenture. The Securities and the Indenture will conform in all material respects to the respective statements relating thereto contained in the Prospectus and will be in substantially the respective forms filed or incorporated by reference, as the case may be, or to be filed or to be incorporated by reference prior to the Closing Time, as the case may be, as exhibits to the Registration Statement.

(xi) Absence of Defaults and Conflicts. Neither the Company nor any of its subsidiaries is in violation of its charter, bylaws or other organizational documents or in default in the performance or observance of any obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or other agreement or instrument to which the Company or any of its subsidiaries is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any subsidiary is subject (collectively, "Agreements and Instruments") except for such defaults that would not result in a Material Adverse Effect; and the execution, delivery and performance of this Agreement, the Indenture and any other agreement or instrument entered into or issued or to be entered into or issued by the Company and any subsidiary of the Company in connection with the consummation of the transactions contemplated herein and in the Registration Statement and the Prospectus (including the issuance and sale of the Securities and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds") and compliance by the Company and any subsidiary of the Company with its obligations hereunder and thereunder have been duly authorized by all necessary corporate or other action on the part of the Company and any of the subsidiaries and do not and will not, whether with or without the giving of notice or passage of time or both,

conflict with or constitute a breach of, or default or Repayment Event (as defined below) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary pursuant to, the Agreements and Instruments (except for such conflicts, breaches or defaults or liens, charges, encumbrances or a Repayment Event that would not result in a Material Adverse Effect), nor will such action result in any violation of the provisions of the charter, bylaws or other organizational document of the Company or any subsidiary or any applicable law, statute, rule, regulation, judgment, order, writ or decree of any government, government instrumentality or court, domestic or foreign, having jurisdiction over the Company or any subsidiary or any of their assets, properties or operations. As used herein, a "Repayment Event" means any event or condition which gives the holder of any note, debenture or other evidence of indebtedness (or any person acting on such holder's behalf) the right to require the repurchase, redemption or repayment of all or a portion of such indebtedness by the Company or any subsidiary.

(xii) Absence of Labor Dispute. No labor dispute with the employees of the Company or any of its subsidiaries exists or, to the knowledge of the Company, is imminent, and the Company is not aware of any existing or imminent labor disturbance by the employees of any of its or any subsidiary's principal suppliers, manufacturers, customers or contractors, which, in either case, may reasonably be expected to result in a Material Adverse Effect.

(xiii) Absence of Proceedings. There is no action, suit, proceeding, inquiry or investigation before or brought by any court or governmental agency or body, domestic or foreign, now pending against, or, to the knowledge of the Company, threatened against or affecting the Company or any of its subsidiaries, which is required to be disclosed in the Registration Statement (other than as disclosed therein), or which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to affect the properties, assets or operations of the Company and its subsidiaries, except what does not result in a Material Adverse Effect, or the consummation of the transactions contemplated in this Agreement or the performance by the Company and its subsidiaries of its obligations hereunder; the aggregate of all pending legal or governmental proceedings to which the Company or any subsidiary is a party or of which any of their respective property, assets or operations is the subject which are not described in the Registration Statement, including ordinary routine litigation incidental to the business, could not reasonably be expected to result in a Material Adverse Effect.

(xiv) Accuracy of Exhibits. There are no contracts or documents which are required to be described in the Registration Statement, the Prospectus or the documents incorporated by reference therein or to be filed as exhibits thereto which have not been so described and filed as required.

(xv) Possession of Intellectual Property. The Company and its Subsidiaries own or possess or have the right to use, or can acquire on reasonable terms, adequate patents, patent rights, licenses, inventions, copyrights, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures), trademarks, service marks, trade names or other intellectual property (collectively, "Intellectual Property") necessary to carry on the business now operated by them, and neither the Company nor any of its subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property or of any facts or circumstances which would render any Intellectual Property invalid or inadequate to protect the interest of the Company or any of its subsidiaries therein, and which infringement or conflict (if the subject of any unfavorable decision, ruling or finding) or invalidity or inadequacy, singly or in the aggregate, would result in a Material Adverse Effect.

(xvi) Absence of Further Requirements. There have been issued and, at the Closing Time, there shall be in full force and effect orders or authorizations of the regulatory authorities of the States of Colorado, Georgia, Illinois, Kentucky and Virginia, respectively, authorizing the issuance and sale of the Securities on terms herein set forth or contemplated and no other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency is necessary or required for the performance by the Company of its obligations hereunder, in connection with the offering, issuance or sale of the Securities hereunder or the consummation of the transactions contemplated by this Agreement or for the due execution, delivery or performance of the Indenture by the Company, except such as have been already obtained or as may be required under the 1933 Act or the 1933 Act Regulations or state securities or blue sky laws.

(xvii) Possession of Licenses and Permits. The Company and its subsidiaries possess such permits, licenses, approvals, consents and other authorizations (collectively, "Governmental Licenses") issued by the appropriate federal, state, local or foreign regulatory agencies or bodies necessary to conduct the business now operated by them, except where the failure to do so would not have a Material Adverse Effect; the Company and its subsidiaries are in compliance with the terms and conditions of all such Governmental Licenses, except where the failure so to comply would not, singly or in the aggregate, have a Material Adverse Effect; all of the Governmental Licenses are valid and in full force and effect, except when the invalidity of such Governmental Licenses or the failure of such Governmental Licenses to be in full force and effect would not have a Material Adverse Effect; and neither the Company nor any of its subsidiaries nor any of its subsidiaries has received any notice of proceedings relating to the revocation or modification of any such Governmental Licenses which, singly or in the aggregate, would result in a Material Adverse Effect.

(xviii) Title to Property. The Company and its subsidiaries have good title to all real property owned by the Company and its subsidiaries and good title to all other properties owned by them, in each case, free and clear of all mortgages, pledges, liens, security interests, claims, restrictions or encumbrances of any kind except such as (a) are described in the Registration Statement and the Prospectus or (b) do not, singly or in the aggregate, materially affect the value of such property and do not interfere with the use made and proposed to be made of such property by the Company or any of its subsidiaries and all of the leases and subleases material to the business of the Company and its subsidiaries, considered as one enterprise, and under which the Company or any of its subsidiaries holds properties described in the Prospectus, are in full force and effect, and neither the Company nor any of its subsidiaries has any notice of any claim of any sort that has been asserted by anyone adverse to the rights of the Company or any of its subsidiaries under any of the leases or subleases mentioned above, or affecting or questioning the rights of the Company or such subsidiary to the continued possession of the leased or subleased premises under any such lease or sublease, which, singly or in the aggregate, would result in a Material Adverse Effect.

(xix) Investment Company Act. The Company is not, and upon the issuance and sale of the Securities as herein contemplated and the application of the net proceeds therefrom as described in the Prospectus will not be, an "investment company" or an entity "controlled" by an "investment company" as such terms are defined in the Investment Company Act of 1940, as amended (the "1940 Act").

(xx) Environmental Laws. Except as would not, singly or in the aggregate, result in a Material Adverse Effect, (A) neither the Company nor any of its subsidiaries is in violation of any federal, state, local or foreign statute, law, rule, regulation, ordinance, code, policy or rule of common law or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to pollution or protection of human health, the environment (including, without limitation, ambient air, surface water, groundwater, land surface or subsurface strata) or wildlife, including, without limitation, laws and regulations relating to the release or threatened release of chemicals, pollutants, contaminants, wastes, toxic substances, hazardous substances, petroleum or petroleum products (collectively, "Hazardous Materials") or to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of Hazardous Materials (collectively, "Environmental Laws"), (B) the Company and its subsidiaries have all permits, authorizations and approvals required under any applicable Environmental Laws and are each in compliance with their requirements, (C) there are no pending or threatened administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigation or proceedings relating to any Environmental Law against the Company or any of its subsidiaries and (D) there are no events or circumstances that might reasonably be expected to form the basis of an order for clean-up or remediation, or an action, suit or proceeding by any private party or governmental body or agency, against or affecting the Company or any of its subsidiaries relating to Hazardous Materials or any Environmental Laws.

(xxi) Registration Rights. There are no persons or entities with registration rights or other similar rights to have any securities registered under the Registration Statement who have not properly waived such rights in connection with the Securities registered pursuant to this Registration Statement and in connection with this offering.

(xxii) Repayment of Debt. To the knowledge of the Company, there is no fact which will prevent the Company, at

the Closing Time (as hereinafter defined), from repaying a portion of the Company's indebtedness incurred in connection with the Merger as contemplated in the Prospectus Supplement. Immediately prior to the Closing Time, the amount of such indebtedness owed by the Company will be approximately $1.7 billion.

(xxiii) Independent Accountants of TXU Gas. To the knowledge of the Company, Deloitte & Touche LLP ("Deloitte & Touche"), the accountants who certified the financial statements and supporting schedules of TXU Gas included and incorporated by reference in the Registration Statement and Prospectus, are independent public accountants as required by the 1933 Act and the 1933 Act Regulations and registered public accountants as required by the PCAOB.

(xxiv) Merger. The Merger was completed pursuant to the terms of the Merger Agreement and the assets and operations of TXU Gas acquired pursuant to the Merger Agreement and as described in the Prospectus are now owned by the Company.

(xxv) Internal Controls. Each of the Company and its subsidiaries (A) makes and keeps accurate books and records and (B) maintains internal accounting controls which provide reasonable assurance that (i) transactions are executed in accordance with the Company's management's authorization, (ii) transactions are recorded as necessary to permit preparation of its financial statements and to maintain accountability for its assets, (iii) access to the Company's assets is permitted only in accordance with management's authorization and (iv) the reported accountability for the Company's assets is compared with existing assets at reasonable intervals. To the knowledge of the Company, prior to the merger TXU Gas was in compliance, in all material respects, with the requirements of Section 13(b)(2) of the 1934 Act.

(xxvi) ERISA. The Company is in compliance in all material respects with all presently applicable provisions of the Employee Retirement Income Security Act of 1974, as amended, including the regulations and published interpretations thereunder ("ERISA"), except where such non-compliance would not have a Material Adverse Effect; no "reportable event" (as defined in Section 4043(c) of ERISA), other than events with respect to which the 30-day notice requirement under Section 4043 of ERISA has been waived, has occurred with respect to any "pension plan" (as defined in ERISA) for which the Company would have any liability that would have a Material Adverse Effect; the Company has not incurred and does not expect to incur any liability that would have a Material Adverse Effect (A) under Title IV of ERISA with respect to the termination of, or withdrawal from, any "pension plan" or (B) due to an "accumulated funding deficiency" under Section 412 or 4971 of the Internal Revenue Code of 1986, as amended, including the regulations and published interpretations thereunder (the "Code"); and each "pension plan" maintained by the Company that is intended to be qualified under Section 401(a) of the Code is, to the knowledge of the Company, so qualified in all material respects and, to the knowledge of the Company, nothing has occurred, whether by action or by failure to act, which would cause the loss of such qualification, except where such failure to qualify or such loss would not have a Material Adverse Effect.

(xxvii) Insurance. The Company and its subsidiaries carry, or are covered by, insurance in such amounts and covering such risks as is adequate for the conduct of their respective businesses and the value of their respective properties, except where the failure to do so would not have a Material Adverse Effect.

(xxviii) Taxes. The Company and each of its subsidiaries have filed all federal, state and local income and franchise tax returns required to be filed through the date hereof and have paid all taxes due thereon, except such as are being contested in good faith by appropriate proceedings or where the failure to do so would not have a Material Adverse Effect, and no tax deficiency has been determined adversely to the Company or any of its subsidiaries which has had, nor does the Company have any knowledge of any tax deficiency which would have a Material Adverse Effect.

(xxix) Sarbanes-Oxley. The Company is in compliance, in all material respects, with the provisions of the Sarbanes-Oxley Act of 2002 to the extent currently applicable.

(b) Officer's Certificates. Any certificate signed by any officer of the Company or any of its subsidiaries delivered to the Representative or to counsel for the Underwriters shall be deemed a representation and warranty by the Company to each Underwriter as to the matters covered thereby.

SECTION 2. Sale and Delivery to Underwriters; Closing.

(a) Securities. On the basis of the representations and warranties herein contained, and subject to the terms and conditions herein set forth, the Company agrees to sell to each Underwriter, and each Underwriter agrees, severally and not jointly, to purchase from the Company, at the purchase price set forth in Schedule B, the principal amount of Securities set forth opposite the name of such Underwriter in Schedule A, plus any additional principal amount of Securities that such Underwriter may become obligated to purchase pursuant to Section 10 of this Agreement.

(b) Payment. Payment of the purchase price for, and delivery of, the Securities shall be made at the offices of Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York 10022, or at such other place as shall be agreed upon by the Company and the Underwriters, at 9:00 A.M. (Eastern Time) on Friday, October 22, 2004 (unless postponed pursuant to Section 10), or at such other time not later than ten business days after such date as shall be agreed upon by the Underwriters and the Company (such date and time of payment and delivery being herein called the "Closing Time"). Payment shall be made to the Company by wire transfer of immediately available funds to an account designated by the Company, against delivery to the Underwriters for the respective accounts of the several Underwriters of the Securities to be purchased by them.

(c) Denominations; Registration. The Securities to be purchased by the Underwriters shall be in such denominations ($1,000 or integral multiples thereof) and registered in such names as the Representative may request in writing at least one full business day before the Closing Time. The Securities will be made available in New York City for examination and packaging by the Underwriters not later than 10:00 A.M. (Eastern Time) on the last business day prior to the Closing Time.

SECTION 3. Covenants of the Company. The Company covenants with each Underwriter as follows:

(a) Prospectus Supplement; Delivery of Prospectus. The Company has prepared a Prospectus Supplement that complies with the 1933 Act and the 1933 Act Regulations and that sets forth the principal amount of the Securities and their terms not otherwise specified in the Indenture, the name of each Underwriter participating in the offering and the principal amount of the Securities that each severally and not jointly has agreed to purchase, the name of each Underwriter, if any, acting as representative of the Underwriters in connection with the offering, the price at which the Securities are to be purchased by the Underwriters from the Company, any initial public offering price, any selling concession and reallowance and any delayed delivery arrangements, and such other information as the Underwriters and the Company deem appropriate in connection with the offering of the Securities. The Company will promptly transmit copies of the Prospectus Supplement to the Commission for filing pursuant to Rule 424 under the 1933 Act and will furnish to the Underwriters as many copies of the Prospectus as the Underwriters shall reasonably request.

(b) Filing of Amendments. The Company will give the Representative notice of its intention to file or prepare any amendment to the Registration Statement, or any amendment, supplement or revision to either the prospectus included in the Registration Statement at the time it became effective or to the Prospectus, whether pursuant to the 1933 Act, the 1934 Act, or otherwise, will furnish the Representative with copies of any such documents a reasonable amount of time prior to such proposed filing or use, as the case may be, and will not file or use any such document to which the Representative shall reasonably object.

(c) Delivery of Registration Statements. The Company has furnished or will deliver to the Representative and counsel for the Underwriters, without charge, signed copies of the Registration Statement as originally filed and of each amendment thereto (including exhibits filed therewith or incorporated by reference therein and documents incorporated or deemed to be incorporated by reference therein) and signed copies of all consents and certificates of experts, and will also deliver to the Representative, without charge, a conformed copy of the Registration Statement

as originally filed and of each amendment thereto (without exhibits) for each of the Underwriters. The copies of the Registration Statement and each amendment thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent r nitted by Regulation S-T.

(d) Delivery of Prospectuses. The Company has delivered to each Underwriter, without charge, as many copies of each preliminary prospectus as such Underwriter reasonably requested, and the Company hereby consents to the use of such copies for purposes permitted by the 1933 Act. The Company will furnish to each Underwriter, without charge, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act, such number of copies of the Prospectus (as amended or supplemented) as such Underwriter may reasonably request. The Prospectus and any amendments or supplements thereto furnished to the Underwriters will be identical to the electronically transmitted copies thereof filed with the Commission pursuant to EDGAR, except to the extent permitted by Regulation S-T.

(e) Continued Compliance with Securities Laws. The Company will comply with the 1933 Act and the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations and the 1939 Act and the 1939 Act Regulations so as to permit the completion of the distribution of the Securities as contemplated in this Agreement and in the Prospectus. If at any time when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, any event shall occur or condition shall exist as a result of which it is necessary, in the opinion of counsel for the Underwriters or for the Company, to amend the Registration Statement or amend or supplement the Prospectus in order that the Prospectus will not include any untrue statements of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in the light of the circumstances existing at the time it is delivered to a purchaser, or if it shall be necessary, in the opinion of such counsel, at any such time to amend the Registration Statement or amend or supplement the Prospectus in order to comply with the requirements of the 1933 Act or the 1933 Act Regulations, the Company will promptly prepare and file with the Commission, subject to Section 3(b), such amendment or supplement as may be necessary to correct such untrue ment or omission or to make the Registration Statement or the Prospectus comply with such requirements, and the Company will furnish to the Underwriters such number of copies of such amendment or supplement as the Underwriters may reasonably request.

(f) Blue Sky Qualifications. The Company will use its best efforts, in cooperation with the Underwriters, to qualify the Securities for offering and sale under the applicable securities laws of such states and other jurisdictions (domestic or foreign) as the Representative may designate and to maintain such qualifications in effect for a period of not less than one year from the effective date of the Registration Statement; provided, however, that the Company shall not be obligated to file any general consent to service of process or to qualify as a foreign corporation or as a dealer in securities in any jurisdiction in which it is not so qualified or to subject itself to taxation in respect of doing business in any jurisdiction in which it is not otherwise so subject. In each jurisdiction in which the Securities have been so qualified, the Company will file such statements and reports as may be required by the laws of such jurisdiction to continue such qualification in effect for a period of not less than one year from the date of the Prospectus.

(g) Rule 158. The Company will timely file such reports pursuant to the 1934 Act as are necessary in order to make generally available to its securityholders as soon as practicable an earnings statement for the purposes of, and to provide the benefits contemplated by, the last paragraph of Section 11(a) of the 1933 Act.

(h) Use of Proceeds. The Company will use the net proceeds received by it from the issuance and sale of the Securities in the manner specified in the Prospectus under "Use of Proceeds" which shall include the prompt prepayment of the indebtedness incurred in connection with the Merger.

otice Upon Effectiveness; Commission Requests. During the period when a prospectus is required by the 1933 Act to be delivered in connection with sales of the Securities, the Company will notify the Underwriters immediately, and confirm the notice in writing, (i) of the effectiveness of any amendment to the Registration Statement, (ii) of the mailing or the delivery to the Commission for filing of any supplement to the Prospectus or any document that would as a result thereof be incorporated by reference in the Prospectus, (iii) of the receipt of

any comments from the Commission with respect to the Registration Statement, the Prospectus or the Prospectus Supplement, (iv) of any request by the Commission for any amendment to the Registration Statement or any supplement to the Prospectus or for additional information relating thereto or to any document incorporated by reference in the Prospectus and (v) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the suspension of the qualification of the Securities for offering or sale in any jurisdiction, or of the institution or threatening of any proceeding for any of such purposes. The Company will use every reasonable effort to prevent the issuance of any such stop order or of any order suspending such qualification and, if any such order is issued, to obtain the lifting thereof at the earliest possible moment.

(j) Restriction on Sale of Securities. Between the date hereof and the Closing Time, the Company will not, without the prior written consent of the Underwriters, directly or indirectly, issue, sell, offer or contract to sell, grant any option for the sale of, or otherwise transfer or dispose of, any debt securities issued or guaranteed by the Company other than commercial paper backstopped by the Company's existing credit agreements.

(k) Reporting Requirements. The Company, during the period when the Prospectus is required to be delivered under the 1933 Act or the 1934 Act in connection with sales of the Securities, will file all documents required to be filed with the Commission pursuant to the 1934 Act within the time periods required by the 1934 Act and the 1934 Act Regulations.

(l) Rating of Securities. The Company shall take all reasonable action necessary to enable Standard & Poor's Ratings Services, a division of McGraw Hill, Inc. ("S&P"), Moody's Investors Service Inc. ("Moody's") and Fitch IBCA, Inc. ("Fitch") to provide their respective credit ratings of the Securities.

(m) The Depository Trust Company. The Company will cooperate with the Underwriters and use its best efforts to permit the Securities to be eligible for clearance and settlement through the facilities of The Depository Trust Company.

SECTION 4. Payment of Expenses.

(a) Expenses. The Company will pay all expenses incident to the performance of its obligations under this Agreement, including (i) the preparation, printing and filing of the Registration Statement (including financial statements and exhibits, including any documents incorporated therein by reference) as originally filed and of each amendment thereto, (ii) the preparation, printing and delivery to the Underwriters of this Agreement, the Indenture, any Agreement among Underwriters and such other documents as may be required in connection with the offering, purchase, sale, issuance or delivery of the Securities, (iii) the delivery of the Securities to the Underwriters, (iv) the fees and disbursements of the Company's counsel, accountants and other advisors, (v) the qualification of the Securities under securities laws in accordance with the provisions of Section 3(f) hereof, including the filing fees incident to any necessary filings under state securities laws and the reasonable fees and disbursements of counsel for the Underwriters in connection therewith and in connection with the preparation of the Blue Sky Survey and any supplement thereto, (vi) the printing and delivery to the Underwriters of copies of each preliminary prospectus, and of the Prospectus and any amendments or supplements thereto, (vii) the preparation, printing and delivery to the Underwriters of copies of the Blue Sky Survey and any supplement thereto, (viii) the filing fees incident to, and the reasonable fees and disbursements of counsel to the Underwriters in connection with, the review by the National Association of Securities Dealers, Inc. (the "NASD") of the terms of the sale of the Securities, if any, (ix) any fees payable in connection with the rating of the Securities and (x) the reasonable fees and expenses of the Trustee, including the fees and disbursements of counsel for the Trustee, in connection with the Indenture and the Securities.

(b) Termination of Agreement. If this Agreement is terminated by the Representative in accordance with the provisions of Section 5 or Section 9(a)(i) hereof, the Company shall reimburse the Underwriters for all of their out-of-pocket expenses, including the reasonable fees and disbursements of counsel for the Underwriters.

SECTION 5. Conditions of Underwriters' Obligations. The obligations of the several Underwriters hereunder are subject to the accuracy of the representations and warranties of the Company contained in Section 1 hereof as of the

Closing Time or in certificates of any officer of the Company or any subsidiary of the Company delivered pursuant to the provisions hereof, to the performance by the Company of its covenants and other obligations hereunder, and to the following further conditions:

(a) Effectiveness of Registration Statement. The Registration Statement has become effective and at the Closing Time no stop order suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated, pending or threatened by the Commission, and any request on the part of the Commission for additional information shall have been complied with to the reasonable satisfaction of counsel to the Underwriters. A Prospectus Supplement shall have been filed with the Commission in accordance with Rule 424(b).

(b) Opinions of Counsels for Company. At the Closing Time, the Representative shall have received the favorable opinion, dated as of Closing Time, of (i) Gibson, Dunn & Crutcher LLP, counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters to the effect set forth in Exhibit A hereto, (ii) Hunton & Williams, Virginia counsel for the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters to the effect set forth in Exhibit B hereto and (iii) Louis P. Gregory, General Counsel of the Company, in form and substance reasonably satisfactory to counsel for the Underwriters, together with signed or reproduced copies of such letter for each of the other Underwriters to the effect set forth in Exhibit C hereto. At the Closing Time, the Trustee shall have received opinion letters, dated as of Closing Time, from Gibson, Dunn & Crutcher LLP and Hunton & Williams, as the Trustee may reasonably require.

(c) Opinion of Counsel for Underwriters. At the Closing Time, the Representative shall have received the favorable opinion, dated as of Closing Time, of Shearman & Sterling LLP, counsel for the Underwriters, as the Representative may reasonably require. In giving such opinion such counsel may rely, as to all matters governed by laws of jurisdictions other than the law of the State of New York and the federal law of the United States, upon the opinions of counsel satisfactory to the Representative. Such counsel may also state that, insofar as such opinion involves factual matters, they have relied, to the extent they deem proper, upon certificates of officers of the Company and its subsidiaries and certificates of public officials.

(d) Officers' Certificate. At the Closing Time, there shall not have been, since the date hereof or since the respective dates as of which information is given in the Prospectus, any material adverse change or a development known to the Company involving a prospective material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, and the Representative shall have received a certificate of the President or a Senior Vice President of the Company and of the Treasurer of the Company, dated as of Closing Time, to the effect that (i) there has been no such material adverse change, (ii) the representations and warranties in Section 1(a) hereof are true and correct with the same force and effect as though expressly made at and as of Closing Time, (iii) the Company has complied with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to Closing Time, and (iv) no stop order suspending the effectiveness of the Registration Statement has been issued and no proceedings for that purpose have been instituted or are pending or are contemplated by the Commission.

(e) Accountants' Comfort Letter. At the time of the execution of this Agreement, the Representative shall have received from each of Ernst & Young LLP and Deloitte & Touche LLP a letter dated such date, in form and substance satisfactory to the Representative, together with signed or reproduced copies of such letter for each of the other Underwriters containing statements and information of the type ordinarily included in accountants' "comfort letters" to underwriters with respect to the financial statements and certain financial information relating to the Company, with respect to Ernst & Young, and TXU Gas, with respect to Deloitte & Touche, contained in or incorporated by reference in the Registration Statement and the Prospectus.

(f) Bring-Down Comfort Letter. At the Closing Time, the Representative shall have received from each of Ernst & Young and Deloitte & Touche, a letter, dated as of Closing Time, to the effect that each of Ernst & Young and

Deloitte & Touche reaffirm the statements made in the letter furnished pursuant to subsection (e) of this Section, except that the specified date referred to shall be a date not more than three business days prior to Closing Time.

(g) Maintenance of Rating. At the Closing Time, the Securities shall be rated at least Baa3 by Moody's, BBB by S&P and BBB+ by Fitch, and since the date of this Agreement, there shall not have occurred a downgrading in the rating assigned to the Securities or any of the Company's other debt securities by any "nationally recognized statistical rating agency", as that term is defined by the Commission for purposes of Rule 436(g)(2) under the 1933 Act, and no such securities rating agency shall have publicly announced that it has under surveillance or review, with possible negative implications, its rating of the Securities or any of the Company's other debt securities.

(h) No Objection. If required, the NASD has confirmed that it has not raised any objection with respect to the fairness and reasonableness of the underwriting terms and arrangements.

(i) Additional Documents. At the Closing Time, counsel for the Underwriters shall have been furnished with such documents and opinions as they may reasonably require for the purpose of enabling them to pass upon the issuance and sale of the Securities as herein contemplated, or in order to evidence the accuracy of any of the representations or warranties, or the fulfillment of any of the conditions, herein contained; and all proceedings taken by the Company in connection with the issuance and sale of the Securities as herein contemplated shall be reasonably satisfactory in form and substance to the Representative and counsel for the Underwriters.

(j) Termination of Agreement. If any condition specified in this Section shall not have been fulfilled when and as required to be fulfilled, this Agreement may be terminated by the Representative by notice to the Company at any time at or prior to Closing Time, and such termination shall be without liability of any party to any other party except as provided in Section 4 and except that Sections 1, 6, 7 and 8 shall survive any such termination and remain in full force and effect.

SECTION 6. Indemnification.

(a) Indemnification of Underwriters. The Company agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act as follows:

(i) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, arising out of any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment thereto) or the omission or alleged omission therefrom of a material fact required to be stated therein or necessary to make the statements therein not misleading or arising out of any untrue statement or alleged untrue statement of a material fact included in any preliminary prospectus, Prospectus Supplement or the Prospectus (or any amendment or supplement thereto), or the omission or alleged omission therefrom of a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading;

(ii) against any and all loss, liability, claim, damage and expense whatsoever, as incurred, to the extent of the aggregate amount paid in settlement of any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or of any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission; provided that (subject to Section 6(d) below) any such settlement is effected with the written consent of the Company; and

(iii) against any and all expense whatsoever, as incurred (including the fees and disbursements of counsel chosen by the Representative), reasonably incurred in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue statement or omission, or any such alleged untrue statement or omission, to the extent that any such expense is not paid under (i) or (ii) above;

provided, however, that this indemnity agreement shall not apply to any loss, liability, claim, damage or expense to

the extent arising out of any untrue statement or omission or alleged untrue statement or omission made in reliance upon and in conformity with written information furnished to the Company by any Underwriter through the Representative expressly for use in the Registration Statement (or any amendment thereto), or any preliminary prospectus, Prospectus Supplement or the Prospectus (or any amendment or supplement thereto). The foregoing indemnity with respect to any untrue statement contained in or any omission from the Prospectus shall not inure to the benefit of any Underwriter (or any person controlling such Underwriter) from whom the person asserting any such loss, liability, claim, damage or expense purchased any of the Securities that are the subject thereof if the Company shall sustain the burden of proving that (i) the untrue statement or omission contained in the Prospectus was corrected; (ii) such person was not sent or given a copy of the Prospectus (excluding documents incorporated by reference) which corrected the untrue statement or omission at or prior to the written confirmation of the sale of such Securities to such person if required by applicable law; and (iii) the Company satisfied its obligation pursuant to Section 3(d) of this Agreement to provide a sufficient number of copies of the Prospectus to the Underwriters.

(b) Indemnification of Company, Directors and Officers. Each Underwriter severally agrees to indemnify and hold harmless the Company, its directors, each of its officers who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act against any and all loss, liability, claim, damage and expense described in the indemnity contained in subsection (a) of this Section, as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), or any preliminary prospectus, Prospectus Supplement or the Prospectus (or any amendment or supplement thereto) in reliance upon and in conformity with written information furnished to the Company by such Underwriter through the Representative expressly for use in the Registration Statement (or any amendment thereto) or such preliminary prospectus or the Prospectus (or any amendment or supplement thereto).

(c) Actions Against Parties; Notification. Each indemnified party shall give notice as promptly as reasonably practicable to each indemnifying party of any action commenced against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve such indemnifying party from any liability hereunder to the extent it is not materially prejudiced as a result thereof and in any event shall not relieve it from any liability which it may have otherwise than on account of this indemnity agreement. In the case of parties indemnified pursuant to Section 6(a) above, counsel to the indemnified parties shall be selected by the Representative, and, in the case of parties indemnified pursuant to Section 6(b) above, counsel to the indemnified parties shall be selected by the Company. An indemnifying party may participate at its own expense in the defense of any such action; provided, however, that counsel to the indemnifying party shall not (except with the consent of the indemnified party) also be counsel to the indemnified party. In no event shall the indemnifying parties be liable for fees and expenses of more than one counsel (in addition to any local counsel) separate from their own counsel for all indemnified parties in connection with any one action or separate but similar or related actions in the same jurisdiction arising out of the same general allegations or circumstances. No indemnifying party shall, without the prior written consent of the indemnified parties, settle or compromise or consent to the entry of any judgment with respect to any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever in respect of which indemnification or contribution could be sought under this Section 6 or Section 7 hereof (whether or not the indemnified parties are actual or potential parties thereto), unless such settlement, compromise or consent (i) includes an unconditional release of each indemnified party from all liability arising out of such litigation, investigation, proceeding or claim and (ii) does not include a statement as to or an admission of fault, culpability or a failure to act by or on behalf of any indemnified party.

(d) Settlement Without Consent If Failure to Reimburse. If at any time an indemnified party shall have requested an indemnifying party to reimburse the indemnified party for fees and expenses of counsel and such indemnified party shall be entitled to such reimbursement, such indemnifying party agrees that it shall be liable for any settlement of the nature contemplated by Section 6(a)(ii) effected without its written consent if (i) such settlement is entered into more than 45 days after receipt by such indemnifying party of the aforesaid request, (ii) such indemnifying party shall have received notice of the terms of such settlement at least 30 days prior to such settlement being entered into and (iii) such indemnifying party shall not have reimbursed such indemnified party in accordance with such request prior to the date of such settlement.

SECTION 7. Contribution. If the indemnification provided for in Section 6 hereof is for any reason unavailable to or insufficient to hold harmless an indemnified party in respect of any losses, liabilities, claims, damages or expenses referred to therein, then each indemnifying party shall contribute to the aggregate amount of such losses, liabilities, claims, damages and expenses incurred by such indemnified party, as incurred, (i) in such proportion as is appropriate to reflect the relative benefits received by the Company on the one hand and the Underwriters on the other hand from the offering of the Securities pursuant to this Agreement or (ii) if the allocation provided by clause (i) is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company on the one hand and of the Underwriters on the other hand in connection with the statements or omissions which resulted in such losses, liabilities, claims, damages or expenses, as well as any other relevant equitable considerations.

The relative benefits received by the Company on the one hand and the Underwriters on the other hand in connection with the offering of the Securities pursuant to this Agreement shall be deemed to be in the same respective proportions as the total net proceeds from the offering of the Securities pursuant to this Agreement (before deducting expenses) received by the Company and the total underwriting discount received by the Underwriters, in each case as set forth on the cover of the Prospectus bear to the aggregate initial public offering price of the Securities as set forth on such cover.

The relative fault of the Company on the one hand and the Underwriters on the other hand shall be determined by reference to, among other things, whether any such untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company or by the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission.

The Company and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section were determined by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section. The aggregate amount of losses, liabilities, claims, damages and expenses incurred by an indemnified party and referred to above in this Section shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in investigating, preparing or defending against any litigation, or any investigation or proceeding by any governmental agency or body, commenced or threatened, or any claim whatsoever based upon any such untrue or alleged untrue statement or omission or alleged omission.

Notwithstanding the provisions of this Section, no Underwriter shall be required to contribute any amount in excess of the amount by which the total price at which the Securities underwritten by it and distributed to the public were offered to the public exceeds the amount of any damages which such Underwriter has otherwise been required to pay by reason of any such untrue or alleged untrue statement or omission or alleged omission.

No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation.

For purposes of this Section, each person, if any, who controls an Underwriter within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as such Underwriter, and each director of the Company, each officer of the Company who signed the Registration Statement, and each person, if any, who controls the Company within the meaning of Section 15 of the 1933 Act or Section 20 of the 1934 Act shall have the same rights to contribution as the Company. The Underwriters' respective obligations to contribute pursuant to this Section are several in proportion to the number of Securities set forth opposite their respective names in Schedule A hereto and not joint.

SECTION 8. Representations, Warranties and Agreements to Survive Delivery. All representations, warranties and agreements contained in this Agreement or in certificates of officers of the Company or any of its subsidiaries submitted pursuant hereto shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or controlling person within the meaning of Section 15 of the 1933 Act or

Section 20 of the 1934 Act, or by or on behalf of the Company, and shall survive delivery of the Securities to the Underwriters.

SECTION 9. Termination of Agreement.

(a) Termination; General. The Representative may terminate this Agreement, by notice to the Company, at any time at or prior to Closing Time (i) if there has been, since the time of execution of this Agreement or since the respective dates as of which information is given in the Prospectus, any material adverse change in the condition, financial or otherwise, or in the earnings, business affairs or business prospects of the Company and its subsidiaries considered as one enterprise, whether or not arising in the ordinary course of business, or (ii) if there has occurred any material adverse change in the financial markets in the United States or the international financial markets, any outbreak of hostilities or escalation thereof or other calamity or crisis or any change or development involving a prospective change in national or international political, financial or economic conditions, in each case the effect of which is such as to make it, in the judgment of the Representative, impracticable to market the Securities or to enforce contracts for the sale of the Securities, or (iii) if trading in any securities of the Company has been suspended or materially limited by the Commission or the New York Stock Exchange, or if trading generally on the American Stock Exchange or the New York Stock Exchange or in the Nasdaq National Market has been suspended or materially limited, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices have been required, by any of said exchanges or by such system or by order of the Commission, the National Association of Securities Dealers, Inc. or any other governmental authority, or (iv) if a banking moratorium has been declared by either Federal, New York, Texas or Virginia authorities.

(b) Liabilities. If this Agreement is terminated pursuant to this Section, such termination shall be without liability of any party to any other party except as provided in Section 4 hereof, and provided further that Sections 1, 6, 7 and 8 shall survive such termination and remain in full force and effect.

SECTION 10. Default by One or More of the Underwriters. If one or more of the Underwriters shall fail at the Closing Time to purchase the Securities which it or they are obligated to purchase under this Agreement (the "Defaulted Securities"), the Representative shall have the right, within 24 hours thereafter, to make arrangements for one or more of the non-defaulting Underwriters, or any other underwriters, to purchase all, but not less than all, of the Defaulted Securities in such amounts as may be agreed upon and upon the terms herein set forth; if, however, the Representative shall not have completed such arrangements within such 24-hour period, then:

(a) if the aggregate principal amount of Defaulted Securities does not exceed 10% of the aggregate principal amount of the Securities to be purchased on such date, the non-defaulting Underwriters shall be obligated, each severally and not jointly, to purchase the full amount thereof in the proportions that their respective underwriting obligations hereunder bear to the underwriting obligations of all non-defaulting Underwriters, or

(b) if the aggregate principal amount of Defaulted Securities exceeds 10% of the aggregate principal amount of Securities to be purchased on such date, this Agreement shall terminate without liability on the part of any non-defaulting Underwriter.

No action taken pursuant to this Section shall relieve any defaulting Underwriter from liability in respect of its default.

In the event of any such default which does not result in a termination of this Agreement, either the Representative or the Company shall have the right to postpone the Closing Time, for a period not exceeding seven days in order to effect any required changes in the Registration Statement or Prospectus or in any other documents or arrangements. As used herein, the term "Underwriter" includes any person substituted for an Underwriter under this Section.

SECTION 11. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed or transmitted by any standard form of telecommunication. Notices to the Underwriters shall be directed to the Representative at Merrill Lynch, Pierce, Fenner & Smith Incorporated, 4

World Financial Center, New York, New York 10080 and notices to the Company shall be directed to it at 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas, 75240, attention of Louis P. Gregory.

SECTION 12. Parties. This Agreement shall inure to the benefit of and be binding upon the Underwriters and the Company and their respective successors. Nothing expressed or mentioned in this Agreement is intended or shall be construed to give any person, firm or corporation, other than the Underwriters and the Company and their respective successors and the controlling persons within the meaning of Section 15 of the 1933 Act and officers and directors referred to in Sections 6 and 7 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provision herein contained. This Agreement and all conditions and provisions hereof are intended to be for the sole and exclusive benefit of the Underwriters and the Company and their respective successors and assigns, and said controlling persons and officers and directors and their heirs and legal representatives, and for the benefit of no other person, firm or corporation. No purchaser of Securities from any Underwriter shall be deemed to be a successor by reason merely of such purchase.

SECTION 13. Representation of Underwriters. The Representative will act for the several Underwriters in connection with the transactions contemplated by this Agreement, and any action under or in respect of this Agreement taken by the Representative will be binding upon all Underwriters.

SECTION 14. GOVERNING LAW AND TIME. THIS AGREEMENT SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK. SPECIFIED TIMES OF DAY REFER TO NEW YORK CITY TIME.

SECTION 15. Effect of Headings. The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

SECTION 16. Counterparts. This Agreement may be executed in one or more counterparts, and when a counterpart has been executed by each party, all such counterparts taken together shall constitute one and the same agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to the Company a counterpart hereof, whereupon this instrument, along with all counterparts, will become a binding agreement between the Underwriters and the Company in accordance with its terms.

Very truly yours,

ATMOS ENERGY CORPORATION

By: /s/ LAURIE M. SHERWOOD

Name: Laurie M. Sherwood
Title: Vice President, Corporate Development and Treasurer

CONFIRMED AND ACCEPTED, as of the date first above written:

MERRILL LYNCH & CO.
MERRILL LYNCH, PIERCE FENNER & SMITH INCORPORATED
BANC OF AMERICA SECURITIES LLC
J.P. MORGAN SECURITIES INC.
SUNTRUST CAPITAL MARKETS, INC.
SG COWEN SECURITIES CORPORATION

KBC FINANCIAL PRODUCTS USA INC.
U.S. BANCORP PIPER JAFFRAY INC.
WACHOVIA CAPITAL MARKETS, LLC

By: Merrill Lynch, Pierce, Fenner & Smith Incorporated

For itself and as Representative of the other Underwriters named in Schedule A hereto.

By: /s/ TRAVIS ARMAYOR

Authorized Signatory

SCHEDULE A

Name of Underwriter	Principal Amount of 2007 Notes	Principal Amount of 2009 Notes	Principal Amount of 2014 Notes	Princip of 203
Merrill Lynch, Pierce, Fenner & Smith Incorporated	150,000,000	200,000,000	250,000,000	10(
Banc of America Securities LLC	29,400,000	39,200,000	49,000,000	19
J.P. Morgan Securities Inc	29,400,000	39,200,000	49,000,000	19
SunTrust Capital Markets, Inc	29,400,000	39,200,000	49,000,000	19
SG Cowen Securities Corporation	24,000,000	32,000,000	40,000,000	16
KBC Financial Products USA Inc	15,900,000	21,200,000	26,500,000	1(
U.S. Bancorp Piper Jaffray Inc	15,900,000	21,200,000	26,500,000	1(
Wachovia Capital Markets, LLC	6,000,000	8,000,000	10,000,000	4
Total	300,000,000	400,000,000	500,000,000	20(

SCHEDULE B-1

ATMOS ENERGY CORPORATION, as Issuer

Floating Rate Senior Notes due 2007

Aggregate principal amount to be issued: $300,000,000

Current ratings: Moody's Baa3, S&P BBB and Fitch BBB+

Interest rate: 3-month LIBOR + 0.375% payable quarterly on January 15, April 15, July 15 and October 15 of each year, beginning January 15, 2005

Interest accrues from: October 22, 2004

Date of maturity: October 15, 2007

Redemption provisions: The Securities will be redeemable, as a whole or in part, at the option of the Company, on any Interest Payment Date on or after April 17, 2006, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed, plus accrued interest to the date of redemption.

Sinking fund requirements: None

Initial public offering price: 100.0% of the principal amount plus accrued interest from October 22, 2004.

Purchase price to be paid by the Underwriters: 99.650% of the principal amount plus accrued interest from October 22, 2004, equal to $298,950,000.

Closing date, time and location: October 22, 2004, 9:00 A.M., New York City time, at Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York

Delayed delivery contracts: Not authorized

Listing requirement: None

Other terms and conditions: As described in this Purchase Agreement and the related Indenture.

SCHEDULE B-2

ATMOS ENERGY CORPORATION, as Issuer

4.0% Senior Notes due 2009

Aggregate principal amount to be issued: $400,000,000

Current ratings: Moody's Baa3, S&P BBB and Fitch BBB+

Interest rate: 4.00% payable semiannually on April 15 and October 15 of each year, beginning April 15, 2005

Interest accrues from: October 22, 2004

Date of maturity: October 15, 2009

Redemption provisions: The Securities will be redeemable, as a whole or in part, at the option of the Company, at any time or from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities discounted to the redemption date on a semi-annual basis at the treasury rate plus 15 basis points, plus, in the case of each clause (i) and (ii), accrued interest to the date of redemption.

Sinking fund requirements: None

Initial public offering price: 99.608% of the principal amount plus accrued interest from October 22, 2004.

Purchase price to be paid by the Underwriters: 99.008% of the principal amount plus accrued interest from October 22, 2004, equal to $396,032,000.

Closing date, time and location: October 22, 2004, 9:00 A.M., New York City time, at Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York

Delayed delivery contracts: Not authorized

Listing requirement: None

Other terms and conditions: As described in this Purchase Agreement and related Indenture.

SCHEDULE B-3

ATMOS ENERGY CORPORATION, as Issuer

4.95% Senior Notes due 2014

Aggregate principal amount to be issued: $500,000,000

Current ratings: Moody's Baa3, S&P BBB and Fitch BBB+

Interest rate: 4.95% payable semiannually on April 15 and October 15 of each year, beginning April 15, 2005

Interest accrues from: October 22, 2004

Date of maturity: October 15, 2014

Redemption provisions: The Securities will be redeemable, as a whole or in part, at the option of the Company, at any time or from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities discounted to the redemption date on a semi-annual basis at the treasury rate plus 20 basis points, plus, in the case of each clause (i) and (ii), accrued interest to the date of redemption.

Sinking fund requirements: None.

Initial public offering price: 99.993% of the principal amount plus accrued interest from October 22, 2004.

hase price to be paid by the Underwriters: 99.343% of the principal amount plus accrued interest from October 22, 2004, equal to $496,715,000.

Closing date, time and location: October 22, 2004, 9:00 A.M., New York City time, at Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York.

Delayed delivery contracts: Not authorized

Listing requirement: None

Other terms and conditions: As described in this Purchase Agreement and related Indenture.

SCHEDULE B-4

ATMOS ENERGY CORPORATION, as Issuer

5.95% Senior Notes due 2034

Aggregate principal amount to be issued: $200,000,000

Current ratings: Moody's Baa3, S&P BBB and Fitch BBB+

:est rate: 5.95% payable semiannually on April 15 and October 15 of each year, beginning April 15, 2005

Interest accrues from: October 22, 2004

Date of maturity: October 15, 2034

Redemption provisions: The Securities will be redeemable, as a whole or in part, at the option of the Company, at any time or from time to time, at a redemption price equal to the greater of (i) 100% of the principal amount of the Securities to be redeemed or (ii) the sum of the present values of the remaining scheduled payments of principal and interest on the Securities discounted to the redemption date on a semi-annual basis at the treasury rate plus 25 basis points, plus, in the case of each clause (i) and (ii), accrued interest to the date of redemption.

Sinking fund requirements: None

Initial public offering price: 99.392% of the principal amount plus accrued interest from October 22, 2004.

Purchase price to be paid by the Underwriters: 98.517% of the principal amount plus accrued interest from October 22, 2004, equal to $197,034,000.

Closing date, time and location: October 22, 2004, 9:00 A.M., New York City time, at Shearman & Sterling LLP, 599 Lexington Avenue, New York, New York

Delayed delivery contracts: Not authorized

Listing requirement: None

Other terms and conditions: As described in this Purchase Agreement and related Indenture.

SCHEDULE C

List of Subsidiaries

1. Atmos Energy Holdings, Inc.

2. Atmos Energy Marketing, LLC

3. Atmos Pipeline and Storage, LLC

4. Atmos Power Systems, Inc.

5. Atmos Energy Services, LLC

6. PDH I Holding Company, Inc.

EXHIBIT A

FORM OF OPINION OF COMPANY'S COUNSEL
TO BE DELIVERED PURSUANT TO
SECTION 5(b)(i)

For the purposes of this opinion the term "Prospectus" shall have the meaning set forth in the Purchase Agreement and shall include the Prospectus Supplement, the Company's Annual Report on Form 10-K for the year ended September 30, 2003 (the "Form 10-K") and any other document incorporated by reference therein.

(i) The Company is validly existing as a corporation in good standing under the laws of the State of Texas.

(ii) The Company has corporate power and authority to conduct its business as described in the Prospectus and to

execute, deliver and perform its obligations under the Purchase Agreement.

(iii) The Purchase Agreement has been duly authorized, executed and delivered by the Company.

(iv) The Registration Statement has been declared effective under the 1933 Act; any required filing of the Prospectus pursuant to Rule 424(b) has been made in the manner and within the time period required by Rule 424 (b); no stop order suspending the effectiveness of the Registration Statement has been issued under the 1933 Act and, to our knowledge, no proceedings for that purpose have been instituted or are pending or threatened by the Commission.

(v) The Indenture has been duly authorized, executed and delivered by the Company and constitutes a valid and binding agreement of the Company, enforceable against the Company in accordance with its terms. The Section 301 Certificate has been duly authorized, executed and delivered by the Company.

(vi) The authentication and delivery of the Securities by the Trustee are authorized and permitted by the Indenture.

(vii) The Securities are in the form contemplated by the Indenture, have been duly authorized, executed and delivered by the Company and, when authenticated in accordance with the provisions of the Indenture and delivered to and paid for by the Underwriters in accordance with the terms of the Underwriting Agreement, will be valid and binding obligations of the Company, enforceable against the Company in accordance with their terms and will be entitled to the benefits of the Indenture.

(viii) Insofar as the statements in the Prospectus under the captions "Description of Debt Securities" and "Description of the Notes" constitute a summary of the documents referred to therein, such statements fairly present in all material respects the information required to be disclosed under the 1933 Act and the 1933 Act Regulations relating to registration statements on Form S-3 and prospectuses.

(ix) The information in the Registration Statement under Item 15, to the extent that it constitutes matters of law, summaries of legal matters, or legal conclusions, has been reviewed by us and is correct in all material respects.

(x) No filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency under any law or regulation of the States of Texas or New York or the United States of America that is generally applicable to the transactions of the nature contemplated under the Purchase Agreement (other than under the 1933 Act and the 1933 Act Regulations, which have been obtained, or as may be required under state securities or blue sky laws or with respect to regulatory matters, as to which we express no opinion), is necessary or required in connection with the due authorization, execution and delivery of the Purchase Agreement or the due execution, delivery and performance of the Indenture by the Company or for the offering, issuance, sale or delivery of the Securities by the Company.

(xi) The execution, delivery and performance of the Purchase Agreement, the Indenture and the Securities by the Company, and the issuance and sale of the Securities by the Company do not and will not, whether with or without the giving of notice or lapse of time or both, violate or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any Subsidiary pursuant to, any document filed or incorporated by reference as an exhibit to the Registration Statement or incorporated by reference therein (except for such violations, breaches, or defaults, or liens, charges or encumbrances that would not have a Material Adverse Effect), nor will such action result in any violation of the provisions of the articles of incorporation or bylaws of the Company or, to our knowledge, any order, judgment or decree of any court or governmental agency or body of the States of Texas or New York or the United States of America binding on the Company (other than as to orders, judgments or decrees with respect to regulatory matters, which we express no opinion).

(xii) The execution, delivery and performance of the Purchase Agreement, the Indenture and the Securities by the Company, and the issuance and sale of the Securities by the Company, do not and will not violate, any law, statute,

rule, or regulation of any government or government instrumentality of the States of Texas or New York or the United States of America that is generally applicable to transactions of the nature of those contemplated by the Purchase Agreement (other than as to regulatory matters, as to which we express no opinion). We express no opinion in this paragraph regarding federal or state securities laws.

(xiii) The Company is not an "investment company" as such term is defined in the 1940 Act that is required to be registered under the 1940 Act.

(xiv) The Company is not a "holding company" or, to our knowledge, a "subsidiary of a holding company," within the meaning of such terms as defined in the Public Utility Holding Company Act of 1935; and to our knowledge, no person or corporation which is a "holding company" or a "subsidiary of a holding company," as so defined, directly or indirectly owns, controls or holds with power to vote 10% or more of the outstanding voting securities of the Company.

(xv) The Indenture has been duly qualified under the 1939 Act.

(xvi) To the extent that the statements in the Prospectus under "Material U.S. Federal Income Tax Considerations" purport to describe specific provisions of the Internal Revenue Code of 1986, as amended, such statements present in all material respects an accurate summary of such provisions.

We have participated in conferences with officers and other representatives of the Company, representatives of the independent auditors of the Company, and your representatives and counsel at which the contents of the Registration Statement and the Prospectus and related matters were discussed. Because the purpose of our professional engagement was not to establish or confirm factual matters and because the scope of our examination of the affairs of the Company did not permit us to verify the accuracy, completeness or fairness of the statements set forth in the Registration Statement or the Prospectus, we are not passing upon and do not assume any responsibility for the accuracy, completeness or fairness of the statements set forth in the Registration Statement or the Prospectus except insofar as such statements specifically relate to us and except to the extent set forth in the final sentence of the following paragraph.

On the basis of the foregoing, and except for the financial statements and schedules, pro forma financial information and other information of an accounting or financial nature included or incorporated by reference therein, as to which we express no opinion or belief, no facts have come to our attention that led us to believe: (a) that the Registration Statement, at the time it became effective (which, for the purposes of this paragraph, shall have the meaning set forth in Rule 158(c) under the 1933 Act), or the Prospectus, as of its date or as of the date hereof, were not appropriately responsive in all material respects to the requirements of the 1933 Act and the applicable rules and regulations of the Commission thereunder; or (b)(i) that the Registration Statement, at the time it became effective, contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein, or necessary to make the statements therein not misleading or (ii) that the Prospectus, as of its date or as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

The opinions expressed above, and the statements made above, are solely for your benefit in connection with the transactions contemplated by the Purchase Agreement and are not to be used for any other purpose, or circulated, quoted or otherwise referred to for any purpose, without, in each case, our written permission. We are aware that Shearman & Sterling LLP, your counsel, is relying, solely with respect to matters involving the laws of the State of Texas, on opinion paragraphs (i)-(iii) and (v) herein in rendering their opinion to you required under Section 5(c) of the Purchase Agreement.

* * *

In rendering such opinion, such counsel may state that its opinion is limited to the Federal laws of the United States

and the laws of the State of Texas and the State of New York.

EXHIBIT B

FORM OF OPINION OF VIRGINIA COUNSEL TO THE COMPANY TO BE DELIVERED PURSUANT TO SECTION 5(b)(ii)

For the purposes of this opinion the term "Prospectus" shall have the meaning set forth in the Purchase Agreement and shall include the Prospectus Supplement, the Form 10-K and any other document incorporated by reference therein.

(i) The Company is validly existing as a corporation in good standing under the laws of the Commonwealth of Virginia.

(ii) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under the Purchase Agreement.

(iii) Each of the Indenture and the Section 301 Officers' Certificate has been duly authorized, executed and delivered by the Company.

(iv) The Securities have been duly authorized, executed and delivered by the Company.

Except with our prior written consent, no person other than the addressees of this opinion and Shearman & Sterling LLP, counsel for the Underwriters, shall be entitled to rely upon it; provided, however, that SunTrust Bank, may rely on this letter as trustee under, and in connection with the transactions contemplated by, the Indenture we are aware that this opinion will be relied upon by Shearman & Sterling LLP and SunTrust Bank.

* * *

In rendering such opinion, such counsel may state that its opinion is limited to the Federal laws of the United States and the laws of the Commonwealth of Virginia.

EXHIBIT C

FORM OF OPINION OF GENERAL COUNSEL OF THE COMPANY

TO BE DELIVERED PURSUANT TO SECTION 5(b)(iii)

For the purposes of this opinion the term "Prospectus" shall have the meaning set forth in the Purchase Agreement and shall include the Prospectus Supplement, the Form 10-K and any other document incorporated by reference therein.

(i) The Company has been duly organized and is validly existing as a corporation in good standing under the laws of the State of Texas and the Commonwealth of Virginia.

(ii) The Company has corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into and perform its obligations under the Purchase Agreement.

The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect.

(iv) The authorized, issued and outstanding capital stock of the Company is as set forth in the Prospectus in the column entitled "As Adjusted" under the caption "Capitalization" (except for subsequent issuances, if any, pursuant to the Purchase Agreement or pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus or pursuant to the exercise of convertible securities or options referred to in the Prospectus); the shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued and are fully paid and non-assessable; and none of the outstanding shares of capital stock of the Company was issued in violation of the preemptive or other similar rights of any securityholder of the Company.

(v) Each Subsidiary has been duly organized and is validly existing as an entity in good standing under the laws of the jurisdiction of its formation, has the power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and is duly qualified as a foreign entity to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure so to qualify or to be in good standing would not result in a Material Adverse Effect; except as otherwise disclosed in the Registration Statement, all of the issued and outstanding capital stock, or limited liability company membership interests, or other beneficial interests, as the case may be, of each Subsidiary have been duly authorized and validly issued, are fully paid and non-assessable and, to the best of my knowledge, are owned by the Company, directly or through subsidiaries, free and clear of any security interest, mortgage, pledge, lien, encumbrance, claim or equity; none of the outstanding shares of capital stock or limited liability company membership interests, as the case may be, of any Subsidiary was issued in violation of the preemptive or similar rights of any securityholder of such Subsidiary.

(vi) The Purchase Agreement has been duly authorized, executed and delivered by the Company.

(vii) The documents incorporated by reference in the Registration Statement and the Prospectus (other than financial statements and schedules, pro forma financial information and other information of an accounting or financial nature included or incorporated by reference therein, as to which I express no opinion or belief), when they were filed with the Commission, complied as to form in all material respects with the requirements of the 193 Act and the 1934 Act Regulations.

(viii) To the best of my knowledge, there is no pending or threatened action, suit, proceeding, inquiry or investigation, to which the Company or any subsidiary is a party, or to which the property of the Company or any subsidiary is subject, before or brought by any court or governmental agency or body, domestic or foreign, which might reasonably be expected to result in a Material Adverse Effect, or which might reasonably be expected to affect the properties or assets thereof, except what does not result in a Material Adverse Effect, or the consummation of the transactions contemplated in the Purchase Agreement or the performance by the Company of its obligations thereunder or which is required to be described in the Prospectus that is not described as required.

(ix) The information in (a) the Prospectus under "Prospectus Supplement Summary--Atmos Energy Corporation", "The TXU Gas Acquisition--Description of the TXU Gas Acquisition", "The TXU Gas Acquisition--Financing for the Acquisition" and "Description of the Notes", (b) the Form 10-K under "Item 1. - Business--Regulation", as modified or supplemented in the Prospectus by "Business--Regulation"; under "Item 1. - Business--Ratemaking Activity" in the Form 10-K, as modified or supplemented in the Prospectus by "Business--Rates"; under "Item 1. - Corporate Governance" in the Form 10-K; under "Item 2. - Properties" in the Form 10-K, as modified or supplemented in the Prospectus by "Business--Properties"; under "Item 3. - Legal Proceedings" in the Form 10-K, (c) "Note 13. - Commitments and Contingencies" to the Company's 2003 Consolidated Financial Statements (contained in the Form 10-K) and (d) "Item 7 - Management's Discussion and Analysis of Financial Condition and Results of Operations - Factors that May Affect our Future Performance - Our Operations Are Subject to Regulation Which Can Directly Impact Our Operations" in the Form 10-K, to the extent that it constitutes matters of law, summaries of legal matters, the Company's Restated Articles of Incorporation, as amended, and Amended and Restated Bylaws or legal proceedings, or legal conclusions, has been reviewed by me and is correct in all material respects.

(x) To the best of my knowledge, there are no statutes or regulations that are required to be described in the Prospectus that are not described as required.

(xi) All descriptions in the Registration Statement and the Prospectus of contracts and other documents to which the Company or its subsidiaries are a party are accurate in all material respects; to the best of my knowledge, there are no franchises, contracts, indentures, mortgages, loan agreements, notes, leases or other instruments required to be described or referred to in the Registration Statement or the Prospectus or to be filed as exhibits thereto other than those described or referred to therein or filed or incorporated by reference as exhibits thereto, and the descriptions thereof or references thereto are correct in all material respects.

(xii) To the best of my knowledge, neither the Company nor any subsidiary is in violation of its charter, bylaws or other organizational document and no default by the Company or any subsidiary exists in the due performance or observance of any material obligation, agreement, covenant or condition contained in any contract, indenture, mortgage, loan agreement, note, lease or other agreement or instrument that is described or referred to in the Registration Statement or the Prospectus or filed or incorporated by reference as an exhibit to the Registration Statement, except for such defaults that would not result in a Material Adverse Effect.

(xiii) The material franchises, permits and rights of the Company and its subsidiaries in each jurisdiction in which such franchise, permit or right is required are valid and adequate for the business in which they are engaged, and there do not exist, to the best of my knowledge, any restrictions in connection therewith that, solely or in the aggregate, would result in a Material Adverse Effect.

(xiv) There have been issued and, as of the date hereof, are in full force and effect orders or authorizations of the regulatory authorities of Colorado, Georgia, Illinois, Kentucky and Virginia, respectively, authorizing the issuance and sale of the Securities by the Company on the terms set forth or contemplated in the Purchase Agreement; and no other filing with, or authorization, approval, consent, license, order, registration, qualification or decree of, any court or governmental authority or agency, domestic or foreign (other than under the 1933 Act and the 1933 Act Regulations, which have been obtained, or as may be required under the securities or blue sky laws of the various states, as to which I express no opinion), is necessary or required in connection with the due authorization, execution and delivery of the Purchase Agreement, the Indenture, or for the offering, issuance, sale or delivery of the Securities by the Company.

(xv) The execution, delivery and performance of the Purchase Agreement, the Indenture and the Securities by the Company and the consummation of the transactions contemplated in the Purchase Agreement, the Indenture and in the Registration Statement and the Prospectus (including the issuance and sale of the Securities by the Company and the use of the proceeds from the sale of the Securities as described in the Prospectus under the caption "Use of Proceeds") and compliance by the Company with its obligations under the Purchase Agreement, the Indenture and the Securities do not and will not, whether with or without the giving of notice or lapse of time or both, violate or constitute a breach of, or default or Repayment Event (as defined in Section 1(a)(xi) of the Purchase Agreement) under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company or any subsidiary pursuant to, any contract, indenture, mortgage, deed of trust, loan or credit agreement, note, lease or any other agreement or instrument, known to me, to which the Company or any subsidiary is a party or by which it or any of them may be bound, or to which any of the property or assets of the Company or any subsidiary is subject (except for such violations, breaches or defaults or liens, charges or encumbrances or a Repayment Event that would not have a Material Adverse Effect), nor will such action result in any violation of the provisions of the articles of incorporation or bylaws of the Company or the charter, bylaws or other organizational documents of any subsidiary, or any applicable law, statute, rule, regulation, judgment, order, writ or decree, known to me, of any government, government instrumentality or court, domestic or foreign, binding on the Company or any subsidiary or any of their respective properties, assets or operations. I express no opinion in this paragraph regarding federal or state securities laws.

(xvi) The Company is not a "holding company" or, to the best of my knowledge after due inquiry, a "subsidiary of a holding company" , within the meaning of such terms as defined in the Public Utility Holding Company Act of 1935; and to the best of my knowledge after due inquiry, no person or corporation which is a "holding company" or a "subsidiary of a holding company," as so defined, directly or indirectly owns, controls or holds with power to vote 10% or more of the outstanding voting securities of the Company.

Except for the financial statements and schedules, pro forma financial information and other information of an accounting or financial nature included or incorporated by reference therein, as to which I express no opinion or belief, no facts have come to my attention that led me to believe: (a) that the Registration Statement, at the time it became effective (which, for the purposes of this paragraph, shall have the meaning set forth in Rule 158(c) under the 1933 Act), contained an untrue statement of a material fact or omitted to state a material fact required to be stated therein, or necessary to make the statements therein not misleading or (b) that the Prospectus, as of its date or as of the date hereof, contained or contains an untrue statement of a material fact or omitted or omits to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading.

This opinion is furnished by me as General Counsel for the Company to you pursuant to the terms of the Purchase Agreement. Except with my prior written consent, no person other than the addressees of this opinion, Shearman & Sterling LLP, counsel for the Underwriters, and SunTrust Bank, as Trustee under the Indenture shall be entitled to rely on it. I am aware that this opinion will be relied upon by Shearman & Sterling LLP and SunTrust Bank. This opinion may not be quoted, in whole or in part, or copies hereof furnished, to any other person without my prior written consent, except that you may furnish copies hereof to Shearman & Sterling LLP, your counsel, and SunTrust Bank.

* * *

In rendering such opinion, such counsel may state that his opinion is limited to the Federal laws of the United States, the laws of the State of Texas and the Virginia Stock Corporation Act.

EXHIBIT 4.1

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.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

ATMOS ENERGY CORPORATION

Floating Rate Senior Notes due 2007

No. 1 CUSIP NO. 049560 AD 7

Atmos Energy Corporation, a Texas and Virginia corporation (herein called the "Company", which term includes any successor entity under the Indenture, hereinafter defined), for value received, hereby promises to pay to Cede & Co. or registered assigns the principal sum of THREE HUNDRED MILLION DOLLARS ($300,000,000) on October 15, 2007 (the "Maturity Date"), at the office or agency of the Company referred to below, and to pay interest thereon from October 22, 2004, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, quarterly on January 15, April 15, July 15 and October 15 in each year (each, an "Interest

Payment Date"), commencing January 15, 2005 at the Three-Month LIBOR Rate plus 0.375%, as determined by the Calculation Agent in accordance with the next succeeding paragraph, until the principal hereof is paid or duly provided for. The Three-Month LIBOR Rate will be reset quarterly on each Interest Payment Date (each of these dates is referred to as an "Interest Reset Date"), beginning on January 15, 2005. The interest rate for the first Interest Period shall be 2.465%. Interest payable on each Interest Payment Date will include interest accrued from and including October 22, 2004, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, to but excluding such Interest Payment Date.

Interest will be computed on the basis of a 360-day year and the actual number of days in an Interest Period. All percentages resulting from any calculation of the interest rate with respect to these Securities will be rounded, if necessary, to the nearest one-hundred thousandth of a percentage point, with five one-millionths of a percentage point rounded upwards (for example, 9.876545% (or .09876545) being rounded to 9.87655% (or .0987655) and 9.876544% (or .09876544) being rounded to 9.87654% (or .0987654)), and all dollar amounts in or resulting from any such calculation will be rounded to the nearest cent (with one-half cent being rounded upwards). The interest rate for these Securities will in no event be higher than the maximum rate permitted by New York law as the same may be modified by United States law of general application.

Promptly upon determination, the Calculation Agent shall inform the Trustee and the Company of the interest rate for the next Interest Period. The Calculation Agent will, upon the request of any Holder of these Securities, provide the interest rate then in effect, and, if determined, the interest rate with regards to such Security which will become effective with respect to the next Interest Period. All calculations made by the Calculation Agent in the absence of manifest error shall be conclusive for all purposes and binding on the Company and the Holders of these Securities.

"Three-Month LIBOR Rate" means the rate for deposits in U.S. dollars for the three-month period commencing on the applicable Interest Reset Date which appears on Telerate Page 3750 at approximately 11:00 a.m., London time, on the second London Banking Day prior to the applicable Interest Reset Date. If this rate does not appear on Telerate Page 3750, the Calculation Agent will determine the rate on the basis of the rates at which deposits in U.S. dollars are offered by four major banks in the London interbank market (selected by the Calculation Agent) at approximately 11:00 a.m., London time, on the second London Banking Day prior to the applicable Interest Reset Date to prime banks in the London interbank market for a period of three months commencing on that Interest Reset Date and in a principal amount equal to an amount not less than $1,000,000 that is representative for a single transaction in such market at such time. In such case, the Calculation Agent will request the principal London office of each of the aforesaid major banks to provide a quotation of such rate. If at least two such quotations are provided, the rate for that Interest Reset Date will be the arithmetic mean of the quotations, and, if fewer than two quotations are provided as requested, the rate for that Interest Reset Date will be the arithmetic mean of the rates quoted by major banks in New York City, selected by the Calculation Agent, at approximately 11:00 a.m., New York City time, on the second London Banking Day prior to the applicable Interest Reset Date for loans in U.S. dollars to leading European banks for a period of three months commencing on that Interest Reset Date and in a principal amount equal to an amount not less than $1,000,000 that is representative for a single transaction in such market at such time. "London Banking Day" means any business day in which dealings in U.S. dollars are transacted in the London interbank market.

"Telerate Page 3750" means the display page so designated on the Moneyline Telerate, Inc. (or such other page as may replace such page on that service or any successor service for the purpose of displaying London interbank offered rates of major banks).

"Calculation Agent" is SunTrust Bank until such time as the Company appoints a successor calculation agent.

"Interest Period" means the period commencing on and including the Interest Payment Date and ending on and including the day immediately preceding the next succeeding Interest Payment Date with the exception that the first Interest Period shall commence on October 22, 2004 and end on January 14, 2005.

Any payment of principal or interest required to be made on a day that is not a Business Day need not be made on

such day, but may be made on the next succeeding Business Day with the same force and effect as if made on such day and no interest shall accrue as a result of such delayed payment.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person (the "Holder") in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the January 1, April 1, July 1 or October 1 (whether or not a Business Day) next preceding such Interest Payment Date (a "Regular Record Date"). Any such interest not so punctually paid or duly provided for ("Defaulted Interest") will forthwith cease to be payable to the Holder on such Regular Record Date and either may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee (referred to herein), notice whereof shall be given to the Holder of this Security not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in the Indenture.

For purposes of this Security, "Business Day" means any day that, in the city of the principal Corporate Trust Office of the Trustee and in the City of New York, is neither a Saturday, Sunday, or legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, the City of New York, or at such other office or agency of the Company as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. So long as this Security remains in book-entry form, all payments of principal and interest will be made by the Company in immediately available funds.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

This Security is one of a duly authorized series of securities of the Company, designated as the Floating Rate Senior Notes due 2007 (the "Securities"), issued under an Indenture dated as of May 22, 2001, as it may be supplemented from time to time (referred to herein as the "Indenture"), between the Company and SunTrust Bank, as trustee (referred to herein as the "Trustee", which term includes any successor trustee under the Indenture with respect to the series of which this Security is a part). A reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered, except as otherwise provided herein.

The Securities are initially limited to $300,000,000 aggregate principal amount. The Company may, at any time, without the consent of the Holders of the Securities, create and issue additional securities having the same ranking, interest rate, maturity and other terms as the Securities. Any such additional securities shall be consolidated and form the same series of the Securities having the same terms as to status, redemption and otherwise as the Securities under the Indenture.

Events of Default. If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

Optional Redemption. The Securities will be redeemable, in whole or in part, at the Company's option, on any Interest Payment Date, on or after April 15, 2006, at a redemption price equal to 100% of the principal amount of the Securities to be redeemed plus accrued and unpaid interest on the principal amount of Securities being redeemed to the Redemption Date.

In the event that less than all of the Securities are to be redeemed at any time, selection of such Securities for redemption will be made by The Depository Trust Company ("DTC") during any period the Securities are issued in

the form of a global security registered in the name of DTC or a nominee thereof; provided that during any period the Securities are issued in certificated form, the selection of such Securities for redemption will be made by the Trustee by lot or by such other method as the Trustee in its sole discretion shall deem fair and appropriate. In no event shall Securities of a principal amount of $1,000 or less be redeemed in part. Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days before the Redemption Date, to each Holder of Securities to be redeemed, at its address as shown in the Security Register. If the Securities are to be redeemed in part only, the notice of redemption that relates to such Securities shall state the portion of the principal amount thereof to be redeemed. A new Security in a principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon surrender for cancellation of the original Security. On and after the Redemption Date, interest will cease to accrue on Securities or portions thereof called for redemption unless the Company defaults in the payment of the Redemption Price.

Sinking Fund. This Security does not have the benefit of any sinking fund obligations.

Modification and Waivers; Obligations of the Company Absolute. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities. Certain limited amendments may be effected under the Indenture at any time by the Company and the Trustee without the consent of any Holders of the Securities. Certain other amendments affecting the Securities may only be effected under the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of not less than a majority in principal amount of the Securities at the time Outstanding, on behalf of the Holders of all Outstanding Securities, to waive compliance by the Company with certain provisions of the Indenture affecting the Securities. Furthermore, provisions in the Indenture permit the Holders of not less than a majority in principal amount of the Outstanding Securities to waive on behalf of all of the Holders of all Outstanding Securities certain past defaults under the Indenture in respect of the Securities and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

Defeasance and Covenant Defeasance. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company represented by this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Company with certain conditions set forth therein, which provisions apply to this Security.

Authorized Denominations. The Securities are issuable only in registered form, without coupons in denominations of $1,000 and any integral multiple thereof.

Registration of Transfer or Exchange. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Company, upon surrender of this Security for registration of transfer at the office or agency of the Company, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. At the date of the original issuance of this Security such office or agency of the Company is maintained at unTrust Bank, Corporate Trust Division, 25 Park Place, 24th Floor, Atlanta, GA 30303-2900.

As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder

surrendering the same.

No service charge shall be made for any registration of transfer or exchange or redemption of Securities, but the Company may require payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charges payable in connection with any registration of transfer or exchange.

Prior to the time of due presentment of this 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 this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

Modifications to the Indenture pursuant to Section 301 of the Indenture. The following modifications to the Indenture shall be applicable with respect to the Securities:

(a) The defined term "Principal Property" in the Indenture is hereby deleted in its entirety and replaced by the following:

"Principal Property" means any natural gas distribution 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.

(b) The defined term "Restricted Subsidiary" in the Indenture is hereby deleted in its entirety and replaced by the following:

"Restricted Subsidiary" means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 10% of the aggregate amount of Consolidated Net Tangible Assets of the Company and its Subsidiaries.

Defined Terms. Subject to the modifications to the Indenture set forth above, all capitalized terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Governing Laws. This Security, the Indenture and the foregoing modifications to the Indenture 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.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

ATMOS ENERGY CORPORATION

By:

Name: Louis P. Gregory Title: Senior Vice President and General Counsel

Attest:

By:

Name: Dwala Kuhn
Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: October 22, 2004

SUNTRUST BANK,
as Trustee

By: _____
Authorized Officer

ASSIGNMENT FORM

To assign this Security, fill in the form below:
(I) or (we) assign and transfer this Security to

_____

(Insert assignee's social security or tax I.D. no.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

irrevocably appoint_____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date:_____ Signature: _____ (sign exactly as name appears on the other side of this Security)

Signature guaranteed by: _____

EXHIBIT 4.2

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.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

ATMOS ENERGY CORPORATION

4.0% Senior Notes due 2009

No. 1 CUSIP NO. 049560 AE 5

Atmos Energy Corporation, a Texas and Virginia corporation (herein called the "Company", which term includes any successor entity under the Indenture, hereinafter defined), for value received, hereby promises to pay to Cede & Co. or registered assigns the principal sum of FOUR HUNDRED MILLION DOLLARS ($400,000,000) on October 15, 2009 (the "Maturity Date"), at the office or agency of the Company referred to below, and to pay interest thereon from October 22, 2004, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on April 15 and October 15 in each year (each, an "Interest Payment Date"), commencing April 15, 2005 at 4.0% per annum until the principal hereof is paid or duly provided for.

Any payment of principal or interest required to be made on a day that is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on such day and no interest shall accrue as a result of such delayed payment. Interest payable on each Interest Payment Date will include interest accrued from and including October 22, 2004, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, to but excluding such Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person (the "Holder") in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the April 1 or October 1 (whether or not a Business Day) next preceding such Interest Payment Date (a "Regular Record Date"). Any such interest not so punctually paid or duly provided for ("Defaulted Interest") will forthwith cease to be payable to the Holder on such Regular Record Date and either may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee (referred to herein), notice whereof shall be given to the Holder of thi Security not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in the Indenture.

For purposes of this Security, "Business Day" means any day that, in the city of the principal Corporate Trust Office of the Trustee and in the City of New York, is neither a Saturday, Sunday, or legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, the City of New York, or at such other office or agency of the Company as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. So long as this Security remains in book-entry form, all payments of principal and interest will be made by the Company in immediately available funds.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

This Security is one of a duly authorized series of securities of the Company, designated as the 4.0% Senior Notes due 2009 (the "Securities"), issued under an Indenture dated as of May 22, 2001, as it may be supplemented from time to time (referred to herein as the "Indenture"), between the Company and SunTrust Bank, as trustee (referred to herein as the "Trustee", which term includes any successor trustee under the Indenture with respect to the series of which this Security is a part). A reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders o the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered, except as otherwise provided herein.

The Securities are initially limited to $400,000,000 aggregate principal amount. The Company may, at any time, without the consent of the Holders of the Securities, create and issue additional securities having the same ranking, interest rate, maturity and other terms as the Securities. Any such additional securities shall be consolidated and f[illegible] the same series of the Securities having the same terms as to status, redemption and otherwise as the Securities u[illegible]er the Indenture.

Events of Default. If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

Optional Redemption. The Securities will be redeemable, in whole or in part, at the Company's option, at any time at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the Securities to be redeemed, or

(b) as determined by the Quotation Agent, the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Securities to be redeemed 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 15 basis points;

plus, in either case, accrued and unpaid interest on the principal amount of Securities 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 [illegible]rity comparable to the remaining term of the Securities 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 Securities to be redeemed.

"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 the Company.

"Reference Treasury Dealer" means Merrill Lynch, Pierce, Fenner & Smith Incorporated and its successors; provided, however, if Merrill Lynch, Pierce, Fenner & Smith Incorporated ceases to be a primary U.S. government securities dealer in New York City, the Company will replace Merrill Lynch, Pierce, Fenner & Smith Incorporated as Reference Treasury Dealer with an entity that is a primary U.S. government securities dealer in New York City.

"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 Security to be redeemed, the remaining scheduled payments of the principal and interest on such Security 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 th[illegible] next succeeding scheduled interest payment on such Security will be reduced by the amount of interest accrued [illegible]ach Security to such Redemption Date.

In the event that less than all of the Securities are to be redeemed at any time, selection of such Securities for redemption will be made by The Depository Trust Company ("DTC") during any period the Securities are issued in

the form of a global security registered in the name of DTC or a nominee thereof; provided that during any period the Securities are issued in certificated form, the selection of such Securities for redemption will be made by the Trustee by lot or by such other method as the Trustee in its sole discretion shall deem fair and appropriate. In no event shall Securities of a principal amount of $1,000 or less be redeemed in part. Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days before the Redemption Date, to each Holder of Securities to be redeemed, at its address as shown in the Security Register. If the Securities are to be redeemed in part only, the notice of redemption that relates to such Securities shall state the portion of the principal amount thereof to be redeemed. A new Security in a principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon surrender for cancellation of the original Security. On and after the Redemption Date, interest will cease to accrue on Securities or portions thereof called for redemption unless the Company defaults in the payment of the Redemption Price.

Sinking Fund. This Security does not have the benefit of any sinking fund obligations.

Modification and Waivers; Obligations of the Company Absolute. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities. Certain limited amendments may be effected under the Indenture at any time by the Company and the Trustee without the consent of any Holders of the Securities. Certain other amendments affecting the Securities may only be effected under the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of not less than a majority in principal amount of the Securities at the time Outstanding, on behalf of the Holders of all Outstanding Securities, to waive compliance by the Company with certain provisions of the Indenture affecting the Securities. Furthermore, provisions in the Indenture permit the Holders of not less than a majority in principal amount of the Outstanding Securities to waive on behalf of all of the Holders of all Outstanding Securities certain past defaults under the Indenture in respect of the Securities and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

Defeasance and Covenant Defeasance. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company represented by this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Company with certain conditions set forth therein, which provisions apply to this Security.

Authorized Denominations. The Securities are issuable only in registered form, without coupons in denominations of $1,000 and any integral multiple thereof.

Registration of Transfer or Exchange. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Company, upon surrender of this Security for registration of transfer at the office or agency of the Company, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. At the date of the original issuance of this Security such office or agency of the Company is maintained by SunTrust Bank, Corporate Trust Division, 25 Park Place, 24th Floor, Atlanta, GA 30303-2900.

As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder

surrendering the same.

No service charge shall be made for any registration of transfer or exchange or redemption of Securities, but the Company may require payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charges payable in connection with any registration of transfer or exchange.

Prior to the time of due presentment of this 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 this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

Modifications to the Indenture pursuant to Section 301 of the Indenture. The following modifications to the Indenture shall be applicable with respect to the Securities:

(a) The defined term "Principal Property" in the Indenture is hereby deleted in its entirety and replaced by the following:

"Principal Property" means any natural gas distribution 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.

(b) The defined term "Restricted Subsidiary" in the Indenture is hereby deleted in its entirety and replaced by the following:

"Restricted Subsidiary" means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 10% of the aggregate amount of Consolidated Net Tangible Assets of the Company and its Subsidiaries.

Defined Terms. Subject to the modifications to the Indenture set forth above, all capitalized terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Governing Laws. This Security, the Indenture and the foregoing modifications to the Indenture 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.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

ATMOS ENERGY CORPORATION

By:

Name: Louis P. Gregory Title: Senior Vice President and General Counsel

Attest:

By:

Name: Dwala Kuhn
Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: October 22, 2004

SUNTRUST BANK,
as Trustee

By: _____
Authorized Officer

ASSIGNMENT FORM

To assign this Security, fill in the form below:
(I) or (we) assign and transfer this Security to

_____

(Insert assignee's social security or tax I.D. no.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint_____ agent to transfer th Security on the books of the Company. The agent may substitute another to act for him.

Date:_____ Signature: _____ (sign exactly as name appears on the other side of this Security)

Signature guaranteed by: _____

EXHIBIT 4.3

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.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR ITS AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

ATMOS ENERGY CORPORATION

4.95% Senior Notes due 2014

No. 1 CUSIP NO. 049560 AF 2

Atmos Energy Corporation, a Texas and Virginia corporation (herein called the "Company", which term includes any successor entity under the Indenture, hereinafter defined), for value received, hereby promises to pay to Cede & Co. or registered assigns the principal sum of FIVE HUNDRED MILLION DOLLARS ($500,000,000) on October 15, 2014 (the "Maturity Date"), at the office or agency of the Company referred to below, and to pay interest thereon from October 22, 2004, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on April 15 and October 15 in each year (each, an "Interest Payment Date"), commencing April 15, 2005 at 4.95% per annum until the principal hereof is paid or duly provided for.

Any payment of principal or interest required to be made on a day that is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on such day and no interest shall accrue as a result of such delayed payment. Interest payable on each Interest Payment Date will include interest accrued from and including October 22, 2004, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, to but excluding such Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person (the "Holder") in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the April 1 or October 1 (whether or not a Business Day) next preceding such Interest Payment Date (a "Regular Record Date"). Any such interest not so punctually paid or duly provided for ("Defaulted Interest") will forthwith cease to be payable to the Holder on such Regular Record Date and either may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a special record date (the "Special Record Date") for the payment of such ulted Interest to be fixed by the Trustee (referred to herein), notice whereof shall be given to the Holder of this Security not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in the Indenture.

For purposes of this Security, "Business Day" means any day that, in the city of the principal Corporate Trust Office of the Trustee and in the City of New York, is neither a Saturday, Sunday, or legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, the City of New York, or at such other office or agency of the Company as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. So long as this Security remains in book-entry form, all payments of principal and interest will be made by the Company in immediately available funds.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

This Security is one of a duly authorized series of securities of the Company, designated as the 4.95% Senior Notes due 2014 (the "Securities"), issued under an Indenture dated as of May 22, 2001, as it may be supplemented from time to time (referred to herein as the "Indenture"), between the Company and SunTrust Bank, as trustee (referred to herein as the "Trustee", which term includes any successor trustee under the Indenture with respect to the series of which this Security is a part). A reference is hereby made to the Indenture for a statement of the respective rights, ations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered, except as otherwise provided herein.

The Securities are initially limited to $500,000,000 aggregate principal amount. The Company may, at any time, without the consent of the Holders of the Securities, create and issue additional securities having the same ranking, interest rate, maturity and other terms as the Securities. Any such additional securities shall be consolidated and form the same series of the Securities having the same terms as to status, redemption and otherwise as the Securities under the Indenture.

Events of Default. If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

Optional Redemption. The Securities will be redeemable, in whole or in part, at the Company's option, at any time at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the Securities to be redeemed, or

(b) as determined by the Quotation Agent, the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Securities to be redeemed 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 20 basis points;

plus, in either case, accrued and unpaid interest on the principal amount of Securities 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 Securities 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 Securities to be redeemed.

"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 the Company.

"Reference Treasury Dealer" means Merrill Lynch, Pierce, Fenner & Smith Incorporated and its successors; provided, however, if Merrill Lynch, Pierce, Fenner & Smith Incorporated ceases to be a primary U.S. government securities dealer in New York City, the Company will replace Merrill Lynch, Pierce, Fenner & Smith Incorporated as Reference Treasury Dealer with an entity that is a primary U.S. government securities dealer in New York City.

"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 Security to be redeemed, the remaining scheduled payments of the principal and interest on such Security 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 Security will be reduced by the amount of interest accrued on such Security to such Redemption Date.

In the event that less than all of the Securities are to be redeemed at any time, selection of such Securities for redemption will be made by The Depository Trust Company ("DTC") during any period the Securities are issued in

the form of a global security registered in the name of DTC or a nominee thereof; provided that during any period the Securities are issued in certificated form, the selection of such Securities for redemption will be made by the Trustee by lot or by such other method as the Trustee in its sole discretion shall deem fair and appropriate. In no event shall Securities of a principal amount of $1,000 or less be redeemed in part. Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days before the Redemption Date, to each Holder of Securities to be redeemed, at its address as shown in the Security Register. If the Securities are to be redeemed in part only, the notice of redemption that relates to such Securities shall state the portion of the principal amount thereof to be redeemed. A new Security in a principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon surrender for cancellation of the original Security. On and after the Redemption Date, interest will cease to accrue on Securities or portions thereof called for redemption unless the Company defaults in the payment of the Redemption Price.

Sinking Fund. This Security does not have the benefit of any sinking fund obligations.

Modification and Waivers; Obligations of the Company Absolute. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities. Certain limited amendments may be effected under the Indenture at any time by the Company and the Trustee without the consent of any Holders of the Securities. Certain other amendments affecting the Securities may only be effected under the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of not less than a majority in principal amount of the Securities at the time Outstanding, on behalf of the Holders of all Outstanding Securities, to waive compliance by the Company with certain provisions of the Indenture affecting the Securities. Furthermore, provisions in the Indenture permit the Holders of not less than a majority in principal amount of the Outstanding Securities to waive on behalf of all of the Holders of all Outstanding Securities certain past defaults under the Indenture in respect of the Securities and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

Defeasance and Covenant Defeasance. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company represented by this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Company with certain conditions set forth therein, which provisions apply to this Security.

Authorized Denominations. The Securities are issuable only in registered form, without coupons in denominations of $1,000 and any integral multiple thereof.

Registration of Transfer or Exchange. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Company, upon surrender of this Security for registration of transfer at the office or agency of the Company, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. At the date of the original issuance of this Security such office or agency of the Company is maintained at unTrust Bank, Corporate Trust Division, 25 Park Place, 24th Floor, Atlanta, GA 30303-2900.

As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder

surrendering the same.

No service charge shall be made for any registration of transfer or exchange or redemption of Securities, but the Company may require payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charges payable in connection with any registration of transfer or exchange.

Prior to the time of due presentment of this 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 this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

Modifications to the Indenture pursuant to Section 301 of the Indenture. The following modifications to the Indenture shall be applicable with respect to the Securities:

(a) The defined term "Principal Property" in the Indenture is hereby deleted in its entirety and replaced by the following:

"Principal Property" means any natural gas distribution 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.

(b) The defined term "Restricted Subsidiary" in the Indenture is hereby deleted in its entirety and replaced by the following:

"Restricted Subsidiary" means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 10% of the aggregate amount of Consolidated Net Tangible Assets of the Company and its Subsidiaries.

Defined Terms. Subject to the modifications to the Indenture set forth above, all capitalized terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Governing Laws. This Security, the Indenture and the foregoing modifications to the Indenture 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.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

ATMOS ENERGY CORPORATION

By:

Name: Louis P. Gregory Title: Senior Vice President and General Counsel

Attest:

By:

Name: Dwala Kuhn
Title: Corporate Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: October 22, 2004

SUNTRUST BANK,
as Trustee

By: _____
Authorized Officer

ASSIGNMENT FORM

To assign this Security, fill in the form below:
(I) or (we) assign and transfer this Security to

_____

(Insert assignee's social security or tax I.D. no.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

irrevocably appoint_____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date: _____ Signature: _____
(sign exactly as name appears on the other side of this Security)

Signature guaranteed by: _____

EXHIBIT 4.4

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.

UNLESS THIS CERTIFICATE IS PRESENTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY TRUST COMPANY (55 WATER STREET, NEW YORK, NEW YORK) TO THE ISSUER OR AGENT FOR REGISTRATION OF TRANSFER, EXCHANGE OR PAYMENT, AND SUCH CERTIFICATE ISSUED IS REGISTERED IN THE NAME OF CEDE & CO., OR SUCH OTHER NAME AS REQUESTED BY AN AUTHORIZED REPRESENTATIVE OF THE DEPOSITORY, ANY TRANSFER, PLEDGE OR OTHER USE HEREOF FOR VALUE OR OTHERWISE BY OR TO ANY PERSON IS WRONGFUL, SINCE THE REGISTERED OWNER HEREOF, CEDE & CO., HAS AN INTEREST HEREIN.

ATMOS ENERGY CORPORATION

5.95% Senior Notes due 2034

No. 1 CUSIP NO. 049560 AG 0

Atmos Energy Corporation, a Texas and Virginia corporation (herein called the "Company", which term includes any successor entity under the Indenture, hereinafter defined), for value received, hereby promises to pay to Cede & Co. or registered assigns the principal sum of TWO HUNDRED MILLION DOLLARS ($200,000,000) on October 15, 2034 (the "Maturity Date"), at the office or agency of the Company referred to below, and to pay interest thereon from October 22,2004, or from the most recent Interest Payment Date to which interest has been paid or duly provided for, semiannually on April 15 and October 15 in each year (each, an "Interest Payment Date"), commencing April 15, 2005 at 5.95% per annum until the principal hereof is paid or duly provided for.

Any payment of principal or interest required to be made on a day that is not a Business Day need not be made on such day, but may be made on the next succeeding Business Day with the same force and effect as if made on such day and no interest shall accrue as a result of such delayed payment. Interest payable on each Interest Payment Date will include interest accrued from and including October 22, 2004, or from and including the most recent Interest Payment Date to which interest has been paid or duly provided for, as the case may be, to but excluding such Interest Payment Date. Interest will be computed on the basis of a 360-day year of twelve 30-day months.

The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the person (the "Holder") in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the April 1 or October 1 (whether or not a Business Day) next preceding such Interest Payment Date (a "Regular Record Date"). Any such interest not so punctually paid or duly provided for ("Defaulted Interest") will forthwith cease to be payable to the Holder on such Regular Record Date and either may be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a special record date (the "Special Record Date") for the payment of such Defaulted Interest to be fixed by the Trustee (referred to herein), notice whereof shall be given to the Holder of this Security not less than ten days prior to such Special Record Date, or may be paid at any time in any other lawful manner, all as more fully provided in the Indenture.

For purposes of this Security, "Business Day" means any day that, in the city of the principal Corporate Trust Office of the Trustee and in the City of New York, is neither a Saturday, Sunday, or legal holiday nor a day on which banking institutions are authorized or required by law or regulation to close.

Payment of the principal of (and premium, if any) and interest on this Security will be made at the office or agency of the Company maintained for that purpose in the Borough of Manhattan, the City of New York, or at such other office or agency of the Company as may be maintained for such purpose, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. So long as this Security remains in book-entry form, all payments of principal and interest will be made by the Company in immediately available funds.

Unless the certificate of authentication hereon has been duly executed by the Trustee by manual signature, this Security shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

This Security is one of a duly authorized series of securities of the Company, designated as the 5.95% Senior Notes due 2034 (the "Securities"), issued under an Indenture dated as of May 22, 2001, as it may be supplemented from time to time (referred to herein as the "Indenture"), between the Company and SunTrust Bank, as trustee (referred to herein as the "Trustee", which term includes any successor trustee under the Indenture with respect to the series of which this Security is a part). A reference is hereby made to the Indenture for a statement of the respective rights, limitations of rights, duties, obligations and immunities thereunder of the Company, the Trustee and the Holders of the Securities, and of the terms upon which the Securities are, and are to be, authenticated and delivered, except as

otherwise provided herein.

The Securities are initially limited to $200,000,000 aggregate principal amount. The Company may, at any time, without the consent of the Holders of the Securities, create and issue additional securities having the same ranking, interest rate, maturity and other terms as the Securities. Any such additional securities shall be consolidated and form the same series of the Securities having the same terms as to status, redemption and otherwise as the Securities under the Indenture.

Events of Default. If an Event of Default shall occur and be continuing, the principal of all the Securities may be declared due and payable in the manner and with the effect provided in the Indenture.

Optional Redemption. The Securities will be redeemable, in whole or in part, at the Company's option, at any time at a Redemption Price equal to the greater of:

(a) 100% of the principal amount of the Securities to be redeemed, or

(b) as determined by the Quotation Agent, the sum of the present values of the Remaining Scheduled Payments of principal and interest on the Securities to be redeemed 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 Securities 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 Securities 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 Securities to be redeemed.

"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 the Company.

