FR 16(7)(o)

REQUEST:

Section 16. Applications for General Adjustments of Existing Rates.

(7) Each application requesting a general adjustment in rates supported by a fully forecasted test period shall include the following or a statement explaining why the required information does not exist and is not applicable to the utility's application:

(o) Complete monthly budget variance reports, with narrative explanations, for the twelve (12) months immediately prior to the base period, each month of the base period, and any subsequent months, as they become available;

RESPONSE:

Please see attachment FR_16(7)(o)_Att1 for the monthly reports for the period March 2014 through September 2015. Beginning March 2015 the Company only provides narrative explanations for each quarter, although budget variance reports are still submitted monthly. The narrative comments are only required quarterly now as a result of management's discussion in reviewing the financial information published internally. The purpose is to provide the information in a more efficient and effective manner.

ATTACHMENT:

ATTACHEMENT 1 - Atmos Energy Corporation, FR_16(7)(o)_Att1 - Budget Variance Reports.pdf, 77 Pages.

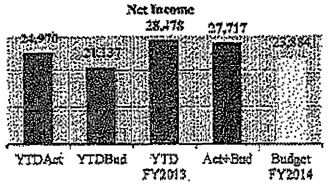
Respondent: Greg Waller

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

For the Period Ended March 31, 2014

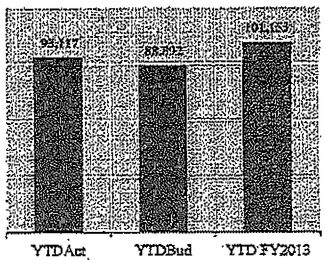
($000's)

SUMMARY



	MTD				QTD				YTD			
	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013
Net Income	3,943	3,625	318	4,219	15,828	14,232	1,596	18,135	24,970	21,137	3,833	28,478
Gross Profit	15,457	14,866	591	16,104	53,489	50,358	3,131	56,319	93,117	88,892	4,225	101,153
O&M exc Bad Debt	4,378	4,267	(111)	4,858	13,488	12,766	(722)	14,330	25,700	26,396	696	27,978
Capital Expenditures	7,006	6,186	(820)	7,123	16,527	15,428	(1,099)	20,867	34,155	37,517	3,362	35,048

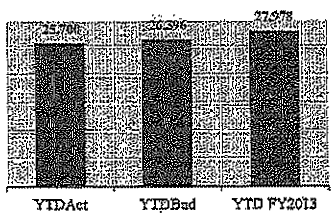
GROSS PROFIT



MTD: Weather related margins are ($550k) unfavorable. Consumption related margins are a positive $777k because of higher than budgeted heat load factors. Budgeted customer variance is $130k favorable. Other operating revenue is $232k better than budget and transportation margins are $141k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($140k) worse than budget.

YTD: Weather related margins are ($545k) unfavorable. Consumption related margins are a positive $4,064k because of higher than budgeted heat load factors. Budgeted customer variance is $680k favorable. Other operating revenue is $528k better than budget and transportation margins are $725k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($1,228k) worse than budget.

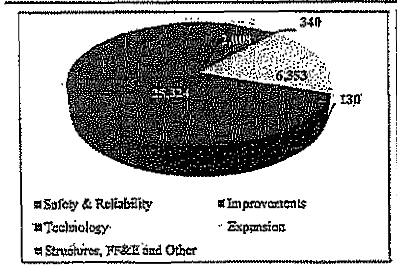
O&M exl BAD DEBT



MTD: SSU billing unfavorable $48k, SSU direct favorable ($168k), Labor favorable ($62k) due to cap rate 1%/overtime/standby, Benefits favorable ($100k) due to cap rate/variance, Outside services unfavorable $424k due to Blacksburg VA incident & contract labor, Employee welfare unfavorable $30k due to VPP/MIP, Marketing favorable ($19k) due to timing, Telecom favorable ($21k) due to timing and Vehicles favorable ($29k) due to sale of leased vehicles.

YTD: SSU billing favorable ($292k), SSU direct favorable ($1,203k), Labor unfavorable $181k due to overtime, Benefits favorable ($726k) due to variance, Miscellaneous unfavorable $139k due to timing of KY rate case reversal, Outside services unfavorable $1,353k due to Blacksburg VA incident/KY rate case and Vehicles favorable ($80k) due to sale of leased vehicles.

CAPITAL EXPENDITURES



MTD: Growth unfavorable $730k due to TN/VA functionals and timing of Red Sun Farm project in VA, System Improvements favorable ($1,430k) due to timing of 8" system improvement in KY, System Integrity unfavorable $1,878k due to KY/TN functionals, KY PRP & Old Nashville Road in TN and OH/Accurals favorable ($522k).

YTD: Growth unfavorable $1,584k due to KY/TN/VA functionals and US Nitrogen in TN, System Improvements favorable ($2,961k) due to timing of Habit Purchase Station, 8" system improvement project & redirected WMR dollars to upgrade project in KY & timing of WMR in TN, Structures favorable ($678k) due to timing of building projects in KY, IT favorable ($413k) due to timing of purchases and OH/Accurals favorable ($804k).

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended March 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Gross profit:												
Delivered gas	12,457	12,240	217	13,464	44,445	42,390	2,055	47,961	76,933	73,961	2,972	85,422
Transportation	2,464	2,322	142	2,298	7,539	6,949	590	7,152	13,766	13,042	724	13,424
Other revenue	536	304	232	342	1,505	1,019	486	1,206	2,418	1,889	529	2,307
Total gross profit	15,457	14,866	591	16,104	53,489	50,358	3,131	56,319	93,117	88,892	4,225	101,153
Operating expenses:												
Operation & maintenance	4,378	4,267	(111)	4,858	13,488	12,766	(722)	14,330	25,700	26,396	696	27,978
Provision for bad debts	129	59	(70)	74	363	205	(158)	268	521	360	(161)	473
Total O&M expense	4,507	4,326	(181)	4,932	13,851	12,971	(880)	14,598	26,221	26,756	535	28,451
Depreciation & amortization	2,347	2,376	29	2,551	6,999	7,086	87	7,592	13,918	14,217	299	15,132
Taxes, other than income	1,007	1,019	12	1,125	3,217	3,175	(42)	3,489	5,459	6,121	662	6,728
Total operating expenses	7,861	7,721	(140)	8,608	24,067	23,232	(835)	25,679	45,598	47,094	1,496	50,311
Operating income	7,596	7,145	451	7,496	29,422	27,126	2,296	30,640	47,519	41,798	5,721	50,842
Other income (expense):												
Interest, net	(1,123)	(1,169)	46	(1,326)	(3,387)	(3,522)	135	(3,945)	(6,781)	(7,068)	287	(7,487)
Miscellaneous income (expense), net	150	110	40	79	363	287	76	2,659	873	752	121	3,173
Total other income (expense)	(973)	(1,059)	86	(1,247)	(3,024)	(3,235)	211	(1,286)	(5,908)	(6,316)	408	(4,314)
Income (loss) before income taxes	6,623	6,086	537	6,249	26,398	23,891	2,507	29,354	41,611	35,482	6,129	46,528
Provision/(Benefit) for income taxes	2,680	2,461	(219)	2,030	10,570	9,659	(911)	11,219	16,641	14,345	(2,296)	18,050
Net income (loss)	3,943	3,625	318	4,219	15,828	14,232	1,596	18,135	24,970	21,137	3,833	28,478
EBIT - Actual	7,746	7,255	491	7,575	29,785	27,413	2,372	33,299	48,392	42,550	5,842	54,015
Degree Days - % of Normal *(adjusted for WNA States)*	100%			100%	101%			100%	100%			101%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended March 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	**Budget**	**Fav/Unfav**	**FY2013**	**FY2014**	**Budget**	**Fav/Unfav**	**FY2013**	**FY2014**	**Budget**	**Fav/Unfav**	**FY2013**
Labor	889	1,028	139	1,205	3,043	3,129	86	3,589	6,015	6,347	332	7,185
Benefits	454	584	130	688	1,510	1,776	266	1,985	2,679	3,599	920	3,580
Employee Welfare	70	39	(31)	36	412	322	(90)	447	847	760	(87)	853
Insurance	34	39	5	44	109	118	9	150	252	235	(17)	271
Rent, Maint., & Utilities	141	136	(5)	212	450	414	(36)	578	858	858	0	1,001
Vehicles & Equip	147	176	29	226	453	491	38	590	913	992	79	1,146
Materials & Supplies	115	100	(15)	113	318	301	(17)	322	610	624	14	618
Information Technologies	16	12	(4)	40	50	36	(14)	60	61	72	11	93
Telecom	47	75	28	91	181	220	39	230	378	432	54	412
Marketing	15	46	31	17	132	140	8	157	249	273	24	299
Directors & Shareholders &PR	-	1	1	-	-	2	2	-	-	3	3	-
Dues & Donations	122	123	1	118	157	171	14	171	210	258	48	244
Print & Postages	6	4	(2)	3	12	12	0	14	22	24	2	27
Travel & Entertainment	93	88	(5)	143	262	255	(7)	316	491	511	20	562
Training	6	20	14	9	25	49	24	23	39	80	41	39
Outside Services	990	594	(396)	1,088	2,700	1,813	(887)	2,456	4,731	3,798	(933)	4,763
Miscellaneous	(3)	14	17	(69)	(7)	(128)	(121)	(92)	(4)	(111)	(107)	(108)
	3,142	3,079	(63)	3,964	9,807	9,121	(686)	10,996	18,351	18,755	404	20,985
Expense Billings	1,236	1,188	(48)	894	3,681	3,645	(36)	3,334	7,349	7,641	292	6,993
	4,378	4,267	(111)	4,858	13,488	12,766	(722)	14,330	25,700	26,396	696	27,978
Provision for Bad Debt	129	59	(70)	74	363	205	(158)	268	521	360	(161)	473
Total O&M Expense	**4,507**	**4,326**	**(181)**	**4,932**	**13,851**	**12,971**	**(880)**	**14,598**	**26,221**	**26,756**	**535**	**28,451**
Total Capital Expenditures	7,006	6,186	(820)	7,123	16,527	15,428	(1,099)	20,867	34,155	37,517	3,362	35,048
Total Spending	**11,513**	**10,512**	**(1,001)**	**12,055**	**30,378**	**28,399**	**(1,979)**	**35,465**	**60,376**	**64,273**	**3,897**	**63,499**
Labor Capitalization Rates	55.6%	54.7%	0.9%	48.1%	53.5%	54.7%	-1.2%	51.1%	54.7%	54.8%	0.0%	52.8%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended March 31, 2014
($000's)

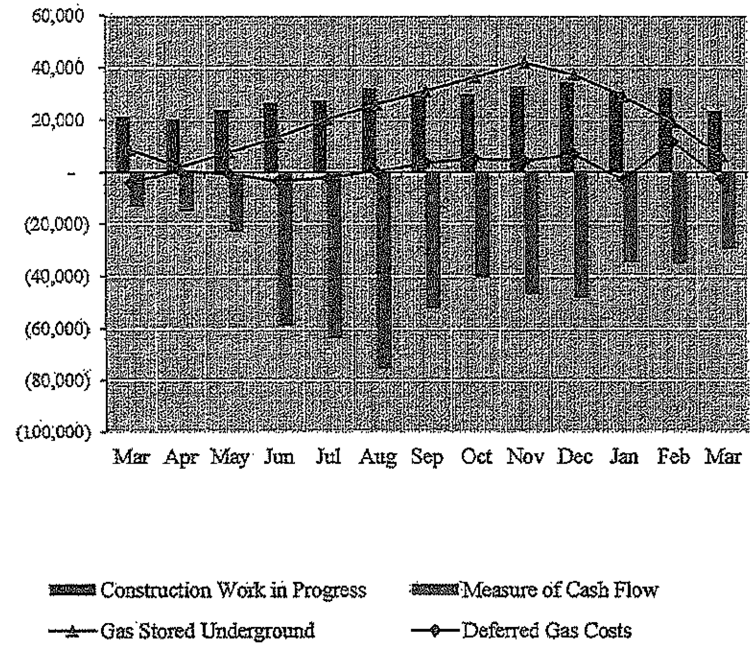
	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Volumes *(Mmcf)*:												
Residential	3,302	2,709	593	3,483	12,497	10,027	2,470	11,184	17,365	14,477	2,888	16,152
Commercial	1,812	1,535	277	1,886	6,913	5,392	1,521	6,019	10,073	8,020	2,053	9,071
Industrial	259	347	(88)	407	1,060	1,088	(28)	1,384	1,864	1,738	126	2,584
Public Authorities	206	175	31	200	742	637	105	651	1,072	961	111	991
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	(507)	(713)	206	(397)	(726)	(1,272)	546	(186)	1,530	1,217	313	2,275
Total gas distribution volumes	5,072	4,053	1,019	5,579	20,486	15,872	4,614	19,052	31,904	26,413	5,491	31,073
Transportation volumes	4,386	3,929	457	3,932	12,885	11,770	1,115	11,970	22,831	22,010	821	22,397
Total throughput	9,458	7,982	1,476	9,511	33,371	27,642	5,729	31,022	54,735	48,423	6,312	53,470
Customers *(000's)*:												
Residential	296	291	5	346	295	291	4	346	293	289	4	343
Commercial	39	38	1	43	39	38	1	43	38	38	0	42
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	3	(1)	3	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	338	333	5	393	337	332	5	392	334	330	4	388

	FY2014	FY2013
Employee Count *(12-month average)*	404	499
Customer per Employee	836	787

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended March 31, 2014
($000's)

13-Month Trending



Total PP&E	953,796
Net Prop, Plant and Equip	584,977
Construction Work in Progress	23,190
Deferred Gas Costs	(2,620)
Accts Rec, Less Allow for Doubtful Accts	60,516
Accts Rec, Over 90 Days	
Gas Stored Underground	6,124
Customers' Deposits	6,516
Bad Debt Provision as a Percentage of Revenues	0.20%
Measure of Cash Flow *	(29,448)
Change in cash flow from prior year March	(16,284)

Comments:
CWIP: Down month over month due to closing of large projects and in line with previous year.
Deferred Gas Costs: Down month over month and in line with previous year. Continue to be well positioned in light of a cold winter.
Gas stored underground: Down month over month as withdraws continue during the winter months. In line with previous year.
Change in cash flow: Change attributable to change in current liabilities ($11.1M), deferred gas costs ($4.8M), Accts rec $25.2M, value of gas stored underground ($15.3M), net income ($3.7M), deferred charges & deferred credits net to ($2.0M) and related deferred income tax ($11.0M).

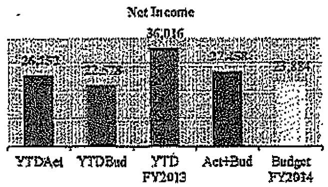
* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

For the Period Ended April 30, 2014

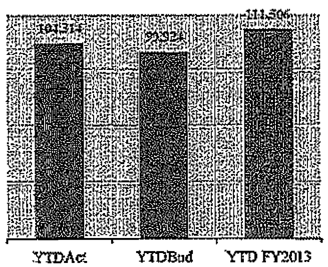
($000's)

SUMMARY



	MTD				QTD				YTD			
	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013
Net Income	1,183	1,442	(259)	7,538	1,183	1,442	(259)	7,538	26,152	22,578	3,574	36,016
Gross Profit	11,198	11,033	165	10,353	11,198	11,033	165	10,353	104,314	99,924	4,390	111,506
O&M exc Bad Debt	4,984	4,175	(809)	4,808	4,984	4,175	(809)	4,808	30,685	30,571	(114)	32,786
Capital Expenditures	8,033	6,258	(1,775)	4,726	8,033	6,258	(1,775)	4,726	42,188	43,775	1,587	39,774

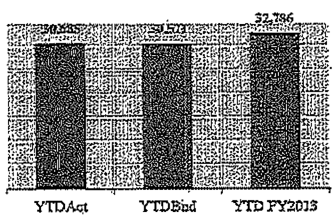
GROSS PROFIT



MTD: Weather related margins are ($24k) unfavorable. Consumption related margins are a positive $470k because of higher than budgeted heat load factors. Budgeted customer variance is $126k favorable. Other operating revenue is $212k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($618k) worse than budget.

YTD: Weather related margins are ($569k) unfavorable. Consumption related margins are a positive $4,534k because of higher than budgeted heat load factors. Budgeted customer variance is $806k favorable. Other operating revenue is $740k better than budget and transportation margins are $723k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($1,846k) worse than budget.

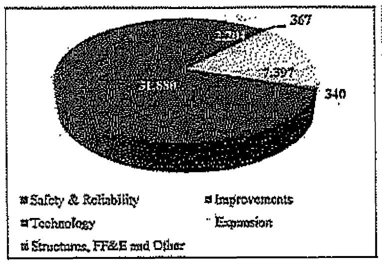
O&M excl BAD DEBT



MTD: SSU billing favorable ($28k), SSU direct favorable ($197k), Labor favorable ($34k) due to cap rate 1.5%, Benefits favorable ($102k) due to cap rate and variance, Outside services unfavorable $194k due to Blacksburg VA incident, IT favorable ($20k) due to timing of software maintenance, Employee travel unfavorable $20k timing, Rents/utilities unfavorable $34k due to Bowling Green levelized rent adjustment and Vehicles favorable ($29k) due to sale of leased vehicles.

YTD: SSU billing favorable ($320k); SSU direct favorable ($1,399k); Labor unfavorable $147k due mainly to overtime, Benefits favorable ($828k) due mainly to variance and Outside services unfavorable $1,547k due mainly to Blacksburg VA incident.

CAPITAL EXPENDITURES



MTD: System Integrity unfavorable $1,108k due to timing of KY PRP, System Improvements unfavorable $920k due to timing of the Hopkinsville 8" system improvement and OH/accr favorable ($767k).

YTD: Growth unfavorable $1,481k due to TN/VA functionals and US Nitrogen in TN, System Integrity unfavorable $1,286k due to functionals and Old Nashville Hwy in TN, System Improvements favorable ($2,042k) due to timing of Habit Purchase Station, 8" system improvement in Hopkinsville & redirected WMR dollars to upgrade project in KY, IT/Structures a combined favorable ($977k) due to timing and OH/accr favorable ($1,571k).

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended April 30, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Gross profit:												
Delivered gas	8,805	8,850	(45)	8,488	8,805	8,850	(45)	8,488	85,737	82,811	2,926	93,910
Transportation	1,942	1,944	(2)	1,643	1,942	1,944	(2)	1,643	15,709	14,985	724	15,067
Other revenue	451	239	212	222	451	239	212	222	2,868	2,128	740	2,529
Total gross profit	11,198	11,033	165	10,353	11,198	11,033	165	10,353	104,314	99,924	4,390	111,506
Operating expenses:												
Operation & maintenance	4,984	4,175	(809)	4,808	4,984	4,175	(809)	4,808	30,685	30,571	(114)	32,786
Provision for bad debts	43	43	0	46	43	43	0	46	564	403	(161)	520
Total O&M expense	5,027	4,218	(809)	4,854	5,027	4,218	(809)	4,854	31,249	30,974	(275)	33,306
Depreciation & amortization	2,375	2,393	18	2,209	2,375	2,393	18	2,209	16,293	16,610	317	17,341
Taxes, other than income	1,101	996	(105)	926	1,101	996	(105)	926	6,560	7,116	556	7,654
Total operating expenses	8,503	7,607	(896)	7,989	8,503	7,607	(896)	7,989	54,102	54,700	598	58,301
Operating income	2,695	3,426	(731)	2,364	2,695	3,426	(731)	2,364	50,212	45,224	4,988	53,205
Other income (expense):												
Interest, net	(1,150)	(1,163)	13	(1,169)	(1,150)	(1,163)	13	(1,169)	(7,930)	(8,230)	300	(8,656)
Miscellaneous income (expense), net	426	157	269	10,589	426	157	269	10,589	1,299	908	391	13,763
Total other income (expense)	(724)	(1,006)	282	9,420	(724)	(1,006)	282	9,420	(6,631)	(7,322)	691	5,107
Income (loss) before income taxes	1,971	2,420	(449)	11,784	1,971	2,420	(449)	11,784	43,581	37,902	5,679	58,312
Provision/(Benefit) for income taxes	788	978	190	4,246	788	978	190	4,246	17,429	15,324	(2,105)	22,296
Net income (loss)	1,183	1,442	(259)	7,538	1,183	1,442	(259)	7,538	26,152	22,578	3,574	36,016
EBIT - Actual	3,121	3,583	(462)	12,953	3,121	3,583	(462)	12,953	51,511	46,132	5,379	66,968
Degree Days - % of Normal *(adjusted for WNA States)*	100%			100%	100%			100%	100%			101%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended April 30, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Labor	958	1,073	115	1,042	958	1,073	115	1,042	6,974	7,419	445	8,227
Benefits	476	608	132	550	476	608	132	550	3,155	4,207	1,052	4,130
Employee Welfare	478	41	(437)	64	478	41	(437)	64	1,326	801	(525)	917
Insurance	39	41	2	38	39	41	2	38	292	277	(15)	309
Rent, Maint., & Utilities	166	137	(29)	149	166	137	(29)	149	1,024	995	(29)	1,150
Vehicles & Equip	171	200	29	253	171	200	29	253	1,084	1,192	108	1,400
Materials & Supplies	103	101	(2)	111	103	101	(2)	111	713	725	12	729
Information Technologies	6	26	20	8	6	26	20	8	67	98	31	100
Telecom	69	75	6	76	69	75	6	76	448	507	59	488
Marketing	28	44	16	20	28	44	16	20	277	317	40	319
Directors & Shareholders &PR	1	1	0	1	1	1	0	1	1	4	3	1
Dues & Donations	22	17	(5)	11	22	17	(5)	11	232	276	44	255
Print & Postages	3	4	1	3	3	4	1	3	25	28	3	30
Travel & Entertainment	112	87	(25)	126	112	87	(25)	126	603	599	(4)	689
Training	5	9	4	19	5	9	4	19	44	89	45	57
Outside Services	767	622	(145)	697	767	622	(145)	697	5,498	4,420	(1,078)	5,460
Miscellaneous	(4)	8	12	-	(4)	8	12	-	(11)	(105)	(94)	(108)
	3,400	3,094	(306)	3,168	3,400	3,094	(306)	3,168	21,752	21,849	97	24,153
Expense Billings	1,584	1,081	(503)	1,640	1,584	1,081	(503)	1,640	8,933	8,722	(211)	8,633
	4,984	4,175	(809)	4,808	4,984	4,175	(809)	4,808	30,685	30,571	(114)	32,786
Provision for Bad Debt	43	43	0	46	43	43	0	46	564	403	(161)	520
Total O&M Expense	**5,027**	**4,218**	**(809)**	**4,854**	**5,027**	**4,218**	**(809)**	**4,854**	**31,249**	**30,974**	**(275)**	**33,306**
Total Capital Expenditures	8,033	6,258	(1,775)	4,726	8,033	6,258	(1,775)	4,726	42,188	43,775	1,587	39,774
Total Spending	13,060	10,476	(2,584)	9,580	13,060	10,476	(2,584)	9,580	73,437	74,749	1,312	73,080
Labor Capitalization Rates	56.2%	54.8%	1.4%	56.1%	56.2%	54.8%	1.4%	56.1%	54.9%	54.8%	0.1%	53.2%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended April 30, 2014
($000's)

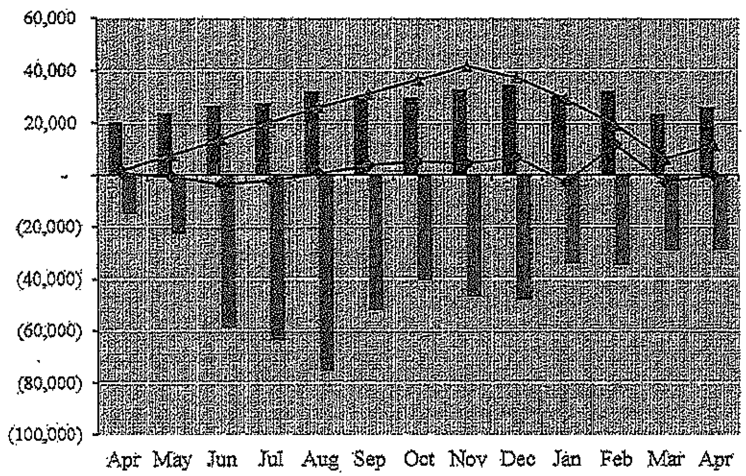
	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Volumes *(Mmcf):*												
Residential	1,833	1,543	290	2,127	1,833	1,543	290	2,127	19,198	16,020	3,178	18,279
Commercial	1,082	928	154	1,208	1,082	928	154	1,208	11,155	8,948	2,207	10,278
Industrial	262	172	90	275	262	172	90	275	2,126	1,909	217	2,859
Public Authorities	119	118	1	141	119	118	1	141	1,192	1,079	113	1,132
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	(1,140)	(784)	(356)	(1,407)	(1,140)	(784)	(356)	(1,407)	389	434	(45)	868
Total gas distribution volumes	2,156	1,977	179	2,344	2,156	1,977	179	2,344	34,060	28,390	5,670	33,416
Transportation volumes	3,205	3,453	(248)	3,266	3,205	3,453	(248)	3,266	26,036	25,463	573	25,662
Total throughput	5,361	5,430	(69)	5,610	5,361	5,430	(69)	5,610	60,096	53,853	6,243	59,078
Customers *(000's):*												
Residential	295	289	6	292	295	289	6	292	293	289	4	336
Commercial	38	38	0	39	38	38	0	39	38	38	0	42
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	3	2	2	0	3	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	336	330	6	335	336	330	6	335	334	330	4	381

	FY2014	FY2013
Employee Count *(12-month average)*	405	485
Customer per Employee	831	690

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended April 30, 2014
($000's)

13-Month Trending



Total PP&E	960,685
Net Prop, Plant and Equip	590,855
Construction Work in Progress	25,850
Deferred Gas Costs	(440)
Accts Rec, Less Allow for Doubtful Accts	40,392
Accts Rec, Over 90 Days	
Gas Stored Underground	11,374
Customers' Deposits	6,520
Bad Debt Provision as a Percentage of Revenues	0.20%
Measure of Cash Flow *	(29,321)
Change in cash flow from prior year April	(14,334)

Comments:
CWIP: Up month over month and year over year. Continue to try and keep as low as possible.
Deferred Gas Costs: Very slight chang month over month and year over year. Continue to be well positioned the the deferred balance.
Gas stored underground: Up month over month and year over year as withdrawls have ceased for the winter.
Change in cash flow: Change attributable to change in current liabilities $8.5M, Accts rec $5.0M, value of gas stored underground ($20.6M), net income ($9.5M), deferred credits $6.9M and related deferred income tax ($4.8M).

* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

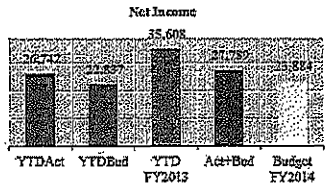
ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

For the Period Ended May 31, 2014
($000's)

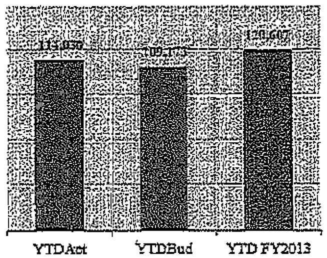
SUMMARY

Net Income



	MTD Actual	MTD Budget	MTD Fav/Unfav	MTD FY2013	QTD Actual	QTD Budget	QTD Fav/Unfav	QTD FY2013	YTD Actual	YTD Budget	YTD Fav/Unfav	YTD FY2013
Net Income	589	258	331	(408)	1,772	1,700	72	7,130	26,742	22,837	3,905	35,608
Gross Profit	9,716	9,249	467	9,100	20,914	20,282	632	19,453	114,030	109,173	4,857	120,607
O&M exc Bad Debt	4,245	4,510	265	4,013	9,229	8,685	(544)	8,821	34,930	35,081	151	36,799
Capital Expenditures	6,410	6,547	137	7,090	14,443	12,805	(1,638)	11,316	48,598	50,323	1,725	46,864

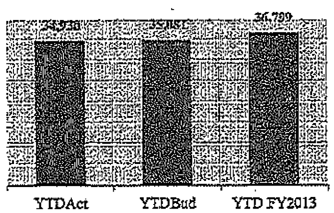
GROSS PROFIT



MTD: Weather related margins are ($17k) unfavorable. Consumption related margins are a positive $395k because of higher than budgeted heat load factors. Budgeted customer variance is $166k favorable. Other operating revenue is $85k better than budget and transportation margins are $27k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($189k) worse than budget.

YTD: Weather related margins are ($586k) unfavorable. Consumption related margins are a positive $4,929k because of higher than budgeted heat load factors. Budgeted customer variance is $976k favorable. Other operating revenue is $825k better than budget and transportation margins are $750k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($2,039k) worse than budget.

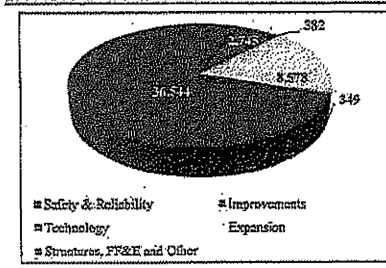
O&M exc BAD DEBT



MTD: SSU billing favorable ($94k), SSU direct favorable ($92k), Labor favorable ($28k) due to cap rate 1.7%, Benefits favorable ($184k) due to cap rate and variance and Outside Services unfavorable $132k due to contract meter reading and line locates.

YTD: SSU billing unfavorable $117k, SSU direct favorable ($1,491k), Labor unfavorable $119k due mainly to overtime, Benefits favorable ($1,012k) due to variance, Employee welfare unfavorable $546k due to MIP/VPP, Outside Services unfavorable $1,679 due to Blacksburg VA incident/contract meter reading/line locates and Vehicles favorable ($145k) due to the sale of old leased vehicles.

CAPITAL EXPENDITURES



MTD: Growth unfavorable $243k due to timing of AIC for 31W and functionals in KY, Public Improvements favorable ($194k) due to timing of Joe B Jackson Phase II in TN, Structures favorable ($156k) due to timing of buildings in KY, System Integrity unfavorable $144k due to PRP functional in KY and OH/accr favorable ($223k).

YTD: Growth unfavorable $1,724k due to TN/VA/KY functionals, US Nitrogen in TN & timing of AIC for 31W in KY, System Improvements favorable ($2,079k) due to timing of Tyson Foods, 8" system improvement in Hopkinsville & redirected WMR dollars to upgrade project in KY, System Integrity unfavorable $1,430k due to functionals and Old Nashville Hwy in TN, Public Improvements/IT/Structures a combined favorable ($1,455k) due to timing and OH/accr favorable ($1,286k).

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended May 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Gross profit:												
Delivered gas	7,492	7,137	355	7,251	16,297	15,987	310	15,739	93,229	89,948	3,281	101,162
Transportation	1,945	1,918	27	1,783	3,887	3,862	25	3,426	17,654	16,903	751	16,850
Other revenue	279	194	85	66	730	433	297	288	3,147	2,322	825	2,595
Total gross profit	9,716	9,249	467	9,100	20,914	20,282	632	19,453	114,030	109,173	4,857	120,607
Operating expenses:												
Operation & maintenance	4,245	4,510	265	4,013	9,229	8,685	(544)	8,821	34,930	35,081	151	36,799
Provision for bad debts	183	35	(148)	40	226	79	(147)	87	747	438	(309)	560
Total O&M expense	4,428	4,545	117	4,053	9,455	8,764	(691)	8,908	35,677	35,519	(158)	37,359
Depreciation & amortization	2,449	2,412	(37)	2,227	4,824	4,805	(19)	4,436	18,742	19,022	280	19,568
Taxes, other than income	949	883	(66)	1,002	2,050	1,878	(172)	1,928	7,508	7,999	491	8,656
Total operating expenses	7,826	7,840	14	7,282	16,329	15,447	(882)	15,272	61,927	62,540	613	65,583
Operating income	1,890	1,409	481	1,818	4,585	4,835	(250)	4,181	52,103	46,633	5,470	55,024
Other income (expense):												
Interest, net	(1,171)	(1,161)	(10)	(1,144)	(2,321)	(2,323)	2	(2,313)	(9,101)	(9,391)	290	(9,800)
Miscellaneous income (expense), net	263	185	78	(1,254)	689	342	347	9,335	1,562	1,094	468	12,508
Total other income (expense)	(908)	(976)	68	(2,398)	(1,632)	(1,981)	349	7,022	(7,539)	(8,297)	758	2,708
Income (loss) before income taxes	982	433	549	(580)	2,953	2,854	99	11,203	44,564	38,336	6,228	57,732
Provision/(Benefit) for income taxes	393	175	(218)	(172)	1,181	1,154	(27)	4,073	17,822	15,499	(2,323)	22,124
Net income (loss)	589	258	331	(408)	1,772	1,700	72	7,130	26,742	22,837	3,905	35,608
EBIT - Actual	2,153	1,594	559	564	5,274	5,177	97	13,516	53,665	47,727	5,938	67,532
Degree Days - % of Normal *(adjusted for WNA States)*	88%			105%	97%			101%	100%			101%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended May 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Labor	962	1,073	111	1,038	1,920	2,145	225	2,080	7,936	8,492	556	9,265
Benefits	393	608	215	703	869	1,216	347	1,253	3,548	4,815	1,267	4,832
Employee Welfare	107	80	(27)	44	585	121	(464)	108	1,432	882	(550)	961
Insurance	35	41	6	24	75	82	7	62	327	318	(9)	333
Rent, Maint., & Utilities	138	136	(2)	136	304	273	(31)	284	1,161	1,131	(30)	1,285
Vehicles & Equip	154	191	37	118	325	391	66	371	1,238	1,383	145	1,517
Materials & Supplies	123	100	(23)	137	226	201	(25)	248	835	825	(10)	866
Information Technologies	1	12	11	8	7	38	31	16	68	110	42	108
Telecom	60	77	17	85	130	151	21	161	508	584	76	573
Marketing	78	48	(30)	56	106	92	(14)	76	355	365	10	374
Directors & Shareholders &PR	-	1	1	-	1	1	0	1	1	4	3	1
Dues & Donations	27	13	(14)	17	49	30	(19)	28	259	289	30	272
Print & Postages	2	4	2	4	5	8	3	7	27	31	4	34
Travel & Entertainment	83	83	0	144	195	170	(25)	270	686	681	(5)	832
Training	16	9	(7)	8	21	19	(2)	27	60	99	39	65
Outside Services	709	570	(139)	569	1,476	1,192	(284)	1,266	6,207	4,990	(1,217)	6,029
Miscellaneous	(1)	12	13	86	(7)	23	30	87	(9)	(92)	(83)	(17)
	2,887	3,058	171	3,177	6,287	6,153	(134)	6,345	24,639	24,907	268	27,330
Expense Billings	1,358	1,452	94	836	2,942	2,532	(410)	2,476	10,291	10,174	(117)	9,469
	4,245	4,510	265	4,013	9,229	8,685	(544)	8,821	34,930	35,081	151	36,799
Provision for Bad Debt	183	35	(148)	40	226	79	(147)	87	747	438	(309)	560
Total O&M Expense	**4,428**	**4,545**	**117**	**4,053**	**9,455**	**8,764**	**(691)**	**8,908**	**35,677**	**35,519**	**(158)**	**37,359**
Total Capital Expenditures	6,410	6,547	137	7,090	14,443	12,805	(1,638)	11,816	48,598	50,323	1,725	46,864
Total Spending	**10,838**	**11,092**	**254**	**11,143**	**23,898**	**21,569**	**(2,329)**	**20,724**	**84,275**	**85,842**	**1,567**	**84,223**
Labor Capitalization Rates	56.4%	54.8%	1.6%	56.1%	56.3%	54.8%	1.5%	56.1%	55.2%	54.8%	0.4%	53.6%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended May 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Volumes *(Mmcf):*												
Residential	721	628	93	1,118	2,554	2,171	383	3,245	19,919	16,648	3,271	19,397
Commercial	585	525	60	734	1,666	1,453	213	1,942	11,739	9,473	2,266	11,012
Industrial	170	137	33	151	432	309	123	426	2,296	2,046	250	3,010
Public Authorities	61	59	2	76	181	177	4	218	1,253	1,137	116	1,209
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	(291)	(353)	62	(693)	(1,431)	(1,136)	(295)	(2,102)	98	83	15	174
Total gas distribution volumes	1,246	996	250	1,386	3,402	2,974	428	3,729	35,305	29,387	5,918	34,802
Transportation volumes	3,107	3,373	(266)	3,045	6,311	6,826	(515)	6,311	29,142	28,836	306	28,707
Total throughput	4,353	4,369	(16)	4,431	9,713	9,800	(87)	10,040	64,447	58,223	6,224	63,509
Customers *(000's):*												
Residential	295	288	7	295	295	289	6	293	293	289	4	331
Commercial	39	37	2	38	39	38	1	38	38	38	0	41
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	337	328	9	336	337	330	7	334	334	330	4	375

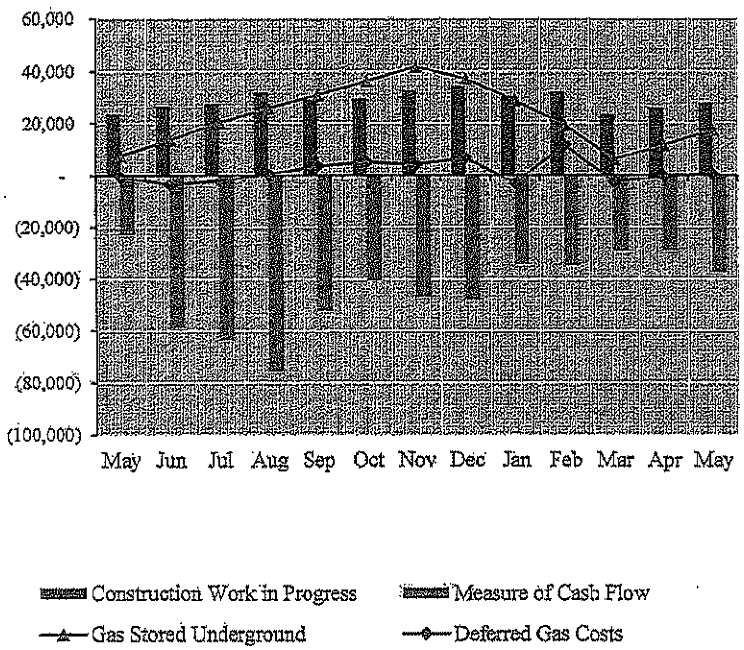
	FY2014	FY2013
Employee Count *(12-month average)*	405	472
Customer per Employee	833	713

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended May 31, 2014
($000's)

13-Month Trending



Total PP&E	962,226
Net Prop, Plant and Equip	594,956
Construction Work in Progress	27,703
Deferred Gas Costs	357
Accts Rec, Less Allow for Doubtful Accts	28,528
Accts Rec, Over 90 Days	
Gas Stored Underground	17,157
Customers' Deposits	6,348
Bad Debt Provision as a Percentage of Revenues	0.25%
Measure of Cash Flow *	(37,855)
Change in cash flow from prior year May	(14,820)

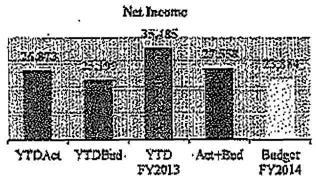
Comments:
CWIP: Up month over month and year over year. Continue to monitor and close projects as they become complete.
Deferred Gas Costs: Up month over month and year over year. Are in an over-recovered position.
Gas stored underground: Up slightly month over month and up year over year as summer injections begin.
Change in cash flow: Change attributable to change in current liabilities ($8.8M), value of gas stored underground ($22.0M), net income ($9.1M), deferred credits $6.3M, deferred gas costs $25.9, deferred charges ($2.3M) and related deferred income tas ($4.8M).

* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

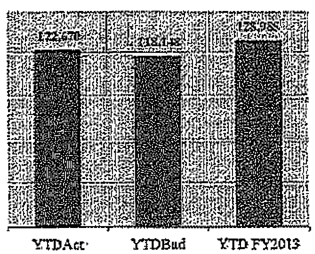
For the Period Ended June 30, 2014
($000's)

SUMMARY



	MTD				QTD				YTD			
	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013
Net Income	132	363	(231)	(123)	1,904	2,062	(158)	7,007	26,873	23,199	3,674	35,485
Gross Profit	8,641	8,975	(334)	8,378	29,555	29,255	300	27,832	122,670	118,148	4,522	128,985
O&M exc Bad Debt	3,830	3,979	149	3,783	13,060	12,664	(396)	12,604	38,760	39,060	300	40,582
Capital Expenditures	7,880	6,658	(1,222)	6,987	22,323	19,463	(2,860)	18,803	56,479	56,980	501	53,851

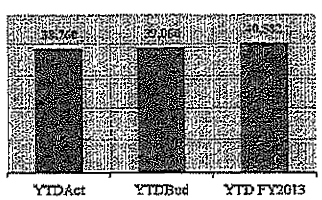
GROSS PROFIT



MTD: Weather related margins are ($61k) unfavorable. Consumption related margins are a negative ($195k) because of lower than budgeted heat load factors. Budgeted customer variance is $116k favorable. Other operating revenue is $26k better than budget and transportation margins are ($47k) worse than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($172k) worse than budget.

YTD: Weather related margins are ($646k) unfavorable. Consumption related margins are a positive $4,734k because of higher than budgeted heat load factors. Budgeted customer variance is $1,092k favorable. Other operating revenue is $852k better than budget and transportation margins are $703k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($2,212k) worse than budget.

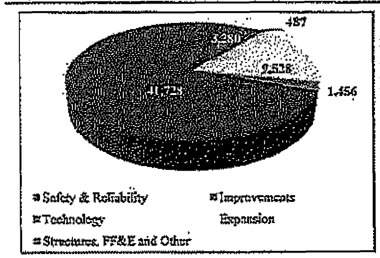
O&M exd BAD DEBT



MTD: SSU billing unfavorable $87k, SSU direct favorable ($180k), Labor favorable ($95k) due to PTO/cap rates, Benefits favorable ($99k) due to variance/cap rates, Outside services unfavorable $166k due to contract meter reading/line locates/Blacksburg incident, Employee welfare unfavorable $30k due to restricted stock/timing of service awards, Rents/utilities favorable ($10k) lower utilities/cap rates, Marketing favorable ($9k) advertising/customer assistance, Vehicles favorable ($25k) lower vehicle leases and Dues favorable ($11k) timing.

YTD: SSU billing unfavorable $204k, SSU direct favorable ($1,672k), Labor unfavorable $24k due to OT, Benefits favorable ($1,110k) due to variance, Employee welfare unfavorable $576k VPP/MIP, Outside services unfavorable $1,845k due to VA incident/KY rate case/contract meter reading/line locates and Vehicles favorable ($171k) due to sale of vehicles/lower leases.

CAPITAL EXPENDITURES



MTD: System Integrity unfavorable $1,011k due to functionals and PRP in KY, Public Improvements favorable ($495k) due to timing of Joe B Jackson in TN & Bristow/Louisville Rd & North Dr & Glass Ave in KY, Structures favorable ($244k) due to timing of buildings in KY and OH/accr unfavorable $977k.

YTD: Growth unfavorable $1,763k due to TN/VA/KY functionals, US Nitrogen in TN & timing of AIC for 31W in KY, Structures favorable ($1,006k) due to timing of buildings in KY, System Improvements favorable ($2,173k) due to redirected WMR dollars to upgrade project in KY & timing of Habit purchase project in KY, System Integrity unfavorable $2,441k due to functionals in KY/TN, PRP in KY & Old Nashville Hwy in TN and Public Improvements favorable ($810k) due to timing of Joe B Jackson in TN.

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended June 30, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Gross profit:												
Delivered gas	6,658	6,971	(313)	6,602	22,955	22,957	(2)	22,342	99,887	96,919	2,968	107,764
Transportation	1,801	1,848	(47)	1,716	5,688	5,709	(21)	5,142	19,454	18,751	703	18,566
Other revenue	182	156	26	60	912	589	323	348	3,329	2,478	851	2,655
Total gross profit	8,641	8,975	(334)	8,378	29,555	29,255	300	27,832	122,670	118,148	4,522	128,985
Operating expenses:												
Operation & maintenance	3,830	3,979	149	3,783	13,060	12,664	(396)	12,604	38,760	39,060	300	40,582
Provision for bad debts	238	34	(204)	210	464	113	(351)	296	985	473	(512)	770
Total O&M expense	4,068	4,013	(55)	3,993	13,524	12,777	(747)	12,900	39,745	39,533	(212)	41,352
Depreciation & amortization	2,479	2,442	(37)	2,236	7,303	7,247	(56)	6,672	21,221	21,464	243	21,804
Taxes, other than income	954	973	19	834	3,004	2,852	(152)	2,762	8,462	8,972	510	9,489
Total operating expenses	7,501	7,428	(73)	7,063	23,831	22,876	(955)	22,334	69,428	69,969	541	72,645
Operating income	1,140	1,547	(407)	1,315	5,724	6,379	(655)	5,498	53,242	48,179	5,063	56,340
Other income (expense):												
Interest, net	(1,102)	(1,159)	57	(1,202)	(3,423)	(3,482)	59	(3,515)	(10,204)	(10,550)	346	(11,002)
Miscellaneous income (expense), net	442	221	221	235	1,132	565	567	9,568	2,004	1,315	689	12,741
Total other income (expense)	(660)	(938)	278	(967)	(2,291)	(2,917)	626	6,053	(8,200)	(9,235)	1,035	1,739
Income (loss) before income taxes	480	609	(129)	348	3,433	3,462	(29)	11,551	45,042	38,944	6,098	58,079
Provision/(Benefit) for income taxes	348	246	(102)	471	1,529	1,400	(129)	4,544	18,169	15,745	(2,424)	22,594
Net income (loss)	132	363	(231)	(123)	1,904	2,062	(158)	7,007	26,873	23,199	3,674	35,485
EBIT - Actual	1,582	1,768	(186)	1,550	6,856	6,944	(88)	15,066	55,246	49,494	5,752	69,081
Degree Days - % of Normal *(adjusted for WNA States)*	50%			0%	97%			101%	100%			101%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended June 30, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Labor	856	1,028	172	989	2,776	3,173	397	3,069	8,792	9,520	728	10,254
Benefits	456	584	128	516	1,325	1,799	474	1,769	4,004	5,398	1,394	5,348
Employee Welfare	72	41	(31)	55	657	163	(494)	163	1,504	923	(581)	1,016
Insurance	43	41	(2)	32	117	124	7	95	370	359	(11)	366
Rent, Maint., & Utilities	120	136	16	161	424	409	(15)	445	1,281	1,266	(15)	1,446
Vehicles & Equip	143	168	25	132	468	559	91	503	1,380	1,551	171	1,649
Materials & Supplies	112	100	(12)	87	338	301	(37)	335	947	925	(22)	953
Information Technologies	5	12	7	1	12	50	38	17	73	122	49	109
Telecom	61	72	11	62	190	223	33	223	569	655	86	635
Marketing	21	49	28	19	128	141	13	94	376	414	38	393
Directors & Shareholders &PR	-	1	1	-	1	2	1	1	1	5	4	1
Dues & Donations	17	29	12	33	66	59	(7)	61	276	317	41	305
Print & Postages	3	4	1	5	9	12	3	12	30	35	5	39
Travel & Entertainment	88	80	(8)	80	283	250	(33)	350	774	762	(12)	912
Training	7	9	2	5	28	27	(1)	31	67	107	40	70
Outside Services	714	588	(126)	560	2,190	1,780	(410)	1,826	6,921	5,578	(1,343)	6,589
Miscellaneous	1	13	12	83	(4)	36	40	171	(7)	(74)	(67)	65
	2,719	2,955	236	2,820	9,008	9,108	100	9,165	27,358	27,863	505	30,150
Expense Billings	1,111	1,024	(87)	963	4,052	3,556	(496)	3,439	11,402	11,197	(205)	10,432
	3,830	3,979	149	3,783	13,060	12,664	(396)	12,604	38,760	39,060	300	40,582
Provision for Bad Debt	238	34	(204)	210	464	113	(351)	296	985	473	(512)	770
Total O&M Expense	**4,068**	**4,013**	**(55)**	**3,993**	**13,524**	**12,777**	**(747)**	**12,900**	**39,745**	**39,533**	**(212)**	**41,352**
Total Capital Expenditures	7,880	6,658	(1,222)	6,987	22,323	19,463	(2,860)	18,803	56,479	56,980	501	53,851
Total Spending	**11,948**	**10,671**	**(1,277)**	**10,980**	**35,847**	**32,240**	**(3,607)**	**31,703**	**96,224**	**96,513**	**289**	**95,203**
Labor Capitalization Rates	58.7%	54.7%	4.0%	56.8%	57.0%	54.8%	2.2%	56.3%	55.5%	54.8%	0.7%	53.9%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended June 30, 2014
($000's)

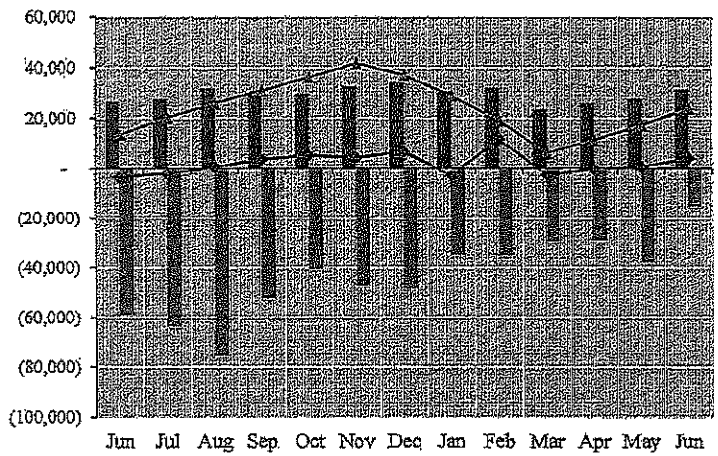
	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Volumes *(Mmcf)*:												
Residential	378	423	(45)	439	2,932	2,593	339	3,684	20,297	17,071	3,226	19,836
Commercial	364	420	(56)	440	2,030	1,873	157	2,381	12,103	9,893	2,210	11,452
Industrial	128	126	2	125	560	435	125	551	2,423	2,172	251	3,135
Public Authorities	33	39	(6)	43	214	215	(1)	261	1,286	1,176	110	1,252
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	(110)	(91)	(19)	(12)	(1,541)	(1,225)	(316)	(2,113)	(11)	(8)	(3)	162
Total gas distribution volumes	793	917	(124)	1,035	4,195	3,891	304	4,764	36,098	30,304	5,794	35,837
Transportation volumes	3,133	3,269	(136)	3,002	9,444	10,095	(651)	9,312	32,275	32,105	170	31,709
Total throughput	3,926	4,186	(260)	4,037	13,639	13,986	(347)	14,076	68,373	62,409	5,964	67,546
Customers *(000's)*:												
Residential	291	285	6	284	294	288	6	290	293	288	5	325
Commercial	38	37	1	37	38	37	1	38	38	38	0	41
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	332	325	7	324	335	328	7	331	334	329	5	369

	FY2014	FY2013
Employee Count *(12-month average)*	406	457
Customer per Employee	818	708

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended June 30, 2014
($000's)

13-Month Trending



Total PP&E	968,945
Net Prop, Plant and Equip	600,515
Construction Work in Progress	31,213
Deferred Gas Costs	3,813
Accts Rec, Less Allow for Doubtful Accts	23,201
Accts Rec, Over 90 Days	
Gas Stored Underground	23,902
Customers' Deposits	6,424
Bad Debt Provision as a Percentage of Revenues	0.31%
Measure of Cash Flow*	(15,203)
Change in cash flow from prior year June	43,788

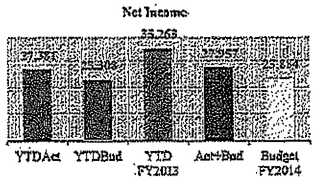
Comments:
CWIP: Up month over month and year over year, following historical trends for summer capital spending.
Deferred Gas Costs: Up month over month and year over year, are in a good position for the summer months.
Gas stored underground: Up month over month and year over year as injections continue during the summer months.
Change in cash flow: Change attributable to change in current liabilities $14.5k, value of gas stored underground ($20.3k), net income ($8.7k), deferred credits $8.0k, deferred gas costs ($2.8k), deferred charges ($2.2k) and related deferred income tax $47.7k.

* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

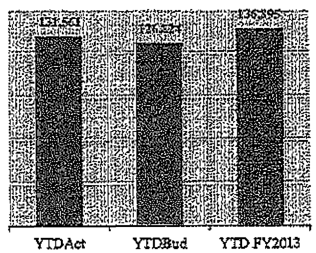
For the Period Ended July 31, 2014
($000's)

SUMMARY



	MTD				QTD				YTD			
	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013
Net Income	507	109	398	(223)	507	109	398	(223)	27,381	23,308	4,073	35,263
Gross Profit	8,890	8,676	214	7,911	8,890	8,676	214	7,911	131,561	126,824	4,737	136,895
O&M exc Bad Debt	3,879	4,141	262	4,248	3,879	4,141	262	4,248	42,639	43,201	562	44,831
Capital Expenditures	8,304	5,702	(2,602)	6,160	8,304	5,702	(2,602)	6,160	66,785	62,682	(4,103)	60,011

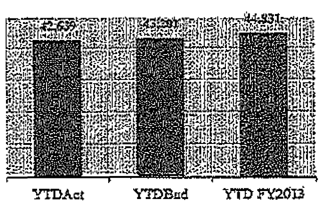
GROSS PROFIT



MTD: Weather related margins are ($26k) unfavorable. Consumption related margins are a positive $186k because of higher than budgeted heat load factors. Budgeted customer variance is $121k favorable. Other operating revenue is $30k better than budget and transportation margins are $23k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($122k) worse than budget.

YTD: Weather related margins are ($673k) unfavorable. Consumption related margins are a positive $4,920k because of higher than budgeted heat load factors. Budgeted customer variance is $1,213k favorable. Other operating revenue is $881k better than budget and transportation margins are $726k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($2,334k) worse than budget.

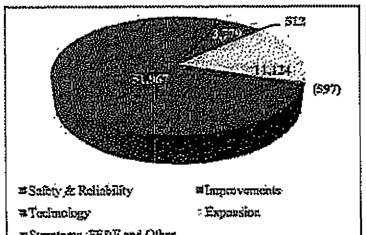
O&M excl BAD DEBT



MTD: SSU billing unfavorable $60k, SSU direct favorable ($119k), Labor favorable ($41k) due to cap rate/OT, Benefits favorable ($474k) due to variance and Outside services unfavorable $306k due to contract meter reading/Blacksburg incident/line locates.