"Reference Treasury Dealer" means Merrill Lynch, Pierce, Fenner & Smith Incorporated and its successors; provided, however, if Merrill Lynch, Pierce, Fenner & Smith Incorporated ceases to be a primary U.S. government securities dealer in New York City, the Company will replace Merrill Lynch, Pierce, Fenner & Smith Incorporated as Reference Treasury Dealer with an entity that is a primary U.S. government securities dealer in New York City.

"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 Security to be redeemed, the remaining scheduled payments of the principal and interest on such Security 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 Security will be reduced by the amount of interest accrued on such Security to such Redemption Date.

In the event that less than all of the Securities are to be redeemed at any time, selection of such Securities for redemption will be made by The Depository Trust Company ("DTC") during any period the Securities are issued in the form of a global security registered in the name of DTC or a nominee thereof; provided that during any period the Securities are issued in certificated form, the selection of such Securities for redemption will be made by the Trustee by lot or by such other method as the Trustee in its sole discretion shall deem fair and appropriate. In no event shall Securities of a principal amount of $1,000 or less be redeemed in part. Notice of redemption shall be given by first-class mail, postage prepaid, mailed not less than 30 nor more than 60 days before the Redemption Date, to each Holder of Securities to be redeemed, at its address as shown in the Security Register. If the Securities are to be redeemed in part only, the notice of redemption that relates to such Securities shall state the portion of the principal amount thereof to be redeemed. A new Security in a principal amount equal to the unredeemed portion thereof will be issued in the name of the Holder thereof upon surrender for cancellation of the original Security. On and after the Redemption Date, interest will cease to accrue on Securities or portions thereof called for redemption unless the Company defaults in the payment of the Redemption Price.

Sinking Fund. This Security does not have the benefit of any sinking fund obligations.

Modification and Waivers; Obligations of the Company Absolute. The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities. Certain limited amendments may be effected under the Indenture at any time by the Company and the Trustee without the consent of any Holders of the Securities. Certain other amendments affecting the Securities may only be effected under the Indenture with the consent of the Holders of not less than a majority in aggregate principal amount of the Securities at the time Outstanding. The Indenture also contains provisions permitting the Holders of not less than a majority in principal amount of the Securities at the time Outstanding, on behalf of the Holders of all Outstanding Securities, to waive compliance by the Company with certain provisions of the Indenture affecting the Securities. Furthermore, provisions in the Indenture permit the Holders of not less than a majority in principal amount of the Outstanding Securities to waive on behalf of all of the Holders of all Outstanding Securities certain past defaults under the Indenture in respect of the Securities and their consequences. Any such consent or waiver by or on behalf of the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Security.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of (and premium, if any) and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

Defeasance and Covenant Defeasance. The Indenture contains provisions for defeasance at any time of (a) the entire indebtedness of the Company represented by this Security and (b) certain restrictive covenants and the related Defaults and Events of Default, upon compliance by the Company with certain conditions set forth therein, which provisions apply to this Security.

Authorized Denominations. The Securities are issuable only in registered form, without coupons in denominations of $1,000 and any integral multiple thereof.

Registration of Transfer or Exchange. As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Security is registrable on the Security Register of the Company, upon surrender of this Security for registration of transfer at the office or agency of the Company, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Security Registrar duly executed by, the Holder hereof or his attorney duly authorized in writing, and thereupon one or more new Securities, of authorized denominations and for the same aggregate principal amount, will be issued to the designated transferee or transferees. At the date of the original issuance of this Security such office or agency of the Company is maintained by SunTrust Bank, Corporate Trust Division, 25 Park Place, 24th Floor, Atlanta, GA 30303-2900.

As provided in the Indenture and subject to certain limitations therein set forth, the Securities are exchangeable for a like aggregate principal amount of Securities of a different authorized denomination, as requested by the Holder surrendering the same.

No service charge shall be made for any registration of transfer or exchange or redemption of Securities, but the Company may require payment of a sum sufficient to pay all documentary, stamp or similar issue or transfer taxes or other governmental charges payable in connection with any registration of transfer or exchange.

Prior to the time of due presentment of this 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 this Security is registered as the owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any agent shall be affected by notice to the contrary.

Modifications to the Indenture pursuant to Section 301 of the Indenture. The following modifications to the Indenture shall be applicable with respect to the Securities:

(a) The defined term "Principal Property" in the Indenture is hereby deleted in its entirety and replaced by the following:

"Principal Property" means any natural gas distribution 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.

(b) The defined term "Restricted Subsidiary" in the Indenture is hereby deleted in its entirety and replaced by the following:

,tricted Subsidiary" means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 10% of the aggregate amount of Consolidated Net Tangible Assets of the Company and its Subsidiaries.

Defined Terms. Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 10% of the aggregate amount of Consolidated Net Tangible Assets of the Company and its Subsidiaries.

Defined Terms. Subject to the modifications to the Indenture set forth above, all capitalized terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

Governing Laws. This Security, the Indenture and the foregoing modifications to the Indenture 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.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

ATMOS ENERGY CORPORATION

By:

Name: Louis P. Gregory Title: Senior Vice President and General Counsel

Attest:

By:

ıe: Dwala Kuhn
...e: Corporate Secretary

TRUSTEE'S CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated: October 22, 2004

SUNTRUST BANK,
as Trustee

By: _____
Authorized Officer

ASSIGNMENT FORM

To assign this Security, fill in the form below:
(I) or (we) assign and transfer this Security to

_____

(Insert assignee's social security or tax I.D. no.)

_____

_____

_____

_____

(Print or type assignee's name, address and zip code)

and irrevocably appoint_____ agent to transfer this Security on the books of the Company. The agent may substitute another to act for him.

Date:_____ Signature:_____ (sign exactly as name appears on the other side of this Security)

Signature guaranteed by: _____

EXHIBIT 5.1

October 21, 2004

(214) 698-3100 03896-00029

(214) 571-2900

Atmos Energy Corporation
1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240

Re: Atmos Energy Corporation Public Offering of Floating Rate Senior Notes due 2007, 4.00% Senior Notes due 2009, 4.95% Senior Notes due 2014 and 5.95% Senior Notes due 2034

Ladies and Gentlemen:

As counsel for Atmos Energy Corporation (the "Company"), we are familiar with the Company's Registration Statement on Form S-3 (File No. 333-118706) (the "Registration Statement") filed with the Securities and Exchange Commission (the "SEC") under the Securities Act of 1933 (as amended, the "Act"), and the prospectus and prospectus supplement with respect thereto, dated October 18, 2004 (together, the "Prospectus"), with respect to the proposed offering by the Company of (i) $300,000,000 aggregate principal amount of its Floating Rate Senior Notes due 2007 (the "2007 Notes"), (ii) $400,000,000 aggregate principal amount of its 4.00% Senior Notes due 2009 (the "2009 Notes"), (iii) $500,000,000 aggregate principal amount of its 4.95% Senior Notes due 2014 (the "2014 Notes") and (iv) $200,000,000 aggregate principal amount of its 5.95% Senior Notes due 2034 (the "2034 Notes," and together with the 2007 Notes, the 2009 Notes and the 2034 Notes, the "Notes"). The Notes will be issued pursuant to the Indenture, dated as of May 22, 2001 (the "Underlying Indenture"), between the Company and SunTrust Bank, as trustee (the "Trustee"), as modified by an Officers' Certificate of the Company, to be dated as of October 22, 2004 (the "Officer's Certificate"), pursuant to the Underlying Indenture. All capitalized terms which are not defined herein shall have the meanings assigned to them in the Registration Statement. The Underlying Indenture, the Officer's Certificate and the Notes are referred to herein as the "Note Documents."

For the purpose of rendering this opinion, we have made such factual and legal examination as we deem necessary under the circumstances, and in that connection we have examined, among other things, originals or copies of the following:

(i) the Restated Articles of Incorporation of the Company, as amended to date (the "Articles of Incorporation");

(ii) the Amended and Restated Bylaws of the Company, as amended to date (the "Bylaws");

(iii) the Underlying Indenture;

(iv) the Officer's Certificate;

(v) the form of the 2007 Notes, the form of the 2009 Notes, the form of the 2014 Notes and the form of the 2034 Notes;

(vi) the Statement of Eligibility of the Trustee on Form T-1 for the Notes, filed as an exhibit to the Registration Statement; and

(vii) such records of the corporate proceedings of the Company, such certificates and assurances from public officials, officers and representatives of the Company, and such other documents as we have considered necessary or appropriate for the purpose of rendering this opinion.

In rendering the opinion expressed below, we have assumed:

(a) 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;

(b) with respect to agreements and instruments executed by natural persons, the legal competency of such persons;

(c) the Note Documents will be duly and validly executed and delivered by the Trustee and will constitute the legal, valid and binding agreements of the Trustee; and

(d) there are no agreements or understandings between or among the parties to the Note Documents that would expand, modify or otherwise affect the terms of the Note Documents or the respective rights or obligations of the parties thereunder.

Atmos Energy Corporation
October 21, 2004

On the basis of the foregoing examination, and in reliance thereon, and subject to the foregoing assumptions and the qualifications, limitations and exceptions set forth below, we are of the opinion that:

1. When the 2007 Notes shall have been executed and authenticated as specified in the Underlying Indenture, as modified by the Officer's Certificate, and offered and sold as described in the Registration Statement and the Prospectus, the 2007 Notes will be legally issued and binding obligations of the Company.

2. When the 2009 Notes shall have been executed and authenticated as specified in the Underlying Indenture, as modified by the Officer's Certificate, and offered and sold as described in the Registration Statement and the Prospectus, the 2009 Notes will be legally issued and binding obligations of the Company.

3. When the 2014 Notes shall have been executed and authenticated as specified in the Underlying Indenture, as modified by the Officer's Certificate, and offered and sold as described in the Registration Statement and the Prospectus, the 2014 Notes will be legally issued and binding obligations of the Company.

4. When the 2034 Notes shall have been executed and authenticated as specified in the Underlying Indenture, as modified by the Officer's Certificate, and offered and sold as described in the Registration Statement and the Prospectus, the 2034 Notes will be legally issued and binding obligations of the Company.

The opinions set forth herein are subject to the following qualifications, limitations and exceptions:

A. The effectiveness of the Registration Statement under the Act will not have been terminated or rescinded.

B. We render no opinion herein as to matters involving the laws of any jurisdiction other than the State of New York and the United States of America. Our opinions set forth herein are limited to the effect of the present state of applicable laws of the State of New York and the United States of America and to the facts as they presently exist. We assume no obligation to revise or supplement our opinions should the present laws, or the interpretation thereof, be changed or to revise or supplement these opinions in respect of any circumstances or events that occur subsequent to the date hereof.

C. Our opinions set forth herein are subject to (i) 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 (ii) general principles of equity, regardless of whether a matter is considered in a

Atmos Energy Corporation
October 21, 2004

proceeding in equity or at law, including, without limitation, concepts of materiality, reasonableness, good faith and fair dealing and the possible unavailability of specific performance, injunctive relief or other equitable remedies.

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. 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,

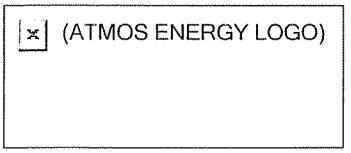
/s/ GIBSON DUNN & CRUTCHER LLP

Exhibit 12.1

Atmos Energy Corporation
Computation of Pro Forma Earnings to Fixed Charges

	Nine months ended June 30, 2004	Year Ended September 30, 2003
Income from continuing operations before provision for income taxes and cumulative effect of accounting change per statement of income	$ 213,908	$ 185,224
Add:		
Portion of rents representative of the interest factor	2,660	3,626
Interest on debt & amortization of debt expense	99,508	130,329
Income as adjusted	$ 316,076	$ 319,179
Fixed charges:		
Interest on debt & amortization of debt expense (1)	$ 99,508	$ 130,329
Capitalized interest (2)	802	623
Capitalized expenses related to indebtedness (3)	-	-
Rents	7,981	10,878
Portion of rents representative of the interest factor (4)	2,660	3,626
Fixed charges (1)+(2)+(3)+(4)	$ 102,970	$ 134,578
Ratio of earnings to fixed charges	3.07	2.37

Exhibit 99.1



News Release

Financial Analysts and Media Contact:
Susan Kappes
(972) 855-3729

Atmos Energy Corporation Prices
Common Stock Offering of 14 Million Shares
and $1.4 Billion Offering of Senior Unsecured Notes

DALLAS (October 21, 2004)—Atmos Energy Corporation (NYSE: ATO) said today that a public offering of 14 million shares of its common stock was priced at $24.75 per share to yield gross proceeds of $346.5 million.

Atmos Energy has granted the underwriters an option for 30 days to purchase up to an additional 2,100,000 shares at the public offering price to cover overallotments, if any.

On October 18, 2004, Atmos Energy also priced a separate public offering of $1.4 billion of senior unsecured notes in four series. The notes consist of $300 million of floating rate senior unsecured notes due 2007, with an annual interest rate of three-month LIBOR plus 0.375% (initial annual interest rate of 2.47%), $400 million of 4.00% senior unsecured notes due 2009, $500 million of 4.95% senior unsecured notes due 2014 and $200 million of 5.95% senior unsecured notes due 2034.

Atmos Energy said it will use the net proceeds of approximately $332.6 million (before other offering expenses and excluding any overallotment option) from the equity offering and the approximately $1.39 billion net proceeds from the senior unsecured notes offering to repay short-term debt incurred to purchase the natural gas distribution and pipeline operations of TXU Gas Company, which closed on October 1, 2004, and for working capital and other general corporate purposes.

Merrill Lynch & Co. is lead manager for both the equity and senior notes offerings with Banc of America Securities LLC, JPMorgan, SunTrust Robinson Humphrey and Wachovia Securities serving as co-managers. Also serving as co-managers on the notes offering were SG Corporate & Investment Banking, KBC Financial Products USA Inc., and Piper Jaffray. The offering of the shares of common stock and of all the series of senior unsecured notes may be made only by means of a prospectus. A copy of the prospectus for both the common stock offering and the offering of all the series of senior unsecured notes may be obtained from Merrill Lynch & Co., 4 World Financial Center, North Tower, New York, New York 10080.

This news release does not constitute an offer to sell any securities under any offering.

Atmos Energy Corporation, headquartered in Dallas, is the country's largest natural gas-only distributor, serving more than 3.1 million gas utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 18 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas storage and pipeline assets, including one of the largest intrastate natural gas pipeline systems in Texas. For more information, visit atmosenergy.com.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

March 30, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On March 30, 2005, Atmos Energy Marketing, LLC ("AEM"), a Delaware limited liability company, which is wholly-owned by Atmos Energy Holdings, Inc., a Delaware corporation and a wholly-owned subsidiary of Atmos Energy Corporation, entered into an Uncommitted Second Amended and Restated Credit Agreement (the "credit facility"), with and among Fortis Capital Corp., a Connecticut corporation, as a bank, issuing bank, administrative agent for the banks and collateral agent, BNP Paribas, as a bank, issuing bank and documentation agent for the banks, and a syndicate of five additional banks identified therein. The credit facility replaced AEM's $250 million credit facility entered into on July 1, 2002 and amended on numerous occasions thereafter, primarily to extend the expiration date, the last of which was March 31, 2005. The credit facility will be used on an uncommitted and fully discretionary basis, to continue to provide loans to AEM and to continue to issue letters of credit for the account of AEM, primarily in order to provide working capital for its natural gas marketing business.

Borrowings made as revolving loans under the credit facility will bear interest at a floating rate equal to a base rate, defined as the higher of .50% per annum above the federal funds rate or the per annum rate of interest established by JP Morgan Chase Bank N.A. as its prime rate at the time of such borrowing plus an applicable margin, which is defined as .50% per annum. Based upon the current prime rate, revolving loans would bear interest at 6.25% per annum. Borrowings made as offshore rate loans will bear interest at a floating rate equal to an offshore rate, which is defined as a rate equal to LIBOR divided by the result of subtracting the Eurodollar reserve percentage (maximum reserve percentage as issued by the Federal Reserve Board of Governors with respect to Eurocurrency funding) from the number one, plus an applicable margin, which will range from 1.375% to 1.75% per annum, depending on the excess tangible net worth of A as defined in the credit facility. Based upon the current LIBOR rate, offshore rate loans would bear interest at 4.37% per annum.

Fees assessed on letters of credit issued by the banks will equal to the greater of $700 or an applicable margin, which will range from 1.125% to 2.00% per annum, depending on the excess tangible net worth of AEM and whether the letters of credit are swap-related standby letters of credit. Based upon the current level of excess tangible net worth of AEM, fees for letters of credit that are not swap-related would be assessed at a rate of 1.25% per annum. With respect to other fees, upon the closing of the credit facility on March 30, 2005, AEM paid a structuring fee to BNP Paribas and Fortis in the total amount of $70,000 (50% to each bank) and a total of $510,500 in

fees to the banks as a whole, based on each bank's portion of the total uncommitted line of $250 million, ranging from .60% at $10 million to .28% at $75 million. AEM must also pay agent fees of $37,500 each quarter.

The credit facility will expire on June 30, 2006, at which time all outstanding amounts under the credit facility will be due and payable. The credit facility contains usual and customary covenants for transactions of this type, including covenants limiting liens, additional indebtedness and mergers. In addition, AEM will be required to not exceed a maximum ratio of total liabilities to tangible net worth of 5.00 to 1 or a maximum cumulative loss from March 30, 2005 ranging from $4 million to $10 million, along with maintaining minimum levels of net working capital ranging from $20 million to $50 million and tangible net worth ranging from $21 million to $51 million, as all such terms are defined in the credit facility, depending on the total amount of borrowing elected from time to time by AEM.

In the event of a default by AEM under the credit facility, including cross-defaults relating to specified other indebtedness of AEM having a principal amount of more than $250,000 in the aggregate, the administrative agent may, and shall upon the request of a certain minimum number of the banks, terminate the obligations of the banks to make loans or issue letters of credit under the credit facility, declare the amount outstanding, including all accrued interest and unpaid fees, payable immediately, and enforce any and all rights and interests created and existing under the credit facility documents, including, without limitation, all rights of set-off and all other rights available under the law.

With respect to the other parties to the credit facility, AEM has or may have had customary banking relationships based on the provision of a variety of financial services, including the purchase and sale of financial instruments traded on various commodity exchanges. These instruments include, but are not limited to, NYMEX futures and options contracts and over-the-counter natural gas hedges, none of which are material individually or in the aggregate with respect to any individual party. A copy of the credit facility is attached hereto as Exhibit 10.1 and is incorporated herein by reference. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the credit facility.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information described in Item 1.01 above is hereby incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits.

10.1 Uncommitted Second Amended and Restated Credit Agreement, dated as of March 30, 2005, among Atmos Energy Marketing, LLC, Fortis Capital Corp., a Connecticut corporation, as a Bank, Issuing Bank, Administrative Agent for the Banks and Collateral Agent, BNP Paribas, a bank organized under the laws of France, as a Bank, Issuing Bank, and Documentation Agent and a syndicate of five additional Banks identified therein

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: April 5, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President
and General Counsel

INDEX TO EXHIBITS

Exhibit Number	Description
10.1	Uncommitted Second Amended and Restated Credit Agreement, dated as of March 30, 2005, among Atmos Energy Marketing, LLC, Fortis Capital Corp., a Connecticut corporation, as a Bank, Issuing Bank, Administrative Agent for the Banks and Collateral Agent, BNP Paribas, a bank organized under the laws of France, as a Bank, Issuing Bank, and Documentation Agent and a syndicate of five additional Banks identified therein

Exhibit 10.1

UNCOMMITTED SECOND AMENDED AND RESTATED CREDIT AGREEMENT

Dated to be Effective as of March 30, 2005

among

ATMOS ENERGY MARKETING, LLC,
as Borrower,

FORTIS CAPITAL CORP.,
as Administrative Agent, Collateral Agent, an Issuing Bank, and a Bank,

BNP PARIBAS,
as Documentation Agent, an Issuing Bank, and a Bank

and

THE OTHER FINANCIAL INSTITUTIONS WHICH
MAY BECOME PARTIES HERETO

THIS AGREEMENT PROVIDES FOR AN
UNCOMMITTED FACILITY WITH A DEMAND FEATURE.
ALL ADVANCES AND ISSUANCES OF LETTERS OF CREDIT
ARE DISCRETIONARY ON THE PART OF THE BANKS
IN THEIR SOLE AND ABSOLUTE DISCRETION.
THE BANKS MAY MAKE DEMAND FOR PAYMENT AT ANY TIME
IN THEIR SOLE AND ABSOLUTE DISCRETION.

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UNCOMMITTED SECOND AMENDED AND RESTATED CREDIT AGREEMENT

This UNCOMMITTED SECOND AMENDED AND RESTATED CREDIT AGREEMENT (the "Agreement") is entered into effective as of March 30, 2005, among ATMOS ENERGY MARKETING, LLC, a Delaware limited liability company (the " Borrower "), FORTIS CAPITAL CORP., a Connecticut corporation (" Fortis "), as a Bank, as an Issuing Bank, and as Administrative Agent for the Banks (in such capacity, the " Administrative Agent "), and as Collateral Agent, BNP PARIBAS, a bank organized under the laws of France (" BNP Paribas "), as a Bank, as an Issuing Bank, and as Documentation Agent (together with the Administrative Agent, the " Agents "), and each other financial institution which may become a party hereto (collectively the " Banks ").

WHEREAS, the Borrower, the Agents, the Issuing Banks and the Banks entered into that certain Uncommitted Amended and Restated Credit Agreement dated as of July 1, 2002 (as amended through the date hereof, the " Original Credit Agreement ") with respect to an uncommitted facility of up to $250,000,000, including an uncommitted letter of credit facility.

WHEREAS, the Borrower, the Agents, the Issuing Banks and the Banks desire to amend and restate the Original Credit Agreement so that, from time to time, the Banks, on an uncommitted and fully discretionary basis, continue to make loans to the Borrower and continue to issue Letters of Credit for the account of the Borrower in order to provide working capital to the Borrower, to facilitate the Borrower's purchases of natural gas in the ordinary course of business, to secure swap counterparties for out-of-the-money swap obligations, and for such other purposes set forth herein. The Banks have indicated their willingness to consider to continue to lend such amounts and to consider to continue to issue and participate in such Letters of Credit on the terms and conditions of this Agreement.

NOW, THEREFORE, in consideration of the mutual agreements, provisions and covenants contained herein, the parties agree as follows:

ARTICLE I

DEFINITIONS

1.01 Certain Defined Terms . The following terms have the following meanings:

" Account " has the meaning stated in the New York Uniform Commercial Code.

" Account Debtor " means a Person who is obligated to the Borrower under an Account of the Borrower.

" Acquisition " means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (a) the acquisition of all or substantially all of the assets of a Person, or of any business or division of a Person, (b) the acquisition of in excess of 50% of the capital stock, partnership interests or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (c) a merger or consolidation or any other combination with another Person (other than a Person that is a Subsidiary); provided , however , that the relevant Borrower or the Subsidiary is the surviving entity.

" Activation Period " means the period which commences within a reasonable period of time not to exceed two Business Days after receipt by Bank of America, N.A. of a written notice from Fortis in the form of Exhibit B to the Three Party Agreement Relating to Lockbox Services (With Activation) dated as of April 15, 2002 among the Borrower, Fortis and Bank of America, N.A.

" Adjusted Pro Rata Share " means, as to any Bank at any particular time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of (a) an amount equal to such Bank's Effective Amount plus, in the case of any Swap Bank, the amount of advances made in excess of the Borrowing Base Advance Cap to fund Obligations of the Borrower under Swap Contracts, divided by (b) the combined total of the Effective Amount of all the Banks plus, in the case of any Swap Bank, the amount of advances made in excess of the Borrowing Base Advance Cap to fund Obligations of the Borrower under Swap Contracts.

" Administrative Agent " means Fortis in its capacity as administrative agent for the Banks hereunder, and any successor agent arising under Section 10.09 .

" Administrative Agent's Payment Office " means the address for payments set forth on Schedule 11.02 hereto in relation to the Administrative Agent, or such other address as the Administrative Agent may from time to time specify.

" Advance Maturity Date " means the maturity date of advances made hereunder which for Base Rate Loans will be the earliest to occur of (a) written demand by any Agent, or (b) 60 days from the date of the Borrowing, and for Offshore Rate Loans will be the earliest to occur of (i) written demand by any Agent, or (ii) 60 days from the date of the Borrowing, or (iii) the end of the Interest Period for such Offshore Rate Loan.

" Affiliate " means, as to any Person, any other Person which, directly or indirectly, is in control of, is controlled by, or is under common control with, such Person. A Person shall be deemed to control another Person if the controlling Person possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the other Person, whether through the ownership of voting securities, by contract, or otherwise.

" Agents " means the Administrative Agent, the Collateral Agent and the Documentation Agent.

" Agent-Related Persons " means the Administrative Agent, the Collateral Agent and the Documentation Agent, together with their respective Affiliates and the officers, directors, employees, agents and attorneys-in-fact of such Persons and Affiliates.

" Agreement " means this Credit Agreement.

" Applicable Margin " means (i) with respect to Base Rate Loans, .50% per annum and (ii) with respect to Offshore Rate Loans a.. ..etters of Credit, during the period from the Closing Date until delivery pursuant to Sections 7.01(c) of the Borrower's consolidated financial statements for the calendar month ended January 31, 2005, 1.75% per annum in the case of Offshore Rate Loans, 1.50% per annum in the case of Letters of Credit (other than Swap-Related Standby Letters of Credit) and 2.00% in the case of Swap-Related Standby Letters of Credit, and (ii) thereafter, for any day, the applicable rate per annum set forth below, based upon the Excess Tangible Net Worth determined as the last day of the most recently ended fiscal quarter:

Excess Tangible Net Worth	Applicable Margin for Offshore Rate Loans	Applicable Margin for Letters of Credit (other than Swap-Related Standby Letters of Credit)	Applicable Margin for Swap-Related Standby Letters of Credit
Less than or equal to $25,000,000	1.750%	1.500%	2.000%
Greater than $25,000,000 and less than or equal to $50,000,000	1.625%	1.375%	1.875%
Greater than $50,000,000 and less or equal to $75,000,000	1.500%	1.250%	1.750%
Greater than $75,000,000	1.375%	1.125%	1.625%

For the purposes of the foregoing, (a) the Excess Tangible Net Worth shall be determined based upon the Borrower's most recent consolidated financial statements delivered pursuant to Section 7.01(c), and each change in the Applicable Margin resulting from a change in the Excess Tangible Net Worth shall be effective during the period commencing on and including the date of delivery to the Administrative Agent of such consolidated financial statements indicating such change and ending on the date immediately preceding the effective date of the next such change; provided that the Excess Tangible Net Worth shall be deemed to be less than or equal to $25,000,000 at any time that an Event of Default has occurred and is continuing.

" Approving Banks " has the meaning set forth in Section 2.14 .

" Assets from Risk Management Activities " means unrealized gains resulting from Mark-to-Market valuation of storage, ..portation, and requirements contracts, over-the-counter and exchange-traded options, and forwards, futures, and swap contracts.

" Assignee " has the meaning specified in Subsection 11.08(a) .

" Atmos Support Agreement " means an agreement of Atmos Energy Corporation to provide certain support for Borrower and its operations and to remit insurance proceeds to the Agents as provided therein, such agreement to be in form and substance acceptable to Agents.

" Attorney Costs " means and includes all reasonable fees and disbursements of any law firm or other external counsel, the allocated cost of internal legal services and all disbursements of internal counsel.

" Bank Blocked Account " means the Collateral Agent's account no. 323373461 maintained with Chase into which collections and available balances from the Lock Box will be deposited pursuant to Section 7.14 .

" Bankruptcy Code " means the Federal Bankruptcy Reform Act of 1978, as amended (11 U.S.C. §101, et seq.).

" Banks " shall mean Fortis, BNP Paribas, Société Générale, Natexis Banques Populaires, RZB Finance, LLC, UFJ Bank Limited, New York Branch, Brown Brothers Harriman & Co., and each additional lending institution added to this Agreement, either through an amendment to this Agreement or through an Assignment and Acceptance in accordance with Subsection 11.08(a) hereof. References to the "Banks" shall include Fortis and BNP Paribas, including each in its capacity as an Issuing Bank; for purposes of clarification only, to the extent that Fortis or BNP Paribas may have any rights or obligations in addition to those of the Banks due to their status as an Issuing Bank and as Agents, Fortis' and BNP Paribas' status as such will be specifically referenced.

" Base Rate " means, for any day, the higher of: (a) 0.50% per annum above the latest Federal Funds Rate; or (b) the per annum rate of interest established by Chase from time to time at its principal office in New York City as its "prime rate" or "base rate" for U.S. dollar loans (with any change in such prime rate or base rate to become effective as and when such prime rate or base rate changes). (The "prime rate" or "base rate" is a rate set by Chase based upon various factors including Chase's costs and desired return, general economic conditions and other factors, and is used as a reference point for pricing some loans, which may be priced at, above or below such announced rate.)

" Base Rate Loan " means any Loan bearing interest based upon the Base Rate.

" BNP Paribas " means BNP Paribas, a bank organized under the laws of France.

" Borrower " means Atmos Energy Marketing, LLC, a Delaware limited liability company.

" Borrowing " means a borrowing hereunder consisting of Revolving Loans made to the Borrower on the same day by the Banks under Article II.

" Borrowing Base Advance Cap " means at any time an amount equal to the least of:

(a) $250,000,000;

(b) the Total Subscribed Line Portions;

(c) the Borrowing Base Sub-Cap; or

(d) the sum of:

(i) the amount of Cash Collateral and other liquid investments which are acceptable to the Banks in their sole discretion and which are subject to a first perfected security interest in favor of Administrative Agent, as collateral agent for the Banks, and which have not been used in determining availability for any other advance (other than advances made under the Borrowing Base Line) or Letter of Credit Issuance; plus

(ii) 90% of Borrower's equity in Eligible Broker accounts from and after the date that a tri-party agreement with respect to such accounts is entered into, to the extent such equity is not being used in determining availability for any other advance (other than advances made under the Borrowing Base Line) or Letter of Credit Issuance; plus

(iii) 90% of the amount of Tier I Accounts which are not being used in determining availability for any other advance (other than advances made under the Borrowing Base Line) or Letter of Credit Issuance, net of deductions, offsets and counterclaims; plus

(iv) 85% of the amount of Tier II Accounts which are not being used in determining availability for any other advance (other than advances made under the Borrowing Base Line) or Letter of Credit Issuance, net of deductions, offsets and counterclaims; plus

(v) 85% of the amount of Tier I Unbilled Accounts which are not being used in determining availability for any other advance (other than advances made under the Borrowing Base Line) or Letter of Credit Issuance; plus

(vi) 80% of the amount of Tier II Unbilled Accounts which are not being used in determining availability for any other advance (other than advances made under the Borrowing Base Line) or Letter of Credit Issuance; plus

(vii) 80% of the amount of Eligible Inventory which are not being used in determining availability for any other advance (other than advances made under the Borrowing Base Line) or Letter of Credit Issuance; plus

(viii) 80% of the amount of Eligible Exchange Receivables which are not being used in determining availability for any other advance (other than advances made under the Borrowing Base Line) or Letter of Credit Issuance; plus

(ix) 80% of the amount of Undelivered Product Value; plus

(x) 70% of Realizable Unrealized Profits, up to a maximum amount of $50,000,000, less

(xi) the amounts which would be subject to a so-called "First Purchaser Lien" as defined in Texas Bus. & Com. Code Section 9.343, comparable laws of the states of Louisiana, Oklahoma, Kansas, Wyoming or New Mexico, or any other comparable law, unless a Letter of Credit secures payment of all amounts subject to such First Purchaser Lien; less

(xii) 125% of the mark to market amounts owed to BNP Paribas and/or its Affiliates and Société Générale and/or its Affiliates under Swap Contracts; and less

(xiii) 100% of Borrower's Unrealized Mark-to-Market Losses as of the date of determination of the Borrowing Base Advance Cap.

In no event shall any amounts described in (d)(i) through (d)(x) above which may fall into more than one of such categories be counted more than once when making the calculation under this definition.

" Borrowing Base Collateral Position Report " means a report detailing all Collateral which has been or is being used in determining availability for an advance or letter of credit issuance under the Borrowing Base Line, such report to be in the form attached hereto as Exhibit E .

" Borrowing Base Line " means the uncommitted line of credit for the purpose of (a) providing working capital and to fund payments to suppliers of Product; (b) to provide for Letters of Credit to secure suppliers of Product; and (c) to fund payments due to a Swap Bank under any Swap Contract.

" Borrowing Base Sub-Cap " means (a) from the date of this Agreement until the date the first election is made by the Borrower pursuant to clause (b) of this definition, $125,000,000, and (b) thereafter, at any time, the amount set forth in the table below under the heading " *Borrowing Base Sub-Cap* " elected by the Borrower from time to time by written notice to the Agents, provided that, at the time of any such election of any such amount as the Borrowing Base Sub-Cap, but not for any other purpose herein, each of the Borrower's Net Working Capital, Tangible Net Worth and ratio of Total Liabilities to Tangible Net Worth at such time of election, and the maximum Cumulative Loss for the period commencing on the Closing Date and ending on the date of such election (determined as a single accounting period), each as determined by the most recent monthly financial statements received pursuant to Section 7.01(c), are within the requirements set forth opposite such amount in the table below. For purposes of testing whether such requirements have been met, the highest amount elected by the Borrower for the month being tested shall be used, where during the same month being tested the Borrower elected to either increase or decrease the availability by selecting a different amount under the column entitled "Borrowing Base Sub-Cap".

Borrowing Base Sub-Cap	**Minimum Net Working Capital**	**Minimum Tangible Net Worth**	**Maximum Ratio at *Total Liabilities to* Tangible Net Worth**	**Maximum Cumulative Loss from Closing Date to time of election**
$ 100,000,000	$ 20,000,000	$ 21,000,000	5.00 to 1	$ 4,000,000
$ 125,000,000	$ 25,000,000	$ 26,000,000	5.00 to 1	$ 5,000,000
$ 150,000,000	$ 30,000,000	$ 31,000,000	5.00 to 1	$ 6,000,000
$ 175,000,000	$ 35,000,000	$ 36,000,000	5.00 to 1	$ 7,000,000
$ 200,000,000	$ 40,000,000	$ 41,000,000	5.00 to 1	$ 8,000,000
$ 225,000,000	$ 45,000,000	$ 46,000,000	5.00 to 1	$ 9,000,000
$ 250,000,000	$ 50,000,000	$ 51,000,000	5.00 to 1	$ 10,000,000

" Borrowing Date " means any date on which a Borrowing occurs under Section 2.03 .

" Business Day " (a) with respect to all matters other than those related to Offshore Rate Loans, means any day other than a Saturday, Sunday or other day on which commercial banks in New York, New York, are authorized, or required, by law to close and (b) means, for purposes of determining business days in connection with Offshore Rate Loans, any day on which transactions are made in the applicable offshore dollar interbank market other than a Saturday, Sunday or other day on which commercial banks in New York, New York, are authorized or required, by law to close.

" Capital Adequacy Regulation " means any guideline, request or directive of any central bank or other Governmental Authority, or any other law, rule or regulation, whether or not having the force of law, in each case, regarding capital adequacy of any Bank or of any corporation controlling a Bank.

" Capital Stock " means capital stock, membership interest, equity interest or other obligations or securities of, or any interest in, any Person.

" Cash Collateral " means currency issued by the United States and Marketable Securities which have been Cash Collateralized for the benefit of the Banks.

" Cash Collateralize " means to pledge and deposit with or deliver to the Collateral Agent, for the benefit of the Collateral Agent, the Issuing Banks and the Banks, Cash Collateral as collateral for the Obligations pursuant to documentation in form and substance satisfactory to Agents (which documents are hereby consented to by the Banks). The Borrower hereby grants to the Collateral Agent, for the benefit of the Collateral Agent, the Issuing Banks and the Banks, a security interest in all such Cash Collateral. Cash Collateral shall be maintained in the Bank Blocked Account.

" Change of Control " means, at any time:

(a) Atmos Energy Corporation shall cease to own and control legally and beneficially, either directly or indirectly, Voting Interests in Atmos Energy Holdings, Inc. representing 100% of the combined voting power of all of the Voting Interests in Atmos Energy Holdings, Inc. (on a fully diluted basis); or

(b) Atmos Energy Holdings, Inc. shall cease to own and control directly or indirectly, beneficial interest in Equity Interests representing 100% of the economic equity interest in the Borrower.

" Chase " means JP Morgan Chase Bank N.A. (or any successor).

" Closing Date " means the date on which all conditions precedent set forth in Section 5.01 are satisfied or waived by all Banks

" Code " means the Internal Revenue Code of 1986, and regulations promulgated thereunder.

" Collateral " means all assets of the Borrower including, without limitation, all accounts, equipment, chattel paper, inventory, natural gas in transit, instruments, contract rights, the Bank Blocked Account, stock, partnership interests, and general intangibles, whether presently existing or hereafter acquired or created and the proceeds thereof.

" Collateral Agent " means Fortis Capital Corp.

" Collateral Position " means the total availability under the Borrowing Base Advance Cap.

" Compliance Certificate " means a certificate, in form attached hereto as Exhibit C , whereby the Borrower certifies that it is in compliance with this Agreement.

" Consolidated " means the consolidation of accounts in accordance with GAAP.

" Contingent Obligation " means, as to any Person, any direct or indirect liability of that Person, whether or not contingent, with or without recourse, (a) with respect to any Indebtedness, lease, dividend, letter of credit or other obligation (the "primary obligations") of another Person (which obligations and Person are referred to herein as the "primary obligation" and the "primary obligor," respectively), including any obligation of that Person (i) to purchase, repurchase or otherwise acquire such primary obligations or any security therefor, (ii) to advance or provide funds for the payment or discharge of any such primary obligation, or to maintain working capital or equity capital of the primary obligor or otherwise to maintain the net worth or solvency or any balance sheet item, level of income or financial condition of the primary obligor, (iii) to purchase property, securities or services primarily for the purpose of assuring the owner of any such primary obligation of the ability of the primary obligor to make payment of such primary obligation, or (iv) otherwise to assure or hold harmless the holder of any such primary obligation against loss in respect thereof (each, a " Guaranty Obligation "); (b) with respect to any Surety Instrument (other than any Letter of Credit) issued for the account of that Person or as to which that Person is otherwise liable for reimbursement of drawings or payments; (c) to purchase any materials, supplies or other property from, or to obtain the services of, another Person if the relevant contract or other related document or obligation requires that payment for such materials, supplies or other property, or for such services, shall be made regardless of whether delivery of such materials, supplies or other property is ever made or tendered, or such services are ever performed or tendered; or (d) in respect of any swap contract.

" Contractual Obligation " means, as to any Person, any provision of any security issued by such Person or of any agreement, undertaking, contract, indenture, mortgage, deed of trust or other instrument, document or agreement to which such Person is a party or by which it or any of its property is bound.

" Conversion/Continuation Date " means any date on which, under Section 2.04 , the Borrower (a) converts Loans of one Type t ›ther Type, or (b) continues such Loans as Loans of the same Type, but with a new Interest Period.

" Conversion to Reduced Funding Banks Date " has the meaning specified in Section 2.14 .

" Credit Extension " means and includes (a) the making of any Loans hereunder, and (b) the Issuance of any Letters of Credit hereunder.

" Cumulative Loss " means, as of the date of any election of a Borrowing Base Sub-Cap, the consolidated net loss of the Borrower and its Subsidiaries for the period commencing on the Closing Date and ending on the date of such election (determined as a single accounting period) as defined according to GAAP, but excluding from net income any gains or losses attributable solely to accounting changes adopted by Borrower to achieve consistency with the consensus reached on Issue 02-3 (Issues Involved in Accounting for Derivative Contracts Held for Trading Purposes and Contracts Involved in Energy Trading and Risk Management Activities) by the Emerging Issues Task Force (EITF) of the Financial Accounting Standards Board reflected in the minutes of the October 25, 2002 meeting of the EITF.

" Current Assets " means, with respect to any Person on any date of determination, all assets of such Person and its Subsidiaries that, in accordance with GAAP, would be classified as current assets on the balance sheet of a Person conducting a business the same as or similar to that of such Person, after deducting appropriate and adequate reserves therefrom in accordance with GAAP, determined on a Consolidated basis, and excluding any accounts receivable owed by any Affiliate of the Borrower to the extent such accounts receivable arose in transactions conducted other than on an arms-length basis.

" Current Liabilities " means, with respect to any Person on any date of determination, all liabilities of such Person and its Subsidiaries that, in accordance with GAAP, would be classified as current liabilities on the balance sheet of a Person conducting a business the same as or similar to that of such Person, as determined on a Consolidated basis, but excluding to the extent otherwise included therein any current portion of the Subordinated Debt.

" Declining Bank " has the meaning specified in Section 2.14 .

" Default " means any event or circumstance which, with the giving of notice, the lapse of time, or both, would constitute an Event of Default.

" Default Rate " has the meaning specified in Subsection 2.08(a) .

" Documentation Agent " means BNP Paribas in its capacity as documentation agent for the Banks hereunder.

" Dollar Advance Cap " means a cap upon Revolving Loans under the Borrowing Base Line with the following limits:

(a) $50,000,000 at such times as the Borrowing Base Sub-Cap is $100,000,000; and

(b) $60,000,000 at such times as the Borrowing Base Sub-Cap is $125,000,000; and

(c) $70,000,000 at such times as the Borrowing Base Sub-Cap is $150,000,000; and

(d) $80,000,000 at such times as the Borrowing Base Sub-Cap is $175,000,000; and

(e) $90,000,000 at such times as the Borrowing Base Sub-Cap is $200,000,000; and

(f) $100,000,000 at such times as the Borrowing Base Sub-Cap is $225,000,000; and

(g) $100,000,000 at such times as the Borrowing Base Sub-Cap is $250,000,000.

" Dollars ," and " $ " each mean lawful money of the United States.

" Effective Amount " means (a) with respect to Loans as of any date, the aggregate outstanding principal amount of Loans on such date after giving effect to any Borrowings and prepayments or repayments of Loans occurring on such date; and (b) with respect to L/C Obligations as of any date, the aggregate outstanding amount of L/C Obligations on such date after giving effect to any Issuances of Letters of Credit occurring on such date and any other changes in the aggregate amount of the L/C Obligations as of such date, including changes as a result of expiration or cancellation, any reimbursements of outstanding unpaid drawings under any Letters of Credit or any reductions in the maximum amount available for drawing under Letters of Credit taking effect on such date.

" Eligible Accounts " means, at the time of any determination thereof, each of the Borrower's Accounts as to which the following requirements have been fulfilled to the satisfaction of the Banks:

(a) Such Account (i) if for an amount in excess of $750,000, is acceptable to the Banks in their sole discretion and either (x) is the result of a sale to a Tier I or Tier II Account Party, or (y) is secured by letters of credit in form acceptable to the Banks in their sole discretion and issued by banks approved by the Banks in their sole discretion, or (ii) if for an amount of $750,000 or less, such Account will be included as a Tier II Account unless such Account has been previously approved by the Banks as a Tier I Account;

(b) Borrower has lawful and absolute title to such Account;

(c) Such Account is a valid, legally enforceable obligation of the Person who is obligated under such Account for goods actually delivered or to be delivered to such Account Debtor in the ordinary course of the Borrower's business;

(d) Such Account shall have excluded therefrom any portion that is subject to any dispute, offset, counterclaim or other claim or defense on the part of the Account Debtor or to any claim on the part of the Account Debtor denying liability under such Account; provided , however , that in the event that the portion that is subject to any such dispute, counterclaim or other claim or defense is secured with a Letter of Credit, such portion secured by the Letter of Credit shall not be excluded;

(e) Such Account is not evidenced by any chattel paper, promissory note or other instrument;

(f) Such Account is subject to a fully perfected first priority security interest (or properly filed and acknowledged assignment, in the case of U.S. government contracts, if any) in favor of the Administrative Agent pursuant to the Loan Documents, prior to the rights of, and enforceable as such against, any other Person, and such Account is not subject to any security interest or Lien in favor of any Person other than the Liens of the Banks pursuant to the Loan Documents;

(g) Such Account shall have excluded therefrom any portion which is not payable in Dollars in the U.S.;

(h) Such Account has been due and payable for 15 days or less (or 30 days or less, if the Account Debtor is a Governmental Authority) from the date of the invoice and no extension or indulgence has been granted extending the due date beyond a 15 day period (or 30 days, as the case may be), except if such Account by its terms provides for a 15 day payment period, then such Account shall be eligible for up to 30 days from the date of invoice, or as otherwise approved by Banks in writing; and

(i) No Account Debtor in respect of such Account is (i) incorporated in or primarily conducting business in any jurisdiction outside of the U.S., unless such Account Debtor and the Account is approved by the Banks and the Borrower is notified in writing by the Administrative Agent, or (ii) an Affiliate of the Borrower, other than Atmos Energy Corporation, provided, that as long as Atmos Energy Corporation maintains an S&P rating of BBB or a Moody's rating of Baa2 or better, and such Accounts would otherwise qualify as Eligible Accounts, Accounts of Atmos Energy Corporation (and its Subsidiaries and Affiliates that have been approved by Agents as Tier I Account Parties) may be included as Tier I Accounts to the extent that such Accounts do not exceed 50% of Borrower's total Accounts, provided, further, should Atmos Energy Corporation not maintain such ratings, and such Accounts would otherwise qualify as Eligible Accounts, Accounts of Atmos Energy Corporation may be included, subject to the approval of the Banks, as Eligible Accounts as a Tier I Account or a Tier II Account.

(j) The balance of such Account shall be the net of , in each case (i) any accounts payable owing to the Account Debtor by the Borrower on such Account and (ii) after application thereof to any Eligible Exchange Receivables, Unbilled Eligible Accounts, and Realizable Unrealized Profits with such Account Debtor, other offsets against amounts owed to such Account Debtor, whether in respect of unbilled purchases, out-of-the-money positions or unperformed contracts for purchase.

" Eligible Assignee " means (a) a commercial bank organized under the laws of the United States, or any state thereof, and having a combined capital and surplus of at least $100,000,000; (b) a commercial bank organized under the laws of any other country which is a member of the Organization for Economic Cooperation and Development (the " OECD "), or a political subdivision of any such country, and having a combined capital and surplus of at least $100,000,000, provided , however , that such bank is acting through a branch or agency located in the United States; and (c) a Person that is primarily engaged in the business of commercial lending and that is (i) a Subsidiary of a Bank (or bank referred to in the preceding clauses (a) or (b)), (ii) a Subsidiary of a Person of which a Bank (or bank referred to in the preceding clauses (a) or (b)) is a Subsidiary, or (iii) a Person of which a Bank (or bank referred to in the preceding clauses (a) or (b)) is a Subsidiary.

" Eligible Broker " means BNP Paribas, FIMAT USA, Inc., Fortis or any Affiliate of BNP Paribas, FIMAT USA, Inc. or Fortis, or any broker approved in writing by the Agents and the Banks.

" Eligible Commodity Futures Accounts " means an account or accounts with an Eligible Broker, in which the Collateral Agent is granted a first and prior security interest as Collateral Agent for the Banks pursuant to Hedging Assignments which security interest is subject only to the rights of the Eligible Broker under such accounts.

" Eligible Exchange Receivables " means all enforceable rights of the Borrower to receive Product in exchange for the sale or trade of Product previously delivered to the exchange debtor by the Borrower valued at an independent posting and which (a) are evidenced by a written agreement enforceable against the exchange debtor thereof, (b) are current pursuant to the terms of the contract or invoice, (c) are subject to a perfected, first Lien in favor of the Administrative Agent for the benefit of the Banks subject only to Permitted Liens, and no other Lien, charge, offset or claim, (d) are not the subject of a dispute between the exchange debtor and the Borrower, (e) are valued at Platt's spot market price or an independent posting acceptable to the Banks in their sole discretion, (f) if arising pursuant to contracts involving an amount in excess of $750,000, are contracts by exchangers pre-approved by the Banks in their sole discretion, or contracts secured by letters of credit in form acceptable to the Banks in their sole discretion and issued by banks approved by the Banks in their sole discretion, (g) have not been otherwise determined by the Banks in their sole discretion to be unacceptable to them, and (h) are the net of , in each case (i) any payables owing to such exchange debtor by the Borrower and (ii) after application thereof to any Eligible Accounts, Unbilled Eligible Accounts, and Realizable Unrealized Profits with such Account Debtor, other offsets against amounts owed to such exchange debtor, whether in respect of unbilled purchases, out-of-the-money positions or unperformed contracts for purchase. The Product and Account relating to or creating any Eligible Exchange Receivable shall not be simultaneously included in any other availability calculation, including, without limitation, Undelivered Product Value, Eligible Inventory or Eligible Accounts.

" Eligible Inventory " means, at the time of determination thereof, all of the Borrower's inventory stored in terminals (and provided the terminal owners are subject to approval by the Banks in their sole discretion) valued at the lower of cost or current market price (as referenced by a published source acceptable to Banks in their sole discretion), and in all instances as to which the following requirements have been fulfilled to the satisfaction of the Banks:

(a) The inventory is owned by the Borrower free and clear of all Liens in favor of third parties, except Liens in favor of the Banks under the Loan Documents and except for Permitted Liens;

(b) The inventory has not been identified to deliveries with the result that a buyer would have rights to the inventory that would be superior to the Administrative Agent's security interest for the benefit of the Banks, nor shall such inventory have become the subject of a customer's ownership or Lien;

(c) The inventory is in transit in the U.S. under the control and ownership of the Borrower or is in a pipeline or a bill of lading has been issued to the Administrative Agent if such inventory is in the hands of a third party carrier or is located in the U.S. at the locations described on Schedule 7.03(f), or at such other place as has been specifically agreed to in writing by the Banks and the Borrower; and

(d) The inventory is subject to a fully perfected first priority security interest in favor of the Administrative Agent for the benefit of the Banks pursuant to the Loan Documents.

" Embedded Value Difference from General Ledger for the Fixed Price Book " means, at any time of determination, the Fixed Price Book Embedded Value determined as of the date of the Borrower's most recent financial statements at such time minus the net Balance sheet value associated with the fixed price natural gas physical delivery contracts and the associated financial positions hedging such delivery contracts on the most recent consolidated balance sheet of the Borrower at such time.

" Embedded Value Difference from General Ledger for the Storage Book " means, at any time of determination, the Storage Book Embedded Value determined as of the date of the Borrower's most recent financial statements at such time *minus* the amount of gains and losses due to the mark to market treatment of the derivative positions and natural gas inventory of the Borrower and its Subsidiaries recorded on the most recent consolidated balance sheet of the Borrower at such time.

" Embedded Value Report " means a report substantially in form attached hereto as Exhibit I.

" Environmental Claims " means all claims, however asserted, by any Governmental Authority or other Person alleging potential liability or responsibility for violation of any Environmental Law, or for release or injury to the environment.

" Environmental Laws " means all federal, state or local laws, statutes, common law duties, rules, regulations, ordinances and codes, together with all administrative orders, directed duties, requests, licenses, authorizations and permits of, and agreements with, any Governmental Authorities, in each case relating to environmental, health, safety and land use matters.

" Equity Interests ": means, with respect to any Person, all of the shares of capital stock of (or other ownership, beneficial or profit interests in) such Person, all of the warrants, options or other rights for the purchase or other acquisition from such Person of shares of capital stock of (or other ownership, beneficial or profit interests in) such Person, all of the securities convertible into or exchangeable for shares of capital stock of (or other ownership, beneficial or profit interests in) such Person or warrants, rights or options for the purchase or other acquisition from such Person of such shares (or such other interests), and all of the other ownership, beneficial or profit interests in such Person (including, without limitation, partnership, member or trust interests therein), whether voting or nonvoting, and whether or not such shares, warrants, options, rights or other interests are authorized or otherwise existing on any date of determination.

" ERISA " means the Employee Retirement Income Security Act of 1974, and regulations promulgated thereunder.

" ERISA Affiliate " means any trade or business (whether or not incorporated) under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code (and Sections 414(m) and (o) of the Code for purposes of provisions relating to Section 412 of the Code).

" ERISA Event " means (a) a Reportable Event with respect to a Pension Plan; (b) a withdrawal by the Borrower or any ERISA Affiliate from a Pension Plan subject to Section 4063 of ERISA during a plan year in which it was a substantial employer (as defined in Section 4001(a)(2) of ERISA) or a cessation of operations which is treated as such a withdrawal under Section 4062(e) of ERISA; (c) a complete or partial withdrawal by the Borrower or any ERISA Affiliate from a Multiemployer Plan or notification that a Multiemployer Plan is in reorganization; (d) the filing of a notice of intent to terminate, the treatment of a Plan amendment as a termination under Section 4041 or 4041A of ERISA, or the commencement of proceedings by the PBGC to terminate a Pension Plan or Multiemployer Plan; (e) an event or condition which might reasonably be expected to constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Pension Plan or Multiemployer Plan; or (f) the imposition of any liability under Title IV of ERISA, other than PBGC premiums due but not delinquent under Section 4007 of ERISA, upon the Borrower or any ERISA Affiliate.

" Eurodollar Reserve Percentage " means for any day for any Interest Period the maximum reserve percentage (expressed as a decimal, rounded upward to the next 1/100th of 1%) in effect on such day (whether or not applicable to any Bank) under regulations issued from time to time by the FRB for determining the maximum reserve requirement (including any emergency, supplemental or other marginal reserve requirement) with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities").

" Event of Default " means any of the events or circumstances specified in Section 9.01.

" Excess Tangible Net Worth " means the excess of (a) the arithmetic mean of the Borrower's Tangible Net Worth for the consecutive six calendar month period ended on the last day of the calendar month for which financial statements have been most recently delivered pursuant to Section 7.01(c), over (b) the arithmetic mean of the minimum Tangible Net Worth amount for each month in such period which corresponds to the highest Borrowing Base Sub-Cap selected by the Borrower for such period.

" Exchange Act " means the Securities and Exchange Act of 1934, as amended, and regulations promulgated thereunder.

" Existing Letters of Credit " means all letters of credit issued by Fortis and BNP Paribas for the account of the Borrower which are outstanding as of the date hereof under the Original Credit Agreement and shall not include any Letter of Credit which is not described on Schedule 3.10 hereto.

" Expiration Date " means the earliest to occur of:

(a) March 31, 2006; or

(b) the date demand for payment is made by the Administrative Agent; or

(c) the date an Event of Default occurs.

" FDIC " means the Federal Deposit Insurance Corporation, and any Governmental Authority succeeding to any of its principal functions.

" Federal Funds Rate " means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Administrative Agent of the rates for the last transaction in overnight Federal Funds arranged prior to 9:00 a.m. (New York City time) on that day by each of three leading brokers of Federal Funds transactions in New York City selected by the Administrative Agent.

" Fixed Price Book Embedded Value " means, at any time, the forecasted gross profit margin from the Borrower's forward fixed price sales and purchase commitments for natural gas then in effect reasonably determined based on contracted fixed price physical sales and purchases of natural gas at such time and the associated financial positions hedging those transactions, without regard to associated credit or market risks inherent in the natural gas industry (it being understood for the avoidance of doubt that realization of the Fixed Price Embedded Value is contingent on the performance of those contracts, including the physical delivery or acceptance or the otherwise net settlement of the physical and financial trades).

" Fortis " means Fortis Capital Corp., a Connecticut corporation.

" FRB " means the Board of Governors of the Federal Reserve System, and any Governmental Authority succeeding to any of its principal functions.

" Further Taxes " means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholding or similar charges (including, without limitation, net income taxes and franchise taxes), and all liabilities with respect thereto, imposed by any jurisdiction on account of amount payable or paid pursuant to Section 4.01 .

" GAAP " means generally accepted accounting principles set forth from time to time in the opinions and pronouncements of the Accounting Principles Board and the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board (or agencies with similar functions of comparable stature and authority within the U.S. accounting profession), which are applicable to the circumstances as of the date of determination.

" Governmental Authority " means any nation or government, any state or other political subdivision thereof, any central bank (or similar monetary or regulatory authority) thereof, any entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, and any corporation or other entity owned or controlled, through stock or capital ownership or otherwise, by any of the foregoing.

" Guarantor " means Atmos Energy Holdings, Inc.

" Guaranty " means a Guaranty Agreement, in form and substance acceptable to the Banks in their sole discretion, which has been executed by a Guarantor and delivered to the Administrative Agent for the benefit of the Banks.

" Guaranty Obligation " has the meaning specified in the definition of "Contingent Obligation."

" Hedging Assignment " means a security agreement among Borrower, the Administrative Agent and an Eligible Broker relating to the collateral assignment to the Administrative Agent, as collateral agent for the Banks, of all sums owing from time to time to Borrower with respect to an Eligible Commodities Futures Account, such agreement to be in form and substance acceptable to the Banks in their sole discretion.

" Honor Date " has the meaning specified in Subsection 3.03(b) .

" Indebtedness " of any Person means, without duplication, (a) all indebtedness for borrowed money; (b) all obligations issued, undertaken or assumed as the deferred purchase price of property or services (other than trade payables entered into in the ordinary course of business on ordinary terms); (c) all non-contingent reimbursement or payment obligations with respect to Surety Instruments; (d) all obligations evidenced by notes, bonds, debentures or similar instruments, including obligations so evidenced incurred in connection with the acquisition of property, assets or businesses; (e) all indebtedness created or arising under any conditional sale or other title retention agreement, or incurred as financing, in either case with respect to property acquired by the Person (even though the rights and remedies of the seller or bank under such agreement in the event of default are limited to repossession or sale of such property); (f) all obligations with respect to capital leases; (g) all obligations with respect to swap contracts; (h) all indebtedness referred to in clauses (a) through (g) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any Lien upon or in property (including accounts and contract rights) owned by such Person, even though such Person has not assumed or become liable for the payment of such indebtedness; and (i) all Guaranty Obligations in respect of indebtedness or obligations of others of the kinds referred to in clauses (a) through (g) above.

" Indemnified Liabilities " has the meaning specified in Section 11.05 .

" Indemnified Person " has the meaning specified in Section 11.05 .

" Independent Auditor " has the meaning specified in Subsection 7.01(a) .

" Insolvency Proceeding " means, with respect to any Person (a) any case, action or proceeding with respect to such Person before any court or other Governmental Authority relating to bankruptcy, reorganization, insolvency, liquidation, receivership, dissolution, winding-up or relief of debtors, or (b) any general assignment for the benefit of creditors, composition, marshalling of assets for creditors, or other, similar arrangement in respect of its creditors generally or any substantial portion of its creditors; undertaken under U.S. Federal, state or foreign law, including the Bankruptcy Code.

" Interest Payment Date " means, as to any Loan other than a Base Rate Loan, the last day of each Interest Period applicable to such Loan and, as to any Base Rate Loan, the fifth Business Day of each month.

" Interest Period " means, as to any Offshore Rate Loan, the period commencing on the Borrowing Date of such Loan or on the Conversion/Continuation Date on which the Loan is converted into or continued as an Offshore Rate Loan, and ending on the date selected by the Borrower as the ending date thereof, not to exceed a period of 60 days, in its Notice of Borrowing or Notice of Conversion/Continuation;

provided , however , that:

(a) if any Interest Period would otherwise end on a day that is not a Business Day, that Interest Period shall be extended to the following Business Day unless the result of such extension would be to carry such Interest Period into another calendar month, in which event such Interest Period shall end on the preceding Business Day;

(b) any Interest Period pertaining to an Offshore Rate Loan that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period) shall end on the last Business Day of the calendar month at the end of such Interest Period; and

(c) no Interest Period shall extend beyond the Expiration Date.

" IRS " means the Internal Revenue Service, and any Governmental Authority succeeding to any of its principal functions under the Code.

" Issue " means, with respect to any Letter of Credit, to issue or to extend the expiry of, or to renew or increase the amount of, such Letter of Credit; and the terms " Issued ," " Issuing " and " Issuance " have corresponding meanings.

" Issuing Banks " initially means Fortis and BNP Paribas, and in the future means any Bank which Issues Letters of Credit hereunder, in such Bank's capacity as an issuer of one or more Letters of Credit hereunder, together with any replacement letter of credit issuer arising under Section 2.14 .

" L/C Advance " means each Bank's participation in any L/C Borrowing or Reducing L/C Borrowing in accordance with (i) its Pro Rata Share with respect to Letters of Credit Issued prior to the Conversion to Reduced Funding Banks Date and (ii) its proportionate share, if any, as an Approving Bank with respect to all Letters of Credit Issued thereafter.

" L/C Amendment Application " means an application form for amendment of outstanding standby or commercial documentary letters of credit as shall at any time be in use at any Issuing Bank, as such Issuing Bank shall request.

" L/C Application " means an application form for Issuances of standby or commercial documentary letters of credit as shall at any time be in use at any Issuing Bank, as such Issuing Bank shall request.

" L/C Borrowing " means an extension of credit resulting from either a drawing under any Letter of Credit or a Reducing L/C Borrowing, which extension of credit shall not have been reimbursed on the date when made nor converted into a Borrowing of Revolving Loans under Subsection 3.03(c) .

" L/C Cap " means the maximum availability for Issuance of Letters of Credit under the Borrowing Base Line which shall be an amount equal to the total Effective Amount of L/C Obligations plus the Effective Amount of then outstanding Loans not to exceed the Borrowing Base Advance Cap.

" L/C Obligations " means at any time the sum of (a) the aggregate undrawn amount of all Letters of Credit then outstanding, plus (b) the amount of all unreimbursed drawings under all Letters of Credit, including all outstanding L/C Borrowings.

" L/C-Related Documents " means the Letters of Credit, the L/C Applications, the L/C Amendment Applications, the Continuing Agreement for Letters of Credit dated December 1, 2001, and any other document relating to any Letter of Credit, including, but not limited to, any Issuing Bank's standard form documents for letter of credit issuances.

" Lending Office " means, as to any Bank, the office or offices of such Bank specified as its "Lending Office" on Schedule 11.02 , or such other office or offices as such Bank may from time to time notify the Borrower and the Administrative Agent.

" Letter of Credit Facility " means, at any time, the uncommitted undertaking to provide Letters of Credit in an amount equal to the lesser of (a) the amount of the aggregate Uncommitted Line Portions at such time and (b) $250,000,000, as such amount may be reduced at or prior to such time pursuant to this Agreement.

" Letters of Credit " means (a) any letters of credit (whether standby letters of credit or commercial documentary letters of credit) Issued by an Issuing Bank pursuant to Article III, (b) any Reducing Letters of Credit, and (c) any of the Existing Letters of Credit.

" Liabilities from Risk Management Activities " means unrealized losses resulting from Mark-to-Market valuation of storage, transportation, and requirements contracts, over-the-counter and exchange-traded options, and forwards, futures, and swap contracts.

" LIBOR " means the rate of interest per annum determined by the Administrative Agent as the rate at which dollar deposits in the approximate amount of Fortis' Offshore Rate Loan for such Interest Period would be offered by Fortis' London branch as stated on Telerate News Service Page 3750 as of 11:00 a.m. (London time) two (2) Business Days prior to the Borrowing Date. If such interest rates shall cease to be available from Telerate News Service, the LIBOR Rate shall be determined from such financial reporting service or other information as shall be mutually acceptable to the Administrative Agent and the Borrower.

" Lien " means any security interest, mortgage, deed of trust, pledge, hypothecation, assignment, charge, encumbrance, or lien, statutory or other in respect of any property, including those created by, arising under or evidenced by any conditional sale or other title retention agreement, the interest of a lessor under a capital lease, any financing lease having substantially the same economic effect as any of the foregoing, or the filing of any financing statement naming the owner of the asset to which such lien relates as debtor, under the Uniform Commercial Code or any comparable law.

" Line " means the Borrowing Base Line.

" Loan " means any extension of credit by a Bank to the Borrower under Article II or Article III in the form of a Revolving Loan or an L/C Advance. All Loans are demand in nature and Borrower hereby acknowledges and agrees the Banks' right to demand payment at any time and for any reason or for no reason, and such right is absolute and unconditional.

" Loan Documents " means this Agreement, the Notes, the Guaranty, the Security Agreements, the L/C-Related Documents, Swap Contracts, the Three Party Agreement, the Atmos Support Agreement, and all other documents delivered to the Administrative Agent or any Bank in connection herewith.

" Lock Box " has the meaning specified in Section 7.14 .

" Long Position " means the aggregate number of MMBTUS of Product, including that of the Prompt Month, which are either held in inventory by the Borrower or which the Borrower has contracted to purchase (whether by purchase of a contract on a commodities exchange or otherwise), or which the Borrower will receive on exchange or the notional quantity under a swap contract including, without limitation, all option contracts representing the obligation of the Borrower to purchase Product at the option of a third party, and in each case, for which a fixed purchase price has been set. Long Positions will be expressed as a positive number.

" Margin Stock " means "margin stock" as such term is defined in Regulation G, T, U or X of the FRB.

" Mark-to-Market " means, the method of accounting used to account for derivative commodity instruments entered into for trading purposes, in accordance with EITF 98-10, "Accounting for Energy Trading and Risk Management Activities" and any future open obligation.

" Marketable Securities " means (a) certificates of deposit issued by any bank with a Fitch rating of A or better, (b) commercial paper rated P-1, A-1 or F-1, (c) bankers acceptances rated prime, or (d) U.S. Government obligations with tenors of 90 days or less.

" Material Adverse Effect " means (a) a material adverse change in, or a material adverse effect upon, the operations, business, properties, condition (financial or otherwise) or prospects of the Borrower or the Borrower and its Subsidiaries taken as a whole, (b) a material impairment of the ability of the Borrower to perform under any Loan Document and to avoid any Event of Default, or (c) a material adverse effect upon the legality, validity, binding effect or enforceability against the Borrower or any of its Subsidiaries.

" Maturity Date " means June 30, 2006.

" Multiemployer Plan " means a "multiemployer plan," within the meaning of Section 4001(a)(3) of ERISA, to which the Borrower or any ERISA Affiliate makes, is making, or is obligated to make contributions or, during the preceding three (3) calendar years, has made, or been obligated to make, contributions.

" Net Position " means the sum of all Long Positions and Short Positions of the Borrower.

" Net Position Report " means a report in form attached hereto as Exhibit F .

" Net Working Capital " means, as to the Borrower and its Subsidiaries, the excess of Current Assets (minus all amounts due from employees, owners, Subsidiaries and Affiliates other than Accounts of Atmos Energy Corporation and its Subsidiaries and Affiliates permitted to be included as Eligible Accounts in the calculation of the Borrowing Base Advance Cap) over Current Liabilities (excluding the current portion of the Subordinated Debt), *minus* (a) the net impact on the value of Net Working Capital attributable to accumulated other comprehensive income, as of the date of determination prepared in accordance with GAAP, *minus* (b) investments in Capital Stock.

" Notes " means the promissory notes executed by the Borrower in favor of a Bank pursuant to Subsection 2.02(b) , in form approved by the Banks. A Note will be issued by the Borrower to each entity that becomes a Bank hereunder from time to time, but will not be issued to Participants of a Bank.

" Notice of Borrowing " means the applicable notice in substantially the form of Exhibit A .

" Notice of Conversion/Continuation " means a notice in substantially the form of Exhibit B .

" Obligations " means all advances, debts, liabilities, obligations, covenants and duties arising under any Loan Document, owing by the Borrower to any Bank, or any affiliate of any Bank, Agents, or any Indemnified Person, whether direct or indirect (including those acquired by assignment), absolute or contingent, due or to become due, now existing or hereafter arising, including, without limitation, all obligations of the Borrower under Revolving Loans, Letters of Credit, and any Swap Contracts.

" Offshore Effective Amount " means the product of the principal amount of an Offshore Rate Loan or requested Offshore Rate Loan and the number of days in the applicable Interest Period for such Offshore Rate Loan.

" Offshore Rate " means, for any Interest Period, with respect to Offshore Rate Loans comprising part of the same Borrowing, the rate of interest per annum (rounded upward to the next 1/16th of 1%) determined by Agents as follows:

$$\text{Offshore Rate} = \frac{\text{LIBOR}}{1.00 - \text{Eurodollar Reserve Percentage}}$$

The Offshore Rate shall be adjusted automatically as to all Offshore Rate Loans then outstanding as of the effective date of any change in the Eurodollar Reserve Percentage.

" Offshore Rate Loan " means a Loan that bears interest based on the Offshore Rate.

" One-Year NYMEX Natural Gas Strip " means, for any date of determination, the average of the monthly NYMEX price of natural gas for the succeeding twelve-month period.

" Organization Documents " means (a) for any corporation, the certificate or articles of incorporation, the bylaws, any certificate of determination or instrument relating to the rights of preferred shareholders of such corporation, any shareholder rights agreement, and all applicable resolutions of the board of directors (or any committee thereof) of such corporation, and (b) for any partnership, the partnership agreement, and all other documents or filings as may be required by the Secretary of State (or other applicable governmental agency) in the state of such partnership's formation.

" Original Credit Agreement " means that certain Uncommited Amended and Restated Credit Agreement, dated as of July 1, 2002 (as amended through the date hereof), between the Borrower, the Agents, the Issuing Banks and the Banks, with respect to an uncommitted facility of up to $250,000,000, including an uncommitted letter of credit facility.

" Other Taxes " means any present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies which arise from any payment made hereunder or from the execution, delivery or registration of, or otherwise with respect to, this Agreement or any other Loan Documents.

" Participant " has the meaning specified in Subsection 11.08(d) .

" PBGC " means the Pension Benefit Guaranty Corporation, or any Governmental Authority succeeding to any of its principal functions under ERISA.

" Pension Plan " means a pension plan (as defined in Section 3(2) of ERISA) subject to Title IV of ERISA which the Borrower sponsors, maintains, or to which it makes, is making, or is obligated to make contributions, or in the case of a multiple employer plan (as described in Section 4064(a) of ERISA) has made contributions at any time during the immediately preceding five (5) plan years.

" Permitted Liens " has the meaning specified in Section 8.01 .

" Person " means an individual, partnership, corporation, business trust, joint stock company, trust, unincorporated association, joint venture or Governmental Authority.

" Plan " means an employee benefit plan (as defined in Section 3(3) of ERISA) which the Borrower sponsors or maintains or to which the Borrower makes, is making, or is obligated to make contributions and includes any Pension Plan.

" Product " means natural gas.

" Pro Rata Share " means, as to any Bank at any time, the percentage equivalent (expressed as a decimal, rounded to the ninth decimal place) at such time of such Bank's total Effective Amount divided by the combined total Effective Amount of all Banks.

" Prompt Month " means, as of any Reporting Effective Date, the month following the month such reporting occurs.

" Realizable Unrealized Profits " means at any time, the sum of the Borrower's net unrealized cash market profits realizable within six months from such time, from Accounts of the Borrower which are Eligible Accounts (other than the requirement of subparagraph (h) in the definition of "Eligible Accounts") and which are attributable to Product which has been contracted to be delivered to an Account Debtor, net of , in each case (i) any accounts payable owing to the Account Debtor from the Borrower on such Account and (ii) after application thereof to any Eligible Accounts, Eligible Exchange Receivables, and Unbilled Eligible Accounts with such Account Debtor, other offsets against amounts owed to such Account Debtor, whether in respect of unbilled purchases, out-of-the-money positions or unperformed contracts for purchase.

" Reducing Letters of Credit " means any letters of credit (whether standby letters of credit or commercial documentary letters of credit) that (a) are Issued by an Issuing Bank pursuant to Article III, and (b) specifically provide that the amount available for drawing under such letters of credit will be reduced, automatically and without any further amendment or endorsement to such letters of credit, by the amount of any payment or payments made to the beneficiary of such Letter of Credit by the Borrower if such payment or payments (i) are made through a bank and (ii) reference such letters of credit by the letter of credit numbers thereof, notwithstanding the fact that such payment or payments are not made pursuant to conforming and proper draws under such letters of credit.

" Reducing L/C Borrowing " means any extension of credit by the Banks to the Borrower for the purpose of funding any payment or payments made to the beneficiary of a Reducing Letter of Credit by the Borrower if such payment or payments (a) are made through the Issuing Bank of such Reducing Letter of Credit, (b) reference the Reducing Letter of Credit by the letter of credit number thereof, and (c) are not made pursuant to a conforming and proper draws under such Reducing Letter of Credit.

" Replacement Bank " has the meaning specified in Section 4.08 .

" Reportable Event " means, any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, other than any such event for which the 30-day notice requirement under ERISA has been waived in regulations issued by the PBGC.

" Reporting Effective Date " means the effective date of any report required to be made hereunder.

" Required Banks " means, at any time, Banks holding at least two-thirds of all the Effective Amount.

" Requirement of Law " means, as to any Person, any law (statutory or common), treaty, rule or regulation or determination of an arbitrator or of a Governmental Authority, in each case applicable to or binding upon the Person or any of its property or to which the Person or any of its property is subject.

" Responsible Officer " means the chief executive officer and the president of the Borrower or, with respect to financial matters, the chief financial officer of the Borrower, or such other officer of the Borrower that is acceptable to the Agents in their sole discretion.

" Revolving Loan " has the meaning specified in Section 2.01 .

" Security Agreements " means a security agreement, in form and substance acceptable to the Collateral Agent and the Banks, duly executed by the Borrower and delivered to the Collateral Agent for the benefit of the Banks granting to the Collateral Agent, as collateral agent for the Banks, a first and prior security interest in and Lien upon the Collateral, and all Hedging Assignments.

" Short Position " means the aggregate number of MMBTUS of Product, including that of the Prompt Month, which the Borrower has contracted to sell (whether by sale of a contract on a commodities exchange or otherwise) or deliver on exchange or under a contract, including, without limitation, all option contracts representing the obligation of the Borrower to sell Product at the option of a third party and in each case for which a fixed sales price has been set. Short Positions shall be expressed as a negative number.

" Storage Book Embedded Value " means, at any time, the forecasted gross profit margin from natural gas storage operations based on the Borrower's natural gas inventory at such time and the associated financial positions at such time hedging such inventory, reasonably determined based on the Borrower's planned natural gas injection and withdrawal schedules (it being understood for the avoidance of doubt that the actual realization of the Storage Book Embedded Value is contingent on the execution of planned injections

and withdrawals and is subject to weather and other execution factors).

" Subordinated Debt " means Indebtedness of the Borrower which has been reported to the Banks and which has been subordinated to the Obligations pursuant to a Subordination Agreement substantially in the form attached hereto as Exhibit G .

" Subsidiary " of a Person means any corporation, association, partnership, joint venture, limited liability company or other business entity of which more than 50% of the voting stock or other equity interests (in the case of Persons other than corporations), is owned or controlled directly or indirectly by the Person, or one or more of the Subsidiaries of the Person, or a combination thereof. Unless the context otherwise clearly requires, references herein to a "Subsidiary" refer to a Subsidiary of the Borrower.

" Surety Instruments " means all letters of credit (including standby and commercial), banker's acceptances, bank guaranties, shipside bonds, surety bonds and similar instruments.

" Swap Bank " means BNP Paribas, Société Générale, or Fortis, or any Affiliate of BNP Paribas, Société Générale, or Fortis, or any other Bank approved by the Agents.

" Swap Contract " means any agreement entered into with a Swap Bank, whether or not in writing, relating to any single transaction that is a rate swap, basis swap, forward rate transaction, commodity swap, commodity option, equity or equity index swap or option, bond, note or bill option, interest rate option, forward foreign exchange transaction, cap, collar or floor transaction, currency swap, cross-currency rate swap, currency option or any other similar transaction (including any option to enter into any of the foregoing) or any combination of the foregoing and, unless the context clearly requires, any master agreement relating to or governing any or all of the foregoing.

" Swap-Related Standby Letter of Credit " means any Letter of Credit issued under the Letter of Credit Facility to support obligations of the Borrower under a Swap Contract.

" Tangible Net Worth " means (a) the sum of the Borrower's assets, as determined in accordance with GAAP, *minus* (b) the sum of the Borrower's liabilities excluding Subordinated Debt, as determined in accordance with GAAP, *minus* (c) all amounts due from employees, owners, Subsidiaries and Affiliates other than Accounts permitted to be included as Eligible Accounts in the calculation of the Borrowing Base Advance Cap, *minus* (d) investments in Capital Stock, *minus* (e) the intangible assets of the Borrower, as determined in accordance with GAAP, *minus* (f) if the Embedded Value Difference from General Ledger for the Fixed Price Book is negative, the absolute value thereof, *minus* (g) the amount of accumulated other comprehensive income, *minus* (h) if the Embedded Value Difference from General Ledger for the Storage Book is negative, the absolute value thereof.

" Taxes " means any and all present or future taxes, levies, assessments, imposts, duties, deductions, fees, withholdings, or similar charges, and all liabilities with respect thereto, excluding, in the case of each Bank and the Administrative Agent, taxes imposed on or measured by each Bank's net income or capital (with respect to franchise taxes or similar taxes) by the jurisdiction (or any political subdivision thereof) under the laws of which such Bank or the Administrative Agent, as the case may be, is organized or maintains a lending office.

" Three Party Agreement " means the Three Party Agreement Relating to Lockbox Services (With Activation) dated April 15, 2002, among the Borrower, Fortis Capital Corp. and Bank of America, N.A.

" Tier I Account " means an Eligible Account with a Tier I Account Party.

" Tier I Account Party " means an Account Debtor which is approved by the Banks in their sole discretion as a Tier I Account Party.

" Tier I Unbilled Account " means Unbilled Eligible Accounts with a Tier I Account Party.

" Tier II Account " means Eligible Accounts with a Tier II Account Party.

" Tier II Account Party " means any Account Debtor approved by the Banks in their sole discretion as a Tier II Account Party.

" Tier II Unbilled Account " means Unbilled Eligible Accounts with a Tier II Account Party.

" Total Liabilities " means, with respect to any Person on any date of determination, all liabilities of such Person and its Subsidiaries that, in accordance with GAAP, would be classified as liabilities on the balance sheet of a Person conducting a business the same as or similar to that of such Person, as determined on a Consolidated basis, but excluding to the extent otherwise included therein any portion of the Subordinated Debt.

" Total Subscribed Line Portions " means the Dollar amount shown in Schedule 2.01 across from the phrase "Total Subscribed Line Portions".

" Type " means either a Base Rate Loan or an Offshore Rate Loan.

" Unbilled Eligible Accounts " means Accounts of the Borrower for Product which has been delivered to an Account Debtor and which would be Eligible Accounts but for the fact that such Accounts have not actually been invoiced at such time, net of , in each case (i) any accounts payable owing to the Account Debtor from the Borrower on such Account and (ii) after application thereof to any Eligible Accounts, Eligible Exchange Receivables, and Realizable Unrealized Profits with such Account Debtor, other offsets against amounts owed to such Account Debtor, whether in respect of unbilled purchases, out-of-the-money positions or unperformed contracts for purchase.

" Uncommitted Line " means the aggregate Line limits of all the Banks as is set forth on Schedule 2.01.

" Uncommitted Line Portion " means for each Bank the portion of each of the Line limits assigned to such Bank as set forth on Schedule 2.01 .

" Undelivered Product Value " means the lesser of the (a) cost or (b) current market value of Product purchased by the Borrower under the Letters of Credit but which has not been physically delivered to the Borrower. Undelivered Product Value cannot simultaneously be included in an Eligible Exchange Receivable.

" Unfunded Pension Liability " means the excess of a Plan's benefit liabilities under Section 4001(a)(16) of ERISA, over the current value of that Plan's assets, determined in accordance with the assumptions used for funding the Pension Plan pursuant to Section 412 of the Code for the applicable plan year.

" United States " and " U.S. " each means the United States of America.

" Unrealized Mark-to-Market Losses " means Borrower's unrealized Mark-to-Market losses as of the day of determination of Borrower's Borrowing Base to be reported on a Borrowing Base Collateral Position Report. Such losses, if any, to be calculated by subtracting (a) the sum of the current Liabilities from Risk Management Activities and noncurrent Liabilities from Risk Management Activities from (b) the sum of current Assets from Risk Management Activities and noncurrent Assets from Risk Management Activities on the day of determination of the Borrower's Borrowing Base. If this amount is less than zero, the Unrealized Mark-to-Market Loss is the absolute value of the difference. If this amount is greater than zero, the Unrealized Mark-to-Market Loss is zero.

" Voting Interests " means shares of capital stock issued by a corporation, or equivalent Equity Interests in any other Person, the holders of which are ordinarily, in the absence of contingencies, entitled to vote for the election of directors (or persons performing similar functions) of such Person, even if the right to so vote has been suspended by the happening of such a contingency.

1.02 Other Interpretive Provisions .

(a) The meanings of defined terms are equally applicable to the singular and plural forms of the defined terms.

(b) The words "hereof," "herein," "hereunder" and similar words refer to this Agreement as a whole and not to any particular provision of this Agreement; and Subsection, Section, Schedule and Exhibit references are to this Agreement unless otherwise specified.

(c) (i) The term "documents" includes any and all instruments, documents, agreements, certificates, indentures, notices and other writings, however evidenced.

(ii) The term "including" is not limiting and means "including without limitation."

(iii) In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including"; the words "to" and "until" each mean "to but excluding," and the word "through" means "to and including."

(d) Unless otherwise expressly provided herein, (i) references to agreements (including this Agreement) and other contractual instruments shall be deemed to include all subsequent amendments and other modifications thereto, but only to the extent such amendments and other modifications are not prohibited by the terms of any Loan Document, and (ii) references to any statute or regulation s be construed as including all statutory and regulatory provisions consolidating, amending, replacing, supplementing or interpreting t atute or regulation.

(e) The captions and headings of this Agreement are for convenience of reference only and shall not affect the interpretation of this Agreement.

(f) This Agreement and other Loan Documents may use several different limitations, tests or measurements to regulate the same or similar matters. All such limitations, tests and measurements are cumulative and shall each be performed in accordance with their terms.

(g) This Agreement and the other Loan Documents are the result of negotiations among and have been reviewed by counsel to the Agents, the Banks, the Borrower and the other parties, and are the products of all parties. Accordingly, they shall not be construed against the Banks or Agents merely because of Agents' or Banks' involvement in their preparation.

1.03 Accounting Principles .

(a) Unless the context otherwise clearly requires, all accounting terms not expressly defined herein shall be construed, and all financial computations required under this Agreement shall be made in accordance with GAAP, consistently applied.

(b) References herein to "fiscal year" and "fiscal quarter" refer to such fiscal periods of the Borrower.

ARTICLE II

THE CREDITS

2.01 Amounts and Terms of Uncommitted Line .

(a) Each Bank severally agrees, on an **UNCOMMITTED AND ABSOLUTELY DISCRETIONARY** basis, and on the terms and conditions set forth herein, to consider making Loans, from time to time, to the Borrower under the Borrowing Base Line (each such loan, a " Revolving Loan ") on any Business Day during the period from the Closing Date to the Expiration Date, in an aggregate amount not to exceed at any time outstanding (i) such Bank's Uncommitted Line Portion for the Borrowing Base Line; or (ii) the Dollar Advance Cap; provided , however , that, after giving effect to any Borrowing of Revolving Loans, the Effective Amount of all outstanding lving Loans, plus the Effective Amount of all L/C Obligations, shall not exceed the Borrowing Base Advance Cap. At no time shall t Dollar Advance Cap be exceeded.

(b) Advances Related to the Swap Contracts . In addition to advances requested from time to time by the Borrower, in the event that either (i) any amounts owing to
any Swap Bank or any of its Affiliates under any Swap Contract are not paid within two (2) Business Days after such obligation arises,

then such Swap Bank shall notify the Administrative Agent of such failure to pay and the Administrative Agent (without the necessity of any instructions or request from the Borrower) shall make a Revolving Loan in accordance with the provisions of Section 2.03 of this Agreement under the Borrowing Base Line for any amounts due by the Borrower to such Swap Bank or any of its Affiliates under any Swap Contract, and then apply the proceeds of such advance to pay to such Swap Bank or any of its Affiliates all amounts owed to such Person under such Swap Contract. Upon making any such Revolving Loan, the Administrative Agent shall send notice of such Revolving Loan to the Borrower and the Banks. Any such advance shall initially be a Base Rate Loan. In the event that any such advance made to fund such Swap Bank or any of its Affiliates results in an advance in excess of the Borrowing Base Advance Cap, the Banks shall have no duty to fund their pro rata share of any excess resulting from such advance made to repay amounts owing to such Swap Bank or any of its Affiliates under any Swap Contract, but such Swap Bank's or any of its Affiliates' outstandings hereunder shall be deemed to be increased by the amount of such excess. In the event any advance described above does exceed the Borrowing Base Advance Cap, the Borrower shall pay to the Administrative Agent, for the benefit of such Swap Bank or any of its Affiliates, the amount of such excess, together with interest thereon, within one (1) Business Day after the date of such advance and, notwithstanding anything to the contrary herein, the Banks shall not share in such payment.

THE BORROWER ACKNOWLEDGES AND AGREES THAT THE BANKS HAVE ABSOLUTELY NO DUTY TO FUND ANY REVOLVING LOAN REQUESTED BY THE BORROWER BUT WILL EVALUATE EACH LOAN REQUEST AND IN EACH BANK'S ABSOLUTE AND SOLE DISCRETION WILL DECIDE WHETHER TO FUND SUCH LOAN REQUEST. THE BORROWER FURTHER ACKNOWLEDGES AND AGREES THAT THE SWAP BANKS HAVE ABSOLUTELY NO DUTY TO ENTER INTO ANY SWAP CONTRACT, AND THE ENTERING INTO OF ANY SWAP CONTRACT SHALL BE AT THE ABSOLUTE AND SOLE DISCRETION OF THE SWAP BANKS.

2.02 Loan Accounts .

(a) The Loans made by each Bank and the Letters of Credit Issued by an Issuing Bank shall be evidenced by one or more accounts or records maintained by the Administrative Agent in the ordinary course of business. The accounts or records maintained by the Administrative Agent shall be conclusive absent manifest error of the amount of the Loans made by the Banks to the Borrower and the Letters of Credit Issued for the account of the Borrower hereunder, and the interest and payments thereon. Any failure so to record or any error in doing so shall not, however, limit or otherwise affect the Obligation of the Borrower hereunder to pay any amount owing with respect to the Loans or any Letter of Credit.

(b) Upon the request of any Bank made through the Administrative Agent, the Loans made by such Bank may be evidenced by one or more Notes, instead of loan accounts. Each such Bank may endorse on the schedules annexed to its Note(s) the date, amount and maturity of each Loan made by it and the amount of each payment of principal made by the Borrower with respect thereto. Each such Bank is irrevocably authorized by the Borrower to endorse its Note(s) and each Bank's record shall be conclusive absent manifest error; provided , however , that the failure of a Bank to make, or an error in making, a notation thereon with respect to any Loan shall not limit or otherwise affect the Obligations of the Borrower hereunder or under any such Note to such Bank.

2.03 Procedure for Borrowing .

(a) Each Borrowing of Revolving Loans consisting only of Base Rate Loans, if approved by the Banks in their sole discretion, shall be made upon the Borrower's irrevocable written notice delivered to the Administrative Agent and the Banks in the form of a Notice of Borrowing (Revolving Loan), which notice must be received by the Administrative Agent and the Banks by no later than 12:00 p.m. noon (New York City time) on the Borrowing Date specifying the amount of the Borrowing. Each such Notice of Borrowing shall be by electronic transfer or facsimile, confirmed immediately in an original writing. Each Borrowing of Revolving Loans that includes any Offshore Rate Loans, if approved by the Banks in their sole discretion, shall be made upon the Borrower's irrevocable written notice delivered to the Administrative Agent and the Banks in the form of a Notice of Borrowing (which notice must be received by the Administrative Agent by no later than 12:00 p.m. noon (New York City time) four (4) Business Days prior to the requested Borrowing Date), specifying the amount of the Borrowing. Each such Notice of Borrowing shall be by electronic transfer or facsimile, confirmed immediately in an original writing. Each requested Offshore Rate Loan must have an Offshore Effective Amount of at least $15,000,000.

(b) The Administrative Agent will promptly notify each Bank of its receipt of any Notice of Borrowing and of the amount of such Bank's Pro Rata Share of that Borrowing.

(c) Unless a Bank has provided the Administrative Agent with, and the Administrative Agent has actually received, a written notice in the form attached hereto as Exhibit H prior to 5:00 p.m. (New York City time) one Business Day immediately prior to the proposed Borrowing Date that such Bank does not approve further Borrowings and/or Issuances of Letters of Credit, if the Administrative Agent elects in its sole discretion to advance a Loan pursuant to a Notice of Borrowing, each Bank will be deemed to have approved such Borrowing and will make the amount of its Pro Rata Share of such Borrowing available to the Administrative Agent for the account of the Borrower at the Administrative Agent's payment office by 3:00 p.m. (New York City time) on the Borrowing Date requested by the Borrower in funds immediately available to the Administrative Agent. The proceeds of all such Loans will then be made available to the Borrower by the Administrative Agent at such office by crediting the Lock Box with the aggregate of the amounts made available to the Administrative Agent by the Banks and in like funds as received by the Administrative Agent. If any Bank in a timely manner provides the Administrative Agent with such a written notice of its disapproval of further Borrowings and/or Issuances of Letters of Credit, then the Administrative Agent shall notify the Borrower that one or more of the Banks have elected not to fund further Borrowings and/or participate in further Issuances of Letters of Credit and whether a Bank (or Banks) has (have) elected to become the Approving Bank(s) thereby triggering the Conversion to Reduced Funding Banks Date.

2.04 Conversion and Continuation Elections .

(a) Borrower may, upon irrevocable written notice to the Administrative Agent in accordance with Subsection 2.04(b) :

(i) elect, as of any Business Day, in the case of Base Rate Loans, or as of the last day of the applicable Interest Period, in the case of any Offshore Rate Loan, to convert any such Loans into Loans of any other Type (provided , however , that the Offshore Effective Amount of each Offshore Rate Loan must be at least $15,000,000); or

(ii) elect, as of the last day of the applicable Interest Period, to continue any Revolving Loans having Interest Periods expiring on such day (provided , however , that the Offshore Effective Amount of each Offshore Rate Loan must be at least $15,000,000);

provided , however , that if at any time the aggregate amount of Offshore Rate Loans in respect of any Borrowing is reduced, by payment, prepayment, or conversion of part thereof, to have an Offshore Effective Amount of less than $15,000,000, such Offshore Rate Loans shall automatically convert into Base Rate Loans, and on and after such date the right of the Borrower to continue such Loans as, and convert such Loans into, Offshore Rate Loans shall terminate.

(b) Borrower shall deliver a Notice of Conversion/Continuation to be received by the Administrative Agent not later than 12:00 p.m. noon (New York City time) on the Conversion/Continuation Date if the Loans are to be converted into Base Rate Loans; and four (4) Business Days in advance of the Conversion/Continuation Date, if the Loans are to be converted into or continued as Offshore Rate Loans, specifying:

(i) the proposed Conversion/Continuation Date;

(ii) the aggregate amount of Loans to be converted or continued;

(iii) the Type of Loans resulting from the proposed conversion or continuation; and

(iv) other than in the case of conversions into Base Rate Loans, the duration of the requested Interest Period.

(c) If upon the expiration of any Interest Period applicable to Offshore Rate Loans, the Borrower has failed to timely select a new Interest Period to be applicable to its Offshore Rate Loans, or if any Default or Event of Default then exists, the Borrower shall be deemed to have elected to convert such Offshore Rate Loans into Base Rate Loans effective as of the expiration date of such Interest Period.

(d) The Administrative Agent will promptly notify each Bank of its receipt of a Notice of Conversion/Continuation, or, if no timely notice is provided by the Borrower, the Administrative Agent will promptly notify each Bank of the details of any automatic conversion. All conversions and continuations shall be made ratably according to the respective outstanding principal amounts of the Loans, with respect to which the notice was given, held by each Bank.

(e) Unless the Required Banks otherwise agree, during the existence of a Default or Event of Default, the Borrower may not elect to have a Loan converted into or continued as an Offshore Rate Loan.

(f) After giving effect to any Borrowing, conversion or continuation of Loans, there may not be more than five (5) Interest Periods in effect.

(g) The Administrative Agent will promptly notify, in writing, each Bank of the amount of such Bank's Pro Rata Share of that Borrowing.