YTD: SSU billing unfavorable $264k, SSU direct unfavorable ($1,791k), Labor favorable ($17k) due to cap rate/SB/moving, Benefits favorable ($1,608) variance, Employee welfare unfavorable $564 VPP/MIP, Outside services unfavorable $2,151k due to Blacksburg incident/KY rate case/contract meter reading/line locates and Vehicles favorable ($191k) due to sale of vehicles/lower leases.

CAPITAL EXPENDITURES



MTD: Growth unfavorable $357k due to functionals/Red Sun Farms in VA & miscellaneous growth projects in KY, Structures unfavorable $491k due to timing of KY buildings in Paducah/Campbellsville, System Improvements unfavorable $1,848k due to timing of KY WMR and 6" tie-in in TN, System Integrity unfavorable $4,410k due to KY PRP/Fruit Hill Phase II & well workover timing and OH/accr favorable ($4,869k).

YTD: Growth unfavorable $2,119k due to TN/VA/KY functionals, misc growth projects in KY & Red Sun Farms in VA, System Integrity unfavorable $6,851k due to functionals in KY/TN, KY PRP & Old Nashville Hwy in TN, Public Improvements/Structures/System Improvements a combined favorable ($1,355k) due to timing and OH/accr favorable, ($3,175k).

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended July 31, 2014

($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Gross profit:												
Delivered gas	6,922	6,763	159	6,167	6,922	6,763	159	6,167	106,810	103,682	3,128	113,931
Transportation	1,794	1,770	24	1,677	1,794	1,770	24	1,677	21,248	20,521	727	20,243
Other revenue	174	143	31	67	174	143	31	67	3,503	2,621	882	2,721
Total gross profit	8,890	8,676	214	7,911	8,890	8,676	214	7,911	131,561	126,824	4,737	136,895
Operating expenses:												
Operation & maintenance	3,879	4,141	262	4,248	3,879	4,141	262	4,248	42,639	43,201	562	44,831
Provision for bad debts	34	33	(1)	35	34	33	(1)	35	1,019	506	(513)	804
Total O&M expense	3,913	4,174	261	4,283	3,913	4,174	261	4,283	43,658	43,707	49	45,635
Depreciation & amortization	2,501	2,473	(28)	2,259	2,501	2,473	(28)	2,259	23,722	23,938	216	24,062
Taxes, other than income	872	938	66	867	872	938	66	867	9,335	9,911	576	10,356
Total operating expenses	7,286	7,585	299	7,409	7,286	7,585	299	7,409	76,715	77,556	841	80,053
Operating income	1,604	1,091	513	502	1,604	1,091	513	502	54,846	49,268	5,578	56,842
Other income (expense):												
Interest, net	(1,160)	(1,162)	2	(1,187)	(1,160)	(1,162)	2	(1,187)	(11,364)	(11,712)	348	(12,189)
Miscellaneous income (expense), net	394	254	140	321	394	254	140	321	2,399	1,571	828	13,063
Total other income (expense)	(766)	(908)	142	(866)	(766)	(908)	142	(866)	(8,965)	(10,141)	1,176	874
Income (loss) before income taxes	838	183	655	(364)	838	183	655	(364)	45,881	39,127	6,754	57,716
Provision/(Benefit) for income taxes	331	74	(257)	(141)	331	74	(257)	(141)	18,500	15,819	(2,681)	22,453
Net income (loss)	507	109	398	(223)	507	109	398	(223)	27,381	23,308	4,073	35,263
EBIT - Actual	1,998	1,345	653	823	1,998	1,345	653	823	57,245	50,839	6,406	69,905
Degree Days - % of Normal *(adjusted for WNA States)*	0%			0%	0%			101%	100%			101%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended July 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Labor	992	1,117	125	1,035	992	1,117	125	1,035	9,783	10,637	854	11,289
Benefits	126	632	506	627	126	632	506	627	4,130	6,030	1,900	5,975
Employee Welfare	31	42	11	42	31	42	11	42	1,535	965	(570)	1,058
Insurance	38	41	3	46	38	41	3	46	408	400	(8)	412
Rent, Maint., & Utilities	130	136	6	139	130	136	6	139	1,411	1,403	(8)	1,585
Vehicles & Equip	141	162	21	132	141	162	21	132	1,521	1,712	191	1,781
Materials & Supplies	130	101	(29)	99	130	101	(29)	99	1,077	1,026	(51)	1,053
Information Technologies	3	12	9	9	3	12	9	9	75	134	59	118
Telecom	65	70	5	61	65	70	5	61	633	725	92	696
Marketing	69	50	(19)	14	69	50	(19)	14	445	465	20	407
Directors & Shareholders &PR	-	1	1	-	-	1	1	-	1	5	4	1
Dues & Donations	18	13	(5)	22	18	13	(5)	22	294	330	36	328
Print & Postages	3	4	1	2	3	4	1	2	34	39	5	41
Travel & Entertainment	98	73	(25)	83	98	73	(25)	83	872	835	(37)	995
Training	2	9	7	7	2	9	7	7	69	117	48	77
Outside Services	873	567	(306)	805	873	567	(306)	805	7,794	6,145	(1,649)	7,394
Miscellaneous	1	12	11	18	1	12	11	18	(3)	(63)	(60)	82
	2,720	3,042	322	3,141	2,720	3,042	322	3,141	30,079	30,905	826	33,292
Expense Billings	1,159	1,099	(60)	1,107	1,159	1,099	(60)	1,107	12,560	12,296	(264)	11,539
	3,879	4,141	262	4,248	3,879	4,141	262	4,248	42,639	43,201	562	44,831
Provision for Bad Debt	34	33	(1)	35	34	33	(1)	35	1,019	506	(513)	804
Total O&M Expense	**3,913**	**4,174**	**261**	**4,283**	**3,913**	**4,174**	**261**	**4,283**	**43,658**	**43,707**	**49**	**45,635**
Total Capital Expenditures	8,304	5,702	(2,602)	6,160	8,304	5,702	(2,602)	6,160	66,785	62,682	(4,103)	60,011
Total Spending	**12,217**	**9,876**	**(2,341)**	**10,443**	**12,217**	**9,876**	**(2,341)**	**10,443**	**110,443**	**106,389**	**(4,054)**	**105,646**
Labor Capitalization Rates	58.3%	54.9%	3.5%	56.9%	58.3%	54.9%	3.5%	56.9%	55.8%	54.8%	1.0%	54.1%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended July 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Volumes *(Mmcf)*:												
Residential	347	290	57	317	347	290	57	317	20,644	17,360	3,284	20,153
Commercial	407	363	44	352	407	363	44	352	12,511	10,256	2,255	11,804
Industrial	156	126	30	160	156	126	30	160	2,579	2,298	281	3,295
Public Authorities	42	31	11	53	42	31	11	53	1,328	1,207	121	1,305
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	18	(3)	21	2	18	(3)	21	2	6	(11)	17	163
Total gas distribution volumes	970	807	163	884	970	807	163	884	37,068	31,110	5,958	36,720
Transportation volumes	2,964	3,157	(193)	2,850	2,964	3,157	(193)	2,850	35,239	35,262	(23)	34,559
Total throughput	3,934	3,964	(30)	3,734	3,934	3,964	(30)	3,734	72,307	66,372	5,935	71,279
Customers *(000's)*:												
Residential	289	284	5	289	289	284	5	289	293	288	5	322
Commercial	37	36	1	37	37	36	1	37	38	38	0	40
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	329	323	6	329	329	323	6	329	334	329	5	365

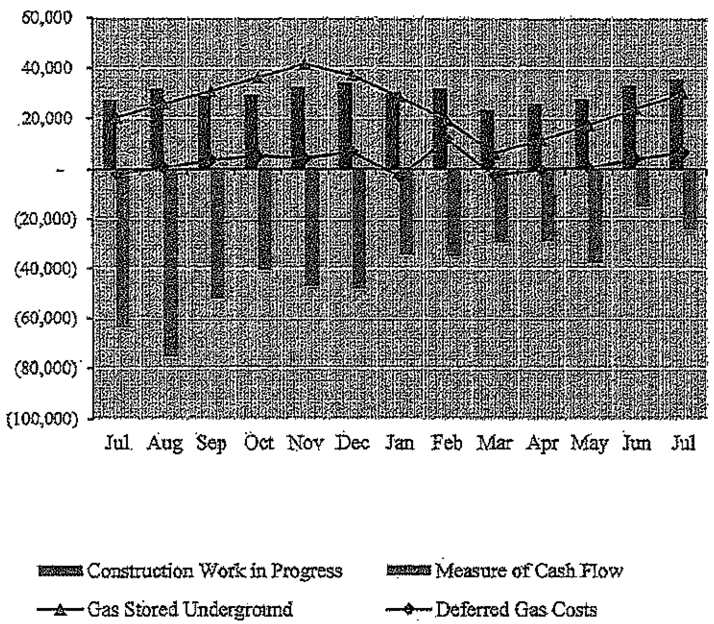
	FY2014	FY2013
Employee Count *(12-month average)*	406	444
Customer per Employee	810	742

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended July 31, 2014
($000's)

13-Month Trending



Total PP&E	978,566
Net Prop, Plant and Equip	608,480
Construction Work in Progress	35,506
Deferred Gas Costs	6,351
Accts Rec, Less Allow for Doubtful Accts	22,144
Accts Rec, Over 90 Days	
Gas Stored Underground	30,026
Customers' Deposits	6,548
Bad Debt Provision as a Percentage of Revenues	0.31%
Measure of Cash Flow *	(24,666)
Change in cash flow from prior year July	39,227

Comments:
CWIP: Up slightly month over month and year over year due to several large projects, trending with higher capital spending during the last half of the fiscal year.
Deferred Gas Costs: Up month over month and year over year, maintain a good position for the summer months.
Gas stored underground: Up month over month and year over year as injections continue during the summer months.
Change in cash flow: Change attributable to change in current liabilities 18.7k, value of gas stored underground ($18.7k), net income (7.9k), deferred credits $8.2k, deferred gas costs ($5.3k), deferred charges ($4.4k), change in capital spending ($6.8k) and related deferred income tax $54.5k.

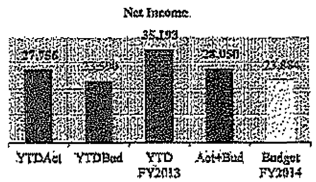
* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

For the Period Ended August 31, 2014

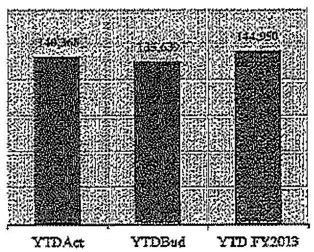
($000's)

SUMMARY



	MTD Actual	MTD Budget	MTD Fav/Unfav	MTD FY2013	QTD Actual	QTD Budget	QTD Fav/Unfav	QTD FY2013	YTD Actual	YTD Budget	YTD Fav/Unfav	YTD FY2013
Net Income	375	282	93	(70)	882	391	491	(293)	27,756	23,590	4,166	35,193
Gross Profit	8,809	8,815	(6)	8,055	17,698	17,491	207	15,965	140,368	135,639	4,729	144,950
O&M exc Bad Debt	3,936	3,937	1	4,110	7,815	8,078	263	8,358	46,575	47,138	563	48,940
Capital Expenditures	8,066	5,229	(2,837)	8,733	16,371	10,931	(5,440)	14,893	74,851	67,911	(6,940)	68,744

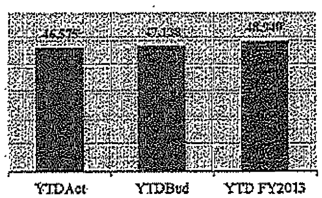
GROSS PROFIT



MTD: Weather related margins are ($4k) unfavorable. Consumption related margins are a positive $111k because of higher than budgeted heat load factors. Budgeted customer variance is $37k favorable. Other operating revenue is $26k better than budget and transportation margins are ($15k) lower than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($161k) worse than budget.

YTD: Weather related margins are ($677k) unfavorable. Consumption related margins are a positive $5,031 because of higher than budgeted heat load factors. Budgeted customer variance is $1,250k favorable. Other operating revenue is $907k better than budget and transportation margins are $712k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($2,496k) worse than budget.

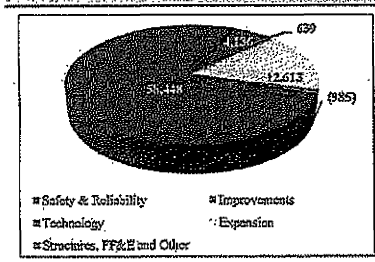
O&M and BAD DEBT



MTD: SSU billing unfavorable $79k, SSU direct favorable ($74k), Labor favorable ($87k) due to cap rate, Benefits favorable ($111k) due to variance/cap rates, Outside services unfavorable $207k due to contract meter reading/line locates/Blacksburg incident, Vehicles favorable ($38k) due to lower leases/operating costs/sale of vehicles and Dues unfavorable $32k due to timing.

YTD: SSU billing unfavorable $343k, SSU direct favorable ($1,864k), Labor favorable ($104k) due mainly to cap rates, Benefits favorable ($1,696k) variance, Employee welfare unfavorable $569k VPP/MIP, Outside services unfavorable $2,359k due to Blacksburg incident/KY rate case/contract meter reading/line locates and Vehicles favorable ($229k) due to sale of vehicles/lower leases/operating expenses.

CAPITAL EXPENDITURES



MTD: Growth unfavorable $398k due to TN/VA functionals and Nolensville, System Improvements unfavorable $2,073k due to KY 8" improvement, Public Improvements unfavorable $421k due to Timing of Joe B Jackson in TN, Structures unfavorable $397k due to timing in KY, System Integrity unfavorable $519k due to functionals/bare steel/Fall Creek timing in TN and OH/accr favorable ($1,122k).

YTD: Growth unfavorable $2,518k due to TN/VA/KY functionals & Red Sun Farms in VA, System Integrity unfavorable $7,370k due to functionals in KY/TN, KY PRP & Old Nashville Hwy in TN, System Improvements unfavorable $1,748k due to KY 8" improvement and OH/accr favorable ($4,267k).

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended August 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	**Budget**	**Fav/Unfav**	**FY2013**	**FY2014**	**Budget**	**Fav/Unfav**	**FY2013**	**FY2014**	**Budget**	**Fav/Unfav**	**FY2013**
Gross profit:												
Delivered gas	6,745	6,762	(17)	6,277	13,667	13,525	142	12,444	113,554	110,444	3,110	120,208
Transportation	1,881	1,896	(15)	1,693	3,675	3,666	9	3,370	23,129	22,417	712	21,935
Other revenue	183	157	26	85	356	300	56	152	3,685	2,778	907	2,807
Total gross profit	8,809	8,815	(6)	8,055	17,698	17,491	207	15,966	140,368	135,639	4,729	144,950
Operating expenses:												
Operation & maintenance	3,936	3,937	1	4,110	7,815	8,078	263	8,358	46,575	47,138	563	48,940
Provision for bad debts	33	33	0	36	67	67	0	71	1,052	539	(513)	840
Total O&M expense	3,969	3,970	1	4,146	7,882	8,145	263	8,429	47,627	47,677	50	49,780
Depreciation & amortization	2,539	2,516	(23)	2,290	5,040	4,990	(50)	4,548	26,261	26,454	193	26,352
Taxes, other than income	933	943	10	847	1,805	1,881	76	1,714	10,268	10,854	586	11,203
Total operating expenses	7,441	7,429	(12)	7,283	14,727	15,016	289	14,691	84,156	84,985	829	87,335
Operating income	1,368	1,386	(18)	772	2,971	2,475	496	1,275	56,212	50,654	5,558	57,615
Other income (expense):												
Interest, net	(1,131)	(1,162)	31	(1,175)	(2,291)	(2,324)	33	(2,362)	(12,495)	(12,874)	379	(13,364)
Miscellaneous income (expense), net	383	249	134	326	777	505	272	646	2,784	1,821	963	13,388
Total other income (expense)	(748)	(913)	165	(849)	(1,514)	(1,819)	305	(1,716)	(9,711)	(11,053)	1,342	24
Income (loss) before income taxes	620	473	147	(77)	1,457	656	801	(441)	46,501	39,601	6,900	57,639
Provision/(Benefit) for income taxes	245	191	(54)	(7)	575	265	(310)	(148)	18,745	16,011	(2,734)	22,446
Net income (loss)	375	282	93	(70)	882	391	491	(293)	27,756	23,590	4,166	35,193
EBIT - Actual	1,751	1,635	116	1,098	3,748	2,980	768	1,921	58,996	52,475	6,521	71,003
Degree Days - % of Normal *(adjusted for WNA States)*	0%			0%	0%			0%	100%			101%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended August 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Labor	864	1,028	164	977	1,855	2,145	290	2,012	10,647	11,665	1,018	12,266
Benefits	443	584	141	614	569	1,216	647	1,241	4,573	6,614	2,041	6,589
Employee Welfare	47	42	(5)	42	77	83	6	83	1,582	1,006	(576)	1,099
Insurance	44	41	(3)	32	82	82	0	78	452	442	(10)	444
Rent, Maint., & Utilities	122	136	14	144	252	272	20	283	1,533	1,539	6	1,729
Vehicles & Equip	139	176	37	131	280	338	58	263	1,660	1,889	229	1,912
Materials & Supplies	103	100	(3)	132	233	201	(32)	231	1,180	1,126	(54)	1,184
Information Technologies	1	12	11	1	4	24	20	10	77	145	68	119
Telecom	48	70	22	62	113	140	27	123	681	796	115	758
Marketing	72	51	(21)	99	141	101	(40)	113	517	516	(1)	506
Directors & Shareholders &PR	-	1	1	-	-	1	1	-	1	6	5	1
Dues & Donations	44	13	(31)	8	62	26	(36)	31	338	343	5	336
Print & Postages	3	4	1	3	6	8	2	6	37	43	6	44
Travel & Entertainment	90	70	(20)	89	188	144	(44)	172	962	905	(57)	1,084
Training	8	9	1	5	10	18	8	12	77	125	48	82
Outside Services	777	564	(213)	649	1,650	1,131	(519)	1,454	8,571	6,709	(1,862)	8,043
Miscellaneous	31	15	(16)	33	34	28	(6)	50	27	(48)	(75)	116
	2,836	2,916	80	3,021	5,556	5,958	402	6,162	32,915	33,821	906	36,312
Expense Billings	1,100	1,021	(79)	1,089	2,259	2,120	(139)	2,196	13,660	13,317	(343)	12,628
	3,936	3,937	1	4,110	7,815	8,078	263	8,358	46,575	47,138	563	48,940
Provision for Bad Debt	33	33	0	36	67	67	0	71	1,052	539	(513)	840
Total O&M Expense	3,969	3,970	1	4,146	7,882	8,145	263	8,429	47,627	47,677	50	49,780
Total Capital Expenditures	8,066	5,229	(2,837)	8,733	16,371	10,931	(5,440)	14,893	74,851	67,911	(6,940)	68,744
Total Spending	12,035	9,199	(2,836)	12,879	24,253	19,076	(5,177)	23,322	122,478	115,588	(6,890)	118,524
Labor Capitalization Rates	59.7%	54.7%	5.0%	58.0%	59.0%	54.8%	4.2%	57.4%	56.1%	54.8%	1.3%	54.4%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended August 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Volumes *(Mmcf)*:												
Residential	309	289	20	305	655	578	77	623	20,953	17,649	3,304	20,458
Commercial	380	362	18	370	788	725	63	722	12,891	10,618	2,273	12,174
Industrial	145	134	11	152	301	260	41	312	2,725	2,432	293	3,447
Public Authorities	36	31	5	35	79	62	17	88	1,365	1,238	127	1,340
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	20	(1)	21	8	36	(3)	39	8	24	(11)	35	171
Total gas distribution volumes	890	815	75	870	1,859	1,622	237	1,753	37,958	31,926	6,032	37,590
Transportation volumes	3,007	3,390	(383)	3,258	5,971	6,547	(576)	6,108	38,246	38,652	(406)	37,817
Total throughput	3,897	4,205	(308)	4,128	7,830	8,169	(339)	7,861	76,204	70,578	5,626	75,407
Customers *(000's)*:												
Residential	286	283	3	289	288	283	5	289	292	287	5	319
Commercial	37	36	1	37	37	36	1	37	38	37	1	40
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	326	322	4	329	328	322	6	329	333	327	6	362

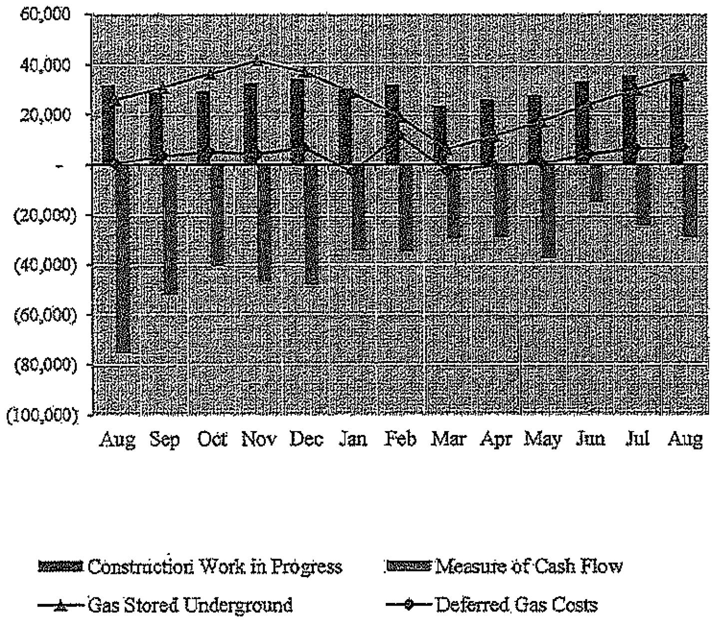
	FY2014	FY2013
Employee Count *(12-month average)*	407	438
Customer per Employee	802	751

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended August 31, 2014
($000's)

13-Month Trending



Total PP&E	985,433
Net Prop, Plant and Equip	614,168
Construction Work in Progress	36,029
Deferred Gas Costs	6,574
Accts Rec, Less Allow for Doubtful Accts	22,979
Accts Rec, Over 90 Days	
Gas Stored Underground	35,575
Customers' Deposits	6,673
Bad Debt Provision as a Percentage of Revenues	0.31%
Measure of Cash Flow *	(28,984)
Change in cash flow from prior year August	46,612

Comments:
CWIP: Up slightly year over year and in line with previous month, continues to trend with higher capital spending during the last half of the fiscal year.
Deferred Gas Costs: Down month over month and in line with historical trends. Continue to maintain a good position during the summer months.
Gas stored underground: Up slightly month over month and year over year as injections continue during the summer months.
Change in cash flow: Change attributable to change in value of gas stored underground ($5k), net income ($5k), deferred credits $6.6k, deferred charges ($3.1k); change in capital spending ($6.6k) and related deferred income taxes $58.1k.

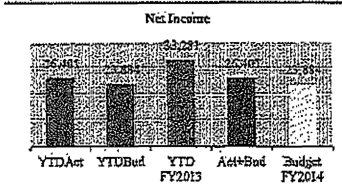
* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

Atmos energy

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

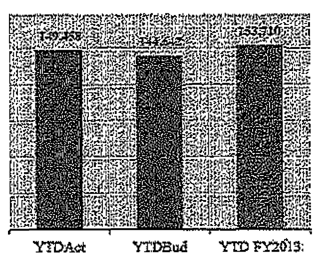
For the Period Ended September 30, 2014
($000's)

SUMMARY



	MTD				QTD				YTD			
	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013	Actual	Budget	Fav/Unfav	FY2013
Net Income	(1,355)	294	(1,649)	(1,912)	(473)	685	(1,158)	(2,205)	26,401	23,884	2,517	33,281
Gross Profit	9,089	9,002	87	8,760	26,787	26,495	292	24,725	149,458	144,642	4,816	153,710
O&M exc Bad Debt	5,531	4,087	(1,444)	5,855	13,346	12,165	(1,181)	14,213	52,106	51,225	(881)	54,795
Capital Expenditures	6,671	4,385	(2,286)	8,677	23,041	15,316	(7,725)	23,570	81,522	72,297	(9,225)	77,421

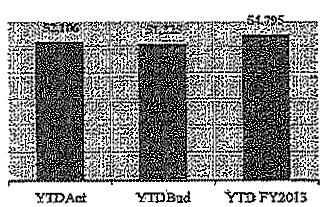
GROSS PROFIT



MTD: Weather related margins are $16k favorable. Consumption related margins are a positive $117k because of higher than budgeted heat load factors. Budgeted customer variance is $58k favorable. Other operating revenue is $2k better than budget and transportation margins are ($2k) lower than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($105k) worse than budget.

YTD: Weather related margins are ($661k) unfavorable. Consumption related margins are a positive $5,148 because of higher than budgeted heat load factors. Budgeted customer variance is $1,308k favorable. Other operating revenue is $909k better than budget and transportation margins are $710k better than budget. Margins related to price, rate case variance, banner adjustments, and oracle additions are ($2,601k) worse than budget.

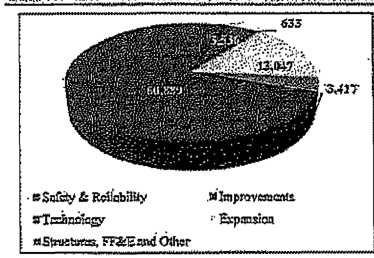
O&M exc BAD DEBT



MTD: SSU billing unfavorable $296k, SSU direct favorable ($119k), Labor favorable ($48k) OT/cap rate, Benefits unfavorable $130k due to variance, Outside services unfavorable $1,072k due to LNG plant demolition/Blacksburg incident/meter reading/line locate, Vehicles favorable ($36k) due to sale of leased vehicles, Employee travel unfavorable $31k due to forecast training, Misc unfavorable $88k due to accruals and Rents/utilities unfavorable $17k due to utilities/bldg maint.

YTD: SSU billing unfavorable $639k, SSU direct favorable ($1,983k), Labor favorable ($152k) due mainly to cap rate, Benefits favorable ($1,566k) variance, Employee welfare unfavorable $575k VPP/MIP, Misc unfavorable $217k due to not reversing the KY rate case expenses, Outside services unfavorable $3,429k due to LNG demolition/Blacksburg incident/contract meter reading/line locates, and Vehicles favorable ($265k) due to operating costs/sale of leased vehicles.

CAPITAL EXPENDITURES



MTD: System Improvements unfavorable $1,515k due to the Pembroke Rd 8" in Hopkinsville, System Integrity favorable ($2,368k) due to functionals in KY/TN, KY PRP & TN baresteel, Growth/PublicImprovements /Structures net to favorable ($514k) due to forfeitures and state road move billings and OH/accrual unfavorable $3,232k.

YTD: Growth unfavorable $2,123k due to TN/VA functionals, US Nitrogen and Jack Daniels in TN & Red Sun Farms in VA, System Improvements unfavorable $3,263k due to Pembroke Rd 8" in Hopkinsville, System Integrity unfavorable $5,002k due to KY PRP & TN functionals/Old Nashville Hwy and OH/accrual favorable ($1,035k).

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended September 30, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Gross profit:												
Delivered gas	7,073	6,985	88	6,797	20,739	20,511	228	19,240	120,627	117,430	3,197	127,005
Transportation	1,844	1,846	(2)	1,732	5,519	5,513	6	5,102	24,973	24,263	710	23,668
Other revenue	172	171	1	231	529	471	58	383	3,858	2,949	909	3,037
Total gross profit	9,089	9,002	87	8,760	26,787	26,495	292	24,725	149,458	144,642	4,816	153,710
Operating expenses:												
Operation & maintenance	5,531	4,087	(1,444)	5,855	13,346	12,165	(1,181)	14,213	52,106	51,225	(881)	54,795
Provision for bad debts	640	35	(605)	354	707	101	(606)	424	1,692	574	(1,118)	1,194
Total O&M expense	6,171	4,122	(2,049)	6,209	14,053	12,266	(1,787)	14,637	53,798	51,799	(1,999)	55,989
Depreciation & amortization	2,646	2,590	(56)	2,453	7,686	7,580	(106)	7,001	28,907	29,044	137	28,804
Taxes, other than income	517	876	359	909	2,322	2,757	435	2,623	10,785	11,730	945	12,112
Total operating expenses	9,334	7,588	(1,746)	9,571	24,061	22,603	(1,458)	24,261	93,490	92,573	(917)	96,905
Operating income	(245)	1,414	(1,659)	(811)	2,726	3,892	(1,166)	464	55,968	52,069	3,899	56,805
Other income (expense):												
Interest, net	(1,188)	(1,172)	(16)	(1,176)	(3,479)	(3,496)	17	(3,538)	(13,683)	(14,046)	363	(14,540)
Miscellaneous income (expense), net	(701)	252	(953)	230	76	754	(678)	876	2,082	2,071	11	13,617
Total other income (expense)	(1,889)	(920)	(969)	(946)	(3,403)	(2,742)	(661)	(2,662)	(11,601)	(11,975)	374	(923)
Income (loss) before income taxes	(2,134)	494	(2,628)	(1,757)	(677)	1,150	(1,827)	(2,198)	44,367	40,094	4,273	55,882
Provision/(Benefit) for income taxes	(779)	200	979	155	(204)	465	669	7	17,966	16,210	(1,756)	22,601
Net income (loss)	(1,355)	294	(1,649)	(1,912)	(473)	685	(1,158)	(2,205)	26,401	23,884	2,517	33,281
EBIT - Actual	(946)	1,666	(2,612)	(581)	2,802	4,646	(1,844)	1,340	58,050	54,140	3,910	70,422
Degree Days - % of Normal *(adjusted for WNA States)*	41%			21%	41%			21%	99%			100%

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended September 30, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Labor	943	1,073	130	955	2,798	3,218	420	2,967	11,590	12,738	1,148	13,221
Benefits	707	608	(99)	656	1,276	1,823	547	1,897	5,280	7,222	1,942	7,245
Employee Welfare	49	43	(6)	530	126	126	0	614	1,631	1,049	(582)	1,630
Insurance	44	41	(3)	44	126	124	(2)	122	496	483	(13)	488
Rent, Maint., & Utilities	147	136	(11)	168	399	408	9	450	1,680	1,674	(6)	1,897
Vehicles & Equip	130	166	36	73	410	504	94	336	1,790	2,055	265	1,985
Materials & Supplies	94	100	6	272	327	301	(26)	503	1,274	1,227	(47)	1,457
Information Technologies	12	12	0	11	15	36	21	21	88	157	69	131
Telecom	70	70	0	83	183	211	28	206	752	866	114	841
Marketing	38	52	14	16	179	153	(26)	129	555	568	13	521
Directors & Shareholders &PR	-	1	1	-	-	2	2	-	1	6	5	1
Dues & Donations	18	12	(6)	30	80	38	(42)	61	356	355	(1)	366
Print & Postages	5	4	(1)	3	11	12	1	9	41	47	6	47
Travel & Entertainment	133	97	(36)	141	321	240	(81)	312	1,095	1,002	(93)	1,224
Training	8	9	1	6	18	27	9	18	85	134	49	88
Outside Services	1,659	568	(1,091)	1,006	3,309	1,699	(1,610)	2,460	10,230	7,277	(2,953)	9,050
Miscellaneous	96	13	(83)	(15)	132	41	(91)	36	124	(34)	(158)	99
	4,153	3,005	(1,148)	3,979	9,710	8,963	(747)	10,141	37,068	36,826	(242)	40,291
Expense Billings	1,378	1,082	(296)	1,876	3,636	3,202	(434)	4,072	15,038	14,399	(639)	14,504
	5,531	4,087	(1,444)	5,855	13,346	12,165	(1,181)	14,213	52,106	51,225	(881)	54,795
Provision for Bad Debt	640	35	(605)	354	707	101	(606)	424	1,692	574	(1,118)	1,194
Total O&M Expense	**6,171**	**4,122**	**(2,049)**	**6,209**	**14,053**	**12,266**	**(1,787)**	**14,637**	**53,798**	**51,799**	**(1,999)**	**55,989**
Total Capital Expenditures	6,671	4,385	(2,286)	8,677	23,041	15,316	(7,725)	23,570	81,522	72,297	(9,225)	77,421
Total Spending	**12,842**	**8,507**	**(4,335)**	**14,886**	**37,094**	**27,582**	**(9,512)**	**38,207**	**135,320**	**124,096**	**(11,224)**	**133,410**
Labor Capitalization Rates	58.6%	54.8%	3.8%	57.2%	58.9%	54.8%	4.1%	57.3%	56.3%	54.8%	1.5%	54.6%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended September 30, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013	FY2014	Budget	Fav/Unfav	FY2013
Volumes *(Mmcf)*:												
Residential	322	298	24	313	978	877	101	936	21,275	17,947	3,328	20,771
Commercial	418	387	31	402	1,205	1,112	93	1,124	13,309	11,005	2,304	12,576
Industrial	138	115	23	146	439	375	64	458	2,863	2,547	316	3,592
Public Authorities	42	32	10	41	120	94	26	129	1,406	1,270	136	1,381
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	(1)	16	(17)	(9)	37	12	25	(1)	24	5	19	163
Total gas distribution volumes	919	848	71	893	2,779	2,470	309	2,646	38,877	32,774	6,103	38,483
Transportation volumes	3,092	3,258	(166)	2,672	9,063	9,805	(742)	8,780	41,338	41,910	(572)	40,489
Total throughput	4,011	4,106	(95)	3,565	11,842	12,275	(433)	11,426	80,215	74,684	5,531	78,972
Customers *(000's)*:												
Residential	285	282	3	288	288	283	5	289	292	287	5	316
Commercial	37	36	1	37	37	36	1	37	38	37	1	40
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	325	321	4	328	328	322	6	329	333	327	6	359

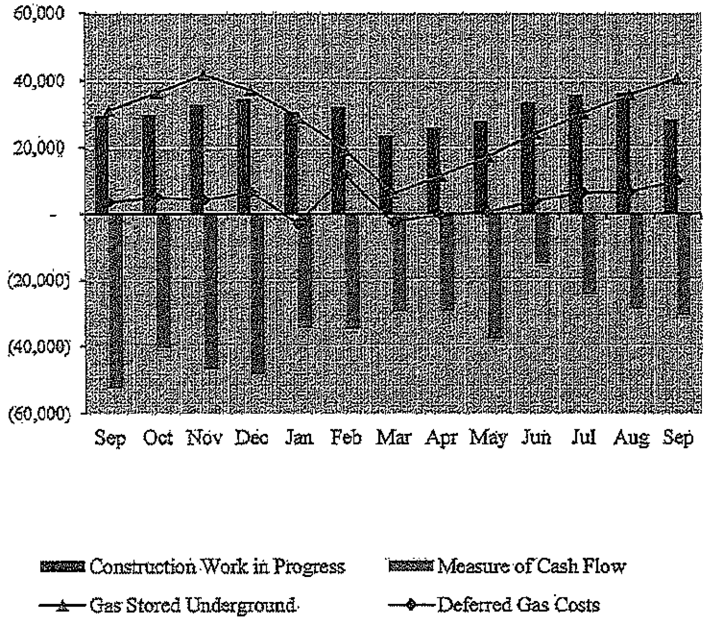
	FY2014	FY2013
Employee Count *(12-month average)*	407	433
Customer per Employee	798	758

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended September 30, 2014
($000's)

13-Month Trending



Total PP&E	982,605
Net Prop, Plant and Equip	617,528
Construction Work in Progress	28,218
Deferred Gas Costs	9,859
Accts Rec, Less Allow for Doubtful Accts	23,043
Accts Rec, Over 90 Days	
Gas Stored Underground	40,471
Customers' Deposits	6,832
Bad Debt Provision as a Percentage of Revenues	0.48%
Measure of Cash Flow *	(30,829)
Change in cash flow from prior year August	21,739

Comments:
CWIP: Down month over month as jobs were closed for fiscal year end and in line with historical trends.
Deferred Gas Costs: Down slightly month over month and year over year. Continue to maintain a good position coming out of the summer months.
Gas stored underground: Up month over month and year over year as summer injections continue.
Change in cash flow: Change attributable to change in value of gas stored underground ($9.4k), net income ($6.9k), change in cap ex ($3.8k), deferred gas costs ($5.5k), current liabilities $16.8k and related deferred income taxes $21.4k.

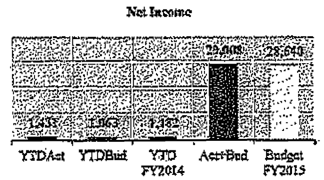
* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

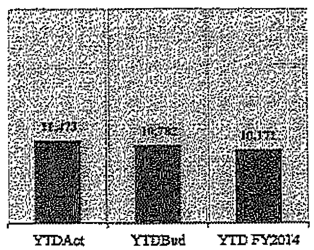
For the Period Ended October 31, 2014
($000's)

SUMMARY



	MTD				QTD				YTD			
	Actual	Budget	Fav/Unfav	FY2014	Actual	Budget	Fav/Unfav	FY2014	Actual	Budget	Fav/Unfav	FY2014
Net Income	1,431	1,063	368	1,182	1,431	1,063	368	1,182	1,431	1,063	368	1,182
Gross Profit	11,473	10,782	691	10,171	11,473	10,782	691	10,171	11,473	10,782	691	10,171
O&M exc Bad Debt	4,069	4,356	287	4,035	4,069	4,356	287	4,035	4,069	4,356	287	4,035
Capital Expenditures	6,391	7,287	896	5,229	6,391	7,287	896	5,229	6,391	7,287	896	5,229

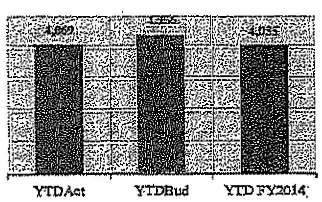
GROSS PROFIT



MTD: Weather related margins are ($236k) worse than budget. Consumption related margins are a positive $199k because of higher than budgeted heat load factors. Budgeted customer variance is $52k favorable. Other operating revenue is $49k better than budget and transportation margins are $275k better than budget. Margins related to price, banner adjustments, unbilled, and oracle additions are $350k better than budget.

YTD:

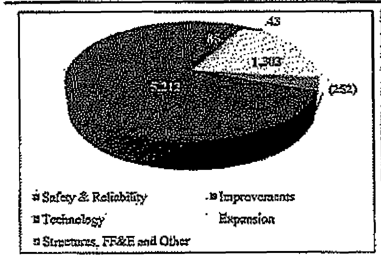
O&M exc BAD DEBT



MTD: SSU **Billing** unfavorable $46k. **SSU Direct** favorable ($33k). **Labor** unfavorable $54k due mainly to lump sum increases/OT. **Benefits** favorable ($116k) due to variance. **Outside Services** favorable ($66k) due to reversal of LNG accrual in September. **Miscellaneous** favorable ($88k) due September accrual reversal. **IT** favorable ($32k) due to timing of software maintenance. **T&E** favorable ($24k) due to timing. **Vehicles** favorable ($17k) due to timing.

YTD:

CAPITAL EXPENDITURES



MTD: **Public Improvements** favorable ($187k) due to timing of Hwy 62 relocate in Owensboro. **System Improvements** favorable ($1,510k) due to timing of the transmission leak repair in Shelbyville KY and the Woodridge Ave reinforcement & Kidd Rd extension in TN. **System Integrity** unfavorable $1,037k due to KY PRP job Fruithill Phase II in Hopkinsville. **OH/Accrual** favorable ($275k).

YTD:

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended October 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Gross profit:												
Delivered gas	8,937	8,571	366	7,768	8,937	8,571	366	7,768	8,937	8,571	366	7,768
Transportation	2,203	1,927	276	2,093	2,203	1,927	276	2,093	2,203	1,927	276	2,093
Other revenue	333	284	49	310	333	284	49	310	333	284	49	310
Total gross profit	11,473	10,782	691	10,171	11,473	10,782	691	10,171	11,473	10,782	691	10,171
Operating expenses:												
Operation & maintenance	4,069	4,356	287	4,035	4,069	4,356	287	4,035	4,069	4,356	287	4,035
Provision for bad debts	44	42	(2)	39	44	42	(2)	39	44	42	(2)	39
Total O&M expense	4,113	4,398	285	4,074	4,113	4,398	285	4,074	4,113	4,398	285	4,074
Depreciation & amortization	2,556	2,539	(17)	2,301	2,556	2,539	(17)	2,301	2,556	2,539	(17)	2,301
Taxes, other than income	1,021	1,034	13	910	1,021	1,034	13	910	1,021	1,034	13	910
Total operating expenses	7,690	7,971	281	7,285	7,690	7,971	281	7,285	7,690	7,971	281	7,285
Operating income	3,783	2,811	972	2,886	3,783	2,811	972	2,886	3,783	2,811	972	2,886
Other income (expense):												
Interest, net	(1,154)	(1,221)	67	(1,132)	(1,154)	(1,221)	67	(1,132)	(1,154)	(1,221)	67	(1,132)
Miscellaneous income (expense), net	(263)	174	(437)	230	(263)	174	(437)	230	(263)	174	(437)	230
Total other income (expense)	(1,417)	(1,047)	(370)	(902)	(1,417)	(1,047)	(370)	(902)	(1,417)	(1,047)	(370)	(902)
Income (loss) before income taxes	2,366	1,764	602	1,984	2,366	1,764	602	1,984	2,366	1,764	602	1,984
Provision/(Benefit) for income taxes	935	701	(234)	802	935	701	(234)	802	935	701	(234)	802
Net income (loss)	1,431	1,063	368	1,182	1,431	1,063	368	1,182	1,431	1,063	368	1,182
EBIT - Actual	3,520	2,985	535	3,116	3,520	2,985	535	3,116	3,520	2,985	535	3,116
Degree Days - % of Normal *(adjusted for WNA States)*	90%			95%	90%			95%	90%			95%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended October 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Labor	1,111	1,050	(61)	1,007	1,111	1,050	(61)	1,007	1,111	1,050	(61)	1,007
Benefits	383	497	114	(1)	383	497	114	(1)	383	497	114	(1)
Employee Welfare	90	84	(6)	116	90	84	(6)	116	90	84	(6)	116
Insurance	33	44	11	40	33	44	11	40	33	44	11	40
Rent, Maint., & Utilities	139	129	(10)	145	139	129	(10)	145	139	129	(10)	145
Vehicles & Equip	154	172	18	166	154	172	18	166	154	172	18	166
Materials & Supplies	111	103	(8)	121	111	103	(8)	121	111	103	(8)	121
Information Technologies	-	33	33	5	-	33	33	5	-	33	33	5
Telecom	56	66	10	43	56	66	10	43	56	66	10	43
Marketing	22	59	37	26	22	59	37	26	22	59	37	26
Directors & Shareholders &PR	-	1	1	-	-	1	1	-	-	1	1	-
Dues & Donations	23	26	3	13	23	26	3	13	23	26	3	13
Print & Postages	2	3	1	4	2	3	1	4	2	3	1	4
Travel & Entertainment	71	91	20	45	71	91	20	45	71	91	20	45
Training	6	10	4	4	6	10	4	4	6	10	4	4
Outside Services	615	686	71	777	615	686	71	777	615	686	71	777
Miscellaneous	(90)	5	95	3	(90)	5	95	3	(90)	5	95	3
	2,726	3,059	333	2,514	2,726	3,059	333	2,514	2,726	3,059	333	2,514
Expense Billings	1,343	1,297	(46)	1,521	1,343	1,297	(46)	1,521	1,343	1,297	(46)	1,521
	4,069	4,356	287	4,035	4,069	4,356	287	4,035	4,069	4,356	287	4,035
Provision for Bad Debt	44	42	(2)	39	44	42	(2)	39	44	42	(2)	39
Total O&M Expense	**4,113**	**4,398**	**285**	**4,074**	**4,113**	**4,398**	**285**	**4,074**	**4,113**	**4,398**	**285**	**4,074**
Total Capital Expenditures	6,391	7,287	896	5,229	6,391	7,287	896	5,229	6,391	7,287	896	5,229
Total Spending	**10,504**	**11,685**	**1,181**	**9,303**	**10,504**	**11,685**	**1,181**	**9,303**	**10,504**	**11,685**	**1,181**	**9,303**
Labor Capitalization Rates	56.8%	55.4%	1.4%	56.7%	56.8%	55.4%	1.4%	56.7%	56.8%	55.4%	1.4%	56.7%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended October 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Volumes *(Mmcf)*:												
Residential	439	521	(82)	374	439	521	(82)	374	439	521	(82)	374
Commercial	515	542	(27)	501	515	542	(27)	501	515	542	(27)	501
Industrial	156	109	47	153	156	109	47	153	156	109	47	153
Public Authorities	51	57	(6)	43	51	57	(6)	43	51	57	(6)	43
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	366	350	16	428	366	350	16	428	366	350	16	428
Total gas distribution volumes	1,527	1,579	(52)	1,499	1,527	1,579	(52)	1,499	1,527	1,579	(52)	1,499
Transportation volumes	3,470	3,018	452	3,252	3,470	3,018	452	3,252	3,470	3,018	452	3,252
Total throughput	4,997	4,597	400	4,751	4,997	4,597	400	4,751	4,997	4,597	400	4,751
Customers *(000's)*:												
Residential	288	286	2	289	288	286	2	289	288	286	2	289
Commercial	37	37	0	37	37	37	0	37	37	37	0	37
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	328	326	2	329	328	326	2	329	328	326	2	329

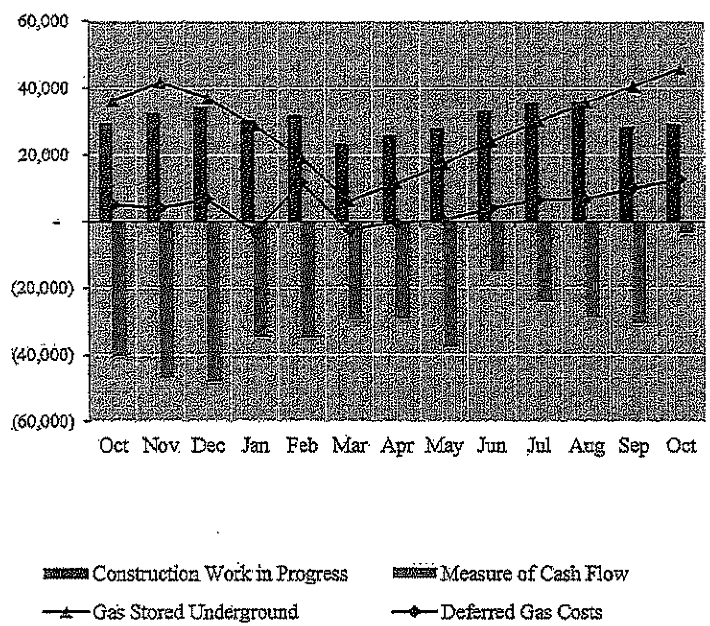
Employee Count *(12-month average)*	408			428
Customer per Employee	805			769

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended October 31, 2014
($000's)

13-Month Trending



Total PP&E	986,769
Net Prop, Plant and Equip	621,525
Construction Work in Progress	29,218
Deferred Gas Costs	12,636
Accts Rec, Less Allow for Doubtful Accts	24,246
Accts Rec, Over 90 Days	
Gas Stored Underground	45,862
Customers' Deposits	7,007
Bad Debt Provision as a Percentage of Revenues	0.24%
Measure of Cash Flow *	(3,587)
Change in cash flow from prior year October	37,107

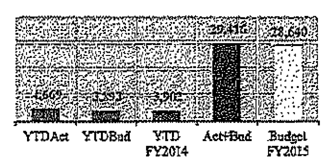
Comments:
CWIP: Up ever so slightly month over month and in line with previous year.
Deferred Gas Costs: Down month over month and year over year. Continue to monitor and make adjustments when possible.
Gas stored underground: Up month over month and year over year as we continue to inject gas prior to the heating season.
Change in cash flow: Change attributable to change in value of gas stored underground ($8.4k), current liabilities $23.2k, deferred gas costs ($8.2k) and related deferred income taxes $31.5K.

* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

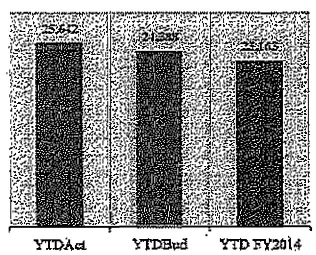
For the Period Ended November 30, 2014
($000's)

SUMMARY



	MTD Actual	MTD Budget	MTD Fav/Unfav	MTD FY2014	QTD Actual	QTD Budget	QTD Fav/Unfav	QTD FY2014	YTD Actual	YTD Budget	YTD Fav/Unfav	YTD FY2014
Net Income	3,238	2,830	408	2,719	4,669	3,893	776	3,902	4,669	3,893	776	3,902
Gross Profit	14,170	13,606	564	12,992	25,643	24,388	1,254	23,163	25,642	24,388	1,254	23,163
O&M exc Bad Debt	3,958	4,070	112	3,829	8,027	8,426	399	7,864	8,027	8,426	399	7,864
Capital Expenditures	5,547	9,895	4,348	6,476	11,938	17,182	5,244	11,705	11,938	17,182	5,244	11,705

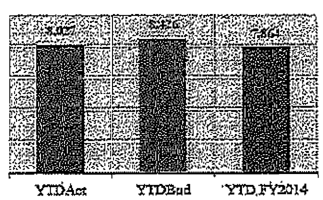
GROSS PROFIT



MTD: Weather related margins are $215k better than budget. Consumption related margins are a negative ($66k) because of lower than budgeted heat load factors. Budgeted customer variance is ($36k) unfavorable. Other operating revenue is $51k better than budget and transportation margins are $269k better than budget. Margins related to price, banner adjustments, unbilled, and oracle additions are $131k better than budget.

YTD: Weather related margins are ($21k) worse than budget. Consumption related margins are a positive $133k because of higher than budgeted heat load factors. Budgeted customer variance is $16k favorable. Other operating revenue is $100k better than budget and transportation margins are $544k better than budget. Margins related to price, banner adjustments, unbilled, and oracle additions are $481k better than budget.

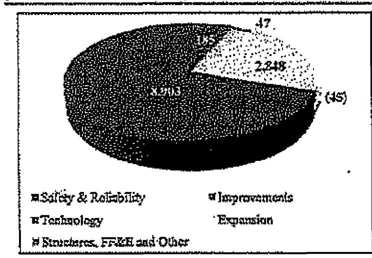
O&M and BAD DEBT



MTD: SSU billing favorable ($27k), SSU direct unfavorable $23k, Labor unfavorable $23k due to overtime, Benefits favorable ($24k) due to variance, Outside services favorable ($99k) due to timing of legal/contract labor, Vehicles favorable ($11k) lower operating costs/leases, Miscellaneous unfavorable $59k due to KY SDR, and the following are all due to timing, Dues ($19k), Marketing ($16k) and Employee Welfare ($13k).

YTD: SSU billing unfavorable $19k, SSU direct favorable ($10k), Labor unfavorable $78k due mainly to overtime, Benefits favorable ($141k) variance, Outside services favorable ($166k) timing/Blacksburg amortization, IT favorable ($41k) timing of software maint, Vehicles favorable ($28k) lower operating costs/leases, the following are all due to timing, Dues ($20k), Marketing ($30k), Miscellaneous ($30k) and Employee Travel ($27k).

CAPITAL EXPENDITURES



MTD: Structures favorable ($2,179k) timing of Franklin TN office, Public Improvements favorable ($672k) due to timing of Hwy 62 & Maxon Rd in KY, System Integrity favorable ($961k) due to KY PRP and functionals in KY/VA and System Improvements favorable ($414k) due to timing of regulator station upgrade and Carothurs Rd bridge in TN.

YTD: Structures favorable ($2,190k) timing of Franklin TN office, Public Improvements favorable ($859k) due to timing of Hwy 62 & Maxon Rd in KY and System Improvements favorable ($1,924k) due to timing of Kidd Rd/Reserves to Port Royal/Carothurs Rd in TN and transmission leak repair in KY.