(h) If any Bank has provided the Administrative Agent with, and the Administrative Agent has actually received, a written notice in the form of Exhibit H by 5:00 p.m. (New York City time) one Business Day immediately prior to the requested Conversion/Continuation Date, then the Administrative Agent shall notify the Borrower and the other Banks by no later than 6:00 p.m. (New York City time) that one or more of the Banks has (have) elected not to convert/continue such Loan and whether Bank(s) has (have) elected to become the Approving Bank(s) thereby triggering the Conversion to Reduced Funding Banks Date.

2.05 Optional Prepayments. Subject to Section 2.14 , the Borrower may, at any time or from time to time, upon the Borrower's irrevocable written notice to the Administrative Agent received prior to 1:00 p.m. (New York City time) on the date of prepayment, prepay Loans in whole or in part without premium except any amounts due by Borrower pursuant to Article IV. The Administrative Agent will promptly notify each Bank of its receipt of any such prepayment, and of such Bank's Pro Rata Share of such prepayment.

2.06 Mandatory Prepayments of Loans; Mandatory Commitment Reductions. If on any date the Effective Amount of L/C Obligations exceeds the L/C Cap, the Borrower shall Cash Collateralize on such date the outstanding Letters of Credit in an amount equal to the excess above any such cap. If on any date after giving effect to any Cash Collateralization made on such date pursuant to the preceding sentence, the Effective Amount of all Revolving Loans then outstanding plus the Effective Amount of all L/C Obligations exceeds the lesser of (a) the Collateral Position or (b) the total Uncommitted Line, or if the Effective Amount of all Revolving Loans under the Borrowing Base Line then outstanding, plus the Effective Amount of all L/C Obligations under such Line exceed the Borrowing Base Advance Cap, the Borrower shall immediately, and without notice or demand, prepay the outstanding principal amount of the Revolving Loans and L/C Advances by an amount equal to the applicable excess.

2.07 Repayment. The Borrower shall repay the principal amount of each Revolving Loan to the Administrative Agent on behalf of the Banks, on the Advance Maturity Date for such Loan. All amounts owing a Swap Bank under any Swap Contract, to the extent such amounts have not been repaid from the proceeds of a Revolving Loan, shall be paid on demand, or if no demand is made, on the first (1st) Business Day after the Borrower receives notice that such amount was advanced by or becomes owing to a Swap Bank.

2.08 Interest .

(a) Each Revolving Loan (except for a Revolving Loan made as a result of a drawing under a Letter of Credit or a Reducing L/C Borrowing) shall bear interest on the outstanding principal amount thereof from the applicable Borrowing Date at a floating rate per annum equal to the Base Rate plus the Applicable Margin at all times such Loan is a Base Rate Loan or at the Offshore Rate plus the Applicable Margin at all times such Loan is an Offshore Rate Loan. Each Revolving Loan made as a result of a drawing under a Letter of Credit or a Reducing L/C Borrowing, all amounts owing to BNP Paribas with respect to any Swap Contract shall bear interest on the outstanding principal amount thereof from the date funded at a floating rate per annum equal to the Base Rate plus the Applicable Margin until such Loan has been outstanding for more than two (2) Business Days and, thereafter, shall bear interest on the outstanding principal amount thereof at a floating rate per annum equal to the Base Rate, plus three percent (3.0%) per annum (the " Default Rate ").

(b) Interest on each Revolving Loan shall be paid upon demand, or if no demand is made, shall be paid in arrears on each Interest Payment Date.

(c) Notwithstanding subsection (a) of this Section, if any amount of principal of or interest on any Loan, or any other amount payable hereunder or under any other Loan Document is not paid in full when due (whether at stated maturity, by acceleration, demand or otherwise), the Borrower agrees to pay interest on such unpaid principal or other amount, from the date such amount becomes due until the date such amount is paid in full, and after as well as before any entry of judgment thereon to the extent permitted by law, payable on demand, at a fluctuating rate per annum equal to the Default Rate.

(d) Anything herein to the contrary notwithstanding, the Obligations of the Borrower to any Bank hereunder shall be subject to the limitation that payments of interest shall not be required for any period for which interest is computed hereunder, to the extent (but only to the extent) that contracting for or receiving such payment by such Bank would be contrary to the provisions of any law applicable to such Bank limiting the highest rate of interest that may be lawfully contracted for, charged or received by such Bank, and in such event the Borrower shall pay such Bank interest at the highest rate permitted by applicable law.

(e) Regardless of any provision contained in any Note or in any of the Loan Documents, none of the Banks shall ever be deemed to have contracted for or be entitled to receive, collect or apply as interest under any such Note or any Loan Document, or otherwise, any amount in excess of the maximum rate of interest permitted to be charged by applicable law, and, in the event that any of the Banks ever receive, collect or apply as interest any such excess, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the Note, and, if the principal balance of such Note is paid in full, any remaining excess shall forthwith be paid to the Borrower. In determining whether or not the interest paid or payable under any specific contingency exceeds the highest lawful rate, the Borrower and such Bank shall, to the maximum extent permitted under applicable law, (i) characterize any non-principal payment as an expense, fee, or premium, rather than as interest, (ii) exclude voluntary prepayments and the effect thereof, and (iii) spread the total amount of interest throughout the entire contemplated term of such Note so that the interest rate is uniform throughout such term; provided , however , that if all Obligations under the Note and all Loan Documents are performed in full prior to the end of the full contemplated term thereof, and if the interest received for the actual term thereof exceeds the maximum lawful rate, such Bank shall refund to the Borrower the amount of such excess, or credit the amount of such excess against the aggregate unpaid principal balance of such Bank's Note at the time in question.

2.09 Fees. In addition to certain fees described in Section 3.08 , the Borrower shall pay to the Administrative Agent, for the account of each Bank, fees in accordance with a separate letter agreement between the Agents, the Banks and the Borrower. The Borrower shall also pay to the Agents, for their own accounts, fees in accordance with a separate letter agreement between the Agents and the Borrower.

2.10 Computation of Fees and Interest .

(a) All other computations of fees and interest shall be made on the basis of a 360-day year and actual days elapsed (which results in more interest being paid than if computed on the basis of a 365-day year). Interest and fees shall accrue during each period during which interest or such fees are computed from the first day thereof through the last day thereof.

(b) Each determination of an interest rate by the Administrative Agent shall be conclusive and binding on the Borrower and the Banks in the absence of manifest error.

2.11 Payments by the Borrower .

(a) All payments to be made by the Borrower shall be made without set-off, recoupment or counterclaim. Except as otherwise expressly provided herein, all payments by the Borrower shall be made to the Administrative Agent for the account of the Banks at the Administrative Agent's Payment Office, and shall be made in dollars and in immediately available funds, no later than 1:00 p.m. (New York City time) on the date specified herein. The Administrative Agent will promptly distribute to each Bank its Pro Rata Share or Adjusted Pro Rata Share, as the case may be, of such payment in like funds as received. Any payment received by the Administrative Agent later than 1:00 p.m. (New York City time) shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue.

(b) Subject to the provisions set forth in the definition of "Interest Period" herein, whenever any payment is due on a day other than a Business Day, such payment shall be made on the following Business Day, and such extension of time shall in such case be included in the computation of interest or fees, as the case may be.

(c) Unless the Administrative Agent receives notice from the Borrower prior to the date on which any payment is due to the

Banks that the Borrower will not make such payment in full as and when required, the Administrative Agent may assume that the Borrower has made such payment in full to the Administrative Agent on such date in immediately available funds and the Administrative Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Bank on such due date an amount equal to the amount then due such Bank. If and to the extent the Borrower has not made such payment in full to the Administrative Agent, each Bank shall repay to the Administrative Agent on demand such amount distributed to such Bank, together with interest thereon at the Federal Funds Rate for each day from the date such amount is distributed to such Bank until the date repaid.

2.12 Payments by the Banks to the Administrative Agent. If and to the extent any Bank shall not have made its full amount available to the Administrative Agent in immediately available funds and the Administrative Agent in such circumstances has made available to the Borrower such amount, that Bank shall on the Business Day following such Borrowing Date make such amount available to the Administrative Agent, together with interest at the Federal Funds Rate for each day during such period. A notice of the Administrative Agent submitted to any Bank with respect to amounts owing under this Section 2.12 shall be conclusive, absent manifest error. If such amount is so made available, such payment to the Administrative Agent shall constitute such Bank's Loan on the date of Borrowing for all purposes of this Agreement. If such amount is not made available to the Administrative Agent on the Business Day following the Borrowing Date, the Administrative Agent will notify the Borrower of such failure to fund and, upon demand by the Administrative Agent, the Borrower shall pay such amount to the Administrative Agent for the Administrative Agent's account, together with interest thereon for each day elapsed since the date of such Borrowing, at a rate per annum equal to the interest rate applicable at the time to the Loans comprising such Borrowing.

2.13 Sharing of Payments, Etc. If, other than as expressly provided elsewhere herein, any Bank shall obtain on account of the Loans made by it any payment (whether voluntary, involuntary, through the exercise of any right of set-off, or otherwise) in excess of its Pro Rata Share or Adjusted Pro Rata Share, as the case may be at such time (other than payments to BNP Paribas with respect to advances made in excess of the Borrowing Base Advance Cap as a result of payment under a Swap Contract), such Bank shall immediately (a) notify the Administrative Agent of such fact, and (b) purchase from the other Banks such participations in the Loans made by them as shall be necessary to cause such purchasing Bank to share the excess payment pro rata with each of them; provided , however , that if all or any portion of such excess payment is thereafter recovered from the purchasing Bank, such purchase shall to that extent be rescinded and each other Bank shall repay to the purchasing Bank the purchase price paid therefor, together with an amount equal to such paying Bank's ratable share (according to the proportion of (i) the amount of such paying Bank's required repayment to (ii) the total amount so recovered from the purchasing Bank) of any interest or other amount paid or payable by the purchasing Bank in respect of the total amount so recovered. The Borrower agrees that any Bank so purchasing a participation from another Bank may, to the fullest extent permitted by law, exercise all its rights of payment (including the right of set-off, but subject to Section 11.09) with respect to such participation as fully as if such Bank were the direct creditor of the Borrower in the amount of such participation. the Administrative Agent will keep records (which shall be conclusive and binding in the absence of manifest error) of participations purchased under this Section and will in each case notify the Banks following any such purchases or repayments.

2.14 The Election of Approving Banks to Continue Funding. If on any Business Day one or more Banks (the " Declining Bank " or " Declining Banks " in respect of such Conversion to Reduced Funding Banks Date) provides the Administrative Agent with, and the Administrative Agent has actually received, a written notice in the form of Exhibit H for reasons other than a Default and the other Bank or Banks do approve further Revolving Loans (including the conversion and extension of such Revolving Loans) or the further issuances of, extensions of, the automatic renewal of or amendments to Letters of Credit, the Administrative Agent shall notify the Banks by 6:00 p.m. (New York City time) that same day. If the Bank or Banks which are not the Declining Banks desire, they may (on a pro rata basis, based on the Uncommitted Line Portion of all Banks that have elected to continue funding, as adjusted after such Conversion to Reduced Funding Banks Date, after which date the Uncommitted Line Portion of all Declining Banks shall be reduced to zero) make the full or partial amount of such requested Revolving Loan or issue or amend the requested Letter of Credit irrespective of the Declining Banks' disapproval (in such case, the Banks that elect to continue funding shall be referred to as the " Approving Banks " in respect of such Conversion to Reduced Funding Banks Date). In such event, from each such date (each, a " Conversion to Reduced Funding Banks Date ") forward (or until the next Conversion to Reduced Funding Banks Date, if any, at which time one or more Banks that had been Approving Banks may become a Declining Bank), all subsequent Revolving Loans and Issuances of Letters of Credit or Amendments to Letters of Credit (subject to Section 11.01) that increase the face amount of a Letter of Credit or extend the term of a Letter of Credit shall be made unilaterally by the Approving Banks in respect of such Conversion to Reduced Funding Banks Date and no Letter of Credit thereafter Issued shall be participated in by the Declining Banks in respect of such Conversion to Reduced Funding Banks Date.

Notwithstanding the foregoing, however, for purposes of allocating repayments prior to the occurrence of a Default hereunder, the Adjusted Pro Rata Share of each Bank, with respect to Loans and Letters of Credit outstanding on a specified Conversion to Reduced Funding Banks Date shall remain fixed at the percentage held by such Bank the day before such specified Conversion to Reduced Funding Banks Date, without respect to any changes which may subsequently occur in such Bank's Pro Rata Share (prior to the next Conversion to Reduced Funding Banks Date) except that in the event that Obligations become owing to any Swap Bank and its Affiliates after such date pursuant to Swap Contracts as a result of contracts or transactions existing on such specified Conversion to Reduced Funding Banks Date, the Adjusted Pro Rata Share of each Bank shall be recalculated to account for the increase in Obligations that have become owing to such Swap Bank or its Affiliates until such time, if any, that all Declining Banks are fully repaid. Upon the occurrence of the first Conversion to Reduced Funding Banks Date and thereafter, prepayments of all outstanding Loans shall be applied to the Loans with the earliest advance date, notwithstanding the tenor of the Loans. Upon the occurrence of a Default and thereafter, repayments shall be allocated according to the Adjusted Pro Rata Share of the outstanding balances held by the Banks on the date of Default except that in the event that Obligations become owing to any Swap Bank or its Affiliates after such date pursuant to Swap Contracts as a result of contracts or transactions existing on the date of such Default, the Adjusted Pro Rata Share of each Bank shall be recalculated to account for the increase in Obligations owing to such Swap Bank or its Affiliates.

2.15 Payments from Guarantor and Liquidation of Collateral. Notwithstanding anything to the contrary contained herein, in the event repayment is made to the Banks by Guarantor or pursuant to a liquidation of Collateral, such repayment shall be shared by the Banks on the basis of each Bank's then existing Adjusted Pro Rata Share rather than each Bank's Pro Rata Share.

ARTICLE III

THE LETTERS OF CREDIT

3.01 The Letter of Credit Lines .

(a) On an uncommitted basis and on the terms and conditions set forth herein and unless a Bank has provided the Administrative Agent with, and the Administrative Agent has actually received, a written notice in the form attached hereto as Exhibit H prior to 5:00 p.m. (New York City time) one Business Day immediately prior to the proposed date of Issuance of a Letter of Credit that such Bank does not approve further Borrowings and/or Issuances of Letters of Credit, (i) each Issuing Bank agrees, (A) from time to time on any Business Day during the period from the Closing Date to the Expiration Date, to consider the Issuance of Letters of Credit for the account of the Borrower under the Borrowing Base Line and to consider whether to amend or renew Letters of Credit previously Issued by it, in accordance with Subsections 3.02(b), 3.02(c), and 3.02(d) and (B) to honor drafts under the Letters of Credit; and (ii) each of the Banks will be deemed to have approved such Issuance, amendment or renewal, and shall participate in Letters of Credit Issued for the account of the Borrower. If any Bank gives the Administrative Agent timely notice of its disapproval of further Borrowings and/or Issuances of Letters of Credit, then the Administrative Agent shall notify the Borrower that one or more of the Banks have elected not to fund further Borrowings or participate in the further Issuances of Letters of Credit, and whether a Bank (or Banks) has (have) elected to become the Approving Bank(s) thereby triggering the Conversion to Reduced Funding Banks Date. No Declining Bank shall have any obligation to or shall be deemed to have participated in any Letters of Credit which are Issued on or after the Conversion to Reduced Funding Banks Date. No Swap-Related Standby Letter of Credit shall be Issued if, after giving effect to such Issuance, the outstanding amounts of all Swap-Related Standby Letters of Credit plus the Mark-to-Market value of amounts owed to Swap Banks by the Borrower under Swap Contracts would exceed $50,000,000. Within the foregoing limits, and subject to the other terms and conditions hereof including, without limitation, the approval of all Banks (or after the Conversion to Reduced Funding Banks, all Approving Banks) in their sole discretion, the Borrower's ability to request that an Issuing Bank Issue Letters of Credit shall be fully revolving, and, accordingly, the Borrower may, during the foregoing period, request that an Issuing Bank Issue Letters of Credit to replace Letters of Credit which have expired or which have been drawn upon and reimbursed. Borrower acknowledges and agrees that the Existing Letters of Credit are an Obligation under this Agreement.

(b) Each Issuing Bank is under no obligation to consider the Issuance of or to Issue any Letter of Credit unless all Banks shall have consented (deemed or explicit) to the Issuance of such Letter of Credit in their sole discretion. An Issuing Bank is under no obligation to Issue any Letter of Credit if:

(i) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain such Issuing Bank from Issuing such Letter of Credit, or any Requirement of Law applicable to such Issuing Bank or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over such Issuing Bank shall prohibit, or request that such Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon such Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which such Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon such Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which such Issuing Bank in good faith deems material to it;

(ii) such Issuing Bank has received written notice from any Bank, any other Issuing Bank, the Administrative Agent or the Borrower, on or prior to the Business Day prior to the requested date of Issuance of such Letter of Credit, that one or more of the applicable conditions contained in Article V is not then satisfied;

(iii) the expiry date of any requested Letter of Credit is after the earlier to occur of (A) 90 days after the date of Issuance of such Letter of Credit or (B) the Maturity Date, unless all the Banks have approved such expiry date in writing, but any Swap-Related Standby Letter of Credit may by its terms be renewable for successive 90-day periods unless a notice that the applicable Issuing Bank declines to renew such Letter of Credit is given to the applicable Issuing Bank and the Administrative Agent on or prior to any date for notice of non-renewal to the beneficiary set forth in such Swap-Related Standby Letter of Credit, but in any event at least five Business Days prior to the date of the notice of non-renewal of such Swap-Related Standby Letter of Credit, any such automatic renewal of a Letter of Credit being subject to the fulfillment of the applicable conditions set forth in Article V; provided that the terms of each of the Swap-Related Standby Letters of Credit that is automatically renewable (1) shall require the applicable Issuing Bank to give the beneficiary of such Swap-Related Standby Letter of Credit notice of any non-renewal prior to the expiry date, (2) shall permit such beneficiary, upon receipt of such notice, to draw under such Swap-Related Standby Letter of Credit prior to the expiry date of the Swap-Related Standby Letter of Credit, and (3) shall not permit the expiry date (after giving effect to any renewal) of such Swap-Related Standby Letter of Credit in any event to be extended to a date that is later than the Maturity Date. If a notice of non-renewal is given by the applicable Issuing Bank pursuant to the immediately preceding sentence, the related Swap-Related Standby Letter of Credit shall expire on its expiry date;

(iv) the expiry date of any such requested Letter of Credit is prior to the maturity date of any financial obligation to be supported by the requested Letter of Credit;

(v) such requested Letter of Credit is not in form and substance acceptable to such Issuing Bank, or the Issuance of a Letter of Credit shall violate any applicable policies of such Issuing Bank;

(vi) such Letter of Credit is for the purpose of supporting the Issuance of any letter of credit by any other Person;

(vii) such Letter of Credit is denominated in a currency other than Dollars; or

(viii) the amount of such requested Letter of Credit together with outstanding Letters of Credit and Revolving Loans exceeds

the Borrowing Base Advance Cap.

3.02 Issuance, Amendment and Renewal of Letters of Credit .

(a) Each Letter of Credit which is Issued hereunder shall be Issued upon the irrevocable written request of the Borrower pursuant to a Notice of Borrowing (Letter of Credit) in the applicable form attached hereto as Exhibit A received by an Issuing Bank (with a copy sent by the Borrower to the Administrative Agent) by no later than 12:00 p.m. noon (New York City time) on the proposed date of Issuance. Each such request for Issuance of a Letter of Credit shall be by electronic transfer or facsimile, confirmed immediately in an original writing or by electronic transfer, in the form of an L/C Application, and shall specify in form and detail satisfactory to such Issuing Bank: (i) the proposed date of Issuance of the Letter of Credit (which shall be a Business Day); (ii) whether the requested Letter of Credit would be a commercial documentary letter of credit, Swap-Related Standby Letter of Credit or other standby letter of credit; (iii) the face amount of the Letter of Credit; (iv) the expiry date of the Letter of Credit; (v) the name and address of the beneficiary thereof; (vi) the documents to be presented by the beneficiary of the Letter of Credit in case of any drawing thereunder; (vii) the full text of any certificate to be presented by the beneficiary in case of any drawing thereunder; and (viii) such other matters as such Issuing Bank may require. Upon receipt of such request, the Administrative Agent will promptly notify the Banks of the receipt by it of any L/C Application. No such Issuance will be made if prior to 5:00 p.m. (New York City time) one Business Day immediately prior to the proposed date of Issuance, a Bank has provided the Administrative Agent with, and the Administrative Agent has actually received, a written notice in the form of Exhibit H . If the Administrative Agent does timely receive a written notice in the form of Exhibit H , the Administrative Agent shall notify the Borrower, such Issuing Bank and the Banks by 6:00 p.m. (New York City time) one Business Day immediately prior to the proposed date of Issuance, and the proposed Letter of Credit will not be Issued, unless one or more of the Banks have elected to become Approving Banks thereby triggering the Conversion to Reduced Funding Banks Date.

(b) From time to time while a Letter of Credit is outstanding and prior to the Expiration Date, an Issuing Bank will, upon the written request of the Borrower received by such Issuing Bank (with a copy sent by the Borrower to the Administrative Agent) by no later than 12:00 p.m. noon (New York City time) on the proposed date of amendment, consider the amendment of any Letter of Credit Issued by it. Each such request for amendment of a Letter of Credit shall be made by electronic transfer or facsimile, confirmed immediately in an original writing or by electronic transfer, made in the form of an L/C Amendment Application and shall specify in form and detail satisfactory to such Issuing Bank and the Administrative Agent: (i) the Letter of Credit to be amended; (ii) the proposed date of amendment of the Letter of Credit (which shall be a Business Day); (iii) the nature of the proposed amendment; and (iv) such other matters as such Issuing Bank may require. Such Issuing Bank shall be under no obligation to amend any Letter of Credit. No such amendment will be made if a Bank has provided the Administrative Agent with, and the Administrative Agent has actually received, a written notice in the form of Exhibit H by 5:00 p.m. (New York City time) on the Business Day immediately preceding the proposed date of amendment. If the Administrative Agent does timely receive a written notice in the form of Exhibit H , the Administrative Agent shall notify the Borrower, such Issuing Bank and the Banks by 6:00 p.m. (New York City time) one Business Day immediately prior to the proposed date of amendment, and the Letter of Credit will not be amended; provided , however , that one or more Banks may elect to become the Approving Banks and amend such Letter of Credit, thereby triggering the Conversion to Reduced Funding Banks Date.

(c) The Issuing Banks and the Banks agree that, while a Letter of Credit is outstanding and prior to the Expiration Date, at the option of the Borrower and upon the written request of the Borrower received by an Issuing Bank (with a copy sent to the Administrative Agent and the other Issuing Banks) by no later than 12:00 p.m. noon (New York City time) on the proposed date of renewal, the Issuing Bank may consider the renewal of any Letter of Credit Issued by it. No such renewal will be made if prior to 5:00 p.m. (New York City time) one Business Day immediately prior to the proposed date of renewal, a Bank has provided the Administrative Agent with, and the Administrative Agent has actually received, a written notice in the form of Exhibit H . If the Administrative Agent does timely receive a written notice in the form of Exhibit H , the Administrative Agent shall notify the Borrower, such Issuing Bank and the Banks by 6:00 p.m. (New York City time) one Business Day immediately prior to the proposed date of renewal, and the Letter of Credit will not be renewed, unless one or more of the Banks have elected to become Approving Banks. Each such request for renewal of a Letter of Credit made by the Borrower shall be made by electronic transfer or facsimile, confirmed immediately in an original writing or by electronic transfer, in the form of an L/C Amendment Application, and shall specify in form and detail satisfactory to such Issuing Bank and the Banks: (i) the Letter of Credit to be renewed; (ii) the proposed date of renewal of the Letter of Credit (which shall be a Business Day); (iii) the revised expiry date of the Letter of Credit; and (iv) such other matters as such Issuing Bank may require. The Issuing Banks shall be under no obligation to renew any Letter of Credit.

(d) If any outstanding Letter of Credit Issued by an Issuing Bank shall provide that it shall be automatically renewed unless the beneficiary thereof receives notice from such Issuing Bank that such Letter of Credit shall not be renewed, and if at the time of renewal such Issuing Bank would be entitled to authorize the automatic renewal of such Letter of Credit in accordance with this Subsection 3.02(d) upon the request of the Borrower, then such Issuing Bank shall nonetheless be permitted to allow such Letter of Credit to renew, and, provided that no Bank has elected to become a Declining Bank by 5:00 p.m. one Business Day immediately prior to the day that the beneficiary of such Letter of Credit would receive notice from the Issuing Bank that such Letter of Credit shall not be renewed, the Borrower and the Banks hereby authorize such renewal, and, accordingly, such Issuing Bank shall be deemed to have received an L/C Amendment Application from the Borrower requesting such renewal. The Issuing Banks shall be under no obligation to allow the automatic renewal of any Letter of Credit.

(e) Any Issuing Bank may, at its election, deliver any notices of termination or other communications to any Letter of Credit beneficiary or transferee, and take any other action as necessary or appropriate, at any time and from time to time, in order to cause the expiry date of such Letter of Credit to be a date not later than the Expiration Date.

(f) This Agreement shall control in the event of any conflict with any L/C-Related Document (other than any Letter of Credit).

(g) Each Issuing Bank will also deliver to the Administrative Agent a true and complete copy of each Letter of Credit or amendment to or renewal of a Letter of Credit Issued by it.

3.03 Risk Participations, Drawings, Reducing Letters of Credit and Reimbursements .

(a) Immediately upon the Issuance of each Letter of Credit by an Issuing Bank which is Issued prior to the Conversion to Reduced Funding Banks Date, each Bank shall be deemed to, and hereby irrevocably and unconditionally agrees to, purchase from such Issuing Bank a participation in such Letter of Credit and each drawing or Reducing Letter of Credit Borrowing thereunder in an amount equal to the product of (i) the Pro Rata Share of such Bank, times (ii) the maximum amount available to be drawn under such Letter of Credit and the amount of such drawing or Reducing Letter of Credit Borrowing, respectively. All Letters of Credit Issued after the Conversion to Reduced Funding Banks Date shall be participated in only by the Approving Banks. For purposes of Section 2.01 , each Issuance of a Letter of Credit shall be deemed to utilize the Uncommitted Line Portion of each Bank by an amount equal to the amount of such participation.

(b) In the event of any request for a drawing under a Letter of Credit Issued by an Issuing Bank by the beneficiary or transferee thereof, such Issuing Bank will promptly notify the Borrower. Any notice given by an Issuing Bank or the Administrative Agent pursuant to this Subsection 3.03(b) may be oral if immediately confirmed in writing (including by facsimile); provided , however , that the lack of such an immediate confirmation shall not affect the conclusiveness or binding effect of such notice. The Borrower shall reimburse an Issuing Bank prior to 5:00 p.m. (New York City time), on each date that any amount is paid by such Issuing Bank under any Letter of Credit or to the beneficiary of a Reducing Letter of Credit in the form of a Reducing L/C Borrowing (each such date, an " Honor Date "), in an amount equal to the amount so paid by such Issuing Bank. In the event the Borrower fails to reimburse such Issuing Bank for the full amount of any drawing under any Letter of Credit or of any Reducing L/C Borrowing, as the case may be, by 5:00 p.m. (New York City time) on the Honor Date, such Issuing Bank will promptly notify the Administrative Agent and the Administrative Agent will promptly notify each Bank thereof, and the Borrower shall be deemed to have requested that Revolving Loans be made by the Banks to be disbursed to such Issuing Bank not later than one (1) Business Day after the Honor Date under such Letter of Credit, subject to the amount of the unutilized portion of the Borrowing Base Line.

(c) In the event of any request for a Reducing L/C Borrowing by the Borrower in association with any Reducing Letter of Credit, the amount available for drawing under such Reducing Letter of Credit will be reduced automatically, and without any further amendment or endorsement to such Reducing Letter of Credit, by the amount actually paid to such beneficiary, notwithstanding the fact that the payment creating such Reducing L/C Borrowing is not made pursuant to a conforming and proper draw under the corresponding Reducing Letter of Credit; provided , however , that if any Bank has given the Issuing Banks, the Administrative Agent, the Borrower and of the other Banks written notice that such Bank objects to further Reducing L/C Borrowings at least three (3) Business Days prior to ate the Borrower requests the Reducing L/C Borrowing, then the relevant Issuing Bank will not make such Reducing L/C Borrowing unless all Banks consent thereto.

(d) Each Bank shall upon any notice pursuant to Subsection 3.03(b) make available to the Administrative Agent for the account of any Issuing Bank an amount in Dollars and in immediately available funds equal to its Pro Rata Share of the amount of the drawing or of the Reducing L/C Borrowing, as the case may be, whereupon the participating Banks shall (subject to Subsection 3.03(e)) each be deemed to have made a Revolving Loan to the Borrower in that amount. If any Bank so notified fails to make available to the Administrative Agent for the account of such Issuing Bank the amount of such Bank's Pro Rata Share of the amount of the drawing or of the Reducing L/C Borrowing, as the case may be, by no later than 3:00 p.m. (New York City time) on the Business Day following the Honor Date, then interest shall accrue on such Bank's obligation to make such payment, from the Honor Date to the date such Bank makes such payment, at a rate per annum equal to the Federal Funds Rate in effect from time to time during such period. The Administrative Agent will promptly give notice of the occurrence of the Honor Date, but failure of the Administrative Agent to give any such notice on the Honor Date or in sufficient time to enable any Bank to effect such payment on such date shall not relieve such Bank from its obligations under this Section 3.03 .

(e) With respect to any unreimbursed drawing or Reducing L/C Borrowing, as the case may be, that is not converted into Revolving Loans in whole or in part for any reason, the Borrower shall be deemed to have incurred from the relevant Issuing Bank an L/C Borrowing in the amount of such drawing or Reducing L/C Borrowing, as the case may be, which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at a rate per annum equal to the Default Rate, and each Bank's payment to such Issuing Bank pursuant to Subsection 3.03(d) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an L/C Advance from such Bank in satisfaction of its participation obligation under this Section 3.03 .

(f) In the event that payment under any Letter of Credit Issued by an Issuing Bank is drawn or purported to be drawn in a currency other than United States Dollars, the amount of reimbursement to such Issuing Bank therefor shall be calculated on the basis of such Issuing Bank's selling rate of exchange in effect (for the date on which such Issuing Bank pays such draft or reimburses any of its correspondents which paid such draft) for cable transfers to the place where and in the currency in which such draft is payable. The Borrower shall comply with any and all governmental exchange regulations now or hereafter applicable to any foreign exchange, and shall indemnify and hold the Banks harmless from any failure of the Borrower so to comply. If for any cause whatsoever, there exists at the time in question no rate of exchange generally current at such Issuing Bank for effective cable transfer of the sort above provided for, the Borrower agrees to pay the Banks on demand an amount in United States Dollars equivalent to the actual cost of settlement of such Issuing Bank's obligation to the payor of the draft or acceptance or any holder thereof, as the case may be, and however and whenever such settlement may be made by such Issuing Bank.

(g) Each Bank's obligation in accordance with this Agreement to make the Revolving Loans or L/C Advances, as contemplated by this Section 3.03 , as a result of a drawing under a Letter of Credit or Reducing L/C Borrowing, shall be absolute and unconditional and without recourse to the relevant Issuing Bank and shall not be affected by any circumstance, including (i) any set-off, counterclaim, recoupment, defense or other right which such Bank may have against such Issuing Bank, the Borrower or any other Person for any reason whatsoever; (ii) the occurrence or continuance of a Default, an Event of Default or a Material Adverse Effect; or (iii) any other circumstance, happening or event whatsoever, whether or not similar to any of the foregoing.

(h) Notwithstanding the foregoing, each Revolving Loan and L/C Advance made to fund payment of any Letter of Credit which was Issued or amended on or after the Conversion to Reduced Funding Banks Date shall be made only by the Approving Banks.

3.04 Repayment of Participations .

(a) Upon (and only upon) receipt by the Administrative Agent for the account of an Issuing Bank of immediately available funds from the Borrower (i) in reimbursement of any payment made by such Issuing Bank under a Letter of Credit or in connection with a Reducing L/C Borrowing with respect to which any Bank has paid the Administrative Agent for the account of such Issuing Bank for such Bank's participation in the Letter of Credit pursuant to Section 3.03 or (ii) in payment of interest thereon, the Administrative Agent will pay to each Bank, in the same funds as those received by the Administrative Agent for the account of such Issuing Bank, the amount of such Bank's Pro Rata Share of such funds, and such Issuing Bank shall receive the amount of the Pro Rata Share of such funds of any Bank that did not so pay the Administrative Agent for the account of such Issuing Bank.

(b) If the Administrative Agent or an Issuing Bank is required at any time to return to the Borrower, or to a trustee, receiver, liquidator, custodian, or any official in any Insolvency Proceeding, any portion of the payments made by the Borrower to the Administrative Agent for the account of such Issuing Bank pursuant to Subsection 3.04(a) in reimbursement of a payment made under a Letter of Credit or in connection with a Reducing L/C Borrowing or interest or fee thereon, each Bank shall, on demand of such Issuing Bank, forthwith return to the Administrative Agent or such Issuing Bank the amount of its Pro Rata Share of any amounts so returned by the Administrative Agent or such Issuing Bank plus interest thereon from the date such demand is made to the date such amounts are returned by such Bank to the Administrative Agent or such Issuing Bank, at a rate per annum equal to the Federal Funds Rate in effect from time to time.

3.05 Role of the Issuing Banks .

(a) Each Bank and the Borrower agree that, in paying any drawing under a Letter of Credit Issued by an Issuing Bank or funding any Reducing L/C Borrowing, such Issuing Bank shall not have any responsibility to obtain any document (other than any sight draft or certificates expressly required by such Letter of Credit, but with respect to Reducing Letter of Credit Borrowings, no document of any kind need be obtained) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document.

(b) No Agent-Related Person nor any of the respective correspondents, participants or assignees of any Issuing Bank shall be liable to any Bank for: (i) any action taken or omitted in connection herewith at the request or with the approval of the Banks; (ii) any action taken or omitted in the absence of gross negligence or willful misconduct; or (iii) the due execution, effectiveness, validity or enforceability of any L/C-Related Document.

(c) The Borrower hereby assumes all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided , however , that this assumption is not intended to, and shall not, preclude the Borrower pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. No Agent-Related Person, nor any of the respective correspondents, participants or assignees of any Issuing Bank shall be liable or responsible for any of the matters described in clauses (a) through (g) of Section 3.06 ; provided , however , that anything in such clauses or elsewhere herein to the contrary notwithstanding, that the Borrower may have a claim against an Issuing Bank, and such Issuing Bank may be liable to the Borrower, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrower which the Borrower proves were caused by such Issuing Bank's willful misconduct or gross negligence or such Issuing Bank's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing: (i) the Issuing Banks may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary; and (ii) the Issuing Banks shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

3.06 Obligations Absolute . The Obligations of the Borrower under this Agreement and any L/C-Related Document to reimburse an Issuing Bank for a drawing under a Letter of Credit or for a Reducing L/C Borrowing, and to repay any L/C Borrowing and any drawing under a Letter of Credit or Reducing L/C Borrowing converted into Revolving Loans, shall be unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement and each such other L/C-Related Document under all circumstances, including the following:

(a) any lack of validity or enforceability of this Agreement or any L/C-Related Document;

(b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations of the Borrower in respect of any Letter of Credit or any other amendment or waiver of or any consent to departure from all or any of the L/C-Related Documents;

(c) the existence of any claim, set-off, defense or other right that the Borrower may have at any time against any beneficiary or transferee of any Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), any Issuing Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by the L/C-Related Documents or any unrelated transaction;

(d) any draft, demand, certificate or other document presented under any Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under any Letter of Credit;

(e) any payment by any Issuing Bank under any Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of any Letter of Credit; or any payment made by any Issuing Bank under any Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of any Letter of Credit, including any arising in connection with any Insolvency Proceeding;

(f) any exchange, release or non-perfection of any collateral, or any release or amendment or waiver of or consent to departure from any other guarantee, for all or any of the Obligations of the Borrower in respect of any Letter of Credit; or

(g) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrower.

Notwithstanding anything to the contrary in this Section 3.06 or in the Continuing Agreement for Letters of Credit, the Issuing Banks shall not be excused from liability to Borrower to the extent of any direct damages (as opposed to consequential, indirect and punitive damages, claims in respect of which are hereby waived by Borrower) suffered by Borrower that are caused by any of the Issuing Bank's gross negligence or willful misconduct when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof, provided , however , that the parties hereto expressly agree that:

(i) the Issuing Banks may accept documents that appear on their face to be in substantial compliance with the terms of a Letter of Credit without responsibility for further investigation, regardless of any notice or information to the contrary, and may make payment upon presentation of documents that appear on their face to be in substantial compliance with the terms of such Letter of Credit;

(ii) the Issuing Banks shall have the right, in their sole discretion, to decline to accept documents and to make such payment if such documents are not in strict compliance with the terms of such Letter of Credit; and

(iii) this sentence shall establish the standard of care to be exercised by the Banks when determining whether drafts and other documents presented under a Letter of Credit comply with the terms thereof (and the parties hereto hereby waive, to the extent permitted by applicable law, any standard of care inconsistent with the foregoing).

3.07 Cash Collateral Pledge . Upon the request of the Administrative Agent, (i) if an Issuing Bank has honored any full or partial drawing request on any Letter of Credit and such drawing has resulted in an L/C Borrowing hereunder, or (ii) if, as of the Expiration Date, any Letters of Credit may for any reason remain outstanding and partially or wholly undrawn, the Borrower shall immediately Cash Collateralize the L/C Obligations in an amount equal to such L/C Obligations. Upon the occurrence of the circumstances described in Section 2.06 requiring the Borrower to Cash Collateralize Letters of Credit, then, the Borrower shall immediately Cash Collateralize the L/C Obligations in an amount equal to the applicable excess.

3.08 Letter of Credit Fees .

(a) The Borrower shall pay to each Issuing Bank, for its own account, such customary fees and charges in connection with the issuance, administration, payment, negotiation and amendment of each Letter of Credit as the Borrower and the Issuing Bank shall from time to time agree.

(b) The Borrower shall pay to the Administrative Agent for the account of each of the Banks a letter of credit fee with respect to each of the Letters of Credit Issued hereunder equal to the greater of (i) $700 or (ii) the Applicable Margin, together with any related fees such as telecopy, facsimile and courier fees, such letter of credit fees to be due and payable monthly in arrears for the preceding month during which Letters of Credit are outstanding, commencing on the first such monthly date to occur after the Closing Date.

3.09 Applicability of Uniform Customs and Practice and ISP98 . Unless otherwise expressly agreed by an Issuing Bank and the Borrower when a Letter of Credit is Issued (including any such agreement applicable to an Existing Letter of Credit), the rules of the Uniform Customs and Practice for Documentary Credits, as most recently published by the International Chamber of Commerce (the " ICC ") at the time of Issuance (including the ICC decision published by the Commission on Banking Technique and Practice on April 6, 1998 regarding the European single currency (euro)) shall apply to each standby Letter of Credit and documentary Letter of Credit. If Borrower desires to use the rules of the "International Standby Practices 1998" published by the Institute of International Banking Law & Practice (or such later version thereof as may be in effect at the time of Issuance) for standby Letters of Credit, Borrower shall request and note this explicitly on the standby Letter of Credit application.

3.10 Existing Letters of Credit . Borrower hereby acknowledges and agrees that the Existing Letters of Credit listed on Schedule 3.10 hereto shall be deemed to be Letters of Credit Issued under this Agreement for all purposes.

ARTICLE IV

TAXES, YIELD PROTECTION AND ILLEGALITY

4.01 Taxes .

(a) Any and all payments by the Borrower to each Bank or either or both of the Agents under this Agreement and any other Loan Document shall be made free and clear of, and without deduction or withholding for, any Taxes. In addition, the Borrower shall pay all Other Taxes.

(b) If the Borrower shall be required by law to deduct or withhold any Taxes, Other Taxes or Further Taxes from or in respect of any sum payable hereunder to any Bank or the Administrative Agent, then:

(i) the sum payable shall be increased as necessary so that after making all required deductions and withholdings (including deductions and withholdings applicable to additional sums payable under this Section) such Bank or the Administrative Agent, as the case may be, receives and retains an amount equal to the sum it would have received and retained had no such deductions or withholdings been made;

(ii) the Borrower shall make such deductions and withholdings;

(iii) the Borrower shall pay the full amount deducted or withheld to the relevant taxing authority or other authority in accordance with applicable law; and

(iv) the Borrower shall also pay to each Bank or the Administrative Agent for the account of such Bank, at the time interest is paid, Further Taxes in the amount that Bank specifies as necessary to preserve the after-tax yield the Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed.

(c) The Borrower agrees to indemnify and hold harmless each Bank and the Administrative Agent for the full amount of (i) Taxes, (ii) Other Taxes, and (iii) Further Taxes in the amount that the Administrative Agent or such Bank specifies as necessary to preserve the after-tax yield the Administrative Agent or such Bank would have received if such Taxes, Other Taxes or Further Taxes had not been imposed, and any liability (including penalties, interest, additions to tax and expenses) arising therefrom or with respect thereto, whether or not such Taxes, Other Taxes or Further Taxes were correctly or legally asserted, provided , however , that the Borrower shall not be required to indemnify or hold harmless any Bank to the extent (but only to the extent) of such Bank's gross negligence or willful misconduct. Payment under this indemnification shall be made within 30 days after the date the Bank or the Administrative Agent makes written demand therefor.

(d) Within 30 days after the date of any payment by the Borrower of Taxes, Other Taxes or Further Taxes, the Borrower shall furnish the Administrative Agent the original or a certified copy of a receipt evidencing payment thereof, or other evidence of payment satisfactory to the Administrative Agent.

(e) If the Borrower is required to pay any amount to the Administrative Agent or any Bank pursuant to subsection (b) or (c) of this Section, then such Bank shall use reasonable efforts (consistent with legal and regulatory restrictions) to change the jurisdiction of its Lending Office so as to eliminate any such additional payment by the Borrower which may thereafter accrue, if such change in the judgment of such Bank is not otherwise disadvantageous to such Bank.

4.02 Illegality.

(a) If any Bank determines that the introduction of any Requirement of Law, or any change in any Requirement of Law, or in the interpretation or administration of any Requirement of Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for such Bank or its applicable Lending Office to make Offshore Rate Loans, then, on notice thereof by such Bank to the Borrower through the Administrative Agent, any obligation of that Bank to make Offshore Rate Loans shall be suspended until the Bank notifies the Administrative Agent and the Borrower that the circumstances giving rise to such determination no longer exist.

(b) If a Bank determines that it is unlawful to maintain any Offshore Rate Loan, the Borrower shall, upon receipt of notice of such fact and demand from such Bank (with a copy to the Administrative Agent), prepay in full, without premium or penalty, such Offshore Rate Loans of that Bank then outstanding, together with interest accrued thereon either on the last day of the Interest Period thereof, if the Bank may lawfully continue to maintain such Offshore Rate Loans to such day, or immediately, if the Bank may not lawfully continue to maintain such Offshore Rate Loan. If the Borrower is required to so prepay any Offshore Rate Loan, then concurrently with such prepayment, the Borrower shall borrow from the affected Bank, in the amount of such repayment, a Base Rate Loan.

4.03 Increased Costs and Reduction of Return.

(a) If any Bank determines that, due to either (i) the introduction of or any change (other than any change by way of imposition of or increase in reserve requirements included in the calculation of the Offshore Rate or in respect of the assessment rate payable by any Bank to the FDIC for insuring U.S. deposits) in or in the interpretation of any law or regulation or (ii) the compliance by that Bank with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to such Bank of agreeing to make or making, funding or maintaining any Offshore Rate Loans or participating in Letters of Credit, or, in the case of an Issuing Bank, any increase in the cost to such Issuing Bank of agreeing to issue, issuing or maintaining any Letter of Credit or of agreeing to make or making, funding or maintaining any unpaid drawing under any Letter of Credit, then the Borrower shall be liable for, and shall from time to time, within 30 days of demand (with a copy of such demand to be sent to the Administrative Agent), pay to the Administrative Agent for the account of such Bank, additional amounts as are sufficient to compensate such Bank for such increased costs, provided, however, that the Borrower shall not be required to pay any such amount to the extent that such amount is reflected in changes in the Base Rate, the Offshore Rate or other fees or charges of such Bank.

(b) If any Bank shall have determined that (i) the introduction of any Capital Adequacy Regulation, (ii) any change in any Capital Adequacy Regulation, (iii) any change in the interpretation or administration of any Capital Adequacy Regulation by any central bank or other Governmental Authority charged with the interpretation or administration thereof, or (iv) compliance by the Bank (or its Lending Office) or any corporation controlling the Bank with any Capital Adequacy Regulation, affects or would affect the amount of capital required or expected to be maintained by the Bank or any corporation controlling the Bank and (taking into consideration such Bank's or such corporation's policies with respect to capital adequacy and such Bank's desired return on capital) determines that the amount of such capital is increased as a consequence of its loans, credits or obligations under this Agreement, then, within 30 days of demand of such Bank to the Borrower through the Administrative Agent, the Borrower shall pay to the Bank, from time to time as specified by the Bank, additional amounts sufficient to compensate the Bank for such increase, provided, however, that the Borrower shall not be required to pay any such amount to the extent that such amount is reflected in changes in the Base Rate.

4.04 Funding Losses. The Borrower shall reimburse each Bank and hold each Bank harmless from any loss or expense which the Bank may sustain or incur as a consequence of:

(a) the failure of the Borrower to make on a timely basis any payment of principal of any Offshore Rate Loan;

(b) the failure of the Borrower to borrow, continue or convert a Loan after the Borrower has given (or are deemed to have given) a Notice of Borrowing or a Notice of Conversion/Continuation;

(c) the failure of the Borrower to make any prepayment in accordance with any notice delivered under Section 2.06;

(d) the prepayment (including prepayments made pursuant to Article II but excluding prepayments made pursuant to Section 4.02) or other payment (including after acceleration thereof) of an Offshore Rate Loan on a day that is not the last day of the relevant Interest Period; or

(e) the automatic conversion under Section 2.04 of any Offshore Rate Loan to a Base Rate Loan on a day that is not the last day of the relevant Interest Period except any such automatic conversion resulting from prepayments required by Section 4.02;

including any such loss or expense arising from the liquidation or reemployment of funds obtained by it to maintain its Offshore Rate Loans or from fees payable to terminate the deposits from which such funds were obtained. For purposes of calculating amounts payable by the Borrower to the Banks under this Section and under Section 4.03, each Offshore Rate Loan made by a Bank (and each related reserve, special deposit or similar requirement) shall be conclusively deemed to have been funded at the LIBOR used in determining the Offshore Rate for such Offshore Rate Loan by a matching deposit or other borrowing in the interbank eurodollar market for a comparable amount and for a comparable period, whether or not such Offshore Rate Loan is in fact so funded.

4.05 Inability to Determine Rates. If the Administrative Agent and the Banks determine that for any reason adequate and reasonable means do not exist for determining the Offshore Rate for any requested Interest Period with respect to a proposed Offshore Rate Loan, or that the Offshore Rate applicable pursuant to Subsection 2.08(a) for any requested Interest Period with respect to a proposed

Offshore Rate Loan does not adequately and fairly reflect the cost to the Banks of funding such Loan, the Administrative Agent will promptly so notify the Borrower and each Bank. Thereafter, the obligation of the Banks to make or maintain Offshore Rate Loans, as the case may be, hereunder shall be suspended until the Administrative Agent upon the instruction of the Banks revokes such notice in writing. Upon receipt of such notice, the Borrower may revoke any Notice of Borrowing or Notice of Conversion/Continuation then submitted by it. If the Borrower does not revoke such Notice, the Banks shall make, convert or continue the Loans, as proposed by the Borrower, in the amount specified in the applicable notice submitted by the Borrower, but such Loans shall be made, converted or continued as Base Rate Loans instead of Offshore Rate Loans.

4.06 Reserves on Offshore Rate Loans. The Borrower shall pay to each Bank, as long as such Bank shall be required under regulations of the FRB to maintain reserves with respect to liabilities or assets consisting of or including Eurocurrency funds or deposits (currently known as "Eurocurrency liabilities"), additional costs on the unpaid principal amount of each Offshore Rate Loan equal to the actual costs of such reserves allocated to such Loan by the Bank (as determined by the Bank in good faith, which determination shall be conclusive), payable on each date on which interest is payable on such Loan, provided , however , that the Borrower shall have received at least 15 days' prior written notice (with a copy to the Administrative Agent) of such additional interest from the Bank. If a Bank fails to give notice 15 days prior to the relevant Interest Payment Date, such additional interest shall be payable 15 days from receipt of such notice.

4.07 Certificates of Banks. Together with any demand by a Bank for reimbursement or compensation pursuant to this Article IV, such Bank shall provide to the Borrower (with a copy to the Administrative Agent) a certificate signed by an authorized officer of the Bank (a) describing the event giving rise to such demand, and (b) showing the method and detailed calculations (which may include any reasonable averaging, attribution or allocation procedures) used by the Bank to determine the amount demanded by the Bank. In calculating the amount of costs, expenses, capital requirements or rate of reduction allocable to the Borrower, such Bank shall use such reasonable methods as such Bank shall determine. Such calculation and certification shall be conclusive and binding on the Borrower in the absence of manifest error.

4.08 Substitution of Banks. Upon the receipt by the Borrower from any Bank (an " Affected Bank ") of a claim for compensation under Section 4.03 , the Borrower may: (a) request the Affected Bank to use its best efforts to obtain a replacement bank or financial institution satisfactory to the Borrower to acquire and assume all or a ratable part of all of such Affected Bank's Loans and Uncommitted Line Portion (a " Replacement Bank "); (b) request one or more of the other Banks to acquire and assume all or part of such Affected Bank's Loans and Uncommitted Line Portion; or (c) designate a Replacement Bank. Any such designation of a Replacement Bank under clause (a) or (c) shall be subject to the prior written consent of Agents (which consent shall not be unreasonably withheld).

4.09 Survival. The agreements and Obligations of the Borrower in this Article IV shall survive the payment of all other Obligations.

ARTICLE V

CLOSING ITEMS

5.01 Matters to be Satisfied Upon Execution of Agreement. At the time the Banks execute this Agreement, unless otherwise w ed by the Banks, the Documentation Agent shall have received all of the following, in form and substance satisfactory to the Documentation Agent, the Administrative Agent, and each Bank, and in sufficient copies for each Bank:

(a) Loan Documents. This Agreement, the Notes, Amendment No. 1 to Security Agreement and Reaffirmation dated as of the date hereof, that certain Subordination Agreement dated as of the date hereof between the Guarantor, as subordinated creditor, and the Administrative Agent, and certain other documents executed in connection with the Original Credit Agreement, and each other document or certificate executed in connection with this Agreement, executed by each party thereto;

(b) Resolutions; Incumbency. Copies of the resolutions of the members of the Borrower authorizing the transactions contemplated hereby, certified as of the Closing Date by the Secretary of the Borrower, and certifying the names and true signatures of the officers of the Borrower authorized to execute, deliver and perform, as applicable, this Agreement, and all other Loan Documents to be delivered by the Borrower hereunder;

(c) Organization Documents; Existence; Good Standing. The articles or certificate of formation and the regulations of the Borrower as in effect on the Closing Date, all certified by the Secretary of the Borrower as of the Closing Date, and the articles or certificate of formation and the Bylaws or regulations of Atmos Energy Corporation and Atmos Energy Holdings, Inc. as in effect on the Closing Date, all certified by the Secretary of Atmos Energy Corporation and Guarantor as of the Closing Date together with certificates of existence and good standing for the Borrower, Atmos Energy Corporation and Guarantor from the Secretary of State (or similar, applicable Governmental Authority) of its state of incorporation and each state where the member of the Borrower is qualified to do business as a foreign corporation, certified as of, or reasonably close to, the Closing Date;

(d) Legal Opinions. Legal opinion of counsel to the Borrower and counsel to Guarantor each addressed to the Administrative Agent and the Banks, in form and substance acceptable to the Administrative Agent and the Banks;

(e) Payment of Fees. Evidence of payment by the Borrower of all accrued and unpaid fees, costs and expenses to the extent then due and payable on the Closing Date, together with Attorney Costs of Agents to the extent invoiced prior to or on the Closing Date, plus such additional amounts of Attorney Costs as shall constitute the Agents' reasonable estimate of Attorney Costs incurred or to be incurred by them through the closing proceedings (provided , however , that such estimate shall not thereafter preclude final settling of ? nts between the Borrower and Agents); including any such costs, fees and expenses arising under or referenced in Sections 2.09 and 1 (a) and all costs of the auditors and consultants retained by the Banks in connection with the Obligations of the Borrower to Agents;

(f) Certificate. A certificate signed by a Responsible Officer of the Borrower, dated as of the Closing Date, stating to the best of such officer's knowledge that:

(i) The representations and warranties contained in Article VI are true and correct on and as of such date, as though made on and as of such date; and

(ii) No Default or Event of Default exists or would result from the Credit Extension.

(iii) There has occurred since December 31, 2004, no event or circumstance that has resulted or could reasonably be expected to result in a Material Adverse Effect;

(g) Insurance. Evidence of insurance required to be maintained by the Borrower hereunder;

(h) Filings. Evidence that all filings needed to perfect the security interests granted by the Security Agreements have been completed or due provision has been made therefor;

(i) Service of Process Form. An acknowledgement letter from Corporation Service Company as contemplated by Subsection 11.16(b); and

(j) Other Documents. Such other approvals, opinions, documents or materials as the Agents or any Bank may request.

ARTICLE VI

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Agents and each Bank that:

6.01 Existence and Power. Each of the Borrower, its Subsidiaries and Guarantor:

(a) is a limited liability company or corporation, as the case may be, duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization;

(b) has the power and authority and all governmental licenses, authorizations, consents and approvals to own its assets, carry on their business and to execute, deliver, and perform their respective Obligations under the Loan Documents;

(c) is duly qualified as a foreign limited liability company or corporation, as the case may be, and is licensed and in good standing under the laws of each jurisdiction where its ownership, lease or operation of property or the conduct of its business requires such qualification or license; and

(d) to the best knowledge of such Person, is in compliance with all Requirements of Law.

6.02 Authorization; No Contravention. The execution, delivery and performance by the Borrower and Guarantor of each Loan Document to which such Person is party, have been duly authorized, and do not and will not:

(a) contravene the terms of the Organization Documents of such Person;

(b) conflict with or result in any breach or contravention of, or the creation of any Lien under, any document evidencing any Contractual Obligation to which such Person is a party or any order, injunction, writ or decree of any Governmental Authority to which such Person or its property is subject; or

(c) to the best knowledge of the Borrower, violate any Requirement of Law.

6.03 Governmental Authorization. No approval, consent, exemption, authorization, or other action by, or notice to, or filing with, any Governmental Authority is necessary or required in connection with the execution, delivery or performance by, or enforcement against, the Borrower or any of its Subsidiaries or Guarantor, as applicable, of any Loan Document.

6.04 Binding Effect. This Agreement and each other Loan Document to which the Borrower or any of its Subsidiaries or Guarantor is a party constitute the legal, valid and binding obligations of such Person to the extent it is a party thereto, enforceable against such Person in accordance with their respective terms, except as enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting the enforcement of creditors' rights generally or by general principles of equity.

6.05 Litigation. Except as specifically disclosed in Schedule 6.05 , there are no actions, suits or proceedings, pending, or to the knowledge of the Borrower, or Guarantor threatened at law, in equity, in arbitration or before any Governmental Authority, against the Borrower, or any of its Subsidiaries or Guarantor or any of their respective properties which purport to affect or pertain to this Agreement or any other Loan Document, or any of the transactions contemplated hereby or thereby; and no injunction, writ, temporary restraining order or any order of any nature has been issued by any court or other Governmental Authority purporting to enjoin or restrain the execution, delivery or performance of this Agreement or any other Loan Document, or directing that the transactions provided for herein or therein not be consummated as herein or therein provided.

6.06 No Default. No Default or Event of Default exists or would result from the incurring of any Obligations by the Borrower. As of the Closing Date, neither the Borrower nor any of its Subsidiaries are in default under or with respect to any Contractual Obligation in any respect which, individually or together with all such defaults, could reasonably be expected to have a Material Adverse Effect.

6.07 ERISA Compliance. Except as specifically disclosed in Schedule 6.07 :

(a) Each Plan is in compliance in all material respects with the applicable provisions of ERISA, the Code and other federal or state law. Each Plan which is intended to qualify under Section 401(a) of the Code has received a favorable determination letter from the IRS and to the best knowledge of the Borrower, nothing has occurred which would cause the loss of such qualification. The Borrower and each ERISA Affiliate have made all required contributions to any Plan subject to Section 412 of the Code, and no application for a funding waiver or an extension of any amortization period pursuant to Section 412 of the Code has been made with respect to any Plan.

(b) There are no pending or, to the best knowledge of the Borrower, threatened claims, actions or lawsuits, or action by any Governmental Authority, with respect to any Plan which have resulted or could reasonably be expected to result in a Material Adverse Effect. There has been no prohibited transaction or violation of the fiduciary responsibility rules with respect to any Plan which has resulted or could reasonably be expected to result in a Material Adverse Effect.

(c) (i) To the Borrower's best knowledge, no ERISA Event has occurred or is reasonably expected to occur; (ii) no Pension Plan has any Unfunded Pension Liability; (iii) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability under Title IV of ERISA with respect to any Pension Plan (other than premiums due and not delinquent under Section 4007 of ERISA); (iv) neither the Borrower nor any ERISA Affiliate has incurred, or reasonably expects to incur, any liability (and no event has occurred which, with the giving of notice under Section 4219 of ERISA, would result in such liability) under Section 4201 or 4243 of ERISA with respect to a Multiemployer Plan; and (v) neither the Borrower nor any ERISA Affiliate has engaged in a transaction that could be subject to Section 4069 or 4212(c) or ERISA.

6.08 Use of Proceeds; Margin Regulations. The proceeds of the Loans are to be used solely for the purposes set forth in and permitted by Section 7.12 . Neither the Borrower nor any Subsidiary is generally engaged in the business of purchasing or selling Margin Stock or extending credit for the purpose of purchasing or carrying Margin Stock.

6.09 Title to Properties. The Borrower and each of its Subsidiaries have good record and marketable title in fee simple to, or valid leasehold interests in, all real property necessary or used in the ordinary conduct of their respective businesses, except for such defects in title as could not, individually or in the aggregate, have a Material Adverse Effect. As of the Closing Date, the property of the Borrower and its Subsidiaries is subject to no Liens, other than Permitted Liens.

6.10 Taxes. The Borrower and its Subsidiaries have filed all Federal and other material tax returns and reports required to be filed, and have paid all Federal and other material taxes, assessments, fees and other governmental charges shown thereon to be due and payable, and have paid all material taxes, assessments, fees and other governmental charges levied or imposed upon them or their properties, income or assets as due and payable, except those which are being contested in good faith by appropriate proceedings and for which adequate reserves have been provided in accordance with GAAP. There is no proposed tax assessment against the Borrower or any of its Subsidiaries that would, if made, have a Material Adverse Effect.

6.11 Financial Condition .

(a) The unaudited balance sheet of the Borrower dated as of December 31, 2004:

(i) fairly presents the financial condition of the Borrower as of the date thereof; and

(ii) shows all material indebtedness and other liabilities, direct or contingent, of the Borrower and as of the date thereof, including liabilities for taxes, material commitments and Contingent Obligations.

(b) Since December 31, 2004, there has been no Material Adverse Effect.

6.12 Environmental Matters. The Borrower conducts in the ordinary course of business a review of the effect of existing Environmental Laws and existing Environmental Claims on its business, operations and properties, and as a result thereof the Borrower has reasonably concluded that, except as previously specifically disclosed in Schedule 6.12 , such Environmental Laws and Environmental Claims could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

6.13 Regulated Entities. Neither the Borrower, nor any Person controlling the Borrower, or any of its Subsidiaries, is an "Investment Company" within the meaning of the Investment Company Act of 1940. The Borrower is not subject to regulation under the Public Utility Holding Company Act of 1935, the Federal Power Act, the Interstate Commerce Act, any state public utilities code, or any other Federal or state statute or regulation limiting its ability to incur Indebtedness.

6.14 No Burdensome Restrictions. Neither the Borrower nor any of its Subsidiaries is a party to or bound by any Contractual Obligation, or subject to any restriction in any Organization Document, or any Requirement of Law, which could reasonably be expected to have a Material Adverse Effect.

6.15 Copyrights, Patents, Trademarks and Licenses, Etc. To the Borrower's best knowledge, the Borrower or its Subsidiaries own or are licensed or otherwise have the right to use all of the patents, trademarks, service marks, trade names, copyrights, contractual franchises, authorizations and other rights that are reasonably necessary for the operation of their respective businesses, without conflict with the rights of any other Person. To the knowledge of the Borrower, no slogan or other advertising device, product, process, method, substance, part or other material now employed, or now contemplated to be employed, by the Borrower or any Subsidiary infringes upon any rights held by any other Person. Except as specifically disclosed in Schedule 6.05 , no claim or litigation regarding any of the foregoing is pending or threatened, and no patent, invention, device, application, principle or any statute, law, rule, regulation, standard or code is pending or, to the knowledge of the Borrower, proposed.

6.16 Subsidiaries. The Borrower has no Subsidiaries other than those specifically disclosed in part (a) of Schedule 6.16 hereto and have no equity investments in any other corporation or entity other than those specifically disclosed in part (b) of Schedule 6.16 .

6.17 Insurance. Except as specifically disclosed in Schedule 6.17 , the properties of the Borrower and its Subsidiaries are insured with financially sound and reputable insurance companies not Affiliates of the Borrower, in such amounts, with such deductibles and covering such risks as are customarily carried by companies engaged in similar businesses and owning similar properties in localities where the Borrower or such Subsidiary operates.

6.18 Full Disclosure. To the Borrower's best knowledge, none of the representations or warranties made by the Borrower or any of its Subsidiaries in the Loan Documents as of the date such representations and warranties are made or deemed made, and none of the statements contained in any exhibit, report, statement or certificate furnished by or on behalf of the Borrower or any of its Subsidiaries in connection with the Loan Documents (including the offering and disclosure materials delivered by or on behalf of the Borrower to the Banks prior to the Closing Date), contains any untrue statement of a material fact or omits any material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they are made, not misleading as of the time when made or delivered.

ARTICLE VII

AFFIRMATIVE COVENANTS

So long as any Bank shall be continuing to consider making Revolving Loans or Issuing Letters of Credit hereunder, or any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding:

7.01 Financial Statements. The Borrower shall deliver to the Banks, in form and detail satisfactory to the Banks:

(a) as soon as available, but not later than 120 days after the end of each fiscal year, (i) a copy of the consolidated audited financial statements to include a balance sheet as at the end of such year for each of (A) Atmos Energy Corporation, (B) Atmos Energy Holdings, Inc., and (C) the Borrower, and (ii) a copy of the consolidating unaudited financial statements to include a consolidating balance sheet as at the end of such year for Atmos Energy Holdings, Inc. and the Borrower, and (iii) a copy of the consolidated audited financial statements of the Borrower and its Subsidiaries, and the related statements of income or operations, members' capital and cash flows for such year for such entities, setting forth in each case in comparative form the figures for the previous fiscal year, and accompanied by the opinion of a nationally-recognized independent public accounting firm (" Independent Auditor ") which report shall state that such financial statements present fairly the financial position for the periods indicated in conformity with GAAP applied on a basis consistent with prior years. Such opinion shall not be qualified or limited because of a restricted or limited examination by the Independent Auditor of any material portion of the records of such entities;

(b) as soon as available, but not later than 60 days after the end of each of the first three fiscal quarters of each fiscal year of Atmos Energy Holdings, Inc. and Atmos Energy Corporation, (i) the unaudited consolidated financial statements of Atmos Energy Corporation and Atmos Energy Holdings, Inc., each to include a balance sheet as at the end of such fiscal quarter, with the related statements of income and or operations, members' capital and cash flows for such year for such entities, for the period commencing at the end of the previous fiscal quarter and ending with the end of such fiscal quarter and for the period commencing at the end of the previous fiscal year and ending with the end of such fiscal quarter, setting forth in comparative form, in the case of each such consolidated balance sheet, the corresponding figures as of the last day of the corresponding period in the immediately preceding fiscal year and, in the case of each such consolidated statement of income and operations, members' capital and cash flows, the corresponding figures for the corresponding period in the immediately preceding fiscal year, and (ii) the unaudited consolidating balance sheet and income statement of Atmos Energy Holdings, Inc.; and

(c) as soon as available, but not later than 45 days after the end of each month, the consolidated financial statements of the Borrower and its subsidiaries in form acceptable to Banks.

7.02 Certificates; Other Information. The Borrower shall furnish to the Agents and the Banks:

(a) concurrently with the delivery of the financial statements referred to in Subsections 7.01(a), (b), and (c), an Embedded Value Report as of the date of such financial statements and a Compliance Certificate, each executed by a Responsible Officer of the Borrower;

(b) a Borrowing Base Collateral Position Report executed by a Responsible Officer of the Borrower as of 15th day of each month and as of the last Business Day of each month, in each case delivered within ten (10) days of such reporting date;

(c) on or before the tenth (10 th) day of each month, a Net Position Report as of the first (1 st) day of said month, and on or before the twenty-fifth (25 th) day of each month, a Net Position Report as of the fifteenth (15 th) day of such month, in each case certified by a Responsible Officer of the Borrower;

(d) promptly when available, such additional information regarding the business, financial or corporate affairs of the Borrower or any Subsidiary as the Agents, at the request of any Bank, may from time to time reasonably request; and

(e) a quarterly report of inventory storage locations at each quarter end.

7.03 Notices. The Borrower shall promptly notify the Agents and each Bank:

(a) of the occurrence of any Default or Event of Default, and of the occurrence or existence of any event or circumstance that could reasonably be expected to become a Default or Event of Default;

(b) of the occurrence of any event which could reasonably be expected to cause a material impairment of the Collateral Position;

(c) of the occurrence of any event which could reasonably be expected to cause a Material Adverse Effect, including (i) breach or non-performance of, or any default under, a material Contractual Obligation of the Borrower or any Subsidiary; (ii) any material dispute, litigation, investigation, proceeding or suspension between the Borrower or any Subsidiary and any Governmental Authority; or (iii) the commencement of, or any material development in, any litigation or proceeding affecting the Borrower or any Subsidiary, including pursuant to any applicable Environmental Laws;

(d) of the occurrence of any of the following events affecting the Borrower or any ERISA Affiliate (but in no event more than 10 days after the Borrower receives notice or becomes aware of such event), and deliver to the Agents and each Bank a copy of any notice with respect to such event that is filed with a Governmental Authority and any notice delivered by a Governmental Authority to the Borrower or any ERISA Affiliate with respect to such event:

(i) an ERISA Event;

(ii) a material increase in the Unfunded Pension Liability of any Pension Plan;

(iii) the adoption of, or the commencement of contributions to, any Plan subject to Section 412 of the Code by the Borrower or any ERISA Affiliate; or

(iv) the adoption of any amendment to a Plan subject to Section 412 of the Code, if such amendment results in a material increase in contributions or Unfunded Pension Liability;

(e) of any material change in accounting policies or financial reporting practices by the Borrower; and

(f) of any intended relocation of inventory or any intended new location of inventory owned by the Borrower, at least ten (10) Business Days prior to the date such inventory is to be stored at such location.

Each notice under this Section shall be accompanied by a written statement by a Responsible Officer of the Borrower setting forth details of the occurrence referred to therein, and stating what action the Borrower or any affected Subsidiary proposes to take with respect thereto and at what time. Each notice under Subsection 7.03(a) shall describe with particularity any and all clauses or provisions of this Agreement or other Loan Document that have been (or reasonably could be expected to be) breached or violated as therein provided.

7.04 Preservation of Corporate Existence, Etc. The Borrower shall, and shall cause each of its Subsidiaries to:

(a) preserve and maintain in full force and effect its existence and good standing under the laws of its state or jurisdiction of organization;

(b) preserve and maintain in full force and effect all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business;

(c) use reasonable efforts, in the ordinary course of business, to preserve its business organization and goodwill; and

(d) preserve or renew all of its registered patents, trademarks, trade names and service marks, the non-preservation of which could reasonably be expected to have a Material Adverse Effect.

7.05 Maintenance of Property. The Borrower shall maintain, and shall cause each of its Subsidiaries to maintain, and preserve all its property which is used or useful in its business in good working order and condition, ordinary wear and tear excepted and make all necessary repairs thereto and renewals and replacements thereof except in any case where the failure to do so could not reasonably be expected to have a Material Adverse Effect.

7.06 Insurance. The Borrower shall maintain, and shall cause each of its Subsidiaries to maintain, with financially sound and reputable independent insurers, insurance with respect to its properties and business against loss or damage of the kinds customarily insured against by Persons engaged in the same or similar business, of such types and in such amounts as are customarily carried under similar circumstances by such other Persons, including, without limitation, marine cargo insurance, if appropriate.

7.07 Payment of Obligations. The Borrower shall, and shall cause each of its Subsidiaries to, pay and discharge as the same shall become due and payable, all their respective obligations and liabilities, including:

(a) all tax liabilities, assessments and governmental charges or levies upon it or its properties or assets, unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Borrower or such Subsidiary;

(b) all lawful claims which, if unpaid, would by law become a Lien upon its property unless the same are being contested in good faith by appropriate proceedings and adequate reserves in accordance with GAAP are being maintained by the Borrower or Subsidiary, and provided that at such time the claim becomes a Lien (other than a lis pendens notice), it shall be promptly paid; and

(c) all indebtedness, as and when due and payable, but subject to any subordination provisions contained in any instrument or agreement evidencing such Indebtedness.

7.08 Compliance with Laws. The Borrower shall comply, and shall cause each of its Subsidiaries to comply, with all Requirements of Law of any Governmental Authority having jurisdiction over it or its business (including the Federal Fair Labor ' 'ards Act).

7.09 Compliance with ERISA. The Borrower shall, and shall cause each of its ERISA Affiliates to: (a) maintain each Plan in compliance with the applicable provisions of ERISA, the Code and other federal or state law; (b) cause each Plan which is qualified under Section 401(a) of the Code to maintain such qualification; and (c) make all required contributions to any Plan subject to Section 412 of the Code.

7.10 Inspection of Property and Books and Records. The Borrower shall maintain and shall cause each of its Subsidiaries to maintain proper books of record and account, in which full, true and correct entries in conformity with GAAP consistently applied shall be made of all financial transactions and matters involving the assets and business of the Borrower and such Subsidiary. The Borrower shall permit, and shall cause each of its Subsidiaries to permit representatives and independent contractors of either of the Agents or any Bank to visit and inspect any of their respective properties, to examine their respective corporate, financial and operating records, and make copies thereof or abstracts therefrom, and to discuss their respective affairs, finances and accounts with their respective directors, officers, and independent public accountants, all at the expense of the Agent or Bank causing such inspection and at such reasonable times during normal business hours and as often as may be reasonably desired, upon reasonable advance notice to the Borrower; provided , however , that when an Event of Default exists either of the Agents or any Bank may do any of the foregoing at the expense of the Borrower at any time during normal business hours and without advance notice.

7.11 Environmental Laws. The Borrower shall, and shall cause each of its Subsidiaries to, conduct its operations and keep and maintain its property in compliance in all material respects with all Environmental Laws.

7.12 Use of Proceeds. The Borrower shall use the proceeds of the Loans for the uses described in this Agreement and not in contravention of any Requirement of Law or of any Loan Document restrictions on use of loan proceeds.

The Borrower shall not use the proceeds of the Loan or any Letter of Credit to acquire, directly or indirectly, any Margin Stock.

7.13 Collateral Position Audit. At such times as Agents deem advisable, the Borrower will allow Agents or an entity satisfactory to Agents to conduct a thorough examination of the Collateral, and the Borrower will fully cooperate in such examination. The Borrower will pay the costs and expenses of one such examination each calendar year.

7.14 Lock Box. The Borrower shall (i) maintain a lock box with Bank of America, N.A. (the " Lock Box ") and shall notify in writing and otherwise take such reasonable steps to ensure that all Account Debtors under any of its Accounts forward payment in the form of cash, checks, drafts or other similar items of payment directly to such Lock Box and shall provide Banks with reasonable evidence of such notification, and (ii) deposit and cause its Subsidiaries to deposit or cause to be deposited all payments under such Accounts to the Lock Box. In the event that any Account Debtor does make any payment directly to the Borrower, the Borrower shall promptly deposit such amounts into the Lock Box. The Borrower and each Bank acknowledge and agree that prior to the Activation Period, the Borrower may operate and transact business through the Lock Box account in its normal fashion, including making withdrawals from the Lock Box account. The Borrower and each Bank further acknowledge and agree that during the Activation Period, Bank of America, N.A. shall transfer all collected and available balances in the Lock Box to the Bank Blocked Account pursuant to the Three Party Agreement. The Borrower and each Bank acknowledge and agree that the Bank Blocked Account is owned by the Collateral Agent for the benefit of the Agents, the Issuing Banks and the Banks and the Lock Box is under the dominion and control of the Collateral Agent. The Collateral Agent at any time may apply amounts contained in the Bank Blocked Account toward satisfaction of the Obligations.

7.15 Financial Covenants. The Borrower will, at all times, observe the following financial covenants:

(a) minimum Net Working Capital as follows:

(i) $20,000,000 at such time as the elected Borrowing Base Sub-Cap is $100,000,000 or less;

(ii) $25,000,000 at such time as the elected Borrowing Base Sub-Cap is $125,000,000 or less but greater than $100,000,000;

(iii) $30,000,000 at such time as the elected Borrowing Base Sup-Cap is $150,000,000 or less but greater than $125,000,000;

(iv) $35,000,000 at such time as the elected Borrowing Base Sub-Cap is $175,000,000 or less but greater than $150,000,000;

(v) $40,000,000 at such time as the elected Borrowing Base Sub-Cap is $200,000,000 or less but greater than $175,000,000;

(vi) $45,000,000 at such time as the elected Borrowing Base Sub-Cap is $225,000,000 or less but greater than $200,000,000; and

(vii) $50,000,000 at such time as the elected Borrowing Base Sub-Cap is $250,000,000 or less but greater than $225,000,000.

(b) minimum Tangible Net Worth as follows:

(i) $21,000,000 at such time as the elected Borrowing Base Sub-Cap is $100,000,000 or less;

(ii) $26,000,000 at such time as the elected Borrowing Base Sub-Cap is $125,000,000 or less but greater than $100,000,000;

(iii) $31,000,000 at such time as the elected Borrowing Base Sub-Cap is $150,000,000 or less but greater than $125,000,000;

(iv) $36,000,000 at such time as the elected Borrowing Base Sub-Cap is $175,000,000 or less but greater than $150,000,000;

(v) $41,000,000 at such time as the elected Borrowing Base Sub-Cap is $200,000,000 or less but greater than $175,000,000;

(vi) $46,000,000 at such time as the elected Borrowing Base Sub-Cap is $225,000,000 or less but greater than $200,000,000; and

(vii) $51,000,000 at such time as the elected Borrowing Base Sub-Cap is $250,000,000 or less but greater than $225,000,000.

(c) at all times, a ratio of Total Liabilities (excluding the amount of Subordinated Debt that is included in the calculation of Tangible Net Worth) to Tangible Net Worth not to exceed 5.0:1.0.

ARTICLE VIII

NEGATIVE COVENANTS

So long as any Loan or other Obligation shall remain unpaid or unsatisfied, or any Letter of Credit shall remain outstanding, unless the Banks waive compliance in writing:

8.01 Limitation on Liens. The Borrower shall not, and shall not suffer or permit any Subsidiary to, directly or indirectly, make, create, incur, assume or suffer to exist any Lien upon or with respect to any part of its property, whether now owned or hereafter acquired, other than the following (" Permitted Liens "):

(a) any Lien existing on property of the Borrower or any of its Subsidiaries on the Closing Date and set forth in Schedule 8.01 securing Indebtedness outstanding on such date;

(b) any Lien created under any Loan Document;

(c) Liens for taxes, fees, assessments or other governmental charges which are not delinquent or remain payable without penalty, or to the extent that non-payment thereof is permitted by Section 7.07 , provided , however , that no notice of lien has been filed or recorded under the Code;

(d) carriers', warehousemen's, mechanics', landlords', materialmen's, repairmen's or other similar Liens arising in the ordinary course of business which are not delinquent or remain payable without penalty and, with respect to any such warehousemen's or landlord's lien, such liens only secure accrued rental charges;

(e) Liens (other than any Lien imposed by ERISA) consisting of pledges or deposits required in the ordinary course of business in connection with workers' compensation, unemployment insurance and other social security legislation;

(f) Liens on the property of the Borrower or its Subsidiaries securing (i) the non-delinquent performance of bids, trade contracts (other than for borrowed money), leases, statutory obligations, (ii) contingent obligations on surety and appeal bonds, and (iii) other non-delinquent obligations of a like nature; in each case, incurred in the ordinary course of business; provided , however , that all such Liens in the aggregate would not (even if enforced) cause a Material Adverse Effect;

(g) Liens consisting of judgment or judicial attachment liens; provided , however , that the enforcement of such Liens is effectively stayed and all such unstayed liens in the aggregate at any time outstanding for the Borrower and its Subsidiaries do not exceed $250,000;

(h) easements, rights-of-way, restrictions and other similar encumbrances incurred in the ordinary course of business which, in the aggregate, are not substantial in amount, and which do not in any case materially interfere with the ordinary conduct of the business of the Borrower and its Subsidiaries;

(i) purchase money security interests (other than capital leases) on any property acquired or held by the Borrower or its Subsidiaries in the ordinary course of business, securing Indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring such property; provided , however , that (i) any such Lien attaches to such property concurrently with or within 20 days after the acquisition thereof, (ii) such Lien attaches solely to the property so acquired in such transaction, (iii) the principal amount of the debt secured thereby does not exceed 100% of the cost of such property, and (iv) the principal amount of the Indebtedness secured by any and all such purchase money security interests shall not at any time exceed $250,000;

(j) Liens of interest owners, including without limitation, Liens arising as would be defined in Texas Bus. & Com. Code Section 9.343, comparable laws of the states of Oklahoma, Kansas, Wyoming or New Mexico, or other comparable law; and

(k) Liens not permitted by clause 8.01 (a), (b), (c), (d), (e), (f), (g), (h) or (i), in an aggregate amount not to exceed $250,000.

(l) Liens securing contractual obligations permitted by section 8.06.

8.02 Consolidations and Mergers. The Borrower shall not, nor shall it suffer or permit any of its Subsidiaries to, merge, consolidate with or into, or convey, transfer, lease or otherwise dispose of (whether in one transaction or in a series of transactions) all or substantially all of its assets (whether now owned or hereafter acquired) to or in favor of any Person.

8.03 Limitation on Indebtedness. The Borrower shall not suffer or permit any of its Subsidiaries to, create, incur, assume, suffer to exist, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness, except:

(a) Indebtedness incurred pursuant to or in accordance with this Agreement;

(b) Indebtedness consisting of trade payables in the ordinary course of business;

(c) Indebtedness existing on the Closing Date, and described on Schedule 8.01 ;

(d) Indebtedness in respect of purchase money security interests permitted by Section 8.01 hereof;

(e) Indebtedness in respect of Contingent Obligations permitted by Section 8.06 hereof; and

(f) Subordinated Debt.

8.04 Transactions with Affiliates. The Borrower shall not, and shall not suffer or permit any of its Subsidiaries to, enter into any transaction with any Affiliate of the Borrower, except upon fair and reasonable terms no less favorable to the Borrower or such Subsidiary than would obtain in a comparable arm's-length transaction with a Person not an Affiliate of the Borrower or such Subsidiary. Without limiting the foregoing, all sales of Product by Borrower to, and purchases of Product by Borrower from, any Affiliate of Borrower shall be at the market price on the day of sale, except for transactions made in connection with Borrower's index sales strategies which strategies shall have been approved by the Banks prior to any such transactions.

8.05 Use of Proceeds. The Borrower shall not suffer or permit any of its Subsidiaries to, use any portion of the Loan proceeds or any Letter of Credit, directly or indirectly, (a) to purchase or carry Margin Stock, (b) to repay or otherwise refinance indebtedness of the Borrower or others incurred to purchase or carry Margin Stock, (c) to extend credit for the purpose of purchasing or carrying any Margin Stock, or (d) to acquire any security in any transaction that is subject to Section 13 or 14 of the Exchange Act.

8.06 Contingent Obligations. The Borrower shall not suffer or permit any of its Subsidiaries to, create, incur, assume or suffer to exist any Contingent Obligations except:

(a) endorsements for collection or deposit in the ordinary course of business;

(b) swap contracts entered into in the ordinary course of business as bona fide hedging transactions; and

(c) Contingent Obligations of the Borrower and its Subsidiaries existing as of the Closing Date and described on Schedule 8.07 .

8.07 Restricted Payments. The Borrower shall not suffer or permit any of its Subsidiaries to, directly or indirectly declare or make, any distribution of income or capital on account of any membership interest of the Borrower now or hereafter in existence (" Distributions "), or set aside or otherwise deposit or invest any sums for such purpose, except, so long as no Default or Event of Default shall have occurred and be continuing or would result therefrom, Distributions to the Guarantor.

8.08 ERISA. The Borrower shall not, nor suffer or permit any of its ERISA Affiliates to: (a) engage in a prohibited transaction (lation of the fiduciary responsibility rules with respect to any Plan; or (b) engage in a transaction that could be subject to Section 4 or 4212(c) of ERISA.

8.09 Change in Business. The Borrower shall not, nor suffer or permit any of its Subsidiaries to, engage in any line of business different from the line of business carried on by the Borrower and its Subsidiaries on the date hereof.

8.10 Accounting Changes. The Borrower shall not, nor suffer or permit any of its Subsidiaries to, make any significant change in accounting treatment or reporting practices, except as required by GAAP, or change the fiscal year of the Borrower or of any Subsidiary

8.11 Net Position. At no time will the Borrower allow its Net Position to exceed 5,000,000 MMBTUS of natural gas. At no time will the Borrower allow the sum of the following: (a) 25% of the Borrower's Net Position Value, plus (b) Borrower's Transportation and Storage Exposure, plus (c) Borrower's Below Index Sales Exposure, to exceed 33% of Borrower's Net Working Capital at such time, where,

" Net Position Value " means Borrower's Net Position valued at the One-Year NYMEX Natural Gas Strip as quoted by BNP Paribas' Commodity Indexed Transactions Group, such Net Position Value to be adjusted on the first Business Day of each January, April, July and October.

" Below Index Sales Exposure " means (the maximum volume of gas required to be sold at below index prices multiplied by the discount from index), minus (the net positive value of all hedge contracts related to the utilization of the related storage & transportation assets).

" Transportation and Storage Exposure " means the aggregate contractual cost of transportation & storage contracts for a term of in excess of 3 months.

8.12 Loans and Investments. The Borrower shall not purchase or acquire, or suffer or permit any Subsidiary to purchase or acquire, or make any commitment therefor, any capital stock, equity interest, or any obligations or other securities of, or any interest in, any Person, or make or commit to make any Acquisitions, or make or commit to make any advance, loan, extension of credit or capital contribution to or any other investment in, any Person including any Affiliate of Borrower, except for:

(a) investments in cash equivalents and Marketable Securities; and

(b) extensions of credit in the nature of accounts receivable or notes receivable arising from the sale or lease of goods or services in the ordinary course of business.

8.13 Change of Management. Borrower shall not permit any Change of Management. For purposes of this Section 8.13 , "Change of Management" shall mean that J. D. Woodward III is acting neither as the chief executive officer nor as the Chairman of the Board of the Borrower.

8.14 Deposit Accounts. Borrower shall not maintain any deposit accounts with a bank or financial institution other than the Bank Blocked Account with the Collateral Agent, except that the Borrower may maintain the Lock Box with Bank of America, N.A. which shall be pledged to the Administrative Agent, for the benefit of the Agents, the Issuing Banks and the Banks pursuant to the Three Party Agreement.

8.15 Risk Management Policy. The Borrower will not materially change its risk management policies without the prior written consent of the Administrative Agent and the Banks. Borrower agrees that upon request by Agents, from time to time, the Borrower and the Banks will review and evaluate Borrower's risk management policies.

8.16 Swap-Related Standby Letters of Credit. The Borrower shall not permit outstanding Swap-Related Standby Letters of Credit plus any net Mark-to-Market values of amounts owed to Swap Banks by the Borrower under Swap Contracts to exceed $50,000,000.

ARTICLE IX

EVENTS OF DEFAULT

9.01 Event of Default. Any of the following shall constitute an " Event of Default ":

(a) Non-Payment . The Borrower fails to pay any amount payable hereunder or under any other Loan Document when due including without limitation such amounts as may come due as a result of a "demand" made by the Banks under the Notes; or

(b) Representation or Warranty . Any representation or warranty made or deemed made herein, in any other Loan Document, or which is contained in any certificate, document or financial or other statement by the Borrower, or any Responsible Officer furnished at any time under this Agreement, or in or under any other Loan Document, is incorrect or incomplete in any respect on or as of the date made or deemed made; or

(c) Covenant Defaults . The Borrower fails to perform or observe any other term, covenant or agreement contained in any of the Loan Documents; or

(d) Cross-Default . The Borrower or any Subsidiary of the Borrower (i) fails to make any payment in respect of any Indebtedness or Contingent Obligation having an aggregate principal amount (including undrawn committed or available amounts and including amounts owing to all creditors under any combined or syndicated credit arrangement) of more than $250,000 when due (whether by scheduled maturity, required prepayment, acceleration, demand, or otherwise); or (ii) fails to perform or observe any other material condition or covenant, or any other event shall occur or condition exist, under any agreement or instrument relating to any such Indebtedness or Contingent Obligation, if, after expiration of any grace or cure period therein provided, the effect of such failure, event or condition is to cause, or to permit the holder or holders of such Indebtedness or beneficiary or beneficiaries of such Indebtedness (or a trustee or agent on behalf of such holder or holders or beneficiary or beneficiaries) to cause such Indebtedness to be declared to be due and payable prior to its stated maturity, or such Contingent Obligation to become payable or cash collateral in respect thereof to be demanded, except to the extent that any such amounts are in *bona fide* dispute in an aggregate amount not exceeding $250,000 for which adequate reserves are maintained in accordance with GAAP; or

(e) Insolvency; Voluntary Proceedings . The Borrower or any Subsidiary of the Borrower (i) ceases or fails to be solvent, or generally fails to pay, or admits in writing its inability to pay, its debts as they become due, whether at stated maturity or otherwise; (ii) commences any Insolvency Proceeding with respect to itself; or (iii) takes any action to effectuate or authorize any of the foregoing; or

(f) Involuntary Proceedings . (i) Any involuntary Insolvency Proceeding is commenced or filed against the Borrower or any Subsidiary of the Borrower, or any writ, judgment, warrant of attachment, execution or similar process, is issued or levied against a substantial part of the Borrower or any Subsidiary or any of any of the Borrower's properties, and any such proceeding or petition shall not be dismissed, or such writ, judgment, warrant of attachment, execution or similar process shall not be released, vacated or fully bonded within 60 days after commencement, filing or levy; (ii) the Borrower or any Subsidiary of the Borrower admits the material allegations of a petition against it in any Insolvency Proceeding, or an order for relief (or similar order under non-U.S. law) is ordered in any Insolvency Proceeding; or (iii) the Borrower or any Subsidiary of the Borrower acquiesces in the appointment of a receiver, trustee, custodian, conservator, liquidator, mortgagee in possession (or agent therefor), or other similar Person for itself or a substantial portion of its property or business; or

(g) ERISA . (i) An ERISA Event shall occur with respect to a Pension Plan or Multiemployer Plan which has resulted or could reasonably be expected to result in liability of the Borrower under Title IV of ERISA to the Pension Plan, Multiemployer Plan or the PBGC in an aggregate amount in excess of $250,000; (ii) the aggregate amount of Unfunded Pension Liability among all Pension Plans at any time exceeds $250,000; or (iii) the Borrower or any ERISA Affiliate shall fail to pay when due, any installment payment with respect to its withdrawal liability under Section 4201 of ERISA under a Multiemployer Plan in an aggregate amount in excess of $250,000; or

(h) Monetary Judgments . One or more non-interlocutory judgments, non-interlocutory orders, decrees or arbitration awards is entered against the Borrower or any Subsidiary of the Borrower, which such judgment, order, decree or award is not effectively stayed pending appeal thereof, involving in the aggregate a liability as to any single or related series of transactions, incidents or conditions, to pay an amount of $250,000 or more; or

(i) Non-Monetary Judgments . Any non-monetary judgment, order or decree is entered against the Borrower or any Subsidiary of the Borrower which does or would reasonably be expected to have a Material Adverse Effect; or

(j) Change of Control . There occurs any Change of Control not previously approved by the Banks; or

(k) Adverse Change . There occurs a Material Adverse Effect; or

(l) Guarantor Defaults . Any Guarantor fails in any material respect to perform or observe any term, covenant or agreement in the Guaranty executed by such Guarantor; or such Guaranty is for any reason (other than satisfaction in full of all Obligations and the termination of the Loans) partially (including with respect to future advances) or wholly revoked or invalidated, or otherwise ceases to be in full force and effect, or such Guarantor or any other Person contests in any manner the validity or enforceability thereof or denies that it has any further liability or obligation thereunder; or any event described at subsections (e) or (f) of this Section occurs with respect to such Guarantor.

IN NO EVENT SHALL ANY PROVISION OF THIS AGREEMENT PROVIDING FOR SPECIFIC EVENTS OF DEFAULT BE CONSTRUED TO WAIVE, LIMIT OR OTHERWISE MODIFY THE DEMAND NATURE OF THE LOANS WHICH MAY BE MADE PURSUANT TO THIS AGREEMENT, AND THE BORROWER HEREBY ACKNOWLEDGES AND AGREES THAT THE BANKS' RIGHT TO DEMAND PAYMENT AT ANY TIME FOR ANY REASON OR FOR NO REASON IS ABSOLUTE AND UNCONDITIONAL.

9.02 Remedies . If any Event of Default occurs, the Administrative Agent may and shall, at the request of the Required Banks:

(a) declare an amount equal to the maximum aggregate amount that is or at any time thereafter may become available for drawing by the beneficiary under any outstanding Letters of Credit (whether or not any beneficiary shall have presented, or shall be entitled at such time to present, the drafts or other documents required to draw under such Letters of Credit) to be immediately due and payable, and declare the unpaid principal amount of all outstanding Loans, all interest accrued and unpaid thereon, and all other amounts owing or payable hereunder or under any other Loan Document to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Borrower; and

(b) exercise on behalf of itself and the Banks all rights and remedies available to it and the Banks under the Loan Documents or applicable law including, without limitation, seeking to lift the stay in effect under the Proceeding; provided , however , that upon the occurrence of any event specified in subsection (e) or (f) of Section 9.01 , the obligation of each Bank to make Loans and any obligation of an Issuing Bank to Issue Letters of Credit shall automatically terminate and an amount equal to the maximum aggregate amount that is or at any time thereafter may become available for drawing by the beneficiary under any outstanding Letters of Credit (whether or not any beneficiary shall have presented, or shall be entitled at such time to present, the drafts or other documents required to draw under such Letters of Credit) together with the unpaid principal amount of all outstanding Loans and all interest and other amounts as aforesaid shall automatically become due and payable without further act of the Administrative Agent, any Issuing Bank or any Bank.

9.03 Rights Not Exclusive . The rights provided for in this Agreement and the other Loan Documents are cumulative and are not exclusive of any other rights, powers, privileges or remedies provided by law or in equity, or under any other instrument, document or agreement now existing or hereafter arising.

ARTICLE X

AGENTS

10.01 Appointment and Authorization .

(a) Each Bank, on its own behalf and, solely with respect to the designation and appointment of Fortis as Collateral Agent under the Security Agreements, on behalf of each of its affiliates and each of its Indemnified Persons, hereby irrevocably (subject to Section 10.09) designates and authorizes the Agents to take such action on its behalf and on behalf of such Persons under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agents shall not have any duties or responsibilities, except those expressly set forth herein, nor shall the Agents have or be deemed to have any fiduciary relationship with any Bank, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agents. Without limiting the generality of the foregoing sentence, the use of the term "agent" in this Agreement with reference to the Agents is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable law. Instead, such term is used merely as a matter of market custom and is intended to create or reflect only an administrative relationship between independent contracting parties.

(b) Each Issuing Bank shall act on behalf of the Banks with respect to any Letters of Credit Issued by it and the documents associated therewith until such time and except for so long as the Administrative Agent may agree at the request of the Banks to act for such Issuing Bank with respect thereto; provided , however, that such Issuing Bank shall have all of the benefits and immunities (i) provided to the Administrative Agent in this Article X with respect to any acts taken or omissions suffered by such Issuing Bank in connection with Letters of Credit Issued by it or proposed to be Issued by it and the application and agreements for letters of credit pertaining to the Letters of Credit as fully as if the term "Administrative Agent," as used in this Article X, included such Issuing Bank with respect to such acts or omissions, and (ii) as additionally provided in this Agreement with respect to such Issuing Banks. Prior to the issuance of a Letter of Credit by an Issuing Bank other than the Administrative Agent, such Issuing Bank shall provide written notice to the Administrative Agent of the dollar amount, the date of such issuance and the expiry date of such Letter of Credit. Such issuance shall be subject to the consent of the Administrative Agent. Such consent shall not result in the imposition of any liability upon the Administrative Agent.

10.02 Delegation of Duties . Each of the Agents may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. Neither of the Agents shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

10.03 Liability of Agents. None of Agent-Related Persons shall (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Banks for any recital, statement, representation or warranty made by the Borrower or any Subsidiary or Affiliate of the Borrower, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by Agents under or in connection with, this Agreement or any other Loan Document, or for the value of or title to any Collateral, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Borrower or any other party to any Loan Document to perform its obligations hereunder or thereunder. No Agent-Related Person shall be under any obligation to any Bank to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrower or any of the Borrower's Subsidiaries or Affiliates.

10.04 Reliance by Agents.

(a) Each of the Agents shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by Agents. Each of the Agents shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of all of the Banks or the Required Banks, as applicable, as it deems appropriate and, if it so requests, it shall first be indemnified to its satisfaction by the Banks against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. Each of the Agents shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of all of the Banks or the Required Banks, as applicable, and such request and any action taken or failure to act pursuant thereto shall be binding upon the Banks.

(b) For purposes of determining compliance with the conditions specified in Section 5.01, each Bank that has executed this Agreement shall be deemed to have consented to, approved or accepted or to be satisfied with, each document or other matter either sent by Agents to such Bank for consent, approval, acceptance or satisfaction, or required thereunder to be consented to or approved by or acceptable or satisfactory to the Bank.

10.05 Notice of Default. Agents shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Banks, unless the Administrative Agent shall have received written notice from a Bank or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "notice of default." The Administrative Agent will notify the BNP Paribas, as an agent, and the Banks of its receipt of any such notice. The Agents shall take such action with respect to such Default or Event of Default as may be requested by all of the Banks or the Required Banks, as applicable, in accordance with Article IX; provided, however, that unless and until the Administrative Agent has received any such request, the Agents may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Banks.

10.06 Credit Decision. Each Bank acknowledges that none of Agent-Related Persons has made any representation or warranty to it, and that no act by Agents hereinafter taken, including any review of the affairs of the Borrower and its Subsidiaries, shall be deemed to constitute any representation or warranty by any Agent-Related Person to any Bank. Each Bank represents to the Agents that it has, independently and without reliance upon any Agent-Related Person and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and its Subsidiaries, the value of and title to any Collateral, and all applicable bank regulatory laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Bank also represents that it will, independently and without reliance upon any Agent-Related Person and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower. Except for notices, reports and other documents expressly herein required to be furnished to the Banks by the Agents, the Agents shall not have any duty or responsibility to provide any Bank with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Borrower which may come into the possession of any of Agent-Related Persons.

10.07 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Banks shall indemnify upon demand Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), pro rata, from and against any and all Indemnified Liabilities; provided, however, that no Bank shall be liable for the payment to Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Bank shall reimburse Agents upon demand for its ratable share of any costs out-of-pocket expenses (including Attorney Costs) incurred by Agents in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that Agents are not reimbursed for such expenses by or on behalf of the Borrower. The undertaking in this Section shall survive the payment of all Obligations hereunder and the resignation or replacement of Agents.

10.08 Agents in Individual Capacity. Fortis and its Affiliates and BNP Paribas and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower and its Subsidiaries and Affiliates as though Fortis and BNP Paribas were not Agents or Issuing Banks hereunder and without notice to or consent of the Banks. The Banks acknowledge that, pursuant to such activities, Fortis or its Affiliates and BNP Paribas or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Subsidiary) and acknowledge that the Agents shall be under no obligation to provide such information to them. With respect to its Loans, Fortis and BNP Paribas shall have the same rights and powers under this Agreement as any other Bank and may exercise the same as though it were not the Agents or Issuing Banks, and the terms "Bank" and "Banks" include each of Fortis and BNP Paribas in its individual capacity.

10.09 Successor Administrative Agent. The Administrative Agent may resign as the Administrative Agent upon thirty (30) days' notice to the Banks. If the Administrative Agent resigns under this Agreement, BNP Paribas shall automatically become the successor agent, unless BNP Paribas declines. If BNP Paribas declines, the Required Banks shall appoint, from among the Banks, a successor agent for the Banks. If no successor agent is appointed prior to the effective date of the resignation of the Administrative Agent, the resigning Administrative Agent may appoint, after consulting with the Banks, a successor agent from among the Banks. Upon the acceptance of its appointment as successor agent hereunder, the successor agent shall succeed to all the rights, powers and duties of the retiring Administrative Agent and the term "Administrative Agent" shall mean such successor agent and the retiring Administrative Agent's appointment, powers and duties as Administrative Agent shall be terminated. After any retiring Administrative Agent's resignation hereunder as Administrative Agent, the provisions of this Article X and Sections 11.04 and 11.05 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was Administrative Agent under this Agreement. If no successor agent has accepted appointment as the Administrative Agent by the date which is thirty (30) days following a retiring Administrative Agent's notice of resignation, the retiring Administrative Agent's resignation shall nevertheless thereupon become effective and the Banks shall perform all of the duties of the Administrative Agent hereunder until such time, if any, as the Banks appoint a successor agent as provided for above.

10.10 Withholding Tax.

(a) If any Bank is a "foreign corporation, partnership or trust" within the meaning of the Code and such Bank claims exemption from, or a reduction of, U.S. withholding tax under Sections 1441 or 1442 of the Code, such Bank agrees with and in favor of the Administrative Agent, to deliver to the Administrative Agent:

(i) if such Bank claims an exemption from, or a reduction of, withholding tax under a United States tax treaty, properly completed and executed copies of IRS Form W-8BEN before the payment of any interest in the first calendar year and before the payment of any interest in each third succeeding calendar year during which interest may be paid under this Agreement;

(ii) if such Bank claims that interest paid under this Agreement is exempt from United States withholding tax because it is effectively connected with a United States trade or business of such Bank, two properly completed and executed copies of IRS Form W-8ECI before the payment of any interest is due in the first taxable year of such Bank and in each succeeding taxable year of such Bank during which interest may be paid under this Agreement; and

(iii) such other form or forms as may be required under the Code or other laws of the United States as a condition to exemption from, or reduction of, United States withholding tax.

Such Bank agrees to promptly notify the Administrative Agent of any change in circumstances which would modify or render invalid any claimed exemption or reduction.

(b) If any Bank claims exemption from, or reduction of, withholding tax under a United States tax treaty by providing IRS Form W-8BEN and such Bank sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrower to such Bank, such Bank agrees to notify the Administrative Agent of the percentage amount in which it is no longer the beneficial owner of Obligations of the Borrower to such Bank. To the extent of such percentage amount, the Administrative Agent will treat such Bank's IRS Form W-8BEN as no longer valid.

(c) If any Bank claiming exemption from United States withholding tax by filing IRS Form W-8ECI with the Administrative Agent sells, assigns, grants a participation in, or otherwise transfers all or part of the Obligations of the Borrower to such Bank, such Bank agrees to undertake sole responsibility for complying with the withholding tax requirements imposed by Sections 1441 and 1442 of the Code.

(d) If any Bank is entitled to a reduction in the applicable withholding tax, the Administrative Agent may withhold from any interest payment to such Bank an amount equivalent to the applicable withholding tax after taking into account such reduction. However, if the forms or other documentation required by subsection (a) of this Section are not delivered to the Administrative Agent, then the Administrative Agent may withhold from any interest payment to such Bank not providing such forms or other documentation an amount equivalent to the applicable withholding tax imposed by Sections 1441 and 1442 of the Code, without reduction.

(e) If the IRS or any other Governmental Authority of the United States or other jurisdiction asserts a claim that the Administrative Agent did not properly withhold tax from amounts paid to or for the account of any Bank (because the appropriate form was not delivered, was not properly executed, or because such Bank failed to notify the Administrative Agent of a change in circumstances which rendered the exemption from, or reduction of, withholding tax ineffective, or for any other reason) such Bank shall indemnify the Administrative Agent fully for all amounts paid, directly or indirectly, by the Administrative Agent as tax or otherwise, including penalties and interest, and including any taxes imposed by any jurisdiction on the amounts payable to the Administrative Agent under this Section, together with all costs and expenses (including Attorney Costs), except to the extent caused solely by the gross negligence or willful

misconduct of the Administrative Agent. The obligation of the Banks under this Subsection shall survive the payment of all Obligations and the resignation or replacement of the Administrative Agent.

10.11 Collateral Matters. (a) The Agents are authorized on behalf of all the Banks, without the necessity of any notice to or further consent from the Banks, from time to time to take any action with respect to any Collateral or the Loan Documents which may be necessary to perfect and maintain perfected the security interest in and Liens upon the Collateral granted pursuant to the Loan Documents.

(b) The Banks irrevocably authorize the Agents, at their option and in their discretion, to release any Lien granted to or held by the Administrative Agent upon any Collateral (I) upon payment in full of all Loans and all other Obligations known to the Agents and payable under this Agreement or any other Loan Document; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; (iii) constituting property in which the Borrower or any Subsidiary owned no interest at the time the Lien was granted or at any time thereafter; (iv) constituting property leased to the Borrower or any Subsidiary under a lease which has expired or been terminated in a transaction permitted under this Agreement or is about to expire and which has not been, and is not intended by the Borrower or such Subsidiary to be, renewed or extended; (v) consisting of an instrument evidencing Indebtedness or other debt instrument, if the indebtedness evidenced thereby has been paid in full; or (vi) if approved, authorized or ratified in writing by the all of the Banks. Upon request by the Agents at any time, the Banks will confirm in writing the Agents' authority to release particular types or items of Collateral pursuant to this Subsection 10.11(b); provided, however, that the absence of any such confirmation for whatever reason shall not affect the Agents' rights under this Section 10.11.

(c) Each Bank agrees with and in favor of each other (which agreement shall not be for the benefit of the Borrower or any Subsidiary) that the Borrower's obligations to such Bank under this Agreement and the other Loan Documents is not and shall not be secured by any real property collateral now or hereafter acquired by such Bank.

10.12 Monitoring Responsibility. Each Bank will make its own credit decisions hereunder, including the decision whether or not to make advances or consent to the Issuance of Letters of Credit, thus the Agents shall have no duty to monitor the Collateral Position, the amounts outstanding under sub-lines or the reporting requirements or the contents of reports delivered by the Borrower. Each Bank assumes the responsibility of keeping itself informed at all times.

ARTICLE XI

MISCELLANEOUS

11.01 Amendments and Waivers. No amendment, supplement, modification or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by the Borrower therefrom, shall be effective unless the same shall be in accordance with the provisions of this Section 11.01. The Required Banks may, or, with the written consent of the Required Banks, the Administrative Agent may, from time to time, (a) enter into with the Borrower written amendments, supplements or modifications hereto and to the other Loan Documents for the purpose of adding any provisions to this Agreement or the other Loan Documents or changing in any manner the rights of the Banks or of the Borrower hereunder or thereunder or (b) waive, on such terms and conditions as the Required Banks or the Administrative Agent, as the case may be, may specify in such instrument, any of the requirements of this Agreement or the other Loan Documents or any Default or Event of Default and its consequences; provided, however, that no such waiver and no such amendment, supplement or modification shall (i) reduce the amount or extend the scheduled date of maturity of any Loan or of any installment thereof, or reduce the stated rate of any interest or fee payable hereunder or extend the scheduled date of any payment thereof or increase the amount or extend the expiration date of any Bank's Uncommitted Line Portion, in each case without the consent of each Bank affected thereby, or (ii) amend, modify or waive any provision of this Section 11.01 or reduce the percentage specified in the definition of Required Banks, or consent to the assignment or transfer by the Borrower of any of its rights and obligations under this Agreement and the other Loan Documents or release all or substantially all of the Collateral or release a Guarantor from its obligations under a Guaranty, in each case without the written consent of each of the Banks directly affected thereby, or (iii) amend, modify or waive any provision of Section 10 without the written consent of the Agents provided, further, that from each Conversion to Reduced Funding Banks Date forward (or until the next Conversion to Reduced Funding Banks Date, if any, at which time one or more Banks that had been Approving Banks may become a Declining Bank), (x) all amendments to any Letter of Credit that are issued after such Conversion to Reduced Funding Banks Date that increase the face amount of such Letter of Credit or extend the term of such Letter of Credit shall be made unilaterally by the Approving Banks in respect of such Conversion to Reduced Funding Banks Date, and (y) there shall be no amendments to any Letter of Credit that was issued before such Conversion to Reduced Funding Banks Date that increases the face amount of such Letter of Credit or extends the term of such Letter of Credit. Any such waiver and any such amendment, supplement or modification shall apply equally to each of the Banks and shall be binding upon the Borrower, the Banks, the Agents and all future holders of the Loans. In the case of any waiver, the Borrower, the Banks and the Agents shall be restored to their former positions and rights hereunder and under the other Loan Documents, and any Default or Event of Default waived shall be deemed to be cured and not continuing; but no such waiver shall extend to any subsequent or other Default or Event of Default or impair any right consequent thereon. Any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

11.02 Notices.

(a) All notices, requests and other communications shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission; provided, however, that any matter transmitted by the Borrower by facsimile (i) shall be immediately confirmed by a telephone call to the recipient at the number specified on Schedule 11.02, and (ii) shall be followed promptly by delivery of a hard copy original thereof) and mailed, faxed or delivered, to the address or facsimile number specified for notices on Schedule 11.02; or, as directed to the Borrower or the Agents, to such other address as shall be designated by such party in a written notice to the other parties, and as directed to any other party, at such other address as shall be designated by such party in a written notice to the Borrower and the Agents.

(b) All such notices, requests and communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the U.S. mail, or if delivered, upon delivery; except that notices pursuant to Articles II, III or X shall not be effective until actually received by the Administrative Agent or Agents, as applicable.

(c) Any agreement of the Agents and the Banks herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Agents and the Banks shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Agents and the Banks shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Agents or the Banks in reliance upon such telephonic or facsimile notice, except to the extent of the gross negligence or willful misconduct of the Agents or any Bank. The obligation of the Borrower to repay the Loans and L/C Obligations shall not be affected in any way or to any extent by any failure by the Agents and the Banks to receive written confirmation of any telephonic or facsimile notice or the receipt by the Agents and the Banks of a confirmation which is at variance with the terms understood by the Agents and the Banks to be contained in the telephonic or facsimile notice.

11.03 No Waiver; Cumulative Remedies. No failure to exercise and no delay in exercising, on the part of the Agents or any Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof; nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege.

11.04 Costs and Expenses. The Borrower shall:

(a) whether or not the transactions contemplated hereby are consummated, pay or reimburse Fortis and BNP Paribas (including in their capacity as Agents) within five (5) Business Days after demand (subject to Subsection 5.01(e)) for all the actual and reasonable costs and expenses incurred by Fortis and BNP Paribas (including in their capacity as Agents) in connection with the preparation, delivery, and execution of, and any amendment, supplement, waiver or modification to (in each case, whether or not consummated), this Agreement, any Loan Document and any other documents prepared in connection herewith or therewith, and the consummation of the transactions contemplated hereby and thereby, including reasonable Attorney Costs and costs of commercial finance examinations, incurred by Fortis and BNP Paribas (including in their capacity as Agents) excluding, however, any costs or expenses incurred in connection with any negotiation, dispute or claim solely between or among either of the Agents and/or one or more of the Banks; and

(b) pay or reimburse the Agents and each Bank within five Business Days after demand (subject to Subsection 5.01(e)) for all actual and reasonable costs and expenses (including Attorney Costs) incurred by them in connection with the monitoring, administration, enforcement, attempted enforcement, or preservation of any rights or remedies under this Agreement or any other Loan Document (excluding, however, any costs or expenses incurred in connection with any negotiation, dispute or claim solely between or among the Agents and/or one or more of the Banks; and all such costs and expenses during the existence of an Event of Default or after acceleration of the Loans (including in connection with any "workout" or restructuring regarding the Loans, and including in any Insolvency Proceeding or appellate proceeding).

11.05 Indemnity. **Whether or not the transactions contemplated hereby are consummated, the Borrower shall indemnify and hold Agent-Related Persons, and each Bank and each of its respective officers, directors, employees, counsel, agents and attorneys-in-fact (each, an " Indemnified Person ") harmless from and against any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, charges, expenses and disbursements (including Attorney Costs) of any kind or nature whatsoever which may at any time (including at any time following repayment of the Loans, the termination of the Letters of Credit and the termination, resignation or replacement of the Administrative Agent or replacement of any Bank) be imposed on, incurred by or asserted against any such Person in any way relating to or arising out of this Agreement or any document contemplated by or referred to herein, or the transactions contemplated hereby, or any action taken or omitted by any such Person under or in connection with any of the foregoing, including with respect to any investigation, litigation or proceeding (including any Insolvency Proceeding or appellate proceeding) related to or arising out of this Agreement or the Loans or Letters of Credit or the use of the proceeds thereof, whether or not any Indemnified Person is a party thereto (all the foregoing, collectively, the " Indemnified Liabilities "); provided , however , that the Borrower shall have no obligation hereunder to any Indemnified Person for that portion of any Indemnified Liabilities that is adjudged by a court of competent jurisdiction to have been caused by the gross negligence or willful misconduct of such Indemnified Person or that portion of any Indemnified Liabilities which are owed by an Indemnified Person to any other Indemnified Person, but in all events, the Borrower shall remain liable for the remainder of the Indemnified Liabilities not so excluded. The agreements in this Section shall survive payment of all other Obligations.**

11.06 Payments Set Aside. To the extent that the Borrower makes a payment to the Agents or the Banks, or the Agents or the Banks exercise their right of set-off, and such payment or the proceeds of such set-off or any part thereof are subsequently invalidated, declared to be fraudulent or preferential, set aside or required (including pursuant to any settlement entered into by the Agents or such Bank in its discretion) to be repaid to a trustee, receiver or any other party, in connection with any Insolvency Proceeding or otherwise, then (a) to the extent of such recovery the obligation or part thereof originally intended to be satisfied shall be revived and continued in full force and effect as if such payment had not been made or such set-off had not occurred, and (b) each Bank severally agrees to pay to each of the Agents upon demand its pro rata share of any amount so recovered from or repaid by the Agents.

11.07 Successors and Assigns. The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or Obligations under this Agreement without the prior written consent of the Agents and each Bank.

11.08 Assignments, Participations, Etc .

(a) Any Bank, at any time may assign and delegate to one or more Eligible Assignees (each an " Assignee ") all, or any ratable part of all, of the Loans, the Uncommitted Line, the L/C Obligations and the other rights and obligations of such Bank hereunder, in a m[illegible]num amount of $1,000,000; provided , however , that (i) any such disposition shall not, without the prior consent of the Borrower, r[illegible]e the Borrower to apply to register or qualify the Loan or any Note under the securities laws of any state, and (ii) the Borrower and the Administrative Agent may continue to deal solely and directly with such Bank in connection with the interest so assigned to an Assignee until (x) written notice of such assignment, together with payment instructions, addresses and related information with respect to the Assignee, shall have been given to the Borrower and the Administrative Agent by such Bank and the Assignee; (y) such Bank and its Assignee shall have delivered to the Borrower and the Administrative Agent an Assignment and Acceptance (" Assignment and Acceptance ") in form attached hereto as Exhibit D , together with any Note or Notes subject to such assignment; and (z) the assignor Bank or Assignee has paid to the Administrative Agent a processing fee in the amount of $2,500.

(b) From and after the date that the Administrative Agent notifies the assignor Bank that it has received an executed Assignment and Acceptance and payment of the above-referenced processing fee, (i) the Assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Bank under the Loan Documents, and (ii) the assignor Bank shall, to the extent that rights and obligations hereunder and under the other Loan Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Loan Documents.

(c) The Borrower shall execute and deliver to the Administrative Agent, new Notes evidencing such Assignee's assigned Loans and Uncommitted Line Portion and, if the assignor Bank has retained a portion of its Loans and its Uncommitted Line Portion, replacement Notes in the principal amount of the Loans retained by the assignor Bank (such Notes to be in exchange for, but not in payment of, the Notes held by such Bank). Immediately upon each Assignee's making its processing fee payment under the Assignment and Acceptance, this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to reflect the addition of the Assignee and the resulting adjustment of the Uncommitted Line Portion arising therefrom. The Uncommitted Line Portion allocated to each Assignee shall reduce such Uncommitted Line Portion of the assigning Bank pro tanto . Upon such Assignment, the Administrative Agent is authorized to revise Schedule 2.01 and Schedule 11.02 to reflect the adjusted status of the Banks.

(d) Any Bank may at any time sell to one or more commercial banks or other Persons not Affiliates of the Borrower (a " Participant ") participating interests in any Loans, the Uncommitted Line Portion of that Bank and the other interests of that Bank (the "originating Bank") hereunder and under the other Loan Documents; provided , however , that (i) the originating Bank's and the Borrower's obligations under this Agreement shall remain unchanged, (ii) the originating Bank shall remain solely responsible for the p[illegible]rmance of such obligations, (iii) the Borrower, the Issuing Banks and the Administrative Agent shall continue to deal solely and directly with the originating Bank in connection with the originating Bank's rights and obligations under this Agreement and the other Loan Documents, and (iv) no Bank shall transfer or grant any participating interest under which the Participant has rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Loan Document, except to the extent such amendment, consent or waiver would require unanimous consent of the Banks as described in the first proviso to Section 11.01 . In the case of any such participation, the Participant shall not have any rights under this Agreement, or any of the other Loan Documents, and all amounts payable by the Borrower hereunder shall be determined as if such Bank had not sold such participation; except that, if amounts outstanding under this Agreement are due and unpaid, or shall have been declared or shall have become due and payable upon the occurrence of an Event of Default, each Participant shall be deemed to have the right of set-off in respect of its participating interest in amounts owing under this Agreement to the same extent as if the amount of its participating interest were owing directly to it as a Bank under this Agreement.

(e) Each Bank agrees to take normal and reasonable precautions and exercise due care to maintain the confidentiality of all information identified as "confidential" or "secret" by the Borrower and provided to it by the Borrower or any Subsidiary or Affiliate, or by the Agents on the Borrower or Subsidiary's or Affiliate's behalf, under this Agreement or any other Loan Document, and neither it nor any of its Affiliates shall use any such information other than in connection with or in enforcement of this Agreement and the other Loan Documents; except to the extent such information (i) was or becomes generally available to the public other than as a result of disclosure by the Bank, or (ii) was or becomes available on a non-confidential basis from a source other than the Borrower; provided , however , that such source is not bound by a confidentiality agreement with, or under obligation of confidentiality, the Borrower known to the Bank; provided , however , that any Bank may disclose such information (A) at the request or pursuant to any requirement of any Governmental Authority to which the Bank is subject or in connection with an examination of such Bank by any such authority; (B) pursuant to subpoena or other court process; (C) when required to do so in accordance with the provisions of any applicable Requirement of Law; (D) to the extent reasonably required in connection with any litigation or proceeding to which the Administrative Agent, any Bank or their respective Affiliates may be party; (E) to the extent reasonably required in connection with the exercise of any remedy hereunder or under any other Loan Document; (F) o such Bank's independent auditors and other professional advisors; (G) to any Affiliate of such Bank, or to any Participant or Assignee, actual or potential; provided , however , that such Affiliate, Participant or Assignee agrees to keep such information confidential to the same extent required of the Banks hereunder, and (H) as to any Bank, as expressly permitted under the te[illegible]ms of any other document or agreement regarding confidentiality to which the Borrower is party or is deemed party with such Bank. [illegible]oregoing is not intended to limit the Banks' obligations to maintain confidential information received from the Borrower under applicable laws.

(f) Notwithstanding any other provision in this Agreement, any Bank may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement and the Note held by it in favor of any Federal Reserve Bank in accordance with Regulation A of the FRB or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or

security interest in any manner permitted under applicable law.

11.09 Set-off. In addition to any rights and remedies of the Banks provided by law, if an Event of Default exists or the Loans have been accelerated, each Bank is authorized at any time and from time to time, without prior notice to the Borrower, any such notice being waived by the Borrower to the fullest extent permitted by law, to set off and apply any and all deposits at any time held by, and other indebtedness at any time owing by, such Bank to or for the credit or the account of the Borrower against any and all Obligations owing to such Bank, now or hereafter existing, irrespective of whether or not the Agents or such Bank shall have made demand under this Agreement or any Loan Document and although such Obligations may be contingent or unmatured. Each Bank agrees promptly to notify the Borrower and the Administrative Agent after any such set-off and application made by such Bank; provided, however, that the failure to give such notice shall not affect the validity of such set-off and application.

11.10 Automatic Debits of Fees. With respect to any letter of credit fee or other fee, interest or any other cost or expense (including Attorney Costs) due and payable to the Agents, the Issuing Banks, Fortis or BNP Paribas under the Loan Documents, the Borrower hereby irrevocably authorizes the Collateral Agent to debit any deposit accounts of the Borrower with the Collateral Agent (such deposit accounts being owned by the Collateral Agent and under the exclusive dominion and control of the Collateral Agent) including the Bank Blocked Account in an amount such that the aggregate amount debited from all such deposit accounts does not exceed such fee or other cost or expense. If there are insufficient funds in such deposit accounts to cover the amount of the fee or other cost or expense then due, such debits will be reversed (in whole or in part, in the Administrative Agent's sole discretion) and such amount not debited shall be deemed to be unpaid. No such debit under this Section shall be deemed a set-off.

11.11 Notification of Addresses, Lending Offices, Etc. Each Bank shall notify the Agents in writing of any changes in the address to which notices to the Bank should be directed, of addresses of any Lending Office, of payment instructions in respect of all payments to be made to it hereunder and of such other administrative information as the Agents shall reasonably request.

11.12 Bank Blocked Account Charges and Procedures. The Collateral Agent is hereby authorized to (a) charge the Bank Blocked Account or any deposit account of the Borrower maintained at the Collateral Agent for all returned checks, service charges, and other fees and charges associated with the deposits by the Borrower to and withdrawals by the Borrower from the Bank Blocked Account; (b) follow its usual procedures in the event the Bank Blocked Account or any check, draft or other order for payment of money should be or become the subject of any writ, levy, order or other similar judicial or regulatory order or process; (c) charge the Bank Blocked Account or any deposit account of the Borrower maintained at the Collateral Agent for any Letter of Credit reimbursement, Loan repayments, interest or fees; and (d) pay from the Bank Blocked Account, on behalf of the Borrower, suppliers and other business expenses of the Borrower. If the available balances in the Bank Blocked Account relating to the Borrower are not sufficient to pay the Administrative Agent for any returned check, draft or order for the payment of money relating to the Borrower, or to compensate the Administrative Agent for any charges or fees due the Administrative Agent with respect to the deposits by the Borrower to and withdrawals by the Borrower from the Bank Blocked Account, the Borrower agrees to pay on demand the amount due the Administrative Agent. The Borrower agrees that it cannot, and will not, withdraw any monies from the Bank Blocked Account and it will not permit the Bank Blocked Account to become subject to any other pledge, assignment, lien, charge or encumbrance of any kind, nature or description, other than the Administrative Agent's security interest.

11.13 Counterparts. This Agreement may be executed in any number of separate counterparts, each of which, when so executed, shall be deemed an original, and all of said counterparts taken together shall be deemed to constitute but one and the same instrument.

11.14 Severability. The illegality or unenforceability of any provision of this Agreement or any instrument or agreement required hereunder shall not in any way affect or impair the legality or enforceability of the remaining provisions of this Agreement or any instrument or agreement required hereunder.

11.15 No Third Parties Benefited. This Agreement is made and entered into for the sole protection and legal benefit of the Borrower, the Banks, the Administrative Agent and Agent-Related Persons, and their permitted successors and assigns, and no other Person shall be a direct or indirect legal beneficiary of, or have any direct or indirect cause of action or claim in connection with, this Agreement or any of the other Loan Documents.

11.16 **Governing Law and Jurisdiction.**

(a) **THIS AGREEMENT AND THE NOTES SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW (WITHOUT REFERENCE TO PRINCIPLES OF CONFLICTS OF LAWS) OF THE STATE OF NEW YORK; PROVIDED, HOWEVER, THAT THE ADMINISTRATIVE AGENT AND THE BANKS SHALL RETAIN ALL RIGHTS ARISING UNDER FEDERAL LAW.**

(b) **ANY LEGAL ACTION OR PROCEEDING WITH RESPECT TO THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT MAY BE BROUGHT IN THE STATE COURTS LOCATED IN NEW YORK COUNTY, CITY OF NEW YORK, STATE OF NEW YORK OR IN THE UNITED STATES DISTRICT COURT FOR THE SOUTHERN DISTRICT OF NEW YORK, AND BY EXECUTION AND DELIVERY OF THIS AGREEMENT, EACH OF THE BORROWER, THE ADMINISTRATIVE AGENT AND THE BANKS CONSENTS, FOR ITSELF AND IN RESPECT OF ITS PROPERTY, TO THE NON-EXCLUSIVE JURISDICTION OF THOSE COURTS. EACH OF THE BORROWER, THE ADMINISTRATIVE AGENT AND THE BANKS IRREVOCABLY WAIVES ANY OBJECTION, INCLUDING ANY OBJECTION TO THE LAYING OF VENUE OR BASED ON THE GROUNDS OF FORUM NON CONVENIENS, WHICH IT MAY NOW OR HEREAFTER HAVE TO THE BRINGING OF ANY ACTION OR PROCEEDING IN SUCH JURISDICTION IN RESPECT OF THIS AGREEMENT OR ANY DOCUMENT RELATED HERETO. THE BORROWER HEREBY WAIVES PERSONAL SERVICE OF ANY AND**

**ALL PROCESS UPON THE BORROWER AND IRREVOCABLY APPOINTS CORPORATION SERVICE COMPANY, 80 STATE STREET, ALBANY, NY 12207, AS REGISTERED AGENT FOR THE PURPOSE OF ACCEPTING SERVICE OF PROCESS WITHIN THE STATE OF NEW YORK AND AGREES TO OBTAIN A LETTER FROM CORPORATION SERVICE COMPANY,
ACKNOWLEDGING SAME AND CONTAINING THE AGREEMENT OF CORPORATION SERVICE COMPANY, TO PROVIDE THE ADMINISTRATIVE AGENT WITH THIRTY (30) DAYS ADVANCE NOTICE PRIOR TO ANY RESIGNATION OF CORPORATION SERVICE COMPANY AS SUCH REGISTERED AGENT.**

11.17 Waiver of Jury Trial. **THE BORROWER, THE BANKS AND THE AGENTS EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT, THE OTHER LOAN DOCUMENTS, OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR ANY AGENT-RELATED PERSON, PARTICIPANT OR ASSIGNEE, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS, OR OTHERWISE. THE BORROWER, THE BANKS AND THE ADMINISTRATIVE AGENT EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS.**

11.18 Discretionary Facility. **THE BORROWER ACKNOWLEDGES AND AGREES THAT THIS AGREEMENT PROVIDES FOR A CREDIT FACILITY THAT IS COMPLETELY DISCRETIONARY ON THE PART OF THE BANKS AND THAT THE BANKS HAVE ABSOLUTELY NO DUTY OR OBLIGATION TO ADVANCE ANY REVOLVING LOANS OR TO ISSUE ANY LETTER OF CREDIT. THE BORROWER UNDERSTANDS THAT WITHOUT REASON, CAUSE OR PRIOR NOTICE, THE BANKS MAY CEASE ADVANCING REVOLVING LOANS AND ISSUING LETTERS OF CREDIT AND MAKE DEMAND FOR PAYMENT OF ALL OBLIGATIONS OF BORROWER TO THE BANKS AT ANY TIME. BORROWER REPRESENTS AND WARRANTS TO THE BANKS THAT BORROWER IS AWARE OF THE RISKS ASSOCIATED WITH CONDUCTING BUSINESS UTILIZING AN UNCOMMITTED FACILITY.**

11.19 Entire Agreement. THIS AGREEMENT, TOGETHER WITH THE OTHER LOAN DOCUMENTS, EMBODIES THE ENTIRE AGREEMENT AND UNDERSTANDING AMONG THE BORROWER, THE BANKS AND THE ADMINISTRATIVE AGENT, AND SUPERSEDES ALL PRIOR OR CONTEMPORANEOUS AGREEMENTS AND UNDERSTANDINGS OF SUCH PERSONS, VERBAL OR WRITTEN, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF.

11.20 Effect of Amendment and Restatement. On the Closing Date, the Original Credit Agreement shall be amended, restated and superseded in its entirety by this Agreement. The parties hereto acknowledge and agree that the liens and security interests granted under the Security Agreements (as defined in the Original Credit Agreement) are continuing and in full force and effect and, upon the amendment and restatement of the Original Credit Agreement pursuant to this Agreement, such liens and security interests secure and continue to secure the payment of the Obligations, and that the Notes outstanding under and as defined in the Original Credit Agreement are, upon the Closing Date, replaced by the Notes issued hereunder.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their proper and duly authorized officers as of the day and year first above written.

ATMOS ENERGY MARKETING, LLC,
a Delaware limited liability company

By: /s/ C. RICHARD ALFORD

Name: C. Richard Alford

Title: Senior Vice President

Borrower's Address:
11251 Northwest Freeway, Suite 400
Houston, Texas 77092
Attention: Ronald W. Bahr
Telephone: (713) 688-7771
Facsimile: (713) 688-5124

FORTIS CAPITAL CORP ., a Connecticut corporation as Administrative Agent, Collateral Agent, and a Bank

By: /s/ IRENE RUMMEL

Name: Irene Rummel

Title: Senior Vice President

By: /s/ LEONARD RUSSO

Name: Leonard Russo

Title: Director

15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

[Atmos – Credit Agreement]

FORTIS CAPITAL CORP.,
a Connecticut corporation,
as a Bank and Issuing Bank

By: /s/ IRENE RUMMEL
Name: Irene Rummel
Title: Senior Vice President

By: /s/ LEONARD RUSSO
Name: Leonard Russo
Title: Director

15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

BNP PARIBAS,
a bank organized under the laws of France, as a Bank, Issuing Bank, and Documentation Agent

By: /s/ EDWARD K. CHIN

Name: Edward K. Chin

Title: Managing Director

By: /s/ SALLY HASWELL

Name: Sally Haswell

Title: Director

787 Seventh Avenue
New York, New York 10019
Attention: Edward Chin
Telephone: (212) 841-2020
Facsimile: (212) 841-2536

SOCIÉTÉ GÉNÉRALE ,
as a Bank

By: /s/ BARBARA PAULSEN

Name: Barbara Paulsen

Title: Vice President

By: /s/ EMMANUEL CHESNEAU

Name: Emmanuel Chesneau

Title: Director

1221 Avenue of the Americas
New York, New York 10020
Attention: Barbara Paulsen
Telephone: (212) 278-6496
Fax: (212) 278-7417

NATEXIS BANQUES POPULAIRES ,
as a Bank

By: /s/ DAVID PERSHAD

Name: David Pershad

Title: Vice President

By: /s/ VINCENT LAURAS

Name: Vincent Lauras

Title: Managing Director

1251 Avenue of the Americas, 34th Floor
New York, New York 10020
Attention: David Pershad
Telephone: (212) 872-5015
Facsimile: (212) 354-9095

RZB FINANCE LLC ,
as a Bank

By: /s/ HERMINE KIROLOS

Name: Hermine Kirolos

Title: Group Vice President

By: /s/ GRISELDA ALVIZO

Name: Griselda Alvizo

Title: Vice President

1133 Avenue of the Americas
New York, New York 10036
Attention: Hermine Kirolos
Telephone: (212) 845-4114
Facsimile: (212) 944-6389

UFJ BANK LIMITED, NEW YORK BRANCH ,
as a Bank

By: /s/ L.J. PERENYI

Name: L.J. Perenyi

Title: Vice President

55 East 52nd Street
New York, NY 10055
Attention: L.J. Perenyi
Telephone: (212) 339-6235
Facsimile: (212) 754-2360

BROWN BROTHERS HARRIMAN & CO. ,
as a Bank

By: /s/ PAUL FELDMAN

Name: Paul Feldman

Title: Senior Vice President

140 Broadway
New York, NY 10005
Attention: Paul Feldman
Telephone: (212) 493-7732
Facsimile: (212) 493-8998

SCHEDULE 2.01

UNCOMMITTED LINE AND UNCOMMITTED LINE PORTION (EXCLUDING SWAP CONTRACTS)

I. Uncommitted Line:

A.	Maximum Line:	$250,000,000
B.	Total Line Amount Subscribed:	$250,000,000
C.	Subscribed Percentage:	100%

II. Uncommitted Line Portions, Subscribed Amounts:

Line:	Bank	Dollar Amount	Share
Borrowing Base Line	Fortis Capital Corp.	$ 75,000,000	30.00000%
	BNP Paribas	$ 75,000,000	30.00000%
	Société Générale	$ 35,000,000	14.00000%
	Natexis Banques Populaires, New York Branch	$ 20,000,000	8.00000%
	UFJ Bank Limited, New York Branch	$ 20,000,000	8.00000%
	RZB Finance LLC	$ 15,000,000	6.00000%
	Brown Brothers Harriman & Co.	$ 10,000,000	4.00000%
	Total Subscribed Borrowing Base Line Portions	**$250,000,000**	**100%**

SCHEDULE 3.10

EXISTING LETTERS OF CREDIT

[To be completed.]

SCHEDULE 6.05

LITIGATION, AND PATENT, TRADEMARK, ETC. CLAIMS

None.

SCHEDULE 6.07
ERISA MATTERS

None.

SCHEDULE 6.12

ENVIRONMENTAL MATTERS

Schedule 6.12-1

SCHEDULE 6.16

SUBSIDIARIES AND EQUITY INVESTMENTS

None.

SCHEDULE 6.17

INSURANCE MATTERS

Schedule 6.17-1

SCHEDULE 7.03(f)

LOCATIONS OF INVENTORY STORAGE

North Liberty, Kansas
Saltville, Virginia
Barnsley, Kentucky
East Diamond, Kentucky
Bearcreek, Louisiana
Epps, Louisiana
Bethel, Texas
Bistineau, Louisiana
Egan, Louisiana
Portland, Kentucky
Columbus, Ohio
Helenwood, Tennessee
Kanawha, West Virginia
Monroe, Louisiana
Buffalo, New York
Ellisburg, Pennsylvania
Portland, Tennessee
Bistineau, Louisiana

SCHEDULE 8.01

PERMITTED INDEBTEDNESS AND LIENS

N

SCHEDULE 8.07

CONTINGENT OBLIGATIONS

None.

SCHEDULE 11.02

LENDING OFFICES AND ADDRESSES FOR NOTICES

F TIS CAPITAL CORP.,
a ministrative Agent and Collateral Agent

Fortis Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

FORTIS CAPITAL CORP.,
as Issuing Bank and a Bank

Fortis Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Attention: Marla Jennings
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

BNP PARIBAS,
as Documentation Agent

BNP Paribas
787 Seventh Avenue
New York, New York 10019
Attention: Edward Chin
Telephone: (212) 841-2020
Facsimile: (212) 841-2536

BNP PARIBAS ,
as Issuing Bank and a Bank

BNP Paribas
787 Seventh Avenue
New York, New York 10019
Attention: Edward Chin
Telephone: (212) 841-2020
Facsimile: (212) 841-2536

SOCIÉTÉ GÉNÉRALE

Société Générale
1221 Avenue of the Americas
New York, New York 10020
Attention: Barbara Paulsen
Telephone: (212) 278-6496
Fax: (212) 278-7417

NATEXIS BANQUES POPULAIRES

Natexis Banques Populaires
1251 Avenue of the Americas
34 th Floor
New York, New York 10020
Attention: David Pershad
Telephone: (212) 872-5015
Facsimile: (212) 354-9095

RZB FINANCE LLC

RZB Finance LLC
1133 Avenue of the Americas
New York, New York 10036
Attention: Hermine Kirolos
Telephone: (212) 845-4114
Facsimile: (212) 944-6389

Schedule 11.02-2

UFJ BANK LIMITED, NEW YORK BRANCH
as a Bank

UFJ Bank Limited, New York Branch
5' 'st 52nd Street
1 York, NY 10055
Attention: L.J. Perenyi
Telephone: (212) 339-6235
Facsimile: (212) 754-2360

BROWN BROTHERS HARRIMAN & CO .,
as a Bank

Brown Brothers Harriman & Co.
140 Broadway
New York, NY 10005
Attention: Paul Feldman
Telephone: (212) 493-7732
Facsimile: (212) 493-8998

EXHIBIT A

FORM OF NOTICE OF BORROWING
(LETTERS OF CREDIT)

[Date]

Fortis Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Attention: Marla Jennings
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

BNP Paribas
787 Seventh Avenue
New York, New York 10019
Attention: Edward Chin
Telephone: (212) 841-2020
Facsimile: (212) 841-2536

Re: Uncommitted Second Amended and Restated Credit Agreement, dated to be effective as of March 30, 2005 (as amended or supplemented from time to time, the "Agreement"), by and among ATMOS ENERGY MARKETING, LLC (the "Borrower"), the banks that from time to time are parties thereto, Fortis Capital Corp., as Administrative Agent, and BNP Paribas, as Documentation Agent

Ladies and Gentlemen:

Reference is made to the Agreement (capitalized terms used herein that are not defined shall have the respective meanings ascribed thereto in the Agreement). The Borrower hereby gives notice of its intention to request the **[issuance, amendment, or renewal]** of Letters of Credit as is further described on the Letter of Credit Application attached hereto.

The Borrower represents and warrants, as of the date hereof and as of the date any Letter of Credit is Issued, amended or renewed, that (i) no Default or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the Letters of Credit requested above; (ii) that the Borrowing Base Advance Cap will not be exceeded after giving effect to the Letters of Credit requested above; and (iii) all of Borrower's representations and warranties under the Agreement are true and correct, to Borrower's knowledge, as of the date hereof.

Very truly yours,

ATMOS ENERGY MARKETING, LLC,

By: _____

Name: _____

Title: _____

FORM OF NOTICE OF BORROWING
(REVOLVING LOAN)

[Date]

l s Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Attention: Marla Jennings
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

Re: Uncommitted Second Amended and Restated Credit Agreement, dated to be effective as of March 30, 2005 (as amended or supplemented from time to time, the " Agreement "), by and among ATMOS ENERGY MARKETING, LLC (the " Borrower "), the banks that from time to time are parties thereto, Fortis Capital Corp., as Administrative Agent, and BNP Paribas, as Documentation Agent

Ladies and Gentlemen:

Reference is made to the Agreement (capitalized terms used herein that are not defined shall have the respective meanings ascribed thereto in the Agreement). The Borrower hereby gives notice of its intention to borrow under the Borrowing Base Line.

Please advance a Revolving Loan as follows:

Date of Borrowing [a-1] : _____
Amount : _____
Type of Advance
(Base Rate or Offshore Rate) : _____
Interest Period
(if Offshore Rate) : _____.

The Borrower represents and warrants, as of the date hereof and as of the date any Revolving Loan is made or renewed, that (i) r efault or Event of Default has occurred and is continuing on the date hereof, nor will any thereof occur after giving effect to the i lving

---

a-1 The aggregate amount of the Borrowing comprised of Offshore Rate Loans must be made in an amount equal to the Offshore Effective Amount. The date of the Borrowing must be a Business Day. Borrower must give four (4) Business Days advance notice for Borrowings comprised of Offshore Rate Loans, and the same Business Day advance notice for Borrowings comprised of Base Rate Loans.

Loan requested above; (ii) that neither the Borrowing Base Advance Cap nor the Dollar Advance Cap will be exceeded after giving effect to the Revolving Loan requested above; and (iii) all of Borrower's representations and warranties under the Agreement are true and correct, to Borrower's knowledge, as of the date hereof.

Very truly yours,

ATMOS ENERGY MARKETING, LLC,

By: _____

Name: _____

Title: _____

EXHIBIT B

FORM OF
NOTICE OF CONVERSION/CONTINUATION

[Date]

Fortis Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Attention: Marla Jennings
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

Re: Uncommitted Second Amended and Restated Credit Agreement, dated to be effective as of March 30, 2005 (as amended or supplemented from time to time, the "Agreement"), by and among ATMOS ENERGY MARKETING, LLC (the "Borrower"), the banks that from time to time are parties thereto, Fortis Capital Corp., as Administrative Agent, and BNP Paribas, as Documentation Agent

Ladies and Gentlemen:

The Borrower hereby gives you irrevocable notice pursuant to Section 2.04 of the Agreement that the undersigned hereby requests a [conversion] [continuation] of [outstanding Borrowings] [an outstanding Borrowing] into a new Borrowing (the " Proposed Borrowing ") on the terms set forth below:

Outstanding Borrowing #1

Date of Borrowing :
Aggregate Amount for Conversion [1] :
Type of Advance :
Interest Period :

Proposed Borrowing

Date of Conversion or Continuation [2] :
Aggregate Amount :
Type of Advance :
Interest Period :

---

1 The aggregate amount for conversion with respect to Borrowings comprised of Offshore Rate Loans must be made in an amount equal to the Offshore Effective Amount or, if the remaining outstanding amount of such Borrowing would be less than an amount equal to the Offshore Effective Amount following the conversion or continuation, in the remaining outstanding amount of such Borrowing.

2 The date of the proposed conversion or continuation must be a Business Day. Borrower must give four (4) Business Days advance notice for conversions into or continuations of Borrowings comprised of Offshore Rate Loans, and the same Business Day advance notice for conversions into or continuations of Borrowings comprised of Base Rate Loans.

The undersigned hereby certifies that the following statements are true on the date hereof, and will be true on the date of the proposed Borrowing:

(a) the representations and warranties contained in the Agreement are correct in all material respects, before and after giving effect to the proposed Borrowing and the application of the proceeds therefrom, as though made on the date of the proposed Borrowing;

(b) no Default has occurred and remains uncured, nor would result from the proposed Borrowing; and

(c) the Borrowing Base Advance Cap will not be exceeded after giving effect to the proposed Borrowing.

Very truly yours,

ATMOS ENERGY MARKETING, LLC,

By: _____

Name: _____

Title:

EXHIBIT C

FORM OF
COMPLIANCE CERTIFICATE

[Date]

Fortis Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Attention: Marla Jennings
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

BNP Paribas
787 Seventh Avenue
New York, NY 10019
Attention: Edward Chin
Telephone: (212) 841-2020
Facsimile: (212) 841-2536

Re: Uncommitted Second Amended and Restated Credit Agreement, dated to be effective as of March 30, 2005 (as amended or supplemented from time to time, the " Agreement "), by and among ATMOS ENERGY MARKETING, LLC (the " Borrower "), the banks that from time to time are parties thereto, Fortis Capital Corp., as Administrative Agent, and BNP Paribas, as Documentation Agent

Ladies and Gentlemen:

The Borrower, acting through its duly authorized Responsible Officers (as that term is defined in the Agreement), certifies to each of the Banks that the Borrower is in compliance with the Agreement and in particular certifies the following as of _____:

(i) Net Working Capital	$ _____;
(ii) Tangible Net Worth	$ _____;
(iii) Ratio of Total Liabilities to Tangible Net Worth	_____:1;
(iv) Borrowing Base Sub-Cap	$ _____;
(v) Excess Tangible Net Worth	$ _____.

Further, the undersigned hereby certify that the Net Position has at no time exceeded the limitations set forth in Section 8.11 of the Agreement and that the undersigned has no knowledge of any Defaults under the Agreement which existed as of [_____] or which exist as of the date of this letter.

The undersigned also certifies that the accompanying financial statements present fairly, in all material respects, the financial condition of the Borrower as of [_____], and the related results of operations for the [_____] then ended, in conformity with generally accepted accounting principles.

Very truly yours,

ATMOS ENERGY MARKETING, LLC

By: _____

Name: _____

Title: _____

EXHIBIT D

FORM OF
ASSIGNMENT AND ACCEPTANCE

[Date]

Reference is made to the Uncommitted Second Amended and Restated Credit Agreement dated to be effective as of March 30, 2005 (as amended or supplemented from time to time, the " Agreement "), among ATMOS ENERGY MARKETING, LLC (the " Borrower "), the banks that from time to time are signatories thereto, and Fortis Capital Corp., as Administrative Agent. Capitalized terms used herein but not defined herein shall have the meanings specified in the Agreement.

Pursuant to the terms of the Agreement, [_____ _____] (" Assignor "), wishes to assign and delegate to [_____] (" Assignee "), [_____]% of its rights and obligations under the Agreement. Therefore, Assignor, Assignee, and Administrative Agent agree as follows:

1. The Assignor hereby sells and assigns and delegates to the Assignee, and the Assignee hereby purchases and assumes from the Assignor, without recourse to the Assignor and without representation or warranty except for the representations and warranties specifically set forth in clauses (i), (ii), and (iii) of Section 2 of this Assignment and Acceptance, a [_____]% interest in and to all of the Assignor's rights and obligations under the Agreement and the other Loan Documents as of the Effective Date (as defined below), including such percentage interest in the Assignor's Uncommitted Line Portion, the Loans owing to the Assignor, the Assignor's Pro Rata Share of the Letters of Credit, and the Note held by the Assignor.

2. The Assignor (i) represents and warrants that, prior to executing this Assignment and Acceptance, its Uncommitted Line Portion is $[_____], the aggregate outstanding principal amount of Loans owed by the Borrower to the Assignor is $[_____], and its Pro Rata Share of the outstanding Effective Amount of L/C Obligations is $[_____]; (ii) represents and warrants that it is the legal and beneficial owner of the interest being assigned by it hereunder and that such interest is free and clear of any adverse claim; (iii) makes no representation or warranty and assumes no responsibility with respect to any statements, warranties, or representations made in or in connection with the Agreement or any other Loan Document or the execution, legality, validity, enforceability, genuineness, sufficiency, or value of the Agreement or any other Loan Document or any other instrument or document furnished pursuant thereto; (iv) makes no representation or warranty and assumes no responsibility with respect to the financial condition of the Borrower or the performance or observance by the Borrower of any of its obligations under the Agreement or any other Loan Document or any other instrument or document furnished pursuant thereto; and (v) attaches the Note referred to in Section 1 above and r sts that Administrative Agent exchange such Note for a new Note dated [_____], in the principal amount of $[_____] p. ole to the order of the Assignee[, and a new Note dated in the principal amount of $[_____] payable to the order of Assignor].

3. The Assignee (i) confirms that it has received a copy of the Agreement, together with copies of the financial statements referred to in Section 7.01 thereof and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Acceptance (ii) agrees that it will, independently and without reliance upon Administrative Agent, the Assignor or any other Bank, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Agreement or any other Loan Document; (iii) appoints and authorizes Administrative Agent to take such action as agent on its behalf and to exercise such powers under the Agreement and any other Loan Document as are delegated to Administrative Agent by the terms thereof, together with such powers as are reasonably incidental thereto; (iv) agrees that it will perform in accordance with their terms all of the obligations which by the terms of the Agreement or any other Loan Document are required to be performed by it as a Bank; (v) specifies as its Lending Office (and address for notices) the office set forth beneath its name on the signature pages hereof; (vi) attaches the forms prescribed by the Internal Revenue Service of the United States certifying as to the Assignee's status for purposes of determining exemption from United States withholding taxes with respect to all payments to be made to the Assignee under the Agreement and Notes or such other documents as are necessary to indicate that all such payments are subject to such rates at a rate reduced by an applicable tax treaty, and (vii) represents that it is an Eligible Assignee.

4. The effective date for this Assignment and Acceptance shall be [_____] (" Effective Date "), and following the execution of this Assignment and Acceptance, Administrative Agent will record it in its records of the transactions under the Agreement.

5. Upon such recording, from and after the Effective Date, Administrative Agent shall make all payments under the Agreement and the Notes in respect of the interest assigned hereby (including all payments of principal, interest, and fees) to the Assignee. The Assignor and Assignee shall make all appropriate adjustments in payments under the Agreement and the Notes for periods prior to the Effective Date directly between themselves.

6. This Assignment and Acceptance shall be governed by, and construed and enforced in accordance with, the laws of the State of New York.

The parties hereto have caused this Assignment and Acceptance to be duly executed as of the date first above written.

[ASSIGNOR]

By: _____

Name: _____

Title: _____

Address: _____

_____

_____

Attention: _____

Telecopy No: _____

[ASSIGNEE]

By: _____

Name: _____

Title: _____

Lending Office:

Address: _____

_____

_____

Attention: _____

Telecopy No: _____

FORTIS CAPITAL CORP., as Administrative Agent

By: _____

Name: _____

Title: _____

EXHIBIT E

FORM OF
BORROWING BASE COLLATERAL POSITION REPORT

[Date]

Fortis Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Attention: Marla Jennings
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

BNP Paribas
787 Seventh Avenue
New York, NY 10019
Attention: Edward Chin
Telephone: (212) 841-2020
Facsimile: (212) 841-2536

Re: Uncommitted Second Amended and Restated Credit Agreement, dated to be effective as of March 30, 2005 (as amended or supplemented from time to time, the " Agreement "), by and among ATMOS ENERGY MARKETING, LLC (the " Borrower "), the banks that from time to time are parties thereto, Fortis Capital Corp., as Administrative Agent, and BNP Paribas, as Documentation Agent

Ladies and Gentlemen:

The Borrower, acting through its duly authorized Responsible Officer (as that term is defined in the Agreement), delivers the attached report to the Banks and certifies to each of the Banks that it is in compliance with the Agreement. Further, the undersigned hereby certifies that the Net Position has at no time exceeded the limitations set forth in Section 8.11 of the Agreement and that the undersigned has no knowledge of any Defaults or Events of Default under the Agreement which exist as of the date of this letter.

The undersigned also certifies that the amounts set forth on the attached report constitute all Collateral which has been or is being used in determining availability for an advance or letter of credit issued under the Borrowing Base Line as of the preceding date.

This certificate and attached reports are submitted pursuant to Section 7.02(b) of the Agreement. Capitalized terms used herein and in the attached reports have the meanings specified in the Agreement.

Very truly yours,

ATMOS ENERGY MARKETING, LLC,

By: _____

Name: _____

Title: _____

ATMOS ENERGY MARKETING, LLC,
BORROWING BASE COLLATERAL POSITION REPORT
AS OF [DATE]

In my capacity as Responsible Officer for ATMOS ENERGY MARKETING, LLC, I hereby certify that as of the date written above, the amounts indicated below were accurate and true as of the date of preparation. I also certify that the net long or short position has not exceeded the limitations set forth in Section 8.11 of the Credit Agreement.

I.	COLLATERAL			
	A. Cash Collateral	$ _____	100%	$ _____
	B. Equity in Eligible Broker accounts	$ _____	90%	$ _____
	C. Tier I Accounts	$ _____	90%	$ _____
	D. Tier II Accounts	$ _____	85%	$ _____
	E. Tier I Unbilled Accounts	$ _____	85%	$ _____
	F. Tier II Unbilled Accounts	$ _____	80%	$ _____
	G. Eligible Inventory	$ _____	80%	$ _____
	H. Eligible Exchange Receivables	$ _____	80%	$ _____
	I. Undelivered Product Value	$ _____	80%	$ _____
	J. Realizable Unrealized Profits, up to a maximum amount of $50,000,000; less	$ _____	70%	$ _____
	K. First purchaser liability; less	$ (_____)	100%	$ (_____)
	L. Mark-to-Market amounts owed under Commodity Swap Contracts to BNP Paribas; less	$ (_____)	125%	$ (_____)
	M. Unrealized Mark-to-Market Losses	$ (_____)	100%	$ (_____)
	TOTAL COLLATERAL	$_____	_____	_____
	BORROWING BASE SUB-CAP	_____	_____	$_____
	BORROWING BASE ADVANCE CAP			$_____
				_____
II.	BANK OUTSTANDINGS			$_____
	A. Loans from the Banks			$_____
	B. L/C's from the Banks			$_____
				_____
	TOTAL OUTSTANDINGS UNDER BORROWING BASE LINE			_____
	EXCESS/(DEFICIT) (I-II)			_____
IV.	NET SHORT OR LONG POSITION _____MMBTUS			$_____

Attached hereto are (i) an aging report, (ii) a schedule of netted qualified exchange balances, (iii) a schedule of qualified inventory and (iv) a schedule of all contras applied against (i), (ii), and (iii).

By: _____

Responsible Officer

EXHIBIT F

FORM OF NET POSITION REPORT AND EXPOSURE REPORT

[Date]

Fortis Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Attention: Marla Jennings
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

BNP Paribas
787 Seventh Avenue
New York, NY 10019
Attention: Edward Chin
Telephone: (212) 841-2020
Facsimile: (212) 841-2536

Re: Net Positions

In my capacity as Responsible Officer of ATMOS ENERGY MARKETING, LLC, I hereby certify to you that as of the date written above, such company's aggregate net positions are as follows:

	MMBTUS of Natural Gas
Long	_____
(Short)	_____
Net Position	_____

To the best of my knowledge, these net positions have at no time exceeded the limitations set forth in Section 8.11 of that certain Uncommitted Second Amended and Restated Credit Agreement, dated to be effective as of March 30, 2005, as amended or supplemented from time to time, by and among ATMOS ENERGY MARKETING, LLC, the banks that from time to time are parties thereto, Fortis Capital Corp., as Administrative Agent, and BNP Paribas, as Documentation Agent.

Furthermore, at no time has the sum of the following:

(a) 25% of the Borrower's Net Position Value, $_____, plus

(b) Borrower's Transportation and Storage Exposure, $_____, plus

(c) Borrower's Below Index Sales Exposure, exceeded 33% of Borrower's Net Working Capital. _____
$

Very truly yours,

ATMOS ENERGY MARKETING, LLC,

By: _____

Name: _____

Title: _____

Date: _____

EXHIBIT G

SUBORDINATION AGREEMENT

THIS SUBORDINATION AGREEMENT (this " Agreement ") is made as of the ___day of _____, 20 ___, by and between **FORTIS CAPITAL CORP.** a Connecticut Corporation (" Administrative Agent "), as Administrative Agent for the ratable benefit of the Banks (hereinafter defined), _____(the Subordinated Creditor ") and acknowledged by **ATMOS ENERGY MARKETING, LLC** , a Delaware limited liability company (" Borrower ").

RECITALS

WHEREAS, Administrative Agent and the Banks have made, or in the future may make, credit accommodations available to Borrower, pursuant to the terms and provisions of that certain Uncommitted Second Amended and Restated Credit Agreement dated to be effective as of March 30, 2005 (as amended, restated, supplemented or otherwise modified and in effect from time to time, the " Credit Agreement ") among Administrative Agent, the Borrower and the banks and financial institutions from time to time party thereto (collectively, the " Banks "); and

WHEREAS, Subordinated Creditor has made, or in the future may make, credit accommodations available to Borrower; and

WHEREAS, in order to induce Administrative Agent to consider making the credit accommodations described above available to Borrower in the future, Subordinated Creditor has agreed to subordinate certain of its rights and claims now existing or hereafter arising against Borrower to the rights and claims of Administrative Agent now existing or hereafter arising against Borrower, all in accordance with the terms and provisions of this Agreement; and

WHEREAS, the parties hereto are entering into this Agreement in order to set forth their agreements as to payment of the Senior Indebtedness (hereinafter defined) and the Junior Indebtedness (hereinafter defined) and their agreements as to certain other matters including but not limited to lien priorities.

NOW, THEREFORE, for and in consideration of the premises and the mutual agreements contained herein, the parties hereto hereby agree as follows:

AGREEMENT

ARTICLE I DEFINITIONS

As used in this Agreement, the terms defined above shall have their respective meanings set forth above and the following terms shall have the following meanings:

" Collateral " shall mean any and all property which now constitutes or hereafter will constitute collateral or other security for payment of the Senior Indebtedness pursuant to the Senior Documents or otherwise.

" Default " shall have the meaning set forth in the Credit Agreement.

" Distribution " by any Person shall mean (a) with respect to any stock or membership interest issued by such Person, the retirement, redemption, purchase or other acquisition for value of any such stock or membership interest, (b) the declaration or payment of any dividend or other distribution on or with respect to any such stock or membership interest, (c) any loan or advance by such Person to, or other investment by such Person in, the holder of any such stock or membership interest, and (d) any other payment (other than ordinary salaries to employees or advances made in the ordinary course of business to employees for travel or other expenses incurred in the ordinary course of business) by such Person to or for the benefit of the holder of any such stock or membership interest.

" Event of Default " shall have the meaning set forth in the Credit Agreement.

" Federal Bankruptcy Code " shall have the meaning set forth in Article VIII of this Agreement.

" Junior Creditor " shall mean the Subordinated Creditor and its successors and assigns.

" Junior Documents " shall mean any and all agreements, documents and instruments evidencing, together with all amendments, supplements and restatements thereof, evidencing, governing or executed or delivered in connection with the Junior Indebtedness.

" Junior Indebtednes s" shall mean any and all indebtedness, obligations and liabilities of every kind and character of Borrower now or hereafter owing to any party to this Agreement other than Senior Creditor, including, without limitation, the indebtedness evidenced and to be evidenced by the Junior Documents, whether such indebtedness, obligations and liabilities are direct or indirect, primary or secondary, joint, several or joint and several, fixed or contingent and whether incurred by Borrower as maker, endorser, guarantor or otherwise.

" Permitted Payments shall have the meaning set forth in Article IV of this Agreement.

" Person " shall mean and include an individual, a partnership, a corporation, a business trust, a joint stock company, a trust, an unincorporated association, a joint venture or other entity or a governmental authority.

" Proceeds " shall have the meaning assigned to it under the Uniform Commercial Code, shall also include "products" (as defined in the Uniform Commercial Code), and, in any event, shall include, but not be limited to (a) any and all proceeds of any insurance, indemnity, warranty, letter of credit or guaranty or collateral security payable to any grantor from time to time with respect to any of the Collateral, (b) any and all payments (in any form whatsoever) made or due and payable to the owner of the Collateral from time to time in connection with any requisition, confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental body, authority, bureau or agency (or any Person acting under color of governmental authority) and (c) any and all other amounts from time to time paid or payable under or in connection with any of the Collateral.

" Senior Creditor " shall mean Administrative Agent and its successors and assigns.

" Senior Documents " shall mean any and all agreements, documents and instruments, together with all amendments, supplements and restatements thereof, evidencing, governing or executed or delivered in connection with the Senior Indebtedness or the Senior Creditor's interests in the Collateral, including, without limitation, the Credit Agreement.

" Senior Indebtedness " shall mean any and all indebtedness, obligations and liabilities of every kind and character of Borrower now or hereafter owing to Senior Creditor, whether such indebtedness, obligations and liabilities are direct or indirect, primary or secondary, joint, several or joint and several, fixed or contingent and whether incurred by Borrower as maker, endorser, guarantor or otherwise, including, without limitation, any and all indebtedness, obligations and liabilities of Borrower now or hereafter owing to Senior Creditor pursuant to or evidenced by the Senior Documents.

ARTICLE II RIGHTS IN COLLATERAL

2.1 Priorities Regarding Collateral . The Junior Creditor covenants and agrees that it will not take or hold any liens or security interests on any property of Borrower. If for any reason, however, the Junior Creditor does obtain a lien or security interest in the Collateral, any and every lien and security interest in the Collateral in favor of or held for the benefit of the Senior Creditor has and shall have priority over any lien or security interest that Junior Creditor has or might have or acquire in the Collateral notwithstanding any statement or provision contained in the Junior Documents or otherwise to the contrary and irrespective of the time or order of filing or

recording of financing statements, deeds of trust, mortgages or other notices of security interests, liens or assignments granted pursuant thereto, and irrespective of anything contained in any filing or agreement to which any party hereto or its respective successors and assigns may now or hereafter be a party, and irrespective of the ordinary rules for determining priorities under the Uniform Commercial Code or under any other law governing the relative priorities of secured creditors.

2.2 Management of Collateral. Senior Creditor shall have the exclusive right to manage, perform and enforce the terms of the Senior Documents with respect to the Collateral, to exercise and enforce all privileges and rights thereunder according to its discretion and the exercise of its business judgment including, but not limited to, the exclusive right to take or retake possession of the Collateral and to hold, prepare for sale, process, sell, lease, dispose of, or liquidate the Collateral, pursuant to a foreclosure or otherwise. Notwithstanding any rights or remedies available to the Junior Creditor under applicable law or under any document or instrument evidencing, securing or otherwise executed in connection with the incurrence of the obligations contemplated by the Junior Documents, Junior Creditor shall not be permitted to foreclose upon its security interest in any of the Collateral, or to exercise similar remedies with respect thereto, so long as any of the Senior Indebtedness shall continue to exist, and only the Senior Creditor shall have the right to restrict or permit, or approve or disapprove, the sale, transfer or other disposition of Collateral. Junior Creditor will not in any manner interfere with Senior Creditor's security interests in the Collateral unless and until Borrower has satisfied in full the Senior Indebtedness and Senior Creditor has given Junior Creditor written notice thereof. The Junior Creditor waives notice of, and agrees not to challenge the method, manner, time, place or terms, of any disposition of the Collateral by Senior Creditor. Accordingly, should Senior Creditor elect to exercise its rights and remedies with respect to any of the Collateral, Senior Creditor may proceed to do so without regard to any interest of the Junior Creditor, and the Junior Creditor waives any claims that it may have against Senior Creditor for any disposition of the Collateral. The Junior Creditor agrees, whether or not a default has occurred in the payment of any indebtedness or the performance of any other obligations to it, that any liens on and security interests in the Collateral or any portion thereof that it might have or acquire shall automatically be fully released ipso facto as to all indebtedness and other obligations secured thereby owing to Junior Creditor if and when Senior Creditor releases its lien in and security interest on such Collateral in the event of any sale, disposition or other realization by Senior Creditor (or any agent therefor) upon such Collateral.

ARTICLE III PROCEEDS

3.1 Distribution of Proceeds of Collateral. At any time during which all or any part of the Senior Indebtedness remains outstanding, and whether or not the same is then due and payable, the Proceeds of any sale, disposition or other realization by Senior Creditor (or any agent therefor) upon all or any part of the Collateral shall be applied first to the payment in full of all Senior Indebtedness in such order as Senior Creditor shall determine in its sole discretion.

3.2 Contingent Obligations. For purposes of distributing the Proceeds of Collateral pursuant to this Article III, the portion of Senior Indebtedness consisting of loans or advances not yet made by Senior Creditor to Borrower under the Senior Documents (including, but not limited to, amounts with respect to letters of credit outstanding and reimbursement for fees, costs and expenses) shall be considered Senior Indebtedness then outstanding, and the Senior Creditor shall have the right to retain, in a cash collateral account, cash collateral equal to the amount thereof which Senior Creditor determines, in its sole good faith discretion, may arise or exist from time to time.

3.3 Holding of Proceeds in Trust. Except as provided for in Article IV of this Agreement, in the event the Junior Creditor receives Proceeds of the Collateral, Junior Creditor shall be deemed to hold all of such Proceeds in trust for the benefit of Senior Creditor until the proper application thereof in accordance with Section 3.1 hereof. The Junior Creditor shall not seek to challenge the validity, enforceability, priority or perfection of any of the Senior Documents if the purpose or effect thereof would in any manner defeat or delay the distribution of the Proceeds of any Collateral in the manner set forth in Section 3.1 hereof.

ARTICLE IV SUBORDINATION

The Junior Creditor covenants and agrees that the Junior Indebtedness, howsoever evidenced and whether now existing or hereafter incurred, shall be subordinate and junior in right of payment, to the extent and in the manner hereinafter set forth, to all Senior Indebtedness:

(a) The holder of the Senior Indebtedness shall first be finally and irrevocably paid in cash an aggregate amount equal to the principal thereof and termination fees, if any, interest at the time due thereon, and all other costs, fees, expenses and/or obligations now or hereafter owing thereunder, before any payment or Distribution of any character, whether in cash, securities or other property, shall be made on account of the Junior Indebtedness or otherwise to or for the benefit of Junior Creditor; and any payment or Distribution of any character, whether in cash, securities or other property, which would otherwise, but for the provisions of this Article IV , be payable or deliverable in respect of the Junior Indebtedness or otherwise shall be paid or delivered directly to the holder of the Senior Indebtedness (or its duly authorized representatives), until all the Senior Indebtedness shall have been paid in full.

(b) Notwithstanding the provisions of subparagraph (a) of this Article IV , Borrower may (i) pay interest on the unpaid principal balance of the Junior Indebtedness on a monthly basis in arrears and make both scheduled payments and prepayments of principal on the terms and conditions set forth in the Junior Documents and (ii) make Distributions to Atmos Energy Holdings, Inc., a Delaware corporation (the " Permitted Payments "); provided , however , that as a condition precedent to Borrower's right to make (and the Junior Creditor's rights to receive) any and all such Permitted Payments, there shall not have occurred or then exist a Default or Event of Default under any of the Senior Indebtedness or any of the Senior Documents, or an event or condition which with notice, lapse of time or the making of such payment or Distribution would constitute a Default or Event of Default under any of the foregoing.

(c) The Junior Creditor agrees to promptly notify the Senior Creditor in writing of any default or event of default on any Junior Indebtedness or otherwise or under any of the Junior Documents and further agrees not to exercise any right or remedy or take any enforcement action with respect to any default or event of default on any of the Junior Indebtedness or otherwise or under any of the Junior Documents until such time as the Senior Indebtedness has been paid in full. Without limiting any of the foregoing, any failure of Borrower to perform any of its obligations to Junior Creditor as a result of any of the prohibitions, restrictions or limitations set forth in this Agreement shall not constitute the basis for a default or event of default on any Junior Indebtedness or under any Junior Documents.

(d) No reimbursement, payment, direct or indirect, or disbursement of other property or assets of Borrower shall be made by Borrower on account of the Junior Indebtedness or otherwise or received, accepted, retained or applied by the Junior Creditor (except for the account and benefit of Senior Creditor, which shall be held in trust for Senior Creditor or except for Permitted Payments as allowed in subparagraph (b) of this Article IV) until such time as the Senior Indebtedness has been finally and irrevocably paid in full in cash.

(e) Without affecting Junior Creditor's obligations set forth in this Agreement not to exercise any remedy as set forth in this Agreement, in the event that the Junior Creditor receives any payment of any character, whether in cash, securities, or other properties, payable or deliverable in respect of the Junior Indebtedness and (i) such payment would cause an event or condition to occur which, with notice, lapse of time, or both, would cause a Default or an Event of Default to occur under the Senior Documents; or (ii) such payment is made after a Default or an Event of Default has occurred under the Senior Documents; or (iii) such payment is made at a time that the management of Borrower knew or reasonably should have known that a Default or an Event of Default had occurred under the Senior Documents, or that such payment could reasonably be expected to cause a Default or an Event of Default to occur under the Senior Documents, then such cash, securities or other properties shall be held in trust for the benefit of the holder of the Senior Indebtedness and shall be paid or delivered to the holder of the Senior Indebtedness (or its authorized representatives), in the proportions in which it holds same, until all the Senior Indebtedness shall have been paid in full.

(f) The provisions of this Agreement are and are intended solely for the purpose of defining the relative rights of the holder of the Junior Indebtedness, on the one hand, and the holder of the Senior Indebtedness on the other hand. Nothing contained in this Agreement is intended to or shall impair, as between Borrower and its creditors other than the holder of the Senior Indebtedness and the holder of the Junior Indebtedness, the obligations of Borrower which are absolute and unconditional, to pay to the holder of the Junior Indebtedness the principal thereof and interest thereon as and when the same shall become due and payable in accordance with its terms, or is intended to or shall affect the relative rights against Borrower of the holder of the Senior Indebtedness.

(g) No right of any present or future holder of any of the Senior Indebtedness to enforce the subordination as herein provided shall at any time in any way be prejudiced or impaired by any act or failure to act on the part of Borrower or by any act in good faith or failure to act in good faith by any such holder, or by any noncompliance by Borrower with the covenants, agreements and conditions of the Junior Indebtedness, regardless of any knowledge thereof any such holder may have or be otherwise charged with.

(h) Senior Creditor shall have no obligation to preserve the rights of the Collateral against any prior parties or to marshal any of the Collateral for the benefit of any Person.

ARTICLE V BENEFIT OF AGREEMENT; AMENDMENT

This Agreement shall constitute a continuing offer to all persons who, in reliance upon such provisions, become a Senior Creditor, and such provisions are made for the benefit of each Senior Creditor, acting on behalf of the Banks, and each of them may enforce such provisions. The Junior Creditor agrees not to assign or transfer, at any time this Agreement remains in effect, any rights, claim or interest of any kind in or to any Junior Indebtedness without first notifying Senior Creditor and making such assignment expressly subject to this Agreement. The provisions of the Junior Documents as in effect on the date hereof may not be amended or modified in any respect without the prior written consent of Senior Creditor.

ARTICLE VI FURTHER ASSURANCES

Each of the parties hereto hereby agrees to promptly execute and deliver to the other parties hereto any and all such further instruments and documents and take such further action as such other parties may reasonably request in order to fully effect the purposes of this Agreement.

ARTICLE VII REPRESENTATIONS AND WARRANTIES

7.1 Senior Creditor and Junior Creditor. Each of the parties hereto hereby represents and warrants to the other party hereto that:

(a) such party has full power, authority and legal right to execute, deliver and perform this Agreement, and has taken all necessary corporate action to authorize the execution, delivery and performance of this Agreement; and

(b) this Agreement constitutes a legal, valid and binding obligation of such party enforceable against it in accordance with its terms except as enforceability may be limited by applicable bankruptcy, insolvency, moratorium or other similar laws affecting creditors rights generally and except as enforceability may be limited by general principles of equity (whether considered in a suit at law or in equity).

ARTICLE VIII BANKRUPTCY

The Junior Creditor agrees not to commence, or to join with any other creditor in commencing, any case under Title 11 of the United States Code, as amended and/or superseded (the " Federal Bankruptcy Code ") by or against Borrower or any of its property without the prior written consent of Senior Creditor. The provisions of this Agreement shall continue in full force and effect, notwithstanding the commencement of a case under the Federal Bankruptcy Code by or against Borrower. In furtherance of the foregoing, if Junior Creditor receives any property of, or payments from Borrower after the commencement of such a case on account of a secured claim which is subordinated by the terms of this Agreement (whether as "adequate protection" payments or otherwise), Junior Creditor shall immediately turn such property or payments over to the Senior Creditor. To the extent that Junior Creditor has or acquires any rights under Section 363 or Section 364 of the Federal Bankruptcy Code with respect to the Collateral, the Junior Creditor hereby agrees not to assert such rights without the prior written consent of the Senior Creditor. The Junior Creditor hereby grants to the Senior Creditor the right, but Senior Creditor shall not be obligated, to file, prove and vote claims on account of the Junior Indebtedness in any receivership, bankruptcy, or other proceeding under the Federal Bankruptcy Code commenced by or against Borrower.

ARTICLE IX MISCELLANEOUS

9.1 No Waiver, Cumulative Remedies. No failure to exercise, and no delay in exercising on the part of any party hereto, any right, power or privilege under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege under this Agreement preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in this Agreement are cumulative and shall not be exclusive of any rights or remedies provided by law.

9.2 Notices. All notices, requests and demands to or upon the respective parties hereto to be effective shall be in writing (including by telegraph, telecopier, or telex) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or five days after being deposited in the mail, postage prepaid, or, in the case of telegraphic notice, when delivered to the telegraph company, or in the case of telex notice, when sent, answer back received, addressed as set forth below or to such address or other address as may be hereafter notified by the respective parties hereto:

To Senior Creditor: Fortis Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Attention: Marla Jennings
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

To Junior Creditor: _____

_____

_____

Attention: _____

Telephone: _____

Facsimile: _____

9.3 GOVERNING LAW. THIS AGREEMENT SHALL BE INTERPRETED AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF NEW YORK AND SHALL BE BINDING UPON AND INURE TO THE BENEFIT OF THE PARTIES HERETO AND THEIR RESPECTIVE SUCCESSORS, TRANSFEREES AND ASSIGNS.

9.4 Amendments and Waivers. Neither this Agreement nor any of the terms hereof may be amended, waived, discharged or terminated unless such amendment, waiver, discharge or termination is in writing signed by each of the parties hereto.

9.5 Exculpation. Neither the Senior Creditor nor its agents have made to the other parties hereto nor do any of them hereby or otherwise make any representations or warranties, express or implied, nor do they assume any liability with respect to (i) obligors under any instruments of guarantee; (ii) the enforceability, validity, value or collectibility of the Senior Indebtedness, any Collateral therefor, or any guarantee or security which may have been granted to any of them in connection with the Senior Documents; or (iii) Borrower's title or right to transfer any collateral or security. No party hereto shall be liable to any other party hereto for any action or failure to act or any error of judgment, negligence, or mistake or oversight whatsoever on its part or its respective agents, officers, employees or attorneys with respect to any transaction relating to the Collateral or this Agreement. To the maximum extent permitted by law, except as otherwise provided herein, the Junior Creditor waives any claim it might have against Senior Creditor with respect to, or arising out of, the handling of the Collateral (including, without limitation, any such claim based upon the timing or method of realizing upon such Collateral).

9.6 Third Party Rights . This Agreement is solely for the benefit of the parties hereto and their respective successors and assigns, and no other Person shall have any right, benefit, priority or other interest under, or because of the existence of, this Agreement.

9.7 Termination . This Agreement shall terminate upon the final and indefeasible payment in full of all the Senior Indebtedness ; ıe termination of all of the Senior Documents.

9.8 Counterparts . This Agreement may be executed by one or more of the parties hereto in any number of separate counterparts, each of which shall be an original, but all of which shall constitute but one agreement.

9.9 Legend . All promissory notes issued in connection with the Junior Indebtedness shall contain a legend substantially in the form of the following:

"THIS PROMISSORY NOTE, AND PAYMENT AND ENFORCEMENT HEREOF, IS SUBJECT TO THE TERMS AND PROVISIONS OF THAT CERTAIN SUBORDINATION AGREEMENT DATED AS OF _____, 20 __BETWEEN FORTIS CAPITAL CORP., AS ADMINISTRATIVE AGENT, AND _____AS SUCH SUBORDINATION AGREEMENT MAY BE AMENDED FROM TIME TO TIME."

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

[EXECUTION PAGES TO FOLLOW]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed by their proper and duly authorized officers as of the day and year first above written.

SENIOR CREDITOR:

FORTIS CAPITAL CORP., as Administrative Agent

By: _____

Name: _____

Title: _____

JUNIOR CREDITOR :

_____

By: _____

Name: _____

Title: _____

ACKNOWLEDGMENT BY ATMOS ENERGY MARKETING, LLC

ATMOS ENERGY MARKETING, LLC hereby acknowledges receipt of a copy of the foregoing Subordination Agreement and agrees that, except as otherwise provided by the foregoing Subordination Agreement, it will not pay any indebtedness subordinated by the foregoing Subordination Agreement until all the Senior Indebtedness shall have been paid in full.

ATMOS ENERGY MARKETING, LLC,
a Delaware limited liability company

By: _____

Name: _____

Title: _____

EXHIBIT H

FORM OF NOTICE OF DISAPPROVAL OF FURTHER ADVANCES AND LETTERS OF CREDIT

l , Capital Corp.
15455 North Dallas Parkway
Suite 1400
Addison, TX 75001
Attention: Marla Jennings
Telephone: (214) 953-9314
Facsimile: (214) 969-9332

Re: Uncommitted Second Amended and Restated Credit Agreement, dated to be effective as of March 30, 2005 (as amended or supplemented from time to time, the "Agreement"), by and among ATMOS ENERGY MARKETING, LLC, (the "Borrower"), the banks that from time to time are parties thereto, Fortis Capital Corp., as Administrative Agent, and BNP Paribas, as Documentation Agent

Ladies and Gentlemen:

You are hereby notified that the undersigned Bank disapproves further advances under Article II of the Agreement and further Issuances, amendments or renewals of Letters of Credit under Article III of the Agreement.

The undersigned acknowledges that one or more Banks may continue to fund advances and issue Letters of Credit under the Agreement in which case the Conversion to Reduced Funding Banks Date shall occur. Capitalized terms used herein and in the attached reports have the meanings specified in the Agreement.

Very truly yours,

NAME OF BANK

By: _____

Name: _____

Title: _____

c/c ATMOS ENERGY MARKETING, LLC
All other Banks

EXHIBIT I

FORM OF EMBEDDED VALUE REPORT

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 10, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Principal Officers; Election of Directors: Appointment of Principal Officers.

(d) On August 10, 2005, Stephen R. Springer was elected to the Board of Directors of Atmos Energy Corporation, effective September 1, 2005. His term will expire at the 2006 annual meeting of shareholders. Also on August 10, 2005, the Board of Directors appointed Mr. Springer to serve as a member of the Audit Committee as well as the Nominating and Corporate Governance Committee.

A copy of a news release issued on August 16, 2005 announcing Mr. Springer's election to the Board of Directors is filed herewith as Exhibit 99.1 and is incorporated herein into this Item 5.02 by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated August 16, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: August 16, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President
and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release dated August 16, 2005

Exhibit 99.1

News Release

MEDIA CONTACTS:
Gerald Hunter (972) 855-3116

ANALYSTS CONTACT:
Susan Kappes (972) 855-3729

Atmos Energy Corporation Names
Stephen R. Springer to Board of Directors

DALLAS (August 16, 2005)—Atmos Energy Corporation (NYSE: ATO) said today that Stephen R. Springer will join its board of directors on September 1, increasing the board's size to 13 members. He will serve on the board's Audit Committee as well as Nominating and Corporate Governance Committee.

Springer, 58, retired in 2002 from Williams, a natural gas producer, midstream service provider, pipeline company and power business.

"Steve Springer brings a wealth of experience in the natural gas industry from years of leading many of the large-volume functions at three of the industry's major companies," said Robert W. Best, chairman, president and chief executive officer of Atmos Energy Corporation. "We are pleased to have his wise counsel to help guide Atmos Energy."

Springer joined Texas Gas Transmission Corporation in 1970 and was named vice president of gas acquisitions and president of TXG Intrastate Pipeline in 1981. He later served at Texas Gas as vice president of marketing with responsibilities for gas acquisition and marketing, as senior vice president of marketing and as senior vice president of customer services. Springer directed the gas acquisition, marketing, transportation, control and storage functions at Texas Gas.

As a result of Texas Gas being acquired by Transcontinental Pipe Line Company, Springer became president of Transco Gas Marketing Company in 1993. He joined Williams in 1995 after its acquisition of Transco Energy Company as vice president, business development, for Williams Field Services Company. He became head of Williams' Midstream Division in 1999.

Springer graduated from Indiana University with a Bachelor of Science degree and M.B.A. He resides in Syracuse, Indiana.

Atmos Energy Corporation, headquartered in Dallas, is the largest natural-gas-only distributor in the United States, serving about 3.2 million utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 22 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipelines in Texas. For more information, visit www.atmosenergy.com .

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

September 26, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 5.02. Departure of Directors or Principal Officers; Election of Directors: Appointment of Principal Officers.

On September 26, 2005, Atmos Energy announced reporting changes in several Atmos Energy divisions and companies, effective October 1, 2005.

Richard A. Erskine, president of the company's Atmos Pipeline–Texas Division, will assume the additional duties of president of Atmos Energy's Mid-Tex Division from R. Earl Fischer, who will remain Atmos Energy Corporation's senior vice president, utility operations. Erskine will continue to serve as president of Atmos Pipeline–Texas. Erskine, 52, was named to his current position in October 2004 at the time Atmos Energy acquired the utility distribution and pipeline operations of TXU Gas Company. He formerly had been vice president of natural gas supply and marketing for TXU Gas. Erskine joined Lone Star Gas Company, the predecessor to TXU Gas, in 1975 and held management and executive positions in commercial and operational areas, including gas transportation services, planning, gas control, reservoir engineering and gas supply. He has a business administration degree from the University of North Texas and is active in many natural gas industry associations.

Mark H. Johnson, president of the company's Atmos Energy Marketing, LLC, subsidiary, will become vice president, nonutility operations, of Atmos Energy Corporation. He will continue to serve as president of Atmos Energy Marketing. Upon the retirement of JD Woodward, Atmos Energy Corporation's senior vice president, nonutility operations, effective April 1, 2006, Johnson will succeed Woodward as senior vice president, nonutility operations. Johnson, 46, previously served as executive vice president of Atmos Energy Marketing, with responsibilities for its natural gas trading and marketing operations. He joined Atmos Energy Marketing's predecessor, Woodward Marketing, L.L.C., in 1992 as vice president of marketing and operations and was later promoted to senior vice president of marketing for the Midwest and Gulf Coast. He was named executive vice president of commercial operations in 2003. Johnson earned a bachelor's degree in petroleum engineering from the University of Texas.

JD Woodward, 55, became Atmos Energy Corporation's senior vice president, nonutility operations, in April 2001, with responsibilities for the company's natural gas marketing, pipeline and storage operations. Before joining Atmos Energy, Woodward was founder and president of Woodward Marketing, L.L.C. Atmos Energy acquired a 45 percent interest in Woodward Marketing in 1997 through a merger with United Cities Gas Company and acquired the remaining interest in Woodward Marketing in April 2001. Woodward has informed the Board of Directors that he will be retiring from the company effective April 1, 2006.

Atmos Energy is not a party to any employment agreements with Messrs. Erskine or Johnson. However, prior to October 1, 2005, Atmos Energy will have entered into a Change in Control Severance Agreement with each of them to provide certain severance benefits to them in the event of the termination of their employment within three years following a change in control of the company. The severance agreement for each such officer provides that the company will pay the officer a lump sum severance payment equal to 2.5 times such officer's total compensation, comprised of the annual base salary and "average bonus," as such term is defined in the agreement. However, if such officer is terminated by the company for "cause" (as defined in the agreement), or his employment is terminated by retirement, death, or disability, the company is not obligated to pay the officer the lump sum severance payment. Further, if such officer voluntarily terminates his employment except for "constructive termination" (as defined in the agreement), the company is not obligated to pay the officer the lump sum severance payment. This form of Change in Control Severance Agreement has been previously filed with the Commission as Exhibit 10.21(c) of Form 10-K for the fiscal year ended September 30, 1998.

A copy of a news release issued on September 26, 2005 announcing these management changes is filed herewith as Exhibit 99.1.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated September 26, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: September 27, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release dated September 26, 2005

Exhibit 99.1

News Release

Media Contact:
Gerald Hunter (972) 855-3116

Analyst Contact:
Susan Kappes (972) 855-3729

Atmos Energy Corporation Announces Promotions of Two Senior Executives

DALLAS (September 26, 2005)—Atmos Energy Corporation (NYSE: ATO) said today that it has promoted two senior executives effective October 1, 2005.

Richard A. Erskine, president of the company's Atmos Pipeline–Texas Division, will assume the additional duties of president of Atmos Energy's Mid-Tex Division from R. Earl Fischer, who will remain Atmos Energy Corporation's senior vice president, utility operations. Erskine will continue to serve as president of Atmos Pipeline–Texas.

Mark H. Johnson, president of the company's Atmos Energy Marketing, LLC, subsidiary, will become vice president, nonutility operations, of Atmos Energy Corporation. He will continue to serve as president of Atmos Energy Marketing. Upon the retirement of JD Woodward, Atmos Energy Corporation's senior vice president, nonutility operations, effective April 1, 2006, Johnson will succeed [illegible]dward as senior vice president, nonutility operations.

"Atmos Energy is fortunate to have two outstanding leaders like Dick Erskine and Mark Johnson to assume these expanded duties," said Robert W. Best, chairman, president and chief executive officer. "Both have proven track records of performance and have demonstrated their ability to deliver strong financial results."

Erskine, 52, was named to his current position in October 2004 at the time Atmos Energy acquired the utility distribution and pipeline operations of TXU Gas Company. He formerly had been vice president of natural gas supply and marketing for TXU Gas. Erskine joined Lone Star Gas Company, the predecessor to TXU Gas, in 1975 and held management and executive positions in commercial and operational areas, including gas transportation services, planning, gas control, reservoir engineering and gas supply. He has a business administration degree from the University of North Texas and is active in many natural gas industry associations.

Johnson, 46, previously served as executive vice president of Atmos Energy Marketing, with responsibilities for its natural gas trading and marketing operations. He joined Atmos Energy Marketing's predecessor, Woodward Marketing, L.L.C., in 1992 as vice president of marketing and operations and was later promoted to senior vice president of marketing for the Midwest and Gulf Coast. He was named executive vice president of commercial operations in 2003. Johnson earned a bachelor's degree in petroleum engineering from the University of Texas.

Woodward, 55, became Atmos Energy Corporation's senior vice president, nonutility operations, in April 2001, with responsibilities for the company's natural gas marketing, pipeline and storage operations. Before joining Atmos Energy, Woodward was founder and president of Woodward Marketing, L.L.C. Atmos Energy acquired a 45 percent interest in Woodward Marketing in 1997 through a merger with United Cities Gas Company and acquired the remaining interest in Woodward Marketing in April 2001.

Atmos Energy Corporation, headquartered in Dallas, is the largest natural-gas-only distributor in the United States, serving about 3.2 million utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 22 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas storage and pipeline assets, including one of the largest intrastate natural gas pipelines in Texas. For more information, visit www.atmosenergy.com .

[illegible]os Energy's Mid-Tex Division, based in Dallas, is the company's largest natural gas utility unit, serving 1.5 million residential, commercial, industrial and public-authority customers in North, Central and West Texas.

Atmos Pipeline–Texas, based in Dallas, operates within Texas a 6,162-mile intrastate natural gas pipeline system and five gas storage reservoirs that primarily support the demands of Mid-Tex Division customers.

Atmos Energy Marketing, based in Houston, is Atmos Energy's primary nonutility subsidiary, providing natural gas marketing and related services to approximately 1,000 municipal gas systems, industrial customers and other utilities in 22 states.

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

August 10, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

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☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

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(d) On August 10, 2005, Stephen R. Springer was elected to the Board of Directors of Atmos Energy Corporation, effective September 1, 2005. His term will expire at the 2006 annual meeting of shareholders. Also on August 10, 2005, the Board of Directors appointed Mr. Springer to serve as a member of the Audit Committee as well as the Nominating and Corporate Governance Committee.

A copy of a news release issued on August 16, 2005 announcing Mr. Springer's election to the Board of Directors is filed herewith as Exhibit 99.1 and is incorporated herein into this Item 5.02 by reference.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated August 16, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: August 16, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President
and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release dated August 16, 2005

Exhibit 99.1

News Release

MEDIA CONTACTS:

Gerald Hunter (972) 855-3116

ANALYSTS CONTACT:

Susan Kappes (972) 855-3729

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"Steve Springer brings a wealth of experience in the natural gas industry from years of leading many of the large-volume functions at three of the industry's major companies," said Robert W. Best, chairman, president and chief executive officer of Atmos Energy Corporation. "We are pleased to have his wise counsel to help guide Atmos Energy."