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended November 30, 2014

($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Gross profit:												
Delivered gas	11,463	11,219	244	10,788	20,400	19,790	610	18,556	20,400	19,790	610	18,556
Transportation	2,393	2,124	269	1,957	4,595	4,051	544	4,050	4,595	4,051	544	4,050
Other revenue	314	263	51	247	647	547	100	557	647	547	100	557
Total gross profit	14,170	13,606	564	12,992	25,642	24,388	1,254	23,163	25,642	24,388	1,254	23,163
Operating expenses:												
Operation & maintenance	3,958	4,070	112	3,829	8,027	8,426	399	7,864	8,027	8,426	399	7,864
Provision for bad debts	56	55	(1)	52	100	98	(2)	90	100	98	(2)	90
Total O&M expense	4,014	4,125	111	3,881	8,127	8,524	397	7,954	8,127	8,524	397	7,954
Depreciation & amortization	2,576	2,538	(38)	2,305	5,132	5,077	(55)	4,606	5,132	5,077	(55)	4,606
Taxes, other than income	1,127	1,107	(20)	1,072	2,148	2,141	(7)	1,981	2,148	2,141	(7)	1,981
Total operating expenses	7,717	7,770	53	7,258	15,407	15,742	335	14,541	15,407	15,742	335	14,541
Operating income	6,453	5,836	617	5,734	10,235	8,646	1,589	8,622	10,235	8,646	1,589	8,622
Other income (expense):												
Interest, net	(1,108)	(1,194)	86	(1,140)	(2,262)	(2,415)	153	(2,272)	(2,262)	(2,415)	153	(2,272)
Miscellaneous income (expense), net	9	54	(45)	(29)	(253)	228	(481)	200	(253)	228	(481)	200
Total other income (expense)	(1,099)	(1,140)	41	(1,169)	(2,515)	(2,187)	(328)	(2,072)	(2,515)	(2,187)	(328)	(2,072)
Income (loss) before income taxes	5,354	4,696	658	4,565	7,720	6,459	1,261	6,550	7,720	6,459	1,261	6,550
Provision/(Benefit) for income taxes	2,116	1,866	(250)	1,846	3,051	2,566	(485)	2,648	3,051	2,566	(485)	2,648
Net income (loss)	3,238	2,830	408	2,719	4,669	3,893	776	3,902	4,669	3,893	776	3,902
EBIT - Actual	6,462	5,890	572	5,705	9,982	8,874	1,108	8,822	9,982	8,874	1,108	8,822
Degree Days - % of Normal *(adjusted for WNA States)*	100%			101%	97%			99%	97%			99%

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended November 30, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	**Budget**	**Fav/Unfav**	**FY2014**	**FY2015**	**Budget**	**Fav/Unfav**	**FY2014**	**FY2015**	**Budget**	**Fav/Unfav**	**FY2014**
Labor	956	927	(29)	963	2,067	1,977	(90)	1,970	2,067	1,977	(90)	1,970
Benefits	420	442	22	689	803	939	136	688	803	939	136	688
Employee Welfare	111	126	15	140	200	210	10	256	200	210	10	256
Insurance	33	34	1	33	66	78	12	73	66	78	12	73
Rent, Maint., & Utilities	135	129	(6)	127	274	258	(16)	272	274	258	(16)	272
Vehicles & Equip	154	165	11	141	309	337	28	307	309	337	28	307
Materials & Supplies	96	96	0	86	208	199	(9)	208	208	199	(9)	208
Information Technologies	2	11	9	2	2	44	42	7	2	44	42	7
Telecom	70	68	(2)	70	126	134	8	113	126	134	8	113
Marketing	60	54	(6)	61	81	113	32	87	81	113	32	87
Directors & Shareholders &PR	-	1	1	-	-	1	1	-	-	1	1	-
Dues & Donations	11	39	28	23	34	65	31	37	34	65	31	37
Print & Postages	2	4	2	2	4	7	3	5	4	7	3	5
Travel & Entertainment	119	120	1	75	190	211	21	120	190	211	21	120
Training	3	7	4	6	9	17	8	10	9	17	8	10
Outside Services	555	644	89	444	1,170	1,330	160	1,221	1,170	1,330	160	1,221
Miscellaneous	59	4	(55)	64	(31)	10	41	66	(31)	10	41	66
	2,786	2,871	85	2,926	5,512	5,930	418	5,440	5,512	5,930	418	5,440
Expense Billings	1,172	1,199	27	903	2,515	2,496	(19)	2,424	2,515	2,496	(19)	2,424
	3,958	4,070	112	3,829	8,027	8,426	399	7,864	8,027	8,426	399	7,864
Provision for Bad Debt	56	55	(1)	52	100	98	(2)	90	100	98	(2)	90
Total O&M Expense	**4,014**	**4,125**	**111**	**3,881**	**8,127**	**8,524**	**397**	**7,954**	**8,127**	**8,524**	**397**	**7,954**
Total Capital Expenditures	5,547	9,895	4,348	6,476	11,938	17,182	5,244	11,705	11,938	17,182	5,244	11,705
Total Spending	**9,561**	**14,020**	**4,459**	**10,357**	**20,065**	**25,706**	**5,641**	**19,659**	**20,065**	**25,706**	**5,641**	**19,659**
Labor Capitalization Rates	55.5%	55.1%	0.4%	55.3%	56.3%	55.3%	1.0%	55.9%	56.3%	55.3%	1.0%	55.9%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended November 30, 2014
($000's)

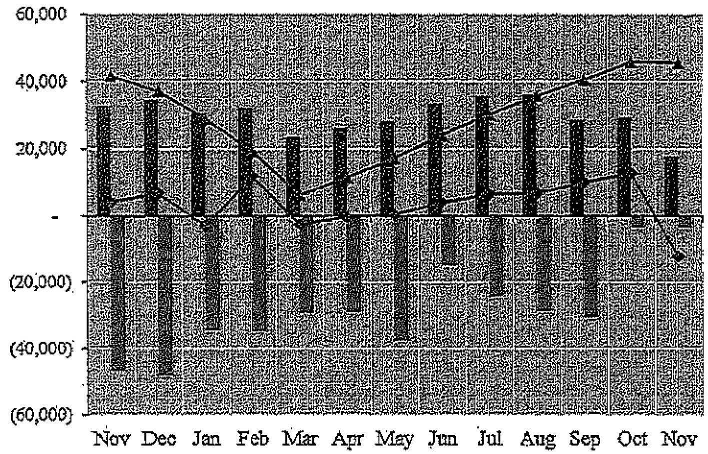
	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Volumes *(Mmcf)*:												
Residential	1,613	1,278	335	1,438	2,052	1,799	253	1,812	2,052	1,799	253	1,812
Commercial	962	825	137	972	1,477	1,367	110	1,473	1,477	1,367	110	1,473
Industrial	191	184	7	315	347	293	54	469	347	293	54	469
Public Authorities	97	88	9	100	147	145	2	143	147	145	2	143
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	1,206	955	251	1,092	1,573	1,305	268	1,518	1,573	1,305	268	1,518
Total gas distribution volumes	4,069	3,330	739	3,917	5,596	4,909	687	5,415	5,596	4,909	687	5,415
Transportation volumes	3,800	3,335	465	3,237	7,270	6,353	917	6,489	7,270	6,353	917	6,489
Total throughput	7,869	6,665	1,204	7,154	12,866	11,262	1,604	11,904	12,866	11,262	1,604	11,904
Customers *(000's)*:												
Residential	288	288	0	290	288	287	1	290	288	287	1	290
Commercial	37	38	(1)	38	37	37	0	37	37	37	0	37
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	328	329	(1)	331	328	327	1	330	328	327	1	330

	FY2015	FY2014
Employee Count *(12-month average)*	408	423
Customer per Employee	804	783

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended November 30, 2014
($000's)

13-Month Trending



Total PP&E	991,697
Net Prop, Plant and Equip	624,657
Construction Work in Progress	17,650
Deferred Gas Costs	(12,399)
Accts Rec, Less Allow for Doubtful Accts	44,565
Accts Rec, Over 90 Days	
Gas Stored Underground	45,560
Customers' Deposits	7,300
Bad Debt Provision as a Percentage of Revenues	0.19%
Measure of Cash Flow *	(3,622)
Change in cash flow from prior year November	43,501

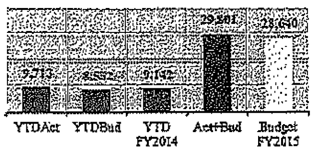
Comments:
CWIP: Down month over month and year over year due to closing of 2 large projects.
Deferred Gas Costs: Up month over month and year over year. Currently in an over recovered status.
Gas stored underground: Consistant with prior month and in line with historical trends as injections have ceased and withdrawls will start heading into the heating season.
Change in cash flow: Change mainly attributable to change in current liabilities $23.2k, deferred gas costs ($14.1k) and related deferred income taxes $31.5k.

* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

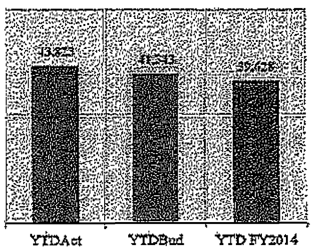
For the Period Ended December 31, 2014
($000's)

SUMMARY



	MTD				QTD				YTD			
	Actual	Budget	Fav/Unfav	FY2014	Actual	Budget	Fav/Unfav	FY2014	Actual	Budget	Fav/Unfav	FY2014
Net Income	5,044	4,659	385	5,240	9,713	8,552	1,161	9,142	9,713	8,552	1,161	9,142
Gross Profit	18,182	16,956	1,226	16,465	43,823	41,343	2,480	39,628	43,823	41,343	2,480	39,628
O&M exc Bad Debt	4,904	4,581	(323)	4,348	12,931	13,007	76	12,212	12,931	13,007	76	12,212
Capital Expenditures	6,445	7,966	1,521	5,924	18,382	25,148	6,766	17,629	18,382	25,148	6,766	17,629

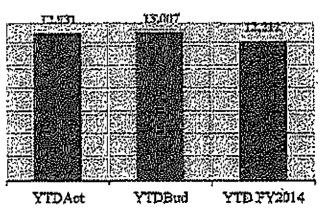
GROSS PROFIT



MTD: Weather related margins are ($374k) worse than budget. Consumption related margins are a positive $642k because of higher than budgeted heat load factors. Budgeted customer variance is $255k favorable. Other operating revenue is $75k better than budget and transportation margins are $195k better than budget. Margins related to price, banner adjustments, unbilled, and oracle additions are $434k better than budget.

YTD: Weather related margins are ($395k) worse than budget. Consumption related margins are a positive $775k because of higher than budgeted heat load factors. Budgeted customer variance is $271k favorable. Other operating revenue is $175k better than budget and transportation margins are $739k better than budget. Margins related to price, banner adjustments, unbilled, and oracle additions are $915k better than budget.

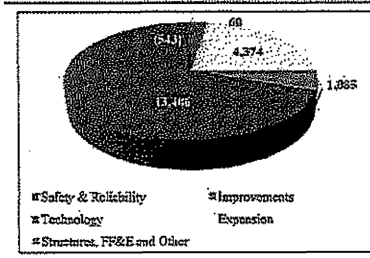
O&M exc BAD DEBT



MTD: SSU billing favorable ($336k), SSU direct favorable ($63k), Labor favorable ($6k) due mainly to cap rate (1.7%), Benefits unfavorable $189k due to variance (reg assets), Outside services unfavorable $489k due to VA Blacksburg incident, Materials unfavorable $50k timing, Rent/Utilities unfavorable $27k due to Railroad easements, Vehicles favorable ($21k) lower operating/lease expense, Employee Welfare unfavorable $32k due to MIP/VPP and Employee travel favorable ($25k) timing.

YTD: SSU billing favorable ($317k), SSU direct favorable ($73k), Labor unfavorable $71k due mainly to OT, Benefits unfavorable $48k variance and benefit costs, Employee welfare unfavorable $24k MIP/VPP, IT favorable ($39k) timing of software maintenance, Outside services unfavorable $324k due to timing of contract labor and VA Blacksburg incident, Rents/Utilities unfavorable $44k railroad easements, Vehicles favorable ($50k) lower operating/leases, Materials unfavorable $56k timing, and the following are all favorable due to timing, Insurance ($26k), Marketing ($33k), Miscellaneous ($24k), Employee travel ($52k), Dues ($22k).

CAPITAL EXPENDITURES



MTD: Growth unfavorable $.464k due to functionals in KY/TN & Red Sun farms in VA, Public Improvements favorable ($1.388k) due to road move billing in KY & timing of Hwy 62 & Maxon Rd relocation in KY, System Integrity favorable ($1.662k) due to timing of Aiken Rd in KY and OH/accr unfavorable $.283k.

YTD: Public Improvements favorable ($2.247k) due to road move billing in KY & timing of Hwy 62/Maxen Rd relocation in KY, System Integrity favorable ($1.586k) due to timing of Aiken Rd in KY, baresteel /Wilcox Rd in TN & SAVE/bare steel in VA, Structures favorable ($2.142k) Franklin TN office, System Improvements favorable ($1.585k) due to timing of TN projects Kidd Rd ext/Carothers Rd/Reserve to Port Royal and OH/accr unfavorable $.166k.

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended December 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	**Budget**	**Fav/Unfav**	**FY2014**	**FY2015**	**Budget**	**Fav/Unfav**	**FY2014**	**FY2015**	**Budget**	**Fav/Unfav**	**FY2014**
Gross profit:												
Delivered gas	15,331	14,374	957	13,931	35,730	34,164	1,566	32,487	35,730	34,164	1,566	32,487
Transportation	2,482	2,287	195	2,178	7,077	6,338	739	6,228	7,077	6,338	739	6,228
Other revenue	369	295	74	356	1,016	841	175	913	1,016	841	175	913
Total gross profit	18,182	16,956	1,226	16,465	43,823	41,343	2,480	39,628	43,823	41,343	2,480	39,628
Operating expenses:												
Operation & maintenance	4,904	4,581	(323)	4,348	12,931	13,007	76	12,212	12,931	13,007	76	12,212
Provision for bad debts	75	70	(5)	68	175	168	(7)	158	175	168	(7)	158
Total O&M expense	4,979	4,651	(328)	4,416	13,106	13,175	69	12,370	13,106	13,175	69	12,370
Depreciation & amortization	2,592	2,538	(54)	2,313	7,724	7,615	(109)	6,919	7,724	7,615	(109)	6,919
Taxes, other than income	1,049	1,083	34	260	3,198	3,224	26	2,241	3,198	3,224	26	2,241
Total operating expenses	8,620	8,272	(348)	6,989	24,028	24,014	(14)	21,530	24,028	24,014	(14)	21,530
Operating income	9,562	8,684	878	9,476	19,795	17,329	2,466	18,098	19,795	17,329	2,466	18,098
Other income (expense):												
Interest, net	(1,130)	(1,202)	72	(1,122)	(3,392)	(3,617)	225	(3,394)	(3,392)	(3,617)	225	(3,394)
Miscellaneous income (expense), net	136	248	(112)	308	(115)	477	(592)	509	(115)	477	(592)	509
Total other income (expense)	(994)	(954)	(40)	(814)	(3,507)	(3,140)	(367)	(2,885)	(3,507)	(3,140)	(367)	(2,885)
Income (loss) before income taxes	8,568	7,730	838	8,662	16,288	14,189	2,099	15,213	16,288	14,189	2,099	15,213
Provision/(Benefit) for income taxes	3,524	3,071	(453)	3,422	6,575	5,637	(938)	6,071	6,575	5,637	(938)	6,071
Net income (loss)	5,044	4,659	385	5,240	9,713	8,552	1,161	9,142	9,713	8,552	1,161	9,142
EBIT - Actual	9,698	8,932	766	9,784	19,680	17,806	1,874	18,607	19,680	17,806	1,874	18,607
Degree Days - % of Normal *(adjusted for WNA States)*	100%			99%	99%			99%	99%			99%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended December 31, 2014
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Labor	1,051	1,050	(1)	1,002	3,118	3,028	(90)	2,972	3,118	3,028	(90)	2,972
Benefits	688	497	(191)	481	1,492	1,437	(55)	1,169	1,492	1,437	(55)	1,169
Employee Welfare	168	136	(32)	179	368	346	(22)	435	368	346	(22)	435
Insurance	43	56	13	70	108	134	26	143	108	134	26	143
Rent, Maint., & Utilities	154	128	(26)	135	428	386	(42)	407	428	386	(42)	407
Vehicles & Equip	144	166	22	153	453	503	50	460	453	503	50	460
Materials & Supplies	149	99	(50)	84	357	298	(59)	291	357	298	(59)	291
Information Technologies	8	5	(3)	4	10	49	39	11	10	49	39	11
Telecom	67	66	(1)	85	194	200	6	198	194	200	6	198
Marketing	25	51	26	29	106	164	58	117	106	164	58	117
Directors & Shareholders &PR	-	1	1	-	-	2	2	-	-	2	2	-
Dues & Donations	23	28	5	15	57	92	35	52	57	92	35	52
Print & Postages	4	4	0	5	8	11	3	10	8	11	3	10
Travel & Entertainment	69	92	23	109	259	303	44	229	259	303	44	229
Training	4	8	4	4	13	25	12	14	13	25	12	14
Outside Services	1,251	803	(448)	810	2,421	2,134	(287)	2,031	2,421	2,134	(287)	2,031
Miscellaneous	7	7	0	(62)	(25)	15	40	4	(25)	15	40	4
	3,855	3,197	(658)	3,103	9,367	9,127	(240)	8,543	9,367	9,127	(240)	8,543
Expense Billings	1,049	1,384	335	1,245	3,564	3,880	316	3,669	3,564	3,880	316	3,669
	4,904	4,581	(323)	4,348	12,931	13,007	76	12,212	12,931	13,007	76	12,212
Provision for Bad Debt	75	70	(5)	68	175	168	(7)	158	175	168	(7)	158
Total O&M Expense	**4,979**	**4,651**	**(328)**	**4,416**	**13,106**	**13,175**	**69**	**12,370**	**13,106**	**13,175**	**69**	**12,370**
Total Capital Expenditures	6,445	7,966	1,521	5,924	18,382	25,148	6,766	17,629	18,382	25,148	6,766	17,629
Total Spending	**11,424**	**12,617**	**1,193**	**10,340**	**31,488**	**38,323**	**6,835**	**29,999**	**31,488**	**38,323**	**6,835**	**29,999**
Labor Capitalization Rates	57.1%	55.4%	1.7%	55.3%	56.5%	55.3%	1.2%	55.7%	56.5%	55.3%	1.2%	55.7%

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended December 31, 2014
($000's)

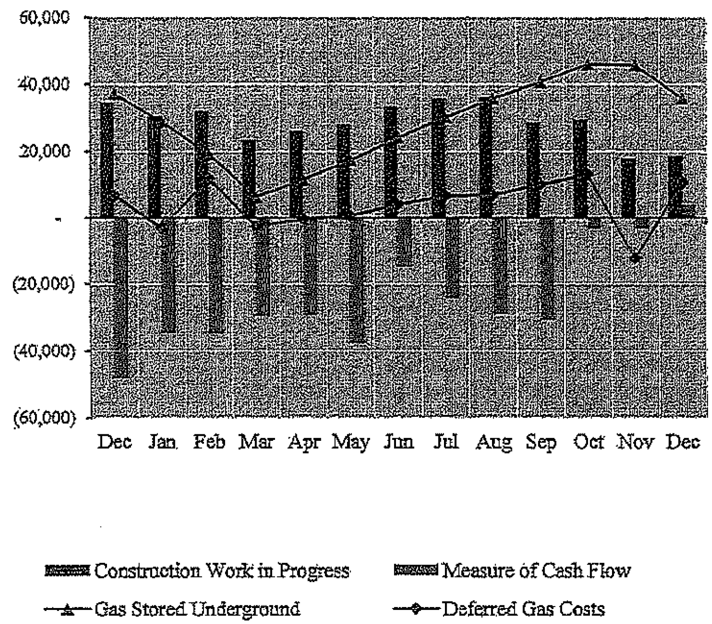
	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Volumes *(Mmcf):*												
Residential	2,994	2,690	304	3,056	5,046	4,489	557	4,868	5,046	4,489	557	4,868
Commercial	1,710	1,401	309	1,687	3,187	2,768	419	3,160	3,187	2,768	419	3,160
Industrial	311	274	37	335	658	567	91	803	658	567	91	803
Public Authorities	176	165	11	188	323	310	13	330	323	310	13	330
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	609	1,179	(570)	737	2,182	2,483	(301)	2,257	2,182	2,483	(301)	2,257
Total gas distribution volumes	5,800	5,709	91	6,003	11,396	10,617	779	11,418	11,396	10,617	779	11,418
Transportation volumes	3,651	3,560	91	3,456	10,921	9,913	1,008	9,946	10,921	9,913	1,008	9,946
Total throughput	9,451	9,269	182	9,459	22,317	20,530	1,787	21,364	22,317	20,530	1,787	21,364
Customers *(000's):*												
Residential	296	291	5	293	291	288	3	291	291	288	3	291
Commercial	39	38	1	38	38	37	1	38	38	37	1	38
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	338	332	6	334	332	328	4	332	332	328	4	332

	FY2015	FY2014
Employee Count *(12-month average)*	408	418
Customer per Employee	829	799

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended December 31, 2014
($000's)

13-Month Trending



Total PP&E	996,592
Net Prop, Plant and Equip	628,681
Construction Work in Progress	18,449
Deferred Gas Costs	10,469
Accts Rec, Less Allow for Doubtful Accts	55,484
Accts Rec, Over 90 Days	
Gas Stored Underground	35,601
Customers' Deposits	7,705
Bad Debt Provision as a Percentage of Revenues	0.17%
Measure of Cash Flow *	3,427
Change in cash flow from prior year December	51,802

Comments:
CWIP: In line with previous month and down year over year as several large projects were closed and completed.
Deferred Gas Costs: Down month over month and year over year. Continue to monitor and adjust accordingly to state regulations.
Gas stored underground: Down month over month and in line with previous year as withdrawls have begun due to winter heating loads.
Change in cash flow: Change attributable to change in current liabilities $7.9k, deferred gas costs ($17.2k), accounts receivable $4.5k, gas stored underground $6.6k, customer deposits $4.0k, deferred credits/other liabilities $2.0k and related deferred income taxes $34.2K.

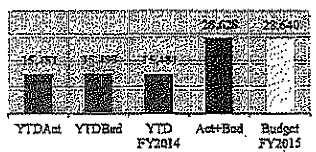
Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

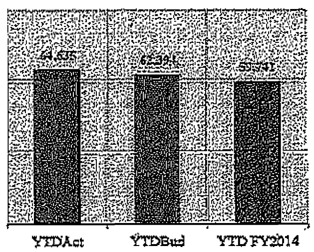
For the Period Ended January 31, 2015
($000's)

SUMMARY



	MTD				QTD				YTD			
	Actual	Budget	Fav/Unfav	FY2014	Actual	Budget	Fav/Unfav	FY2014	Actual	Budget	Fav/Unfav	FY2014
Net Income	5,768	6,942	(1,174)	6,339	5,768	6,942	(1,174)	6,339	15,481	15,493	(12)	15,481
Gross Profit	20,811	21,051	(240)	20,115	20,811	21,051	(240)	20,115	64,635	62,394	2,241	59,741
O&M exc Bad Debt	6,135	4,355	(1,780)	4,932	6,135	4,355	(1,780)	4,932	19,065	17,362	(1,703)	17,144
Capital Expenditures	4,409	6,452	2,043	5,209	4,409	6,452	2,043	5,209	22,792	31,600	8,808	22,838

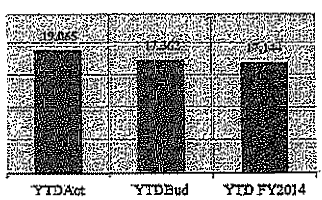
GROSS PROFIT



MTD: Weather related margins are $267k better than budget. Consumption related margins are a positive $26k because of higher than budgeted heat load factors. Budgeted customer variance is $138k favorable. Other operating revenue is $61k better than budget and transportation margins are $583k better than budget. Margins related to price, banner adjustments, unbilled, rate case variance and oracle additions are ($1,315k) worse than budget.

YTD: Weather related margins are ($128k) worse than budget. Consumption related margins are a positive $801k because of higher than budgeted heat load factors. Budgeted customer variance is $409k favorable. Other operating revenue is $236k better than budget and transportation margins are $1,322k better than budget. Margins related to price, banner adjustments, unbilled, and oracle additions are ($400k) worse than budget.

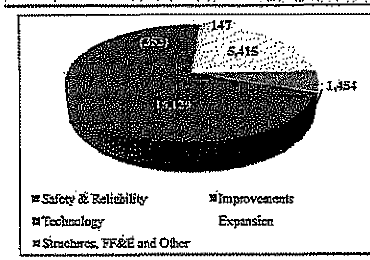
O&M excl. BAD DEBT



MTD: **SSU billing** unfavorable $193k. **Labor** unfavorable $50k due mainly to cap rate (.5%). **Benefits** favorable ($93k) primarily due to realignment of workers comp. **Outside services** unfavorable $1,624k due to Blacksburg incident and additional O&M accrual (enterprise adjustment). **Marketing** unfavorable $17k due to timing. **Rents/Maint./Utilities** unfavorable $23k due to Murfreesboro warehouse rent change. **Materials and Supplies** unfavorable $21k due to timing on purchase of odorant.

YTD: **SSU billing** favorable ($124k). **Labor** unfavorable $141k due mainly to overtime. **Benefits** favorable ($38k) due to variance and benefit costs. **Outside Services** unfavorable $1,911k due to Blacksburg incident and additional O&M accrual (enterprise adjustment). **Marketing** favorable ($41k) due to timing. **Rents/Maint./Utilities** unfavorable $66k due to railroad easements and Murfreesboro warehouse rent change. **Materials and Supplies** unfavorable $80k due to timing on purchase of odorant. **Vehicles & Equipment** favorable ($54k) due to lower fuel prices.

CAPITAL EXPENDITURES



MTD: Public Improvements unfavorable $.655k due to timing of Hwy 63 and Maxon Rd. relocation projects in KY. System Integrity favorable ($2.792k) primarily due to PRP Shelbyville Aiken Rd project, TN Bare, and VA SAVE. OH/Accrual unfavorable $.192k.

YTD: Public Improvements favorable ($1.592k) due to timing of Hwy 63 and Maxon Rd. relocation projects and Hwy 31 road move billing in KY. System Integrity favorable ($4.378k) primarily due to timing of PRP Shelbyville Aiken Rd project, TN Bare, and VA SAVE. Structures favorable ($2.110k) due to Franklin office land purchase. System Improvements favorable ($1.630k) due to timing of Kidd Rd. extension, Carothers Rd. Bridge, and Reserves to Port Royal Rd projects in TN. OH/Accrual unfavorable $.921k.