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As a result of Texas Gas being acquired by Transcontinental Pipe Line Company, Springer became president of Transco Gas Marketing Company in 1993. He joined Williams in 1995 after its acquisition of Transco Energy Company as vice president, business development, for Williams Field Services Company. He became head of Williams' Midstream Division in 1999.

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Atmos Energy Corporation, headquartered in Dallas, is the largest natural-gas-only distributor in the United States, serving about 3.2 million utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 22 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipelines in Texas. For more information, visit www.atmosenergy.com .

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

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August 8, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
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☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On Monday, August 8, 2005, Atmos Energy Corporation (the "Company") announced in a news release its financial results for the third quarter of fiscal 2005, and that certain of its officers will discuss such financial results in a conference call on Tuesday, August 9, 2005 at 7:00 a.m. Central Time. In the release, the Company also announced that the conference call would be webcast live and that slides for the webcast would be available on its website for all interested parties.

A copy of the news release is furnished as Exhibit 99.1. The information furnished in this Item 2.02 and in Exhibit 99.1 attached hereto shall not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated August 8, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: August 8, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release dated August 8, 2005 (furnished under Item 2.02)

Exhibit 99.1

News Release

Analysts and Media Contact:
Susan Kappes (972) 855-3729

Atmos Energy Corporation Reports Strong Results For Fiscal 2005 Third Quarter and Nine Months; Sharpens 2005 Guidance

DALLAS (August 8, 2005)—Atmos Energy Corporation (NYSE: ATO) today reported consolidated results for its fiscal third quarter and nine months ended June 30, 2005.

- For the fiscal 2005 third quarter, net income was $4.5 million, or $0.06 per diluted share, compared with net income of $4.8 million, or $0.09 per diluted share in the prior year quarter.
- For the nine months ended June 30, 2005, net income was $152.6 million, or $1.94 per diluted share, compared with net income of $92.6 million, or $1.78 per diluted share for the nine months ended June 30, 2004.
- Results for the three and nine month periods ended June 30, 2004, included a nonrecurring after-tax gain of $1.1 million, or $0.02 per diluted share for the three months and $4.2 million, or $0.08 per diluted share for the nine months; the gain was associated with the sale of an office building and the sale of the company's remaining indirect interest in Heritage Propane Partners, L.P. (Heritage).
- Results from the TXU Gas Company (TXU Gas) acquisition for the nine months ended June 30, 2005, have been accretive to consolidated earnings by $0.14 per diluted share.
- As a result of these strong year-to-date results, Atmos Energy now expects to achieve earnings at the middle of the previously announced range of $1.65 to $1.75 per diluted share for fiscal 2005.

"Because of the seasonal nature of the company's utility operations, the third quarter of the fiscal year is typically a breakeven or loss quarter. However, by controlling expenses across the enterprise during the quarter, coupled with realizing expense reductions earlier than planned from the TXU Gas acquisition and strong results in our nonutility businesses, we were able to offset the negative effect during this past heating season on our earnings from the unseasonably warm weather in jurisdictions without weather-normalized rates," said Robert W. Best, chairman, president and chief executive officer of Atmos Energy Corporation.
Net income for the nine months ended June 30, 2005, was adversely affected by approximately $20.3 million, or $0.26 per diluted share, due to weather that was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized rates. However, by accelerating into fiscal 2005 $20.0 million pretax of operational synergies from the TXU Gas acquisition that were originally anticipated in fiscal 2006, Atmos Energy substantially overcame these negative effects of weather on fiscal 2005 results. The realization of these operational synergies improved net income by $0.16 per diluted share in the current nine month period.

Earnings in fiscal 2005 include the results of operations of the acquired natural gas utility distribution and pipeline operations of TXU Gas. After completing the acquisition on October 1, 2004, Atmos Energy formed its Mid-Tex Division to operate the utility distribution operations and its Atmos Pipeline–Texas Division to operate the gas pipeline and storage operations. Together, the new divisions contributed $2.1 million in net income for the three months ended June 30, 2005, and $55.7 million in net income for the nine months ended June 30, 2005.

Earnings per diluted share for the three and nine month periods ended June 30, 2005, reflect dilution associated with a 27.5 million share increase, quarter over quarter, and a 26.3 million share increase, year over year, in the company's weighted average number of diluted shares outstanding. The increases in shares were primarily due to equity offerings in July and October 2004, resulting in a total issuance of 26.0 million new shares to finance a portion of the TXU Gas acquisition.

Results for the 2005 Third Quarter Ended June 30, 2005

Consolidated gross profit for the three months ended June 30, 2005, was $224.3 million, compared with $107.5 million for the three months ended June 30, 2004. The increase in consolidated gross profit primarily reflects the positive effects of the TXU Gas acquisition.

Utility gross profit increased to $175.2 million in the current quarter, compared with $93.2 million in the same period last year, before intersegment eliminations. Consolidated utility throughput increased to 72.7 billion cubic feet (Bcf) for the three months ended June 30,

2005, compared with 42.6 Bcf for the prior year quarter. The increases in utility gross profit and throughput primarily reflect the contribution of $79.4 million in gross profit and 28.6 Bcf in throughput from the Mid-Tex Division. Excluding the new Mid-Tex Division, gross profit margin increased $2.6 million, primarily due to weather that was 6 percent colder than the same period last year for the company's historical utility operations, partially offset by lower irrigation margin in its West Texas and Colorado-Kansas divisions.

Natural gas marketing gross profit was $10.4 million for the three months ended June 30, 2005, compared with $11.6 million in the same quarter last year, before intersegment eliminations. The slight decrease in natural gas marketing gross profit was primarily attributable to increased storage fees associated with the incremental storage contracted in the current quarter and less favorable arbitrage spreads, partially offset by improved profitability resulting from successfully executed marketing efforts to customers in new market areas. Consolidated natural gas marketing sales volumes were 52.7 Bcf during the three months ended June 30, 2005, compared with 47.6 Bcf in the prior year quarter.

On October 1, 2004, Atmos Energy created a separate pipeline and storage reporting segment to manage the company's gas pipeline and storage operations. This segment combines the regulated pipeline and storage operations of the Atmos Pipeline–Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC, which were previously included in the company's other nonutility segment. Pipeline and storage gross profit was $38.3 million for the three months ended June 30, 2005, compared with $2.2 million for the three months ended June 30, 2004. The increase was primarily due to 97.6 Bcf of incremental pipeline transportation volumes from the new Atmos Pipeline–Texas Division.

Consolidated operation and maintenance expense for the three months ended June 30, 2005, was $94.5 million, compared with $50.5 million for the three months ended June 30, 2004. Excluding the provision for doubtful accounts and a $41.2 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the three months ended June 30, 2005, decreased $3.5 million compared with the same quarter in 2004, primarily due to the effects of cost-control efforts in the utility segment. Atmos Energy continued to experience strong collection efforts during the third quarter of 2005. In the utility segment, the average cost of natural gas for the three months ended June 30, 2005, was $7.43 per thousand cubic feet (Mcf), compared with $6.49 per Mcf for the three months ended June 30, 2004.

Depreciation and amortization expense for the quarter ended June 30, 2005, was $43.4 million, compared with $23.3 million in the prior year period. The $20.1 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the three months ended June 30, 2005, were $46.9 million, compared with $12.3 million for the prior year period. The $34.6 million increase was primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions and higher franchise taxes due to higher revenues. Increases in franchise taxes have no permanent effect on net income because these amounts are revenue based and are ultimately recovered through customer billings.

Interest charges for the three months ended June 30, 2005, were $33.7 million, compared with $16.0 million for the three months ended June 30, 2004. The $17.7 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $1.4 billion debt offering in October 2004 used to finance a portion of the TXU Gas acquisition.

Miscellaneous income for the three months ended June 30, 2005, was $1.5 million, compared with $2.2 million for the three months ended June 30, 2004. The $0.7 million decrease was primarily due to the absence in the current quarter of a $1.0 million pretax gain associated with the sale of the company's remaining indirect interest in Heritage and a $0.8 million pretax gain on the sale of an office building during the third quarter of fiscal 2004, partially offset by increased interest income earned on higher cash balances during the third quarter of 2005 compared with the prior year quarter.

Results for the Nine Months Ended June 30, 2005

Consolidated gross profit for the nine months ended June 30, 2005, was $927.4 million, compared with $472.7 million for the nine months ended June 30, 2004. The increase in consolidated gross profit reflects the positive effects of the TXU Gas acquisition coupled with strong performance in the nonutility natural gas marketing segment.

Utility gross profit increased to $755.6 million for the nine months ended June 30, 2005, compared with $421.0 million in the same period last year, before intersegment eliminations. Consolidated utility throughput increased to 351.7 Bcf for the nine months ended June 30, 2005, compared with 208.6 Bcf for the prior year period. The increases in utility gross profit and throughput primarily reflect the contribution of $324.5 million in gross profit and 150.7 Bcf in throughput from the Mid-Tex Division. Additionally, gross profit increased $10.1 million primarily due to rate increases in the West Texas and Mississippi jurisdictions that were not in effect during the same period last year, coupled with the recognition of a $1.9 million refund to customers in the Colorado service area in the prior year period. For the nine months ended June 30, 2005, weather was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized operations. In the Louisiana and Mid-Tex Divisions where the company does not have weather-normalized rates, weather was 22 percent and 20 percent warmer than normal, respectively. Atmos Energy is pursuing alternatives to reduce the impact of weather on earnings in these two jurisdictions.

Natural gas marketing gross profit was $48.4 million for the nine months ended June 30, 2005, compared with $41.0 million in the same period last year, before intersegment eliminations. The increase in natural gas marketing gross profit was primarily attributable to improved profitability from successfully executed marketing efforts on higher-margin customers and customers in new market areas, partially offset by weather that was warmer than normal across the market areas and an unfavorable mark-to-market effect on increased physical volumes in storage. At June 30, 2005, physical volumes in storage were 14.7 Bcf, compared to 4.9 Bcf in the prior year period. Consolidated natural gas marketing sales volumes were 179.7 Bcf during the nine months ended June 30, 2005, compared with 173.7 Bcf in the prior year period.

Pipeline and storage gross profit was $121.9 million for the nine months ended June 30, 2005, compared with $9.1 million for the nine months ended June 30, 2004. The increase was primarily due to 254.5 Bcf of incremental pipeline transportation volumes from the operations of the Atmos Pipeline–Texas Division, coupled with higher transportation and related service margins due to significant "basis differentials" at the three major Texas gas hubs.

Consolidated operation and maintenance expense for the nine months ended June 30, 2005, was $313.8 million compared with $166.5 million for the nine months ended June 30, 2004. Excluding the provision for doubtful accounts and a $141.2 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the nine months ended June 30, 2005, increased $2.8 million compared with the same period in 2004. The provision for doubtful accounts increased from $5.6 million in the prior year period to $14.5 million for the nine months ended June 30, 2005. The $8.9 million increase in the provision for doubtful accounts was primarily attributable to the new Mid-Tex Division operations partially offset by exceptional customer accounts receivable collection efforts. In the utility segment, the average cost of natural gas for the nine months ended June 30, 2005, was $7.20 per Mcf, compared with $6.56 per Mcf for the nine months ended June 30, 2004.

Depreciation and amortization expense for the nine months ended June 30, 2005, was $132.8 million, compared with $69.9 million in the prior year period. The $62.9 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the nine months ended June 30, 2005, were $140.5 million, compared with $45.9 million for the prior year period. The $94.6 million increase was primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions and higher franchise taxes due to higher revenues.

Interest charges for the nine months ended June 30, 2005, were $99.3 million, compared with $49.5 million for the nine months ended June 30, 2004. The $49.8 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $1.4 billion debt offering in October 2004, which was used to finance a portion of the TXU Gas acquisition.

Miscellaneous income for the nine months ended June 30, 2005, was $2.9 million, compared with miscellaneous income of $7.9 million for the nine months ended June 30, 2004. The $5.0 million decrease was primarily due to the absence in the current year period of a $5.9 million pretax gain associated with the sale of the company's indirect interest in Heritage in fiscal 2004 and a $0.8 million pretax gain on the sale of an office building in fiscal 2004, partially offset by a $2.0 million increase in interest income earned on higher cash balances during fiscal 2005 compared with fiscal 2004.

For the nine months ended June 30, 2005, operating activities provided cash of $387.4 million, compared with $359.3 million for the nine months ended June 30, 2004. The period over period increase was primarily due to increased net income and more effective management of working capital, partially offset by lower than expected utility sales volumes due to the effects of warmer weather. In addition, cash was negatively affected by higher volumes of natural gas held in inventory at a 10 percent higher average cost, as compared with the year period, seasonally unfavorable purchased gas cost recoveries and an increase in margin deposits due to net unfavorable movements in the market indices used to value the natural gas marketing segment risk management assets and liabilities.

Capital expenditures increased to $226.9 million for the nine months ended June 30, 2005, from $129.5 million for the nine months ended June 30, 2004, primarily reflecting spending for the new Mid-Tex Division of $77.8 million and for the Atmos Pipeline–Texas Division of $16.3 million. Capital expenditures for fiscal 2005 are expected to be between $335 million and $345 million.

Conference Call to be Webcast August 9

Atmos Energy Corporation will host a conference call with financial analysts to discuss the financial results for the third quarter and first nine months of fiscal 2005 on Tuesday, August 9, 2005, at 7 a.m. CDT. The telephone number is 800-218-0713. The conference call will be broadcast live on the Atmos Energy Web site at www.atmosenergy.com. A slide presentation also will be available on the company's Web site, and a playback of the call will be available on the Web site later that day. Atmos Energy officers who will participate in the conference call include: Bob Best, chairman, president and chief executive officer; Pat Reddy, senior vice president and chief financial officer; Earl Fischer, senior vice president, utility operations; JD Woodward, senior vice president, nonutility operations; Fred Meisenheimer, vice president and controller; Laurie Sherwood, vice president, corporate development, and treasurer; and Susan Kappes, vice president, investor relations and corporate communications.

Highlights and Recent Developments

Debt Reduction

On July 6, 2005, Atmos Energy announced that it had elected to utilize excess cash to facilitate the early redemption, effective June 30, 2005, of five series of its First Mortgage Bonds, due from 2007 to 2022, reducing the aggregate principal amount of its outstanding debt by approximately $72.5 million. The make-whole premium paid to extinguish these bonds was approximately $25.0 million. Additionally, accrued interest of approximately $1.0 million was also paid. Atmos Energy's total savings for interest payments resulting from the debt redemptions are expected to be approximately $1.3 million pretax, or $0.01 per diluted share for fiscal 2005 and about $5.1 million pretax, or $0.04 per diluted share, for fiscal 2006.

Pipeline Projects

On May 17, 2005, Atmos Energy announced it had entered into an agreement with Enbridge Energy Partners, L.P., to transport up to 100,000 million Btu per day of natural gas through its Texas intrastate pipeline system for Enbridge beginning in April 2006. Atmos Energy said the natural gas would flow from gas producers in the Fort Worth Basin through its 36-inch X line to an interconnection with Enbridge's new Bethel-to-Carthage line. To handle the increased volumes for this project and other planned projects, Atmos Energy will install near Howard, Texas, compression equipment and other pipeline infrastructure, costing approximately $20 million. These system improvements will benefit utility customers of Atmos Energy by increasing the reliability and capacity of the company's pipeline system, as well as Texas gas producers and shippers by transporting Fort Worth Basin natural gas in the Texas intrastate wholesale gas market.

In conjunction with the compression upgrade at Howard, Atmos Energy executed an agreement with a third-party shipper on July 14, 2005, to transport an additional 50,000 million Btu per day of natural gas through its Texas intrastate pipeline system.

All of these projects are expected to come on line beginning in fiscal 2006.

Georgia Rate Filing

On May 20, 2005, Atmos Energy announced that it had requested its first gas rate increase in Georgia in more than nine years because of increased operating costs and investments to maintain service reliability and safety for its customers. The company asked the Georgia Public Service Commission to increase its revenues by approximately $4.0 million, or 5 percent. Hearings are scheduled in Atlanta in October 2005, and new rates are expected to be implemented in November 2005. Atmos Energy serves approximately 68,000 residential, commercial and industrial natural gas customers in Georgia.

Forward-Looking Statements

The matters discussed in this news release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this news release are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this news release or in any of the Company's other documents or oral presentations, the words "anticipate," "believes," "estimate," "expects," "forecast," "goal," "intends," "objective," "plans," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this news release, including the successful integration of the Company's acquisition of the operations of TXU Gas, the Company's ability to continue to access the capital markets and the other factors discussed in the Company's SEC filings. These factors include the risks and uncertainties discussed in the Company's Form 10-K for the fiscal year ended September 30, 2004, and the Company's Form 10-Q for the three and six month periods ended March 31, 2005. Although the Company believes 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. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Atmos Energy Corporation, headquartered in Dallas, is the country's largest natural gas-only distributor, serving about 3.2 million gas utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 22 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas. For more information, visit www.atmosenergy.com .

Atmos Energy Corporation
Financial Highlights (Unaudited)

Statements of Income

(000s except per share)	Three Months Ended June 30 2005	Three Months Ended June 30 2004	Nine Months Ended June 30 2005	Nine Months Ended June 30 2004
Operating revenues:				
Utility segment	$501,735	$256,252	$2,650,793	$1,425,022
Natural gas marketing segment	466,835	364,339	1,473,527	1,255,386
Pipeline and storage segment	36,524	5,357	130,798	18,243
Other nonutility segment	1,421	853	4,058	2,249
Intersegment eliminations	(96,563)	(80,743)	(290,477)	(273,741)
	909,952	546,058	3,968,699	2,427,159
Purchased gas cost:				
Utility segment	326,502	163,093	1,895,181	1,003,977
Natural gas marketing segment	456,440	352,708	1,425,128	1,214,395
Pipeline and storage segment	(1,733)	3,150	8,895	9,158
Other nonutility segment	—	—	—	—
Intersegment eliminations	(95,606)	(80,385)	(287,889)	(273,042)
	685,603	438,566	3,041,315	1,954,488
Gross profit	224,349	107,492	927,384	472,671
Operation and maintenance expense	94,518	50,467	313,753	166,476
Depreciation and amortization	43,448	23,268	132,771	69,879
Taxes, other than income	46,915	12,297	140,537	45,901
Total operating expenses	184,881	86,032	587,061	282,256
Operating income	39,468	21,460	340,323	190,415
Miscellaneous income	1,524	2,187	2,867	7,850
Interest charges	33,689	16,011	99,304	49,506
Income before income taxes	7,303	7,636	243,886	148,759
Income tax expense	2,817	2,871	91,299	56,148
Net income	$ 4,486	$ 4,765	$ 152,587	$ 92,611
Basic income per share	$ 0.06	$ 0.09	$ 1.96	$ 1.79
Diluted income per share	$ 0.06	$ 0.09	$ 1.94	$ 1.78
Cash dividends per share	$ .310	$ .305	$ .930	$ .915
Weighted average shares outstanding:				
Basic	79,683	52,220	78,009	51,788
Diluted	80,144	52,617	78,478	52,166

Summary Net Income (Loss) by Segment (000s)	Three Months Ended June 30 2005	Three Months Ended June 30 2004	Nine Months Ended June 30 2005	Nine Months Ended June 30 2004
Utility	$ (6,668)	$ (548)	$ 104,006	$ 71,121
Natural gas marketing	2,360	3,950	19,413	14,908
Pipeline and storage [1]	8,842	542	28,564	2,644
Other nonutility	(48)	821	604	3,938
Consolidated net income	$ 4,486	$ 4,765	$ 152,587	$ 92,611

(1) Effective October 1, 2004, Atmos Energy created the pipeline and storage segment, which reflects the regulated pipeline and storage

operations of the Atmos Pipeline – Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC, which was previously included in the other nonutility segment. Segment information for all prior year periods has been restated to reflect this new organizational structure.

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Balance Sheets

(000s)	June 30, 2005	September 30, 2004
Net property, plant and equipment	$3,304,811	$1,722,521
Cash and cash equivalents	23,637	201,932
Cash held on deposit in margin account	22,660	—
Accounts receivable, net	299,954	211,810
Gas stored underground	334,245	200,134
Other current assets	75,958	63,236
Total current assets	756,454	677,112
Goodwill and intangible assets	709,980	238,272
Deferred charges and other assets	286,699	231,978
	$5,057,944	$2,869,883
Shareholders' equity	$1,616,010	$1,133,459
Long-term debt	2,183,639	861,311
Total capitalization	3,799,649	1,994,770
Accounts payable and accrued liabilities	231,881	185,295
Other current liabilities	342,408	223,265
Short-term debt	—	—
Current maturities of long-term debt	3,242	5,908
Total current liabilities	577,531	414,468
[illegible]rred income taxes	222,699	213,930
Deferred credits and other liabilities	458,065	246,715
	$5,057,944	$2,869,883

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Statements of Cash Flows

(000s)	Nine Months Ended June 30 2005	2004
Cash flows from operating activities		
Net income	$ 152,587	$ 92,611
Gain on sales of assets	—	(6,700)
Depreciation and amortization	133,405	71,149
Deferred income taxes	17,703	5,750
Changes in assets and liabilities	76,122	197,857
Other	7,593	(1,405)
Net cash provided by operating activities	387,410	359,262
Cash flows from investing activities		
Capital expenditures	(226,851)	(129,508)
[illegible]uisitions	(1,916,654)	(1,957)
[illegible]eeds from sales of assets	—	27,919
Other	(1,648)	(505)
Net cash used in investing activities	(2,145,153)	(104,051)
Cash flows from financing activities		

Net decrease in short-term debt	—	(118,595)
Net proceeds from issuance of long-term debt	1,385,847	5,000
Repayment of long-term debt	(102,801)	(9,079)
Settlement of Treasury lock agreements	(43,770)	—
Cash dividends paid	(74,048)	(47,615)
Net proceeds from equity offering	382,014	—
Issuance of common stock	32,206	26,290
Net cash provided (used) by financing activities	1,579,448	(143,999)
Net increase (decrease) in cash and cash equivalents	(178,295)	111,212
Cash and cash equivalents at beginning of period	201,932	15,683
Cash and cash equivalents at end of period	$ 23,637	$ 126,895

Statistics

	Three Months Ended June 30		Nine Months Ended June 30	
	2005	2004	2005	2004
Heating degree days *	167	237	2,580	3,249
Percent of normal *	97%	94%	89%	96%
Consolidated utility gas throughput (MMcf as metered)	72,678	42,574	351,712	208,584
Consolidated natural gas marketing sales volumes (MMcf)	52,739	47,640	179,679	173,729
Consolidated pipeline transportation volumes (MMcf)	97,567	—	254,528	—
Natural gas meters in service	3,163,912	1,680,008	3,163,912	1,680,008
Utility average cost of gas	$ 7.43	$ 6.49	$ 7.20	$ 6.56

* *Adjusted for weather-normalized operations.*

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

June 30, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.02. Termination of a Material Definitive Agreement.

Atmos Energy Corporation, a Texas and Virginia corporation, redeemed effective June 30, 2005, prior to their scheduled maturities, a total of five series of first mortgage bonds issued under two indentures with an aggregate cash payment of $98,473,530, consisting of cumulative principal outstanding of $72,499,999, make-whole premiums of $25,016,808 and accrued interest of $956,723. A total of four series of first mortgage bonds were issued under the Indenture of Mortgage dated July 15, 1959 by and between United Cities Gas Company and City National Bank and Trust of Chicago and R. Emmett Hanley (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees (the United Cities indenture). One additional series of first mortgage bonds was issued under the Indenture of Mortgage and Deed of Trust dated March 1, 1957 by and between Greeley Gas Company and The Central Bank and Trust Company (now known as U.S. Bank National Association), Trustee, as amended and supplemented by the Seventh Supplemental Indenture dated October 1, 1983, by and between Greeley Gas Company and Central Bank of Denver (now known as U.S. Bank National Association), as Trustee (the Greeley Gas indenture). A schedule containing detailed information on the redemption of these bonds is attached hereto as Exhibit 99.1 and is incorporated herein by reference.

Atmos Energy, successor to both United Cities Gas Company and Greeley Gas Company, paid an aggregate amount of $25,016,808 in make-whole premiums (penalties for early redemption), based on the latest available long-term interest rates published by the Federal

Reserve, to the trustees of the indentures on behalf of the holders of the five first mortgage bonds. Neither Atmos Energy nor any of its affiliates have any other material relationships with the trustees of the indentures or the holders of the bonds, other than in respect of the participation by U.S. Bank National Association as one of the lenders in Atmos Energy's $600 million revolving credit facility as well as the continued service by U.S. Bank as one of the trustees under the United Cities indenture, with a total amount of outstanding debt under such indenture at June 30, 2005 of $10,000,000.

As discussed in Note 6 to Atmos Energy's consolidated financial statements in its Form 10-K for the year ended September 30, 2004, substantially all of the utility plant assets in the Mid-States Division of Atmos Energy were pledged to secure the repayment of the Series P, Q, T, U, and V first mortgage bonds under the United Cities indenture and substantially all of the utility plant assets in the Colorado-Kansas Division of Atmos Energy were pledged to secure the repayment of the Series J first mortgage bonds under the Greeley Gas indenture. With the redemption of the Series Q, T, U and V first mortgage bonds under the United Cities indenture, the utility plant assets in the Mid-States Division, other than those remaining pledged to secure the repayment of the Series P first mortgage bonds, are in the process of being released from the lien of said indenture by the trustees. In addition, with the redemption of the Series J first mortgage bonds under the Greeley Gas indenture, the utility plant assets in the Colorado-Kansas Division are in the process of being released from the lien of said indenture by the trustee.

Atmos Energy elected to redeem each of the specified series of first mortgage bonds prior to their respective maturity dates because Atmos Energy had sufficient excess cash on hand to pay down such long-term debt, which bore a relatively high rate of interest. In addition, such redemptions allow Atmos Energy to make continued progress towards its goal of achieving a more equal debt to equity ratio in its capital structure. Even after such redemptions, Atmos Energy still believes that its current liquidity will be more than adequate to meet its operational needs.

The foregoing statements regarding Atmos Energy's capital structure and its adequacy of liquidity are forward-looking statements within the meaning of the federal securities laws. Such statements are subject to numerous risks and uncertainties, many of which are beyond the control of Atmos Energy, which could cause actual results to differ materially from such statements. Reference is made to "Cautionary Statement Regarding Forward Looking Statements" in Management's Discussion and Analysis of Financial Condition and Results of Operations in Atmos Energy's Form 10-K for the fiscal year ended September 30, 2004 and Form 10-Q for the quarter ended March 31, 2005, for a discussion of certain of these risks and uncertainties.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 Schedule of First Mortgage Bonds redeemed by Atmos Energy Corporation on June 30, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: July 6, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	Schedule of First Mortgage Bonds Redeemed by Atmos Energy Corporation on June 30, 2005

Exhibit 99.1

Schedule of First Mortgage Bonds Redeemed by Atmos Energy Corporation on June 30, 2005

A. The following series of first mortgage bonds were issued under the Indenture of Mortgage dated July 15, 1959 by and between United Cities Gas Company and City National Bank and Trust of Chicago and R. Emmett Hanley (now known as U.S. Bank National

Association and Frank Sparaglino, as successor trustee), Trustees and redeemed by Atmos Energy on June 30, 2005:

- **Series Q first mortgage bonds** —aggregate original principal amount of $20,000,000 bearing interest at the rate of 9.75% and maturing April 30, 2020, issued under the Seventeenth Supplemental Indenture dated April 1, 1990 by and between United Cities Gas Company and Continental Bank, National Association, and M.J. Kruger (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees, supplementing the United Cities indenture. Atmos Energy paid to the trustees, on behalf of the holders of the bonds, the total amount of principal outstanding of $15,000,000, a make-whole premium (early redemption penalty) of $4,828,420 plus accrued interest of $247,813, for a total redemption price of $20,076,233.
- **Series T first mortgage bonds** —aggregate original principal amount of $18,000,000 bearing interest at the rate of 9.32% and maturing June 1, 2021, issued under the Eighteenth Supplemental Indenture dated June 1, 1991 by and between United Cities Gas Company and Continental Bank, National Association, and M.J. Kruger (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees, supplementing the United Cities indenture. Atmos Energy paid to the trustees, on behalf of the holders of the bonds, the total amount of principal outstanding of $18,000,000, a make-whole premium (early redemption penalty) of $5,691,858 plus accrued interest of $135,140, for a total redemption price of $23,826,998.
- **Series U first mortgage bonds** —aggregate original principal amount of $20,000,000 bearing interest at the rate of 8.77% and maturing May 1, 2022, issued under the Nineteenth Supplemental Indenture dated May 1, 1992 by and between United Cities Gas Company and Continental Bank, National Association, and M.J. Kruger (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees, supplementing the United Cities indenture. Atmos Energy paid to the trustees, on behalf of the holders of the bonds, the total amount of principal outstanding of $20,000,000, a make-whole premium (early redemption penalty) of $5,957,961 plus accrued interest of $292,333, for a total redemption price of $26,250,294.
- **Series V first mortgage bonds** – aggregate original principal amount of $10,000,000 bearing interest at the rate of 7.50% and maturing December 1, 2007, issued under the Twentieth Supplemental Indenture dated December 1, 1992 by and between United Cities Gas Company and Continental Bank, National Association, and M.J. Kruger (now known as U.S. Bank National Association and Frank Sparaglino, as successor trustee), Trustees, supplementing the United Cities indenture. Atmos Energy paid to the trustees, on behalf of the holders of the bonds, the total amount of principal outstanding of $2,499,999, a make-whole premium (early redemption penalty) of $26,785 plus accrued interest of $15,104, for a total redemption price of $2,541,888.

B. The following series of first mortgage bonds was issued under the Indenture of Mortgage and Deed of Trust dated March 1, 1957 by and between Greeley Gas Company and The Central Bank and Trust Company (now known as U.S. Bank National Association), Trustee, as amended and supplemented by the Seventh Supplemental Indenture dated October 1, 1983, by and between Greeley Gas Company and Central Bank of Denver (now known as U.S. Bank National Association), as Trustee:

- **Series J first mortgage bonds** –aggregate original principal amount of $17,000,000 bearing interest at the rate of 9.40% and maturing May 1, 2021, issued under the Ninth Supplemental Indenture dated April 1, 1991 by and between Greeley Gas Company and Central Bank of Denver, National Association (now known as U.S. Bank National Association), Trustee, supplementing the Greeley Gas indenture. Atmos Energy paid to the trustee, on behalf of the holders of the bonds, the total amount of principal outstanding of $17,000,000, a make-whole premium (early redemption penalty) of $8,511,784 plus accrued interest of $266,333, for a total redemption price of $25,778,117.

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

May 9, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

k the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02. Results of Operations and Financial Condition.

On May 9, 2005, Atmos Energy Corporation (the "Company") announced in a news release its financial results for the second quarter of fiscal 2005, and that certain of its officers will discuss such financial results in a conference call on May 10, 2005 at 7:00 a.m. Central Time. In the release, the Company also announced that the conference call would be webcast live and that slides for the webcast would be available on its website for all interested parties.

A copy of the news release is furnished as Exhibit 99.1. The information furnished in this Item 2.02 and in Exhibit 99.1 attached hereto shall not deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section, nor shall such information be deemed incorporated by reference into any filing under the Securities Act of 1933, as amended, or the Exchange Act.

Item 9.01. Financial Statements and Exhibits.

(c) Exhibits

99.1 News Release issued by Atmos Energy Corporation dated May 9, 2005

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: May 9, 2005

By: /s/ LOUIS P. GREGORY
Louis P. Gregory
Senior Vice President
and General Counsel

EXHIBIT INDEX

Exhibit Number	Description
99.1	News Release dated May 9, 2005 (furnished under Item 2.02)

Exhibit 99.1

News Release

Analysts and Media Contact:
Susan Kappes (972) 855-3729

Atmos Energy Corporation Reports Results for Fiscal 2005 Second Quarter and Six Months

DALLAS (May 9, 2005)—Atmos Energy Corporation (NYSE:ATO) today reported results for its fiscal 2005 second quarter and six months ended March 31, 2005. Second quarter financial highlights include:

- Net income of $88.5 million, or $1.11 per diluted share for the current quarter, compared with $58.3 million, or $1.12 per diluted share in the prior year quarter.
- Prior period results included a $2.9 million after-tax gain, or $0.05 per diluted share, on the sale of the company's indirect interest in Heritage Propane Partners, L.P. in January 2004.
- Net income for the current quarter was adversely affected by approximately $11.8 million, or $0.15 per diluted share due to weather that was 10 percent warmer than normal, as adjusted for jurisdictions with weather-normalized rates.
- Because of the positive effects of its TXU Gas acquisition coupled with cost-control efforts across the enterprise, Atmos Energy maintained its fiscal 2005 earnings guidance at the lower end of the previously announced range of $1.65 to $1.75 per diluted share.

For the six months ended March 31, 2005, net income was $148.1 million, or $1.90 per diluted share, compared with net income of $87.8 million, or $1.69 per diluted share for the six months ended March 31, 2004. Results for the same period last year included a $2.9 million after-tax gain, or $0.05 per diluted share, as referenced above. Net income for the six months was adversely affected by approximately $17.1 million, or $0.22 per diluted share due to weather that was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized rates.

Earnings in fiscal 2005 include the results of operations of the acquired natural gas utility distribution and pipeline operations of TXU Gas Company (TXU Gas). After completing the acquisition on October 1, 2004, Atmos Energy formed its Mid-Tex Division to operate the utility distribution operations and its Atmos Pipeline–Texas Division to operate the gas pipeline and storage operations. Together, the new divisions contributed $29.3 million in net

income for the three months ended March 31, 2005, and $53.7 million in net income for the six months ended March 31, 2005.

ings per diluted share for the three and six month periods ended March 31, 2005 reflect dilution associated with a 27.5 million share ase, quarter over quarter, and a 25.7 million share increase, year over year, in the company's weighted average number of diluted shares outstanding. The increases in shares were primarily due to equity offerings in July and October 2004, resulting in a total issuance of 26.0 million new shares to finance partially the TXU Gas acquisition.

"Due to the continued strong performance by our acquired distribution and pipeline operations and our controlling of discretionary expenses during the second quarter of fiscal 2005, we were able to offset much of the effect on our earnings of the one thing we cannot control—unseasonably warm weather in jurisdictions without weather-normalized rates," said Robert W. Best, chairman, president and chief executive officer of Atmos Energy Corporation. "We remain focused on seeking rate design to mitigate the effects of weather, conservation and regulatory lag on our utility margins."

Results for the 2005 Second Quarter Ended March 31, 2005

Consolidated gross profit for the three months ended March 31, 2005 was $378.6 million, compared with $206.1 million for the three months ended March 31, 2004. The increase in consolidated gross profit reflects the positive effects of the TXU Gas acquisition.

Utility gross profit increased to $323.1 million in the current quarter, compared with $189.5 million in the same period last year, before intersegment eliminations. Consolidated utility throughput increased to 160.1 billion cubic feet (Bcf) for the three months ended March 31, 2005, compared with 97.8 Bcf for the prior year quarter. The increases in utility gross profit and throughput primarily reflect the contribution of $131.2 million in gross profit and 70.2 Bcf in throughput from the Mid-Tex Division. Excluding the new Mid-Tex Division, gross profit margin increased $2.4 million, primarily due to the effect of rate increases in West Texas and Mississippi that were not in effect during the same quarter last year and the absence of a one-time regulatory refund to customers in the Colorado service area recorded in the prior year quarter, partially offset by weather that was 3 percent warmer than the same period last year.

Natural gas marketing gross profit was $11.2 million for the three months ended March 31, 2005, compared with $11.9 million in the same quarter last year, before intersegment eliminations. The slight decrease in natural gas marketing gross profit was primarily attributable to the unfavorable mark-to-market effect on increased physical volumes in storage offset by improved profitability from certain restructured asset management transactions. Consolidated natural gas marketing sales volumes were 66.6 Bcf during the three months ended March 31, 2005, compared with 67.2 Bcf in the prior year quarter.

ctober 1, 2004, Atmos Energy created a separate pipeline and storage reporting segment to manage the company's gas pipeline and storage operations. This segment combines the regulated pipeline and storage operations of the Atmos Pipeline–Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC, which was

previously included in our other nonutility segment. Pipeline and storage gross profit was $43.8 million for the three months ended March 31, 2005, compared with $4.3 million for the three months ended March 31, 2004. The increase was primarily due to 84.2 Bcf of incremental pipeline transportation volumes from the new Atmos Pipeline–Texas Division, which was formed from the acquired TXU Gas pipeline and storage operations.

Consolidated operation and maintenance expense for the three months ended March 31, 2005, was $106.1 million, compared with $59.1 million for the three months ended March 31, 2004. Excluding the provision for doubtful accounts and a $51.1 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the three months ended March 31, 2005 decreased $2.4 million compared with the same quarter in 2004, primarily due to the impact of cost-control efforts in our utility segment and reduced contract labor costs in our natural gas marketing segment. The provision for doubtful accounts decreased $1.7 million to $2.8 million for the three months ended March 31, 2005, compared with $4.5 million in the prior year quarter. The decrease in the provision for doubtful accounts was primarily attributable to exceptional customer accounts receivable collection efforts, partially offset by the incremental provision for doubtful accounts associated with the new Mid-Tex Division operations. In the utility segment, the average cost of natural gas for the three months ended March 31, 2005 was $7.12 per thousand cubic feet (Mcf), compared with $6.72 per Mcf for the three months ended March 31, 2004.

Depreciation and amortization expense for the quarter ended March 31, 2005 was $45.3 million, compared with $23.1 million in the prior year period. The $22.2 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the three months ended March 31, 2005 were $55.0 million, compared with $18.5 million for the prior year period. The $36.5 million increase was primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions and higher franchise taxes due to higher revenues. Increases in franchise taxes have no permanent effect on net income because these amounts are revenue based and are recovered through customer billings.

Interest charges for the three months ended March 31, 2005 were $33.1 million, compared with $16.2 million for the three months ended March 31, 2004. The $16.9 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $1.4 billion debt offering in October 2004 used to finance partially the TXU Gas acquisition.

Miscellaneous income for the three months ended March 31, 2005 was $1.0 million, compared with $4.5 million for the three months ended March 31, 2004. The $3.5 million decrease was primarily due to the absence of the $4.9 million pretax gain associated with the sale of the company's indirect interest in Heritage Propane Partners, L.P., in January 2004.

Results for the Six Months Ended March 31, 2005

Consolidated gross profit for the six months ended March 31, 2005 was $703.0 million, compared with $365.2 million for the six months ended March 31, 2004. The increase in consolidated gross profit reflects the positive effects of the TXU Gas acquisition coupled with strong performance in the nonutility natural gas marketing segment.

Utility gross profit increased to $580.4 million for the six months ended March 31, 2005, compared with $327.9 million in the same period last year, before intersegment eliminations. Consolidated utility throughput increased to 279.0 Bcf for the six months ended March 31, 2005, compared with 166.0 Bcf for the prior year period. The increases in utility gross profit and throughput primarily reflect the contribution of $245.1 million in gross profit and 122.1 Bcf in throughput from the Mid-Tex Division, as well as the effect of rate increases in West Texas and Mississippi that were not in effect during the same period last year. For the six months ended March 31, 2005, weather was 11 percent warmer than normal, as adjusted for jurisdictions with weather-normalized operations.

Natural gas marketing gross profit was $38.0 million for the six months ended March 31, 2005, compared with $29.4 million in the same period last year, before intersegment eliminations. The increase in natural gas marketing gross profit was primarily attributable to improved profitability from certain restructured asset-management transactions partially offset by an unfavorable mark-to-market effect on increased physical volumes in storage. Consolidated natural gas marketing sales volumes were 126.9 Bcf during the six months ended March 31, 2005, compared with 126.1 Bcf in the prior year period.

Pipeline and storage gross profit was $83.6 million for the six months ended March 31, 2005, compared with $6.9 million for the six months ended March 31, 2004. The increase was due to 157.0 Bcf of incremental pipeline transportation volumes from the operations of the Atmos Pipeline–Texas Division.

Consolidated operation and maintenance expense for the six months ended March 31, 2005 was $219.2 million compared with $116.0 million for the six months ended March 31, 2004. Excluding the provision for doubtful accounts and a $100.0 million increase attributable to the new Mid-Tex and Atmos Pipeline–Texas Divisions, operation and maintenance expense for the six months ended March 31, 2005 was flat compared with the same period in 2004. The provision for doubtful accounts increased $2.5 million to $10.2 million for the six months ended March 31, 2005, compared with $7.7 million in the prior year period. The increase in the provision for doubtful accounts was primarily attributable to the new Mid-Tex Division operations partially offset by exceptional customer accounts receivable collection efforts. In the utility segment, the average cost of natural gas for the six months ended March 31, 2005 was $7.16 per Mcf, compared with $6.58 per Mcf for the six months ended March 31, 2004.

Depreciation and amortization expense for the six months ended March 31, 2005 was $89.3 million, compared with $46.6 million in the prior year period. The $42.7 million increase primarily reflects the depreciation associated with the operations of the new Mid-Tex and Atmos Pipeline–Texas Divisions.

Taxes, other than income taxes, for the six months ended March 31, 2005 were $93.6 million, compared with $33.6 million for the prior year period. The $60.0 million increase was

primarily attributable to additional franchise, payroll and property taxes associated with the new Mid-Tex and Atmos Pipeline–Texas Divisions and higher franchise taxes due to higher revenues.

Interest charges for the six months ended March 31, 2005 were $65.6 million, compared with $33.5 million for the six months ended March 31, 2004. The $32.1 million increase was primarily due to higher average outstanding debt balances and the resulting incremental interest expense associated with Atmos Energy's $1.4 billion debt offering in October 2004 used to finance partially the TXU Gas acquisition.

Miscellaneous income for the six months ended March 31, 2005 was $1.3 million, compared with $5.7 million for the six months ended March 31, 2004. The $4.4 million decrease was primarily due to the absence of the $4.9 million pretax gain associated with the sale of the company's indirect interest in Heritage Propane Partners, L.P., in January 2004.

For the six months ended March 31, 2005, operating activities provided cash of $400.1 million, compared with $290.6 million for the six months ended March 31, 2004. The period over period increase was primarily due to increased net income and more effective management of working capital, partially offset by lower than expected utility sales volumes due to the effect of warmer weather. In addition, cash flow was negatively affected by higher volumes of natural gas held in inventory and a 9 percent higher average cost of gas, as compared with the prior year period, and by seasonally unfavorable purchased gas cost recoveries.

Capital expenditures increased to $137.5 million for the six months ended March 31, 2005 from $83.7 million for the six months ended March 31, 2004, primarily reflecting spending for the new Mid-Tex Division of $45.8 million and for the Atmos Pipeline–Texas Division of $7.9 million.

Outlook

Atmos Energy said its leadership remains focused on enhancing shareholder value by delivering consistent earnings growth and providing a sound and attractive dividend. Despite the slight reduction in earnings per share, the company experienced a net increase in cash and cash equivalents of $45.2 million for the six months of fiscal 2005. Additionally, the company had a $247.1 million cash balance with no short-term debt outstanding at March 31, 2005. Debt comprised 58.1 percent of total capitalization, down from 59.8 percent at December 31, 2004. Revised expectations for operation and maintenance expense are that it will decline to $430 to $440 million for fiscal 2005. Capital expenditures for fiscal 2005 are still expected to be $340 to $350 million. As previously announced, earnings per diluted share in fiscal 2005 are expected to be at the lower end of the $1.65 to $1.75 range. The indicated annual dividend remains $1.24 per share.

Conference Call to be Webcast May 10

s Energy Corporation will host a conference call with financial analysts to discuss the financial results for the second quarter and first s.. ..ionths of fiscal 2005 on Tuesday, May 10, 2005, at 7 a.m. CDT. The telephone number is 800-218-0204. The conference call will be webcast live on the Atmos Energy Web site at www.atmosenergy.com. A slide presentation also will be available on the company's Web site, and a playback of the call will be available on the Web site later that day. Atmos Energy officers who will participate in the conference call include: Bob Best, chairman, president and chief executive officer; Pat Reddy, senior vice president and chief financial officer; Earl Fischer, senior vice president, utility operations; JD Woodward, senior vice president, nonutility operations; Fred Meisenheimer, vice president and controller; Laurie Sherwood, vice president, corporate development, and treasurer; and Susan Kappes, vice president, investor relations and corporate communications.

Highlights and Recent Developments

Atmos Energy Opens Third Call Center

On April 1, 2005, Atmos Energy took control of a third customer support center in Waco, Texas. The Waco call center handles approximately 10,000 calls a day from utility customers in Texas. Annually, the center is expected to respond to more than 3.5 million calls, making it the second largest of Atmos Energy's three call centers. In addition to 1,896 telephone lines at the 55,000-square-foot facility, state-of-the-art equipment was installed recently to provide faster customer service. The center primarily answers service requests and billing questions from the 1.5 million customers in the company's Mid-Tex Division. Previously, this work was handled by an outside contractor.

Forward-Looking Statements

The matters discussed in this news release may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 or Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this news release are forward-looking statements made in good faith by the Company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this news release or in any of the Company's other documents or oral presentations, the words "anticipate," "believes," "estimate," "expects," "forecast," "goal," "intends," "objective," "plans," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this news release, including the successful integration of the Company's acquisition of the operations of TXU Gas, the Company's ability to continue to access the capital markets and the other factors discussed in the Company's SEC filings. These factors include the risks and uncertainties discussed in the Company's Form 10-K for the fiscal year ended September 30, 2004, and the Company's Form 10-Q for the three months ended December 31, 2004. Although the Company believes 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. The Company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

Atmos Energy Corporation, headquartered in Dallas, is the country's largest natural gas-only distributor, serving about 3.2 million gas utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 18 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas. For more information, visit www.atmosenergy.com.

Atmos Energy Corporation
Financial Highlights (Unaudited)

Statements of Income (000s except per share)	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Operating revenues:				
Utility segment	$1,235,377	$ 708,282	$2,149,058	$1,168,770
Natural gas marketing segment	512,891	517,218	1,006,692	891,047
Pipeline and storage segment [1]	45,546	9,967	89,236	12,886
Other nonutility segment [1]	1,278	687	2,637	1,396
Intersegment eliminations	(110,007)	(118,669)	(193,914)	(192,998)
	1,685,085	1,117,485	3,053,709	1,881,101
Purchased gas cost:				
Utility segment	912,309	518,820	1,568,679	840,884
Natural gas marketing segment	501,731	505,356	968,688	861,687
Pipeline and storage segment [1]	1,718	5,681	5,590	6,008
Other nonutility segment [1]	—	—	—	—
Intersegment eliminations	(109,256)	(118,498)	(192,283)	(192,657)
	1,306,502	911,359	2,350,674	1,515,922
Gross profit	378,583	206,126	703,035	365,179
Operation and maintenance expense	106,109	59,093	219,235	116,009
Depreciation and amortization	45,326	23,138	89,323	46,611
, other than income	54,967	18,481	93,622	33,604
Total operating expenses	206,402	100,712	402,180	196,224
Operating income	172,181	105,414	300,855	168,955
Miscellaneous income	958	4,456	1,343	5,663
Interest charges	33,073	16,160	65,615	33,495
Income before income taxes	140,066	93,710	236,583	141,123
Income tax expense	51,564	35,405	88,482	53,277
Net income	$ 88,502	$ 58,305	$ 148,101	$ 87,846
Basic net income per share	$ 1.12	$ 1.12	$ 1.92	$ 1.70
Diluted net income per share	$ 1.11	$ 1.12	$ 1.90	$ 1.69
Cash dividends per share	$ .310	$ .305	$ .620	$ .610
Weighted average shares outstanding:				
Basic	79,270	51,850	77,290	51,666
Diluted	79,760	52,240	77,769	52,057

Summary Net Income by Segment (000s)	Three Months Ended March 31		Six Months Ended March 31	
	2005	2004	2005	2004
Utility	$ 73,651	$ 50,558	$ 110,674	$ 71,669
Natural gas marketing	3,791	3,422	17,053	10,958
Pipeline and storage [1]	10,638	1,587	19,722	2,102
Other nonutility [1]	422	2,738	652	3,117
Consolidated net income	$ 88,502	$ 58,305	$ 148,101	$ 87,846

(1) Effective October 1, 2004, Atmos Energy created the pipeline and storage segment, which reflects the regulated pipeline and storage operations of the Atmos Pipeline – Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC, which was previously included in the other nonutility segment. Segment information for all prior year periods has been restated to reflect this new organizational structure.

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Balance Sheets (000s)	March 31, 2005	September 30, 2004
Net property, plant and equipment	$3,251,595	$1,722,521
Cash and cash equivalents	247,126	201,932
Cash held on deposit in margin account	16,990	—
Accounts receivable, net	527,411	211,810
Gas stored underground	273,811	200,134
Other current assets	112,428	63,236
Total current assets	1,177,766	677,112
Goodwill and intangible assets	722,044	238,272
Deferred charges and other assets	261,039	231,978
	$5,412,444	$2,869,883
Shareholders' equity	$1,632,270	$1,133,459
Long-term debt	2,254,817	861,311
Total capitalization	3,887,087	1,994,770
Accounts payable and accrued liabilities	533,232	185,295
Other current liabilities	298,802	223,265
Short-term debt	—	—
Current maturities of long-term debt	5,887	5,908
Total current liabilities	837,921	414,468
Deferred income taxes	245,836	213,930
Deferred credits and other liabilities	441,600	246,715
	$5,412,444	$2,869,883

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

Condensed Statements of Cash Flows (000s)	Six Months Ended March 31 2005	2004
Cash flows from operating activities		
Net income	$ 148,101	$ 87,846
Gain on sales of assets	—	(4,898)
Depreciation and amortization	89,800	47,212
Deferred income taxes	42,605	10,081
Changes in assets and liabilities	116,272	151,306
Other	3,315	(944)
Net cash provided by operating activities	400,093	290,603
Cash flows from investing activities		
Capital expenditures	(137,466)	(83,729)
Acquisitions	(1,912,532)	(1,950)
Proceeds from sales of assets	—	24,661
Other	(1,957)	2,878
Net cash used in investing activities	(2,051,955)	(58,140)
Cash flows from financing activities		
Net decrease in short-term debt	—	(118,595)
Net proceeds from issuance of long-term debt	1,385,847	5,000
Repayment of long-term debt	(3,849)	(5,546)
Settlement of Treasury lock agreements	(43,770)	—
Cash dividends paid	(49,211)	(31,616)
Net proceeds from equity offering	382,014	—
Issuance of common stock	26,025	17,594
Net cash provided (used) by financing activities	1,697,056	(133,163)
Net increase in cash and cash equivalents	45,194	99,300
Cash and cash equivalents at beginning of period	201,932	15,683
Cash and cash equivalents at end of period	$ 247,126	$ 114,983

Statistics	Three Months Ended March 31 2005	2004	Six Months Ended March 31 2005	2004
Heating degree days *	1,422	1,772	2,415	3,012
Percent of normal *	90%	97%	89%	96%
Consolidated utility gas throughput (MMcf as metered)	160,099	97,831	279,034	166,010
Consolidated natural gas marketing sales volumes (MMcf)	66,644	67,172	126,940	126,089
Consolidated pipeline transportation volumes (MMcf)	84,208	—	156,961	—
Natural gas meters in service	3,185,612	1,682,401	3,185,612	1,682,401
Utility average cost of gas	$ 7.12	$ 6.72	$ 7.16	$ 6.58

* *Adjusted for weather-normalized operations.*

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

October 18, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION
(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On October 18, 2005, the Company entered into a Revolving Credit Agreement (3 Year Facility) (the "credit facility"), with SunTrust Bank, as Administrative Agent, JPMorgan Chase Bank N.A., as Syndication Agent and Bank of America, N.A., Wachovia Bank, National Association and Société Générale, as Co-Documentation Agents, and a syndicate of 15 lenders identified therein . The credit facility replaced the Company's $600 million working capital facility entered into on October 22, 2004. The credit facility will be used to provide, or backstop the issuance of commercial paper to provide up to $600 million of working capital to the Company.

Borrowings under the credit facility will bear interest at a rate dependent on the Company's credit ratings at the time of such borrowing and based, at the Company's election, on a base rate or LIBOR. Borrowings based on LIBOR would bear interest at a rate ranging from LIBOR plus 0.40% to 1.00%. Based upon the Company's current credit ratings, LIBOR-based borrowings would bear interest at LIBOR plus 0.55%. In addition, the Company must pay commitment fees quarterly in arrears on the average daily unused portion of the credit facility at rates ranging from .075% to .200%, dependent on the Company's credit ratings. Based upon the Company's current credit ratings, the commitment fee would be 0.100%.

The credit facility will expire on October 18, 2008, at which time all outstanding amounts under the credit facility will be due and payable. The credit facility contains usual and customary covenants for transactions of this type, including covenants limiting liens, substantial asset sales and mergers. In addition, the credit facility provides that during the term of the facility, the Company's debt to capitalization ratio as of the last day of each of its fiscal quarters shall be less than or equal to 0.70 to 1.00.

In the event of a default by the Company under the credit facility, including cross-defaults relating to specified other indebtedness of the Company, SunTrust Bank may, upon the consent of a certain minimum number of lenders, and shall, upon the request and direction of such lenders, terminate the commitments made under the credit facility, declare the amount outstanding, including all accrued interest and unpaid fees, payable immediately, and enforce any and all rights and interests created and existing under the credit facility documents, including, without limitation, all rights of set-off and all other rights available under the law. For certain events of default relating to insolvency, bankruptcy or receivership, the commitments are automatically terminated and the amounts outstanding automatically become payable immediately.

With respect to the other parties to the credit facility, the Company has or may have had customary banking relationships based on the provision of a variety of financial services, including pension fund, cash management, investment banking, and equipment financing and leasing services, none of which are material individually or in the aggregate with respect to any individual party. A copy of the credit facility is attached hereto as Exhibit 10.1 and is incorporated herein by reference. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the credit facility.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information described in Item 1.01 above is hereby incorporated herein by reference.

I 9.01. Financial Statements and Exhibits.

(d) Exhibits.

10.1 Revolving Credit Agreement (3 Year Facility), dated as of October 18, 2005, among Atmos Energy Corporation, the Lenders from time to time party thereto, SunTrust Bank, as Administrative Agent, JPMorgan Chase Bank N.A., as Syndication Agent and Bank of America, N.A., Wachovia Bank, National Association and Société Générale, as Co-Documentation Agents

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: October 21, 2005

By: /s/ LOUIS P. GREGORY

Louis P. Gregory
Senior Vice President
and General Counsel

INDEX TO EXHIBITS

Exhibit Number	Description
10.1	Revolving Credit Agreement (3 Year Facility), dated as of October 18, 2005, among Atmos Energy Corporation, the Lenders from time to time party thereto, SunTrust Bank, as Administrative Agent, JPMorgan Chase Bank N.A., as Syndication Agent and Bank of America, N.A., Wachovia Bank, National Association and Société Générale, as Co-Documentation Agents

Exhibit 10.1

EXECUTION COPY

REVOLVING CREDIT AGREEMENT
(3 Year Facility)

dated as of October 18, 2005

among

ATMOS ENERGY CORPORATION,
as Borrower

THE LENDERS FROM TIME TO TIME PARTY HERETO,

SUNTRUST BANK,
as Administrative Agent

JPMORGAN CHASE BANK, N.A.,
as Syndication Agent,

AND

BANK OF AMERICA, N.A.,
WACHOVIA BANK, NATIONAL ASSOCIATION
and
SOCIÉTÉ GÉNÉRALE,
as Co-Documentation Agents

SUNTRUST CAPITAL MARKETS, INC.

and

J.P. MORGAN SECURITIES INC.,
As Co-Lead Arrangers and Co-Book Managers

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REVOLVING CREDIT AGREEMENT

THIS REVOLVING CREDIT AGREEMENT (this " Agreement ") is made and entered into as of October 18, 2005, by and among ATMOS ENERGY CORPORATION, a Texas and Virginia corporation (the " Borrower "), the several banks and other financial institutions and lenders from time to time party hereto (the " Lenders "), and SUNTRUST BANK, in its capacity as administrative agent for the Lenders (the " Administrative Agent ").

W I T N E S S E T H:

WHEREAS, the Borrower has requested that the Lenders establish a $600,000,000 revolving credit facility in favor of the Borrower;

WHEREAS , subject to the terms and conditions of this Agreement, the Lenders, to the extent of their respective Commitments as defined herein, are willing severally to establish the requested revolving credit facility in favor of the Borrower.

NOW, THEREFORE , in consideration of the premises and the mutual covenants herein contained, the Borrower, the Lenders and the Administrative Agent agree as follows:

ARTICLE I

DEFINITIONS; CONSTRUCTION

Section 1.1. Definitions . In addition to the other terms defined herein, the following terms used herein shall have the meanings herein specified (to be equally applicable to both the singular and plural forms of the terms defined):

" Additional Commitment Amount " shall have the meaning given to such term in Section 2.19 .

" Additional Lender " shall have the meaning given to such term in Section 2.19 .

" Adjusted LIBO Rate " shall mean, with respect to each Interest Period for a Eurodollar Borrowing, the rate per annum obtained by dividing (i) LIBOR for such Interest Period by (ii) a percentage equal to 1.00 *minus* the Eurodollar Reserve Percentage.

" Administrative Questionnaire " shall mean, with respect to each Lender, an administrative questionnaire in the form prepared e Administrative Agent and submitted to the Administrative Agent duly completed by such Lender.

" Affiliate " shall mean, as to any Person, any other Person directly or indirectly controlling, controlled by or under direct or indirect common control with such Person. A Person shall be deemed to control another Person if such Person possesses, directly or indirectly, the power (a) to vote 10% or more of the securities having ordinary voting power for the election

of directors of such other Person or (b) to direct or cause direction of the management and policies of such other Person, whether through the ownership of voting securities, by contract or otherwise.

" Aggregate Commitment Amount " shall mean the aggregate principal amount of the Aggregate Commitments from time to time. On the Closing Date, the Aggregate Commitment Amount equals $600,000,000.

" Aggregate Commitments " shall mean, collectively, all Commitments of all Lenders at any time outstanding.

" Applicable Lending Office " shall mean, for each Lender and for each Type of Loan, the "Lending Office" of such Lender (or an Affiliate of such Lender) designated for such Type of Loan in the Administrative Questionnaire submitted by such Lender or such other office of such Lender (or an Affiliate of such Lender) as such Lender may from time to time specify to the Administrative Agent and the Borrower as the office by which its Loans of such Type are to be made and maintained.

" Applicable Margin " shall mean, as of any date, the percentage per annum determined by reference to the applicable Rating Category from time to time in effect as set forth on Schedule I ; provided , that a change in the Applicable Margin resulting from a change in the Rating Category shall be effective on the day on which any rating agency changes its rating and shall continue until the day prior to the day that a further change becomes effective. Notwithstanding the foregoing, the Applicable Margin from the Closing Date until the first change in the applicable Rating Category after the Closing Date shall be at Level III as set forth on Schedule I .

" Applicable Percentage " shall mean, as of any date, with respect to the unused commitment fee as of any date, the percentage per annum determined by reference to the applicable Rating Category as set forth on Schedule I ; provided , that a change in the Applicable Percentage resulting from a change in the Rating Category shall be effective on the day on which either rating agency changes its rating and shall continue until the day prior to the day that a further change becomes effective. Notwithstanding the foregoing, the Applicable Percentage for the unused commitment fee from the Closing Date until the first change in the applicable Rating Category after the Closing Date shall be at Level III as set forth on Schedule I .

" Approved Fund " shall mean any Person (other than a natural Person) that is (or will be) engaged in making, purchasing, holding or otherwise investing in commercial loans and similar extensions of credit in the ordinary course of its business and that is administered or managed by (i) a Lender, (ii) an Affiliate of a Lender or (iii) an entity or an Affiliate of an entity that administers or manages a Lender.

" Assignment and Acceptance " shall mean an assignment and acceptance entered into by a Lender and an assignee (with the consent of any party whose consent is required by Section 9.4(b)) and accepted by the Administrative Agent, in the form of Exhibit B attached hereto or any other form approved by the Administrative Agent.

" Availability Period " shall mean the period from the Closing Date to the Commitment Termination Date.

" Bankruptcy Code " shall mean the Bankruptcy Code in Title 11 of the United States Code, as amended, modified, succeeded or replaced from time to time.

" Base Rate " shall mean the higher of (i) the per annum rate which the Administrative Agent publicly announces from time to time to be its prime lending rate, as in effect from time to time, and (ii) the Federal Funds Rate, as in effect from time to time, *plus* one-half of one percent (0.50%). The Administrative Agent's prime lending rate is a reference rate and does not necessarily represent the lowest or best rate charged to customers. The Administrative Agent may make commercial loans or other loans at rates of interest at, above or below the Administrative Agent's prime lending rate. Each change in the Administrative Agent's prime lending rate shall be effective from and including the date such change is publicly announced as being effective.

" Borrowing " shall mean a borrowing consisting of Loans of the same Type, made, converted or continued on the same date and in the case of Eurodollar Loans, as to which a single Interest Period is in effect.

" Business Day " shall mean (i) any day other than a Saturday, Sunday or other day on which commercial banks in Atlanta, Georgia and New York, New York are authorized or required by law to close and (ii) if such day relates to a Borrowing of, a payment or prepayment of principal or interest on, a conversion of or into, or an Interest Period for, a Eurodollar Loan or a notice with respect to any of the foregoing, any day on which dealings in Dollars are carried on in the London interbank market.

" Capital Stock " shall mean (a) in the case of a corporation, all classes of capital stock of such corporation, (b) in the case of a partnership, partnership interests (whether general or limited), (c) in the case of a limited liability company, membership interests and (d) any other interest or participation that confers on a Person the right to receive a share of the profits and losses of, or distributions of assets of, the issuing Person.

" Change in Law " shall mean (i) the adoption of any applicable law, rule or regulation after the date of this Agreement, (ii) any change in any applicable law, rule or regulation, or any change in the interpretation or application thereof, by any Governmental Authority after the date of this Agreement, or (iii) compliance by any Lender (or its Applicable Lending Office) (or for purposes of Section 2.15(b), by such Lender's parent corporation, if applicable) with any request, guideline or directive (whether or not having the force of law) of any Governmental Authority made or issued after the date of this Agreement.

" Change of Control " shall mean either of the following events:

(a) any "person" or "group" (within the meaning of Section 13(d) or 14(d) of the Exchange Act) has become, directly or indirectly, the "beneficial owner" (as defined in Rules 13d-3 (other than subsection (d) thereof) and 13d-5 under the Exchange Act), by way of merger, consolidation or otherwise of 40% or more of the voting power of the Borrower on a fully-diluted basis, after giving effect to the conversion and exercise

of all outstanding warrants, options and other securities of the Borrower convertible into or exercisable for voting stock of the Borrower (whether or not such securities are then currently convertible or exercisable); or

(b) during any period of two consecutive calendar years, individuals who at the beginning of such period constituted the board of directors of the Borrower together with any new members of such board of directors whose elections by such board of directors or whose nomination for election by the stockholders of the Borrower was approved by a vote of a majority of the members of such board of directors then still in office who either were directors at the beginning of such period or whose election or nomination for election was previously so approved cease for any reason to constitute a majority of the directors of the Borrower then in office.

" Charges " shall have the meaning set forth in Section 9.12 .

" Closing Date " shall mean the date on which the conditions precedent set forth in Section 3.1 and Section 3.2 have been satisfied or waived in accordance with Section 9.2 .

" Code " shall mean the Internal Revenue Code of 1986, as amended from time to time, and the rules and regulations promulgated thereunder.

" Commitment " shall mean, with respect to each Lender, the obligation of such Lender to make Loans to the Borrower in an aggregate principal amount not exceeding the amount set forth with respect to such Lender on Schedule II , as such schedule may be amended pursuant to Section 2.19 , or in the case of a Person becoming a Lender after the Closing Date through an assignment of an existing Commitment, the amount of the assigned "Commitment" as provided in the Assignment and Acceptance executed by such Person as an assignee, as the same may be increased or deceased pursuant to terms hereof.

" Commitment Termination Date " shall mean the earliest of (i) October 18, 2008, (ii) the date on which the Commitments are terminated pursuant to Section 2.6 and (iii) the date on which all amounts outstanding under this Agreement have been declared or have automatically become due and payable (whether by acceleration or otherwise).

" Credit Exposure " shall mean, with respect to any Lender at any time, the outstanding principal amount of such Lender's Loans.

" Compliance Certificate " shall mean a certificate from a Financial Officer of the Borrower in the form of, and containing the certifications set forth in, the certificate attached hereto as Exhibit 5.1(c) .

" Consolidated Capitalization " shall mean, without duplication, the sum of (a) all of the shareholders' equity or net worth of the Borrower and its Subsidiaries on a consolidated basis, as determined in accordance with GAAP plus (b) the aggregate principal amount of Preferred Securities plus (c) the aggregate Minority Interests in Subsidiaries plus (d) Consolidated Funded Debt.

" Consolidated Funded Debt " shall mean, without duplication, the sum of (a) all indebtedness of the Borrower and its Subsidiaries for borrowed money, (b) all purchase money indebtedness of the Borrower and its Subsidiaries (other than trade accounts payable), (c) the principal portion of all obligations of the Borrower and its Subsidiaries under capital leases, (d) all commercial letters of credit and all performance and standby letters of credit issued or bankers' acceptances created for the account of the Borrower or one of its Subsidiaries, including, without duplication, all unreimbursed draws thereunder, (e) all Guaranty Obligations of the Borrower and its Subsidiaries with respect to funded indebtedness of another Person of the types listed in clauses (a) through (d), (f) all indebtedness of another entity secured by a Lien on any property of the Borrower or any of its Subsidiaries whether or not such indebtedness has been assumed by the Borrower or any of its Subsidiaries, (g) all indebtedness of any partnership or unincorporated joint venture to the extent the Borrower or one of its Subsidiaries is legally obligated with respect thereto, net of any assets of such partnership or joint venture and in the case of the Capital Stock of such partnership or joint venture being held by a Subsidiary, limited to the net worth of such Subsidiary, (h) all obligations of the Borrower and its Subsidiaries to advance or provide funds or other support for the payment or purchase of funded indebtedness (including, without limitation, maintenance agreements, comfort letters or similar agreements or arrangements) (other than as may be given in respect of Atmos Energy Marketing, LLC ("AEM")) and (i) the principal balance outstanding under any synthetic lease, tax retention operating lease, off-balance sheet loan or similar off-balance sheet financing product of the Borrower or one of its Material Subsidiaries where such transaction is considered borrowed money indebtedness for tax purposes but is classified as an operating lease in accordance with GAAP; provided that neither the indebtedness of AEM incurred in connection with the purchase of gas by AEM for resale to the Borrower nor the guaranty by the Borrower or one of its Subsidiaries of such indebtedness shall be included in this definition if such indebtedness has been outstanding for less than two months from the date of its incurrence by AEM.

" Consolidated Net Property " shall mean the Fixed Assets less, without duplication, the amount of accumulated depreciation and amortization attributable thereto.

" Contractual Obligation " of any Person shall mean any provision of any security issued by such Person or of any agreement, instrument or undertaking under which such Person is obligated or by which it or any of the property in which it has an interest is bound.

" Credit Documents " shall mean, collectively, this Agreement, the Notes (if any), all Notices of Borrowing, all Notices of Conversion/Continuation, all Compliance Certificates and any and all other instruments, agreements, documents and writings executed in connection with any of the foregoing.

" Debt to Capitalization Ratio " shall mean the ratio of (a) Consolidated Funded Debt to (b) Consolidated Capitalization.

" Default " shall mean any act, condition or event that, with the giving of notice or the lapse of time or both, would constitute an Event of Default.

" Default Interest " shall have the meaning set forth in Section 2.10 (b).

" Dollar(s) " and the sign "$" shall mean lawful money of the United States of America.

" Environmental Laws " shall mean any current or future legal requirement of any Governmental Authority pertaining to (a) the protection of health, safety, and the indoor or outdoor environment, (b) the conservation, management, or use of natural resources and wildlife, (c) the protection or use of surface water and groundwater or (d) the management, manufacture, possession, presence, use, generation, transportation, treatment, storage, disposal, release, threatened release, abatement, removal, remediation or handling of, or exposure to, any hazardous or toxic substance or material or (e) pollution (including any release to land surface water and groundwater) and includes, without limitation, the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 USC 9601 et seq., Solid Waste Disposal Act, as amended by the Resource Conservation and Recovery Act of 1976 and Hazardous and Solid Waste Amendment of 1984, 42 USC 6901 *et seq.* , Federal Water Pollution Control Act, as amended by the Clean Water Act of 1977, 33 USC 1251 et seq., Clean Air Act of 1966, as amended, 42 USC 7401 *et seq.* , Toxic Substances Control Act of 1976, 15 USC 2601 et seq., Hazardous Materials Transportation Act, 49 USC App. 1801 *et seq.* , Occupational Safety and Health Act of 1970, as amended, 29 USC 651 *et seq.* , Oil Pollution Act of 1990, 33 USC 2701 *et seq.* , Emergency Planning and Community Right-to-Know Act of 1986, 42 USC 11001 *et seq.* , National Environmental Policy Act of 1969, 42 USC 4321 *et seq.* , Safe Drinking Water Act of 1974, as amended, 42 USC 300(f) *et seq.* , any analogous implementing or successor law, and any amendment, rule, regulation, order, or directive issued thereunder.

" ERISA " shall mean the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto, as interpreted by the rules and regulations thereunder, all as the same may be in effect from time to time. References to sections of ERISA shall be construed also to refer to any successor sections.

" ERISA Affiliate " shall mean an entity, whether or not incorporated, which is under common control with the Borrower or any of its Subsidiaries within the meaning of Section 4001(a)(14) of ERISA, or is a member of a group which includes the Borrower or any of its Subsidiaries and which is treated as a single employer under Sections 414(b), (c), (m), or (o) of the Code.

" Eurodollar " when used in reference to any Loan or Borrowing, refers to whether such Loan, or the Loans comprising such Borrowing, bears interest at a rate determined by reference to the Adjusted LIBO Rate.

" Eurodollar Reserve Percentage " shall mean the aggregate of the maximum reserve percentages (including, without limitation, any emergency, supplemental, special or other marginal reserves) expressed as a decimal (rounded upwards to the next 1/100 th of 1%) in effect on any day to which the Administrative Agent is subject with respect to the Adjusted LIBO Rate pursuant to regulations issued by the Board of Governors of the Federal Reserve System (or any Governmental Authority succeeding to any of its principal functions) with respect to eurocurrency funding (currently referred to as "eurocurrency liabilities" under Regulation D). Eurodollar Loans shall be deem to constitute eurocurrency funding and to be subject to such

reserve requirements without benefit of or credit for proration, exemptions or offsets that may be available from time to time to any Lender under Regulation D. The Eurodollar Reserve Percentage shall be adjusted automatically on and as of the effective date of any change in a serve percentage.

" Event of Default " shall have the meaning provided in Section 7.1 .

" Exchange Act " shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

" Excluded Taxes " shall mean with respect to the Administrative Agent, any Lender or any other recipient of any payment to be made by or on account of any obligation of the Borrower hereunder, (a) income or franchise taxes imposed on (or measured by) its net income by the United States of America, or by the jurisdiction under the laws of which such recipient is organized or in which its principal office is located or, in the case of any Lender, in which its applicable lending office is located, (b) any branch profits taxes imposed by the United States of America or any similar tax imposed by any other jurisdiction in which any Lender is located and (c) in the case of a Foreign Lender, any withholding tax that (i) is imposed on amounts payable to such Foreign Lender at the time such Foreign Lender becomes a party to this Agreement, (ii) is imposed on amounts payable to such Foreign Lender at any time that such Foreign Lender designates a new lending office, other than taxes that have accrued prior to the designation of such lending office that are otherwise not Excluded Taxes, and (iii) is attributable to such Foreign Lender's failure to comply with Section 2.17(e) .

" Existing Credit Agreement " shall mean that certain 364-Day Revolving Credit Agreement, dated as of October 22, 2004, among the Borrower, the lenders identified therein and Bank One, NA, as administrative agent, as amended, modified, supplemented or replaced from time to time.

" Federal Funds Rate " shall mean, for any day, the rate per annum (rounded upwards, if necessary, to the next 1/100 th of 1%) equal to the weighted average of the rates on overnight Federal funds transactions with member banks of the Federal Reserve System arranged by Federal funds brokers, as published by the Federal Reserve Bank of New York on the next succeeding Business Day or if such rate is not so published for any Business Day, the Federal Funds Rate for such day shall be the average rounded upwards, if necessary, to the next 1/100th of 1% of the quotations for such day on such transactions received by the Administrative Agent from three Federal funds brokers of recognized standing selected by the Administrative Agent.

" Fee Letter " shall mean that certain fee letter, dated as of September 2, 2005, executed by SunTrust Capital Markets, Inc. and pted by the Borrower, as modified by the commitment letter, dated as of September 6, 2005, executed by SunTrust Bank, and acknowledged and agreed to by SunTrust Capital Markets, Inc. and the Borrower.

" Financial Officer " shall mean any one of the chief financial officer, the controller or the treasurer of the Borrower.

" Fitch " shall mean Fitch Ratings Ltd., or any successor or assignee of the business of such company in the business of rating securities.

" Fixed Assets " shall mean the assets of the Borrower and its Subsidiaries constituting "net property, plant and equipment" on the consolidated balance sheet of the Borrower and its Subsidiaries.

" Foreign Lender " shall mean any Lender that is not a United States person under Section 7701(a)(3) of the Code.

" GAAP " shall mean generally accepted accounting principles in the United States applied on a consistent basis and subject to Section 1.3 .

" Governmental Authority " shall mean any Federal, state, local or foreign court or governmental agency, authority, instrumentality or regulatory body.

" Guaranty Obligations " shall mean, with respect to any Person, without duplication, any obligations (other than endorsements in the ordinary course of business of negotiable instruments for deposit or collection) guaranteeing any indebtedness for borrowed money of any other Person in any manner, whether direct or indirect, and including without limitation any obligation, whether or not contingent, (a) to purchase any such indebtedness or other obligation or any property constituting security therefor, (b) to lease or purchase property, securities or services primarily for the purpose of assuring the owner of such indebtedness or (c) to otherwise assure or hold harmless the owner of such indebtedness or obligation against loss in respect thereof. The amount of any Guaranty Obligation hereunder shall (subject to any limitations set forth therein) be deemed to be an amount equal to the outstanding principal amount of the indebtedness in respect of which such Guaranty Obligation is made.

" Hedging Obligations " shall mean any and all obligations of such Person, whether absolute or contingent and howsoever and whensoever created, arising, evidenced or acquired under (i) any and all Hedging Transactions, (ii) any and all cancellations, buy backs, reversals, terminations or assignments of any Hedging Transactions and (iii) any and all renewals, extensions and modifications of any Hedging Transactions and any and all substitutions for any Hedging Transactions.

" Hedging Transaction " shall mean any transaction (including an agreement with respect thereto) now existing or hereafter entered into by such Person that is a rate swap, basis swap, forward rate transaction, commodity swap, interest rate option, foreign exchange transaction, cap transaction, floor transaction, collateral transaction, forward transaction, currency swap transaction, cross-currency rate swap transaction, currency option or any other similar transaction (including any option with respect to any of these transactions) or any combination thereof, whether linked to one or more interest rates, foreign currencies, commodity prices, equity prices or other financial measures.

" Indemnified Taxes " shall mean Taxes other than Excluded Taxes.

" Information Memorandum " shall mean the Confidential Executive Summary dated September 2005 relating to the Borrower and the transactions contemplated by this Agreement and the other Credit Documents.

" Interest Period " shall mean with respect to any Eurodollar Borrowing, a period of one, two, three or six months; provided, that:

(i) the initial Interest Period for such Borrowing shall commence on the date of such Borrowing (including the date of any conversion from a Borrowing of another Type), and each Interest Period occurring thereafter in respect of such Borrowing shall commence on the day on which the next preceding Interest Period expires;

(ii) if any Interest Period would otherwise end on a day other than a Business Day, such Interest Period shall be extended to the next succeeding Business Day, unless such Business Day falls in another calendar month, in which case such Interest Period would end on the next preceding Business Day;

(iii) any Interest Period which begins on the last Business Day of a calendar month or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period shall end on the last Business Day of such calendar month;

(iv) no Interest Period may extend beyond the Commitment Termination Date.

" Lenders " shall have the meaning assigned to such term in the opening paragraph of this Agreement and shall include, where appropriate, each Additional Lender that joins this Agreement pursuant to Section 2.19 .

" LIBOR " shall mean, for any applicable Interest Period with respect to any Eurodollar Loan, the British Bankers' Association Interest Settlement Rate per annum for deposits in Dollars for a period equal to such Interest Period appearing on the display designated as Page 3750 on the Dow Jones Markets Service (or such other page on that service or such other service designated by the British Bankers' Association for the display of such Association's Interest Settlement Rates for Dollar deposits) as of 11:00 a.m. (London, England time) on the day that is two Business Days prior to the first day of the Interest Period or if such Page 3750 is unavailable for any reason at such time, the rate which appears on the Reuters Screen ISDA Page as of such date and such time; provided , that if the Administrative Agent determines that the relevant foregoing sources are unavailable for the relevant Interest Period, LIBOR shall mean the rate of interest determined by the Administrative Agent to be the average (rounded upward, if necessary, to the nearest 1/100 th of 1%) of the rates per annum at which deposits in Dollars are offered to the Administrative Agent two (2) Business Days preceding the first day of such Interest Period by leading banks in the London interbank market as of 10:00 a.m. (New York time) for delivery on the first day of such Interest Period, for the number of days comprised therein and in an amount comparable to the amount of the Eurodollar Loan of the Administrative Agent.

" Lien " shall mean any mortgage, pledge, hypothecation, assignment, deposit arrangement, security interest, encumbrance, lien (statutory or otherwise), preference, priority or charge of any kind.

" Loan " shall mean a loan made by a Lender to the Borrower under its Commitment, which may either be a Base Rate Loan or a Eurodollar Loan.

" Material Adverse Effect " shall mean a material adverse effect on (a) the business, assets, liabilities, results of operations or financial condition of the Borrower and its Subsidiaries, taken as a whole, (b) the ability of the Borrower to perform its obligations under this Credit Agreement or (c) the validity or enforceability of this Credit Agreement, any of the other Credit Documents, or the rights and remedies of the Lenders hereunder or thereunder.

" Material Subsidiary " shall mean, at any date, a Subsidiary of the Borrower whose aggregate assets properly included under the category "property, plant and equipment" on the balance sheet of such Subsidiary, less the amount of depreciation and amortization attributable thereto, constitutes at least 10% of Consolidated Net Property as of such date; provided that if at any time the Borrower has Subsidiaries that are not Material Subsidiaries whose total aggregate assets under the category "property, plant and equipment" on the balance sheet of such Subsidiaries, less the amount of depreciation and amortization attributable thereto, constitute more than 20% of Consolidated Net Property as of such date the Borrower shall designate one or more of such Subsidiaries as Material Subsidiaries for the purposes of this Credit Agreement in order that all Subsidiaries of the Borrower, other than Material Subsidiaries, own not more than 20% of Consolidated Net Property.

" Maximum Rate " shall have the meaning set forth in Section 9.12 .

" Minority Interests " shall mean interests owned by Persons (other than the Borrower or a Subsidiary of the Borrower) in a Subsidiary of the Borrower in which less than 100% of all classes of the voting securities are owned by the Borrower or its Subsidiaries.

" Moody's " shall mean Moody's Investors Service, Inc., or any successor or assignee of the business of such company in the business of rating securities.

" Multiemployer Plan " shall mean a Plan covered by Title IV of ERISA which is a multiemployer plan as defined in Section 3 (37) or 4001(a)(3) of ERISA.

" Multiple Employer Plan " shall mean a Plan covered by Title IV of ERISA, other than a Multiemployer Plan, which the Borrower or any ERISA Affiliate and at least one employer other than the Borrower or any ERISA Affiliate are contributing sponsors.

" 1959 Indenture " shall mean, collectively, that certain Indenture of Mortgage, dated as of July 15, 1959, granted by United Cities Gas Company (predecessor in interest to the Borrower) to City National Bank and Trust Company of Chicago and R. Emmett Hanley, as the original Trustees, and all Supplemental Indentures thereto, including, without limitation, that certain First Supplemental Indenture, dated as of November 1, 1960; that certain Second Supplemental Indenture, dated as of June 1, 1962; that certain Third Supplemental Indenture, dated as of February 1, 1963; that certain Fourth Supplemental Indenture, dated as of June 15, 1963; that certain Fifth Supplemental Indenture, dated as of November 15, 1964; that certain Sixth Supplemental Indenture, dated as of March 15, 1968; that certain Seventh Supplemental Indenture, dated as of August 1, 1970; that certain Eighth Supplemental Indenture, dated as of September 1, 1972; that certain Ninth Supplemental Indenture, dated as of January 1, 1974; that

certain Tenth Supplemental Indenture, dated as of July 1, 1976; that certain Eleventh Supplemental Indenture, dated as of December 1, 1976; that certain Twelfth Supplemental Indenture, dated as of April 1, 1981; that certain Thirteenth Supplemental Indenture, dated as of M 1, 1982; that certain Fourteenth Supplemental Indenture, dated as of March 1, 1987; that certain Fifteenth Supplemental Indenture, a. as of October 1, 1987; that certain Sixteenth Supplemental Indenture, dated as of December 1, 1989; that certain Seventeenth Supplemental Indenture, dated as of April 1, 1990; that certain Eighteenth Supplemental Indenture, dated as of June 1, 1991; that certain Nineteenth Supplemental Indenture, dated as of May 1, 1992; that certain Twentieth Supplemental Indenture, dated as of December 1, 1992; that certain Twenty-First Supplemental Indenture, dated as of February 5, 1997; and that certain Twenty-Second Supplemental Indenture, dated as of July 29, 1997.

" 1998 Indenture " shall mean, collectively, that certain Indenture, dated as of July 15, 1998, granted by the Borrower to US Bank Trust National Association, as Trustee, and all Supplemental Indentures thereto.

" Non-Recourse Indebtedness " shall mean, at any time, indebtedness incurred after the date hereof by the Borrower or a Material Subsidiary in connection with the acquisition of property or assets by the Borrower or such Material Subsidiary or the financing of the construction of or improvements on property, whenever acquired, 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, and any accession or additions thereto and proceeds thereof, 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 at such time. Indebtedness which is otherwise Non-Recourse Indebtedness will not lose its character as Non-Recourse Indebtedness because there is recourse to the Borrower, any Material Subsidiary, any guarantor or any other Person for (a) environmental representations, warranties or indemnities, or (b) indemnities for and liabilities arising from (i) fraud, (ii) misrepresentation, (iii) 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, (iv) waste, (v) materialmen's and mechanics' liens or (vi) similar matters.

" Note " shall mean a promissory note of the Borrower payable to the order of a requesting Lender in the principal amount of such Lender's Commitment, in substantially the form of Exhibit A .

" Notice of Borrowing " shall have the meaning set forth in Section 2.3 .

" Notice of Conversion/Continuation " shall mean the notice given by the Borrower to the Administrative Agent in respect of t nversion or continuation of an outstanding Borrowing as provided in Section 2.5 (b).

" Obligations " shall mean all amounts owing by the Borrower to the Administrative Agent or any Lender pursuant to or in connection with this Agreement or any other Credit Document, including without limitation, all principal, interest (including any interest

accruing after the filing of any petition in bankruptcy or the commencement of any insolvency, reorganization or like proceeding relating to the Borrower, whether or not a claim for post-filing or post-petition interest is allowed in such proceeding), all reimbursement obligations, fees, expenses, indemnification and reimbursement payments, costs and expenses (including all reasonable fees and expenses of counsel to the Administrative Agent and any Lender incurred pursuant to this Agreement or any other Credit Document), whether direct or indirect, absolute or contingent, liquidated or unliquidated, now existing or hereafter arising hereunder or thereunder, and all Hedging Obligations owed to the Administrative Agent, any Lender or any of their Affiliates incurred in order to limit interest rate or fee fluctuation with respect to the Loans, and all obligations and liabilities incurred in connection with collecting and enforcing the foregoing, together with all renewals, extensions, modifications or refinancings thereof.

" Other Taxes " shall mean any and all present or future stamp or documentary taxes or any other excise or property taxes, charges or similar levies arising from any payment made hereunder or from the execution, delivery or enforcement of, or otherwise with respect to, this Agreement or any other Credit Document.

" Participant " shall have the meaning set forth in Section 9.4(d).

" Payment Office " shall mean the office of the Administrative Agent located at 303 Peachtree Street, N.E., Atlanta, Georgia 30308, or such other location as to which the Administrative Agent shall have given written notice to the Borrower and the other Lenders.

" PBGC " shall mean the Pension Benefit Guaranty Corporation established pursuant to Subtitle A of Title IV of ERISA and any successor thereto.

" Permitted Lien " shall mean, with respect to any asset, the Liens permitted to exist on such asset under Section 6.6 .

" Person " shall mean any individual, partnership, joint venture, firm, corporation, association, trust, limited liability company or other enterprise (whether or not incorporated), or any government or political subdivision or any agency, department or instrumentality thereof.

" Plan " shall mean any employee benefit plan (as defined in Section 3(3) of ERISA) which is covered by ERISA and with respect to which the Borrower or any ERISA Affiliate is (or, if such plan were terminated at such time, would under Section 4069 of ERISA be deemed to be) an "employer" within the meaning of Section 3(5) of ERISA.

" Preferred Securities " shall mean, at any date, any equity interests in the Borrower, in a Special Purpose Financing Subsidiary of the Borrower or in any other Subsidiary of the Borrower (such as those known as "TECONS", "MIPS" or "RHINOS"): (a) that are not (i) required to be redeemed or redeemable at the option of the holder thereof prior to the fifth anniversary of the Maturity Date or (ii) convertible into or exchangeable for (unless solely at the option of the Borrower or such Subsidiary of the Borrower) equity interests referred to in clause (i) above or indebtedness having a scheduled maturity, or requiring any repayments or prepayments of principal or any sinking fund or similar payments in respect of principal or providing for any such repayment, prepayment, sinking fund or other payment at the option of the holder thereof prior to the fifth anniversary of the Maturity Date and (b) as to which, at such

date, the Borrower or such Subsidiary of the Borrower has the right to defer the payment of all dividends and other distributions in respect th of for the period of at least 19 consecutive quarters beginning at such date.

" Pro Rata Share " shall mean (i) with respect to any Commitment of any Lender at any time, a percentage, the numerator of which shall be such Lender's Commitment (or if such Commitments have been terminated or expired or the Loans have been declared to be due and payable, such Lender's Credit Exposure), and the denominator of which shall be the sum of such Commitments of all Lenders (or if such Commitments have been terminated or expired or the Loans have been declared to be due and payable, all Credit Exposure of all Lenders) and (ii) with respect to all Commitments of any Lender at any time, the numerator of which shall be the sum of such Lender's Commitments (or if such Commitments have been terminated or expired or the Loans have been declared to be due and payable, such Lender's Credit Exposure) and the denominator of which shall be the sum of all Lenders' Commitments (or if such Commitments have been terminated or expired or the Loans have been declared to be due and payable, all Credit Exposure of all Lenders funded under such Commitments).

" Register " shall have the meaning set forth in Section 9.4(c) .

" Regulation A, D, T, U, or X " shall mean Regulation A, D, T, U or X, respectively, of the Board of Governors of the Federal Reserve System (or any successor body) as from time to time in effect, any amendment thereto and any successor to all or a portion thereof.

" Related Parties " shall mean, with respect to any specified Person, such Person's Affiliates and the respective directors, officers, employees, agents and advisors of such Person and such Person's Affiliates.

" Reportable Event " shall mean a "reportable event" as defined in Section 4043 of ERISA with respect to which the notice requirements to the PBGC have not been waived.

" Required Lenders " shall mean, at any time, Lenders holding more than 50% of the aggregate outstanding Commitments at such time or if the Lenders have no Commitments outstanding, then Lenders holding more than 50% of the Credit Exposure.

" Requirement of Law " for any Person shall mean the articles or certificate of incorporation, bylaws, partnership certificate and agreement, or limited liability company certificate of organization and agreement, as the case may be, and other organizational and governing documents of such Person, and any law, treaty, rule or regulation, or determination of a Governmental Authority, in each case icable to or binding upon such Person or any of its property or to which such Person or any of its property is subject.

" S&P " shall mean Standard & Poor's Ratings Services, a division of McGraw Hill, Inc., or any successor or assignee of the business of such division in the business of rating securities.

" SEC " shall mean the Securities and Exchange Commission or any successor agency.

" Securities Act " shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

" Single Employer Plan " shall mean any Plan which is covered by Title IV of ERISA, but which is not a Multiemployer Plan or a Multiple Employer Plan.

" Special Purpose Financing Subsidiary " shall mean a Subsidiary of the Borrower that has no direct or indirect interest in the business of the Borrower and its other Subsidiaries and was formed solely for the purpose of issuing Preferred Securities.

" Subsidiary " shall mean, as to any Person, (a) any corporation more than 50% of whose stock of any class or classes having by the terms thereof ordinary voting power to elect a majority of the directors of such corporation (irrespective of whether or not, at the time, any class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time owned by such Person directly or indirectly through Subsidiaries and (b) any partnership, association, joint venture, limited liability company or other entity in which such Person directly or indirectly through Subsidiaries has more than 50% voting equity interest at any time.

" Taxes " shall mean any and all present or future taxes, levies, imposts, duties, deductions, charges or withholdings imposed by any Governmental Authority.

" Termination Event " shall mean (a) with respect to any Single Employer Plan, the occurrence of a Reportable Event or the substantial cessation of operations (within the meaning of Section 4062(e) of ERISA), (b) the withdrawal of the Borrower or any ERISA Affiliate from a Multiple Employer Plan during a plan year in which it was a substantial employer (as such term is defined in Section 4001 (a)(2) of ERISA), or the termination of a Multiple Employer Plan, (c) the distribution of a notice of intent to terminate or the actual termination of a Plan pursuant to Section 4041(a)(2) or 4041A of ERISA, (d) the institution of proceedings to terminate or the actual termination of a Plan by the PBGC under Section 4042 of ERISA, (e) any event or condition which might reasonably constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Plan, or (f) the complete or partial withdrawal of the Borrower or any ERISA Affiliate from a Multiemployer Plan.

" Total Assets " shall mean all assets of the Borrower and its Subsidiaries as shown on its most recent quarterly consolidated balance sheet, as determined in accordance with GAAP.

" 2001 Indenture " shall mean, collectively, that certain Indenture, dated as of May 22, 2001, granted by the Borrower to SunTrust Bank, Atlanta, as Trustee, and all Supplemental Indentures thereto.

" Type ", when used in reference to a Loan or Borrowing, refers to whether the rate of interest on such Loan, or on the Loans comprising such Borrowing, is determined by reference to the Adjusted LIBO Rate or the Base Rate.

Section 1.2. Classifications of Loans and Borrowings. For purposes of this Agreement, Loans may be classified and referred to by Type (e.g. a "Eurodollar Loan", or "Base Rate Loan"). Borrowings also may be classified and referred to by Type (e.g. "Eurodollar I wing").

Section 1.3. Accounting Terms and Determination. Unless otherwise defined or specified herein, all accounting terms used herein shall be interpreted, all accounting determinations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared, in accordance with GAAP as in effect from time to time, applied on a basis consistent with the most recent audited consolidated financial statements of the Borrower delivered pursuant to Section 5.1(a); provided, that if the Borrower notifies the Administrative Agent that the Borrower wishes to amend the covenant in Section 5.2 to eliminate the effect of any change in GAAP on the operation of such covenant (or if the Administrative Agent notifies the Borrower that the Required Lenders wish to amend Section 5.2 for such purpose), then the Borrower's compliance with such covenant shall be determined on the basis of GAAP in effect immediately before the relevant change in GAAP became effective, until either such notice is withdrawn or such covenant is amended in a manner satisfactory to the Borrower and the Required Lenders.

Section 1.4. Terms Generally. The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include", "includes" and "including" shall be deemed to be followed by the phrase "without limitation". The word "will" shall be construed to have the same meaning and effect as the word "shall". In the computation of periods of time from a specified date to a later specified date, the word "from" means "from and including" and the word "to" means "to but excluding". Unless the context requires otherwise (i) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as it was originally executed or as it may from time to time be amended, restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (ii) any reference herein to any Person shall be construed to include such Person's successors and permitted assigns, (iii) the words "hereof", "herein" and "hereunder" and words of similar import shall be construed to refer to this Agreement as a whole and not to any particular provision hereof, (iv) all references to Articles, Sections, Exhibits and Schedules shall be construed to refer to Articles, Sections, Exhibits and Schedules to this Agreement and (v) all references to a specific time shall be construed to refer to the time in the city and state of the Administrative Agent's principal office, unless otherwise indicated.

ARTICLE II

AMOUNT AND TERMS OF THE COMMITMENTS

Section 2.1. General Description of Facilities. Subject to and upon the terms and conditions herein set forth, the Lenders hereby establish in favor of the Borrower a revolving credit facility pursuant to which each Lender severally agrees (to the extent of such Lender's Commitment) to make Loans to the Borrower in accordance with Section 2.2.

Section 2.2. Loans. Subject to the terms and conditions set forth herein, each Lender severally agrees to make Loans, ratably in proportion to its Pro Rata Share, to the Borrower, from time to time during the Availability Period, in an aggregate principal amount outstanding at any time that will not result in (a) such Lender's Credit Exposure exceeding such Lender's Commitment or (b) the sum of the aggregate Credit Exposures of all Lenders exceeding the Aggregate Commitment Amount. During the Availability Period, the Borrower shall be entitled to borrow, prepay and reborrow Loans in accordance with the terms and conditions of this Agreement; provided, that the Borrower may not borrow or reborrow should there exist a Default or Event of Default.

Section 2.3. Procedure for Borrowings. The Borrower shall give the Administrative Agent written notice (or telephonic notice promptly confirmed in writing) of each Borrowing substantially in the form of Exhibit 2.3 (a "Notice of Borrowing") (x) prior to 11:00 a.m. (New York time) one (1) Business Day prior to the requested date of each Base Rate Borrowing and (y) prior to 11:00 a.m. (New York time) three (3) Business Days prior to the requested date of each Eurodollar Borrowing. Each Notice of Borrowing shall be irrevocable and shall specify: (i) the aggregate principal amount of such Borrowing, (ii) the date of such Borrowing (which shall be a Business Day), (iii) the Type of such Loan comprising such Borrowing and (iv) in the case of a Eurodollar Borrowing, the duration of the initial Interest Period applicable thereto (subject to the provisions of the definition of Interest Period). Each Borrowing shall consist entirely of Base Rate Loans or Eurodollar Loans, as the Borrower may request. The aggregate principal amount of each Eurodollar Borrowing shall be not less than $5,000,000 or a larger multiple of $1,000,000, and the aggregate principal amount of each Base Rate Borrowing shall not be less than $1,000,000 or a larger multiple of $100,000; provided, that Base Rate Loans made pursuant to Section 2.4 may be made in lesser amounts as provided therein. At no time shall the total number of Eurodollar Borrowings outstanding exceed six. Promptly following the receipt of a Notice of Borrowing in accordance herewith, the Administrative Agent shall advise each Lender of the details thereof and the amount of such Lender's Loan to be made as part of the requested Borrowing.

Section 2.4. Funding of Borrowings.

(a) Each Lender will make available each Loan to be made by it hereunder on the proposed date thereof by wire transfer in immediately available funds by 11:00 a.m. (New York time) to the Administrative Agent at the Payment Office. The Administrative Agent will make such Loans available to the Borrower by promptly crediting the amounts that it receives, in like funds by the close of business on such proposed date, to an account maintained by the Borrower with the Administrative Agent or at the Borrower's option, by effecting a wire transfer of such amounts to an account designated by the Borrower to the Administrative Agent.

(b) Unless the Administrative Agent shall have been notified by any Lender prior to 5:00 p.m. (New York time) one (1) Business Day prior to the date of a Borrowing in which such Lender is to participate that such Lender will not make available to the Administrative Agent such Lender's share of such Borrowing, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent, in reliance on such assumption, may make available to the Borrower on such date a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender on the date of such Borrowing, the Administrative Agent shall be entitled to recover such corresponding amount on demand from such Lender together with interest at the Federal Funds Rate until the second Business Day after such demand and thereafter at the Base Rate. If such Lender does not pay such corresponding amount forthwith upon the Administrative Agent's demand therefor, the Administrative Agent shall promptly notify the Borrower, and the Borrower shall immediately pay such corresponding amount to the Administrative Agent together with interest at the rate specified for such Borrowing. Nothing in this subsection shall be deemed to relieve any Lender from its obligation to fund its Pro Rata Share of any Borrowing hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any default by such Lender hereunder.

(c) All Borrowings shall be made by the Lenders on the basis of their respective Pro Rata Shares. No Lender shall be responsible for any default by any other Lender in its obligations hereunder, and each Lender shall be obligated to make its Loans provided to be made by it hereunder, regardless of the failure of any other Lender to make its Loans hereunder.

Section 2.5. Interest Elections .

(a) Each Borrowing initially shall be of the Type specified in the applicable Notice of Borrowing, and in the case of a Eurodollar Borrowing, shall have an initial Interest Period as specified in such Notice of Borrowing. Thereafter, the Borrower may elect to convert such Borrowing into a different Type or to continue such Borrowing, and in the case of a Eurodollar Borrowing, may elect Interest Periods therefor, all as provided in this Section 2.5 . The Borrower may elect different options with respect to different portions of the affected Borrowing, in which case each such portion shall be allocated ratably among the Lenders holding Loans comprising such Borrowing, and the Loans comprising each such portion shall be considered a separate Borrowing.

(b) To make an election pursuant to this Section 2.5 , the Borrower shall give the Administrative Agent prior written notice (or telephonic notice promptly confirmed in writing) of each Borrowing substantially in the form of Exhibit 2.5 attached hereto (a " Notice of Conversion/Continuation ") that is to be converted or continued, as the case may be, (x) prior to 10:00 a.m. (New York time) one (1) Business Day prior to the requested date of a conversion into a Base Rate Borrowing and (y) prior to 11:00 a.m. (New York time) three (3) Business Days prior to a continuation of or conversion into a Eurodollar Borrowing. Each such Notice of Conversion/Continuation shall be irrevocable and shall specify (i) the Borrowing to which such Notice of Continuation/Conversion applies and if different options are being elected with respect to different portions thereof, the portions thereof that are to be allocated to each resulting

Borrowing (in which case the information to be specified pursuant to clauses (iii) and (iv) shall be specified for each resulting Borrowing); (ii) the effective date of the election made pursuant to such Notice of Continuation/Conversion, which shall be a Business Day, (iii) whether the resulting Borrowing is to be a Base Rate Borrowing or a Eurodollar Borrowing; and (iv) if the resulting Borrowing is to be a Eurodollar Borrowing, the Interest Period applicable thereto after giving effect to such election, which shall be a period contemplated by the definition of "Interest Period". If any such Notice of Continuation/Conversion requests a Eurodollar Borrowing but does not specify an Interest Period, the Borrower shall be deemed to have selected an Interest Period of one month. The principal amount of any resulting Borrowing shall satisfy the minimum borrowing amount for Eurodollar Borrowings and Base Rate Borrowings set forth in Section 2.3 .

(c) If, on the expiration of any Interest Period in respect of any Eurodollar Borrowing, the Borrower shall have failed to deliver a Notice of Conversion/ Continuation, then, unless such Borrowing is repaid as provided herein, the Borrower shall be deemed to have elected to convert such Borrowing to a Base Rate Borrowing. No Borrowing may be converted into, or continued as, a Eurodollar Borrowing if a Default or an Event of Default exists, unless the Administrative Agent and each of the Lenders shall have otherwise consented in writing. No conversion of any Eurodollar Loans shall be permitted except on the last day of the Interest Period in respect thereof.

(d) Upon receipt of any Notice of Conversion/Continuation, the Administrative Agent shall promptly notify each Lender of the details thereof and of such Lender's portion of each resulting Borrowing.

Section 2.6. Optional Reduction and Termination of Commitments .

(a) Unless previously terminated, all Commitments shall terminate on the Commitment Termination Date.

(b) Upon at least three (3) Business Days' prior written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent (which notice shall be irrevocable), the Borrower may reduce the Aggregate Commitments in part or terminate the Aggregate Commitments in whole; provided , that (i) any partial reduction shall apply to reduce proportionately and permanently the Commitment of each Lender, (ii) any partial reduction pursuant to this Section 2.6 shall be in an amount of at least $5,000,000 and any larger multiple of $1,000,000, and (iii) no such reduction shall be permitted which would reduce the Aggregate Commitment Amount to an amount less than the outstanding Credit Exposures of all Lenders.

Section 2.7. Repayment of Loans . The outstanding principal amount of all Loans shall be due and payable (together with accrued and unpaid interest thereon) on the Commitment Termination Date.

Section 2.8. Evidence of Indebtedness. Each Lender shall maintain in accordance with its usual practice appropriate records evidencing the indebtedness of the Borrower to such Lender resulting from each Loan made by such Lender from time to time, including t' ıounts of principal and interest payable thereon and paid to such Lender from time to time under this Agreement. The Administrative A... shall maintain appropriate records in which shall be recorded (i) the Commitment of each Lender, (ii) the amount of each Loan made hereunder by each Lender, the Type thereof and the Interest Period applicable thereto, (iii) the date of each continuation thereof pursuant to Section 2.5, (iv) the date of each conversion of all or a portion thereof to another Type pursuant to Section 2.5, (v) the date and amount of any principal or interest due and payable or to become due and payable from the Borrower to each Lender hereunder in respect of such Loans and (vi) both the date and amount of any sum received by the Administrative Agent hereunder from the Borrower in respect of the Loans and each Lender's Pro Rata Share thereof. The entries made in such records shall be *prima facie* evidence of the existence and amounts of the obligations of the Borrower therein recorded; provided, that the failure or delay of any Lender or the Administrative Agent in maintaining or making entries into any such record or any error therein shall not in any manner affect the obligation of the Borrower to repay the Loans (both principal and unpaid accrued interest) of such Lender in accordance with the terms of this Agreement.

(a) At the request of any Lender at any time, the Borrower agrees that it will execute and deliver to such Lender a Note payable to the order of such Lender.

Section 2.9. Optional Prepayments. The Borrower shall have the right at any time and from time to time to prepay any Borrowing, in whole or in part, without premium or penalty, by giving irrevocable written notice (or telephonic notice promptly confirmed in writing) to the Administrative Agent no later than (i) in the case of prepayment of any Eurodollar Borrowing, 11:00 a.m. (New York time) not less than three (3) Business Days prior to any such prepayment, and (ii) in the case of any prepayment of any Base Rate Borrowing, not less than one Business Day prior to the date of such prepayment. Each such notice shall be irrevocable and shall specify the proposed date of such prepayment and the principal amount of each Borrowing or portion thereof to be prepaid. Upon receipt of any such notice, the Administrative Agent shall promptly notify each affected Lender of the contents thereof and of such Lender's Pro Rata Share of any such prepayment. If such notice is given, the aggregate amount specified in such notice shall be due and payable on the date designated in such notice, together with accrued interest to such date on the amount so prepaid in accordance with Section 2.10(c); provided, that if a Eurodollar Borrowing is prepaid on a date other than the last day of an Interest Period applicable thereto, the Borrower shall also pay all amounts required pursuant to Section 2.16. Each partial prepayment of any Loan shall be in an amount that would be permitted in the case of an advance of a Borrowing of the same Type pursuant to Section 2.3. Each prepayment of a Borrowing shall be applied ratably to the Loans comprising such Borrowing.

Section 2.10. Interest on Loans.

(a) The Borrower shall pay interest on each Base Rate Loan at the Base Rate in effect from time to time and on each Eurodollar Loan at the Adjusted LIBO Rate for the applicable Interest Period in effect for such Loan, *plus*, in each case, the Applicable Margin in effect from time to time.

(b) Upon the occurrence, and during the continuation, of an Event of Default under Section 7.1(a) or, at the option of the Required Lenders, any other Event of Default, the Borrower shall pay interest (" Default Interest ") with respect to all Eurodollar Loans at the rate otherwise applicable for the then-current Interest Period *plus* an additional 2% per annum until the last day of such Interest Period, and thereafter, and with respect to all Base Rate Loans and all other Obligations hereunder (other than Loans), at an all-in rate in effect for Base Rate Loans, *plus* an additional 2% per annum.

(c) Interest on the principal amount of all Loans shall accrue from and including the date such Loans are made to but excluding the date of any repayment thereof. Interest on all outstanding Base Rate Loans shall be payable quarterly in arrears on the last day of each March, June, September and December and on the Commitment Termination Date. Interest on all outstanding Eurodollar Loans shall be payable on the last day of each Interest Period applicable thereto, and, in the case of any Eurodollar Loans having an Interest Period in excess of three months, on each day which occurs every three months after the initial date of such Interest Period, and on the Commitment Termination Date. Interest on any Loan which is converted into a Loan of another Type or which is repaid or prepaid shall be payable on the date of such conversion or on the date of any such repayment or prepayment (on the amount repaid or prepaid) thereof. All Default Interest shall be payable on demand.

(d) The Administrative Agent shall determine each interest rate applicable to the Loans hereunder and shall promptly notify the Borrower and the Lenders of such rate in writing (or by telephone, promptly confirmed in writing). Any such determination shall be conclusive and binding for all purposes, absent manifest error.

Section 2.11. Fees .

(a) The Borrower shall pay to the Administrative Agent for its own account fees in the amounts and at the times previously agreed upon in writing by the Borrower and the Administrative Agent.

(b) The Borrower agrees to pay to the Administrative Agent for the account of each Lender an unused commitment fee, which shall accrue at the Applicable Percentage per annum (determined daily in accordance with Schedule I) on the daily amount of the unused Commitment of such Lender during the Availability Period.

(c) The Borrower shall pay to the Administrative Agent, for the ratable benefit of each Lender, the upfront fee previously agreed upon by the Borrower and the Administrative Agent, which shall be due and payable on the Closing Date.

(d) Accrued fees under paragraph (b) above shall be payable quarterly in arrears on the last day of each March, June, September and December, commencing on December 31, 2005 and on the Commitment Termination Date.

Section 2.12. Computation of Interest and Fees. All computations of interest and fees hereunder shall be made on the basis of a year of 360 days for the actual number of days (including the first day but excluding the last day) occurring in the period for which such interest or fees are payable (to the extent computed on the basis of days elapsed). Each determination by the Administrative Agent of an interest amount or fee hereunder shall be made in good faith and, except for manifest error, shall be final, conclusive and binding for all purposes.

Section 2.13. Inability to Determine Interest Rates. If prior to the commencement of any Interest Period for any Eurodollar Borrowing,

(i) the Administrative Agent shall have determined in good faith (which determination shall be conclusive and binding upon the Borrower) that, by reason of circumstances affecting the relevant interbank market, adequate means do not exist for ascertaining LIBOR for such Interest Period, or

(ii) the Administrative Agent shall have received notice from the Required Lenders that the Adjusted LIBO Rate does not adequately and fairly reflect the cost to such Lenders of making, funding or maintaining their Eurodollar Loans for such Interest Period,

the Administrative Agent shall give written notice (or telephonic notice, promptly confirmed in writing) to the Borrower and to the Lenders as soon as practicable thereafter. Until the Administrative Agent shall notify the Borrower and the Lenders that the circumstances giving rise to such notice no longer exist, (i) the obligations of the Lenders to make Eurodollar Loans or to continue or convert outstanding Loans as or into Eurodollar Loans shall be suspended and (ii) all such affected Loans shall be converted into Base Rate Loans on the last day of the then current Interest Period applicable thereto unless the Borrower prepays such Loans in accordance with this Agreement. Unless the Borrower notifies the Administrative Agent at least one Business Day before the date of any Eurodollar Borrowing for which a Notice of Borrowing has previously been given that it elects not to borrow on such date, then such Borrowing shall be made as a Base Rate Borrowing.

Section 2.14. Illegality. If any Change in Law shall make it unlawful or impossible for any Lender to make, maintain or fund any Eurodollar Loan and such Lender shall so notify the Administrative Agent, the Administrative Agent shall promptly give notice thereof to the Borrower and the other Lenders, whereupon until such Lender notifies the Administrative Agent and the Borrower that the circumstances giving rise to such suspension no longer exist, the obligation of such Lender to make Eurodollar Loans, or to continue or convert outstanding Loans as or into Eurodollar Loans, shall be suspended. In the case of the making of a Eurodollar Borrowing, such Lender's Loan shall be made as a Base Rate Loan as part of the same Borrowing for the same Interest Period and if the affected Eurodollar Loan is then outstanding,

such Loan shall be converted to a Base Rate Loan either (i) on the last day of the then current Interest Period applicable to such Eurodollar Loan if such Lender may lawfully continue to maintain such Loan to such date or (ii) immediately if such Lender shall determine that it may not lawfully continue to maintain such Eurodollar Loan to such date. Notwithstanding the foregoing, the affected Lender shall, prior to giving such notice to the Administrative Agent, designate a different Applicable Lending Office if such designation would avoid the need for giving such notice and if such designation would not otherwise be disadvantageous to such Lender in the good faith exercise of its discretion.

Section 2.15. Increased Costs .

(a) If any Change in Law shall:

(i) impose, modify or deem applicable any reserve, special deposit or similar requirement that is not otherwise included in the determination of the Adjusted LIBO Rate hereunder against assets of, deposits with or for the account of, or credit extended by, any Lender (except any such reserve requirement reflected in the Adjusted LIBO Rate); or

(ii) impose on any Lender or the eurodollar interbank market any other condition affecting this Agreement or any Eurodollar Loans made by such Lender;

and the result of either of the foregoing is to increase the cost to such Lender of making, converting into, continuing or maintaining a Eurodollar Loan or to reduce the amount received or receivable by such Lender hereunder (whether of principal, interest or any other amount), then the Borrower shall promptly pay, upon written notice from and demand by such Lender on the Borrower (with a copy of such notice and demand to the Administrative Agent), to the Administrative Agent for the account of such Lender, within five Business Days after the date of such notice and demand, additional amount or amounts sufficient to compensate such Lender for such additional costs incurred or reduction suffered.

(b) If any Lender shall have determined that on or after the date of this Agreement any Change in Law regarding capital requirements has or would have the effect of reducing the rate of return on such Lender's capital (or on the capital of such Lender's parent corporation) as a consequence of its obligations hereunder to a level below that which such Lender or such Lender's parent corporation could have achieved but for such Change in Law (taking into consideration such Lender's policies or the policies of such Lender's parent corporation with respect to capital adequacy) then, from time to time, within five (5) Business Days after receipt by the Borrower of written demand by such Lender (with a copy thereof to the Administrative Agent), the Borrower shall pay to such Lender such additional amounts as will compensate such Lender or such Lender's parent corporation for any such reduction suffered.

(c) A certificate of a Lender setting forth the amount or amounts necessary to compensate such Lender or such Lender's parent corporation, as the case may be, specified in paragraph (a) or (b) of this Section 2.15 shall be delivered to the Borrower (with a copy to the Administrative Agent) and shall be conclusive, absent manifest error. The Borrower shall pay any such Lender such amount or amounts within 10 days after receipt thereof.

(d) Failure or delay on the part of any Lender to demand compensation pursuant to this Section 2.15 shall not constitute a waiver of such Lender's right to demand such compensation.

Section 2.16. Funding Indemnity. In the event of (a) the payment of any principal of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion or continuation of a Eurodollar Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure by the Borrower to borrow, prepay, convert or continue any Eurodollar Loan on the date specified in any applicable notice (regardless of whether such notice is withdrawn or revoked), then, in any such event, the Borrower shall compensate each Lender, within five (5) Business Days after written demand from such Lender, for any loss, reasonable cost or expense directly attributable to such event. In the case of a Eurodollar Loan, such loss, cost or expense shall be deemed to include an amount determined by such Lender to be the excess, if any, of (A) the amount of interest that would have accrued on the principal amount of such Eurodollar Loan if such event had not occurred at the Adjusted LIBO Rate applicable to such Eurodollar Loan for the period from the date of such event to the last day of the then current Interest Period therefor (or in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period for such Eurodollar Loan) over (B) the amount of interest that would accrue on the principal amount of such Eurodollar Loan for the same period if the Adjusted LIBO Rate were set on the date such Eurodollar Loan was prepaid or converted or the date on which the Borrower failed to borrow, convert or continue such Eurodollar Loan. A certificate as to any additional amount payable under this Section 2.16 submitted to the Borrower by any Lender (with a copy to the Administrative Agent) shall be conclusive, absent manifest error.

Section 2.17. Taxes.

(a) Any and all payments by or on account of any obligation of the Borrower hereunder shall be made free and clear of and without deduction for any Indemnified Taxes or Other Taxes; provided, that if the Borrower shall be required to deduct any Indemnified Taxes or Other Taxes from such payments, then (i) the sum payable shall be increased as necessary so that after making all required deductions (including deductions applicable to additional sums payable under this Section 2.17) the Administrative Agent or any Lender (as the case may be) shall receive an amount equal to the sum it would have received had no such deductions been made, (ii) the Borrower shall make such deductions and (iii) the Borrower shall pay the full amount deducted to the relevant Governmental Authority in accordance with applicable law.

(b) In addition, the Borrower shall pay any Other Taxes to the relevant Governmental Authority in accordance with applicable law.

(c) The Borrower shall indemnify the Administrative Agent and each Lender, within five (5) Business Days after written
and therefor, for the full amount of any

Indemnified Taxes or Other Taxes paid by the Administrative Agent or such Lender, as the case may be, on or with respect to any payment by or on account of any obligation of the Borrower hereunder (including Indemnified Taxes or Other Taxes imposed or asserted on or attributable to amounts payable under this Section 2.17) and any penalties, interest and reasonable expenses arising therefrom or with respect thereto, whether or not such Indemnified Taxes or Other Taxes were correctly or legally imposed or asserted by the relevant Governmental Authority. A certificate as to the amount of such payment or liability delivered to the Borrower by a Lender, or by the Administrative Agent on its own behalf or on behalf of a Lender, shall be conclusive absent manifest error.

(d) As soon as practicable after any payment of Indemnified Taxes or Other Taxes by the Borrower to a Governmental Authority, the Borrower shall deliver to the Administrative Agent the original or a certified copy of a receipt issued by such Governmental Authority evidencing such payment, a copy of the return reporting such payment or other evidence of such payment reasonably satisfactory to the Administrative Agent.

(e) Any Foreign Lender that is entitled to an exemption from or reduction of withholding tax under the Code or any treaty to which the United States is a party, with respect to payments under this Agreement shall deliver to the Borrower (with a copy to the Administrative Agent), at the time or times prescribed by applicable law, such properly completed and executed documentation prescribed by applicable law or reasonably requested by the Borrower as will permit such payments to be made without withholding or at a reduced rate. Without limiting the generality of the foregoing, each Foreign Lender agrees that it will deliver to the Administrative Agent and the Borrower (or in the case of a Participant, to the Lender from which the related participation shall have been purchased), as appropriate, two (2) duly completed copies of (i) Internal Revenue Service Form W-8 ECI, or any successor form thereto, certifying that the payments received from the Borrower hereunder are effectively connected with such Foreign Lender's conduct of a trade or business in the United States; or (ii) Internal Revenue Service Form W-8 BEN, or any successor form thereto, certifying that such Foreign Lender is entitled to benefits under an income tax treaty to which the United States is a party which reduces the rate of withholding tax on payments of interest; or (iii) Internal Revenue Service Form W-8 BEN, or any successor form prescribed by the Internal Revenue Service, together with a certificate (A) establishing that the payment to the Foreign Lender qualifies as "portfolio interest" exempt from U.S. withholding tax under Code section 871(h) or 881(c), and (B) stating that (1) the Foreign Lender is not a bank for purposes of Code section 881(c)(3)(A), or the obligation of the Borrower hereunder is not, with respect to such Foreign Lender, a loan agreement entered into in the ordinary course of its trade or business, within the meaning of that section; (2) the Foreign Lender is not a 10% shareholder of the Borrower within the meaning of Code section 871(h)(3) or 881(c)(3)(B); and (3) the Foreign Lender is not a controlled foreign corporation that is related to the Borrower within the meaning of Code section 881(c)(3)(C); or (iv) such other Internal Revenue Service forms as may be applicable to the Foreign Lender, including Forms W-8 IMY or W-8 EXP. Each such Foreign Lender shall deliver to the Borrower and the Administrative Agent such forms on or before the date that it becomes a party to this Agreement (or in the case of a Participant, on or before the date such Participant purchases the related participation). In addition, each such Foreign Lender shall deliver such forms promptly upon the obsolescence or invalidity of any form previously delivered by such

Foreign Lender. Each such Foreign Lender shall promptly notify the Borrower and the Administrative Agent at any time that it determines th[illegible] is no longer in a position to provide any previously delivered certificate to the Borrower (or any other form of certification adopted b[illegible] Internal Revenue Service for such purpose).

Section 2.18. Payments Generally; Pro Rata Treatment; Sharing of Set-offs.

(a) The Borrower shall make each payment required to be made by it hereunder (whether of principal, interest, fees, or amounts payable under Sections 2.15, 2.16 or 2.17, or otherwise) prior to 12:00 noon (New York time) on the date when due, in immediately available funds, free and clear of any defenses, rights of set-off, counterclaim, or withholding or deduction of taxes. Any amounts received after such time on any date may, in the discretion of the Administrative Agent, be deemed to have been received on the next succeeding Business Day for purposes of calculating interest thereon. All such payments shall be made to the Administrative Agent at the Payment Office, except that payments pursuant to Sections 2.15, 2.16 and 2.17 and 9.3 shall be made directly to the Persons entitled thereto. The Administrative Agent shall distribute any such payments received by it for the account of any other Person to the appropriate recipient promptly following receipt thereof. If any payment hereunder shall be due on a day that is not a Business Day, the date for payment shall be extended to the next succeeding Business Day, and, in the case of any payment accruing interest, interest thereon shall be made payable for the period of such extension. All payments hereunder shall be made in Dollars.

(b) If at any time insufficient funds are received by and available to the Administrative Agent to pay fully all amounts of principal, interest and fees then due hereunder, such funds shall be applied (i) first, towards payment of interest and fees then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of interest and fees then due to such parties, and (ii) second, towards payment of principal then due hereunder, ratably among the parties entitled thereto in accordance with the amounts of principal then due to such parties.

(c) If any Lender shall, by exercising any right of set-off or counterclaim or otherwise, obtain payment in respect of any principal of or interest on any of its Loans that would result in such Lender receiving payment of a greater proportion of the aggregate amount of its Loans and accrued interest thereon than the proportion received by any other Lender, then the Lender receiving such greater proportion shall purchase (for cash at face value) participations in the Loans of other Lenders to the extent necessary so that the benefit of all such payments shall be shared by the Lenders ratably in accordance with the aggregate amount of principal of and accrued interest on their respective Loans; provided, that (i) if any such participations are purchased and all or any portion of the payment giving rise thereto is recovered, such participations shall be rescinded and the purchase price restored to the extent of such recovery, without interest, and (ii) the provisions of this paragraph shall not be construed to apply to any payment made by the Borrower pursuant to and in accordance the express terms of this Agreement or any payment obtained by a Lender as consideration for the assignment of or sale of a participation in any of its Loans to any assignee or participant, other than to the Borrower or

any Subsidiary or Affiliate thereof (as to which the provisions of this paragraph shall apply). The Borrower consents to the foregoing and agrees, to the extent it may effectively do so under applicable law, that any Lender acquiring a participation pursuant to the foregoing arrangements may exercise against the Borrower rights of set-off and counterclaim with respect to such participation as fully as if such Lender were a direct creditor of the Borrower in the amount of such participation.

(d) Unless the Administrative Agent shall have received notice from the Borrower prior to the date on which any payment is due to the Administrative Agent for the account of the Lenders hereunder that the Borrower will not make such payment, the Administrative Agent may assume that the Borrower has made such payment on such date in accordance herewith and may, in reliance upon such assumption, distribute to the Lenders the amount or amounts due. In such event, if the Borrower has not in fact made such payment, then each of the Lenders severally agrees to repay to the Administrative Agent forthwith on demand the amount so distributed to such Lender with interest thereon, for each day from and including the date such amount is distributed to it to but excluding the date of payment to the Administrative Agent, at the greater of the Federal Funds Effective Rate and a rate determined by the Administrative Agent in accordance with banking industry rules on interbank compensation.

(e) If any Lender shall fail to make any payment required to be made by it pursuant to Section 2.4(b), 2.18(d), or 9.3(d), then the Administrative Agent may, in its discretion (notwithstanding any contrary provision hereof), apply any amounts thereafter received by the Administrative Agent for the account of such Lender to satisfy such Lender's obligations under such Sections until all such unsatisfied obligations are fully paid.

Section 2.19. Increase of Commitments; Additional Lenders.

(a) So long as no Event of Default has occurred and is continuing, from time to time after the Closing Date, Borrower may, upon at least 30 days' written notice to the Administrative Agent (who shall promptly provide a copy of such notice to each Lender), propose to increase the Aggregate Commitments by an aggregate amount not to exceed $300,000,000 (the amount of any such increase, the "Additional Commitment Amount"). Each Lender shall have the right for a period of 20 days following receipt of such notice, to elect by written notice to the Borrower and the Administrative Agent to increase its Commitment by a principal amount equal to its Pro Rata Share of the Additional Commitment Amount. No Lender (or any successor thereto) shall have any obligation to increase its Commitment or its other obligations under this Agreement and the other Credit Documents, and any decision by a Lender to increase its Commitment shall be made in its sole discretion independently from any other Lender.

(b) If any Lender shall not elect to increase its Commitment pursuant to subsection (a) of this Section 2.19, the Borrower may designate another bank or other financial institution (which may be, but need not be, one or more of the existing Lenders) which at the time agrees to, in the case of any such Person that is an existing Lender, increase its

Commitment and in the case of any other such Person (an " Additional Lender "), become a party to this Agreement; provided , however , that any new bank or financial institution must be acceptable to the Administrative Agent, which acceptance will not be unreasonably withheld or delayed. The sum of the increases in the Commitments of the existing Lenders pursuant to this subsection (b) plus the Commitments of the Additional Lenders shall not in the aggregate exceed the unsubscribed amount of the Additional Commitment Amount.

(c) An increase in the aggregate amount of the Commitments pursuant to this Section 2.19 shall become effective upon the receipt by the Administrative Agent of an supplement or joinder in form and substance reasonably satisfactory to the Administrative Agent executed by the Borrower and by each Additional Lender and by each other Lender whose Commitment is to be increased, setting forth the new Commitments of such Lenders and setting forth the agreement of each Additional Lender to become a party to this Agreement and to be bound by all the terms and provisions hereof, together with Notes evidencing such increase in the Commitments, and such evidence of appropriate corporate authorization on the part of the Borrower with respect to the increase in the Commitments and such opinions of counsel for the Borrower with respect to the increase in the Commitments as the Administrative Agent may reasonably request.

(d) Upon the acceptance of any such agreement by the Administrative Agent, the Aggregate Commitment Amount shall automatically be increased by the amount of the Commitments added through such agreement and Schedule II shall automatically be deemed amended to reflect the Commitments of all Lenders after giving effect to the addition of such Commitments.

(e) Upon any increase in the aggregate amount of the Commitments pursuant to this Section 2.19 that is not pro rata among all Lenders, within five Business Days, in the case of any Base Rate Loans then outstanding, and at the end of the then current Interest Period with respect thereto, in the case of any Eurodollar Loans then outstanding, the Borrower shall prepay such Loans in their entirety and, to the extent the Borrower elects to do so and subject to the conditions specified in Article III , the Borrower shall reborrow Loans from the Lenders in proportion to their respective Commitments after giving effect to such increase, until such time as all outstanding Loans are held by the Lenders in proportion to their respective Commitments after giving effect to such increase.

Section 2.20. Mitigation of Obligations. If any Lender requests compensation under Section 2.15 , Section 2.16 , or Section 2.17 , or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority for the account of any Lender pursuant to Section 2.17 , then such Lender shall use reasonable efforts to designate a different lending office for funding or booking its Loans hereunder or to assign its rights and obligations hereunder to another of its offices, branches or affiliates, if, in the sole judgment of such Lender, such designation or assignment (i) would eliminate or reduce amounts payable under Section 2.15 or Section 2.17 , as the case may be, in the future and (ii) would not subject such Lender to any unreimbursed cost or expense and would not otherwise be disadvantageous to such Lender. The Borrower hereby agrees to pay all reasonable costs and expenses incurred by any Lender in connection with such designation or assignment.

Section 2.21. Replacement of Lenders. If any Lender requests compensation under Section 2.15, or if the Borrower is required to pay any additional amount to any Lender or any Governmental Authority of the account of any Lender pursuant to Section 2.17, or if any Lender defaults in its obligation to fund Loans hereunder, then the Borrower may, at its sole expense and effort, upon notice to such Lender and the Administrative Agent, require such Lender to assign and delegate, without recourse (in accordance with and subject to the restrictions set forth in Section 9.4(b)) all its interests, rights and obligations under this Agreement to an assignee that shall assume such obligations (which assignee may be another Lender); provided, that (i) the Borrower shall have received the prior written consent of the Administrative Agent, which consent shall not be unreasonably withheld, (ii) such Lender shall have received payment of an amount equal to the outstanding principal amount of all Loans owed to it, accrued interest thereon, accrued fees and all other amounts payable to it hereunder, from the assignee (in the case of such outstanding principal and accrued interest) and from the Borrower (in the case of all other amounts) and (iii) in the case of a claim for compensation under Section 2.15 or payments required to be made pursuant to Section 2.17, such assignment will result in a reduction in such compensation or payments. A Lender shall not be required to make any such assignment and delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

ARTICLE III

CONDITIONS PRECEDENT TO LOANS

Section 3.1. Conditions To Effectiveness. The obligations of the Lenders to make Loans hereunder shall not become effective until the date on which each of the following conditions is satisfied (or waived in accordance with Section 9.2).

(a) The Administrative Agent shall have received all fees and other amounts due and payable on or prior to the Closing Date, including reimbursement or payment of all out-of-pocket expenses (including reasonable fees, charges and disbursements of counsel to the Administrative Agent) required to be reimbursed or paid by the Borrower hereunder, under any other Credit Document and under any agreement with the Administrative Agent or SunTrust Capital Markets, Inc., as Arranger.

(b) The Administrative Agent (or its counsel) shall have received the following:

(i) a counterpart of this Agreement signed by or on behalf of each party hereto or written evidence satisfactory to the Administrative Agent (which may include telecopy transmission of an executed signature page of this Agreement) that such party has signed a counterpart of this Agreement;

(ii) duly executed Notes payable to each Lender;

(iii) evidence satisfactory to Administrative Agent that the Existing Credit Agreement has been terminated and all amounts owing to the Lenders thereunder have been paid in full;

(iv) a certificate of the Secretary or Assistant Secretary of the Borrower in the form of Exhibit 3.1(b)(iv), attaching and certifying copies of its bylaws and of the resolutions of its boards of directors, authorizing the execution, delivery and performance of the Credit Documents and certifying the name, title and true signature of each officer of the Borrower executing the Credit Documents;

(v) certified copies of the articles or certificate of incorporation of the Borrower, together with certificates of good standing or existence, as may be available from the Secretary of State of the jurisdictions of organization of the Borrower and each other jurisdiction in which the failure to so qualify and be in good standing would have or would reasonably be expected to have a Material Adverse Effect;

(vi) a favorable written opinion of inside or outside counsel to the Borrower, addressed to the Administrative Agent and each of the Lenders, and covering such matters relating to the Borrower, the Credit Documents and the transactions contemplated therein as the Administrative Agent or the Required Lenders shall reasonably request;

(vii) a certificate in the form of Exhibit 3.1(b)(vii), dated the Closing Date and signed by a Financial Officer, certifying that (A) no Default or Event of Default exists, (B) all representations and warranties of the Borrower set forth in the Credit Documents are true and correct in all material respects, (C) since September 30, 2004, there shall have been no change that has had or could be reasonably expected to have a Material Adverse Effect, other than as a result of Hurricane Katrina and its after-effects, (D) there are no actions, suits, investigations or legal, equitable, arbitration or administrative proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower, any of its Subsidiaries or any of its properties which would have or be reasonably expected to have a Material Adverse Effect and (E) except as would not result or be reasonably expected to result in a Material Adverse Effect and except as may have resulted from Hurricane Katrina or its after-effects: (a) each of the properties of the Borrower and its subsidiaries and all operations at such properties are in compliance in all material respects with all applicable Environmental Laws, (b) there is no violation of any Environmental Law with respect to the properties or the businesses operated by the Borrower or its Subsidiaries, and (c) there are no conditions relating to the businesses or properties that would reasonably be expected to give rise to a material liability under any applicable Environmental Laws.

(viii) if a Borrowing will be made on the Closing Date, a duly executed Notice of Borrowing and a duly executed funds disbursement agreement, together with a report setting forth the sources and uses of the proceeds hereof;

(ix) certified copies of all consents, approvals, authorizations, registrations and filings and orders required or advisable to be made or obtained under any Requirement of Law, or by any Contractual Obligation of Borrower, in connection with the execution, delivery, performance, validity and enforceability of the Credit Documents or any of the transactions contemplated thereby, and such consents, approvals, authorizations, registrations, filings and orders shall be in full force and effect and all applicable waiting periods shall have expired, and no investigation or inquiry by any governmental authority regarding the Commitments or any transaction being financed with the proceeds thereof shall be ongoing; and

(x) copies of (A) the internally prepared quarterly financial statements of the Borrower and its subsidiaries on a consolidated basis for the Fiscal Quarter ending on June 30, 2005, and (B) the audited consolidated financial statements for the Borrower and its subsidiaries for the Fiscal Years ending September 30, 2002, 2003 and 2004.

Section 3.2. Each Credit Event. The obligation of each Lender to make a Loan on the occasion of any Borrowing is subject to the satisfaction of the following conditions:

(a) at the time of and immediately after giving effect to such Borrowing, no Default or Event of Default shall exist;

(b) at the time of and immediately after giving effect to such Borrowing, all representations and warranties of the Borrower set forth in the Credit Documents shall be true and correct in all material respects on and as of the date of such Borrowing before and after giving effect thereto;

(c) the Borrower shall have delivered the required Notice of Borrowing; and

(d) the Administrative Agent shall have received such other documents, certificates, information or legal opinions as the Administrative Agent or the Required Lenders may reasonably request, all in form and substance reasonably satisfactory to the Administrative Agent or the Required Lenders.

Each Borrowing shall be deemed to constitute a representation and warranty by the Borrower on the date thereof as to the matters specified in paragraphs (a) and (b) of this Section 3.2 .

Section 3.3. Delivery of Documents . All of the Credit Documents, certificates, legal opinions and other documents and papers referred to in this Article III , unless otherwise specified, shall be delivered to the Administrative Agent for the account of each of the Lenders and, except for the Notes, in sufficient counterparts or copies for each of the Lenders and shall be in form and substance reasonably satisfactory to the Administrative Agent.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES

The Borrower represents and warrants to the Administrative Agent and each Lender as follows:

Section 4.1. Organization and Good Standing. The Borrower (a) is a corporation duly organized, validly existing and in good standing under the laws of the jurisdictions of its incorporation, (b) is duly qualified and in good standing as a foreign corporation authorized to do business in every jurisdiction where the failure to so qualify would have or would reasonably be expected to have a Material Adverse Effect and (c) has the requisite corporate power and authority to own its properties and to carry on its business as now conducted and as proposed to be conducted.

Section 4.2. Due Authorization. The Borrower (a) has the requisite corporate power and authority to execute, deliver and perform this Agreement and the other Credit Documents and to incur the obligations herein and therein provided for and (b) has been authorized by all necessary corporate action, to execute, deliver and perform this Agreement and the other Credit Documents.

Section 4.3. No Conflicts. Neither the execution and delivery of the Credit Documents, nor the consummation of the transactions contemplated therein, nor performance of and compliance with the terms and provisions thereof by the Borrower will (a) violate or conflict with, in any material respect, any provision of its articles of incorporation or bylaws, (b) violate, contravene or conflict with, in any material respect, any law (including without limitation, the Public Utility Holding Company Act of 1935, as amended), regulation (including without limitation, Regulation U, Regulation X or any regulation promulgated by the Federal Energy Regulatory Commission), order, writ, judgment, injunction, decree or permit applicable to it, (c) except as would not reasonably be expected to result in a Material Adverse Effect, violate, contravene or conflict with contractual provisions of, or cause an event of default under, any indenture, loan agreement, mortgage, deed of trust, contract or other agreement or instrument to which it is a party or by which it or its properties may be bound, or (d) in any material respect, result in or require the creation of any Lien upon or with respect to its properties, other than a Permitted Lien.

Section 4.4. Consents. No consent, approval, authorization or order of, or filing, registration or qualification with, any court or Governmental Authority or third party is required in connection with the execution, delivery or performance of this Agreement or any of the other Credit Documents, except any such consent, approval, authorization, order, filing, registration or qualification as would not reasonably be expected to have a Material Adverse Effect.

Section 4.5. Enforceable Obligations. This Agreement and the other Credit Documents have been duly executed and delivered and constitute legal, valid and binding obligations of the Borrower enforceable against the Borrower in accordance with their respective terms, except as may be limited by bankruptcy or insolvency laws or similar laws affecting creditors' rights generally or by general equitable principles.

Section 4.6. Financial Condition.

(a) The consolidated financial statements delivered to the Lenders pursuant to Section 3.1(b)(x) and pursuant to Section 5.1(a) and (b): (i) have been prepared in accordance with GAAP (subject to the provisions of Section 1.3) and (ii) present fairly in all material respects the financial condition, results of operations, and cash flows of the Borrower and its Subsidiaries as of such date and for such periods.

(b) Since September 30, 2004, there has been no sale, transfer or other disposition by the Borrower of any material part of the business or property of the Borrower, and no purchase or other acquisition by the Borrower of any business or property (including any Capital Stock of any other Person) material in relation to the financial condition of the Borrower, in each case which is not (i) reflected in the most recent financial statements delivered to the Lenders pursuant to Section 3.1(b)(x) and pursuant to Section 5.1 or in the notes thereto or (ii) otherwise permitted by the terms of this Agreement and communicated to the Administrative Agent.

Section 4.7. Intentionally Omitted.

Section 4.8. No Default. No Default or Event of Default presently exists and is continuing.

Section 4.9. Intentionally Omitted.

Section 4.10. Taxes. The Borrower and its Subsidiaries have filed, or caused to be filed, all material tax returns (federal, state, local and foreign) required to be filed and paid all amounts of taxes shown thereon to be due (including interest and penalties) and has paid all other material taxes, fees, assessments and other governmental charges (including mortgage recording taxes, documentary stamp taxes and intangibles taxes) owing by it, except for such taxes which are not yet delinquent or that are being contested in good faith and by proper proceedings, and against which adequate reserves are being maintained in accordance with GAAP.

Section 4.11. Compliance with Law. The Borrower and each of its Subsidiaries is in compliance with all laws, rules, regulations, orders and decrees applicable to it or to its properties, except where the failure to be in compliance would not have or would not reasonably be expected to have a Material Adverse Effect.

Section 4.12. Material Agreements. Neither the Borrower nor any of its Subsidiaries is in default in any respect under any contract, lease, loan agreement, indenture,

mortgage, security agreement or other agreement or obligation to which it is a party or by which any of its properties is bound which default has had or would be reasonably expected to have a Material Adverse Effect.

Section 4.13. ERISA. Except as would not result or be reasonably expected to result in a Material Adverse Effect:

(a) During the five-year period prior to the date on which this representation is made or deemed made: (i) no Termination Event has occurred, and, to the best knowledge of the Borrower, no event or condition has occurred or exists as a result of which any Termination Event is reasonably expected to occur, with respect to any Plan; (ii) no "accumulated funding deficiency," as such term is defined in Section 302 of ERISA and Section 412 of the Code, whether or not waived, has occurred with respect to any Plan; (iii) each Plan has been maintained, operated, and funded in material compliance with its own terms and in material compliance with the provisions of ERISA, the Code, and any other applicable federal or state laws; and (iv) no Lien in favor or the PBGC or a Plan has arisen or is reasonably expected to arise on account of any Plan.

(b) No liability has been or is reasonably expected by the Borrower to be incurred under Sections 4062, 4063 or 4064 of ERISA with respect to any Single Employer Plan by the Borrower or any of its Subsidiaries which has or would reasonably be expected to have a Material Adverse Effect.

(c) The actuarial present value of all "benefit liabilities" under each Single Employer Plan (determined within the meaning of Section 401(a)(2) of the Code, utilizing the actuarial assumptions used to fund such Plans), whether or not vested, did not, as of the last annual valuation date prior to the date on which this representation is made or deemed made, exceed the current value of the assets of such Plan allocable to such accrued liabilities, except as disclosed in the Borrower's financial statements.

(d) Neither the Borrower nor any ERISA Affiliate has incurred, or, to the best knowledge of the Borrower, is reasonably expected to incur, any withdrawal liability under ERISA to any Multiemployer Plan or Multiple Employer Plan. Neither the Borrower nor any ERISA Affiliate has received any notification that any Multiemployer Plan is in reorganization (within the meaning of Section 4241 of ERISA), is insolvent (within the meaning of Section 4245 of ERISA), or has been terminated (within the meaning of Title IV of ERISA), and no Multiemployer Plan is, to the best knowledge of the Borrower, reasonably expected to be in reorganization, insolvent, or terminated.

(e) No prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility has occurred with respect to a Plan which has subjected or is reasonably likely to subject the Borrower or any ERISA Affiliate to any liability under Sections 406, 407, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or instrument pursuant to which the Borrower or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability.

(f) The present value (determined using actuarial and other assumptions which are reasonable with respect to the benefits provided and the employees participating) of the liability of the Borrower and each ERISA Affiliate for post-retirement welfare benefits to be provided to their current and former employees under Plans which are welfare benefit plans (as defined in Section 3(1) of ERISA), net of all assets under all such Plans allocable to such benefits, are reflected on the financial statements referenced in Section 5.1 in accordance with FASB 106.

(g) Each Plan which is a welfare plan (as defined in Section 3(1) of ERISA) to which Sections 601-609 of ERISA and Section 4980B of the Code apply has been administered in compliance in all material respects with such sections.

Section 4.14. Use of Proceeds. The proceeds of the Loans hereunder will be used solely for the purposes specified in Section 5.8. None of such proceeds will be used for the acquisition of another Person unless the board of directors (or other comparable governing body) or stockholders, as appropriate, of such Person has approved such acquisition.

Section 4.15. Government Regulation.

(a) No proceeds of the Loans will be used, directly or indirectly, for the purpose of purchasing or carrying any "margin stock" within the meaning of Regulation U, or for the purpose of purchasing or carrying or trading in any securities. If requested by any Lender or the Administrative Agent, the Borrower will furnish to the Administrative Agent and each Lender a statement to the foregoing effect in conformity with the requirements of FR Form U-1 referred to in Regulation U. No indebtedness being reduced or retired out of the proceeds of the Loans was or will be incurred for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U or any "margin security" within the meaning of Regulation T. "Margin stock" within the meaning of Regulation U does not constitute more than 25% of the value of the consolidated assets of the Borrower and its Subsidiaries.

(b) Neither the Borrower nor any of its Subsidiaries is (i) an "investment company" registered or required to be registered under the Investment Company Act of 1940, as amended, and is not controlled by an "investment company", or (ii) a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a "holding company" or of a "subsidiary" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935, as amended.

Section 4.16. Disclosure. Neither this Agreement nor any financial statements delivered to the Lenders nor any other document, certificate or statement furnished to the Lenders by or on behalf of the Borrower in connection with the transactions contemplated hereby (in each case, as modified or supplemented by other information so furnished) contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained therein or herein, taken as a whole, not misleading; provided that, with respect to projected financial information, the Borrower represents only that such information was prepared in good faith based upon assumptions believed to be reasonable at the time (it

being understood that the projected financial information is subject to significant uncertainties and contingencies, many of which are beyond the Borrower's control, and that no assurance can be given that any projections will be realized).

Section 4.17. Intentionally Omitted.

Section 4.18. Insurance. The Borrower and its Subsidiaries maintain insurance with insurance companies or associations rated by A.M. Best "A" or better in such amounts and covering such risks as is usually carried by companies engaged in similar business and owning similar properties in the same general areas in which the Borrower and its Subsidiaries operate and/or maintain a system or systems of self-insurance or assumption of risk which accords with the practices of similar businesses.

Section 4.19. Franchises, Licenses, Etc. The Borrower and its Subsidiaries possess (a) good title to, or the legal right to use, all properties and assets and (b) all franchises, certificates, licenses, permits and other authorizations, in each case as are necessary for the operation of their respective businesses, except to the extent the failure to possess any of the foregoing would not and would not reasonably be expected to have a Material Adverse Effect.

Section 4.20. Secured Indebtedness. All of the secured indebtedness of the Borrower is set forth on Schedule 4.20 or permitted by Section 6.6. .

Section 4.21. Subsidiaries. All Subsidiaries of the Borrower and the designation as to which such Subsidiaries are Material Subsidiaries are set forth on Schedule 4.21. Schedule 4.21 may be updated from time to time by the Borrower.

ARTICLE V

AFFIRMATIVE COVENANTS

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder or any Obligation remains unpaid or outstanding:

Section 5.1. Information Covenants. The Borrower will furnish, or cause to be furnished, to the Administrative Agent (who shall forward copies thereof to each Lender):

(a) Annual Financial Statements. As soon as available, and in any event within 120 days after the close of each fiscal year of the Borrower, a consolidated balance sheet and income statement of the Borrower and its Subsidiaries, as of the end of such fiscal year, t[illegible]her with retained earnings and a consolidated statement of cash flows for such fiscal year setting forth in comparative form figures for t[illegible]eceding fiscal year, all such financial information described above to be in reasonable form and detail and audited by independent certified public accountants of recognized national standing and whose opinion shall be

furnished to the Administrative Agent, shall be to the effect that such financial statements have been prepared in accordance with GAAP (except for changes with which such accountants concur) and shall not be limited as to the scope of the audit or qualified by a going concern or similar qualification.

(b) Quarterly Financial Statements. As soon as available, and in any event within 65 days after the close of each fiscal quarter of the Borrower (other than the fourth fiscal quarter) a consolidated balance sheet and income statement of the Borrower and its Subsidiaries, as of the end of such fiscal quarter, together with a related consolidated statement of cash flows for such fiscal quarter in each case setting forth in comparative form figures for the corresponding period of the preceding fiscal year, all such financial information described above to be in reasonable form and detail and reasonably acceptable to the Administrative Agent, and accompanied by a certificate of a Financial Officer of the Borrower to the effect that such quarterly financial statements fairly present in all material respects the financial condition of the Borrower and have been prepared in accordance with GAAP, subject to changes resulting from audit and normal year-end audit adjustments and absence of notes.

(c) Officer's Certificate. At the time of delivery of the financial statements provided for in Sections 5.1(a) and 5.1(b) above, a certificate of a Financial Officer of the Borrower, substantially in the form of Exhibit 5.1(c), (i) demonstrating compliance with Section 5.2 by calculation thereof as of the end of each such fiscal period and (ii) stating that no Default or Event of Default exists, or if any Default or Event of Default does exist, specifying the nature and extent thereof and what action the Borrower proposes to take with respect thereto.

(d) Reports. Promptly after the same are available, copies of all annual, regular, periodic and special reports and registration statements which the Borrower may file or be required to file with the SEC under Section 13 or 15(d) of the Securities Exchange Act of 1934, and not otherwise required to be delivered to the Administrative Agent pursuant hereto.

(e) Notices. Upon the Borrower obtaining knowledge thereof, the Borrower will give written notice to the Administrative Agent promptly of (i) the occurrence of a Default or Event of Default, specifying the nature and existence thereof and what action the Borrower proposes to take with respect thereto and (ii) the occurrence of any of the following with respect to the Borrower or any Subsidiary: (A) the pendency or commencement of any litigation, arbitration or governmental proceeding against the Borrower or such Subsidiary which, if adversely determined, would have or would be reasonably expected to have a Material Adverse Effect or (B) the institution of any proceedings against the Borrower or such Subsidiary with respect to, or the receipt of notice by such Person of potential liability or responsibility for violation or alleged violation of, any federal, state or local law, rule or regulation (including, without limitation, any Environmental Law), the violation of which would have or would be reasonably expected to have a Material Adverse Effect.

(f) ERISA. Upon the Borrower or any ERISA Affiliate obtaining knowledge thereof, the Borrower will give written notice to the Administrative Agent and each of the Lenders promptly (and in any event within five Business Days) of: (i) any event or condition,

including, but not limited to, any Reportable Event, that constitutes, or would be reasonably expected to lead to, a Termination Event; (i / communication from the PBGC stating its intention to terminate any Plan or to have a trustee appointed to administer any Plan to_ ..er with a statement of the amount of liability, if any, incurred or expected to be incurred by the Borrower or any Subsidiary in connection therewith; (iii) with respect to any Multiemployer Plan, the receipt of notice as prescribed in ERISA or otherwise of any withdrawal liability assessed against the Borrower or any ERISA Affiliate, or of a determination that any Multiemployer Plan is in reorganization or insolvent (both within the meaning of Title IV of ERISA); (iv) the failure to make full payment on or before the due date (including extensions) thereof of all amounts which the Borrower or any of its Subsidiaries or ERISA Affiliates is required to contribute to each Plan which is subject to Title IV of ERISA pursuant to its terms and as required to meet the minimum funding standard set forth in ERISA and the Code with respect thereto; or (v) any change in the funding status of any Plan that would have or would be reasonably expected to have a Material Adverse Effect; together, with a description of any such event or condition or a copy of any such notice and a statement by a officer of the Borrower briefly setting forth the details regarding such event, condition, or notice, and the action, if any, which has been or is being taken or is proposed to be taken by the Borrower with respect thereto. Promptly upon request, the Borrower shall furnish the Administrative Agent with such additional information concerning any Plan as may be reasonably requested by the Administrative Agent or any Lender, including, but not limited to, copies of each annual report/return (Form 5500 series), as well as all schedules and attachments thereto required to be filed with the Department of Labor and/or the Internal Revenue Service pursuant to ERISA and the Code, respectively, for each "plan year" (within the meaning of Section 3(39) of ERISA).

(g) Other Information . With reasonable promptness upon any such request, such other information regarding the business, properties or financial condition of the Borrower as the Administrative Agent or the Required Lenders may reasonably request.

(h) Delivery of Information . Documents required to be delivered pursuant to this Section (to the extent any such documents are included in materials otherwise filed with the SEC) may be delivered electronically and if so delivered, shall be deemed to have been delivered on the date (i) on which the Borrower posts such documents, or provides a link thereto on the Borrower's website on the Internet at the website address listed on Schedule 9.1 ; or (ii) on which such documents are posted on the Borrower's behalf on an Internet or intranet website, if any, to which each Lender and the Administrative Agent have access (whether a commercial, third party website or sponsored by the Administrative Agent); provided that the Borrower shall notify the Administrative Agent (by telecopier or electronic mail) of the posting of any such documents (which notice the Administrative Agent shall promptly forward to the Lenders). Notwithstanding anything contained herein, in every instance the Borrower shall be required to provide paper or facsimile copies of the officer's certificates required by Section 5.1(c) to the Administrative Agent. Except for such officer's certificates, the Administrative ent shall have no obligation to request the delivery or to maintain copies of the documents referred to above, and in any event shall have . responsibility to monitor compliance by the Borrower with any such request for delivery, and each Lender shall be solely responsible for maintaining its copies of such documents.

Section 5.2. Debt to Capitalization Ratio. As of the last day of each fiscal quarter of the Borrower, the Debt to Capitalization Ratio shall be less than or equal to 0.70 to 1.0.

Section 5.3. Preservation of Existence, Franchises and Assets. The Borrower will, and will cause its Subsidiaries to, do all things necessary to preserve and keep in full force and effect its existence, rights, franchises and authority, except where failure to do so would not or would not reasonably be expected to have a Material Adverse Effect. The Borrower will, and will cause its Subsidiaries to, generally maintain its properties, real and personal, in good condition, and the Borrower and its Subsidiaries shall not waste or otherwise permit such properties to deteriorate, reasonable wear and tear excepted, except, in each case, where failure to do so would not or would not reasonably be expected to have a Material Adverse Effect.

Section 5.4. Books and Records. The Borrower will, and will cause its Subsidiaries to, keep complete and accurate books and records of its transactions in accordance with good accounting practices on the basis of GAAP (including the establishment and maintenance of appropriate reserves).

Section 5.5. Compliance with Law. The Borrower will, and will cause its Subsidiaries to, comply with, and obtain all permits and licenses required by, all laws (including, without limitation, all Environmental Laws and ERISA laws), rules, regulations and orders, and all applicable restrictions imposed by all Governmental Authorities, applicable to it and its property, if the failure to comply would have or would be reasonably expected to have a Material Adverse Effect.

Section 5.6. Payment of Taxes and Other Claims. The Borrower will, and will cause its Subsidiaries to, pay, settle or discharge (a) all material taxes, assessments and governmental charges or levies imposed upon it, or upon its income or profits, or upon any of its properties, before they shall become delinquent and (b) all lawful claims (including claims for labor, materials and supplies) which, if unpaid, might give rise to a Lien upon any of its properties; provided, however, that the Borrower shall not be required to pay any such tax, assessment, charge, levy, claim or indebtedness which is being contested in good faith by appropriate action and as to which adequate reserves therefor, if required, have been established in accordance with GAAP, unless the failure to make any such payment (i) would give rise to an immediate right to foreclose or collect on a Lien securing such amounts or (ii) would have or would reasonably be expected to have a Material Adverse Effect.

Section 5.7. Insurance. The Borrower will, and will cause its Subsidiaries to, at all times maintain in full force and effect insurance (including worker's compensation insurance, liability insurance, casualty insurance and business interruption insurance) with insurance companies or associations rated by A.M. Best "A" or better in such amounts and covering such risks as is usually carried by companies engaged in similar business and owning similar properties in the same general areas in which the Borrower and its Subsidiaries operate and/or maintain a system or systems of self-insurance or assumption of risk which accords with the practices of similar businesses

Section 5.8. Use of Proceeds. The proceeds of the Loans may be used solely (a) to refinance the indebtedness under the Existing Credit Agreement on the Closing Date, (b) to maintain a liquidity facility for the issuance of commercial paper, (c) to fund future p 'tted acquisitions and (d) for working capital, capital expenditures and other lawful corporate purposes of the Borrower.

Section 5.9. Audits/Inspections. Upon reasonable prior notice and during normal business hours and no more frequently than once during any fiscal year upon reasonable advance notice through the Administrative Agent to the Borrower, the Borrower will permit representatives appointed by the Administrative Agent, including, without limitation, independent accountants, agents, attorneys, and appraisers to visit and inspect the Borrower's and its Subsidiaries' property, including their books and records, their accounts receivable and inventory, the Borrower's and its Subsidiaries' facilities and their other business assets, and to make photocopies or photographs thereof and to write down and record any information such representative obtains and shall permit the Administrative Agent or its representatives to discuss all such matters with the officers, employees and representatives of the Borrower and its Subsidiaries; provided, however, that when an Event of Default exists the Administrative Agent or any Lender (or any of their respective representatives) may do any of the foregoing at the expense of the Borrower at any time during normal business hours.

ARTICLE VI

NEGATIVE COVENANTS

The Borrower covenants and agrees that so long as any Lender has a Commitment hereunder or any Obligation remains outstanding:

Section 6.1. Nature of Business. The Borrower will not materially alter the character of its business from that conducted as of the Closing Date.

Section 6.2. Consolidation and Merger. The Borrower will not (a) enter into any transaction of merger, or (b) consolidate, liquidate, wind up or dissolve itself (or suffer any liquidation or dissolution); provided that, so long as no Default or Event of Default shall exist or be caused thereby, a Person may be merged or consolidated with or into the Borrower so long as the Borrower shall be the continuing or surviving corporation.

Section 6.3. Sale or Lease of Assets. Within any period of four consecutive fiscal quarters, the Borrower will not, nor will it permit any Subsidiary to, convey, sell, lease, transfer or otherwise dispose of assets, business or operations with a net book value in excess of 25% of Total Assets as calculated as of the end of the most recent such fiscal quarter.

Section 6.4. Arm's-Length Transactions. The Borrower will not, nor will it permit its Subsidiaries to, enter into any transaction or series of transactions, whether or not in the ordinary course of business, with any Affiliate other than on terms and conditions substantially as favorable as would be obtainable in a comparable arm's-length transaction with a Person other than an Affiliate; provided that the foregoing restriction shall not apply to the payment or grant of reasonable compensation, benefits and indemnities to any director, officer, employee or agent of the Borrower or any Subsidiary.

Section 6.5. Fiscal Year; Organizational Documents. The Borrower will not (a) change its fiscal year or (b) in any manner that would reasonably be expected to materially adversely affect the rights of the Lenders, change its organizational documents or its bylaws; it being understood that the Borrower's shareholders may approve an amendment to the Borrower's Articles of Incorporation to permit the issuance of Preferred Securities.

Section 6.6. Liens. The Borrower will not, nor will it permit any of its Material Subsidiaries to, contract, create, incur, assume or permit to exist any Lien with respect to any of its property or assets of any kind (whether real or personal, tangible or intangible), whether now owned or after acquired, except for the following: (a) Liens securing Obligations, (b) Liens for taxes not yet due or Liens for taxes being contested in good faith by appropriate action and for which adequate reserves, if required, determined in accordance with GAAP have been established (and as to which the property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof), (c) Liens in respect of property imposed by law arising in the ordinary course of business such as materialmen's, mechanics', warehousemen's, carrier's, landlords' and other nonconsensual statutory Liens which are not yet due and payable, which have been in existence less than 90 days or which are being contested in good faith by appropriate action and for which adequate reserves, if required, determined in accordance with GAAP have been established (and as to which the property subject to any such Lien is not yet subject to foreclosure, sale or loss on account thereof), (d) pledges or deposits made in the ordinary course of business to secure payment of worker's compensation insurance, unemployment insurance, pensions or social security programs, (e) Liens arising from good faith deposits in connection with or to secure performance of tenders, bids, leases, government contracts, performance and return-of-money bonds and other similar obligations incurred in the ordinary course of business (other than obligations in respect of the payment of borrowed money), (f) Liens arising from good faith deposits in connection with or to secure performance of statutory obligations and surety and appeal bonds, (g) easements, rights-of-way, restrictions (including zoning restrictions), minor defects or irregularities in title and other similar charges or encumbrances not, in any material respect, impairing the use of the encumbered property for its intended purposes, (h) judgment Liens that would not constitute an Event of Default or securing appeal or other surety bonds related to such judgments, (i) Liens arising by virtue of any statutory or common law provision relating to banker's liens, rights of setoff or similar rights as to deposit accounts or other funds maintained with a creditor depository institution, (j) any Lien on any assets securing indebtedness incurred or assumed for the purpose of financing all or any part of the cost of acquiring, developing, operating, constructing, altering, repairing or improving all or part of such assets; provided that such Lien attaches to such asset concurrently with or within 90 days after the acquisition thereof, completion of construction, improvement or repair, or commencement of commercial operation of such assets, (k) any Lien on any asset of any

Person existing at the time such Person is merged or consolidated with or into the Borrower or one of its Subsidiaries and not created in contemplation of such event, (l) any Lien existing on any asset prior to the acquisition thereof by the Borrower or one of its Subsidiaries a' ot created in contemplation of such acquisition, (m) any Lien (whether such Lien applies to current assets or after-acquired property, c h) on any assets of the Borrower or such Material Subsidiary created pursuant to the 1959 Indenture; provided that any Lien on any assets of the Borrower or such Material Subsidiary that are specifically excluded as collateral under such Indentures shall not be deemed to be a Permitted Lien hereunder, (n) any Lien on the assets of the Borrower or any Material Subsidiary pursuant to Section 803 of the 1998 Indenture or Section 803 of the 2001 Indenture, if placed on the property of the Borrower or such Material Subsidiary on an equal and ratable basis with Liens securing Obligations and other Liens that may be placed on the properties of the Borrower or such Material Subsidiary in the future, (o) any Lien created in connection with a project financed with, or created to secure, Non-Recourse Indebtedness, (p) Liens on goods (and the proceeds thereof) and documents of title and the property covered thereby securing indebtedness in respect of commercial letters of credit, (q) Liens that have been placed by any developer, landlord or other third party on property over which the Borrower or any Material Subsidiary has easement rights or on any real property leased by the Borrower or any Material Subsidiary and subordination or similar agreements relating thereto, (r) any condemnation or eminent domain proceedings affecting any real property, (s) any provision for the retention of title to an asset by vendor or transferor of such asset which asset is acquired by the Borrower or a Material Subsidiary in a transaction entered into in the ordinary course of business, (t) Liens on the proceeds of assets that were subject to Liens permitted hereunder or on assets acquired with such proceeds as a replacement of such former assets, (u) Liens on Fixed Assets not otherwise permitted by this Agreement securing indebtedness in the aggregate (at the time such Liens are created) not in excess of ten percent (10%) of Consolidated Net Property, and (v) any extension, renewal or replacement (or successive extensions, renewals or replacements), as a whole or in part, of any Liens referred to in the foregoing clauses (a) through (u) for amounts not exceeding the principal amount of the indebtedness (including undrawn commitments) secured by the Lien so extended, renewed or replaced (except for accrued interest and a reasonable premium or other reasonable amount paid, and fees and expenses reasonably incurred in connection with such extension, renewal or replacement); provided that such extension, renewal or replacement Lien is limited to all or a part of the same property or assets that were covered by the Lien extended, renewed or replaced (plus improvements on such property or assets).

ARTICLE VII

EVENTS OF DEFAULT

Section 7.1. Events of Default . An Event of Default shall exist upon the occurrence of any of the following specified events (each an " Event of Default "):

(a) Payment . The Borrower shall default in the payment (i) when due of any principal of any of the Loans or (ii) within three l ess Days of when due of any interest on the Loans or of any fees owing hereunder or any of the other Credit Documents or (iii) within ten days of when due of any other amounts owing hereunder, under any of the other Credit Documents or in connection herewith.

(b) Representations . Any representation, warranty or statement made or deemed to be made by the Borrower herein, in any of the other Credit Documents, or in any statement or certificate delivered or required to be delivered pursuant hereto or thereto (including without limitation the certificate delivered pursuant to Section 3.1(b)(vii)) shall prove untrue in any material respect on the date as of which it was deemed to have been made.

(c) Covenants . The Borrower shall:

(i) default in the due performance or observance of any term, covenant or agreement contained in Sections 5.2, 5.3 (as to maintenance of existence of the Borrower only), 5.9 or 6.1 through 6.6 inclusive; or

(ii) default in the due performance or observance by it of any term, covenant or agreement contained in Section 5.1 and such default shall continue unremedied for a period of five Business Days after the earlier of the Borrower becoming aware of such default or notice thereof given by the Administrative Agent; or

(iii) default in the due performance or observance by it of any term, covenant or agreement (other than those referred to in subsections (a), (b), (c)(i), or (c)(ii) of this Section 7.1) contained in this Agreement or any other Credit Document and such default shall continue unremedied for a period of at least 30 days after the earlier of the Borrower becoming aware of such default or notice thereof given by the Administrative Agent.

(d) Credit Documents . The Borrower shall default in the due performance or observance of any term, covenant or agreement in any of the other Credit Documents and such default shall continue unremedied for a period of at least 30 days after the earlier of the Borrower becoming aware of such default or notice thereof given by the Administrative Agent or (ii) any Credit Document shall fail to be in full force and effect or the Borrower shall so assert.

(e) Bankruptcy, etc . The occurrence of any of the following with respect to the Borrower or any of its Material Subsidiaries: (i) a court or governmental agency having jurisdiction in the premises shall enter a decree or order for relief in respect of the Borrower or any of its Material Subsidiaries in an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or appoint a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Borrower or any of its Material Subsidiaries or for any substantial part of its property or order the winding up or liquidation of its affairs; or (ii) an involuntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect is commenced against the Borrower or any of its Material Subsidiaries and such petition remains unstayed and in effect for a period of 60 consecutive days; or (iii) the Borrower or any of its Material Subsidiaries shall commence a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or

consent to the entry of an order for relief in an involuntary case under any such law, or consent to the appointment or taking possession by a ver, liquidator, assignee, custodian, trustee, sequestrator or similar official of such Person or any substantial part of its property or ma.. any general assignment for the benefit of creditors; or (iv) the Borrower or any of its Material Subsidiaries shall admit in writing its inability to pay its debts generally as they become due or any action shall be taken by such Person in furtherance of any of the aforesaid purposes.

(f) Defaults under Other Agreements. With respect to any indebtedness of the Borrower in excess of $100,000,000 (other than indebtedness outstanding under this Agreement or Non-Recourse Indebtedness) (A) the Borrower shall (1) default in any payment (beyond the applicable grace period with respect thereto, if any) with respect to any such indebtedness, or (2) default (after giving effect to any applicable grace period) in the observance or performance of any covenant or agreement relating to such indebtedness or contained in any instrument or agreement evidencing, securing or relating thereto, or any other event or condition shall occur or condition exist, the effect of which default or other event or condition is to cause, or permit, the holder of the holders of such indebtedness (or trustee or agent on behalf of such holders) to cause (determined without regard to whether any notice or lapse of time is required) any such indebtedness to become due prior to its stated maturity; or (B) any such indebtedness shall be declared due and payable, or required to be prepaid other than by a regularly scheduled required prepayment, or by a mandatory prepayment upon specified events or conditions, in each case, prior to the stated maturity thereof; or (C) any such indebtedness shall mature and remain unpaid.

(g) Judgments. One or more final judgments, orders, or decrees shall be entered against the Borrower involving a liability of $100,000,000 or more, in the aggregate (to the extent not paid or covered by insurance provided by a carrier who has acknowledged coverage) and such judgments, orders or decrees shall continue unsatisfied, undischarged and unstayed for a period of 90 days; provided that if such judgment, order or decree provides for periodic payments over time then the Borrower shall have a grace period of 30 days with respect to each such periodic payment.

(h) ERISA. The occurrence of any of the following events or conditions if any of the same would be reasonably expected to result in a liability of an amount greater than or equal to $20,000,000: (A) any "accumulated funding deficiency," as such term is defined in Section 302 of ERISA and Section 412 of the Code, whether or not waived, shall exist with respect to any Plan, or any lien shall arise on the assets of the Borrower or any ERISA Affiliate in favor of the PBGC or a Plan; (B) a Termination Event shall occur with respect to a Single Employer Plan, which is, in the reasonable opinion of the Administrative Agent, likely to result in the termination of such Plan for purposes of Title IV of ERISA; (C) a Termination Event shall occur with respect to a Multiemployer Plan or Multiple Employer Plan, 'hich is, in the reasonable opinion of the Administrative Agent, likely to result in (i) the termination of such Plan for purposes of Title IV ERISA, or (ii) the Borrower or any ERISA Affiliate incurring any liability in connection with a withdrawal from, reorganization of (within the meaning of Section 4241 of ERISA), or insolvency (within the meaning of Section 4245 of ERISA) of such Plan; or (D) any prohibited transaction (within the meaning of Section 406 of ERISA or Section 4975 of the Code) or breach of fiduciary responsibility shall occur which would be reasonably

expected to subject the Borrower or any ERISA Affiliate to any liability under Sections 406, 409, 502(i), or 502(l) of ERISA or Section 4975 of the Code, or under any agreement or other instrument pursuant to which the Borrower or any ERISA Affiliate has agreed or is required to indemnify any person against any such liability.

(i) Change of Control. The occurrence of any Change of Control.

Section 7.2. Acceleration; Remedies. Upon the occurrence and during the continuation of an Event of Default, the Administrative Agent may, with the consent of the Required Lenders, and shall, upon the request and direction of the Required Lenders, by written notice to the Borrower take any of the following actions without prejudice to the rights of the Administrative Agent or any Lender to enforce its claims against the Borrower, except as otherwise specifically provided for herein:

(a) Termination of Commitments. Declare the Commitments terminated whereupon the Commitments shall be immediately terminated.

(b) Acceleration of Loans. Declare the unpaid amount of all Borrower Obligations to be due whereupon the same shall be immediately due and payable without presentment, demand, protest or other notice of any kind, all of which are hereby waived by the Borrower.

(c) Enforcement of Rights. Enforce any and all rights and interests created and existing under the Credit Documents or otherwise available at law or in equity, including, without limitation, all rights of set-off.

Notwithstanding the foregoing, if an Event of Default specified in Section 7.1(e) shall occur, then the Commitments shall automatically terminate and all Loans, all accrued interest in respect thereof, all accrued and unpaid fees and other indebtedness or obligations owing to the Lenders and the Administrative Agent hereunder shall immediately become due and payable without the giving of any notice or other action by the Administrative Agent or the Lenders.

Notwithstanding the fact that enforcement powers reside primarily with the Administrative Agent, each Lender has, to the extent permitted by law, a separate right of payment and shall be considered a separate "creditor" holding a separate "claim" within the meaning of Section 101(5) of the Bankruptcy Code or any other insolvency statute.

Section 7.3. Allocation of Payments After Event of Default.

Notwithstanding any other provisions of this Agreement, after the occurrence of an Event of Default, all amounts collected or received by the Administrative Agent or any Lender on account of amounts outstanding under any of the Credit Documents shall be paid over or delivered as follows:

FIRST, to the payment of all reasonable out-of-pocket costs and expenses (including without limitation reasonable attorneys' fees) of the Administrative Agent or any of the Lenders in connection with enforcing the rights of the Lenders under the Credit Documents, pro rata as set forth below;

SECOND, to payment of any fees owed to the Administrative Agent or any Lender, pro rata as set forth below;

THIRD, to the payment of all accrued interest payable to the Lenders hereunder, pro rata as set forth below;

FOURTH, to the payment of the outstanding principal amount of the Loans, pro rata as set forth below;

FIFTH, to all other obligations which shall have become due and payable under the Credit Documents and not repaid pursuant to clauses "FIRST" through "FOURTH" above; and

SIXTH, to the payment of the surplus, if any, to whoever may be lawfully entitled to receive such surplus.

In carrying out the foregoing, (a) amounts received shall be applied in the numerical order provided until exhausted prior to application to the next succeeding category and (b) each of the Lenders shall receive an amount equal to its pro rata share (based on the proportion that the then outstanding Loans held by such Lender bears to the aggregate then outstanding Loans) of amounts available to be applied.

ARTICLE VIII

THE ADMINISTRATIVE AGENT

Section 8.1. Appointment of Administrative Agent. Each Lender irrevocably appoints SunTrust Bank as the Administrative Agent and authorizes it to take such actions on its behalf and to exercise such powers as are delegated to the Administrative Agent under this Agreement and the other Credit Documents, together with all such actions and powers that are reasonably incidental thereto. The Administrative Agent may perform any of its duties hereunder or under the other Credit Documents by or through any one or more sub-agents or attorneys-in-fact appointed by the Administrative Agent. The Administrative Agent and any such sub-agent or attorney-in-fact may perform any and all of its duties and exercise its rights and powers through their respective Related Parties. The exculpatory provisions set forth in this Article shall apply to any such sub-agent or attorney-in-fact and the Related Parties of the Administrative Agent, any such sub-agent and any such attorney-in-fact and shall apply to their respective activities in connection with the syndication of the credit facilities provided for herein as well as activities as Administrative Agent.

Section 8.2. Nature of Duties of Administrative Agent. The Administrative Agent shall not have any duties or obligations except those expressly set forth in this Agreement and the other Credit Documents. Without limiting the generality of the foregoing, (a) the Administrative Agent shall not be subject to any fiduciary or other implied duties, regardless of whether a Default or an Event of Default has occurred and is continuing, (b) the Administrative Agent shall not have any duty to take any discretionary action or exercise any discretionary powers, except those discretionary rights and powers expressly contemplated by the Credit Documents that the Administrative Agent is required to exercise in writing by the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.2), and (c) except as expressly set forth in the Credit Documents, the Administrative Agent shall not have any duty to disclose, and shall not be liable for the failure to disclose, any information relating to the Borrower or any of its Subsidiaries that is communicated to or obtained by the Administrative Agent or any of its Affiliates in any capacity. The Administrative Agent shall not be liable for any action taken or not taken by it, its sub-agents or attorneys-in-fact with the consent or at the request of the Required Lenders (or such other number or percentage of the Lenders as shall be necessary under the circumstances as provided in Section 9.2) or in the absence of its own gross negligence or willful misconduct. The Administrative Agent shall not be responsible for the negligence or misconduct of any sub-agents or attorneys-in-fact selected by it with reasonable care. The Administrative Agent shall not be deemed to have knowledge of any Default or Event of Default unless and until written notice thereof (which notice shall include an express reference to such event being a "Default" or "Event of Default" hereunder) is given to the Administrative Agent by the Borrower or any Lender, and the Administrative Agent shall not be responsible for or have any duty to ascertain or inquire into (i) any statement, warranty or representation made in or in connection with any Credit Document, (ii) the contents of any certificate, report or other document delivered hereunder or thereunder or in connection herewith or therewith, (iii) the performance or observance of any of the covenants, agreements, or other terms and conditions set forth in any Credit Document, (iv) the validity, enforceability, effectiveness or genuineness of any Credit Document or any other agreement, instrument or document, or (v) the satisfaction of any condition set forth in Article III or elsewhere in any Credit Document, other than to confirm receipt of items expressly required to be delivered to the Administrative Agent. The Administrative Agent may consult with legal counsel (including counsel for the Borrower) concerning all matters pertaining to such duties.

Section 8.3. Lack of Reliance on the Administrative Agent. Each of the Lenders acknowledges that it has, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, made its own credit analysis and decision to enter into this Agreement. Each of the Lenders also acknowledges that it will, independently and without reliance upon the Administrative Agent or any other Lender and based on such documents and information as it has deemed appropriate, continue to make its own decisions in taking or not taking of any action under or based on this Agreement, any related agreement or any document furnished hereunder or thereunder.

Section 8.4. Certain Rights of the Administrative Agent. If the Administrative Agent shall request instructions from the Required Lenders with respect to any

action or actions (including the failure to act) in connection with this Agreement, the Administrative Agent shall be entitled to refrain from such act or taking such act, unless and until it shall have received instructions from such Lenders; and the Administrative Agent shall not ir liability to any Person by reason of so refraining. Without limiting the foregoing, no Lender shall have any right of action whatsoever a st the Administrative Agent as a result of the Administrative Agent acting or refraining from acting hereunder in accordance with the instructions of the Required Lenders where required by the terms of this Agreement.

Section 8.5. Reliance by Administrative Agent. The Administrative Agent shall be entitled to rely upon, and shall not incur any liability for relying upon, any notice, request, certificate, consent, statement, instrument, document or other writing believed by it to be genuine and to have been signed, sent or made by the proper Person. The Administrative Agent may also rely upon any statement made to it orally or by telephone and believed by it to be made by the proper Person and shall not incur any liability for relying thereon. The Administrative Agent may consult with legal counsel (including counsel for the Borrower), independent public accountants and other experts selected by it and shall not be liable for any action taken or not taken by it in accordance with the advice of such counsel, accountants or experts.

Section 8.6. The Administrative Agent in its Individual Capacity. The bank serving as the Administrative Agent shall have the same rights and powers under this Agreement and any other Credit Document in its capacity as a Lender as any other Lender and may exercise or refrain from exercising the same as though it were not the Administrative Agent; and the terms "Lenders", "Required Lenders", "holders of Notes", or any similar terms shall, unless the context clearly otherwise indicates, include the Administrative Agent in its individual capacity. The bank acting as the Administrative Agent and its Affiliates may accept deposits from, lend money to, and generally engage in any kind of business with the Borrower or any Subsidiary or Affiliate of the Borrower as if it were not the Administrative Agent hereunder.

Section 8.7. Successor Administrative Agent.

(a) The Administrative Agent may resign at any time by giving written notice thereof to the Lenders and the Borrower. Upon any such resignation, the Required Lenders shall have the right to appoint a successor Administrative Agent, subject to the approval by the Borrower provided that no Default or Event of Default shall exist at such time. If no successor Administrative Agent shall have been so appointed, and shall have accepted such appointment within 30 days after the retiring Administrative Agent gives notice of resignation, then the retiring Administrative Agent may, on behalf of the Lenders, appoint a successor Administrative Agent, which shall be a commercial bank organized under the laws of the United States of America or any state thereof or a bank which maintains an office in the United States, having a combined capital and surplus of at least $500,000,000.

(b) Upon the acceptance of its appointment as the Administrative Agent hereunder by a successor, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of the retiring Administrative Agent, and the retiring Administrative Agent shall be discharged from its duties and obligations

under this Agreement and the other Credit Documents. If within 45 days after written notice is given of the retiring Administrative Agent's resignation under this Section 8.7 no successor Administrative Agent shall have been appointed and shall have accepted such appointment, then on such 45 th day (i) the retiring Administrative Agent's resignation shall become effective, (ii) the retiring Administrative Agent shall thereupon be discharged from its duties and obligations under the Credit Documents and (iii) the Required Lenders shall thereafter perform all duties of the retiring Administrative Agent under the Credit Documents until such time as the Required Lenders appoint a successor Administrative Agent as provided above. After any retiring Administrative Agent's resignation hereunder, the provisions of this Article shall continue in effect for the benefit of such retiring Administrative Agent and its representatives and agents in respect of any actions taken or not taken by any of them while it was serving as the Administrative Agent.

Section 8.8. Authorization to Execute other Credit Documents. Each Lender hereby authorizes the Administrative Agent to execute on behalf of all Lenders all Credit Documents other than this Agreement.

Section 8.9. Documentation Agent; Syndication Agent. Each Lender hereby designates Bank of America, N.A., Wachovia Bank, National Association and Société Générale as Co-Documentation Agents and agrees that the Co-Documentation Agents shall have no duties or obligations under any Credit Documents to any Lender or the Borrower. Each Lender hereby designates JPMorgan Chase Bank, N.A., as Syndication Agent and agrees that the Syndication Agent shall have no duties or obligations under any Credit Documents to any Lender or the Borrower.

ARTICLE IX

MISCELLANEOUS

Section 9.1. Notices.

(a) Except in the case of notices and other communications expressly permitted to be given by telephone, all notices and other communications to any party herein to be effective shall be in writing and shall be delivered by hand or overnight courier service, mailed by certified or registered mail, sent by telecopy or to the extent permitted below, by email as follows:

To the Borrower:
Atmos Energy Corporation
700 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240
Attention: Laurie Sherwood
Telecopy Number: (214) 550-9318
Email Address: laurie.sherwood@atmosenergy.com

With a copy to:	Atmos Energy Corporation 700 Three Lincoln Centre 5430 LBJ Freeway Dallas, Texas 75240 Attention: Treasury Department Telecopy Number: (972) 855-3085 Email Address: treasury@atmosenergy.com
To the Administrative Agent:	SunTrust Bank 303 Peachtree Street, N.E. Atlanta, Georgia 30308 Attention: Linda Stanley Telecopy Number: (404) 575-2594 Email Address: linda.stanley@suntrust.com
With a copy to:	SunTrust Bank Agency Services 303 Peachtree Street, N. E./ 25 th Floor Atlanta, Georgia 30308 Attention: Ms. Doris Folsum Telecopy Number: (404) 658-4906 and King & Spalding LLP 191 Peachtree Street, N.E. Atlanta, Georgia 30303 Attention: Carolyn Z. Alford Telecopy Number: (404) 572-5100 Email Address: czalford@kslaw.com
To any other Lender:	the address set forth in the Administrative Questionnaire or the Assignment and Acceptance Agreement executed by such Lender

Notices and other communications hereunder may be delivered or furnished by electronic communication (including e-mail and Internet or intranet websites) pursuant to procedures approved by the Administrative Agent, provided that the foregoing shall not apply to notices to any Lender pursuant to Article II if such Lender has notified the Administrative Agent that it is incapable of receiving notices under such Article by electronic communication. The Administrative Agent or the Borrower may, in its discretion, agree to accept notices and other communications to it hereunder by electronic communications pursuant to procedures approved

by it, provided that approval of such procedures may be limited to particular notices or communications. Unless the Administrative Agent otherwise prescribes, (i) notices and other communications sent to an e-mail address shall be deemed received upon the sender's receipt of an acknowledgement from the intended recipient (such as by the "return receipt requested" function, as available, return e-mail or other written acknowledgement), provided that if such notice or other communication is not sent during the normal business hours of the recipient, such notice or communication shall be deemed to have been sent at the opening of business on the next business day for the recipient, and (ii) notices or communications posted to an Internet or intranet website shall be deemed received upon the deemed receipt by the intended recipient at its e-mail address as described in the foregoing clause (i) of notification that such notice or communication is available and identifying the website address therefor.

Any party hereto may change its address or telecopy number for notices and other communications hereunder by notice to the other parties hereto. All such notices and other communications shall, when transmitted by overnight delivery, or faxed, be effective when delivered for overnight (next-day) delivery, or transmitted in legible form by facsimile machine, respectively, or if mailed, upon the third Business Day after the date deposited into the mail or if delivered, upon delivery; provided, that notices delivered to the Administrative Agent shall not be effective until actually received by such Person at its address specified in this Section 9.1 .

(b) Any agreement of the Administrative Agent and the Lenders herein to receive certain notices by telephone or facsimile is solely for the convenience and at the request of the Borrower. The Administrative Agent and the Lenders shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower to give such notice and the Administrative Agent and Lenders shall not have any liability to the Borrower or other Person on account of any action taken or not taken by the Administrative Agent or the Lenders in reliance upon such telephonic or facsimile notice. The obligation of the Borrower to repay the Loans and all other Obligations hereunder shall not be affected in any way or to any extent by any failure of the Administrative Agent and the Lenders to receive written confirmation of any telephonic or facsimile notice or the receipt by the Administrative Agent and the Lenders of a confirmation which is at variance with the terms understood by the Administrative Agent and the Lenders to be contained in any such telephonic or facsimile notice.

Section 9.2. Waiver; Amendments .

(a) No failure or delay by the Administrative Agent or any Lender in exercising any right or power hereunder or any other Credit Document, and no course of dealing between the Borrower and the Administrative Agent or any Lender , shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power or any abandonment or discontinuance of steps to enforce such right or power, preclude any other or further exercise thereof or the exercise of any other right or power hereunder or thereunder. The rights and remedies of the Administrative Agent and the Lenders hereunder and under the other Credit Documents are cumulative and are not exclusive of any rights or remedies provided by law. No waiver of any provision of this Agreement or any other Credit Document or consent to any departure by the Borrower therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) of this Section 9.2 , and then such waiver or consent shall be effective

only in the specific instance and for the purpose for which given. Without limiting the generality of the foregoing, the making of a Loan shall not be construed as a waiver of any Default or Event of Default, regardless of whether the Administrative Agent or any Lender may have had notice or knowledge of such Default or Event of Default at the time.

(b) No amendment or waiver of any provision of this Agreement or the other Credit Documents, nor consent to any departure by the Borrower therefrom, shall in any event be effective unless the same shall be in writing and signed by the Borrower and the Required Lenders or the Borrower and the Administrative Agent with the consent of the Required Lenders and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, that no amendment or waiver shall: (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the date fixed for any payment of any principal of, or interest on, any Loan or interest thereon or any fees hereunder or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date for the termination or reduction of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section 9.2 or the definition of "Required Lenders" or any other provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender; (vi) release any guarantor or limit the liability of any such guarantor under any guaranty agreement, without the written consent of each Lender; (vii) release all or substantially all collateral (if any) securing any of the Obligations, without the written consent of each Lender; provided further, that no such agreement shall amend, modify or otherwise affect the rights, duties or obligations of the Administrative Agent without the prior written consent of such Person. Notwithstanding anything contained herein to the contrary, this Agreement may be amended and restated without the consent of any Lender (but with the consent of the Borrower and the Administrative Agent) if, upon giving effect to such amendment and restatement, such Lender shall no longer be a party to this Agreement (as so amended and restated), the Commitments of such Lender shall have terminated (but such Lender shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.3), such Lender shall have no other commitment or other obligation hereunder and shall have been paid in full all principal, interest and other amounts owing to it or accrued for its account under this Agreement.

Section 9.3. Expenses; Indemnification.

(a) The Borrower shall pay (i) all reasonable, out-of-pocket costs and expenses of the Administrative Agent and its Affiliates, including the reasonable fees, charges and disbursements of counsel for the Administrative Agent and its Affiliates, in connection with the syndication of the credit facilities provided for herein, the preparation and administration of the Credit Documents and any amendments, modifications or waivers thereof (whether or not the transactions contemplated in this Agreement or any other Credit Document shall be consummated), and (ii) all reasonable out-of-pocket costs and expenses (including, without limitation, the reasonable fees, charges and disbursements of outside counsel and the allocated

cost of inside counsel) incurred by the Administrative Agent or any Lender in connection with the enforcement or protection of its rights in connection with this Agreement, including its rights under this Section 9.3, or in connection with the Loans made hereunder, including all such out-of-pocket expenses incurred during any workout, restructuring or negotiations in respect of such Loans.

(b) The Borrower shall indemnify the Administrative Agent (and any sub-agent thereof), each Lender and each Related Party of any of the foregoing Persons (each such Person being called an "Indemnitee") against, and hold each Indemnitee harmless from, any and all losses, claims, damages, liabilities and related expenses (including the reasonable fees, charges and disbursements of any counsel for any Indemnitee), and shall indemnify and hold harmless each Indemnitee from all fees and time charges and disbursements for attorneys who may be employees of any Indemnitee, incurred by any Indemnitee or asserted against any Indemnitee by any third party or by the Borrower arising out of, in connection with, or as a result of (i) the execution or delivery of this Agreement, any other Credit Document or any agreement or instrument contemplated hereby or thereby, the performance by the parties hereto of their respective obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby, (ii) any Loan or the use or proposed use of the proceeds therefrom, (iii) any actual or alleged presence or Release of Hazardous Materials on or from any property owned or operated by the Borrower or any of its Subsidiaries, or any Environmental Liability related in any way to the Borrower or any of its Subsidiaries, or (iv) any actual or prospective claim, litigation, investigation or proceeding relating to any of the foregoing, whether based on contract, tort or any other theory, whether brought by a third party or by the Borrower, and regardless of whether any Indemnitee is a party thereto, provided that such indemnity shall not, as to any Indemnitee, be available to the extent that such losses, claims, damages, liabilities or related expenses (x) are determined by a court of competent jurisdiction by final and nonappealable judgment to have resulted from the gross negligence or willful misconduct of such Indemnitee or (y) result from a claim brought by the Borrower against an Indemnitee for breach in bad faith of such Indemnitee's obligations hereunder or under any other Credit Document, if the Borrower has obtained a final and nonappealable judgment in its favor on such claim as determined by a court of competent jurisdiction.

(c) The Borrower shall pay, and hold the Administrative Agent and each of the Lenders harmless from and against, any and all present and future stamp, documentary, and other similar taxes with respect to this Agreement and any other Credit Documents, any collateral described therein, or any payments due thereunder, and save the Administrative Agent and each Lender harmless from and against any and all liabilities with respect to or resulting from any delay or omission to pay such taxes.

(d) To the extent that the Borrower fails to pay any amount required to be paid to the Administrative Agent under clauses (a), (b) or (c) hereof, each Lender severally agrees to pay to the Administrative Agent such Lender's Pro Rata Share (determined as of the time that the unreimbursed expense or indemnity payment is sought) of such unpaid amount; provided, that the unreimbursed expense or indemnified payment, claim, damage, liability or related expense, as the case may be, was incurred by or asserted against the Administrative Agent in its capacity as such.