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended January 31, 2015

($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Gross profit:												
Delivered gas	17,380	18,264	(884)	16,851	17,380	18,264	(884)	16,851	53,110	52,427	683	49,338
Transportation	3,017	2,434	583	2,781	3,017	2,434	583	2,781	10,094	8,772	1,322	9,008
Other revenue	414	353	61	483	414	353	61	483	1,431	1,195	236	1,395
Total gross profit	20,811	21,051	(240)	20,115	20,811	21,051	(240)	20,115	64,635	62,394	2,241	59,741
Operating expenses:												
Operation & maintenance	6,135	4,355	(1,780)	4,932	6,135	4,355	(1,780)	4,932	19,065	17,362	(1,703)	17,144
Provision for bad debts	85	89	4	81	85	89	4	81	260	256	(4)	240
Total O&M expense	6,220	4,444	(1,776)	5,013	6,220	4,444	(1,776)	5,013	19,325	17,618	(1,707)	17,384
Depreciation & amortization	2,592	2,706	114	2,324	2,592	2,706	114	2,324	10,317	10,321	4	9,243
Taxes, other than income	1,288	1,233	(55)	1,172	1,288	1,233	(55)	1,172	4,485	4,457	(28)	3,413
Total operating expenses	10,100	8,383	(1,717)	8,509	10,100	8,383	(1,717)	8,509	34,127	32,396	(1,731)	30,040
Operating income	10,711	12,668	(1,957)	11,606	10,711	12,668	(1,957)	11,606	30,508	29,998	510	29,701
Other income (expense):												
Interest, net	(1,123)	(1,201)	78	(1,139)	(1,123)	(1,201)	78	(1,139)	(4,515)	(4,818)	303	(4,533)
Miscellaneous income (expense), net	85	51	34	81	85	51	34	81	(32)	526	(558)	592
Total other income (expense)	(1,038)	(1,150)	112	(1,058)	(1,038)	(1,150)	112	(1,058)	(4,547)	(4,292)	(255)	(3,941)
Income (loss) before income taxes	9,673	11,518	(1,845)	10,548	9,673	11,518	(1,845)	10,548	25,961	25,706	255	25,760
Provision/(Benefit) for income taxes	3,905	4,576	671	4,209	3,905	4,576	671	4,209	10,480	10,213	(267)	10,279
Net income (loss)	5,768	6,942	(1,174)	6,339	5,768	6,942	(1,174)	6,339	15,481	15,493	(12)	15,481
EBIT - Actual	10,796	12,719	(1,923)	11,687	10,796	12,719	(1,923)	11,687	30,476	30,524	(48)	30,293
Degree Days - % of Normal *(adjusted for WNA States)*	100%			101%	100%			101%	99%			100%

ATMOS energy

Atmos Energy Corporation

KY/Mid-States Division

Total Spending- Comparative

For the Period Ended January 31, 2015

($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Labor	1,059	1,009	(50)	1,151	1,059	1,009	(50)	1,151	4,178	4,037	(141)	4,122
Benefits	386	479	93	574	386	479	93	574	1,878	1,916	38	1,742
Employee Welfare	120	134	14	234	120	134	14	234	487	479	(8)	669
Insurance	40	38	(2)	40	40	38	(2)	40	148	172	24	183
Rent, Maint., & Utilities	151	128	(23)	156	151	128	(23)	156	579	514	(65)	564
Vehicles & Equip	152	156	4	165	152	156	4	165	605	659	54	625
Materials & Supplies	127	106	(21)	109	127	106	(21)	109	484	404	(80)	401
Information Technologies	2	19	17	20	2	19	17	20	12	68	56	31
Telecom	71	68	(3)	53	71	68	(3)	53	265	269	4	250
Marketing	70	53	(17)	58	70	53	(17)	58	176	217	41	174
Directors & Shareholders &PR	-	-	0	-	-	-	0	-	-	2	2	-
Dues & Donations	26	31	5	21	26	31	5	21	83	123	40	73
Print & Postages	1	4	3	2	1	4	3	2	8	15	7	12
Travel & Entertainment	80	86	6	89	80	86	6	89	339	389	50	317
Training	8	15	7	11	8	15	7	11	21	40	19	25
Outside Services	2,284	660	(1,624)	933	2,284	660	(1,624)	933	4,705	2,794	(1,911)	2,964
Miscellaneous	(2)	2	4	(2)	(2)	2	4	(2)	(27)	16	43	5
	4,575	2,988	(1,587)	3,614	4,575	2,988	(1,587)	3,614	13,941	12,114	(1,827)	12,157
Expense Billings	1,560	1,367	(193)	1,318	1,560	1,367	(193)	1,318	5,124	5,248	124	4,987
	6,135	4,355	(1,780)	4,932	6,135	4,355	(1,780)	4,932	19,065	17,362	(1,703)	17,144
Provision for Bad Debt	85	89	4	81	85	89	4	81	260	256	(4)	240
Total O&M Expense	**6,220**	**4,444**	(1,776)	**5,013**	**6,220**	**4,444**	(1,776)	**5,013**	**19,325**	**17,618**	(1,707)	**17,384**
Total Capital Expenditures	4,409	6,452	2,043	5,209	4,409	6,452	2,043	5,209	22,792	31,600	8,808	22,838
Total Spending	**10,629**	**10,896**	**267**	**10,222**	**10,629**	**10,896**	**267**	**10,222**	**42,117**	**49,218**	**7,101**	**40,222**
Labor Capitalization Rates	54.8%	55.4%	-0.5%	52.9%	54.8%	55.4%	-0.5%	52.9%	56.1%	55.3%	0.8%	55.1%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended January 31, 2015
($000's)

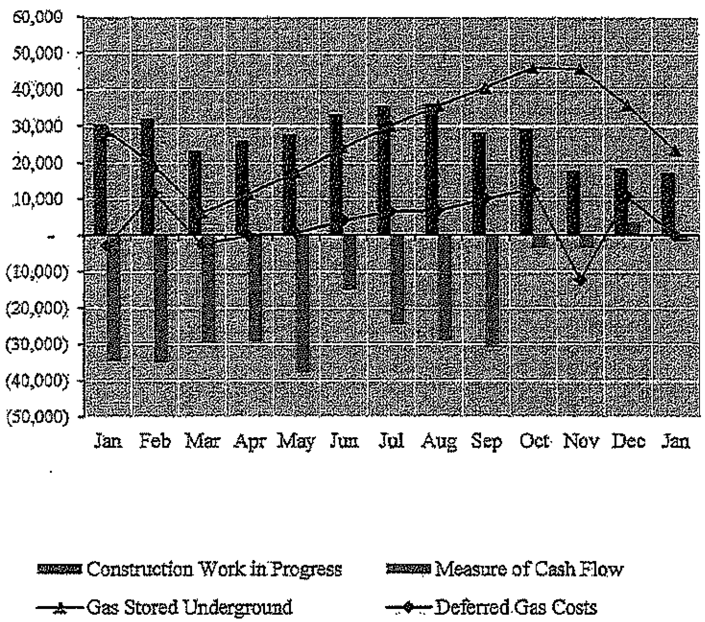
	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	**Budget**	**Fav/Unfav**	**FY2014**	**FY2015**	**Budget**	**Fav/Unfav**	**FY2014**	**FY2015**	**Budget**	**Fav/Unfav**	**FY2014**
Volumes *(Mmcf)*:												
Residential	4,026	4,027	(1)	4,419	4,026	4,027	(1)	4,419	9,072	8,516	556	9,287
Commercial	2,282	2,031	251	2,452	2,282	2,031	251	2,452	5,469	4,799	670	5,611
Industrial	271	355	(84)	326	271	355	(84)	326	929	921	8	1,130
Public Authorities	232	238	(6)	259	232	238	(6)	259	555	548	7	590
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	469	483	(14)	1,506	469	483	(14)	1,506	2,652	2,967	(315)	3,762
Total gas distribution volumes	7,280	7,134	146	8,962	7,280	7,134	146	8,962	18,677	17,751	926	20,380
Transportation volumes	4,531	3,747	784	4,468	4,531	3,747	784	4,468	15,452	13,660	1,792	14,414
Total throughput	11,811	10,881	930	13,430	11,811	10,881	930	13,430	34,129	31,411	2,718	34,794
Customers *(000's)*:												
Residential	296	293	3	295	296	293	3	295	292	289	3	292
Commercial	39	39	0	39	39	39	0	39	38	38	0	38
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	338	335	3	337	338	335	3	337	333	330	3	333

Employee Count *(12-month average)*	407	414
Customer per Employee	830	815

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended January 31, 2015
($000's)

13-Month Trending



Total PP&E	999,063
Net Prop, Plant and Equip	630,666
Construction Work in Progress	17,055
Deferred Gas Costs	(254)
Accts Rec, Less Allow for Doubtful Accts	74,624
Accts Rec, Over 90 Days	
Gas Stored Underground	23,237
Customers' Deposits	7,944
Bad Debt Provision as a Percentage of Revenues	0.16%
Measure of Cash Flow *	(1,850)
Change in cash flow from prior year January	32,836

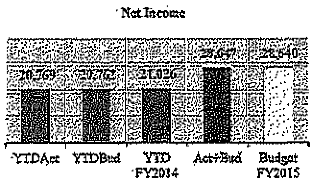
Comments:
CWIP: Down versus previous month as several KY PRP projects were closed and completed.
Deferred Gas Costs: Down month over month and year over year. Continue to monitor and adjust accordingly to state regulations.
Gas stored underground: Down month over month as withdrawls have continued due to winter heating loads.
Change in cash flow: The Cash flow increase of $32.8M is the result mainly of a $11.9M change in Accounts Receivable, a $41.5M increase in Deferred Income Taxes, a $5.8M change in Deferred Gas Costs, a $5.4M decrease in Gas Stored Underground, and a $4.1M increase in Customer Deposits.

* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

Atmos Energy Corporation
KY/Mid-States Division
Summary - Financial Results

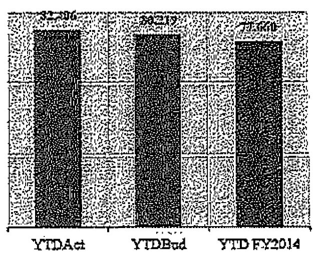
For the Period Ended February 28, 2015
($000's)

S U M M A R Y



	MTD				QTD				YTD			
	Actual	Budget	Fav/Unfav	FY2014	Actual	Budget	Fav/Unfav	FY2014	Actual	Budget	Fav/Unfav	FY2014
Net Income	5,288	5,269	19	5,545	11,056	12,211	(1,155)	11,884	20,769	20,762	7	21,026
Gross Profit	17,772	17,825	(53)	17,917	38,583	38,875	(292)	38,032	82,406	80,219	2,187	77,660
O&M exc Bad Debt	4,085	4,071	(14)	4,178	10,219	8,426	(1,793)	9,110	23,150	21,433	(1,717)	21,322
Capital Expenditures	6,209	6,970	761	4,312	10,619	13,422	2,803	9,521	29,001	38,570	9,569	27,149

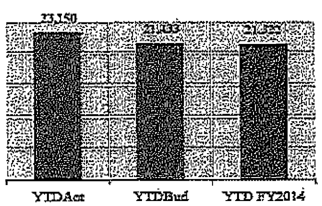
G R O S S P R O F I T



MTD: Weather related margins are $345k better than budget. Consumption related margins are a positive $246k because of higher than budgeted heat load factors. Budgeted customer variance is ($241k) unfavorable. Other operating revenue is $53k better than budget and transportation margins are ($11k) worse than budget. Margins related to price, banner adjustments, unbilled, rate case variance and oracle additions are ($446k) worse than budget.

YTD: Weather related margins are $217k better than budget. Consumption related margins are a positive $1,047k because of higher than budgeted heat load factors. Budgeted customer variance is $168k favorable. Other operating revenue is $289k better than budget and transportation margins are $1,311k better than budget. Margins related to price, banner adjustments, unbilled, and oracle additions are ($846k) worse than budget

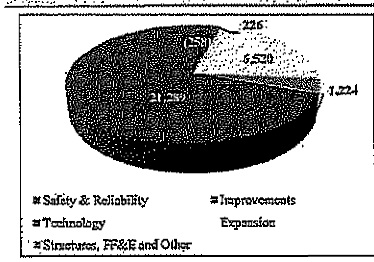
O & M exd B A D D E B T



MTD: SSU billing favorable ($94k), SSU direct unfavorable $38k, Labor favorable ($62k) due to cap rate (1.8%) and attrition, Benefits favorable ($58k) cap rate and variance, Outside services unfavorable $144k timing TN one call, Dues unfavorable $102k timing GTI dues, Vehicles favorable ($30k) lower leases and operating expenses and IT favorable ($15k) software maintenance.

YTD: SSU billing favorable ($218k), SSU direct favorable ($17k), Labor unfavorable $53k due to OT, Benefits favorable ($105k) benefits, Outside services unfavorable $2,087 due to timing of contract labor/VA Blacksburg incident and Vehicles favorable ($84k) due to lower vechicle leases/operating costs.

C A P I T A L E X P E N D I T U R E S



MTD: System Integrity favorable ($993k) due to timing of KY PRP/TN baresteel, System Improvements unfavorable $599k due to timing of KY WMR/Kidd Rd extension in TN and OH/accr favorable ($341k).

YTD: Public Improvement favorable ($1,811k) due to KY state reimbursement, timing of KY projects Hwy 62/Maxon Rd, Hillsboro Rd in TN & Lee Hwy in VA, Structures favorable ($2,110k) due to new Franklin office, System Improvements favorable ($1,032k) timing of Kidd Rd extension/Carothers Rd bridge in TN, System Integrity favorable ($5,371k) timing of KY PRP/TN baresteel/VA SAVE and Growth unfavorable $778k functionals in KY/TN.

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Income Statement - Comparative

For the Period Ended February 28, 2015
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Gross profit:												
Delivered gas	14,576	14,672	(96)	15,137	31,956	32,936	(980)	31,988	67,686	67,100	586	64,476
Transportation	2,732	2,743	(11)	2,294	5,749	5,176	573	5,075	12,826	11,514	1,312	11,303
Other revenue	464	410	54	486	878	763	115	969	1,894	1,605	289	1,881
Total gross profit	17,772	17,825	(53)	17,917	38,583	38,875	(292)	38,032	82,406	80,219	2,187	77,660
Operating expenses:												
Operation & maintenance	4,085	4,071	(14)	4,178	10,219	8,426	(1,793)	9,110	23,150	21,433	(1,717)	21,322
Provision for bad debts	71	71	0	153	156	159	3	234	331	327	(4)	392
Total O&M expense	4,156	4,142	(14)	4,331	10,375	8,585	(1,790)	9,344	23,481	21,760	(1,721)	21,714
Depreciation & amortization	2,590	2,706	116	2,328	5,183	5,412	229	4,651	12,907	13,027	120	11,571
Taxes, other than income	1,142	1,127	(15)	1,039	2,430	2,361	(69)	2,210	5,627	5,585	(42)	4,452
Total operating expenses	7,888	7,975	87	7,698	17,988	16,358	(1,630)	16,205	42,015	40,372	(1,643)	37,737
Operating income	9,884	9,850	34	10,219	20,595	22,517	(1,922)	21,827	40,391	39,847	544	39,923
Other income (expense):												
Interest, net	(1,103)	(1,199)	96	(1,125)	(2,225)	(2,399)	174	(2,264)	(5,617)	(6,017)	400	(5,658)
Miscellaneous income (expense), net	87	91	(4)	132	171	142	29	211	55	619	(564)	721
Total other income (expense)	(1,016)	(1,108)	92	(993)	(2,054)	(2,257)	203	(2,053)	(5,562)	(5,398)	(164)	(4,937)
Income (loss) before income taxes	8,868	8,742	126	9,226	18,541	20,260	(1,719)	19,774	34,829	34,449	380	34,986
Provision/(Benefit) for income taxes	3,580	3,473	(107)	3,681	7,485	8,049	564	7,890	14,060	13,687	(373)	13,960
Net income (loss)	5,288	5,269	19	5,545	11,056	12,211	(1,155)	11,884	20,769	20,762	7	21,026
EBIT - Actual	9,971	9,941	30	10,351	20,766	22,659	(1,893)	22,038	40,446	40,466	(20)	40,644
Degree Days - % of Normal *(adjusted for WNA States)*	100%			100%	100%			101%	99%			100%

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Total Spending- Comparative

For the Period Ended February 28, 2015
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Labor	870	926	56	1,004	1,929	1,936	7	2,154	5,047	4,963	(84)	5,126
Benefits	386	442	56	482	773	921	148	1,056	2,264	2,357	93	2,224
Employee Welfare	108	110	2	109	228	243	15	343	595	589	(6)	778
Insurance	40	34	(6)	35	80	72	(8)	75	188	206	18	218
Rent, Maint., & Utilities	139	127	(12)	153	290	255	(35)	309	718	641	(77)	717
Vehicles & Equip	131	160	29	140	282	317	35	305	735	819	84	765
Materials & Supplies	112	104	(8)	94	239	210	(29)	203	596	509	(87)	494
Information Technologies	1	16	15	15	3	35	32	35	14	84	70	45
Telecom	59	79	20	81	130	148	18	134	324	348	24	331
Marketing	82	53	(29)	59	152	106	(46)	116	258	270	12	233
Directors & Shareholders &PR	-	-	0	-	-	-	0	-	-	2	2	-
Dues & Donations	123	21	(102)	14	149	52	(97)	36	206	144	(62)	88
Print & Postages	3	4	1	4	4	7	3	6	12	19	7	16
Travel & Entertainment	79	91	12	80	159	177	18	169	418	480	62	397
Training	4	9	5	8	12	24	12	18	25	50	25	33
Outside Services	821	667	(154)	777	3,105	1,327	(1,778)	1,710	5,526	3,461	(2,065)	3,741
Miscellaneous	(1)	6	7	(4)	(4)	7	11	(4)	(28)	21	49	3
	2,957	2,849	(108)	3,051	7,531	5,837	(1,694)	6,665	16,898	14,963	(1,935)	15,209
Expense Billings	1,128	1,222	94	1,127	2,688	2,589	(99)	2,445	6,252	6,470	218	6,113
	4,085	4,071	(14)	4,178	10,219	8,426	(1,793)	9,110	23,150	21,433	(1,717)	21,322
Provision for Bad Debt	71	71	0	153	156	159	3	234	331	327	(4)	392
Total O&M Expense	**4,156**	**4,142**	**(14)**	**4,331**	**10,375**	**8,585**	**(1,790)**	**9,344**	**23,481**	**21,760**	**(1,721)**	**21,714**
Total Capital Expenditures	6,209	6,970	761	4,312	10,619	13,422	2,803	9,521	29,001	38,570	9,569	27,149
Total Spending	**10,365**	**11,112**	**747**	**8,643**	**20,994**	**22,007**	**1,013**	**18,865**	**52,482**	**60,330**	**7,848**	**48,863**
Labor Capitalization Rates	56.7%	55.0%	1.7%	52.2%	55.8%	55.2%	0.5%	52.6%	56.2%	55.3%	1.0%	54.6%

Atmos Energy Corporation
KY/Mid-States Division
Statistical Information

For the Period Ended February 28, 2015
($000's)

	Month-to-Date				Quarter-to-Date				Year-to-Date			
	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014	FY2015	Budget	Fav/Unfav	FY2014
Volumes *(Mmcf)*:												
Residential	3,896	3,690	206	4,777	7,923	7,717	206	9,196	12,969	12,205	764	14,063
Commercial	2,164	1,972	192	2,649	4,446	4,002	444	5,101	7,633	6,771	862	8,261
Industrial	308	392	(84)	475	579	747	(168)	801	1,237	1,314	(77)	1,604
Public Authorities	224	215	9	277	455	453	2	536	778	763	15	866
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Unbilled	495	(995)	1,490	(1,726)	964	(512)	1,476	(220)	3,146	1,972	1,174	2,038
Total gas distribution volumes	7,087	5,274	1,813	6,452	14,367	12,407	1,960	15,414	25,763	23,025	2,738	26,832
Transportation volumes	3,957	4,284	(327)	4,031	8,488	8,031	457	8,499	19,409	17,944	1,465	18,445
Total throughput	11,044	9,558	1,486	10,483	22,855	20,438	2,417	23,913	45,172	40,969	4,203	45,277
Customers *(000's)*:												
Residential	297	294	3	295	297	293	4	295	293	290	3	293
Commercial	39	39	0	39	39	39	0	39	38	38	0	38
Industrial	1	1	0	1	1	1	0	1	1	1	0	1
Public Authorities	2	2	0	2	2	2	0	2	2	2	0	2
Irrigation	-	-	0	-	-	-	0	-	-	-	0	-
Total Customers	339	336	3	337	339	335	4	337	334	331	3	334

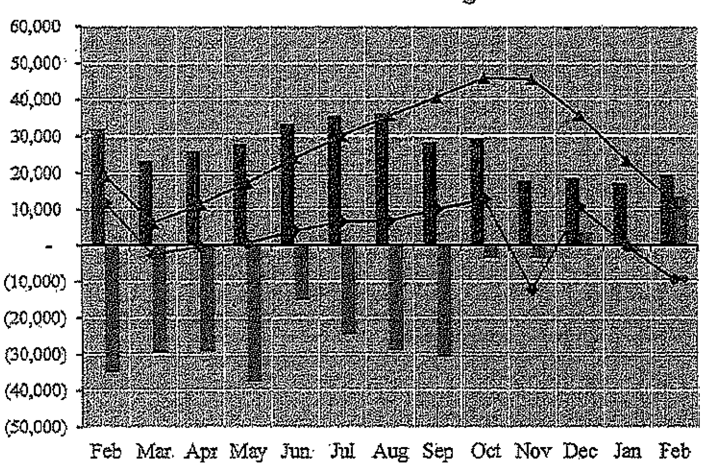
	FY2015	FY2014
Employee Count *(12-month average)*	407	409
Customer per Employee	833	825

ATMOS energy

Atmos Energy Corporation
KY/Mid-States Division
Key Balance Sheet Accounts

For the Period Ended February 28, 2015
($000's)

13-Month Trending



Total PP&E	1,001,424
Net Prop, Plant and Equip	634,454
Construction Work in Progress	19,390
Deferred Gas Costs	(9,480)
Accts Rec, Less Allow for Doubtful Accts	78,881
Accts Rec, Over 90 Days	
Gas Stored Underground	11,855
Customers' Deposits	8,140
Bad Debt Provision as a Percentage of Revenues	0.15%
Measure of Cash Flow *	13,216
Change in cash flow from prior year February	48,280

Comments:
CWIP: Up month over month but down year over year. Continue to work on getting projects closed as soon as they are in service.
Deferred Gas Costs: Up month over month and year over year. Currently in an over recovered status.
Gas stored underground: Down month over month and year over year as withdrawls continue during the winter heating season.
Change in cash flow: Change in cash flow attributable to deferred gas cost (32.1k), accounts receivable ($9.4k), gas stored underground ($6.4k), current liabilities $48.3k, customer deposits ($4.2k), deferred credits ($3.2k) and deferred income tax ($41.5K).

* *Note: Represents changes in working capital and other long-term accounts, less capital expenditures, depreciation, and deferred taxes. This measure is not representative of cash flows prepared in accordance with US GAAP.*

Atmos Energy Corporation

Regulated Distribution Operations
Financial Results and Statistical Highlights
KY/Mid-States

For the Period Ended March 31, 2015

Financial Results in $MM's	QTD Actual	QTD Budget	QTD Fav/ Unfav	QTD %		YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD %	
Net Income	15.9	16.3	(0.4)	(2.5%)		25.6	24.9	0.7	2.8%	
Gross Profit	55.5	55.2	0.3	0.5%		99.3	96.6	2.7	2.8%	
O&M - Direct BU	9.3	8.0	(1.3)	(16.3%)		17.8	16.1	(1.7)	(10.6%)	
Gap Rate	54.7%	55.2%	(0.5%)			55.7%	55.3%	0.4%		
Capital Spending Activities										
Capital Spending	16.4	20.9	(4.6)	(21.5%)		34.8	46.1	(11.3)	(24.5%)	
Project Closings	14.6	17.6	(3.0)	(17.0%)		42.8	46.5	(3.7)	(8.0%)	

Statistical Information and Indicators *(in thousands except Headcount)*	Act	Bud	Inc/Dec	%		FY14	Inc/Dec	%	
Customer Base Charge [1]	333	329	4.0	1.2%		332	1.0	0.3%	
						Sep-14			
Employee Headcount [2]	398	415	(17)	-4.1%		409	(11)	-2.7%	
Direct O&M [3] per Customer Base Charge	$ 103.7	$ 95.5	$ 8.1	8.5%		$ 101.3	$ 2.3	2.3%	
Direct O&M [3] per Headcount	$ 86.7	$ 75.7	$ 11.0	14.5%		$ 82.2	$ 4.5	5.4%	

(1) Customer Base Charge is rolling 12-month average.
(2) Employee headcount is as of period end.
(3) Direct O&M excludes direct and allocated Shared Services costs and the provision for bad debt expense. Metric calculated on a rolling 12-month average.

Rate Base Information *in $MM's (as of period indicated)*	KY	TN	VA
March 31, 2015	$ 288.1	$ 201.4	$ 39.0
September 30, 2014	252.7	201.4	37.5
September 30, 2013	221.3	201.4	36.9

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations
Financial Results and Statistical Highlights
KY/Mid-States

For the Period Ended March 31, 2015

Quarter-to-Date

- **Gross Profit:** Gross margin is favorable $.275MM. The colder than normal weather has contributed $1.44MM to the favorable variance primarily due to higher consumption. In addition, favorable customer growth and strong transportation margins have contributed $1.04MM. These were partially offset by unfavorable rate case variance in TN of ($1.83MM).

- **O&M:** O&M was higher than budget by $1.3MM. The unfavorable variance was primarily in Outside services due to the Blacksburg incident in VA along with meter reading and line locates. Labor was up due to lower cap rates and overtime attributable to colder than normal weather. Benefits were up due to the true-up of the TN regulated asset.

- **Capital Spending/ Project Closings:** Capital spending was under budget by ($4.5MM). The variance was primarily driven by the timing of KY PRP spending due to weather and specifically the Shelbyville Aiken Road PRP project on which right of way is still being acquired.

Year-to-Date

- **Gross Profit:** Gross margin is favorable $2.75MM. The colder than normal weather has contributed $1.82MM to the favorable variance primarily due to higher consumption. In addition, favorable customer growth and strong transportation margins have contributed $2.05MM. These were partially offset by unfavorable rate case variance in TN of ($1.83MM).

- **O&M:** O&M was higher than budget by $1.7MM. The unfavorable variance was primarily in Outside services due to the Blacksburg incident in VA. Labor was up due mainly to overtime driven by colder than normal weather. Benefits are up due to the true-up of the TN regulated asset.

- **Capital Spending/ Project Closings:** Capital spending was under budget by ($11.3MM). The variances were primarily due to the cancellation of Franklin, TN office, late start on Columbia bare replacement due to the need to complete two other industrial projects, late start on Maryville/Morristown bare replacement due to boring contractor completing previous jobs in Middle TN and the timing of several Public Improvement projects. In KY, variances were primarily due to delayed start of PRP Shelbyville Aiken Road project as it is still in the process of obtaining right of way along with the reimbursement of a state road move. Colder than normal weather also had a overall significant impact on capital work.

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations
Income Statement - Comparative
KY/Mid-States

For the Period Ended March 31, 2015

in $thousands	QTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2014	Actual	Budget	Fav/Unfav	FY2014
Gross profit:								
Delivered gas	$ 45,850	$ 46,417	$ (567)	$ 44,445	$ 81,581	$ 80,580	$ 1,001	$ 76,933
Transportation	8,302	7,673	629	7,539	15,379	14,011	1,368	13,766
Other revenue	1,334	1,121	213	1,505	2,350	1,963	387	2,418
Total gross profit	55,486	55,211	275	53,489	99,310	96,554	2,756	93,117
Operating expenses:								
Direct BU O&M	9,300	7,958	(1,342)	8,837	17,750	16,095	(1,655)	16,608
Direct SSU Charges	1,050	956	(94)	970	1,967	1,946	(21)	1,743
SSU Allocations	4,030	4,035	5	3,681	7,594	7,916	322	7,349
Provision for bad debts	388	225	(163)	363	563	393	(170)	521
Total O&M expense	14,768	13,174	(1,594)	13,851	27,874	26,350	(1,524)	26,221
Depreciation & amortization	7,799	8,117	318	6,999	15,524	15,732	208	13,918
Taxes, other than income	3,564	3,429	(135)	3,217	6,761	6,653	(108)	5,459
Total operating expenses	26,131	24,720	(1,411)	24,067	50,159	48,735	(1,424)	45,598
Operating income	29,355	30,491	(1,136)	29,422	49,151	47,819	1,332	47,519
Other income (expense):								
Interest, net	3,337	3,599	262	3,387	6,729	7,216	487	6,781
Miscellaneous income (expense), net	(173)	(195)	(22)	(363)	(56)	(673)	(617)	(873)
Total other income (expense)	3,164	3,404	240	3,024	6,673	6,543	(130)	5,908
Income (loss) before income taxes	26,191	27,087	(896)	26,398	42,478	41,276	1,202	41,611
Provision/(Benefit) for income taxes	10,326	10,762	436	10,570	16,901	16,399	(502)	16,641
Net income (loss)	$ 15,865	$ 16,325	$ (460)	$ 15,828	$ 25,577	$ 24,877	$ 700	$ 24,970
Volumes *(Mmcf)*:								
Residential	11,880	10,537	1,343	12,497	16,926	15,026	1,900	17,365
Commercial	6,688	5,583	1,105	6,913	9,875	8,351	1,524	10,073
Industrial	988	1,049	(61)	1,060	1,646	1,616	30	1,864
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	680	626	54	742	1,003	936	67	1,072
Unbilled	(541)	(796)	255	(727)	1,642	1,688	(46)	1,529
Total Gas Distribution volumes	19,695	16,999	2,696	20,485	31,092	27,617	3,475	31,903
Transportation volumes	12,540	11,895	645	12,885	23,461	21,808	1,653	22,831
Total Throughput	32,235	28,894	3,341	33,370	54,553	49,425	5,128	54,734

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations

Financial Results and Statistical Highlights

KY/Mid-States

For the Period Ended April 30, 2015

Financial Results in $MM's	MTD Actual	MTD Budget	MTD Fav/ Unfav	MTD %		YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD %	
Net Income	$ 5.0	$ 1.7	$ 3.3	194.1%		$ 30.6	$ 26.6	$ 4.0	15.0%	
Gross Profit	11.9	11.9	0.0	0.0%		111.2	108.4	2.8	2.6%	
O&M - Direct BU	(2.4)	2.7	5.1	188.9%		15.3	18.8	3.5	18.6%	
Cap Rate	56.3%	55.2%	1.1%			55.8%	55.3%	0.5%		
Capital Spending Activities										
Capital Spending	$ 5.2	$ 6.9	$ (1.7)	(24.6%)		$ 40.3	$ 53.0	$ (12.7)	(24.0%)	
Project Closings	$ 6.3	$ 5.2	$ 1.1	21.2%		$ 49.1	$ 51.7	$ (2.6)	(5.0%)	

Statistical Information and Indicators *(in thousands except Headcount)*	Act	Bud	Inc/Dec	%		FY14	Inc/Dec	%	
Customer Base Charge [(1)]	333	329	4	1.2%		333	-	0.0%	
						Sep-14			
Employee Headcount [(2)]	399	415	(16)	-3.9%		409	(10)	-2.4%	
Direct O&M [(3)] per Customer Base Charge	$ 103.6	$ 95.8	$ 7.8	8.2%		$ 101.1	$ 2.5	2.5%	
Direct O&M [(3)] per Headcount	$ 86.5	$ 75.9	$ 10.5	13.9%		$ 82.3	$ 4.2	5.1%	

(1) Customer Base Charge is rolling 12-month average.