(e) To the extent permitted by applicable law, the Borrower shall not assert, and hereby waives, any claim against any Indemnitee, on any theory of liability, for special, indirect, consequential or punitive damages (as opposed to actual or direct damages) ar[illegible]g out of, in connection with or as a result of, this Agreement or any agreement or instrument contemplated hereby, the transactions c[illegible]nplated therein, any Loan or the use of proceeds thereof.

(f) All amounts due under this Section 9.3 shall be payable promptly after written demand therefor.

Section 9.4. Successors and Assigns.

(a) The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns permitted hereby, except that the Borrower may not assign or otherwise transfer any of its rights or obligations hereunder without the prior written consent of the Administrative Agent and each Lender, and no Lender may assign or otherwise transfer any of its rights or obligations hereunder except (i) to an assignee in accordance with the provisions of paragraph (b) of this Section, (ii) by way of participation in accordance with the provisions of paragraph (d) of this Section or (iii) by way of pledge or assignment of a security interest subject to the restrictions of paragraph (f) of this Section (and any other attempted assignment or transfer by any party hereto shall be null and void). Nothing in this Agreement, expressed or implied, shall be construed to confer upon any Person (other than the parties hereto, their respective successors and assigns permitted hereby, Participants to the extent provided in paragraph (d) of this Section and, to the extent expressly contemplated hereby, the Related Parties of each of the Administrative Agent and the Lenders) any legal or equitable right, remedy or claim under or by reason of this Agreement.

(b) Any Lender may at any time assign to one or more assignees all or a portion of its rights and obligations under this Agreement (including all or a portion of its Commitment and the Loans at the time owing to it); provided that any such assignment shall be subject to the following conditions:

(i) Minimum Amounts.

(A) in the case of an assignment of the entire remaining amount of the assigning Lender's Commitment and the Loans at the time owing to it or in the case of an assignment to a Lender, an Affiliate of a Lender or an Approved Fund, no minimum amount need be assigned; and

(B) in any case not described in paragraph (b)(i)(A) of this Section, the aggregate amount of the Commitment (which for this purpose includes Loans and Credit Exposure outstand ing thereunder) or, if the applicable Commitment is not then in effect, the principal outstanding balance of the Loans and Credit Exposure of the assigning Lender subject to each such assignment (determined as of the date the Assignment and Acceptance with respect to such assignment is delivered

to the Administrative Agent or, if "Trade Date" is specified in the Assignment and Acceptance, as of the Trade Date) shall not be less than $1,000,000, unless each of the Administrative Agent and, so long as no Event of Default has occurred and is continuing, the Borrower otherwise consents (each such consent not to be unreasonably withheld or delayed).

(ii) Proportionate Amounts. Each partial assignment shall be made as an assignment of a proportionate part of all the assigning Lender's rights and obligations under this Agreement with respect to the Loans, Credit Exposure or the Commitment assigned.

(iii) Required Consents. No consent shall be required for any assignment except to the extent required by paragraph (b)(i)(B) of this Section and, in addition:

(A) the consent of the Borrower (such consent not to be unreasonably withheld or delayed) shall be required unless (x) an Event of Default has occurred and is continuing at the time of such assignment or (y) such assignment is to a Lender, an Affiliate of a Lender or an Approved Fund;

(B) the consent of the Administrative Agent (such consent not to be unreasonably withheld or delayed) shall be required for assignments to a Person that is not a Lender with a Commitment.

(iv) Assignment and Acceptance. The parties to each assignment shall deliver to the Administrative Agent (A) a duly executed Assignment and Acceptance, (B) a processing and recordation fee of $3,000, (C) an Administrative Questionnaire unless the assignee is already a Lender and (D) the documents required under Section 2.17(e) if such assignee is a Foreign Lender.

(v) No Assignment to Borrower. No such assignment shall be made to the Borrower or any of the Borrower's Affiliates or Subsidiaries.

(vi) No Assignment to Natural Persons. No such assignment shall be made to a natural person.

Subject to acceptance and recording thereof by the Administrative Agent pursuant to paragraph (c) of this Section 9.4, from and after the effective date specified in each Assignment and Acceptance, the assignee thereunder shall be a party to this Agreement and, to the extent of the interest assigned by such Assignment and Acceptance, have the rights and obligations of a Lender under this Agreement, and the assigning Lender thereunder shall, to the extent of the interest assigned by such Assignment and Acceptance, be released from its obligations under this Agreement (and, in the case of an Assignment and Acceptance covering all of the assigning Lender's rights and obligations under this Agreement, such Lender shall cease to be a party hereto) but shall continue to be entitled to the benefits of Sections 2.15, 2.16, 2.17 and 9.3 with respect to facts and circumstances occurring prior to the effective date of such assignment. Any assignment or transfer by a Lender of rights or obligations under this Agreement that does not

comply with this paragraph shall be treated for purposes of this Agreement as a sale by such Lender of a participation in such rights and obligations in accordance with paragraph (d) of this Section 9.4. If the consent of the Borrower to an assignment is required hereunder (including a consent to an assignment which does not meet the minimum assignment thresholds specified above), the Borrower shall be deemed to have given its consent five Business Days after the date notice thereof has actually been delivered by the assigning Lender (through the Administrative Agent) to the Borrower, unless such consent is expressly refused by the Borrower prior to such fifth Business Day.

(c) The Administrative Agent shall maintain at one of its offices in Atlanta, Georgia a copy of each Assignment and Acceptance delivered to it and a register for the recordation of the names and addresses of the Lenders, and the Commitments of, and principal amount of the Loans and Credit Exposure owing to, each Lender pursuant to the terms hereof from time to time (the "Register"). The entries in the Register shall be conclusive, and the Borrower, the Administrative Agent and the Lenders may treat each Person whose name is recorded in the Register pursuant to the terms hereof as a Lender hereunder for all purposes of this Agreement, notwithstanding notice to the contrary. The Register shall be available for inspection by the Borrower and any Lender, at any reasonable time and from time to time upon reasonable prior notice.

(d) Any Lender may at any time, without the consent of, or notice to, the Borrower or the Administrative Agent, sell participations to any Person (other than a natural person, the Borrower or any of the Borrower's Affiliates or Subsidiaries) (each, a "Participant") in all or a portion of such Lender's rights and/or obligations under this Agreement (including all or a portion of its Commitment and/or the Loans owing to it); provided that (i) such Lender's obligations under this Agreement shall remain unchanged, (ii) such Lender shall remain solely responsible to the other parties hereto for the performance of such obligations and (iii) the Borrower, the Administrative Agent and the Lenders shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations under this Agreement.

(e) Any agreement or instrument pursuant to which a Lender sells such a participation shall provide that such Lender shall retain the sole right to enforce this Agreement and to approve any amendment, modification or waiver of any provision of this Agreement; provided that such agreement or instrument may provide that such Lender will not, without the consent of the Participant, agree to any amendment, modification or waiver with respect to the following to the extent affecting such Participant: (i) increase the Commitment of any Lender without the written consent of such Lender, (ii) reduce the principal amount of any Loan or reduce the rate of interest thereon, or reduce any fees payable hereunder, without the written consent of each Lender affected thereby, (iii) postpone the date fixed for any payment of any principal of, or interest on, any Loan or interest thereon or any fees hereunder or reduce the amount of, waive or excuse any such payment, or postpone the scheduled date for the termination or reduction of any Commitment, without the written consent of each Lender affected thereby, (iv) change Section 2.18(b) or (c) in a manner that would alter the pro rata sharing of payments required thereby, without the written consent of each Lender, (v) change any of the provisions of this Section 9.4 or the definition of "Required Lenders" or any other

provision hereof specifying the number or percentage of Lenders which are required to waive, amend or modify any rights hereunder or make any determination or grant any consent hereunder, without the consent of each Lender; (vi) release any guarantor or limit the liability of any such guarantor under any guaranty agreement without the written consent of each Lender except to the extent such release is expressly provided under the terms of this Agreement or such guaranty agreement; or (vii) release all or substantially all collateral (if any) securing any of the Obligations. Subject to paragraph (e) of this Section 9.4, the Borrower agrees that each Participant shall be entitled to the benefits of Sections 2.15, 2.16, and 2.17 to the same extent as if it were a Lender and had acquired its interest by assignment pursuant to paragraph (b) of this Section 9.4. To the extent permitted by law, each Participant also shall be entitled to the benefits of Section 9.7 as though it were a Lender, provided such Participant agrees to be subject to Section 2.15 as though it were a Lender.

(f) A Participant shall not be entitled to receive any greater payment under Section 2.15 and Section 2.17 than the applicable Lender would have been entitled to receive with respect to the participation sold to such Participant, unless the sale of the participation to such Participant is made with the Borrower's prior written consent. A Participant that would be a Foreign Lender if it were a Lender shall not be entitled to the benefits of Section 2.17 unless the Borrower is notified of the participation sold to such Participant and such Participant agrees, for the benefit of the Borrower, to comply with Section 2.17(e) as though it were a Lender.

(g) Any Lender may at any time pledge or assign a security interest in all or any portion of its rights under this Agreement to secure obligations of such Lender, including without limitation any pledge or assignment to secure obligations to a Federal Reserve Bank; provided that no such pledge or assignment shall release such Lender from any of its obligations hereunder or substitute any such pledgee or assignee for such Lender as a party hereto.

Section 9.5. Governing Law; Jurisdiction; Consent to Service of Process.

(a) This Agreement and the other Credit Documents shall be construed in accordance with and be governed by the law (without giving effect to the conflict of law principles thereof, except for Sections 5-1401 and 5-1402 of the New York General Obligations Law) of the State of New York.

(b) The Borrower hereby irrevocably and unconditionally submits, for itself and its property, to the non-exclusive jurisdiction of the United States District Court of the Southern District of New York, and of any state court of the State of New York sitting in New York county and any appellate court from any thereof, in any action or proceeding arising out of or relating to this Agreement or any other Credit Document or the transactions contemplated hereby or thereby, or for recognition or enforcement of any judgment, and each of the parties hereto hereby irrevocably and unconditionally agrees that all claims in respect of any such action or proceeding may be heard and determined in such New York state court or, to the extent permitted by applicable law, such Federal court. Each of the parties hereto agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Nothing in this

Agreement or any other Credit Document shall affect any right that the Administrative Agent or any Lender may otherwise have to bring any action or proceeding relating to this Agreement or any other Credit Document against the Borrower or its properties in the courts of any jurisdiction.

(c) The Borrower irrevocably and unconditionally waives any objection which it may now or hereafter have to the laying of venue of any such suit, action or proceeding described in paragraph (b) of this Section 9.5 and brought in any court referred to in paragraph (b) of this Section 9.5 . Each of the parties hereto irrevocably waives, to the fullest extent permitted by applicable law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court.

(d) Each party to this Agreement irrevocably consents to the service of process in the manner provided for notices in Section 9.1, provided that such service of process is delivered only by overnight courier, signature required. Nothing in this Agreement or in any other Credit Document will affect the right of any party hereto to serve process in any other manner permitted by law.

Section 9.6. WAIVER OF JURY TRIAL . EACH PARTY HERETO IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY LEGAL PROCEEDING DIRECTLY OR INDIRECTLY ARISING OUT OF THIS AGREEMENT OR ANY OTHER CREDIT DOCUMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY (WHETHER BASED ON CONTRACT, TORT OR ANY OTHER THEORY). EACH PARTY HERETO (A) CERTIFIES THAT NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, AND (B) ACKNOWLEDGES THAT IT AND THE OTHER PARTIES HERETO HAVE BEEN INDUCED TO ENTER INTO THIS AGREEMENT AND THE OTHER CREDIT DOCUMENTS BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION.

Section 9.7. Right of Setoff . In addition to any rights now or hereafter granted under applicable law and not by way of limitation of any such rights, each Lender shall have the right, at any time or from time to time upon the occurrence and during the continuance of an Event of Default, without prior notice to the Borrower, any such notice being expressly waived by the Borrower to the extent permitted by applicable law, to set off and apply against all deposits (general or special, time or demand, provisional or final) of the Borrower at any time held or other obligations at any time owing by such Lender to or for the credit or the account of the Borrower against any and all Obligations held by such Lender irrespective of whether such Lender shall have made demand hereunder and although such Obligations may be unmatured. Each Lender agrees promptly to notify the Administrative Agent and the Borrower after any such set-off and any application made by such Lender; provided , that the failure to give such notice shall not affect the validity of such set-off and application. Each Lender agrees to apply all

amounts collected from any such set-off to the Obligations before applying such amounts to any other Indebtedness or other obligations owed by the Borrower and any of its Subsidiaries to such Lender.

Section 9.8. Counterparts; Integration. This Agreement may be executed by one or more of the parties to this Agreement on any number of separate counterparts (including by telecopy), and all of said counterparts taken together shall be deemed to constitute one and the same instrument. This Agreement, the Fee Letter, the other Credit Documents, and any separate letter agreement(s) relating to any fees payable to the Administrative Agent constitute the entire agreement among the parties hereto and thereto regarding the subject matters hereof and thereof and supersede all prior agreements and understandings, oral or written, regarding such subject matters.

Section 9.9. Survival. All covenants, agreements, representations and warranties made by the Borrower herein and in the certificates or other instruments delivered in connection with or pursuant to this Agreement shall be considered to have been relied upon by the other parties hereto and shall survive the execution and delivery of this Agreement and the making of any Loans, regardless of any investigation made by any such other party or on its behalf and notwithstanding that the Administrative Agent or any Lender may have had notice or knowledge of any Default or incorrect representation or warranty at the time any credit is extended hereunder, and shall continue in full force and effect as long as the principal of or any accrued interest on any Loan or any fee or any other amount payable under this Agreement is outstanding and unpaid and so long as the Commitments have not expired or terminated. The provisions of Sections 2.15, 2.16, 2.17, and 9.3 and Article VIII shall survive and remain in full force and effect regardless of the consummation of the transactions contemplated hereby, the repayment of the Loans, the expiration or termination of the Commitments or the termination of this Agreement or any provision hereof. All representations and warranties made herein, in the certificates, reports, notices, and other documents delivered pursuant to this Agreement shall survive the execution and delivery of this Agreement and the other Credit Documents, and the making of the Loans.

Section 9.10. Severability. Any provision of this Agreement or any other Credit Document held to be illegal, invalid or unenforceable in any jurisdiction, shall, as to such jurisdiction, be ineffective to the extent of such illegality, invalidity or unenforceability without affecting the legality, validity or enforceability of the remaining provisions hereof or thereof; and the illegality, invalidity or unenforceability of a particular provision in a particular jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 9.11. Confidentiality. Each of the Administrative Agent and each Lender agrees to take normal and reasonable precautions to maintain the confidentiality of any Information, except that such Information may be disclosed (i) to any Related Party of the Administrative Agent or any such Lender, including without limitation accountants, legal counsel and other advisors, (ii) to the extent required by applicable laws or regulations or by any subpoena or similar legal process, (iii) to the extent requested by any regulatory agency or authority, (iv) to the extent that such information becomes publicly available other than as a

result of a breach of this Section 9.11 , or which becomes available to the Administrative Agent, any Lender or any Related Party of any of the foregoing on a non-confidential basis from a source other than the Borrower, (v) in connection with the exercise of any remedy h ıder or any suit, action or proceeding relating to this Agreement or the enforcement of rights hereunder, and vi) subject to provisions su.. .antially similar to this Section 9.11 , to any actual or prospective assignee or Participant, or (vii) with the consent of the Borrower. Any Person required to maintain the confidentiality of any information as provided for in this Section 9.11 shall be considered to have complied with its obligation to do so if such Person has exercised the same degree of care to maintain the confidentiality of such information as such Person would accord its own confidential information. For the purposes of this Section, " Information " means all information received from the Borrower relating to the Borrower or its business, other than any such information that is available to the Administrative Agent or any Lender on a nonconfidential basis prior to disclosure by the Borrower; provided that, in the case of information received from the Borrower after the date hereof, such information is clearly identified at the time of delivery as confidential.

Section 9.12. Interest Rate Limitation . Notwithstanding anything herein to the contrary, if at any time the interest rate applicable to any Loan, together with all fees, charges and other amounts which may be treated as interest on such Loan under applicable law (collectively, the " Charges "), shall exceed the maximum lawful rate of interest (the " Maximum Rate") which may be contracted for, charged, taken, received or reserved by a Lender holding such Loan in accordance with applicable law, the rate of interest payable in respect of such Loan hereunder, together with all Charges payable in respect thereof, shall be limited to the Maximum Rate and, to the extent lawful, the interest and Charges that would have been payable in respect of such Loan but were not payable as a result of the operation of this Section 9.12 shall be cumulated and the interest and Charges payable to such Lender in respect of other Loans or periods shall be increased (but not above the Maximum Rate therefor) until such cumulated amount, together with interest thereon at the Federal Funds Rate to the date of repayment, shall have been received by such Lender.

Section 9.13. Waiver of Effect of Corporate Seal . The Borrower represents and warrants that it is not required to affix its corporate seal to this Agreement or any other Credit Document pursuant to any requirement of law or regulation, agrees that this Agreement is delivered by Borrower under seal and waives any shortening of the statute of limitations that may result from not affixing the corporate seal to this Agreement or such other Credit Documents.

Section 9.14. Patriot Act . The Administrative Agent and each Lender hereby notifies the Borrower that pursuant to the requirements of the USA PATRIOT Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Patriot Act"), it is required to obtain, verify and record information that identifies the Borrower, which information includes the name and address of the Borrower and other information that will allow such Lender or the Administrative Agent, as applicable, to identify the Borrower in accordance with t' Patriot Act. The Borrower shall, and shall cause each of its Subsidiaries to, provide to the extent commercially reasonable, such . mation and take such other actions as are reasonably requested by the Administrative Agent or any Lender in order to assist the Administrative Agent and the Lenders in maintaining compliance with the Patriot Act.

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IN WITNESS WHEREOF , the parties hereto have caused this Agreement to be duly executed by their respective authorized officers as of the day and year first above written.

ATMOS ENERGY CORPORATION,
as Borrower

By /s/ LAURIE M. SHERWOOD

Name: Laurie M. Sherwood
Title: Vice President, Corporate Development and Treasurer

SUNTRUST BANK
as Administrative Agent and as a Lender

By /s/ LINDA LEE STANLEY

Name: Linda L. Stanley
Title: Director

[SIGNATURE PAGE TO REVOLVING CREDIT AGREEMENT]

JPMORGAN CHASE BANK, N.A.,
as a Lender

By /s/ ROBERT W. TRABAND

Name: Robert W. Traband
Title: Vice President

[SIGNATURE PAGE TO REVOLVING CREDIT AGREEMENT]

BANK OF AMERICA, N.A., as a Lender

By /s/ STEVEN A. MACKENZIE

Name: Steven A. Mackenzie
Title: Senior Vice President

[SIGNATURE PAGE TO REVOLVING CREDIT AGREEMENT]

WACHOVIA BANK, NATIONAL ASSOCIATION, as a Lender

By /s/ SHAWN YOUNG

Name: Shawn Young
Title: Vice President

[SIGNATURE PAGE TO REVOLVING CREDIT AGREEMENT]

SOCIÉTÉ GÉNÉRALE, as a Lender

By /s/ NIGEL ELVEY

Name: Nigel Elvey
Title: Vice President

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THE ROYAL BANK OF SCOTLAND plc,
as a Lender

By /s/ MATTHEW MAIN

Name: Matthew Main
Title: Managing Director

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THE BANK OF TOKYO – MITSUBISHI, LIMITED, as a Lender

By /s/ KELTON GLASSCOCK

Name: Kelton Glasscock
Title: Vice President & Manager

[SIGNATURE PAGE TO REVOLVING CREDIT AGREEMENT]

CALYON New York Branch, as a Lender

By /s/ DENNIS PETITO

Name: Dennis Petito
Title: Managing Director

By /s/ BERTRAND CORD'HOMME

Name: Bertrand Cord'homme
Title: Director

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CITIBANK, N.A., as a Lender

By /s/ DAVID E. HUNT

Name: David E. Hunt
Title: Attorney-in-Fact

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MERRILL LYNCH BANK USA,
as a Lender

By /s/ LOUIS ALDER

Name: Louis Alder
Title: Director

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KBC BANK N.V., as a Lender

By /s/ JEAN-PIERRE DIELS

Name: Jean-Pierre Diels
Title: First Vice President

By /s/ ERIC RASKIN

Name: Eric Raskin
Title: Vice President

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UBS LOAN FINANCE LLC, as a Lender

By /s/ TOBA LUMBANTOBING

Name: Toba Lumbantobing
Title: Associate Director
Banking Products Services, US

By /s/ SAILOZ SIKKA

Name: Sailoz Sikka
Title: Associate Director
Banking Products Services, US

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U.S. BANK NATIONAL ASSOCIATION, as a Lender

By /s/ KEVIN S. MCFADDEN

Name: Kevin S. McFadden
Title: Vice President

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THE BANK OF NEW YORK,
as a Lender

By /s/ CRAIG J. ANDERSON

Name: Craig J. Anderson
Title: Vice President

[SIGNATURE PAGE TO REVOLVING CREDIT AGREEMENT]

COMERICA BANK, as a Lender

By /s/ JANET L. WHEELER

Name: Janet L. Wheeler
Title: Assistant Vice President

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Schedule I

APPLICABLE MARGIN AND APPLICABLE PERCENTAGE

Level	Rating Category	Applicable Margin for LIBOR Advances	Applicable Margin for Base Rate Advances	Applicable Percentage
I	≥ A-/A3	0.400%	0%	0.075%
II	BBB+/Baa1	0.475%	0%	0.085%
III	BBB/Baa2	0.550%	0%	0.100%
IV	BBB-/Baa3	0.750%	0%	0.150%
V	≤ BB+/Ba1	1.00%	0%	0.200%

The credit ratings to be utilized for purposes of this Schedule are those assigned to the senior, unsecured long-term debt securities of the Borrower without third-party credit enhancement, whether or not any such debt securities are actually outstanding, and any rating assigned to any other debt security of the Borrower shall be disregarded. If the ratings established or deemed to have been established by Moody's, S&P and Fitch for the Borrower fall within different Levels, the highest rating (or numerically lower Level) shall apply, unless the ratings differ by more than one Level, in which case, if the rating is the same by two rating agencies, and the third agency rating is lower, then the higher rating shall govern and otherwise, the governing rating shall be the rating next below the highest of the three. If the Borrower is not rated by Moody's, S&P or Fitch, then the rate shall be established by reference to Level V.

If the rating system of Moody's, S&P or Fitch shall change, or if any of these rating agencies shall cease to be in the business of rating corporate debt obligations, the Borrower, the Lenders and the Administrative Agent shall negotiate in good faith to amend this Schedule to reflect such changed rating system or the unavailability of ratings from such rating agency and, pending the effectiveness of any such amendment, the Applicable Margin and the Applicable Percentage shall be determined by reference to the rating most recently in effect prior to any such change or cessation. If after a reasonable time (not to exceed 90 days) the parties cannot agree to a mutually acceptable amendment, the Applicable Margin and the Applicable Percentage shall be determined by reference to Level V.

[SCHEDULE I]

Schedule II

COMMITMENT AMOUNTS

Lender	Commitment Amount
SunTrust Bank	$ 60,000,000
JPMorgan Chase Bank, N.A.	$ 60,000,000
Bank of America, N.A.	$ 50,000,000
Wachovia Bank, National Association	$ 50,000,000
Société Générale	$ 50,000,000
The Royal Bank of Scotland plc	$ 38,000,000
The Bank of Tokyo – Mitsubishi, Limited	$ 38,000,000
Calyon New York Branch	$ 38,000,000
Citibank, N.A.	$ 38,000,000
Merrill Lynch Bank USA	$ 38,000,000
KBC Bank N.V.	$ 34,000,000
UBS Loan Finance LLC	$ 30,000,000
U.S. Bank National Association	$ 30,000,000
The Bank of New York	$ 30,000,000
Comerica Bank	$ 16,000,000

[SCHEDULE II]

SCHEDULE 4.20

Secured Indebtedness as of June 30, 2005

First Mortgage Bonds	Interest Rate	Maturity		Balance at 6/30/05
FMB Series P	10.43%	due 2012	issued under 1959 Indenture	10,000,000.00
				10,000,000.00
Rental Property fixed rate term notes	various	due 2013	due in installments	7,826,402.16
Total Secured Indebtness				**17,826,402.16**

[SCHEDULE 4.20]

SCHEDULE 4.21

SUBSIDIARIES [1]

Name	State or Country of Incorporation
BLUE FLAME INSURANCE SERVICES, LTD (wholly-owned subsidiary of Atmos Energy Corporation)	Bermuda
PDH I HOLDING COMPANY, INC. [2] (wholly-owned subsidiary of Atmos Energy Corporation)	Texas
MISSISSIPPI ENERGIES, INC. (wholly-owned subsidiary of Atmos Energy Corporation)	Mississippi
LEGENDARY LIGHTING, LLC (50% owned by Mississippi Energies, Inc.)	Mississippi
UNITARY GH&C PRODUCTS, LLC (28% owned by Mississippi Energies, Inc.)	Mississippi
ATMOS ENERGY HOLDINGS, INC. (wholly-owned subsidiary of Atmos Energy Corporation)	Delaware
ATMOS ENERGY SERVICES, LLC (a limited liability company, wholly-owned by Atmos Energy Holdings, Inc.)	Delaware
ENERGAS ENERGY SERVICES TRUST (a business trust, wholly-owned by Atmos Energy Services, LLC)	Pennsylvania
EGASCO, LLC (a limited liability company, wholly-owned by Atmos Energy Holdings, Inc.)	Texas
UNITED CITIES PROPANE GAS, INC. (a wholly-owned subsidiary of Atmos Energy Holdings, Inc.)	Tennessee
ENERMART ENERGY SERVICES TRUST (a business trust, wholly-owned by Atmos Energy Holdings, Inc.)	Pennsylvania

Name	State or Country of Incorporation
ATMOS ENERGY MARKETING, LLC (a limited liability company, wholly-owned by Atmos Energy Holdings, Inc.)	Delaware
ATMOS POWER SYSTEMS, INC. (a wholly-owned subsidiary of Atmos Energy Holdings, Inc.)	Georgia
ATMOS PIPELINE AND STORAGE, LLC (a limited liability company, wholly-owned by Atmos Energy Holdings, Inc.)	Delaware
UCG STORAGE, INC. (wholly-owned by Atmos Pipeline and Storage, LLC)	Delaware
WKG STORAGE, INC. (wholly-owned by Atmos Pipeline and Storage, LLC)	Delaware
ATMOS EXPLORATION AND PRODUCTION, INC. (wholly-owned by Atmos Pipeline and Storage, LLC)	Delaware
TRANS LOUISIANA GAS PIPELINE, INC. (wholly-owned by Atmos Pipeline and Storage, LLC)	Louisiana
TRANS LOUISIANA GAS STORAGE, INC. (wholly-owned by Atmos Pipeline and Storage, LLC)	Delaware

(1) No Subsidiary of the Borrower currently qualifies as a Material Subsidiary as that term is defined in the Credit Agreement.

(2) PDH I Holding Company, Inc., a Texas corporation, became a wholly-owned subsidiary of Atmos Energy Corporation, as a result of its acquisition on October 1, 2004 from TXU Gas Company.

[SCHEDULE 4.21]

SCHEDULE 9.1

BORROWER WEBSITE ADDRESS

www.atmosenergy.com

[SCHEDULE 9.1]

EXHIBIT A

FORM OF NOTE

[$ _____] New York, New York
[Date]

FOR VALUE RECEIVED, the undersigned, ATMOS ENERGY CORPORATION, a Texas and Virginia corporation (the " Borrower "), hereby promises to pay to [*NAME OF LENDER*] (the " Lender ") or its registered assigns, at the office of SunTrust Bank (" SunTrust ") at 303 Peachtree St., N.E., Atlanta, Georgia 30308, on the Commitment Termination Date (as defined in the Revolving Credit Agreement, dated as of October 18, 2005, as the same may be amended, restated, supplemented or otherwise modified from time to time, the " Credit Agreement "), among the Borrower, the lenders from time to time party thereto and SunTrust, as administrative agent for the lenders, the lesser of the principal sum of [*amount of such Lender's Commitment*] and the aggregate unpaid principal amount of all Loans made by the Lender to the Borrower pursuant to the Credit Agreement, in lawful money of the United States of America in immediately available funds, and to pay interest from the date hereof on the principal amount thereof from time to time outstanding, in like funds, at said office, at the rate or rates per annum and payable on such dates as provided in the Credit Agreement. In addition, should legal action or an attorney-at-law be utilized to collect any amount due hereunder, the Borrower further promises to pay all costs of collection, including the reasonable attorneys' fees of the Lender.

Upon the occurrence of an Event of Default, the Borrower promises to pay interest, on demand, at a rate or rates provided in the Credit Agreement.

All borrowings evidenced by this Note and all payments and prepayments of the principal hereof and the date thereof shall be endorsed by the holder hereof on the schedule attached hereto and made a part hereof or on a continuation thereof which shall be attached hereto and made a part hereof, or otherwise recorded by such holder in its internal records; provided , that the failure of the holder hereof to make such a notation or any error in such notation shall not affect the obligations of the Borrower to make the payments of principal and interest in accordance with the terms of this Note and the Credit Agreement.

This Note is issued in connection with, and is entitled to the benefits of, the Credit Agreement which, among other things, contains provisions for the acceleration of the maturity hereof upon the happening of certain events, for prepayment of the principal hereof prior to maturity hereof and for the amendment or waiver of certain provisions of the Credit Agreement, all upon the terms and conditions therein specified.

THIS NOTE SHALL BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF THE STATE OF NEW YORK AND ANY APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.

ATMOS ENERGY CORPORATION

By: _____

Name:
Title:

[SEAL]

LOANS AND PAYMENTS

Date	Amount and Type of Loan	Payments of Principal	Unpaid Principal Balance of Note	Name of Person Making Notation

EXHIBIT B

FORM OF ASSIGNMENT AND ACCEPTANCE

[*Date*]

Reference is made to the Revolving Credit Agreement dated as of October 18, 2005 (as amended and in effect on the date hereof, the " Credit Agreement "), among Atmos Energy Corporation, a Texas and Virginia corporation, the lenders from time to time party thereto and SunTrust Bank, as Administrative Agent for such lenders. Terms defined in the Credit Agreement are used herein with the same meanings.

[*Name of Assignor*] (the " Assignor ") hereby sells and assigns, without recourse, to [*name of Assignee*] (the " Assignee "), and the Assignee hereby purchases and assumes, without recourse, from the Assignor, effective as of the Assignment Date set forth below, the interests set forth below (the " Assigned Interest ") in the Assignor's rights and obligations under the Credit Agreement, including, without limitation, the Commitment of the Assignor on the Assignment Date and Credit Exposure owing to the Assignor which are outstanding on the Assignment Date, but excluding accrued interest and fees to and excluding the Assignment Date. The Assignee hereby acknowledges receipt of a copy of the Credit Agreement. From and after the Assignment Date (i) the Assignee shall be a party to and be bound by the provisions of the Credit Agreement and, to the extent of the Assigned Interest, have the rights and obligations of a Lender thereunder and (ii) the Assignor shall, to the extent of the Assigned Interest, relinquish its rights and be released from its obligations under the Credit Agreement.

This Assignment and Acceptance is being delivered to the Administrative Agent together with (i) if the Assignee is a Foreign Lender, any documentation required to be delivered by the Assignee pursuant to Section 2.17(e) of the Credit Agreement, duly completed and executed by the Assignee, and (ii) if the Assignee is not already a Lender under the Credit Agreement, an Administrative Questionnaire in the form supplied by the Administrative Agent, duly completed by the Assignee. The Assignee shall pay the fee payable to the Administrative Agent pursuant to Section 9.4(b)(iv) of the Credit Agreement.

The Assignor (a) represents and warrants that (i) it is the legal and beneficial owner of the Assigned Interest, (ii) the Assigned Interest is free and clear of any lien, encumbrance or other adverse claim and (ii) it has full power and authority, and has taken all action necessary, to execute and deliver this Assignment and Assumption and to consummate the transactions contemplated hereby, and (b) assumes no responsibility with respect to (i) any statements, warranties or representations made in or in connection with the Credit Agreement or any other Credit Document, (ii) the execution, legality, validity, enforceability, genuineness, sufficiency or value of the Credit Documents or any collateral thereunder, (iii) the financial condition of the Borrower, any of its Subsidiaries or Affiliates or any other Person obligated in respect of any Credit Document or (iv) the performance or observance by the Borrower, any of its Subsidiaries or Affiliates or any other Person of any of their respective obligations under any Credit Document.

The Assignee (a) represents and warrants that (i) it has full power and authority, and has taken all action necessary, to execute and d : this Assignment and Assumption and to consummate the transactions contemplated hereby and to become a Lender under the Credit Agreement, (ii) it meets all requirements of an eligible assignee under Section 9.4 of the Credit Agreement (subject to receipt of such consents as may be required under Section 9.4(b)(iii) of the Credit Agreement), (iii) from and after the Effective Date, it shall be bound by the provisions of the Credit Agreement as a Lender thereunder and, to the extent of the Assigned Interest, shall have the obligations of a Lender thereunder, (iv) it has received a copy of the Credit Agreement, together with copies of the most recent financial statements delivered pursuant to Section 5.1 thereof, as applicable, and such other documents and information as it has deemed appropriate to make its own credit analysis and decision to enter into this Assignment and Assumption and to purchase the Assigned Interest on the basis of which it has made such analysis and decision independently and without reliance on the Administrative Agent or any other Lender, and (v) if it is a Foreign Lender, attached to the Assignment and Assumption is any documentation required to be delivered by it pursuant to the terms of the Credit Agreement, duly completed and executed by the Assignee; and (b) agrees that (i) it will, independently and without reliance on the Administrative Agent, the Assignor or any other Lender, and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit decisions in taking or not taking action under the Credit Documents, and (ii) it will perform in accordance with their terms all of the obligations which by the terms of the Credit Documents are required to be performed by it as a Lender.

Choose in the alternative [**Alternative A** : From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignor for amounts which have accrued to but excluding the Effective Date and to the Assignee for amounts which have accrued from and after the Effective Date.] [**Alternative B** : From and after the Effective Date, the Administrative Agent shall make all payments in respect of the Assigned Interest (including payments of principal, interest, fees and other amounts) to the Assignee whether such amounts have accrued prior to, on or after the Effective Date. The Assignor and the Assignee shall make all appropriate adjustments in payments by the Administrative Agent for periods prior to the Effective Date or with respect to the making of this assignment directly between themselves.]

This Assignment and Assumption shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns. This Assignment and Assumption may be executed in any number of counterparts, which together shall constitute one instrument. Delivery of an executed counterpart of a signature page of this Assignment and Assumption by telecopy shall be effective as delivery of a manually executed counterpart of this Assignment and Assumption. This Assignment and Acceptance shall be governed by and construed in accordance with the laws of the State of New York.

Assignment Date:

Legal Name of Assignor:

Legal Name of Assignee:

Assignee's Address for Notices:

Effective Date of Assignment:

(" ***Effective Date*** "):

Facility	Principal Amount Assigned	Percentage Assigned of Commitment (set forth, to at least 8 decimals, as a percentage of the aggregate Commitments of all Lenders thereunder)
Commitment:	$	%

The terms set forth above are hereby agreed to:

[NAME OF ASSIGNOR] , as Assignor

By: _____

Name:
Title:

[NAME OF ASSIGNEE] , as Assignee

By: _____

Name:
Title:

The undersigned hereby consents to the within assignment [1]:

OS ENERGY CORPORATION	SUNTRUST BANK, as Administrative Agent:
By: _____	By: _____
Name: Title:	Name: Title:

[1] Consents to be included to the extent required by Section 9.4(b)(iii) of the Credit Agreement.

EXHIBIT 2.3

FORM OF NOTICE OF BORROWING

[*Date*]

SunTrust Bank,
as Administrative Agent
for the Lenders referred to below
303 Peachtree Street, N.E.
Atlanta, GA 30308

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of October 18, 2005 (as amended and in effect on the date hereof, the " Credit Agreement "), among the undersigned, as Borrower, the lenders from time to time party thereto, and SunTrust Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings. This notice constitutes a Notice of Borrowing, and the Borrower hereby requests a Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to the Borrowing requested hereby:

(A) Aggregate principal amount of Borrowing [1]: _____

(B) Date of Borrowing (which is a Business Day): _____

(C) Interest Rate basis [2]: _____

(D) Interest Period [3]: _____

(E) Location and number of Borrower's account to which proceeds of Borrowing are to be disbursed: _____

---

1 Not less than $5,000,000 for Eurodollar Borrowing or $1,000,000 for Base Rate Borrowing.

2 Eurodollar Borrowing or Base Rate Borrowing.

3 Which must comply with the definition of "Interest Period" and end not later than the Commitment Termination Date.

The Borrower hereby represents and warrants that the conditions specified in paragraphs (a) and (b) of Section 3.2 of the Credit Agreement are satisfied.

Very truly yours,

ATMOS ENERGY CORPORATION

By: _____

Name:
Title:

EXHIBIT 2.5

FORM OF NOTICE OF CONTINUATION/CONVERSION

[*Date*]

SunTrust Bank,
as Administrative Agent
for the Lenders referred to below
303 Peachtree Street, N.E.
Atlanta, GA 30308

Ladies and Gentlemen:

Reference is made to the Revolving Credit Agreement dated as of October 18, 2005 (as amended and in effect on the date hereof, the " Credit Agreement "), among the undersigned, as Borrower, the lenders named therein, and SunTrust Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings. This notice constitutes a Notice of Continuation/Conversion and the Borrower hereby requests the conversion or continuation of a Borrowing under the Credit Agreement, and in that connection the Borrower specifies the following information with respect to the Borrowing to be converted or continued as requested hereby:

(A) Borrowing to which this request applies: _____

(B) Principal amount of Borrowing to be converted/continued: _____

(C) Effective date of election (which is a Business Day): _____

(D) Interest rate basis: _____

(E) Interest Period: _____

Very truly yours,

ATMOS ENERGY CORPORATION

By: _____

Name:
Title:

EXHIBIT 3.1(b)(iv)

FORM OF SECRETARY'S CERTIFICATE OF ATMOS ENERGY CORPORATION

Reference is made to the Revolving Credit Agreement dated as of October 18, 2005 (the "Credit Agreement"), among Atmos Energy Corporation (the "Borrower"), the lenders named therein, and SunTrust Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings. This certificate is being delivered pursuant to Section 3.1 of the Credit Agreement.

I, _____, Secretary of the Borrower, DO HEREBY CERTIFY that:

(a) there have been no amendments or supplements to, or restatements of, the articles of incorporation of the Borrower delivered pursuant to Section 3.1 of the Credit Agreement;

(b) annexed hereto as Exhibit A is a true and correct copy of the Bylaws of the Borrower as in effect on [*date*] [1] and at all times thereafter through the date hereof;

(c) annexed hereto as Exhibit B is a true and correct copy of certain resolutions duly adopted by the Board of Directors of the Borrower at a meeting of said Board of Directors duly called and held on [*date*], which resolutions are the only resolutions adopted by the Board of Directors of the Borrower or any committee thereof relating to the Credit Agreement and the other Loan Documents to which the Borrower is a party and the transactions contemplated therein and have not been revoked, amended, supplemented or modified and are in full force and effect on the date hereof; and

(d) each of the persons named below is and has been at all times since [*date*] a duly elected and qualified officer of the Borrower holding the respective office set forth opposite his or her name and the signature set forth opposite of each such person is his or her genuine signature:

Name	*Title*	*Specimen Signature*
[Include all officers who are signing the Credit Agreement or any other Loan Documents.]		

[1] This date should be prior to the date of the resolutions referred to in clause (d).

IN WITNESS WHEREOF, I have hereunto signed my name this ___day of [*month*], [*year*].

Name
Secretary

I, _____, [_____] of the Borrower, do hereby certify that _____has been duly elected, is duly qualified and is the [*Assistant*] Secretary of the Borrower, that the signature set forth above is [*his/her*] genuine signature and that [*he/she*] has held such office at all times since [*date*]. [2]

Name:
Title:

[2] This certification should be included as part of the Secretary's certificate and signed by one of the officers whose incumbency is certified pursuant to clause (e) above.

Exhibit A

[Bylaws]

Exhibit B

[Resolutions]

EXHIBIT 3.1(b)(vii)

FORM OF OFFICER'S CERTIFICATE OF ATMOS ENERGY CORPORATION

Reference is made to the Revolving Credit Agreement dated as of October 18, 2005 (the " Credit Agreement "), among Atmos Energy Corporation (the " Borrower "), the lenders from time to time party thereto, and SunTrust Bank, as Administrative Agent. Terms defined in the Credit Agreement are used herein with the same meanings. This certificate is being delivered pursuant to Section 3.1(b)(vii) of the Credit Agreement.

I, _____, [_____] of the Borrower, DO HEREBY CERTIFY that:

(a) no Default of Event of Default exists;

(b) the representations and warranties of the Borrower set forth in the Credit Agreement are true and correct in all material respects;

(c) since the date of the most recent financial statements described in Section 5.1(a) of the Credit Agreement, there has been no change which has had or could reasonably be expected to have a Material Adverse Effect, other than as a result of Hurricane Katrina and its after-effects;

(d) there are no actions, suits, investigations or legal, equitable, arbitration or administrative proceedings pending or, to the knowledge of the Borrower, threatened against the Borrower, any of its Subsidiaries or any of their properties which would have or be reasonably expected to have a Material Adverse Effect;

(e) except as would not result or be reasonably expected to result in a Material Adverse Effect and except as may have resulted from Hurricane Katrina or its after-effects: (a) each of the properties of the Borrower and its Subsidiaries and all operations at such properties are in compliance in all material respects with all applicable Environmental Laws, (b) there is no violation of any Environmental Law with respect to such properties or the businesses operated by the Borrower or its Subsidiaries (the " Businesses "), and (c) there are no conditions relating to the Businesses or such properties that would reasonably be expected to give rise to a material liability under any applicable Environmental Laws; and

(f) attached hereto as Exhibit A are true, correct and complete copies of all consents, approvals, authorizations, registrations and filings and orders required or advisable to be made or obtained under any Requirement of Law, or by any Contractual Obligation of the Borrower, in connection with the execution, delivery, performance, validity and enforceability of the Credit Documents or any of the transactions contemplated thereby, and such consents, approvals, authorizations, registrations, filings and orders are in full force and effect and all applicable waiting periods have expired, and no investigation or inquiry by any governmental authority regarding the Commitments or any transaction being financed with the proceeds thereof is ongoing.

IN WITNESS WHEREOF, I have hereunto signed my name this ___day of [*month*], [*year*].

Name:
Title:

[SIGNATURE PAGE TO OFFICER'S CERTIFICATE]

Exhibit A

[third party consents and approvals]

EXHIBIT 5.1(c)

FORM OF COMPLIANCE CERTIFICATE

To: SunTrust Bank, as Administrative Agent
303 Peachtree St., N.E.
Atlanta, GA 30308
Attention: _____

Ladies and Gentlemen:

Reference is made to that certain Revolving Credit Agreement dated as of October 18, 2005 (as amended and in effect on the date hereof, the " Credit Agreement "), among Atmos Energy Corporation (the " Borrower "), the lenders named therein, and SunTrust Bank, as Administrative Agent. Capitalized terms used herein and not otherwise defined shall have the meanings assigned to such terms in the Credit Agreement.

I, _____, being the duly elected and qualified, and acting in my capacity as treasurer of the Borrower, hereby certify to the Administrative Agent and each Lender as follows:

1. The consolidated financial statements of the Borrower and its Subsidiaries attached hereto for the fiscal [***quarter***][***year***] ending _____fairly present in all material respects the financial condition of the Borrower and its Subsidiaries as at the end of such fiscal [***quarter***][***year***] on a consolidated basis, and the related statements of income cash flows of the Borrower and its Subsidiaries for such fiscal [***quarter***][***year***] , in accordance with generally accepted accounting principles consistently applied (subject, in the case of such quarterly financial statements, to normal year-end audit adjustments and the absence of footnotes).

2. The calculations set forth in Attachment 1 are computations of the financial covenants set forth in Article V of the Credit Agreement calculated from the financial statements referenced in clause 1 above in accordance with the terms of the Credit Agreement.

3. Based upon a review of the activities of Borrower and its Subsidiaries and the financial statements attached hereto during the period covered thereby, as of the date hereof, there exists no Default or Event of Default.

Name: _____

Title: Treasurer

Attachment to Compliance Certificate

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Form 8-K

Current Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

November 30, 2005
Date of Report (Date of earliest event reported)

ATMOS ENERGY CORPORATION

(Exact Name of Registrant as Specified in its Charter)

TEXAS AND VIRGINIA	1-10042	75-1743247
(State or Other Jurisdiction of Incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

1800 THREE LINCOLN CENTRE, 5430 LBJ FREEWAY, DALLAS, TEXAS	75240
(Address of Principal Executive Offices)	(Zip Code)

(972) 934-9227
(Registrant's Telephone Number, Including Area Code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01. Entry into a Material Definitive Agreement.

On November 30, 2005, Atmos Energy Corporation, through its Atmos-Pipeline Texas Division (the "Company"), entered into a Pipeline Construction and Operating Agreement with Energy Transfer Fuel, LP ("ETF"), a Delaware limited partnership, which is an affiliate of Energy Transfer Partners, L.P. ("ETP"), a Delaware master limited partnership (the "Agreement"). Under the terms of the Agreement, the parties will construct, operate and each own an undivided 50% interest in a 30-inch natural gas pipeline, approximately 4[illegible] miles in length, to serve gas distribution customers in developing areas of North Texas and to provide gas producers in the Barnett Shale area and other shippers in the Fort Worth Basin area of Texas with additional pipeline capacity to reach markets on both the Atmos Energy and ETF pipeline systems. The Company will be responsible for contributing no more than $42,500,000 to the construction costs of the pipeline. The Company is also obligated to contribute 50% of the costs of compression facilities being constructed to facilitate capacity on and operation of the pipeline. The Company will be the operator of the pipeline upon the completion of its construction. In addition, the parties will form a management committee comprised of four members, with the parties appointing two members each, to oversee the management of the construction and operation of the pipeline. The Agreement contains other terms and conditions that are usual and customary for transactions of this type.

With respect to any relationships between the Company or its affiliates to ETF and ETP, the Company currently has a transportation arrangement with ETF to transport natural gas to certain areas of its distribution system in Central Texas and has entered into other more limited miscellaneous agreements with ETF. In addition, in January 2004, the Company and three other natural gas distribution companies sold to ETP their ownership interests in U.S. Propane Partners, L.P. and U.S. Propane, L.L.C., its general partner. However, none of these transactions, individually or in the aggregate, has created a relationship that is material to either of the parties to the Agreement or their affiliates. A copy of the Agreement is attached hereto as Exhibit 10.1 and is incorporated herein by reference. The foregoing summary does not purport to be complete and is qualified in its entirety by reference to the Agreement.

Item 2.03. Creation of a Direct Financial Obligation or an Obligation under an Off-Balance Sheet Arrangement of a Registrant.

The information described in Item 1.01 above is hereby incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits.

(d) Exhibits.

10.1 Pipeline Construction and Operating Agreement, dated November 30, 2005, by and between Atmos-Pipeline Texas, a division of Atmos Energy Corporation, a Texas and Virginia corporation and Energy Transfer Fuel, LP, a Delaware limited partnership

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

DATE: December 6, 2005

By: /s/ LOUIS P. GREGORY
Louis P. Gregory
Senior Vice President
and General Counsel

INDEX TO EXHIBITS

Exhibit Number	Description
10.1	Pipeline Construction and Operating Agreement, dated November 30, 2005, by and between Atmos-Pipeline Texas, a division of Atmos Energy Corporation, a Texas and Virginia corporation and Energy Transfer Fuel, LP, a Delaware limited partnership

Exhibit 10.1

PIPELINE CONSTRUCTION
AND OPERATING AGREEMENT

BY AND BETWEEN

ATMOS PIPELINE - TEXAS,

a division of

ATMOS ENERGY CORPORATION

AND

ENERGY TRANSFER FUEL, LP

DATED

NOVEMBER 30, 2005

TABLE OF CONTENTS

LIST OF SCHEDULES

LIST OF EXHIBITS

PIPELINE CONSTRUCTION & OPERATING AGREEMENT

THIS PIPELINE CONSTRUCTION & OPERATING AGREEMENT (this "Agreement") is made and entered into on this 30 day of November, 2005, by and between ATMOS PIPELINE - TEXAS, a Division of Atmos Energy Corporation, a Texas and Virginia corporation ("Atmos") and ENERGY TRANSFER FUEL, LP, a Delaware limited partnership ("ETF"). Atmos and ETF may sometimes be referred to collectively as "Parties" or individually as a "Party."

PURPOSE

The Parties have agreed to construct a natural gas pipeline to serve gas distribution customers in developing areas of North Texas and to provide gas producers and other shippers in the Fort Worth Basin area of Texas with pipeline capacity to reach markets on both the Atmos and ETF pipeline systems. The Parties have agreed to construct a pipeline and to contribute portions of the capacity on each Party's respective existing pipeline systems in order to achieve that purpose.

RECITALS

1. The Parties have agreed to construct, operate and own a 30-inch pipeline approximately 45 miles in length, running from an interconnection with Atmos' Line W near Justin in Denton County, Texas to a point at or near the ETF Collin Line and the Atmos D17-9 pipeline, both of which are in Collin County, Texas (together with all appurtenances, real property interests and associated compression at or near Justin, Texas and Howard, Texas, the "NSL Pipeline").

2. Each Party will own a 50% undivided interest in the NSL Pipeline.

3. This Agreement sets forth the terms and conditions governing the rights and relationship of the Parties in and to the NSL Pipeline.

4. Capitalized terms used in this Agreement, when not defined in context, are defined in the Accounting Procedures or other Schedules and Exhibits to this Agreement. The Schedule of Definitions attached hereto lists terms defined in this Agreement and the Section number where the definition may be found.

Therefore, in consideration of the mutual agreements hereinafter set forth, together with other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties agree as follows:

ARTICLE I
MANAGEMENT COMMITTEE

1.1 General.

(a) Within 15 days from the effective date of this Agreement, the Parties must form a committee (the "Management Committee"), composed of 4 members (each, a "Member"), 2 of whom will be appointed by Atmos, and 2 of whom will be appointed by ETF.

(b) The Management Committee must hold its initial meeting within 15 days from the effective date of this Agreement.

(c) If a Party makes a permitted transfer of all of its interest in the NSL Pipeline, the transferee of the interest is entitled to immediately assume the transferor's membership on the Management Committee and vote on any issue, including replacement of the Constructor or Operator (as such terms are defined in Sections 3.1(b) and 3.1(d), respectively).

(d) Each Party has the power to replace, or substitute for, its respective member representatives, or either of them, as Members of the Management Committee, at will, by letter or facsimile to the other Party.

(e) The Operator, Constructor or any Party required or permitted to act may (but unless expressly so stated, is not required to) request instructions and guidance from the Management Committee and except in an emergency, may defer action pending receipt of instructions or guidance from the Management Committee.

(f) Unless otherwise specifically provided, wherever in this Agreement the consent or approval of the Parties is required or contemplated or referred to, such consent or approval may be evidenced by action of the Management Committee, and any action taken by the Management Committee will be binding upon each of the Parties hereto under this Agreement.

1.2 Meetings.

(a) The Management Committee must hold meetings no less than once in each successive 6 month period beginning on the date of the initial meeting required under Section 1.1(b) above. The Management Committee will determine the time and place for its regular meetings and establish procedures for calling special meetings.

(b) The Management Committee must hold special meetings:

(i) upon the request of the Chairman or the Vice Chairman; or

(ii) upon the request of either Party.

(c) Meetings may be conducted by means of conference telephone or similar communications equipment, if so desired, so long as all Members participating in the meeting are able to hear each other.

1.3 Organizational Matters .

(a) The Management Committee must:

(i) elect a Chairman and Vice Chairman; and

(ii) must appoint a Secretary who is required to:

1. keep reasonably detailed minutes of all meetings;
2. keep a record of all other Management Committee actions; and
3. perform other duties commonly incident to the office of Secretary.

(b) The Management Committee must:

(i) establish any other necessary procedures incident to its purpose and function under this Agreement; and

(ii) establish the methods by which it will take the actions required of it under this Agreement.

1.4 Quorum .

(a) The Management Committee will be entitled to transact business at a meeting (will have a "quorum") if at least one of the Members appointed by each Party is present.

(b) A Member may appoint a proxy to attend, and have voting rights at, any meeting which the Member is unable to attend.

(c) Action may be taken without a meeting, if each Member consents thereto in writing.

1.5 Voting, Action .

(a) Any action taken by the Management Committee must be unanimous to be effective and binding upon the Parties.

(b) If only one of a Party's Members is present at a Management Committee meeting, the Member may cast votes on behalf of both of that Party's Members.

(c) In the event the Management Committee is not able to approve of any action by unanimous consent, such dispute shall be, if requested by either of the Parties, resolved in accordance with the dispute resolution procedures set forth in Article XII.

1.6 Sub-Committees.

(a) The Management Committee may create one or more sub-committees (each, a "Sub-Committee") to perform certain of the Management Committee's duties and responsibilities.

(b) A Sub-Committee may have any number of members.

(c) If the Management Committee delegates a responsibility to a Sub-Committee, the Sub-Committee must report back to the Management Committee with its recommendation within the designated period of time. If the Sub-Committee's recommendation is not unanimous, the report must so state. The Management Committee has discretion to accept or reject the recommendation of the Sub-Committee.

(d) The Management Committee will, at its first meeting, appoint an Engineering Sub-Committee (the "Engineering Sub-Committee"). The Engineering Sub-Committee must:

(i) perform the tasks designated by the Management Committee; and

(ii) during Construction, report weekly to the Management Committee concerning the progress of Construction.

1.7 Notices.

(a) The Secretary must notify each Member of the time and place of each meeting of the Management Committee, not later than 10 days before the date of the meeting.

(b) Any notice required by this Article must be addressed to the Member as provided in Section 13.7.

(c) A written waiver of any required notice, signed by a Member, whether before or after the time the notice was required, will be deemed to be the equivalent of notice.

1.8 Poll of Committee Members.

(a) The Constructor or Operator is authorized to poll the Management Committee if:

(i) a circumstance requires Management Committee approval, but is too urgent to be delayed until the next scheduled Management Committee meeting; or

(ii) a circumstance arises which requires Management Committee approval, but the Chairman, the Constructor or the Operator believe it may be disposed of by poll.

(b) A poll of the Management Committee:

(i) may be by telephone or other electronic means;

(ii) must be recorded in writing by the Secretary; and

(iii) must be submitted by written report to all Management Committee Members immediately after the poll is taken.

ARTICLE II
CONTRIBUTIONS AND OWNERSHIP

2.1 Atmos Contributions .

(a) As its contribution under this Agreement, Atmos will:

(i) contribute:

1. the rights to utilize certain pipeline line rights-of-way that are owned by it, and that are described on the exhibit to Exhibit F hereto, to facilitate Construction;
2. all engineering and other work completed to date concerning pipeline routing and design;
3. any work performed by Atmos pursuant to Section 4.8; and
4. the cost of outside legal counsel reasonably acceptable to both Parties, in connection with the review and negotiation of easements and rights-of-way by ETF under Section 4.2(a)(iv) and 4.2(b), below, with the exception of costs under Section 4.2(a)(iv)4 (which costs shall remain the responsibility of ETF).

(ii) provide an amount of money that is equal to:

1. 50% of that portion of the Construction Costs described in Section 4.5(a), for Construction of the pipeline portion of the NSL Pipeline. This portion of Atmos' contribution is limited to a total of $42,500,000.00; and
2. 50% of that portion of the Construction Costs described in Section 4.5(b), for constructing compression, without regard to the limit set forth in sub-paragraph 2.1(a)(ii)1 above.

(b) The Management Committee will, no later than January 10, 2006, determine:

(i) the portion of the NSL Pipeline that was in service and capable of flowing gas as of December 31, 2005, based upon any Segment Certificate of Completion issued pursuant to Section 4.11(d) or by issuing a Segment Certificate of Completion effective as of December 31, 2005; and

(ii) the portion of the Construction Costs attributable to any such Segment (the "Segment Cost").

(c) In order to make the contribution set forth in paragraph (a)(ii), above, Atmos will pay:

(i) 50% of Atmos' share of the Segment Cost. This payment will be made no later than 10 days following Atmos' receipt of ETF's invoice setting forth the Segment Cost as determined by the Management Committee; and

(ii) subject to being "trued-up" pursuant to Section 2.4(a), 50% of the balance of Atmos' portion of the Construction Costs, no later than 10 days following the Operational Date.

2.2 ETF Contributions. As its contribution under this Agreement, ETF will provide an amount of money that is equal to the difference between:

(a) the Construction Costs (as defined in Section 4.5(c)); and

(b) Atmos' contribution under Section 2.1.

2.3 System Ownership. Subject to the provisions of this Agreement, Atmos and ETF shall each have and own an undivided 50% ownership interest in the NSL Pipeline.

2.4 Valuation of Atmos Contribution and Final True-up.

(a) As soon as reasonably practicable following the Operational Date, but not later than 60 days following the Operational Date, the Management Committee will assign a monetary value to the portion of Atmos' contribution that is described in Section 2.1(a)(i).

(b) No later than 90 days following the Operational Date, the Management Committee will perform an audit to "true-up" Atmos' portion of the actual Construction Costs against the contributions made by Atmos pursuant to Section 2.1.

(c) Upon such "true-up," 50% of the agreed-upon value will be credited toward payment of Atmos' share of the Construction Costs as determined pursuant to paragraph (b) of this Section 2.4. For example, if the Management Committee determines that the value of 100% of such contribution is $5,000,000 and the Management Committee determines, pursuant to the audit performed under the terms of paragraph (a), that Atmos owes ETF $10,000,000, Atmos will only be required to pay ETF $7,500,000 ($10,000,000, less 50% of $5,000,000 or $2,500,000 equals $7,500,000).

(d) No later than 10 days following the release of the results of the audit performed pursuant to paragraph (b) of this Section 2.4, the Party owing the greater amount, according to the results of the audit, will pay the other Party the net amount.

ARTICLE III
OPERATIONAL CONTROL OF THE NSL PIPELINE

3.1 Operational Control .

(a) Subject to the direction of the Management Committee as herein provided, ETF will construct, and exercise control over, the NSL Pipeline until the Operational Date (as defined in Section 4.11(c)).

(b) The Party constructing, and exercising control over, the NSL Pipeline prior to the Operational Date may sometimes be referred to herein as the "Constructor."

(c) Upon the Operational Date, the Parties will cooperate to have Atmos designated to the Railroad Commission of Texas as the Operator of the NSL Pipeline and Atmos will assume, subject to the direction of the Management Committee as herein provided, actual operational control of the NSL Pipeline.

(d) The Party exercising operational control of the NSL Pipeline after the Operational Date (as defined in Section 4.11(c)), will be known as the "Operator."

(e) If there are one or more Segment Operational Dates (as defined in Section 4.11(d)), Atmos will exercise operational control over any Segment (as defined in Section 4.11(d)) that is operational, and ETF will construct and exercise control over the remaining portions of the NSL Pipeline until the Segment Operational Date or the Operational Date, whichever is applicable.

3.2 Insurance .

(a) The Parties will comply with the terms of the Insurance Schedule at all times during the term of this Agreement.

(b) Notwithstanding the above, it is the Parties' intent that each Party has an insurable interest in the NSL Pipeline at all times during the term of this Agreement.

3.3 Voluntary Withdrawal of the Constructor or Operator .

(a) The Constructor or Operator will be discharged and its powers, rights, and duties terminated upon the selection of a successor Constructor or Operator by the Management Committee if the Constructor or Operator:

(i) resigns; or

(ii) transfers its interest in the NSL Pipeline pursuant to the provisions of Article IX, other than a transfer:

1. to an Affiliate;

2. as a result of merger, corporate reorganization, consolidation or conversion; or

3. in connection with the sale of substantially all of a Party's gas transmission assets located in the State of Texas.

(b) From the date the Constructor or Operator notifies the Management Committee in writing of its intention to do either of items (i) or (ii), above, the Management Committee will have 120 days in which to select a successor Constructor or Operator. The current Constructor, or Operator, as applicable, will continue to serve in that capacity until the Management Committee has selected a successor.

(c) The Constructor's or Operator's withdrawal under this Section 3.3 does not affect a Party's, or its permitted assignee's, right to vote as a Member of the Management Committee.

3.4 Removal of the Constructor or Operator .

(a) The Constructor or Operator will be discharged and its powers, rights, and duties terminated if the Constructor or Operator:

(i) becomes insolvent as defined in §101.32 of the U.S. Bankruptcy Code.;

(ii) is unable to pay its debts as they fall due;

(iii) voluntarily has or is subject to an order requiring a receiver, provisional liquidator, custodian, trustee or other similar official appointed with respect to it or substantially all of its assets, or one is appointed involuntarily and the receiver is not removed within 30 days;

(iv) terminates its legal existence, other than as a result of a merger, share exchange, corporate reorganization, consolidation or conversion;

(v) forfeits its right to transact business within the State of Texas and fails to promptly prosecute remedial actions to restore such right within a reasonable time; or

(vi) fails to construct or operate the NSL Pipeline in accordance with the material terms and provisions of this Agreement.

Each of (i) through (vi) being a "Default Event."

(b) If a Party states its intention to remove the Constructor or Operator under this Section 3.4 as the result of the occurrence of a Default Event, and the Management Committee does not approve the removal, the dispute must be submitted to the dispute resolution procedures of Article XII. The Constructor or Operator may not be discharged before the final resolution of the dispute once submitted to the dispute resolution procedures of Article XII.

(c) Upon the decision of the Management Committee to remove the Constructor or Operator, or upon the decision of the dispute resolution panel under the dispute resolution procedures of Article XII to remove the Constructor or Operator, as the case may be:

(i) the Management Committee must immediately select a successor Constructor or Operator (who may be a Party or any other competent person, firm or corporation); and

(ii) unless the current Constructor or Operator has terminated its legal existence or forfeited its right to transact business (as stated above), the current Constructor or Operator must continue to serve as the Constructor or Operator until the Management Committee appoints a successor.

ARTICLE IV
NSL PIPELINE CONSTRUCTION

4.1 Construction . Subject to the supervision and direction of the Management Committee, the Constructor will perform or cause to be performed, in a good and workmanlike manner, in accordance with good industry practice for transmission pipelines, standard engineering practices and in compliance with all applicable laws, rules and regulations of all governmental authorities having jurisdiction, all the tasks required in connection with the Construction of the NSL Pipeline.

4.2 Scope of Construction .

(a) At the direction of the Management Committee, the Constructor will perform, or cause to be performed, the Construction of the NSL Pipeline, including all of the following tasks:

(i) design, supervise and perform or cause to be performed all work necessary to make the NSL Pipeline operational;

(ii) conduct and supervise a route survey for the NSL Pipeline such that the route of the NSL Pipeline is as efficient and advantageous as reasonably possible in order to accommodate the interconnections set forth in item (viii);

(iii) draft, or cause the drafting, of alignment sheet drawings and plats;

(iv) in compliance with all applicable laws, rules, orders and regulations of governmental authorities having jurisdiction, perform all work required to obtain the necessary real property rights (other than those real property rights, rights-of-way and easements contributed by Atmos as set forth in Section 2.1) for the NSL Pipeline, including:

1. obtaining all necessary rights-of-way, easements and other interests in land for all above and below ground facilities, including any temporary construction easements that may be

required and any other land and access related services necessary or advisable during the Construction;

2. conducting negotiations with landowners, including settling right of way damage claims;
3. using commercially reasonable efforts to acquire easements and right of way agreements providing for multiple line rights and a minimum right-of-way width of 50 feet;
4. arranging for and conducting all condemnation and other legal proceedings in accordance with applicable law and pay all related court costs and fees;
5. submitting reports to keep the Management Committee informed of the progress of the real property work and condemnation proceedings;
6. placing of record in the appropriate counties all rights-of-way, easements and other documents that are customarily so recorded; and
7. providing the other Party with copies of all recorded right of way documents as well as copies of any other agreements and documents which are not customarily recorded (e.g., railroad permits, licenses and road crossing permits);

(v) specify and procure all materials and supplies to be used in the Construction;

(vi) secure all necessary licenses, permits, franchises and other authorizations or approvals necessary for Construction;

(vii) provide all necessary supervisory, administrative, technical and other services required for Construction, and doing all other things that are necessary or appropriate to the accomplishment of the purposes of this Agreement;

(viii) construct interconnections with the following pipelines:

1. Atmos' Line W near Justin, Texas;
2. ETF's Collin Line near Frisco, Texas (the "Collin Point");
3. Atmos' Line D17-9 near Frisco, Texas;

4. construct an interconnection between Atmos Line V North and the Bethel Howard Pipeline, near Howard Texas (the "Howard Point"); and

5. other points determined by the Management Committee; and

(ix) create and maintain engineering and construction files, drawings, alignment maps and similar records, and, upon completion of Construction, turn over such files, drawings, maps and records (or copies thereof) to Operator.

(b) At the direction and discretion of the Management Committee, the Constructor will perform, or cause to be performed, the construction of compression required to make the NSL Pipeline function in connection with the pipeline systems of the Parties, as determined by the Management Committee, including all of the following tasks:

(i) acquiring the real property rights required in connection with compressor sites (substantially according to the applicable procedures set forth in (a)(iv), above);

(ii) constructing compression at the interconnection of Atmos' Line W and the NSL Pipeline at or near Justin, Texas and at the Howard Point;

(iii) constructing any other compression determined by the Management Committee; and

(iv) performing that portion of any of the tasks set forth in paragraph (a), above required to accomplish the purposes of this paragraph (b).

(c) The tasks set forth in this Section 4.2 collectively comprise the "Construction."

4.3 Construction Related Contracts.

(a) The Management Committee may authorize Atmos or ETF employees to perform Construction related work. Except as provided herein, any Construction related work not performed by employees of Atmos or ETF or their Affiliates must be submitted for competitive bids, and awarded as determined by the Management Committee.

(b) Before the Constructor solicits any bids from prospective contractors, the Management Committee must approve:

(i) the engineering design, specifications and general plans for Construction;

(ii) the contracts that will be utilized for Construction; and

(iii) all prospective contractors. Constructor and the applicable Sub-Committee shall only consider contractors that:

1. maintain a program for complying with all applicable provisions of 49 Code of Federal Regulations ("CFR") Part 192;

2. have an Experience Modification Ratio (as reported by the federal Occupational Safety and Health Administration or by an insurance provider) of less than 1; and

3. maintain a program for complying with all applicable provisions of 49 CFR Part 199, including, without limitation, as pertains to drug and alcohol awareness and testing.

(c) The Constructor may not enter into any contract in connection with the Construction, or make any purchase of an individual item in connection therewith, in excess of $100,000.00 without the Management Committee's prior approval.

(d) Pursuant to the recommendations of the applicable Sub-Committee, if any, and subject to the approval of the Management Committee, the Constructor must obtain bids (sealed or not, as recommended by the Sub-Committee and approved by the Management Committee) from prospective contractors on all contracts or purchases in excess of $500,000.00. The Constructor must give the other Party a reasonable opportunity to review the bid comparisons. The applicable Sub-Committee must approve any bid award that is not awarded to the low bid.

(e) Contracts for various portions of the Construction may, at the Constructor's election, be bid and let at different times.

(f) All contracts entered into in connection with the Construction must be in a form, and contain terms and conditions, acceptable to the Management Committee. Except as otherwise expressly provided herein, the Constructor has direct charge and supervision of all matters arising under the contracts for Construction.

(g) Constructor must hire the number of third-party inspectors specified by the Engineering Sub-Committee, and such inspectors will submit reports of their findings to the Engineering Sub-Committee.

4.4 Management Committee To Be Kept Informed .

(a) The Constructor must keep an accurate and itemized record of all expenditures made or incurred during the Construction, in reasonably sufficient detail to support normal regulatory filings by either Party.

(b) In addition to the reports required by Section 1.6(d)(ii), the Constructor must submit to the Management Committee, when requested by the Management Committee, a report including at least the following information:

(i) the progress of the Construction since the last report;

(ii) updated estimates of the Construction Costs; and

(iii) any other information reasonably required by the Management Committee relating to the Construction.

(c) The Constructor should immediately inform the Management Committee of any accidents, injuries, work slowdowns or work stoppages that materially affect the timeline or cost of the Construction.

(d) The other Party not serving as Constructor (the "non-Constructor Party") has the right, during normal business hours and at its sole expense, to inspect and copy all documents and records maintained by the Constructor relating to the Construction. Records will be made available at the Constructor's main place of business. The Constructor must make reasonable accommodation in providing all documents and records.

(e) The non-Constructor Party has the right, at its sole risk and expense, to assign representatives to witness and observe all Construction activities.

(f) At the non-Constructor Party's request, the Constructor will furnish the non-Constructor Party with copies of Constructor's regularly-prepared weekly construction progress reports.

4.5 Construction Expenses .

(a) The Constructor will prepare, for approval by the Management Committee, a budget for the Construction of the pipeline portion of the NSL Pipeline as set forth in Section 4.2(a), setting forth a reasonable estimate of all of the direct and indirect expenses expected to be incurred in order to complete Construction and allowed to be charged under the terms of the Accounting Procedure (the "Pipeline AFE").

(b) The Constructor will prepare, for approval by the Management Committee, a separate budget covering the cost of that portion of the Construction described in Section 4.2(b) (the "Compression AFE"), conforming in all respects to the requirements for the Pipeline AFE.

(c) The amounts set forth on the Pipeline AFE and the Compression AFE, collectively, will be referred to herein as the "Construction Costs."

(d) The Construction Costs do not include, and Atmos will bear 100% of, the cost and expense (including any necessary additional land acquisition) of installing Tee's and valves on the NSL Pipeline at the following additional interconnections at or near:

(i) the FM 2449 crossing east of Robinson Road near the City of Ponder, Texas;

(ii) the FM 1173 crossing west of Hopkins road near the City of Krum, Texas;

(iii) the US I-35 crossing north of the US 77/I-35 junction near Denton, Texas;

(iv) the Line F crossing west of Green Valley Circle near the City of Denton, Texas;

(v) the FM 2931 crossing north of Redfearn Road near the City of Aubrey, Texas;

(vi) the FM 1835 crossing south of FM 428 near the City of Mustang, Texas; and

(vii) the crossing of Fishtrap Road (CR 3) west of CR 27 near the City of Prosper, Texas.

4.6 Accounting for Construction Costs .

(a) The Constructor will establish a segregated book account for each of the Pipeline AFE and the Compression AFE, showing the charges and credits accruing in the course of Construction and the status of such charges and credits as compared to the Pipeline AFE or the Compression AFE, as applicable.

(b) Once the Pipeline AFE and the Compression AFE are approved by the Management Committee, the Constructor is authorized to incur the expenses contained in each, subject to the limitations set forth in Section 4.3.

(c) The Constructor will pay the Construction Costs as they arise, including all local, state and federal taxes incurred during Construction (other than income taxes, corporate franchise taxes and ad valorem taxes). The Constructor will endeavor to minimize expenses related to the Construction, including taking advantage of trade and cash discounts.

(d) The Constructor will update the Pipeline AFE and the Compression AFE as necessary when making reports to the Management Committee.

(e) The Pipeline AFE, the Compression AFE and the related book accounts may be audited in the same manner as provided for the Operating Account in Section 6.7.

(f) The Pipeline AFE and the Compression AFE are estimates, and, subject to Section 2.1(a)(ii), each Party will be responsible for paying its share of the actual Construction Costs in accordance with the provisions of this Agreement, whether more or less than the amount shown in the original Pipeline AFE and the original Compression AFE.

4.7 Construction-Related Work Performed by Employees of ETF . Construction-related work performed by employees of ETF or its Affiliates must be accounted for in the manner provided for work performed by employees of the Operator in Article 2 of the Accounting Procedure, attached hereto as Exhibit A .

4.8 Construction-Related Work Performed by Atmos .

(a) Any Construction-related work approved by the Management Committee and performed by Atmos or its Affiliates will be a part of Atmos' contribution under Section 2.1(a)(i).

(b) Any such Construction-related work will be accomplished according to the following procedures:

(i) Atmos will prepare, and forward to ETF, an estimate (the "Estimate") of the costs Atmos expects to incur in the succeeding 3 months (or such shorter period as may remain before the Operational Date), in order to complete the assigned work;

(ii) as Atmos performs the work, Atmos will prepare and forward to ETF monthly statements setting forth the work performed that month, the cost of the work as shown in the Estimate, the actual cost of the work and Atmos' construction overhead charge of 3.0%, to which overhead charge Atmos is entitled with respect to the work performed pursuant to this Section 4.8;

(iii) Atmos will periodically provide ETF with further Estimates to cover additional work, or work that cannot be accomplished in a single 3 month period;

(iv) Atmos will perform the work in compliance with the requirements of Sections 4.1, 4.3, 4.4 and 4.9, as applicable.

4.9 Changes .

(a) The Parties recognize that from time to time it may be necessary or advisable to change previously approved plans and specifications for Construction, or the contracts related to the Construction.

(b) The Constructor may make any changes in such plans, specifications and related contracts as it deems necessary from time to time so long as the change does not involve the expenditure of more than $100,000.00 more than the original plan, specification or contract.

(c) Any single change involving an additional expenditure in excess of $100,000.00, or any series of changes which in the aggregate is reasonably estimated to be in excess of $100,000.00, must have the prior approval of the Management Committee.

(d) Notwithstanding anything to the contrary herein, the Constructor may not make any changes that materially change the engineering or operational characteristics of the NSL Pipeline without the written approval of the Management Committee.

4.10 Operational Capacity .

(a) The Management Committee will determine the operational specifications to be met by the NSL Pipeline, including:

(i) the initial gas transportation capacity of the NSL Pipeline;

(ii) the Maximum Allowable Operating Pressure ("MAOP") of the NSL Pipeline; and

(iii) the overall capacity to move gas within the NSL Pipeline Zone (as defined in Section 7.2(a)) as a result of constructing the NSL Pipeline.

(b) The operational specifications determined by the Management Committee under paragraph (a) will be set forth in Exhibit B , Operational Specifications.

(c) The Parties contemplate that custody transfer meters will be installed at the Collin Point, the Howard Point and any future interconnections with third parties. Other non-custody transfer measurement stations and associated facilities may be established as determined by the Management Committee.

4.11 Procedure for Certification of Completion .

(a) When the Constructor considers Construction to be complete, it will so notify the non-Constructor Party.

(b) Within 30 days of Constructor's notification under paragraph (a), above, the non-Constructor Party will inspect and evaluate the state of completion of the NSL Pipeline according to the standards for completion shown on the Certificate of Completion, attached hereto as Exhibit C .

(c) When the NSL Pipeline has successfully met the standards on the Certificate of Completion, including Line Pack (as hereafter defined), the non-Constructor Party will so certify upon the Certificate of Completion, specifying the date on which the NSL Pipeline became operational and capable of transporting gas (such date being the "Operational Date").

(d) The Management Committee may direct the issuance of Certificates of Completion for segments of the NSL Pipeline that are in service and capable of flowing gas ("Segments") before the Operational Date (a "Segment Operational Date"). If a Segment Operational Date is established, Atmos will assume the operational control of the completed Segment, and the portions of this Agreement relating to the "Operator" will apply to that completed segment.

(e) When Atmos completes the construction of compression at the Howard Point pursuant to Section 4.2(b)(ii), it will so notify the Constructor. Within 30 days of Atmos' notification, the Constructor will inspect and evaluate the state of completion of the work according to the standards for completion shown on the Certificate of Completion. When

the work has met the standards on the Certificate of Completion, the Constructor will so certify upon the Certificate of Completion, specifying the date on which the compression at the Howard Point became operational.

4.12 Line Pack .

(a) The Engineering Sub-Committee will determine the volume of natural gas necessary for the physical operation of the NSL Pipeline (the "Line Pack"). The initial operating pressure will be determined by the Management Committee.

(b) Atmos will supply the initial Line Pack. The Management Committee will determine the total quantity of natural gas, in MMBtu's, comprising the initial Line Pack, and ETF will make available to Atmos a quantity of natural gas equal to 50% of the total MMBtu in the initial Line Pack. Atmos' cost to furnish the initial Line Pack is not subject to the limit on Atmos' liability for Construction Costs set forth in Section 2.1(a)(ii). All gas supplied for Line Pack must meet the gas quality specifications set forth on Exhibit D (Gas Quality, Measurement and Testing).

(c) At the request of either Party, the Management Committee will make the necessary modifications to the NSL Pipeline to establish it as a separate balancing zone, such that the Operator will be able to calculate the gain or loss of gas on the NSL Pipeline. The Management Committee will determine the cost of accomplishing this task, which will be borne 50% by each Party.

4.13 Title to the NSL Pipeline .

(a) Except as set forth in paragraph (b), below, during the period of Construction, each Party (to the extent it formally takes title to any interest in its name during Construction) will hold title to the properties constituting the NSL Pipeline in its own name.

(b) Atmos has executed the assignment, a copy of which is attached hereto as Exhibit F (the "Assignment to ETF"), assigning to ETF its undivided interest in all rights of way, easements and other real property interests described on the exhibit to such assignment, as its portion of the contribution described in Section 2.1(a)(i)1.

(c) ETF will execute an assignment, substantially in the form attached hereto as Exhibit G (the "Assignment to Atmos"), assigning to Atmos a 50% undivided interest in and to:

(i) the Segment or Segments, and compression, if any, including all associated rights-of-way, easements and other real property interests, determined to be complete as of December 31, 2005 (pursuant to Section 2.1(b)), to be executed no later than 5 days following the date on which Atmos makes the payment pursuant to Section 2.1(c)(i); and

(ii) the remaining portion of the NSL Pipeline and compression, including all rights-of-way, easements and other real property interests acquired for

Construction, to be executed no later than 5 days following the date on which Atmos makes the payment pursuant to Section 2.1(c)(ii).

(d) If either Party constructs additional portions of the NSL Pipeline after the date of the assignments executed in paragraphs 4.13(b) and (c), above, that Party will promptly assign to the other Party the interest in the addition to which it is entitled according to the provisions of this Agreement.

(e) Each Party will be responsible for recording in the applicable counties any assignment it receives pursuant to this Section 4.13.

4.14 Ad Valorem Assessment.

(a) Unless the Management Committee determines otherwise, the Operator will administer the NSL Pipeline as a single unit for ad valorem tax purposes. At the direction of the Management Committee, the Operator will employ a property tax consultant for the purpose of minimizing ad valorem tax liability and contesting, if necessary, any valuation of the NSL Pipeline.

(b) The Operator will timely pay all ad valorem taxes due on the NSL Pipeline, and will bill the other Party for its 50% share of the ad valorem taxes, independent of the procedure for payment of operating costs as established in Section 6.2.

ARTICLE V
PIPELINE OPERATIONS

5.1 General Duties of the Operator. From and after the Operational Date, or any Segment Operational Date, as applicable:

(a) the Operator will perform the duties assigned to it in this Agreement in a good and workmanlike manner, subject to the authority of the Management Committee, in accordance with all applicable state and federal laws, rules and regulations; and

(b) the Operator must exercise the same care and judgment as would a reasonably prudent operator under the same or similar circumstances.

5.2 Responsibilities of the Operator. From and after the Operational Date, or any Segment Operational Date, as applicable, and subject to the authority and direction of the Management Committee, as expressly provided herein, the Operator will:

(a) operate, maintain and repair the NSL Pipeline for the mutual benefit of the Parties;

(b) procure and furnish all materials, equipment, services, supplies and labor necessary to carry out the Operator's responsibilities under this Agreement;

(c) receive, transport and deliver gas to be transported through the NSL Pipeline:

(i) by receiving natural gas, at the inlet side of the metering facilities located at the receipt points the Operator establishes from time to time;

(ii) at operating pressures that do not exceed the MAOP of the NSL Pipeline as determined by the Management Committee in accordance with all applicable regulations;

(iii) in conformity with the gas quality and measurement specifications set forth in Exhibit D (Gas Quality, Measurement and Testing); and

(iv) for delivery at the outlet side of the metering facilities (if such metering facilities are owned by the Operator or Operator has the contractual right to access such metering facilities) or at the inlet side of metering facilities owned or controlled by others located at the delivery points the Operator establishes from time to time;

(d) determine, for the effective operation of the NSL Pipeline, consistent with the manner of performing its other pipeline operations:

(i) the number of employees necessary; and

(ii) the hours of labor, compensation and benefits to be paid to the employees;

(e) select and hire the employees and pay their wages and salaries. Any or all of the employees may be employees of the Operator or of any affiliate of the Operator;

(f) perform the accounting, legal, tax, engineering, construction, planning, budgeting, and regulatory reporting and compliance (including reporting and compliance with pipeline integrity regulations) functions associated with operation of the NSL Pipeline;

(g) supervise and administer all contracts, easements and covenants which may have been entered into in connection with operation of the NSL Pipeline including the collection or payment on behalf of the Parties of amounts due or payable thereunder, subject in each case to the provisions of the Accounting Procedure;

(h) subject to the terms of the Accounting Procedure, make sales, exchanges or other dispositions of materials, equipment and supplies not needed for operation of the NSL Pipeline (including pipe or other equipment salvaged from or constituting a part of the NSL Pipeline);

(i) retain the services and determine the compensation of such outside contractors, consultants and attorneys as may be necessary from time to time in performance of the Operator's obligations under this Agreement;

(j) file returns and pay taxes (other than ad valorem taxes and corporate franchise and income taxes) and other charges, assessments and other similar payments due or payable from time to time upon or in connection with any facilities or properties constituting a p of the NSL Pipeline;

(k) prepare and file for the Parties all reports required in conjunction with the operation of the NSL Pipeline, which are required by regulatory bodies or agencies having jurisdiction over the NSL Pipeline or the operation thereof;

(l) maintain the engineering and construction files, drawings, alignment maps and similar records turned over to it by the Constructor; and

(m) do all other things which it shall deem necessary or appropriate to the accomplishment of the purposes of this Agreement.

5.3 Reports to the Management Committee . Following the Operational Date, the Operator must report to the Management Committee, no less often that once each 6 months, regarding its operation of the NSL Pipeline. The reports must include at least the following information:

(a) as of the date of each meeting, a report on the status of expenditures (both capital and expense) as compared, since the last report, to the budget prepared under Section 5.4;

(b) a detailed report of the operations and maintenance of the NSL Pipeline since the last report; and

(c) the date any new facilities are added to or removed from the NSL Pipeline and placed in service or removed from service.

5.4 Operating Budget .

(a) The Operator must prepare an operating budget prior to the beginning of each calendar year. The budget must:

(i) show the estimated operating and maintenance expenses for the coming year;

(ii) show any projected or proposed capital expenditures for the coming year;

(iii) allocate expenditures according to the month in which they are expected to be incurred;

(iv) be submitted to the Management Committee for approval prior to November 1 st of each year or such other date as determined by the Management Committee; and

(v) be approved by the Management Committee in order for it to become effective.

(b) For any period of time less than 12 calendar months between the Operational Date, or any Segment Operational Date, as applicable, and the next succeeding January 1, the Operator will prepare, and submit for Management Committee

approval, a stub-period budget, conforming as closely as possible to the requirements of paragraph (a), above.

(c) Once approved by the Management Committee, the Operator is authorized to incur the expenditures contained in the budget.

(d) Operator may not, without the approval of the Management Committee:

(i) incur expenditures on any single item that are 50% or $100,000.00 (whichever is the greater) in excess of the amount budgeted for that item; or

(ii) undertake any single unbudgeted expense exceeding $100,000.00; or

(iii) incur expenditures on any single item of unbudgeted repair, construction or other expense that would cause the cumulative total of unbudgeted repairs, construction or other expenses to exceed $500,000.00 in any calendar year; or

(iv) incur expenditures on unbudgeted items that, in the aggregate, exceed $500,000.00 in any single calendar year.

(e) If it becomes necessary or desirable for the Operator to incur an expenditure in excess of the limits described in Paragraph (d) of this Section 5.4, the Operator must:

(i) submit an authorization for expenditure to the Management Committee, describing the anticipated budget overrun or unbudgeted expense and the reason the expense is necessary; and

(ii) secure the approval of the Management Committee to the budget overrun or unbudgeted expense prior to incurring it.

(f) Without regard to Paragraphs (c), (d) or (h) of this Section 5.4, in the case of emergency, including explosion, fire, storm or line breaks, the Operator must:

(i) take all actions and incur all expenses reasonably necessary to deal with the emergency and to safeguard life and property; and

(ii) as promptly as possible, notify the Management Committee and the non-operating Party in writing of the emergency and of all actions taken and expenses incurred as a result thereof.

(g) The other Party not serving as Operator (the "non-Operator Party") must supply the Operator, on a timely basis, any information the Operator reasonably requests in order to assist the Operator in preparation of the budget.

(h) If the Management Committee cannot agree upon a budget for any year prior to the date that the budget would become effective:

(i) the dispute will be submitted to the dispute resolution procedures of Article XII; and

(ii) the Operator will continue to operate under the existing budget until the new budget is approved, except that the items in the existing budget will be increased by an amount that is equal to the percentage difference between the seasonally unadjusted Consumer Price Index for All Urban Consumers (all items), U.S. City Average (1982-84 = 100), as published by the U.S. Department of Labor, Bureau of Labor Statistics (the "CPI-U") for the month of May of the year prior to the year of the dispute and the seasonally unadjusted CPI-U for the month of May in the year of the dispute. For example, if the budget for the year 2007 is not agreed to before January 1, 2007, the Operator will operate under the budget for 2006, adjusted by the percentage difference between the CPI-U for the month of May 2005 and the month of May, 2006, until such time as a budget for 2007 is finally determined.

5.5 Access . The non-Operator Party will have the right at all reasonable times, during usual business hours and at its own risk and expense, to inspect the NSL Pipeline and any related records (other than financial accounting records, access to which is subject to Section 6.7).

ARTICLE VI
OPERATING ACCOUNT

6.1 Operating Account . The Operator will establish a segregated book account showing the charges and credits accruing in the course of operating the NSL Pipeline, which charges and credits are to be shared by the Parties in proportion to each Party's interest in the NSL Pipeline (the "Operating Account").

6.2 Payment of Operating Expenses .

(a) Subject to Section 7.1, each Party will pay its 50% share of the NSL Pipeline operating costs to the Operating Account by paying, on or before the last day of each month after the Operational Date, the amount of the expected expenditures (both capital and operational) set forth in the budget for that month.

(b) Not later than 60 days after the end of each calendar year, the Operator will supply to each Party a statement reconciling the actual expenditures from the Operating Account for the prior year against the amounts paid by the Party to the Operating Account. If one Party owes the other Party an amount determined after such reconciliation, the owing Party must pay that amount to the other Party not later than 90 days following the end of the applicable calendar year.

6.3 Advances .

(a) If, in the course of any year, the Management Committee determines the need to perform work (either of a capital or operational nature) that was not included in the

budget and that is reasonably expected to cost more than $50,000.00 to complete, the Operator may require the non-Operator Party to pay its proportionate share of the cost of the expected expenditure in accordance with paragraph (b), below.

(b) Each Party must pay any such cash call within 30 days of the receipt of the of the invoice(s) therefor, in addition to paying its regular share of the expected expenditures, as set forth in Section 6.3(a), above.

(c) If a Party fails to timely pay an invoice under this Section 6.3, the owing Party's deficiency will accrue interest at the interest rate set forth in Section 6.4 from the due date until the date the owing Party pays the amount thus due.

6.4 Interest on Late Payments .

(a) All payments due under the terms of this Agreement, including those due under Section 6.3 but excluding disputed amounts pursuant to Section 6.6, are subject to the interest charges for non-payment, and the limitations thereon, as provided in this Section 6.4.

(b) The interest rate for late payments will be equal to the Bank Prime Loan Rate announced by the Federal Reserve, plus 3 percent and will change simultaneously with each announced change in the Bank Prime Loan Rate.

(c) Interest will be compounded daily and computed for the actual number of days elapsed on the basis of a year consisting of 365, or, when appropriate, 366 days.

(d) In no event may the interest rate provided for in this Agreement ever exceed the maximum lawful interest rate allowed by the laws of the State of Texas and if at any time or under any circumstances the interest rate calculated herein exceeds the maximum rate allowed by law, the amount due will be limited to the maximum lawful interest rate.

6.5 Other Effects of Late Payment . Without limiting the other remedies available to the Operator, if a Party is more than 30 days late in making any payment due under the terms of this Agreement, the Operator may file the Recording Memorandum, attached hereto as Exhibit H , or any other documents it deems necessary as a lien or mortgage in the applicable real estate records or a financing statement with the proper officer under the Uniform Commercial Code (the "Code"), or both, and will be entitled to exercise the rights and remedies of a secured party under the Code. The Party filing the lien or mortgage must promptly place of record a release of the lien or mortgage if the owing Party makes payment in full of the amounts due.

6.6 Payment Disputes .

(a) If a Party has a bona fide dispute about the amount of any payment required by any invoice issued under the terms of this Agreement, it must notify the other Party of the dispute prior to the date that the payment is due.

(b) The Party owing any amount must pay the un-disputed amounts, if any, according to the terms of this Agreement, in full, prior to the due date of the applicable payment.

(c) If the Parties do not resolve the dispute within 30 days after the applicable due date, the Parties will submit the dispute to the dispute resolution procedures set forth in Article XII.

(d) If it is ultimately determined, through the dispute resolution procedures of ARTICLE XII or by subsequent agreement, that the disputing Party owes the disputed amount, or any part thereof, interest will accrue on the amount due from the date that the amount should have originally been paid under the terms of the invoice.

6.7 Books and Records, Audit .

(a) Upon reasonable request, the non-Operator Party may, at its sole cost and expense, audit the Operating Account and related books and records of the Operator or its applicable Affiliates relating to the costs, expenses and expenditures incurred pursuant to this Agreement.

(b) Either Party may request that the Management Committee:

(i) conduct, or cause to be conducted, not more often than once each year, an audit of the Operating Account by an independent certified public accounting firm chosen by the Management Committee;

(ii) require that each audit cover the period intervening since the last audit;

(iii) require that the auditor prepare a written report of the results of the audit;

(iv) provide the audit report to the Parties; and

(v) charge the costs of the audit to the Operating Account.

ARTICLE VII
GAS TRANSPORTATION

7.1 Atmos Use of the NSL Pipeline .

(a) Atmos will have the right to call upon and make use of up to 100% of the gas transportation capacity of the NSL Pipeline in order to provide services to its distribution customers, in accordance with the provisions of the Capacity Recall and Exchange Provisions attached hereto as Exhibit E .

(b) Pursuant to Exhibit E , the Parties acknowledge that ETF will require the delivery of a quantity of gas (the "Transportation Quantity") in order to satisfy ETF's obligations with respect to contracts for gas transportation within the NSL Pipeline Zone. Exhibit E provides the terms under which Atmos may call upon and make use of the transportation

capacity of the NSL Pipeline to transport quantities of gas up to, but not in excess of, the Transportation Quantity.

(c) If Atmos makes use of the NSL Pipeline to transport quantities of gas in excess of the Transportation Quantity, Atmos must bear the incremental cost, if any, including any incremental use of natural gas as compressor fuel, incurred with respect to the NSL Pipeline solely in effecting the delivery of that excess quantity.

7.2 NSL Pipeline Zone.

(a) Atmos has dedicated the use of portions of its larger pipeline system to be used in conjunction with the NSL Pipeline to create a receipt and delivery area for gas transported within the North Texas area (the "NSL Pipeline Zone").

(b) Gas will enter the NSL Pipeline Zone at points of receipt on the Atmos pipeline system, which points of receipt, as described below, will be referred to herein individually as a "Receipt Point," and collectively as the "Receipt Points":

(i) at the tailgate of the Dynegy Chico Plant in Wise County, Texas;

(ii) at the interconnection of the ETF and Atmos pipeline systems at or near Springtown, Texas;

(iii) at the tailgate of the Enbridge Springtown Plant;

(iv) at the J-W Denton Creek interconnection in Denton County, Texas;

(v) at the J-W Sweetwater Creek interconnection in Wise County, Texas; and

(vi) any other points determined by the Management Committee.

(c) Gas will leave the NSL Pipeline Zone at the points of delivery described below, which points of delivery will be referred to herein individually as a "Delivery Point," and collectively as the "Delivery Points":

(i) the interconnections with various pipelines described in Section 4.2(a)(viii), other than the interconnection with Atmos Line W near Justin, Texas;

(ii) the interconnections designed to service Atmos' distribution customers, set forth in Section 4.5(d) (and future interconnections for this purpose constructed pursuant to Section 8.2(b)); and

(iii) the outlet side of the compression facilities constructed, or improved, pursuant to this Agreement, as described in Section 4.2(b), at the Howard Point.

7.3 Marketing Capacity .

(a) If no agreement is reached whereby the capacity of the NSL Pipeline is handed off to another party (a "Pipeline Access and Transportation Agreement") by the Operational Date, or if any Pipeline Access and Transportation Agreement entered into by the Parties thereafter ceases to be effective for any reason, ETF will be responsible for marketing the natural gas transportation capacity in the NSL Pipeline Zone and the remaining provisions of this Section 7.3 will apply.

(b) The Management Committee will approve a form of contract covering the various gas transportation services to be offered on the NSL Pipeline. In addition to any other provisions determined by the Management Committee, the form contract will provide for each Shipper to make two payments for each month's transportation services, one half of each month's total charges to be paid directly to each of Atmos and ETF.

(c) In connection with marketing the natural gas transportation capacity in the NSL Pipeline Zone:

(i) ETF will be responsible for:

1. contacting potential customers for gas transportation services (each, a "Shipper," and collectively, the "Shippers");
2. negotiating the terms of contracts for gas transportation services;
3. subject to the Management Committee's approval of the final form of the negotiated gas transportation contracts, supervise the execution of the contracts on behalf of the Parties; and
4. other tasks as directed by the Management Committee.

(ii) Atmos will be responsible for:

1. administering the contracts executed by Shippers; and
2. administering the imbalances, if any, created under the contracts.

ARTICLE VIII
ADDITIONS OR EXPANSIONS

8.1 Projects .

(a) If, after the Operational Date, a Party proposes to undertake a project that will interconnect with the NSL Pipeline (a "Project"), that Party (the "Proposing Party") must first propose the Project to the Management Committee as a project to be undertaken by both Parties. The Proposing Party must prepare, for consideration by the Management Committee, a budget and forecast for the Project, substantially conforming to the requirements for the operating budget set forth in Section 5.4, and the Management

Committee will have 30 days from its receipt of such information in which to decide whether to approve or disapprove the construction of the Project. For purposes of this Article VIII, any Project will be classified as one of the following types:

(i) a "Supply Lateral," if the Project is designed to deliver gas into the NSL Pipeline;

(ii) an "Addition," if the Project is designed to take gas off of the NSL Pipeline for any purpose other than the accommodation of Atmos' distribution customers; or

(iii) an "Expansion," if the Project is designed to increase the capacity of the NSL Pipeline, other than through the construction of an Addition or the accommodation of Atmos' distribution customers.

(b) If the Management Committee approves the construction of a Project, such Project:

(i) must be constructed according to the procedures set forth in Sections 4.1, 4.3, 4.4, 4.5, 4.7 and 4.9, to the extent applicable;

(ii) must be operated by the Operator; and

(iii) will be owned and paid for by the Parties according to their respective ownership interests in and to the NSL Pipeline.

(c) If the Management Committee does not approve the construction of the Project, and the Proposing Party decides to proceed with the Project, then:

(i) if the Project is a Supply Lateral, the Proposing Party may proceed with the Project and:

1. the Proposing Party will own the Project outright, and such Project will no longer be subject to the terms of this Agreement;

2. the Management Committee is required to approve its interconnection with the NSL Pipeline, if the NSL Pipeline has sufficient available capacity to accommodate the delivery of gas from the Project;

3. the Management Committee will determine the commercial structure with respect to the use of the NSL Pipeline; and

4. the Party constructing the Project will operate the Project.

(ii) if the Project is an Addition or Expansion, the Proposing Party may proceed with the Project subject to the terms of Section 8.4, below.

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8.2 Other Additional Construction .

(a) If a third party requests an interconnection with the NSL Pipeline, and such interconnection is approved by the Management Committee, such interconnection will be constructed by ETF at the expense of the third party, but will be owned by the Parties in proportion to their ownership in the NSL Pipeline at the time the interconnection is made.

(b) If Atmos requests an interconnection with the NSL Pipeline for the accommodation of its distribution customers, the Management Committee is required to approve the interconnection, and the expenses related to the interconnection will be borne 100% by Atmos.

8.3 Provisions Applicable to all Projects and Additional Construction .

(a) If a tap is to be performed on the NSL Pipeline, ETF will notify the Management Committee and the Operator of the expected time and place of the tap, and coordinate with Operator concerning the timing.

(b) All facilities related to the tap that are added to or connected to the NSL Pipeline up to and including the first above-ground valve, will become a part of the NSL Pipeline to be owned by the Parties in the proportions in which the Parties own the NSL Pipeline.

(c) All of the facilities related to the tap beyond the first above-ground valve will be the property of the Party which bore the expense of such facilities.

(d) Only Atmos may perform the physical tap into any pipeline that is owned entirely by Atmos.

8.4 Construction of Additions or Expansions Not Approved by the Management Committee .

(a) If the Management Committee does not approve the construction of an Addition or Expansion, and the Proposing Party proceeds with the Project:

(i) the Proposing Party must alone bear 100% of the costs and expenses related to such Project, including the cost of operating the Project and any incremental cost of operating the NSL Pipeline (as determined by the Management Committee) that is attributable to the Project; and

(ii) the Management Committee will determine the commercial structure with respect to the use of the NSL Pipeline.

(b) Additions and Expansions not approved by the Management Committee must be:

(i) constructed according to the procedures set forth in Sections 4.1, 4.3, 4.4, 4.5, 4.7 and 4.9, to the extent applicable; and

(ii) operated by the Operator.

ARTICLE IX
TERM, TERMINATION AND DISPOSITION OF INTEREST

9.1 Term, Effect of Termination .

(a) Unless sooner terminated in accordance with this Agreement, this Agreement will be effective on the effective date hereof and shall continue for a term (the "Term") of 30 years, and so long thereafter as either Party, or their successors or assigns, is transporting gas or desires to transport gas through the NSL Pipeline.

(b) Upon the termination of this Agreement, all rights and obligations hereunder will cease, other than:

(i) rights and obligations which accrued prior to termination;

(ii) the rights of each Party to its own undivided interest in the NSL Pipeline; and

(iii) any other rights expressly provided in this Agreement to be rights surviving termination of this Agreement.

9.2 Liquidation Upon Termination .

(a) If at the end of the Term, as set forth in Section 9.1(a), a Party (the "Selling Party") wishes to dispose of its interest, other than as permitted by Section 9.4(a), it must give written notice of its desire to the other Party and will have the obligation, upon request of the other Party (the "Continuing Party") to negotiate in good faith regarding a sale of its interest to the Continuing Party.

(b) If the negotiation is unsuccessful, then the Selling Party may liquidate its interest, or any part thereof, by sale to the highest and best bidder, intact, in parts or as salvage. If the Selling Party elects to sell under the terms of this paragraph (b) of this Section 9.2, then the Selling Party must:

(i) notify the Continuing Party in writing of its intent to sell in this manner. The notice must set forth the estimated amount for which the Selling Party's interest may be sold and the manner in which Seller intends to sell;

(ii) allow the Continuing Party a period of 60 days from the date of the notice in which to agree to match the amount or amounts set forth in the notice and to agree to acquire the Selling Party's interest, or the part or parts thereof offered for sale, for its own separate ownership and account. The Continuing Party must purchase all of the interest offered for sale;

(iii) notify each prospective bidder that the Continuing Party has a prior right of first refusal.

(c) If the Continuing Party does not elect, within the 60 day right of first refusal period, to purchase the Selling Party's interest as offered in sub-paragraph (b)(ii) of this Section 9.2, then the Selling Party may sell its interest or any part thereof to the highest bidder.

9 Dispute Resolution . Any dispute under this Article IX will be handled under the dispute resolution procedures of Article XII.

9 Restrictions on Transfer of Party Interests .

(a) No Party may transfer its interest in the NSL Pipeline, except as set forth in this Section 9.4. Any purported transfer not in compliance with the provisions of this Section 9.4 and other applicable provisions of this Agreement contravenes this Agreement and is ineffective. For purposes of this Section 9.4, the word "transfer" and its derivatives includes all forms of direct or indirect transfer or disposition, voluntary or involuntary, by merger or operation of law or otherwise, as well as the creation of any lien or encumbrance on all or any part of the NSL Pipeline or either Party's interest therein.

(b) Each Party may, from time to time, transfer all, but not less than all, of its interest in the NSL Pipeline to a person or entity controlling, controlled by or under common control with, such Party (and for this purpose control means the direct or indirect beneficial and record ownership of all of the economic and voting interests in the assignee)(an "Affiliate") and the assignee will succeed to all of the assignor's rights and obligations hereunder, but only if at the time of such transfer:

(i) the assignee or transferee agrees in a writing delivered to the other Party that it will be bound in all respects by this Agreement; and

(ii) the assignor or transferor is not relieved of its obligations under this Agreement unless:

1. the assignee or transferee agrees, in a writing delivered to the other Party, to fully assume the performance of all such obligations; and

2. the other Party agrees in writing to such assumption of performance by the assignee or transferee.

(c) Either Party may, without the consent of the other Party, transfer all, but not less than all, of its interest in the NSL Pipeline to a party not the Affiliate of the Party, and the transferee will succeed to all of the transferor's rights and obligations hereunder:

(i) if the transferee agrees in a writing delivered to the other Party that it will be bound in all respects by this Agreement; and

(ii) then only if such transfer is:

1. as a result of a merger, corporate reorganization, consolidation or conversion; or

2. in connection with the sale of substantially all of a Party's gas transmission assets located in the State of Texas.

In either case, the transferor is not relieved of its obligations under this Agreement unless:

3. the assignee or transferee agrees, in a writing delivered to the other Party, to fully assume the performance of all such obligations; and
4. the other Party agrees in writing to such assumption of performance by the assignee or transferee.

ARTICLE X
INDEMNITY PROVISIONS

10.1 General Indemnity .

(a) Atmos agrees to and shall defend, protect, indemnify, and hold harmless ETF, and its officers, directors, employees, and agents, and each of ETF's Affiliates and each of their respective officers, directors, employees, and agents (collectively, "ETF Group") from and against all claims, losses, expenses, damages, demands, judgments, causes of action, suits, and liability in tort, contract, or on any other basis, and of every kind and character whatsoever (collectively, "Claims"), arising out of or incident to or related in any way to, directly or indirectly, this Agreement or either Party's performance of its obligations thereunder; **and further, subject to Section 10.1(c) below, it is the express intent of the Parties that, for the purposes of this Section 10.1(a), Claims, and Atmos' obligations to defend, protect, indemnify, and hold harmless, will include, but not be limited to, Claims arising out of or resulting from ETF Group's sole or concurrent: (1) negligence, (2) strict liability, or (3) other fault of any nature.**

(b) ETF agrees to and shall defend, protect, indemnify and hold harmless Atmos, and its officers, directors, employees, and agents, and each of Atmos' Affiliates and each of their respective officers, directors, employees, and agents (collectively, "Atmos Group") from and against all Claims, arising out of or incident to or related in any way to, directly or indirectly, this Agreement or either Party's performance of its obligations thereunder; and **further, subject to Section 10.1(c) below, it is the express intent of the Parties that, for the purposes of this Section 10.1(b), Claims, and ETF's obligations to defend, protect, indemnify, and hold harmless, will include, but not be limited to, Claims arising out of or resulting from Atmos Group's sole or concurrent: (1) negligence ; (2) strict liability; or (3) other fault of any nature.**

(c) With respect to any Claims for which Atmos has obligations pursuant to Section 10.1(a), Atmos shall only be so obligated to the extent of the proportionate share of its undivided interest in the NSL Pipeline (the "Atmos Interest"), relative to that of ETF. With respect to any Claims for which ETF has obligations pursuant to Section 10.1(b), ETF shall only be so obligated to the extent of the proportionate share of its undivided interest in the NSL Pipeline, relative to that of Atmos (the "ETF Interest"). For illustrative purposes only, the Parties acknowledge their intent that, in the event that a Claim is incurred in the amount of $100,000.00, then:

(i) pursuant to Section 10.1(a), and irrespective of its rights pursuant to Section 10.1(b), Atmos would defend, protect, indemnify and hold harmless ETF Group, for and in the amount of $50,000.00; and

(ii) pursuant to Section 10.1(b), and irrespective of its rights pursuant to Section 10.1(a), ETF would defend, protect, indemnify, and hold harmless Atmos Group, for and in the amount of $50,000.00.

(d) To the extent necessary to permit either Party to enforce any provision of this Article X, the other Party agrees that, with respect to any Claims within the scope of this Article X, it will and does hereby waive any defense it may have by virtue of the workers' compensation laws of any state.

(e) Neither Party shall have any obligations, pursuant to this Article X, to the extent that any portions of any Claims are collectible or otherwise recoverable:

(i) under insurance maintained by Atmos, covering or otherwise pertaining to Claims resulting from the personal injury, including death resulting therefrom, to any employee, agent, or representative of Atmos or ETF, in connection with the operation of the NSL Pipeline;

(ii) under insurance maintained by ETF, covering or otherwise pertaining to Claims resulting from the personal injury, including death resulting therefrom, to any employee, agent, or representative of Atmos or ETF, in connection with the Construction of the NSL Pipeline; or

(iii) under insurance maintained on the NSL Pipeline.

the Parties acknowledge their intent that the indemnity obligations, as provided for in this Article X, be supported by such insurance coverage.

10.2 Damage to NSL Pipeline or Property of Either Party .

(a) Subject to Section 10.2(b), and notwithstanding either Party's respective capacity and responsibilities as the Constructor or the Operator of the NSL Pipeline, neither Party shall be liable to the other Party, in connection with operations conducted by the Constructor or the Operator hereunder, for any loss or damage to, or destruction of:

(i) the NSL Pipeline; or

(ii) any property of the other Party.

(b) Section 10.2(a) notwithstanding, in the event that, in connection with operations conducted by the Constructor or the Operator hereunder, loss, damage, or destruction occurs to either:

(i) the NSL Pipeline, or

(ii) any property of either Party; then:

1. Atmos will be responsible for and bear the cost of such loss, damage, or destruction to the extent of the Atmos Interest; and
2. ETF will be responsible for and bear the cost of such loss, damage, or destruction to the extent of the ETF Interest

provided, however, that to the extent that any such loss, damage, or destruction results from any act or omission constituting the willful misconduct of either Party (including, without limitation, the willful misconduct of that Party's employees, agents, or representatives), that Party shall be liable for, and shall promptly reimburse the other Party for, the cost of such loss, damage, or destruction.

10.3 Liability for Damages . NOTWITHSTANDING ANY OTHER PROVISION HEREIN, IN NO EVENT SHALL EITHER PARTY BE LIABLE TO THE OTHER PARTY FOR ANY LOSS OF PROFITS, INCIDENTAL, CONSEQUENTIAL, SPECIAL, EXEMPLARY, PUNITIVE OR SIMILAR DAMAGES ARISING OUT OF ANY BREACH OF CONTRACT, TORT OR OTHER CAUSE OF ACTION RELATED TO THIS AGREEMENT.

ARTICLE XI
RELATIONSHIP OF PARTIES

11.1 No Partnership . Nothing in this Agreement shall be construed to create a relationship between the Parties, their agents, representatives, employees, consultants or subcontractors of: (i) employer and employee; (ii) general or limited partnership (other than for federal or state income tax purposes); or (iii) fiduciary. This Agreement does not authorize any Party to act as general agent for the other Party. Except as expressly provided for in this Agreement, neither Party shall have the authority to bind or obligate the other in any manner. Each Party shall (i) maintain complete supervision and control over its agents, employees, consultants and sub-contractors; and (ii) determine the manner in which it fulfills its obligations under this Agreement. Notwithstanding anything to the contrary contained herein, each Party will indemnify and hold the other Party harmless from any loss, liability, damage or expense, including reasonable attorney's fees and court costs arising out of any unauthorized actions by a Party or its agents or representatives.

11.2 Tax Matters . It is not the purpose or intention of the Parties to create, and this Agreement shall never be construed as creating, a joint venture, mining partnership or other relationship whereby any Party shall be held liable for the acts, either of omission or commission, of any other Party hereto. If, however, for federal income tax purposes, this Agreement and the relationship established hereby should be regarded as a partnership, then each of the Parties elects to be excluded from the application of all of the provisions of Subchapter K, Chapter 1, Subtitle A, of the Internal Revenue Code of 1986, as permitted and authorized by Section 761 of said Code and the regulations promulgated

thereunder. Should there be any requirement that each Party further evidence this election, each Party agrees to execute such documents and furnish such other evidence as may be required by the Federal Internal Revenue Service. Each Party further agrees not to give any notices or take any other action inconsistent with the elections made hereby. If any future income tax law of the United States or of any applicable state contains provisions permitting making of an election of the type permitted under the existing provisions of said laws referred to above, each of the Parties hereby makes such election or agrees to make such election as may be permitted by such laws. In making these elections, each of the Parties states that the income derived by it from the operations under this Agreement or any other agreement executed pursuant hereto can be adequately determined without computation of partnership taxable income.

11.3 Waiver of Partition. The ownership of the NSL Pipeline will at all times be maintained in the proportions set forth in this Agreement so that the NSL Pipeline may be operated as a unit. During the term of this Agreement, the Parties each waive any right of partition (including any right to have any interest sold for the purposes of dividing the proceeds of such sale) of the NSL Pipeline or any part thereof or any real and/or personal property owned by the Parties hereto as tenants-in-common pursuant to this Agreement, notwithstanding the grant of such right by any applicable law, and each Party hereto does hereby covenant that during the term of this Agreement it will not at any time resort to any action at law or in equity to so partition.

ARTICLE XII
DISPUTE RESOLUTION

12.1 Disputes. Any dispute under this Agreement not resolved by the Management Committee must be submitted to the dispute resolution procedures of this Article XII. Any dispute may be submitted to these procedures upon the written request of the Party seeking resolution.

12.2 Arbitration Panel. The arbitration panel must consist of two members who are familiar by training and experience with the operation of natural gas pipelines and the marketing of natural gas (individually, a "Layman," collectively, the "Laymen"). The third member must be an attorney whose practice deals with pipeline issues (whether from a regulatory, operational or business perspective). Each Party will choose one Layman, and the Laymen will choose the attorney member of the panel.

12.3 Submission to Arbitration.

(a) Either Party may request arbitration by submitting a written request to the other Party. The written request for arbitration must include the requesting Party's choice of a Layman to serve as arbitrator.

(b) The Party receiving the notice must respond to the requesting Party within 15 days of the receipt of the notice. The response must include its own choice of a Layman to serve as arbitrator.

(c) The two Laymen must meet within 5 days of the date of the response letter to choose an attorney to serve as the third arbitrator. The two Laymen must use reasonable efforts to choose a third arbitrator who will be impartial and independent of the Parties. The arbitration will commence as soon as possible after the third member of the arbitration panel is selected.

(d) If the responding Party fails or refuses to appoint an arbitrator, or the Laymen are unable to agree upon a third arbitrator, either Party may request the Chief U.S. District Court Judge for the Northern District of Texas or such other person designated by such judge to select an arbitrator as soon as possible.

(e) Any arbitration hearing, if one is desired by the arbitration panel, must be held at a place acceptable to the arbitration panel. The arbitration panel may elect to conduct the proceeding by written submissions from the Parties with exhibits, including interrogatories, supplemented with appearances by the Parties as the arbitration panel may desire. The arbitration proceeding, subject only to the terms hereof, should be conducted informally and expeditiously and in such a manner as to result in a good faith resolution as soon as reasonably possible under the circumstances.

(f) The award, and any other decision by the arbitration panel, must be by majority vote of the arbitrators. The decision of the arbitration panel with respect to any disputed matters submitted to the arbitration panel will be reduced to writing, signed by each arbitrator and binding on the parties. Judgment upon the award(s) rendered by the arbitration panel may be entered and execution had in any court of competent jurisdiction, or application may be made to such court for a judicial acceptance of the award and an order of enforcement.

(g) Each Party will bear their own legal fees and other costs incurred in presenting their respective cases, and the fees and expenses of the arbitrator appointed by that Party. The charges and expenses of the third arbitrator will be shared equally by the parties.

12.4 Procedure.

(a) In fulfilling its duties hereunder, the arbitration panel may consult with and engage disinterested third parties to advise the arbitration panel including, without limitation, engineers, attorneys, accountants and consultants, and the fees and expenses of such third parties will be considered to be charges and expenses of the arbitration panel.

(b) The arbitration panel may not award punitive, consequential, special or incidental damages.

12.5 Replacement Arbitrator. Any replacement arbitrator, should one become necessary, will be selected in the same manner as the original arbitrators were selected.

12.6 Exclusivity. No lawsuit based on a dispute under this Agreement may be instituted by either Party, other than to compel arbitration proceedings or enforce the award of the arbitration panel.

12.7 Privileges . All privileges under Texas and federal law, including attorney-client and work-product privileges, will be preserved and protected to the same extent that such privileges would be protected in a federal or state court proceeding applying Texas or federal law, as the case may be.

ARTICLE XIII
MISCELLANEOUS

13.1 Representations and Warranties . Each Party to this Agreement represents and warrants that it has full and complete authority to enter into and perform this Agreement. Each person who executes this Agreement on behalf of either Party represents and warrants that it has full and complete authority to do so and that such Party will be bound thereby. As of the date first mentioned in this Agreement, each Party represents and warrants to the other Party that:

(a) it is duly organized, validly existing and in good standing under the laws of the jurisdiction of its formation;

(b) it has all current and future valid and applicable state and federal regulatory authorizations, consents, or approvals required for it to legally perform its obligations under this Agreement;

(c) this Agreement, and each other document executed and delivered in accordance with this Agreement constitutes its legally valid and binding obligations enforceable against it in accordance with their respective terms (subject to applicable bankruptcy, reorganization, moratorium or similar laws affecting creditors' rights generally and subject, as to enforceability, to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law);

(d) there is not pending or, to its knowledge, threatened legal proceedings that could materially adversely affect its ability to perform its obligations under this Agreement;

(e) no Default Event with respect to it has occurred and is continuing and no such event or circumstance would occur as a result of its entering into or performing its obligations under this Agreement;

(f) it is acting for its own account, has made its own independent decision to enter into this Agreement and as to whether this Agreement is appropriate or proper for it based upon its own judgment, is not relying upon the advice or recommendations of the other Party in so doing, and is capable of assessing the merits of and understanding, and understands and accepts, the terms, conditions and risks of this Agreement; and

(g) it has entered into this Agreement in connection with the conduct of its business.

13.2 No Liens .

(a) Other than any lien created under Section 6.5, unless the Management Committee approves, neither the Operator nor Constructor may allow the NSL Pipeline to be

encumbered by any lien without the prior written consent of the other Party, not to be unreasonably withheld. A reasonable condition of the other Party's consent will be the protection of the lien created under Section 6.5.

(b) Each Party agrees that the Operator or the other Party, at their option, may pay and discharge any tax, mortgage, or other lien upon the other Party's interest in the NSL Pipeline, except for charges and assessments properly and timely contested in good faith by any Party, and if the Operator or the other Party does so then the Operator or Party discharging the lien shall be subrogated to the lien, with the right to enforce the lien in any manner provided by law.

13.3 Interpretation .

(a) When reference is made in this Agreement to a Section, such reference shall be to a Section of this Agreement unless otherwise indicated.

(b) For purposes of this Agreement the words "include," "includes" and "including" shall be deemed to be followed by the words "without limitation."

(c) This Agreement shall be construed without regard to any presumption or rule requiring construction or interpretation against the party drafting or causing any instrument to be drafted.

(d) The headings of the various subdivisions of this Agreement (including the Accounting Procedure) are for convenience of reference only and shall be afforded no significance in the interpretation or construction of this Agreement.

(e) This Agreement may not be altered, changed or amended, except by an instrument in writing, executed by all of the Parties.

13.4 No FERC Jurisdiction . Each Party hereto acknowledges that the other Party is an intrastate pipeline not subject to the jurisdiction of the Federal Energy Regulatory Commission ("FERC") under the Natural Gas Act of 1938. Any and all movement of natural gas through the pipeline facilities of either Atmos or ETF shall be structured and accomplished in such manner as to preserve the existing intrastate nature of such pipeline facilities and neither Party shall be required to use its pipeline facilities hereunder in any manner that would make such facilities subject to FERC jurisdiction under the Natural Gas Act of 1938. Notwithstanding the foregoing, to the extent that both Parties have the ability to offer transportation services under §311(a)(2) of the Natural Gas Policy Act to qualified shippers for the movement of interstate gas, the Parties will agree to work together to offer this service to such approved shippers.

13.5 Regulatory Compliance . This Agreement and all operations hereunder shall be subject to all valid and applicable orders, laws, rules and regulations of any state or federal authority having jurisdiction, but nothing contained herein shall be construed as an admission of jurisdiction, or the applicability of any order, law, rule or regulation which does not in fact apply.

13.6 Force Majeure . Performance under this Agreement, other than to make payments due, shall be excused in the event any Party or the Operator is rendered unable, wholly or in part, by force majeure to carry out its obligations under this Agreement, and, in this regard, it is agreed that, on such Party or the Operator giving notice in reasonably full particulars of such force majeure, in writing or by electronic means, to the other Parties and the Operator, within a reasonable time after the occurrence of the cause relied on, then the obligations of the Operator or the Party giving such notice, so far as they are affected by such force majeure, shall be suspended during the continuance of any inability so caused, but for no longer period, and such cause shall, so far as possible, be remedied with all reasonable dispatch. The term "force majeure" as employed herein means: acts of God; strikes, lockouts or other industrial disturbances; acts of the public enemy, terrorist acts, wars, blockades, insurrections, civil disturbances, riots; epidemics, landslides, lightning, earthquakes, fires, storms, floods, and washouts; arrests, orders, directives, requisitions, and actions, orders, rules, regulations or restraints of any government and governmental agencies and instrumentalities, either federal or state, civil or military; application of governmental curtailment rules and regulations; explosions, breakage, or accident to machinery or lines of pipe; breakdown or accident to electric transmission lines and freezing of lines of pipe; and, other causes, whether of the kind herein enumerated or otherwise, not reasonably within the control of the Party claiming suspension. It is understood and agreed that the settlement of strikes or lockouts is entirely within the discretion of the Party having the difficulty, and that the above requirement that any force majeure be remedied with all reasonable dispatch does not require the settlement of labor disputes, strikes or lockouts by acceding to the demands of an opposing Party when such course is inadvisable in the discretion of the Party having the difficulty.

13.7 Notices . Any notice, request, consent, election, report, or other communication required to be given hereunder shall be sent in writing via United States Mail or by electronic transmission addressed as follows:

If to Atmos:

Atmos Pipeline - Texas
Attn: Contract Administration
5420 LBJ Freeway, Suite 1500
Dallas, Texas 75240-2601
Fax No.(214) 206-2112

If to ETF:

Energy Transfer Fuel, LP
Attn: Contract Administration
2838 Woodside Street
Dallas, TX 75204
Fax No.: (214) 981-0701

13.8 Waiver of Defaults or Rights. No waiver of any Party hereto, or of the Operator, of any one or more defaults or right(s) under any provisions of this Agreement will operate as a waiver of any future defaults or right(s), whether of a like or of a different character. A

Party may reassert any right not previously asserted by providing written notice to the other Party. In the event of any dispute under this Agreement, the Parties and the Operator shall, notwithstanding the pendency of such dispute, diligently proceed with the performance of this Agreement without prejudice to the rights of any Party.

13.9 Choice of Law and Venue . THIS AGREEMENT IS GOVERNED BY AND WILL BE CONSTRUED IN ACCORDANCE WITH LAWS OF THE STATE OF TEXAS WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF TEXAS OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF THE LAWS OF ANY JURISDICTION OTHER THAN THE STATE OF TEXAS. THE PARTIES AGREE THAT THE AGGREGATE VALUE OF THE CONSIDERATION GIVEN AND RECEIVED UNDER THIS AGREEMENT IS GREATER THAN $1 MILLION AND, THEREFORE, THIS AGREEMENT CONSTITUTES A "MAJOR TRANSACTION" AS DEFINED BY SECTION 15.020 OF THE TEXAS CIVIL PRACTICE AND REMEDIES CODE. THE PARTIES ALSO AGREE, PURSUANT TO SECTION 15.020, THAT ANY LAWSUIT INVOLVING THIS AGREEMENT BROUGHT BY EITHER PARTY WILL BE BROUGHT ONLY IN DALLAS COUNTY, TEXAS, WHETHER SUCH LAWSUIT BE BROUGHT IN FEDERAL OR STATE COURT. THE PARTIES MUTUALLY CONSENT TO THE JURISDICTION OF THE FEDERAL AND STATE COURTS IN DALLAS COUNTY, TEXAS, AND AGREE THAT ANY ACTION, SUIT, OR PROCEEDING CONCERNING, RELATED TO, OR ARISING OUT OF THIS AGREEMENT AND THE NEGOTIATION OF THIS AGREEMENT WILL BE BROUGHT ONLY IN A FEDERAL OR STATE COURT IN DALLAS COUNTY, TEXAS. THE PARTIES AGREE THAT THEY WILL NOT RAISE ANY DEFENSE OR OBJECTION OR FILE ANY MOTION BASED ON LACK OF PERSONAL JURISDICTION, IMPROPER VENUE, INCONVENIENCE OF THE FORUM, OR THE LIKE IN ANY CASE FILED IN A FEDERAL OR STATE COURT IN DALLAS COUNTY, TEXAS. THIS AGREEMENT IS MADE AND PARTIALLY PERFORMABLE IN DALLAS COUNTY, TEXAS, AND VENUE SHALL BE IN DALLAS COUNTY, DALLAS, TEXAS.

13.10 Entire Agreement . This Agreement and the attachments thereto constitute the entire agreement between the Parties with respect to the subject matter hereof, superseding any and all prior agreements, written or oral, between the Parties. This Agreement may not be amended other than by written amendment signed by both Parties.

[Signatures on the Following Page]

IN WITNESS WHEREOF, the Parties hereto have caused this Agreement to be executed in multiple originals of equal dignity by their respective representatives thereunto duly authorized.

ATMOS PIPELINE - TEXAS,
a division of Atmos Energy Corporation

By: /s/ JD W OODWARD
J.D. Woodward
Senior Vice President
Atmos Energy Corporation

ENERGY TRANSFER FUEL, LP
By: Energy Transfer Fuel GP, LLC,
its general partner

By: /s/ M ACKIE M C C REA
Mackie McCrea
President

SCHEDULE OF DEFINITIONS

DEFINITION	SECTION
"Addition"	Section 8.1(a)(ii)
"Affiliate"	Section 9.4(b)
"Agreement"	Introduction
"Assignment to Atmos"	Section 4.13(c)
"Assignment to ETF"	Section 4.13(b)
"Atmos"	Introduction
"Atmos Group"	Section 10.1(b)
"Atmos Interest"	Section 10.1(c)
"CFR"	Section 4.3(b)(iii)1
"Claims"	Section 10.1(a)
"Code"	Section 6.5
"Collin Point"	Section 4.2(a)(viii)2
"Compression AFE"	Section 4.5(b)
"Construction"	Section 4.2(c)
"Construction Costs"	Section 4.5(c)
"Constructor"	Section 3.1(b)
"CPI-U"	Section 5.4(h)(ii)
"Default Event"	Section 3.4(a)
"Delivery Point(s)"	Section 7.2(c)
"Engineering Sub-Committee"	Section 1.6(d)
"Estimate"	Section 4.8(b)(i)
"ETF"	Introduction

DEFINITION	SECTION
"FTF Group"	Section 10.1(a)
' Interest"	Section 10.1(c)
"Expansion"	Section 8.1(a)(iii)
"Howard Point"	Section 4.2(a)(viii)4
"Layman or Laymen"	Section 12.2
"Line Pack"	Section 4.12(a)
"MAOP"	Section 4.10(a)(ii)
"Management Committee"	Section 1.1(a)
"Member"	Section 1.1(a)
"non-Constructor Party"	Section 4.4(d)
"non-Operator Party"	Section 5.4(g)
"NSL Pipeline"	Recitals 1
"NSL Pipeline Zone"	Section 7.2(a)
"Operating Account"	Section 6.1
"Operational Date"	Section 4.11(c)
"Operator"	Section 3.1(d)
"Party" or "Parties"	Introduction
"Pipeline AFE"	Section 4.5(a)
"Pipeline Access and Transportation Agreement"	Section 7.3
,ect"	Section 8.1(a)
"Proposing Party"	Section 8.1(a)
"Receipt Point(s)"	Section 7.2(b)
"Segments"	Section 4.11(d)

DEFINITION	SECTION
"Segment Cost"	Section 2.1(b)(ii)
"Segment Operational Date"	Section 4.11(d)
"Shipper(s)"	Section 7.3(c)(i)1
"Sub-Committee"	Section 1.6(a)
"Supply Lateral"	Section 8.1(a)(i)
"Term"	Section 9.1(a)
"Transportation Quantity"	Section 7.1

INSURANCE SCHEDULE

TO BE PROVIDED LATER

EXHIBIT "A"

ACCOUNTING PROCEDURE

SECTION 1. GENERAL PROVISIONS

1.1 Agreement. This Accounting Procedure (this "Accounting Procedure") is attached to and made a part of that certain Pipeline Construction and Operating Agreement by and between Atmos Pipeline - Texas, a division of Atmos Energy Corporation and Energy Transfer Fuel, LP (the "Agreement").

1.2 Conflict with Agreement. Capitalized terms used in this Accounting Procedure, if not defined in the Schedule of Definitions attached hereto, will have the meaning given to such terms in the Agreement. For the purpose of interpreting this Accounting Procedure, any inconsistencies in definitions will be governed by the definitions set forth in this Accounting Procedure. In the event of a conflict between any other provisions of this Accounting Procedure and the provisions of the Agreement, the provisions of the Agreement will control.

1.3 Accounting Principles. All accounting performed in connection with the NSL Pipeline, and under the provisions of this Accounting Procedure, must be performed in accordance with accounting principles generally accepted in the United States, as modified from time to time.

1.4 Adjustments

(A) All statements furnished under the terms of the Agreement, and any audit of the Operating Account or the AFE, will be conclusively presumed to be true and correct, unless a Party takes written exception to the statement or audit and makes claim on the Operator or Constructor, as applicable, for adjustment:

(1) with respect to audits of the Operating Account, within 24 months of the end of the year, the Operating Account for which is being audited;

(2) with respect to audits of the AFE, within 24 months of the Operational Date; or

(3) with respect to all statements rendered to Parties by the Operator or Constructor, within 24 months following the receipt of the statement.

(B) A Party's written exception to a statement or audit must set forth the Party's objections with reasonable specificity, and state any facts to support the objection.

(C) The provisions of this Paragraph 1.4 do not prevent adjustments from physical inventory of property as provided for in Section 6, Inventories, hereof.

1.5 No Warranty . EXCEPT AS OTHERWISE PROVIDED IN THE AGREEMENT, CONSTRUCTOR AND OPERATOR DISCLAIM ALL WARRANTIES OF ANY KIND WITH RESPECT TO THE MATERIAL AND THE SERVICES AND OTHER SERVICES PROVIDED BY THE OPERATOR OR CONSTRUCTOR UNDER THE TERMS OF THE AGREEMENT OR THIS ACCOUNTING PROCEDURE.

SECTION 2: ADMINISTRATIVE OVERHEAD

2.1 Definition of Administrative Overhead . The term "Administrative Overhead" means, other than the Direct Expenses, all expenses of the Party exercising operational control over the NSL Pipeline, including, but not limited to: insurance, office expenses and the compensation of officers and managers and other employees.

2.2 Who Can Charge .

(A) The Constructor may charge the Operating Account or AFE, as applicable, in complete satisfaction of all costs incurred in providing Administrative Overhead, 3.0% of the Construction Costs, other than the portion of the Construction Costs described in Section 2.1(a)(i) of the Agreement.

(B) The Operator may charge the Operating Account or AFE, as applicable, each month in which it exercises operational control over the entirety of the NSL Pipeline, in complete satisfaction of all costs incurred in providing Administrative Overhead, the sum of $15,000.00 per month. The charge for Administrative Overhead will be pro-rated for periods of less than a month.

(C) For periods of time during which the Operator exercises operational control only over one or more Segments, the above fee will be pro-rated based upon the percentage of the entirety of the NSL Pipeline which the Segment or Segments make up.

(D) The monthly fee charged by the Operator will be reviewed once each year by the Management Committee, in connection with the review of the operating budget (as described in Section 5.4 of the Agreement). If the review results in a finding that the fee is insufficient or excessive, the fee will be amended effective January 1 of the succeeding year. No change to the fee will be made retroactively, and no change may be made without the written consent of the Operator.

SECTION 3: DIRECT CHARGES

3.1 Direct Expenses . When incurred in connection with the construction or operation of the NSL Pipeline, subject to the limitations set forth in this Section 3, the Constructor or Operator, as applicable, may charge the AFE or the Operating Account, as applicable, for the expenses described in this Section 3 (the "Direct Expenses").

3.2 Services .

(A) The Direct Expenses include the salaries and wages of employees of a Party directly engaged in the following activities, on either a full time or temporary basis (collectively, the "Services"):

(1) construction, maintenance, protection, repair, operation, alteration, and abandonment of the NSL Pipeline and right of way acquisition and management;

(2) the direct supervision of a Party's employees performing the Services, including the direct supervision or audit of third parties contracted to perform any of the Services.

(B) With respect to the Services, the Direct Expenses will also include the following described items, to the extent they relate to the portion of the person's time spent providing the Services:

(1) on either an "as and when paid" basis, or as a percentage of the salaries of the employees providing the Services, based on the charging Party's cost experience:

(a) the reasonable cost of holiday, vacation, sickness, disability benefits, social security and other customary allowances paid to employees performing the Services; and

(b) the travel, transportation and other reimbursable expenses reasonably incurred in connection with performing the Services, by employees performing the Services; and

(2) the actual cost of established employee benefit plans covering:

(a) group life insurance;

(b) health insurance;

(c) pension and retirement;

(d) stock purchase or savings plan; and

(e) other similar plans.

(C) The charges to the AFE or the Operating Account for costs set forth in this Paragraph 3.2 will be pro-rated according to the amount of time the employees performing the Services spend directly employed on the NSL Pipeline.

3.3 Other Direct Expenses . The Constructor or Operator, as applicable, may charge the AFE or the Operating Account, as applicable, for the amounts paid to third parties, after deducting any discounts received, for the following described items:

(A) any fee paid under the terms of a contract approved by the Management Committee;

(B) expenditures or contributions imposed on the operations or property of the NSL Pipeline by any governmental authority;

(C) transportation costs attributable to moving Material to or from the NSL Pipeline, when:

(1) Material is moved from a supply store or other receiving point; or

(2) when Material is moved to or from a facility owned by a Party, in which case the AFE or the Operating Account will not be billed for any amount greater than the cost of moving like Material a distance equal to the distance from the nearest supply store or receiving point to the NSL Pipeline;

(D) subject to Article IX of the Agreement and the Insurance Schedule, damage and losses to NSL Pipeline due to fire, flood, storm, theft, accident or any other cause;

(E) subject to the terms of Article IX of the Agreement, the costs of handling, investigating, defending, prosecuting and settling litigation or claims or discharging liens, arising by reason of, or in connection with the construction or ownership of the NSL Pipeline, or which are necessary to protect or recover property associated with the NSL Pipeline, including attorney's fees, but not including any charge for the services of Constructor's or Operator's in-house legal staff unless approved by the Management Committee (such services being considered a part of the Administrative Overhead under Section 2);

(F) subject to Section 10.2 of the Agreement, all taxes of every kind and nature assessed or levied or in connection with the NSL Pipeline, the operation thereof, or the production therefrom, if the taxes are paid by the Constructor or Operator for the benefit of the Parties;

(G) Material which will be accounted for as provided in Section 4; and

(H) any other direct expenses allowed under the Agreement.

SECTION 4: PROVISIONS WITH RESPECT TO MATERIAL

4.1 Manner of Charging for Material .

(A) Constructor or Operator, as applicable, is responsible for the personal property, equipment, or supplies acquired or held for use by them in respect to the NSL Pipeline (collectively, "Material") and shall make proper and timely charges and credits for all transfers of Material affecting the NSL Pipeline.

(B) If Material is returned to a vendor for any reason, the AFE or the Operating Account must be credited when the Constructor or Operator, as applicable, receives adjustment from the vendor.

4.2 Material Supplied By a Party .

(A) Upon the consent of the Management Committee, Material may be supplied by the Constructor or Operator.

(B) If the Constructor or Operator supplies Material, the supplying Party may charge the AFE or the Operating Account, as applicable:

(1) for new Material ("Condition A Material"):

(a) other than tubular goods and line pipe, at the acquisition cost of such Material, as listed by a reliable supply store or f.o.b. railway receiving point nearest the NSL Pipeline where such Material is normally available;

(b) for tubular goods, other than line pipe, at the acquisition cost of such goods on a maximum carload or barge load weight basis, regardless of quantity transferred, equal to the lowest published price f.o.b. railway receiving point or recognized barge terminal nearest the NSL Pipeline where such Material is normally available; and

(c) for line pipe:

(i) if under 30,000 pounds in quantity, at the acquisition cost of such pipe as listed by a reliable supply store nearest the NSL Pipeline where such Material is normally available; or

(ii) if over 30,000 pounds in quantity, at a reasonable price determined by the Management Committee;

(2) for used Material in sound and serviceable condition and suitable for reuse, without reconditioning ("Condition B Material"), 75% of the current price of the same Material if purchased new;

(3) for used Material which cannot be classified as Condition "B" but which, after reconditioning, will be further serviceable for original function as good used Material or is currently serviceable for its original function but not suitable for reconditioning ("Condition C

Material"), 50% of the current price of the same Material if purchased new;

(4) for obsolete Material or Material which cannot be classified as either Condition B Material or Condition C Material, a value commensurate with its use;

(5) for Material no longer suitable for its original purpose, but usable for some other purpose, a price comparable with that of items normally used for such other purposes; and

(6) for used Material in any condition, if the equivalent Material is not readily available due to reasons beyond the control of the Party supplying the Material (such as war or other national emergency), the supplying Party's cost incurred when the Material was procured; provided that:

(a) the supplying Party gives the Management Committee 30 days written notice of the intent to supply the Material; and

(b) the other Party is given the opportunity to supply all or a portion of such Material from its own stocks.

4.3 Equipment and Facilities Furnished by Operator or Constructor .

(A) Constructor and Operator shall charge the AFE or the Operating Account, as applicable, for use of equipment and facilities owned by the supplying Party at rates commensurate with, and not in excess of, the currently prevailing rates for substantially similar equipment in the immediate area within which the NSL Pipeline is located.

(B) The Management Committee will periodically review, and adjust, if necessary, the rates charged under this Paragraph 4.3. The rates may not be adjusted retroactively without the consent of the Party charging the rates.

(C) The Party charging rates under this Paragraph 4.3 must inform the other Party in advance of the rates to be charged, if requested by the other Party.

SECTION 5: DISPOSAL OF MATERIAL

5.1 General .

(A) Either Constructor or Operator may transfer surplus Material by sale to third parties, by purchase for its own account or by division in kind with the other Party.

(B) If Material is transferred by the Constructor or Operator, the AFE or the Operating Account, as applicable, must be credited in the amounts set forth in this Article 5 within 30 days of the date of the transfer.

5.2 Sales to Third Parties . Sales to third parties of Material from the NSL Pipeline shall be credited by the Constructor or Operator to the AFE or the Operating Account, as applicable, at the net amount collected by the selling Party from vendees. Any claims by vendees related to such sales shall be charged back to the AFE or the Operating Account, as applicable, if and when paid by the selling Party.

5.3 Purchase By a Party or Division in Kind Between the Parties .

(A) The Constructor or Operator, as applicable, may, but is not obligated to, purchase, the interest of the other Party in surplus Material. Material purchased by either Constructor or Operator shall be credited to the AFE or the Operating Account, as applicable, by the purchasing Party within 30 days after the Material is removed by the purchasing Party.

(B) Division of Material in kind, if made between the Parties, shall be in proportion to the respective interests of each Party in such Material. Parties will thereupon be charged individually with the value of the Material received or receivable.

Proper credits shall be made by Constructor or Operator, as applicable, to the AFE or the Operating Account, as applicable.

(C) Unless otherwise agreed by the Management Committee, Material purchased by a Party, or divided in kind between the Parties, shall be priced on the following basis:

(1) Condition A Material shall be priced on the same basis as used to price Condition A Material in Paragraph 4.2;

(2) Condition B Material:

(a) at 75% of current new price if Material was charged to AFE or the Operating Account as new; or

(b) at 65% of the current new price if Material was originally charged to the AFE or the Operating Account as used Material at 75% of the new price;

(3) Condition C Material, at 50% of current new price;

(4) Material no longer suitable for its original purpose without excessive repair costs ("Condition D Material"), at a price comparable with that of items normally used for such other purpose;

(5) junk Material, at prevailing prices; and

(6) Material the use of which was temporary in nature, at a price basis that will leave a net charge to the AFE or the Operating Account consistent with the value of the service rendered. Any transfer of material or equipment from the NSL Pipeline with a net book value in excess of $250,000.00 shall be subject to agreement of the Parties.

SECTION 6: INVENTORIES

6.1 Periodic Inventories, Notice, Representation .

(A) The Constructor and Operator must maintain detailed records of Material in their control that is generally considered controllable by the industry ("Controllable Material"). Material is controllable if it is defined as such in the most recent edition of the Material Classification Manual issued by the Council of Petroleum Accounting Societies.

(B) The Constructor and Operator must inventory the Controllable Material at reasonable intervals. The Constructor and Operator must give the other Party a reasonable opportunity to be present during any inventory. Failure of the Parties to be represented at any inventory shall bind them to accept the inventory taken by Constructor or Operator, as applicable. A copy of the inventory report must be furnished to the Management Committee within 30 days of the inventory completion.

6.2 Reconciliation and Adjustment of Inventories. Reconciliation of inventory with charges to the AFE and the Operating Account shall be made, and a list of overages and shortages shall be jointly determined by Constructor and Operator and the Parties. Inventory adjustments shall be made by the Constructor to the AFE, or by Operator to the Operating Account, for overages and shortages.

6.3 Special Inventories. Special Inventories may be taken whenever there is any sale or change of interest in the NSL Pipeline. It shall be the duty of the Party selling to notify all others concerned as quickly as possible after the transfer of interest takes place. In such cases, both the seller and the purchaser shall be governed by the inventory.

SCHEDULE OF DEFINITIONS

Term	Paragraph Where Defined
"Accounting Procedure"	1.1
"Administrative Overhead"	2.1
"Agreement"	1.1
"Controllable Material"	6.1
"Condition A Material"	4.2(B)
"Condition B Material"	4.2(B)
"Condition C Material"	4.2(B)
"Condition D Material"	5.3(C)
"Condition E Material"	5.3(C)
"Direct Expenses"	3.1
"Material"	4.1
"Services"	3.2

EXHIBIT B

OPERATIONAL SPECIFICATIONS

The NSL Pipeline will be designed to have at least the following operational capabilities:

(1) Initial Design Gas Transportation Capacity:

(a) of the NSL Pipeline Zone: 225 MMcf per day;

(b) of the NSL Pipeline: 600 MMcf per day. *

(2) Maximum Allowable Operating Pressure of the NSL Pipeline: 1000 psig.

* This is the modeled capacity of 45 miles of 30 inch pipeline from Justin to Collin. Utilization of this capacity is dependent on many factors, including, but not limited to, expansion or fortification of upstream and downstream facilities.

EXHIBIT C

CERTIFICATE OF COMPLETION

The undersigned, as the representative of Atmos Pipeline - Texas, a division of Atmos Energy Corporation ("Atmos"), has inspected the Segment described below and finds it: (i) to have been constructed in accordance with the standards set forth in the Agreement; and (ii) to be operational and capable of fulfilling the purposes for which it is designed. The described Segment is therefore certified complete for the purposes stated in the Agreement, as the __ day of _____, 200__.

SEGMENT DESCRIPTION

_____

_____

_____

_____

_____

Capitalized terms used herein and not defined herein will have the meaning given to such terms in the Pipeline Construction and Operating Agreement (the "Agreement") by and between Atmos and Energy Transfer Fuel, LP, dated November __, 2005.

By: _____
Name: _____
Title: _____
For Atmos Pipeline - Texas

EXHIBIT D

GAS QUALITY, MEASUREMENT AND TESTING

I. GENERAL

1.1 Definition . This Gas Quality, Measurement and Testing Addendum is attached to and made a part of that certain Pipeline Construction and Operating Agreement by and between Atmos Pipeline - Texas, a division of Atmos Energy Corporation and Energy Transfer Fuel, LP (the "Agreement").

1.2 Conflict with Agreement . Capitalized terms used in this Addendum, if not defined in the Schedule of Definitions attached hereto, will have the meaning given to such term in the Agreement. In the event of a conflict between any other provisions of this Addendum and the provisions of the Agreement, the provisions of the Agreement will control.

II. QUALITY

2.1 Delivered and Redelivered Gas . Gas delivered into and redelivered from the NSL Pipeline must be merchantable Gas and, upon delivery and redelivery, must:

(A) have a total Gross Heating Value of not less than 950 Btu's per cubic foot nor greater than 1,100 Btu's per cubic foot;

(B) not contain more than 0.05% by volume of oxygen;

(C) have a temperature of not more than 120° nor less than 40° Fahrenheit;

(D) have a hydrocarbon dew point not to exceed 40° Fahrenheit at the delivery pressure;

(E) not contain more than 5 grains of total sulphur per 100 cubic feet, consisting of not more than $^{1}/_{4}$ grain of hydrogen sulfide and not more than 1 grain of mercaptan sulphur;

(F) not contain more than 2% by volume of carbon dioxide ("CO_2");

(G) not contain more than 7 pounds of water vapor per million cubic feet of Gas;

(H) not contain more than a total of 4% by volume non-hydrocarbon and inert gases;

(I) be free of water or hydrocarbons in the liquid phase; and

(J) be commercially free from dust, gum, gum-forming constituents, or other liquid or solid matter which might become separated from the Gas in the course of transportation through the NSL Pipeline or which might cause injury to or interfere with the proper operation of the NSL Pipeline.

2.2 Failure to Meet Quality Specifications . Operator may refuse to accept delivery of any Gas that does not meet the quality specifications set forth above.

III. MEASUREMENT .

3.1 Measurement Equipment .

(A) The Operator must:

(1) install, operate and maintain metering facilities of standard type, in accordance with the Agreement and the directions of the Management Committee;

(2) acquire volume and energy calculations from all installed Gas measurement equipment;

(3) arrange for the inspection, testing, calibration and adjustment of the installed Gas measurement equipment on a regular schedule in accordance with good operating practices;

(4) give the non-Operator Party sufficient notice to offer a reasonable opportunity to be present at any tests; and

(5) retain records relating to the Gas measurement equipment and the Gas measured thereby for a period of not less than 2 years.

(B) The non-Operator Party has the right:

(1) to be present when any measuring equipment is installed, read, cleaned, changed, repaired, inspected, tested, calibrated or adjusted; and

(2) subject to their return within 30 days after receipt, to inspect the records and related calculations upon request.

3.2 Units. As defined in §91.052 of the Texas Natural Resources Code, the unit of volume for Gas measurement hereunder will be 1 cubic foot of Gas:

(A) at a base temperature of 60° Fahrenheit; and

(B) at a pressure of 14.65 pounds per square inch absolute ("psia").

3.3 Measurement Specifications.

(A) Orifice metering must be performed in accordance with the latest version of A.G.A. Report No. 3 – ANSI/API 2530.

(B) Positive displacement and rotary metering must be performed in accordance with the latest version of ANSI B109.1, B109.2 or B109.3.

(C) Turbine metering must be performed in accordance with the latest version of A.G.A. Report No. 7.

(D) Ultrasonic metering must be performed in accordance with the latest version of A.G.A. Report No. 9.

(E) Electronic Gas measurement must be performed in accordance with the latest version of the API Manual of Petroleum Measurement Standards, Chapter 21 – Flow Measurement Using Electronic Metering Systems.

(F) Coriolis metering must be performed in accordance with the latest version of AGA Report No. 13.

3.4 Pressure Base . Unless otherwise determined by the Standard Gas Measurement Law, Chapter 91, Subchapter C of the Texas Natural Resources Code, the atmospheric (barometric) pressure will be presumed, to be 14.4 psia (irrespective of variations in actual atmospheric pressure from time to time) for purposes of meter calibration and Gas measurement.

3.5 Temperature Measurement . The temperature of the Gas will be determined by the continuous use of a recording thermometer. The temperatures recorded each day, during periods of flow only, will be used in computing the Gas volume for that day.

3.6 Specific Gravity . The specific gravity of the Gas may be determined by means of:

(A) a chromatograph, in which case the specific gravity recorded each day, during periods of flow only, must be used in computing the Gas volume for that day; or

(B) a continuous sample taken at the delivery points and the redelivery points, in which case the specific gravity of the Gas must be determined at intervals of not more than 1 month, by fractional analysis calculated on a real Gas basis in accordance with ANSI/ASTM D3588-79 as it is now and from time to time may be revised, amended or supplemented. Specific gravities so determined will be used in calculating Gas deliveries hereunder for the month in which the test is made and all succeeding months until a new sample is taken.

3.7 Gross Heating Value . The Gross Heating Value of the Gas will be determined:

(A) by means of a chromatograph or other recording device generally acceptable in the industry, in which case the arithmetical average of the hourly Gross Heating Value recorded each day, during periods of flow only, will be considered as the Gross Heating Value of the Gas delivered or redelivered during such day; or

(B) if a recording device is not available, by the use of a continuous sample taken at the delivery points and redelivery points at 1 month intervals, in which case the Gross Heating Value will be obtained by chromatographic analysis in accordance with ANSI/ASTA D3588-79, on a real Gas basis, using the value of the physical constants for the Gas compounds set forth therein. The Gross Heating Value of the Gas so determined will be used in calculating Gas deliveries for the month in which the sample is taken and all succeeding months until such time as a new sample is taken.

3.8 Standards . All measurement volumes will be corrected for super-compressibility and deviation from the Ideal Gas Laws, as determined by use of tables or formulas published by the AGA (AGA 8 Detailed, AGA-Gross or NX-19), as amended, revised or supplemented from time to time.

3.9 Inaccuracy or Failure of Measurement Equipment .

(A) If any Gas measurement equipment is found to be inaccurate by 1% or more when tested, the Operator must correct:

(1) the registration of the equipment so that it measures accurately; and

(2) any Gas accounting based upon the incorrect registration, at the rate of the inaccuracy:

(a) for any period during which the inaccuracy is definitely known or agreed upon; or

(b) for any period not known or agreed upon, for a period extending back 1/2 of the time elapsed since the day of the last calibration.

(B) If any Gas measurement equipment is, for any reason, out of service or out of repair, so that the quantity of Gas deliveries or redeliveries through such meter cannot be ascertained or computed by actual measurement, the quantity of Gas delivered during such period will be estimated upon the basis of the best available data, using the first of the following methods which is feasible:

(1) by using the registration of any check measuring equipment of any Party;

(2) by correcting the error if the percentage of error is ascertainable by calibration, test or mathematical calculation; or

(3) by estimating the quantity of deliveries or redeliveries during preceding periods under similar conditions when the meter was registering accurately.

SCHEDULE OF DEFINITIONS

"Btu's" means British Thermal Units.

"CO_2" is defined in Section 2.1.

"Gas" means natural Gas produced from Gas wells, vaporized natural Gas liquids, Gas produced in association with oil (casinghead Gas) and/or the residue Gas resulting from processing casinghead Gas and/or Gas well Gas.

"Gross Heating Value" means the total heating value of the Gas, expressed in Btu per cubic foot, determined at a temperature of sixty (60) degrees Fahrenheit, saturated with water vapor and under a pressure equivalent to that of thirty (30) inches of mercury at thirty-two (32) degrees Fahrenheit, converted to base conditions of sixty (60) degrees Fahrenheit and an absolute pressure of fourteen and sixty-five one hundredths (14.65) pounds per square inch and adjusted to reflect actual water vapor content.

"N_2" is defined in Section 3.8.

"psia" is defined in Section 3.2.

EXHIBIT E

CAPACITY RECALL AND EXCHANGE PROVISIONS

1.1 Purpose of This Exhibit E .

(A) The Parties acknowledge that the Gas moving within the NSL Pipeline Zone (as defined in the Agreement) will be received at the Receipt Points (as defined in the Agreement) and delivered at either the Collin Point, the Howard Point or other mutually agreeable points of delivery (collectively, the "ETF Delivery Points").

(B) For purposes of this Exhibit E only, the "Howard Point" will include, in addition to the interconnection set forth in the Agreement, other mutually agreeable points that are in the vicinity of the Howard Point and that are useful to effectuate delivery of Gas to ETF on ETF's Bethel-Howard Pipeline.

(C) The Parties further acknowledge that, under the terms and conditions set forth in this Exhibit E, and notwithstanding any transportation agreements entered into with respect to the NSL Pipeline, Atmos will have the right to partially or entirely suspend deliveries of Gas at the ETF Delivery Points in order to provide services to its distribution customers (the "Recall Rights").

1.2 Effect of Recall Rights Exercise .

(A) If Atmos intends to exercise the Recall Rights, Atmos will endeavor to provide ETF at least 24 hours notice, but in any event, as much notice as is reasonably practicable under the circumstances, of its exercise of the Recall Rights, and an estimate of the quantity of Gas subject to the Recall Rights.

(B) If Atmos exercises the Recall Rights, Atmos and ETF will seek to effectuate the re-delivery to ETF, at the Secondary Delivery Points (as defined in Section

1.3, below), of that quantity of Gas not delivered to ETF at the ETF Delivery Points, less the Retention Volumes (the "Equivalent Quantity").

1.3 Delivery of the Equivalent Quantity .

(A) If Atmos exercises the Recall Rights, Atmos will simultaneously provide the Equivalent Quantity:

(1) originally nominated for delivery at the Howard Point (the "Howard Equivalent Quantity"), at one or more of the following delivery points, listed in order of priority:

(a) Oasis Katy, HPL Katy or Atmos Katy (collectively, the "Group A Points"). Atmos will use its best efforts to provide the Equivalent Quantity at the Group A Points, and the two Parties will exercise reasonable efforts to operationally accommodate the receipt and delivery of the Howard Equivalent Quantity at the Group A Points; or

(b) if, through the exercise of the efforts under paragraph (a), above, such receipt and delivery can not be effectuated at the Group A Points, then the Parties will exercise reasonable efforts to operationally accommodate receipt and delivery of the Howard Equivalent Quantity at (in order of priority) Oasis Waha or Enterprise Waha (collectively, the "Group B Points"); or

(c) if any or all of the Howard Equivalent Quantity cannot be delivered and received at the Group A and the Group B Points as set forth above, then deliveries will be made at the Bethel Point.

(2) originally nominated for delivery at the Collin Point at one or more of the following delivery points, listed in order of priority:

(a) the Kinder Morgan (NTP/NGPL TXOK) Point at Station 802 in Lamar County; or

(b) the ETF interconnection with the Kinder Morgan North Texas Pipeline in Hunt County (the "Hunt Point").

(B) The Group A Points, the Group B Points, the Bethel Point, the Kinder Morgan (NTP/NGPL TXOK) Point and the Hunt Point are referred to herein collectively as the "Secondary Delivery Points."

(C) If all of the Equivalent Quantity cannot be delivered at the applicable Secondary Delivery Points, Atmos may nevertheless exercise the Recall Rights with respect to the portion of the Equivalent Quantity that may be delivered at the Secondary Delivery Points, and the Parties will take all reasonable actions, including the use of other mutually agreeable points of delivery, to permit the exercise of the Recall Rights with respect to the entire Equivalent Quantity.

(D) Notwithstanding Section 1.3(A)(1), above, Atmos and ETF may mutually agree from time to time to deliver and receive the Howard Equivalent Quantity at other points that are not set forth herein.

1.4 Exchange Rights .

(A) ETF will provide supplies of Gas at certain delivery points on the ETF pipeline system (as set forth below) to assist Atmos in providing services to its gas distribution customers (the "Exchange Rights") by effecting the delivery of Gas to Atmos at requested delivery points on the ETF system (each such requested transaction being an "Exchange"), so long as:

(1) ETF has sufficient capacity available to make the Exchange without interrupting its customers; and

(2) the Exchange does not negatively impact ETF economically or operationally.

(B) If Atmos intends to exercise the Exchange Rights, Atmos will endeavor to provide ETF with at least 24 hours notice, but in any event, as much notice as is reasonably practicable under the circumstances, of its intent to exercise the Exchange Rights and an estimate of the quantity of Gas subject to the Exchange Rights.

(C) If Atmos requests an Exchange, and ETF, in its sole reasonable opinion can accomplish the Exchange, under the standards set forth in paragraph (A), above, ETF will make Gas (the "Exchange Quantity") available to Atmos at the following delivery points on the existing ETF pipeline system (collectively, the "Exchange Delivery Point(s)"):

(1) Springtown;

(2) North Fort Worth; and

(3) the Collin Point.

(D) ETF will also make Gas available to Atmos to assist Atmos in providing services to its distribution customers, to the extent that ETF has Gas available, at:

(1) when constructed, ETF's North Main Point; and

(2) when constructed, one or more delivery point(s) on the Bastrop Line.

(E) If Atmos receives an Exchange Quantity, Atmos will simultaneously provide an equivalent quantity of Gas at the Group A Points, the Group B Points and the Bethel Point, in the same order of priority described in Section 1.3(a)(1) above.

1.5 Provisions Applicable to Both Recall Rights and Exchange Rights .

(A) The Parties agree that as of the date of this Agreement, neither Party is aware of any costs associated with the exercise of the Recall Rights or the Exchange

Rights nor do the Parties intend that the exercise of the Recall Rights or the Exchange Rights will cause either Party to interrupt customers. Notwithstanding the foregoing, if ETF will incur, or at any time thereafter incurs, any Exchange Costs, ETF will so notify Atmos. Atmos will not be responsible for any Exchange Costs incurred prior to such notification by ETF, but will be responsible for Exchange Costs after such notification if ETF is instructed to proceed with the Exchange or the exercise of the Recall Rights. The term "Exchange Costs" means: (i) a change in operating conditions that will result in additional costs to ETF on its system or any affiliated systems; or (ii) charges from third parties as a result of the Exchange or the exercise of the Recall Rights.

(B) The Parties recognize that portions of the Gas hereunder may be transported or measured by third parties, and therefore, the measurement of gas under this Agreement may involve the allocation of gas receipts or deliveries. The Parties will endeavor to work with such third parties in order to effectuate the delivery of the Gas hereunder. Each Party will furnish or cause to be furnished to the other Party all data required to accurately account for all Gas received and delivered hereunder.

(C) Gas made available to ETF at the Secondary Delivery Point(s) must meet the quality specifications set forth in the Gas Quality, Measurement and Testing Schedule attached to the Agreement.

(D) Atmos will reimburse ETF for any taxes ETF incurs that ETF would not otherwise have incurred, by reason of the exercise of the Recall Rights or the Exchange Rights.

1.6 Interpretation .

(A) This Exhibit E is attached to and made a part of that certain Pipeline Construction and Operating Agreement by and between Atmos and ETF, dated November ___, 2005 (the "Agreement").

(B) Capitalized terms used in this Exhibit E, if not defined in context, will have the meaning given to such terms in the Agreement or the Gas Quality, Measurement and Testing Schedule.

(C) For the purpose of interpreting this Exhibit E, any inconsistencies in definitions will be governed by the definitions set forth in this Exhibit E. In the event of a conflict between any other provisions of this Exhibit E and the provisions of the Agreement, the provisions of this Exhibit E will control.

EXHIBIT F

PARTIAL ASSIGNMENT AND ASSUMPTION OF EASEMENTS AGREEMENT

STATE OF TEXAS §
§ KNOW ALL MEN BY THESE PRESENTS:
COUNTY OF DENTON §

THAT, for and in consideration of the sum of $1.00 paid to **ATMOS ENERGY CORPORATION** , a Texas and Virginia corporation (hereinafter "Assignor"), and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor has partially assigned, transferred and conveyed, and by these presents does hereby partially assign, transfer and convey unto **ENERGY TRANSFER FUEL, LP,** a Delaware limited partnership (hereinafter "Assignee"), part of Assignor's right, title and interest as Grantee under those certain Easement Agreements listed in Schedule 1 attached hereto and incorporated herein (hereinafter collectively referred to as the "Easements"). The rights under the Easements herein partially assigned to Assignee include the right to install, construct and lay an additional natural gas pipeline over, across, through and under the real properties described in and burdened by the Easements, subject to the terms and conditions of the Easements. No rights are conferred upon Assignee hereunder greater than those held by Assignor as the grantee under the Easements.

In consideration of Assignor's partial assignment of its right title and interest under the Easements, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignee does hereby expressly assume and agrees to fully perform and discharge the obligations and duties under the Easements with respect to any additional pipeline installed, constructed or laid by Assignee.

This Agreement and the partial assignment herein made is expressly subject to the execution by both Assignor and Assignee of that certain Pipeline Construction and Operating Agreement regarding the pipeline to be constructed in Denton and Collin Counties and commonly known as the North Side Loop (the "NSL"). In the event the foregoing agreement is not executed by Assignor and Assignee within sixty (60) days after the date hereof, then this Agreement shall be of no further force or effect and all right, title or interest partially assigned to Assignee hereunder shall automatically revert to Assignor.

Assignee agrees to indemnify, defend and hold Assignor harmless from and against any and all claims, liabilities, damages, losses, costs, and expenses (including attorneys' fees) incurred by the breach or nonperformance by Assignee of any term, covenant or provision of Easements for which Assignee is responsible pursuant to this Assignment and Assumption.

IN WITNESS WHEREOF the undersigned have executed the above and foregoing instrument as of the 1 st day of March, 2005.

ASSIGNOR:

ATMOS PIPELINE-TEXAS, a division of Atmos Energy Corporation

By: /s/ L OUIS P. G REGORY
Louis P. Gregory
Sr. Vice President and
General Counsel

ASSIGNEE:

ENERGY TRANSFER FUEL, LP

By: /s/ M ARK L. B OUNDS
Its: **V P Engineering**

STATE OF TEXAS §
§
COUNTY OF DALLAS §

BEFORE ME , the undersigned notary public, on this day personally appeared Louis P. Gregory, known to me to be the Sr. VP, Gen. Counsel of Atmos Energy Corporation, a Texas and Virginia corporation, and acknowledged that he/she executed the above and foregoing instrument for and on behalf of said corporation, and as the act and deed of said corporation.

WITNESS MY HAND AND OFFICIAL SEAL this 11 th day of April, 2005.

/s/ J AYNE A. Z ABALA
Notary Public

My Commission Expires:
12/13/2005

[SEAL] **JAYNE A. ZABALA**
NOTARY PUBLIC STATE OF TEXAS
COMMISSION EXPIRES:
DECEMBER 13, 2005

STATE OF TEXAS §
§
COUNTY OF BEXAR §

BEFORE ME , the undersigned notary public, on this day personally appeared Mark L. Bounds, known to me to be the VP Engineering of Energy Transfer Fuel, LP, a Delaware limited partnership, and acknowledged that he/she executed the above and foregoing instrument for and on behalf of said corporation, and as the act and deed of said corporation.

WITNESS MY HAND AND OFFICIAL SEAL this 14 th day of April, 2005.

/s/ JOAN B ROGLEY
Notary Public

My Commission Expires:
March 16, 2008

[SEAL]

JOAN BROGLEY
Notary Public State of Texas
My Commission Expires
MARCH 16, 2008

SCHEDULE 1

Easement dated March 24, 1928 from A. J. Ramsey to Lone Star Gas Company recorded in Volume 217, Page 508, Deed Records of Denton County, Texas.

Easement dated November 7, 1932 from Frank F. Taylor to Lone Star Gas Company recorded in Volume 241, Page 612, Deed Records of Denton County, Texas.

Easement dated March 15, 1928 from H. F. Schweer to Lone Star Gas Company recorded in Volume 218, Page 572, Deed Records of Denton County, Texas.

Easement dated March 15, 1928 from Mrs. J. W Tincher to Lone Star Gas Company recorded in Volume 217, Page 502, Deed Records of Denton County, Texas.

Easement dated March 13, 1928 from J. F. Morgan to Lone Star Gas Company recorded in Volume 217, Page 503, Deed Records of Denton County, Texas.

Easement dated March 14, 1928 from J. H. Cagle to Lone Star Gas Company recorded in Volume 220, Page 59, Deed Records of Denton County. Texas.

Easement dated March 14, 1928 from T. B. Cagle to Lone Star Gas Company recorded in Volume 220, Page 61, Deed Records of Denton County, Texas.

Easement dated March 13, 1928, from J. L. Catlett, et al to Lone Star Gas Company recorded in volume 225, Page 600, Deed Records of Denton County, Texas.

Easement dated May 1, 1963, from S H Gnffin and wife, Myrtle Griffin to Lone Star Gas Company recorded in volume 497, Page 637, Deed Records of Denton County, Texas.

Easement dated May 7, 1963, from J W. Thomas to Lone Star Gas Company recorded in Volume 497, Page 649, Deed Records of Denton County, Texas.

Easement dated April 18, 1963, from Maude A. Wallin to Lone Star Gas Company recorded in Volume 497, Page 653, Deed Records of Denton County, Texas.

Easement dated May 2, 1963, from Nancy O. Sullivan to Lone Star Gas Company recorded in Volume 497, Page 648, Deed Records of Denton County, Texas.

Easement dated April 29, 1963, from Eward Williams, a single man, Mary L. Smith, a widow and William O Fox, a single man to Lone Star Gas Company recorded in Volume 497, Page 658, Deed Records of Denton County, Texas.

Easement dated June 3, 1963, from Venita Davis and husband, Chisholm to Lone Star Gas Company recorded in Volume 497, Page 636, Deed Records of Denton County, Texas.

Easement dated May 3, 1963, from D. L. Myers to Lone Star Gas Company recorded in Volume 497, Page 639, Deed Records of Denton County, Texas.

EXHIBIT G

FORM OF

CONVEYANCE, ASSIGNMENT AND BILL OF SALE

This CONVEYANCE, ASSIGNMENT AND BILL OF SALE ("Conveyance") is executed this ___day of _____, 200 ___, and is from ENERGY TRANSFER FUEL, LP, a Delaware limited partnership ("ETF"), having as its address 2838 Woodside, Dallas, Texas 75204, to ATMOS PIPELINE - TEXAS, a division of ATMOS ENERGY CORPORATION, a Texas and Virginia corporation ("Atmos"), having as its address 5420 LBJ Freeway, Suite 1500, Dallas, Texas 75240-2601. ETF and Atmos each may be referred to in this Conveyance individually as a "Party" and collectively as the "Parties."

BACKGROUND

1. ETF and Atmos entered into that certain Pipeline Construction and Operating Agreement, dated November ___, 2005 (the "Agreement"), whereby the Parties agreed to jointly construct a 30 inch pipeline, approximately 45 miles in length (the "NSL Pipeline") in Denton County, Texas.

2. Pursuant to the Agreement, when certain construction milestones have been met and Atmos has made certain monetary contributions, ETF will assign to Atmos a 50 percent (50%) undivided interest in and to the real and personal property rights associated with the NSL Pipeline.

3. The requirements having been met, ETF and Atmos have entered into this Conveyance.

NOW, THEREFORE, in consideration of the foregoing premises and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereby agree as follows:

ARTICLE I
ASSIGNMENT

1.1 Assigned Property. For Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which are acknowledged by ETF, ETF hereby TRANSFERS, GRANTS, BARGAINS, SELLS, CONVEYS and ASSIGNS to Atmos an undivided ___ p ent (___%) interest (the "Purchased Percentage") in and to all of ETF's right, title and interest in and to the following described ı rty (the Purchased Percentage in which will be referred to herein collectively as the "Assigned Property"):

(A) All of ETF's interest in and to the easements, right of way agreements and other interests in real property associated with the NSL Pipeline and more particularly described on Exhibit A, attached hereto and made a part hereof (collectively, the "Easements"); and

(B) all of ETF's interest in and to the pipe, valves, meters, cathodic protection equipment and other appurtenances associated with and necessary for the operation of the NSL Pipeline.

1.2 Habendum; Warranty . TO HAVE AND TO HOLD, subject to the terms, exceptions and other provisions herein stated, the Assigned Property unto Atmos and its successors and assigns forever.

ARTICLE II
MISCELLANEOUS

2.1 Subject to Agreement . This Conveyance is expressly made subject to the terms of the Agreement, and to the terms of the Easements.

2.2 Further Assurances. The Parties agree to take all such further actions and to execute, acknowledge, and deliver all such further documents as are necessary or useful to more effectively convey, transfer to or vest in Atmos the Assigned Property or to better enable Atmos to realize upon or otherwise enjoy any of the Assigned Property or to carry into effect the intent and purposes of the Agreement and this Conveyance, including the execution of forms required by any regulatory authority having jurisdiction over the Assigned Property.

2.3 Sufficient Descriptions . Reference is made to the land descriptions contained in the documents of title recorded as described in Exhibit A . To the extent that any land descriptions in Exhibit A are incorrect or not legally sufficient, the land descriptions contained in the documents so recorded are incorporated by this reference. All recording references in Exhibit A are to the real property records of Denton County, Texas.

2.4 Successors and Assigns . The provisions of this Conveyance shall bind and inure to the benefit of ETF and Atmos and their respective successors and permitted assigns.

2.5 Counterparts . This Conveyance may be executed in any number of counterparts and each counterpart shall be deemed to be an original instrument, for recording and all other purposes, but all such counterparts shall constitute but one Conveyance. This Conveyance may convey properties in one or more counties, and a counterpart, with the relevant Exhibit A , may be filed in each county in which the property conveyed is located. Exhibit A is incorporated herein and made a part hereof.

[Signatures on the following page.]

IN WITNESS WHEREOF, the Parties have caused this Conveyance to be duly executed as of the day and year first above written.

ENERGY TRANSFER FUEL, LP
By: Energy Transfer Fuel GP, LLC,
its general partner

By: _____
Name: _____
Title: _____

ATMOS PIPELINE - TEXAS
a division of Atmos Energy Corporation

By: _____
Name: _____
Title: _____

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 200 ___, by _____, as _____of Energy Transfer Fuel GP, LLC, the general partner of Energy Transfer Fuel, LP, on behalf of such limited liability company and limited partnership.

_____
Notary Public in and for the State of Texas
Printed Name:_____
Commission Expires:_____

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 200 ___, by _____, as _____of Atmos Energy Corporation, on behalf of such corporation.

_____
Notary Public in and for the State of Texas
Printed Name:_____
Commission Expires:_____

EXHIBIT A

EASEMENTS

Attached to and made a part of that certain Conveyance, Assignment and Bill of Sale from Energy Transfer Fuel, LP to Atmos Pipeline - Texas, a division of Atmos Energy Corporation.

Exhibit G - Page 6

EXHIBIT H

FORM OF

MEMORANDUM OF PIPELINE CONSTRUCTION AND OPERATING AGREEMENT

THIS MEMORANDUM OF PIPELINE CONSTRUCTION & OPERATING AGREEMENT (this "Memorandum") is executed and recorded pursuant to the terms of that certain Pipeline Construction and Operating Agreement (the "Agreement"), by and between ATMOS PIPELINE - TEXAS, a Division of Atmos Energy Corporation, a Texas and Virginia corporation ("Atmos") and ENERGY TRANSFER FUEL, LP, a Delaware limited partnership ("ETF"). Atmos and ETF may sometimes be referred to collectively as "Parties" or individually as a "Party."

PURPOSE OF THE PIPELINE CONSTRUCTION AND OPERATING AGREEMENT

The Parties have agreed to construct and operate a natural gas pipeline (the "NSL Pipeline") to serve gas distribution customers in developing areas of North Texas and to provide gas producers and other shippers in the Fort Worth Basin area of Texas with pipeline capacity to reach markets on both the Atmos and ETF pipeline systems. Pursuant to the construction of the NSL Pipeline, the Parties have entered into the Agreement dated as of November ___, 2005, covering the rights of the Parties with respect to the NSL Pipeline and the associated easements, right of way agreements and other interests in real property more particularly described on Exhibit A, attached hereto and made a part hereof and the associated personal property.

The Parties each own an undivided 50% interest in and to the NSL Pipeline, and the NSL Pipeline, when complete, will be operated by Atmos.

Section 6.5 of the Agreement provides for the creation and attachment of a lien for default in payment of sums due under the terms of the Agreement. The Parties desire the right to file and perfect such a lien, and, in order to enable each Party to do so, the terms of the Agreement are incorporated into this Memorandum for all purposes. A complete copy of the Agreement is maintained at the offices of each Party.

This Memorandum is placed of record for the purpose of placing all persons on notice of the existence of the Agreement. The Agreement shall be deemed to be binding on Atmos and ETF and their successors and assigns, and in full force and effect until terminated pursuant to the terms of the Agreement.

This Memorandum is signed by Atmos and ETF as of the date of acknowledgment of their signatures below, but is deemed effective for all purposes as of November ___, 2005.

ATMOS PIPELINE - TEXAS,
a division of Atmos Energy Corporation

By: _____
J.D. Woodward
Senior Vice President
Atmos Energy Corporation

ENERGY TRANSFER FUEL, LP
By: Energy Transfer Fuel GP, LLC,
its general partner

By: _____
Mackie McCrea
President

Exhibit H - Page 2

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2005, by J.D. Woodward, as Senior Vice President of Atmos Energy Corporation, on behalf of such corporation.

_____
Notary Public in and for the State of Texas
Printed Name: _____
Commission Expires: _____

STATE OF TEXAS §
§
COUNTY OF DALLAS §

This instrument was acknowledged before me on _____, 2005, by Mackie McCrea, as President of Energy Transfer Fuel GP, LLC, the general partner of Energy Transfer Fuel, LP, on behalf of such limited liability company and limited partnership.

_____
Notary Public in and for the State of Texas
Printed Name: _____
Commission Expires: _____

EXHIBIT A

EASEMENTS

Attached to and made a part of that certain Memorandum of Pipeline Construction and Operating Agreement by and between Energy Transfer Fuel, LP and Atmos Pipeline - Texas, a division of Atmos Energy Corporation.

Exhibit H - Page 4

Atmos Energy Kentucky
Case No. 2006-00464
Forecasted Test Period Filing Requirements

FR 10(9)(q)

Description of Filing Requirement:

Independent auditor's annual opinion report, with any written communication which indicates the existence of a material weakness in internal controls;

Response:

Please see attached auditor's report for the year ended September 30, 2006.

ERNST & YOUNG

Ernst & Young LLP
Suite 1500
2100 Ross Avenue
Dallas, Texas 75201

Phone: (214) 969-8000
Fax: (214) 969-8587
Telex: 6710375
www.ey.com

Members of Management and the Audit Committee of the Board of Directors
Atmos Energy Corporation

In planning and performing our audit of the consolidated financial statements of Atmos Energy Corporation for the year ended September 30, 2006 and our audit of management's assessment of the effectiveness of internal control over financial reporting as of September 30, 2006, we noted certain matters involving internal control over financial reporting and its operation that we consider to be control deficiencies under standards established by the Public Company Accounting Oversight Board (United States).

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the company's ability to initiate, authorize, record, process, or report external financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the company's annual or interim consolidated financial statements that is more than inconsequential will not be prevented or detected. A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the annual or interim consolidated financial statements will not be prevented or detected.

We have identified the control deficiencies in the attached schedule as defined above. We have only included the control deficiencies identified by us that are in addition to the deficiencies previously communicated to management and the Audit Committee by KPMG.

This report is intended solely for the information and use of the Audit Committee, Board of Directors, management, and others within the organization and is not intended to be and should not be used by anyone other than these specified parties.

We would be pleased to discuss the above matters or to respond to any questions, at your convenience.

Ernst & Young

November 20, 2006

Description of Control Deficiency	Control Remediated and Tested Before Year End?	Comments
The VP of AES reviews the hedging accounting reports prior to sending them to Accounting. We noted that the review only includes the tie out of the volumes to the brokering statement and does not encompass the valuation of the mark to market position.	No	We noted that the "mark to market" calculation is performed by the system. Therefore, we recommend management to include this application control on the hedging process, to ensure proper valuation of the hedging position.
We noted that the Labor Overhead approved rates were not updated in the fixed asset system for the current year. As such, the fixed asset system was applying the labor overhead rates from the previous year to projects.	No	We recommend that management implements controls to timely update in the fixed assets system the rates used for labor overhead application.
In the participant data testing, we noted that the Company noted several exceptions in the participant data when compared to the employees hardcopy personnel file.	No	A combined sample of 85 individuals was tested. EY tested 25 individuals and re-tested management test of 60 individuals. Several exceptions were noted and we evaluated each of these exceptions, and were evaluated by management and the maximum exposure was found to be approximately $1 million. We recommend that management perform a review of the participant data, in order to use a more accurate information in perform the pension estimation.
The legal accrual had an unallocated balance of $1.6 million at 9/30/06. This balance should be allocated to specific cases rather than left unallocated.	No	We recommend that management perform an analysis to allocate all legal accrual to specific cases as appropriate.

Description of Control Deficiency	Control Remediated and Tested Before Year End?	Comments
The sum of permitted liens and attributable debt may not exceed a certain percentage of Consolidated Net Tangible Assets for several large senior notes and debentures to be in compliance with the debt covenant. Intangible assets including $734 million of Goodwill, $12 of unamortized debt discount, and $3 million of other intangible assets were not deducted from Total assets for the covenant calculation.	No	Based on our testing at year-end, the erroneously inclusion of the intangible assets resulted in a covenant percentage of 3.87%, instead of the correct 4.61%. Because the company can have a percentage of up to 10% in one case and 15% for the other agreements, the failure to deduct these intangible assets is not significant to the covenants conclusion. We recommend that management implement an review process that ensures that the correct amounts and balances are being used in the covenants calculation.
We noted that the GAAP and disclosure checklist did not contain all necessary information to support the conclusion that certain disclosures were unnecessary due to immateriality. We also noted minor lack of disclosures for required items.	No	We recommend that management perform and document a through review of the GAAP and disclosure checklist to ascertain that all required disclosure is being given, as well as, including necessary information, such as amounts of transactions or class of transactions, to support the immaterial conclusion for certain items.
An inventory test of storage volumes is performed every 3 years by reservoir engineers. If the adjustment is > 1% of the recorded value and adjustment is recorded. Based on our testing, we noted that 4 inventory studies completed for Atmos 6 did not get adjustments recorded to the general ledger during the current year.	No	Based on our testing, the cumulative difference to the general ledger was a balance sheet reclassification of approximately $1 million. We recommend that management analyze and adjust the inventory balance whenever inventory studies shows that an adjustment is necessary.
Futrak utilized incorrect basis prices for May OCI pivot table which led the G/L to be stated incorrectly.	No	We believe the primary reason for this deficiency was the lack of an appropriate level of review of prices used in the ineffectiveness calculations. Management relied on the higher level review performed by the Director of Financial Reporting. We recommend that the company strengthen this control to be a more detail review of the calculation, including an independent verification of the prices utilized by Futrak.

Description of Control Deficiency	Control Remediated and Tested Before Year End?	Comments
EY found two instances where physical deals were not captured on a timely basis.	No	We noted that the lack of timely input of physical deals, which are designated by the Company as "normal purchase and normal sales"; therefore, the transaction are not recorded by the Company until they are realized. As a result, there were no financial statement misstatements that occurred. However, we recommend that management implements processes to properly and timely identify and design those types of transactions and promptly record to the Company's books, if applicable.
EY identified four instances where confirmations for physical deals were not confirmed in a timely manner. Also, we noted that the confirmation log did not show correct trade status deals.	No	In all cases noted, transaction have been confirmed prior to or within the first two months of flow. Management acknowledges our exception but indicates that the control does not provide for the timeframe for a transaction to be confirmed, but rather requires for confirmations to be sent for all forward transactions. However, we believe such control implies the transactions are confirmed within a reasonable number of days (i.e. 10-15 days) from the trade date. As such, we consider this to be ineffective control design. We recommend that management enforces its procedures to perform confirmations in a timely fashion.
EY noted that the September market adder spreadsheet did not agree to the Allegro dump. The spreadsheet had $0.4118 whereas it was $0.4348 in Allegro.	No	EY noted that the 2.3 cents variance would affect the financial statements only when there is a potential impairment issue. As the costs of AEM's net volume of 1.1 bcf is still well below the market value, this will not have any financial statement impact. However, we recommend that management impiement controls to ensure the reconciliation between the market adder spreadsheet and the Allegro dump.

Description of Control Deficiency	Control Remediated and Tested Before Year End?	Comments
EY noted that the Company currently does not have a formal communication process between operations and accounting when they are considering new, more complex types of transactions or increasing activity with previously insignificant transactions (e.g. Park and Loan transactions, Consignment Agreements, Net Settlement, etc.)	No	Management should impiement formal process/procedures for ensuring proper communication between operations and accounting when considering new, more complex transactions or when they are increasing the level of activity in previously insignificant transaction, so that accounting can research and determine the appropriate accounting for such transactions.
Management's review of the subsidiary ledgers identifies credit balances in A/R and debit balances in A/P. but they have elected not to post any adjusting entries as they deem them to be immaterial. EY believes that this represents a control design gap that has resulted in EY proposed adjustments for each quarter. As of September 30, 2006, management still had not remediated this control gap.	No	We recommend that management establish a control to review A/R and A/P subsidiary ledgers for unusual items, inciuding credit balances in A/R and debit balances in A/P that would prompt follow-up on these matters and require reclassification as warranted.
Personnel with access to the Data Center are assigned two enabled badges each increasing the risk of unauthorized access to the Data Center. We noted 15 individuals that have multiple access cards that access the Data Center.	No	The personnel with the additional cards are authorized to have access to the data center so the risk of unauthorized access is low and only minimally increased by having the additional cards. We recommend that management limit the access to one card per individual.
We noted that 2 of 25 VMS Pick-up/Drop-off receipts indicated that tapes were not rotated off-site.	No	We recommend that backup tapes being rotated daily, as indicated by the control CO-A.3.1.

Description of Control Deficiency	Control Remediated and Tested Before Year End?	Comments
The following security configurations were not in place: - Password history [Linux / Oracle DB / SQL / Standalone Windows]. - Windows is set to lock accounts after 5 failed attempts, but the duration of the lockout and the reset of the counter are not configured properly. [Standalone Windows]. - Automatically lock or disable user accounts after a specified number of failed login attempts within a set time frame [Linux / Oracle DB / SQL / Standalone Windows]. - User passwords are not required to expire on a regular defined cycle [Oracle DB/ Standalone Windows]. - Systems are not configured to require complex passwords (alpha and numeric characters, uppercase and special characters) [Standalone Windows / SQL / Oracle DB]. - Inactive terminals are not automatically logged out after a defined period of time [Oracle DB / SQL]. - 150+ Oracle DB users with default passwords. (*)	No	We recommend that management puts the above security configuration in place.
The Password Changer application does not check a user-id if its properties have no last name associated with it.	No	We recommend that management the password changer to handle all accounts and ensure that it will check all user-ids.
SOX applications Caminus Gas Pipeline, Caminus Web Portal, DataMART / Essbase and Gas Master lack of technical means to enforce password controls.	No	We recommend that management implement policies to ensure password controls over those applications.

Atmos Energy Kentucky
Case No. 2006-00464
Forecasted Test Period Filing Requirements

FR 10(9)(r)

Description of Filing Requirement:

Quarterly reports to the stockholders for the most recent 6 quarters;

Response:

Please see the response to FR 10(9)(q).

Atmos Energy Kentucky
Case No. 2006-00464
Forecasted Test Period Filing Requirements

FR 10(9)(s)

Description of Filing Requirement:

Summary of latest depreciation study with schedules itemized by major plant accounts, except that telecommunications utilities adopting PSC's average depreciation rates shall identify current and base period depreciation rates used by major plant accounts. If information has been filed in another PSC case, refer to that case's number and style;

Response:

Please see Mr. Roff's testimony.

Atmos Energy Kentucky
Case No. 2006-00464
Forecasted Test Period Filing Requirements

FR 10(9)(t)

Description of Filing Requirement:

List all commercial or in-house computer software, programs, and models used to develop schedules and work papers associated with application. Include each software, program, or model; its use; identify the supplier of each; briefly describe software, program, or model; specifications for computer hardware and operating system required to run program

Response:

Atmos Company prepared testimony, documents, schedules, slides and work papers presented in this filing were produced using Microsoft Office products. Versions of Microsoft Office used are either Office 2002 or Office 2003. Computers that Microsoft Office is installed on are running Windows XP Pro. These PC's are IBM compatible and are running processors at speeds no less than 1GHz with 512MB of RAM.

Dr. Murry's prefiled testimony and exhibits were prepared using Microsoft Office Word 2002 and Excel 2002, Adobe Reader 6 and 7 Standard, Gateway M460 and M465 laptops, and Gateway 510 desktop on the Windows NT, 5.1 "XP" SP2 operating system.

Deloitte & Touche LLP cost of service study (CCOSS) and related worksheets were prepared using Microsoft Office products. Versions of Microsoft Office used were Office 2003. Mr. Uffelman's testimony was prepared using Microsoft Office Word 2003. The hardware and software used to complete the CCOSS are listed as follows:

Operating system: Microsoft Windows XP Professional, Version 2002
Software: Microsoft Office Excel 2003 and Microsoft Office Word 2003

Hardware: IBM X-32 laptop computer
Model No. 2772A43
System type: X86-based PC
Intel (R) Pentium (R) M processor 1.80 GHz, 1.0 GB of RAM

Atmos Energy Kentucky
Case No. 2006-00464
Forecasted Test Period Filing Requirements

FR 10(9)(u)

Description of Filing Requirement:

If the utility had any amounts charged or allocated to it by an affiliate or general or home office or paid any monies to an affiliate or general or home office during the base period or during the previous three (3) calendar years, the utility shall file:

1. Detailed description of method of calculation and amounts allocated or charged to utility by affiliate or general or home office for each allocation or payment;
2. Method and amounts allocated during base period and method and estimated amounts to be allocated during forecasted test period;
3. Explain how allocator for both base and forecasted test period was determined; and
4. All facts relied upon, including other regulatory approval, to demonstrate that each amount charged, allocated or paid during base period is reasonable;

Response:

1. Please see the testimony of James Cagle – common office allocations, Laurie Sherwood – Blueflame, and Greg Waller – AES. The allocation of costs are fully described in the Company's Cost Allocation Manual as filed with this Commission the latest of which is attached as Exhibit DMM-1 to Dan Meziere's testimony in this case.

2. Please see Schedules C.2.1 of FR10(10)(c), account 922.

3. Please see the response to item 1.

4. Please see the response to item 1.

Atmos Energy Kentucky
Case No. 2006-00464
Forecasted Test Period Filing Requirements

FR 10(9)(v)

Description of Filing Requirement:

If gas, electric or water utility with annual gross revenues greater than $5,000,000, cost of service study based on methodology generally accepted in industry and based on current and reliable data from single time period; and

Response:

Please see Mr. Uffelman's testimony.