(2) Employee headcount is as of period end.

(3) Direct O&M excludes direct and allocated Shared Services costs and the provision for bad debt expense. Metric calculated on a rolling 12-month average.

Rate Base Information *in $MM's (as of period indicated)*	KY	TN	VA
March 31, 2015	$ 288.1	$ 201.4	$ 39.0
September 30, 2014	252.7	201.4	37.5
September 30, 2013	221.3	201.4	36.9

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations

Income Statement - Comparative

KY/Mid-States

For the Period Ended April 30, 2015

In $thousands	MTD Actual	MTD Budget	MTD Fav/ Unfav	MTD FY2014	YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD FY2014
Gross profit:								
Delivered gas	$ 9,284	$ 9,014	$ 270	$ 8,805	$ 90,864	$ 89,595	$ 1,269	$ 85,737
Transportation	2,169	2,625	(456)	1,942	17,548	16,636	912	15,709
Other revenue	443	248	195	451	2,794	2,210	584	2,868
Total gross profit	11,896	11,887	9	11,198	111,206	108,441	2,765	104,314
Operating expenses:								
Direct BU O&M	(2,445)	2,665	5,110	3,101	15,305	18,760	3,455	19,709
Direct SSU Charges	321	332	11	300	2,288	2,278	(10)	2,043
SSU Allocations	1,228	1,262	34	1,584	8,822	9,177	355	8,933
Provision for bad debts	45	44	(1)	43	608	437	(171)	564
Total O&M expense	(851)	4,303	5,154	5,028	27,023	30,652	3,629	31,249
Depreciation & amortization	2,629	2,705	76	2,375	18,153	18,437	284	16,293
Taxes, other than income	1,180	1,110	(70)	1,101	7,941	7,763	(178)	6,560
Total operating expenses	2,958	8,118	5,160	8,504	53,117	56,852	3,735	54,102
Operating income	8,938	3,769	5,169	2,694	58,089	51,589	6,500	50,212
Other income (expense):								
Interest, net	1,123	1,207	84	1,150	7,852	8,423	571	7,930
Miscellaneous income (expense), net	(553)	(262)	291	(427)	(609)	(935)	(326)	(1,298)
Total other income (expense)	570	945	375	723	7,243	7,488	245	6,632
Income (loss) before income taxes	8,368	2,824	5,544	1,971	50,846	44,101	6,745	43,580
Provision/(Benefit) for income taxes	3,330	1,122	(2,208)	788	20,231	17,521	(2,710)	17,429
Net income (loss)	$ 5,038	$ 1,702	$ 3,336	$ 1,183	$ 30,615	$ 26,580	$ 4,035	$ 26,151

Volumes (Mmcf):	MTD Actual	MTD Budget	MTD Fav/ Unfav	MTD FY2014	YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD FY2014
Residential	1,510	1,642	(132)	1,833	18,437	16,668	1,769	19,198
Commercial	967	947	20	1,082	10,842	9,298	1,544	11,155
Industrial	178	164	14	262	1,824	1,779	45	2,126
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	98	109	(11)	119	1,101	1,045	56	1,192
Unbilled	(1,098)	(1,176)	78	(1,140)	544	512	32	389
Total Gas Distribution volumes	1,655	1,686	(31)	2,156	32,748	29,302	3,446	34,060
Transportation volumes	3,353	4,092	(739)	3,205	26,815	25,900	915	26,036
Total Throughput	5,008	5,778	(770)	5,361	59,563	55,202	4,361	60,096

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations

Financial Results and Statistical Highlights

KY/Mid-States

For the Period Ended May 31, 2015

Financial Results in $MM's	MTD Actual	MTD Budget	MTD Fav/ Unfav	MTD %		YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD %	
Net Income	$ 0.1	$ 0.6	$ (0.5)	(83.3%)		$ 30.8	$ 27.2	$ 3.6	13.2%	
Gross Profit	9.5	10.2	(0.7)	(6.9%)		120.7	118.7	2.0	1.7%	
O&M - Direct BU	3.0	2.7	(0.3)	(11.1%)		18.3	21.4	3.1	14.5%	
Cap Rate	56.1%	55.1%	1.0%			55.8%	55.2%	0.6%		
Capital Spending Activities										
Capital Spending	$ 7.4	$ 10.8	$ (3.4)	(31.5%)		$ 47.7	$ 63.8	$ (16.1)	(25.2%)	
Project Closings	$ 4.6	$ 7.2	$ (2.6)	(36.1%)		$ 53.7	$ 58.9	$ (5.2)	(8.8%)	

Statistical Information and Indicators (in thousands except Headcount)	Act	Bud	Inc/Dec	%		FY14	Inc/Dec	%	
Customer Base Charge [1]	334	329	5	1.5%		333	1	0.3%	
						Sep-14			
Employee Headcount [2]	397	415	(18)	-4.3%		409	(12)	-2.9%	
Direct O&M [3] per Customer Base Charge	$ 88.2	$ 95.9	$ (7.7)	-8.0%		$ 101.4	$ (13.2)	-13.0%	
Direct O&M [3] per Headcount	$ 74.2	$ 76.0	$ (1.8)	-2.4%		$ 82.6	$ (8.4)	-10.1%	

(1) Customer Base Charge is rolling 12-month average.

(2) Employee headcount is as of period end.

(3) Direct O&M excludes direct and allocated Shared Services costs and the provision for bad debt expense. Metric calculated on a rolling 12-month average.

Rate Base Information in $MM's (as of period indicated)	KY	TN	VA
March 31, 2015	$ 288.1	$ 201.4	$ 39.0
September 30, 2014	252.7	201.4	37.5
September 30, 2013	221.3	201.4	36.9

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations

Income Statement - Comparative

KY/Mid-States

For the Period Ended May 31, 2015

In $thousands	MTD Actual	MTD Budget	MTD Fav/Unfav	MTD FY2014	YTD Actual	YTD Budget	YTD Fav/Unfav	YTD FY2014
Gross profit:								
Delivered gas	$ 7,204	$ 7,774	$ (570)	$ 7,492	$ 98,068	$ 97,369	$ 699	$ 93,229
Transportation	2,013	2,257	(244)	1,945	19,561	18,893	668	17,654
Other revenue	236	178	58	279	3,030	2,388	642	3,147
Total gross profit	9,453	10,209	(756)	9,716	120,659	118,650	2,009	114,030
Operating expenses:								
Direct BU O&M	3,026	2,654	(372)	2,528	18,331	21,415	3,084	22,237
Direct SSU Charges	275	310	35	359	2,563	2,588	25	2,402
SSU Allocations	1,305	1,481	176	1,358	10,127	10,659	532	10,291
Provision for bad debts	36	38	2	183	644	475	(169)	747
Total O&M expense	4,642	4,483	(159)	4,428	31,665	35,137	3,472	35,677
Depreciation & amortization	2,647	2,705	58	2,449	20,800	21,142	342	18,742
Taxes, other than income	1,225	1,002	(223)	949	9,166	8,765	(401)	7,508
Total operating expenses	8,514	8,190	(324)	7,826	61,631	65,044	3,413	61,927
Operating income	939	2,019	(1,080)	1,890	59,028	53,606	5,422	52,103
Other income (expense):								
Interest, net	1,133	1,197	64	1,171	8,985	9,620	635	9,101
Miscellaneous income (expense), net	(421)	(173)	248	(262)	(1,029)	(1,108)	(79)	(1,561)
Total other income (expense)	712	1,024	312	909	7,956	8,512	556	7,540
Income (loss) before income taxes	227	995	(768)	981	51,072	45,094	5,978	44,563
Provision/(Benefit) for income taxes	91	395	304	393	20,321	17,916	(2,405)	17,822
Net income (loss)	$ 136	$ 600	$ (464)	$ 588	$ 30,751	$ 27,178	$ 3,573	$ 26,741

Volumes (Mmcf):	MTD Actual	MTD Budget	MTD Fav/Unfav	MTD FY2014	YTD Actual	YTD Budget	YTD Fav/Unfav	YTD FY2014
Residential	610	811	(201)	721	19,046	17,479	1,567	19,919
Commercial	512	574	(62)	585	11,354	9,872	1,482	11,739
Industrial	120	120	0	170	1,944	1,899	45	2,296
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	61	62	(1)	61	1,163	1,107	56	1,253
Unbilled	(461)	(509)	48	(291)	83	3	80	98
Total Gas Distribution volumes	842	1,058	(216)	1,246	33,590	30,360	3,230	35,305
Transportation volumes	3,266	3,506	(240)	3,107	30,081	29,406	675	29,142
Total Throughput	4,108	4,564	(456)	4,353	63,671	59,766	3,905	64,447

Atmos Energy Corporation

Regulated Distribution Operations
Financial Results and Statistical Highlights
KY/Mid-States

For the Period Ended June 30, 2015

Financial Results in *$MM's*	QTD Actual	QTD Budget	QTD Fav/ Unfav	QTD %	YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD %
Net Income	5.1	2.8	2.3	82.1%	30.6	27.7	2.9	10.5%
Gross Profit	30.8	32.0	(1.2)	(3.8%)	130.1	128.5	1.6	1.2%
O&M - Direct BU	4.2	8.0	3.8	47.5%	22.0	24.1	2.1	8.7%
Cap Rate	57.1%	55.2%	1.9%		56.2%	55.2%	1.0%	
Capital Spending Activities								
Capital Spending	20.6	27.9	(7.3)	(26.2%)	55.6	74.0	(18.4)	(24.9%)
Project Closings	15.2	19.1	(3.9)	(20.4%)	58.0	65.6	(7.6)	(11.6%)

Statistical Information and Indicators *(in thousands except Headcount)*	Act	Bud	Inc/Dec	%	FY14	Inc/Dec	%
Customer Base Charge (1)	334	329	5.0	1.5%	333	1.0	0.3%
					Sep-14		
Employee Headcount (2)	397	415	(18)	-4.3%	409	(12)	-2.9%
Direct O&M (3) per Customer Base Charge	$ 91.9	$ 96.3	$ (4.5)	-4.6%	$ 101.3	$ (9.5)	-9.3%
Direct O&M (3) per Headcount	$ 77.3	$ 76.4	$ 0.9	1.2%	$ 82.5	$ (5.2)	-6.3%

(1) Customer Base Charge is rolling 12-month average.
(2) Employee headcount is as of period end.
(3) Direct O&M excludes direct and allocated Shared Services costs and the provision for bad debt expense. Metric calculated on a rolling 12-month average.

Rate Base Information *in $MM's (as of period indicated)*	KY	TN	VA
June 30, 2015	$ 288.1	$ 247.9	$ 39.0
September 30, 2014	252.7	201.4	37.5
September 30, 2013	221.3	201.4	36.9

Atmos Energy Corporation

Regulated Distribution Operations
Financial Results and Statistical Highlights
KY/Mid-States

For the Period Ended June 30, 2015

Quarter-to-Date

- **Gross Profit:** Gross margin is unfavorable ($1.2MM). Two primary drivers is an unfavorable transportation margin variance of ($.80MM) and TN rate case variance of ($.60MM).

- **O&M:** O&M was under budget ($3.7MM) for the quarter due mainly to the insurance settlement for the Blacksburg incident in VA. Labor was 2% favorable on cap rates and Benefits were favorable due to variances. Employee welfare was higher due to MIP/VPP. Insurance was unfavorable due to $1MM insurance reserve associated with the Blacksburg incident and Vehicles remain favorable due to vehicle sales and lower lease and operating costs.

- **Capital Spending/ Project Closings:** Capital spending was under budget by ($7.3MM). The variance was driven by the timing of KY PRP and VA Save spending. Also contributing was $2.5MM for the new Franklin TN office which will not be built.

Year-to-Date

- **Gross Profit:** Gross margin is favorable $1.6MM. The colder than normal weather has contributed $1.45MM to the favorable variance primarily due to higher consumption. In addition, favorable customer growth and strong transportation margins have contributed $1.69MM. Other revenue is $.68MM favorable. These were partially offset by unfavorable rate case variance in TN of ($2.36MM).

- **O&M:** O&M is under budget ($2.1MM) year to date due mainly to the insurance settlement for the Blacksburg incident in VA. Employee welfare was higher due to MIP/VPP, Insurance was unfavorable due to $1MM insurance reserve associated with the Blacksburg incident and Vehicles remain favorable due to vehicle sales and lower lease and operating costs. Rent is running slightly higher due to railroad crossings and rent increases.

- **Capital Spending/ Project Closings:** Capital spending was under budget by ($18.4MM). The variances were primarily due to the cancellation of Franklin, TN office, late start on Columbia bare replacement due to the need to complete two other industrial projects, late start on Maryville/Morristown bare replacement due to boring contractor completing previous jobs in Middle TN and the timing of several Public Improvement projects. In KY, variances were primarily due to delayed start of PRP Shelbyville Aiken Road, currently $3MM below budget, along with the reimbursement of a state road move and AIC from Champion Pet Foods and Diageo Distillery.

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations
Income Statement - Comparative
KY/Mid-States

For the Period Ended June 30, 2015

In $thousands	QTD Actual	QTD Budget	QTD Fav/Unfav	QTD FY2014	YTD Actual	YTD Budget	YTD Fav/Unfav	YTD FY2014
Gross profit:								
Delivered gas	$ 23,842	$ 24,459	$ (617)	$ 22,955	$ 105,422	$ 105,039	$ 383	$ 99,887
Transportation	6,138	6,929	(791)	5,688	21,517	20,940	577	19,454
Other revenue	858	567	291	911	3,209	2,530	679	3,330
Total gross profit	30,838	31,955	(1,117)	29,554	130,148	128,509	1,639	122,671
Operating expenses:								
Direct BU O&M	4,243	7,962	3,719	8,071	21,993	24,058	2,065	24,679
Direct SSU Charges	889	952	63	936	2,856	2,897	41	2,679
SSU Allocations	3,738	4,023	285	4,052	11,331	11,938	607	11,402
Provision for bad debts	405	121	(284)	464	968	513	(455)	985
Total O&M expense	9,275	13,058	3,783	13,523	37,148	39,406	2,258	39,745
Depreciation & amortization	7,928	8,115	187	7,303	23,452	23,847	395	21,221
Taxes, other than income	3,531	3,115	(416)	3,004	10,292	9,768	(524)	8,462
Total operating expenses	20,734	24,288	3,554	23,830	70,892	73,021	2,129	69,428
Operating income	10,104	7,667	2,437	5,724	59,256	55,488	3,768	53,243
Other income (expense):								
Interest, net	3,397	3,601	204	3,423	10,126	10,818	692	10,204
Miscellaneous income (expense), net	(1,498)	(614)	884	(1,131)	(1,554)	(1,287)	267	(2,004)
Total other income (expense)	1,899	2,987	1,088	2,292	8,572	9,531	959	8,200
Income (loss) before income taxes	8,205	4,680	3,525	3,432	50,684	45,957	4,727	45,043
Provision/(Benefit) for income taxes	3,138	1,859	(1,279)	1,529	20,040	18,259	(1,781)	18,169
Net income (loss)	$ 5,067	$ 2,821	$ 2,246	$ 1,903	$ 30,644	$ 27,698	$ 2,946	$ 26,874

Volumes (Mmcf):	QTD Actual	QTD Budget	QTD Fav/Unfav	QTD FY2014	YTD Actual	YTD Budget	YTD Fav/Unfav	YTD FY2014
Residential	2,493	2,909	(416)	2,932	19,420	17,935	1,485	20,297
Commercial	1,882	1,993	(111)	2,030	11,757	10,344	1,413	12,103
Industrial	416	379	37	560	2,062	1,995	67	2,423
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	199	223	(24)	214	1,202	1,158	44	1,286
Unbilled	(1,633)	(1,690)	57	(1,541)	9	(3)	12	(12)
Total Gas Distribution volumes	3,357	3,814	(457)	4,195	34,450	31,429	3,021	36,097
Transportation volumes	9,668	10,712	(1,044)	9,444	33,129	32,520	609	32,275
Total Throughput	13,025	14,526	(1,501)	13,639	67,579	63,949	3,630	68,372

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations

Financial Results and Statistical Highlights

KY/Mid-States

For the Period Ended July 31, 2015

Financial Results in $MM's	MTD Actual	MTD Budget	MTD Fav/ Unfav	MTD %		YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD %	
Net Income	$ (0.8)	$ 0.2	$ (1.0)	(500.0%)		$ 29.8	$ 27.9	$ 1.9	6.8%	
Gross Profit	9.2	9.3	(0.1)	(1.1%)		139.3	137.8	1.5	1.1%	
O&M - Direct BU	3.5	2.7	(0.8)	(29.6%)		25.5	26.7	1.2	4.5%	
Cap Rate	57.8%	55.3%	2.5%			56.3%	55.2%	1.1%		
Capital Spending Activities										
Capital Spending	$ 9.0	$ 8.0	$ 1.0	12.5%		$ 65.4	$ 82.0	$ (16.6)	(20.2%)	
Project Closings	$ 11.6	$ 7.1	$ 4.5	63.4%		$ 69.6	$ 72.7	$ (3.1)	(4.3%)	

Statistical Information and Indicators *(in thousands except Headcount)*	Act	Bud	Inc/Dec	%		FY14	Inc/Dec	%	
Customer Base Charge (1)	334	330	4	1.2%		333	1	0.3%	
						Sep-14			
Employee Headcount (2)	394	414	(20)	-4.8%		409	(15)	-3.7%	
Direct O&M (3) per Customer Base Charge	$ 95.1	$ 96.3	$ (1.2)	-1.3%		$ 100.2	$ (5.1)	-5.1%	
Direct O&M (3) per Headcount	$ 80.6	$ 76.8	$ 3.8	5.0%		$ 81.5	$ (0.9)	-1.2%	

(1) Customer Base Charge is rolling 12-month average.
(2) Employee headcount is as of period end.
(3) Direct O&M excludes direct and allocated Shared Services costs and the provision for bad debt expense. Metric calculated on a rolling 12-month average.

Rate Base Information in $MM's *(as of period indicated)*	KY	TN	VA
June 30, 2015	$ 288.1	$ 247.9	$ 39.0
September 30, 2014	252.7	201.4	37.5
September 30, 2013	221.3	201.4	36.9

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations

Income Statement - Comparative

KY/Mid-States

For the Period Ended July 31, 2015

in $thousands	MTD Actual	MTD Budget	MTD Fav/ Unfav	MTD FY2014	YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD FY2014
Gross profit:								
Delivered gas	$ 7,094	$ 7,183	$ (89)	$ 6,922	$ 112,517	$ 112,222	$ 295	$ 106,810
Transportation	1,911	2,005	(94)	1,794	23,428	22,945	483	21,248
Other revenue	180	134	46	173	3,388	2,664	724	3,502
Total gross profit	9,185	9,322	(137)	8,889	139,333	137,831	1,502	131,560
Operating expenses:								
Direct BU O&M	3,459	2,687	(772)	2,389	25,452	26,745	1,293	27,069
Direct SSU Charges	318	318	0	331	3,174	3,215	41	3,010
SSU Allocations	2,220	1,268	(952)	1,159	13,551	13,207	(344)	12,560
Provision for bad debts	35	36	1	34	1,003	549	(454)	1,019
Total O&M expense	6,032	4,309	(1,723)	3,913	43,180	43,716	536	43,658
Depreciation & amortization	2,668	2,704	36	2,501	26,120	26,551	431	23,722
Taxes, other than income	1,163	1,025	(138)	872	11,456	10,793	(663)	9,335
Total operating expenses	9,863	8,038	(1,825)	7,286	80,756	81,060	304	76,715
Operating income	(678)	1,284	(1,962)	1,603	58,577	56,771	1,806	54,845
Other income (expense):								
Interest, net	1,149	1,202	53	1,160	11,275	12,019	744	11,364
Miscellaneous income (expense), net	(447)	(250)	197	(394)	(2,001)	(1,536)	465	(2,399)
Total other income (expense)	702	952	250	766	9,274	10,483	1,209	8,965
Income (loss) before income taxes	(1,380)	332	(1,712)	837	49,303	46,288	3,015	45,880
Provision/(Benefit) for income taxes	(545)	132	677	331	19,494	18,391	(1,103)	18,500
Net income (loss)	**$ (835)**	**$ 200**	**$ (1,035)**	**$ 506**	**$ 29,809**	**$ 27,897**	**$ 1,912**	**$ 27,380**

Volumes (Mmcf) :	MTD Actual	MTD Budget	MTD Fav/ Unfav	MTD FY2014	YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD FY2014
Residential	316	300	16	347	19,736	18,235	1,501	20,644
Commercial	384	349	35	407	12,142	10,693	1,449	12,511
Industrial	95	98	(3)	156	2,157	2,093	64	2,579
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	34	38	(4)	42	1,236	1,197	39	1,328
Unbilled	(5)	(2)	(3)	18	4	(4)	8	6
Total Gas Distribution volumes	824	783	41	970	35,275	32,214	3,061	37,068
Transportation volumes	3,077	3,110	(33)	2,964	36,206	35,629	577	35,239
Total Throughput	**3,901**	**3,893**	**8**	**3,934**	**71,481**	**67,843**	**3,638**	**72,307**

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations
Financial Results and Statistical Highlights

KY/Mid-States
For the Period Ended August 31, 2015

Financial Results in $MM's	MTD Actual	MTD Budget	MTD Fav/ Unfav	MTD %		YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD %	
Net Income	$ 0.9	$ 0.3	$ 0.6	200.0%		$ 30.7	$ 28.2	$ 2.5	8.9%	
Gross Profit	9.4	9.4	0.0	0.0%		148.7	147.2	1.5	1.0%	
O&M - Direct BU	2.5	2.6	0.1	3.8%		28.0	29.3	1.3	4.4%	
Cap Rate	59.9%	55.2%	4.7%			56.6%	55.2%	1.4%		
Capital Spending Activities										
Capital Spending	$ 9.5	$ 8.0	$ 1.5	18.8%		$ 74.9	$ 89.9	$ (15.0)	(16.7%)	
Project Closings	$ 9.3	$ 7.3	$ 2.0	27.4%		$ 78.9	$ 80.0	$ (1.1)	(1.4%)	

Statistical Information and Indicators (in thousands except Headcount)	Act	Bud	Inc/Dec	%		FY14	Inc/Dec	%	
Customer Base Charge (1)	334	330	4	1.2%		333	1	0.3%	
						Sep-14			
Employee Headcount (2)	392	414	(22)	-5.3%		409	(17)	-4.2%	
Direct O&M (3) per Customer Base Charge	$ 95.2	$ 96.7	$ (1.5)	-1.5%		$ 99.7	$ (4.5)	-4.5%	
Direct O&M (3) per Headcount	$ 81.1	$ 77.1	$ 4.0	5.2%		$ 81.2	$ (0.0)	-0.1%	

(1) Customer Base Charge is rolling 12-month average.
(2) Employee headcount is as of period end.
(3) Direct O&M excludes direct and allocated Shared Services costs and the provision for bad debt expense. Metric calculated on a rolling 12-month average.

Rate Base Information in $MM's (as of period indicated)	KY	TN	VA
June 30, 2015	$ 288.1	$ 247.9	$ 39.0
September 30, 2014	252.7	201.4	37.5
September 30, 2013	221.3	201.4	36.9

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations
Income Statement - Comparative

KY/Mid-States

For the Period Ended August 31, 2015

In $thousands	MTD				YTD			
	Actual	Budget	Fav/ Unfav	FY2014	Actual	Budget	Fav/ Unfav	FY2014
Gross profit:								
Delivered gas	$ 7,194	$ 7,183	$ 11	$ 6,745	$ 119,711	$ 119,405	$ 306	$ 113,554
Transportation	2,051	2,045	6	1,881	25,480	24,990	490	23,129
Other revenue	162	156	6	182	3,549	2,819	730	3,685
Total gross profit	9,407	9,384	23	8,808	148,740	147,214	1,526	140,368
Operating expenses:								
Direct BU O&M	2,512	2,598	86	2,477	27,964	29,343	1,379	29,545
Direct SSU Charges	259	311	52	359	3,433	3,526	93	3,370
SSU Allocations	291	1,199	908	1,100	13,842	14,406	564	13,660
Provision for bad debts	35	36	1	33	1,039	584	(455)	1,052
Total O&M expense	3,097	4,144	1,047	3,969	46,278	47,859	1,581	47,627
Depreciation & amortization	2,715	2,704	(11)	2,539	28,835	29,255	420	26,261
Taxes, other than income	1,141	1,025	(116)	933	12,596	11,818	(778)	10,268
Total operating expenses	6,953	7,873	920	7,441	87,709	88,932	1,223	84,156
Operating income	2,454	1,511	943	1,367	61,031	58,282	2,749	56,212
Other income (expense):								
Interest, net	1,149	1,203	54	1,131	12,424	13,222	798	12,495
Miscellaneous income (expense), net	(243)	(259)	(16)	(384)	(2,244)	(1,795)	449	(2,783)
Total other income (expense)	906	944	38	747	10,180	11,427	1,247	9,712
Income (loss) before income taxes	1,548	567	981	620	50,851	46,855	3,996	46,500
Provision/(Benefit) for income taxes	612	225	(387)	245	20,105	18,616	(1,489)	18,745
Net income (loss)	$ 936	$ 342	$ 594	$ 375	$ 30,746	$ 28,239	$ 2,507	$ 27,755

Volumes *(Mmcf)*:								
Residential	320	299	21	309	20,056	18,534	1,522	20,953
Commercial	394	347	47	380	12,536	11,040	1,496	12,891
Industrial	121	111	10	145	2,278	2,204	74	2,725
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	36	38	(2)	36	1,272	1,234	38	1,365
Unbilled	(24)	(2)	(22)	19	(20)	(6)	(14)	25
Total Gas Distribution volumes	847	793	54	889	36,122	33,006	3,116	37,959
Transportation volumes	3,263	3,193	70	3,007	39,469	38,822	647	38,246
Total Throughput	4,110	3,986	124	3,896	75,591	71,828	3,763	76,205

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations
Financial Results and Statistical Highlights
KY/Mid-States

For the Period Ended September 30, 2015

Financial Results in $MM's	QTD Actual	QTD Budget	QTD Fav/ Unfav	QTD %		YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD %	
Net Income	(1.6)	0.9	(2.5)	(277.8%)	●	29.1	28.6	0.5	1.7%	●
Gross Profit	27.3	28.3	(1.0)	(3.5%)	●	157.5	156.8	0.7	0.4%	●
O&M - Direct BU	9.0	8.0	(1.0)	(12.5%)	●	31.0	32.0	1.0	3.1%	●
Cap Rate	59.2%	55.2%	4.0%		●	56.9%	55.2%	1.7%		●
Capital Spending Activities										
Capital Spending	33.0	21.3	11.7	54.9%	●	89.4	95.2	(5.8)	(6.1%)	●
Project Closings	27.1	33.8	(6.7)	(19.8%)	●	85.1	99.4	(14.3)	(14.4%)	●

Statistical Information and Indicators *(in thousands except Headcount)*	Act.	Bud	Inc/Dec	%		FY14	Inc/Dec	%	
Customer Base Charge (1)	335	330	5.0	1.5%	●	333	2.0	0.6%	●
						Sep-14			
Employee Headcount (2)	392	414	(22)	-5.3%	●	409	(17)	-4.2%	●
Direct O&M (3) per Customer Base Charge	$ 92.6	$ 97.0	$ (4.4)	-4.6%	●	$ 100.2	$ (7.6)	-7.6%	●
Direct O&M (3) per Headcount	$ 79.1	$ 77.3	$ 1.8	2.3%	●	$ 81.6	$ (2.5)	-3.0%	●

(1) Customer Base Charge is rolling 12-month average.
(2) Employee headcount is as of period end.
(3) Direct O&M excludes direct and allocated Shared Services costs and the provision for bad debt expense. Metric calculated on a rolling 12-month average.

Rate Base Information *in $MM's (as of period indicated)*	KY	TN	VA
September 30, 2015	$ 288.1	$ 247.9	$ 41.3
September 30, 2014	252.7	201.4	37.5
September 30, 2013	221.3	201.4	36.9

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations
Financial Results and Statistical Highlights
KY/Mid-States

For the Period Ended September 30, 2015

Quarter-to-Date

- **Gross Profit:** Gross margin is unfavorable ($1.0MM). Single biggest driver of the variance for the quarter was ($.750MM) for the Illinois gas cost disallowance. The other driver is an unfavorable TN rate case variance of ($.360MM).

- **O&M:** O&M was over budget $1.0MM for the quarter due to Employee welfare driven by higher MIP/VPP. Outside Services was over budget due to meter reading and line locates along with several legal settlements.

- **Capital Spending/ Project Closings:** Capital spending was over budget by $11.7MM. The variance was driven by the timing of KY PRP, the Diageo AIC and KY Hwy 100 public improvement reimbursement. Offsetting these overages was ($3.6MM) for the new Franklin TN office which will not be built.

Year-to-Date

- **Gross Profit:** Gross margin is favorable $0.7MM. The colder than normal weather has contributed $1.36MM to the favorable variance primarily because of higher consumption. In addition, favorable customer growth and strong transportation margins have contributed $1.72MM. Other revenue is $.74MM favorable. These were partially offset by unfavorable rate case variance in TN of ($2.72MM) and the IL gas cost disallowance of ($.75MM).

- **O&M:** O&M is under budget ($1.0MM) due mainly to the insurance settlement for the Blacksburg incident in VA. Employee welfare was higher due to MIP/VPP. Insurance was unfavorable due to $1MM insurance reserve associated with the Blacksburg incident and Vehicles remain favorable due to vehicle sales and lower lease and operating costs. Rent is running slightly higher due to railroad crossings and office rent increases.

- **Capital Spending/ Project Closings:** Capital spending was under budget by ($6.8MM). The main driver was the cancellation of Franklin, TN office. Offsetting the office was Growth being unfavorable due to VA Tech and functionals.

ATMOS energy

Atmos Energy Corporation

Regulated Distribution Operations
Income Statement - Comparative
KY/Mid-States

For the Period Ended September 30, 2015

in $thousands	QTD Actual	QTD Budget	QTD Fav/ Unfav	QTD FY2014	YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD FY2014
Gross profit:								
Delivered gas	$ 20,929	$ 21,731	$ (802)	$ 20,739	$ 126,351	$ 126,771	$ (420)	$ 120,627
Transportation	5,868	6,102	(234)	5,519	27,385	27,042	343	24,973
Other revenue	513	456	57	529	3,722	2,985	737	3,857
Total gross profit	27,310	28,289	(979)	26,787	157,458	156,798	660	149,457
Operating expenses:								
Direct BU O&M	9,020	7,960	(1,060)	8,694	31,013	32,018	1,005	33,374
Direct SSU Charges	922	946	24	1,015	3,778	3,843	65	3,694
SSU Allocations	4,307	3,700	(607)	3,636	15,638	15,638	0	15,038
Provision for bad debts	441	108	(333)	707	1,410	621	(789)	1,692
Total O&M expense	14,690	12,714	(1,976)	14,052	51,839	52,120	281	53,798
Depreciation & amortization	8,250	8,113	(137)	7,686	31,702	31,960	258	28,907
Taxes, other than income	4,392	3,024	(1,368)	2,322	14,684	12,792	(1,892)	10,785
Total operating expenses	27,332	23,851	(3,481)	24,060	98,225	96,872	(1,353)	93,490
Operating income	(22)	4,438	(4,460)	2,727	59,233	59,926	(693)	55,967
Other income (expense):								
Interest, net	3,453	3,608	155	3,479	13,579	14,425	846	13,683
Miscellaneous income (expense), net	(907)	(733)	174	(77)	(2,461)	(2,019)	442	(2,081)
Total other income (expense)	2,546	2,875	329	3,402	11,118	12,406	1,288	11,602
Income (loss) before income taxes	(2,568)	1,563	(4,131)	(675)	48,115	47,520	595	44,365
Provision/(Benefit) for income taxes	(1,016)	621	1,637	(204)	19,023	18,880	(143)	17,966
Net income (loss)	$ (1,552)	$ 942	$ (2,494)	$ (471)	$ 29,092	$ 28,640	$ 452	$ 26,399

Volumes (Mmcf):	QTD Actual	QTD Budget	QTD Fav/ Unfav	QTD FY2014	YTD Actual	YTD Budget	YTD Fav/ Unfav	YTD FY2014
Residential	959	903	56	978	20,379	18,838	1,541	21,275
Commercial	1,160	1,080	80	1,205	12,917	11,424	1,493	13,309
Industrial	297	319	(22)	439	2,359	2,313	46	2,863
Public Authorities	-	-	0	-	-	-	0	-
Irrigation	104	114	(10)	120	1,306	1,273	33	1,406
Unbilled	(21)	(3)	(18)	36	(12)	(5)	(7)	25
Total Gas Distribution volumes	2,499	2,413	86	2,778	36,949	33,843	3,106	38,878
Transportation volumes	9,399	9,516	(117)	9,063	42,528	42,036	492	41,338
Total Throughput	11,898	11,929	(31)	11,841	79,477	75,879	3,598	80,216

FR 16(7)(p)

REQUEST:

Section 16. Applications for General Adjustments of Existing Rates.

(7) Each application requesting a general adjustment in rates supported by a fully forecasted test period shall include the following or a statement explaining why the required information does not exist and is not applicable to the utility's application:

(p) A copy of the utility's annual report on Form 10-K as filed with the Securities and Exchange Commission for the most recent two (2) years, and any Form 8-K issued during the past two (2) years, and any Form 10-Q issued during the past six (6) quarters;

RESPONSE:

Please see attachment FR_16(7)(p)_Att1 for the Form 10-K filings during the last two years, attachment FR_16(7)(p)_Att2 for the Form 8-K filings during the last two years, and attachment FR_16(7)(p)_Att3 for the Form 10-Q filings during the last six quarters.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, FR_16(7)(p)_Att1 - Form 10-K.pdf, 254 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, FR_16(7)(p)_Att2 - Form 8-K.pdf, 228 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, FR_16(7)(p)_Att3 - Form 10-Q.pdf, 324 Pages.

Respondent: Jason Schneider

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

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2013

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-10042

Atmos Energy Corporation
(Exact name of registrant as specified in its charter)

Texas and Virginia	**75-1743247**
(State or other jurisdiction of incorporation or organization)	*(IRS employer identification no.)*
Three Lincoln Centre, Suite 1800 **5430 LBJ Freeway, Dallas, Texas**	**75240**
(Address of principal executive offices)	*(Zip code)*

Registrant's telephone number, including area code:
(972) 934-9227

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common stock, No Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.45) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ Smaller reporting company ☐
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the common voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter, March 31, 2013, was $3,816,801,052.

As of November 8, 2013, the registrant had 90,912,251 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement to be filed for the Annual Meeting of Shareholders on February 5, 2014 are incorporated by reference into Part III of this report.

TABLE OF CONTENTS

GLOSSARY OF KEY TERMS

AEC	Atmos Energy Corporation
AEH	Atmos Energy Holdings, Inc.
AEM	Atmos Energy Marketing, LLC
AOCI	Accumulated Other Comprehensive Income
APS	Atmos Pipeline and Storage, LLC
ATO	Trading symbol for Atmos Energy Corporation common stock on the New York Stock Exchange
Bcf	Billion cubic feet
CFTC	Commodity Futures Trading Commission
COSO	Committee of Sponsoring Organizations of the Treadway Commission
ERISA	Employee Retirement Income Security Act of 1974
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings, Ltd.
GAAP	Generally Accepted Accounting Principles
GRIP	Gas Reliability Infrastructure Program
GSRS	Gas System Reliability Surcharge
ISRS	Infrastructure System Replacement Surcharge
KPSC	Kentucky Public Service Commission
LTIP	1998 Long-Term Incentive Plan
Mcf	Thousand cubic feet
MDWQ	Maximum daily withdrawal quantity
Mid-Tex Cities	Represents 440 of the 441 incorporated cities, or approximately 80 percent of the Mid-Tex Division's customers, with whom a settlement agreement was reached during the fiscal 2008 second quarter.
MMcf	Million cubic feet
Moody's	Moody's Investor Services, Inc.
NYMEX	New York Mercantile Exchange, Inc.
NYSE	New York Stock Exchange
PAP	Pension Account Plan
PPA	Pension Protection Act of 2006
RRC	Railroad Commission of Texas
RRM	Rate Review Mechanism
RSC	Rate Stabilization Clause
S&P	Standard & Poor's Corporation
SEC	United States Securities and Exchange Commission
SRF	Stable Rate Filing
WNA	Weather Normalization Adjustment

PART I

The terms "we," "our," "us", "Atmos Energy" and the "Company" refer to Atmos Energy Corporation and its subsidiaries, unless the context suggests otherwise.

ITEM 1. *Business.*

Overview and Strategy

Atmos Energy Corporation, headquartered in Dallas, Texas, and incorporated in Texas and Virginia, is engaged primarily in the regulated natural gas distribution and transmission and storage businesses as well as other nonregulated natural gas businesses. We deliver natural gas through regulated sales and transportation arrangements to over three million residential, commercial, public authority and industrial customers in eight states located primarily in the South, which makes us one of the country's largest natural-gas-only distributors based on number of customers. We also operate one of the largest intrastate pipelines in Texas based on miles of pipe.

Over the last two fiscal years, we have sold our natural gas distribution operations in four states to streamline our regulated operations. On April 1, 2013, we completed the divestiture of our natural gas distribution operations in Georgia, representing approximately 64,000 customers, and in August 2012, we completed the sale of our natural gas distribution operations in Missouri, Illinois and Iowa, representing approximately 84,000 customers.

Through our nonregulated businesses, we provide natural gas management, marketing, transportation and storage services to municipalities, local gas distribution companies, including certain of our natural gas distribution divisions and industrial customers principally in the Midwest and Southeast.

Our overall strategy is to:

- deliver superior shareholder value,
- improve the quality and consistency of earnings growth, while operating our business exceptionally well
- invest in our people and infrastructure
- enhance our culture.

We have delivered excellent shareholder value by growing our earnings and increasing our dividends for over 25 consecutive years. Over the last five years, we have achieved growth by implementing rate designs that reduce or eliminate regulatory lag and separate the recovery of our approved margins from customer usage patterns. In addition, we have developed various commercial opportunities within our regulated transmission and storage operations.

Our core values include focusing on our employees and customers while conducting our business with honesty and integrity. We continue to strengthen our culture through ongoing communications with our employees and enhanced employee training.

Operating Segments

We operate the Company through the following three segments:

- The *natural gas distribution segment*, which includes our regulated natural gas distribution and related sales operations,
- The *regulated transmission and storage segment*, which includes the regulated pipeline and storage operations of our Atmos Pipeline — Texas Division and
- The *nonregulated segment*, which includes our nonregulated natural gas management, nonregulated natural gas transmission, storage and other services.

These operating segments are described in greater detail below.

Natural Gas Distribution Segment Overview

Our natural gas distribution segment is comprised of our six regulated natural gas distribution divisions. This segment represents approximately 65 percent of our consolidated net income. The following table summarizes key information about these divisions, presented in order of total rate base. See Note 16 in the consolidated financial statements for a description of the completed sales of our Missouri, Illinois, Iowa and Georgia service areas. We operate in our service areas under terms of non-exclusive franchise agreements granted by the various cities and towns that we serve. At September 30, 2013, we held 998 franchises having terms generally ranging from five to 35 years. A significant number of our franchises expire each year, which require renewal prior to the end of their terms. We believe that we will be able to renew our franchises as they expire.

Division	Service Areas	Communities Served	Customer Meters
Mid-Tex	Texas, including the Dallas/Fort Worth Metroplex	550	1,560,409
Kentucky/Mid-States	Kentucky	230	179,708
	Tennessee		123,590
	Virginia		20,358
Louisiana	Louisiana	300	342,187
West Texas	Amarillo, Lubbock, Midland	80	293,802
Mississippi	Mississippi	110	255,730
Colorado-Kansas	Colorado	170	99,654
	Kansas		136,542

Our natural gas distribution business is a seasonal business. Gas sales to residential and commercial customers are greater during the winter months than during the remainder of the year. The volumes of gas sales during the winter months will vary with the temperatures during these months. Historically, this generally has resulted in higher operating revenues and net income during the period from October through March of each fiscal year and lower operating revenues and either lower net income or net losses during the period from April through September of each fiscal year. However, rate design changes implemented during the first quarter of fiscal 2013 in our Mid-Tex and West Texas Divisions should change this trend. The rate design approved in these regulatory proceedings includes an increase to the customer base charge and a decrease in the consumption charge applied to customer usage. The effect of this change in rate design allows our rates to be more closely aligned with the natural gas distribution industry standard rate design. In addition, we anticipate these divisions, which represent approximately 50 percent of the operating income for our natural gas distribution segment, will earn their operating income more ratably over the fiscal year as they are now less dependent on customer consumption.

Revenues in this operating segment are established by regulatory authorities in the states in which we operate. These rates are intended to be sufficient to cover the costs of conducting business and to provide a reasonable return on invested capital. In addition, we transport natural gas for others through our distribution system.

Rates established by regulatory authorities often include cost adjustment mechanisms for costs that (i) are subject to significant price fluctuations compared to our other costs, (ii) represent a large component of our cost of service and (iii) are generally outside our control.

Purchased gas cost adjustment mechanisms represent a common form of cost adjustment mechanism. Purchased gas cost adjustment mechanisms provide natural gas distribution companies a method of recovering purchased gas costs on an ongoing basis without filing a rate case because they provide a dollar-for-dollar offset to increases or decreases in natural gas distribution gas costs. Therefore, although substantially all of our natural gas distribution operating revenues fluctuate with the cost of gas that we purchase, natural gas distribution gross profit (which is defined as operating revenues less purchased gas cost) is generally not affected by fluctuations in the cost of gas.

Additionally, some jurisdictions have introduced performance-based ratemaking adjustments to provide incentives to natural gas distribution companies to minimize purchased gas costs through improved storage management and use of financial instruments to lock in gas costs. Under the performance-based ratemaking adjustment, purchased gas costs savings are shared between the utility and its customers.

Regulatory authorities have approved weather normalization adjustments (WNA) for approximately 97 percent of residential and commercial margins in our service areas as a part of our rates. WNA minimizes the effect of weather that is above or below normal by allowing us to increase customers' bills to offset the effect of lower gas usage when weather is warmer than normal and decrease customers' bills to offset the effect of higher gas usage when weather is colder than normal.

The following table provides a jurisdictional rate summary for our regulated operations. This information is for regulatory purposes only and may not be representative of our actual financial position.

Division	Jurisdiction	Effective Date of Last Rate/GRIP Action	Rate Base (thousands)[1]	Authorized Rate of Return[1]	Authorized Debt/ Equity Ratio	Authorized Return on Equity[1]
Atmos Pipeline — Texas	Texas	05/01/2011	$807,733	9.36%	50/50	11.80%
Atmos Pipeline — Texas — GRIP	Texas	05/07/2013	979,324	9.36%	N/A	11.80%
Colorado-Kansas	Colorado	01/04/2010	86,189	8.57%	50/50	10.25%
	Kansas	09/01/2012	160,075	(2)	(2)	(2)
Kentucky/Mid-States	Kentucky	06/01/2010	221,340[3]	(2)	(2)	(2)
	Tennessee	11/08/2012	201,359	8.28%	49/51	10.10%
	Virginia	11/23/2009	36,861	8.48%	51/49	9.50% - 10.50%
Louisiana	Trans LA	04/01/2013	105,527	7.94%	52/48	10.00% - 10.80%
	LGS	07/01/2013	298,642	8.08%	52/48	10.40%
Mid-Tex Cities	Texas	12/04/2012	1,512,986[4]	8.57%	48/52	10.50%
Mid-Tex — Dallas	Texas	06/01/2013	1,619,429[4]	8.35%	48/52	10.10%
Mississippi	Mississippi	11/01/2012	287,646	8.04%	49/51	9.64%
West Texas[5]	Texas	10/01/2012	271,590	(2)	(2)	(2)

Division	Jurisdiction	Bad Debt Rider[6]	Annual Rate Mechanism	Infrastructure Mechanism	Performance-Based Rate Program[7]	WNA Period
Atmos Pipeline — Texas	Texas	No	No	Yes	N/A	N/A
Colorado-Kansas	Colorado	Yes[8]	No	Yes	No	N/A
	Kansas	Yes	No	Yes	No	October - May
Kentucky/Mid-States	Kentucky	Yes	No	Yes	Yes	November - April
	Tennessee	Yes	No	No	Yes	October - April
	Virginia	Yes	No	Yes	No	January - December
Louisiana	Trans LA	No	Yes	No	No	December -March
	LGS	No	Yes	No	No	December -March
Mid-Tex Cities	Texas	Yes	Yes	Yes	No	November -April
Mid-Tex — Dallas	Texas	Yes	Yes	Yes	No	November -April
Mississippi	Mississippi	No	Yes	No	Yes	November -April
West Texas[5]	Texas	Yes	No	Yes	No	October -May

(1) The rate base, authorized rate of return and authorized return on equity presented in this table are those from the most recent rate case or GRIP filing for each jurisdiction. These rate bases, rates of return and returns on equity are not necessarily indicative of current or future rate bases, rates of return or returns on equity.

(2) A rate base, rate of return, return on equity or debt/equity ratio was not included in the respective state commission's final decision.

(3) Kentucky rate base consists of $184.7 million included in the June 2010 rate case and $36.6 million included in the October 2012 PRP surcharge. A total of $36.6 million of the Kentucky rate base amount was granted in the annual PRP filing with an effective date of October 1, 2012, an authorized rate of return of 8.74 percent and an authorized return on equity of 10.50 percent.

(4) The Mid-Tex Rate Base amounts for the Mid-Tex Cities and Dallas areas represent "system-wide", or 100 percent, of the Mid-Tex Division's rate base.

(5) On October 2, 2012, a rate case settlement was approved by the Texas Railroad Commission (RRC) that combined the former Amarillo, Lubbock and West Texas jurisdictions into a single "West Texas" jurisdiction.

(6) The bad debt rider allows us to recover from ratepayers the gas cost portion of uncollectible accounts.

(7) The performance-based rate program provides incentives to natural gas distribution companies to minimize purchased gas costs by allowing the companies and its customers to share the purchased gas costs savings.

(8) The Company and Commission Staff have agreed to roll the recovery of the gas portion of uncollectible accounts back into base rates as part of the current rate proceeding.

Our supply of natural gas is provided by a variety of suppliers, including independent producers, marketers and pipeline companies and withdrawals of gas from proprietary and contracted storage assets. Additionally, the natural gas supply for our Mid-Tex Division includes peaking and spot purchase agreements.

Supply arrangements consist of both base load and swing supply (peaking) quantities and are contracted from our suppliers on a firm basis with various terms at market prices. Base load quantities are those that flow at a constant level throughout the month and swing supply quantities provide the flexibility to change daily quantities to match increases or decreases in requirements related to weather conditions.

Except for local production purchases, we select our natural gas suppliers through a competitive bidding process by periodically requesting proposals from suppliers that have demonstrated that they can provide reliable service. We select these suppliers based on their ability to deliver gas supply to our designated firm pipeline receipt points at the lowest reasonable cost. Major suppliers during fiscal 2013 were Anadarko Energy Services Company, BP Energy Company, ConocoPhillips Company, Devon Gas Services, L.P., Enterprise Products Operating LLC, Iberdrola Energy Services, LLC, Sequent Energy Management, L.P., Targa Gas Marketing LLC, Tenaska Marketing Ventures, Texla Energy Management, Inc. and Atmos Energy Marketing, LLC, our natural gas marketing subsidiary.

The combination of base load, peaking and spot purchase agreements, coupled with the withdrawal of gas held in storage, allows us the flexibility to adjust to changes in weather, which minimizes our need to enter into long-term firm commitments. We estimate our peak-day availability of natural gas supply to be approximately 4.4 Bcf. The peak-day demand for our natural gas distribution operations in fiscal 2013 was on January 15, 2013, when sales to customers reached approximately 3.1 Bcf.

Currently, our natural gas distribution divisions, except for our Mid-Tex Division, utilize 35 pipeline transportation companies, both interstate and intrastate, to transport our natural gas. The pipeline transportation agreements are firm and many of them have "pipeline no-notice" storage service, which provides for daily balancing between system requirements and nominated flowing supplies. These agreements have been negotiated with the shortest term necessary while still maintaining our right of first refusal. The natural gas supply for our Mid-Tex Division is delivered primarily by our Atmos Pipeline — Texas Division.

To maintain our deliveries to high priority customers, we have the ability, and have exercised our right, to curtail deliveries to certain customers under the terms of interruptible contracts or applicable state regulations or statutes. Our customers' demand on our system is not necessarily indicative of our ability to meet current or anticipated market demands or immediate delivery requirements because of factors such as the physical limitations of gathering, storage and transmission systems, the duration and severity of cold weather, the availability of gas reserves from our suppliers, the ability to purchase additional supplies on a short-term basis and actions by federal and state regulatory authorities. Curtailment rights provide us the flexibility to meet the human-needs requirements of our customers on a firm basis. Priority allocations imposed by federal and state regulatory agencies, as well as other factors beyond our control, may affect our ability to meet the demands of our customers. We anticipate no problems with obtaining additional gas supply as needed for our customers.

Regulated Transmission and Storage Segment Overview

Our regulated transmission and storage segment consists of the regulated pipeline and storage operations of our Atmos Pipeline — Texas Division (APT). APT is one of the largest intrastate pipeline operations in Texas with a heavy concentration in the established natural gas-producing areas of central, northern and eastern Texas, extending into or near the major producing areas of the Texas Gulf Coast and the Delaware and Val Verde Basins of West Texas. It transports natural gas to our Mid-Tex Division, transports natural gas for third parties and manages five underground storage reservoirs in Texas. We also provide ancillary services customary in the pipeline industry including parking and lending arrangements and sales of excess gas. This segment represents approximately 30 percent of our consolidated operations.

Gross profit earned from our Mid-Tex Division and through certain other transportation and storage services is subject to traditional ratemaking governed by the RRC. Rates are updated through periodic formal rate proceedings and filings made under Texas' Gas Reliability Infrastructure Program (GRIP). GRIP allows us to include in our rate base annually approved capital costs incurred in the prior calendar year provided that we file a complete rate case at least once every five years. Atmos Pipeline — Texas' existing regulatory mechanisms allow certain transportation and storage services to be provided under market-based rates with minimal regulation.

Nonregulated Segment Overview

Our nonregulated operations are conducted through Atmos Energy Holdings, Inc. (AEH), a wholly-owned subsidiary of Atmos Energy Corporation, and represent approximately five percent of our consolidated net income.

AEH's primary business is to buy, sell and deliver natural gas at competitive prices to approximately 1,000 customers located primarily in the Midwest and Southeast areas of the United States. AEH accomplishes this objective by aggregating and purchasing gas supply, arranging transportation and storage logistics and effectively managing commodity price risk.

AEH also earns storage and transportation demand fees primarily from our regulated natural gas distribution operations in Louisiana and Kentucky. These demand fees are subject to regulatory oversight and are renewed periodically.

Ratemaking Activity

Overview

The method of determining regulated rates varies among the states in which our regulated businesses operate. The regulatory authorities have the responsibility of ensuring that utilities in their jurisdictions operate in the best interests of customers while providing utility companies the opportunity to earn a reasonable return on their investment. Generally, each regulatory authority reviews rate requests and establishes a rate structure intended to generate revenue sufficient to cover the costs of conducting business and to provide a reasonable return on invested capital.

Our rate strategy focuses on reducing or eliminating regulatory lag, obtaining adequate returns and providing stable, predictable margins, which benefit both our customers and the Company. As a result of our ratemaking efforts in recent years, Atmos Energy has:

- Annual ratemaking mechanisms in place in four states that provide for an annual rate review and adjustment to rates for approximately 69 percent of our natural gas distribution gross margin.
- Accelerated recovery of capital for approximately 74 percent of our natural gas distribution gross margin.

- Enhanced rate design that allows us to defer certain elements of our cost of service until they are included in rates, such as depreciation, ad valorem taxes and pension costs.
- WNA mechanisms in seven states that serve to minimize the effects of weather on approximately 97 percent of our natural gas distribution gross margin.
- The ability to recover the gas cost portion of bad debts for approximately 75 percent of our natural gas distribution gross margin.

Although substantial progress has been made in recent years by improving rate design across Atmos Energy's operating areas, we will continue to seek improvements in rate design to address cost variations that are related to pass-through energy costs beyond our control. Further, potential changes in federal energy policy and adverse economic conditions will necessitate continued vigilance by the Company and our regulators in meeting the challenges presented by these external factors.

Recent Ratemaking Activity

Substantially all of our regulated revenues in the fiscal years ended September 30, 2013, 2012 and 2011 were derived from sales at rates set by or subject to approval by local or state authorities. Net operating income increases resulting from ratemaking activity totaling $98.1 million, $30.7 million and $72.4 million, became effective in fiscal 2013, 2012 and 2011, as summarized below:

Rate Action	Annual Increase to Operating Income For the Fiscal Year Ended September 30		
	2013	2012	2011
		(In thousands)	
Infrastructure programs	$30,936	$19,172	$15,033
Annual rate filing mechanisms	9,152	7,044	35,216
Rate case filings	56,700	4,309	20,502
Other ratemaking activity	1,322	167	1,675
	$98,110	$30,692	$72,426

Additionally, the following ratemaking efforts were initiated during fiscal 2013 but had not been completed as of September 30, 2013:

Division	Rate Action	Jurisdiction	Operating Income Requested
			(In thousands)
Colorado-Kansas	Rate Case(1)	Colorado	$10,891
Kentucky/Mid-States	Rate Case	Kentucky	13,133
	PRP(2)	Kentucky	2,493
	PRP(2)	Virginia	213
Mid-Tex Division	GRIP(3)	Railroad Commission — Environs	768
	RRM(4)	Mid-Tex Cities	17,077
Mississippi	Stable Rate Filing(5)	Mississippi	—
			$44,575

(1) This rate case seeks a multi-year step increase in annual operating income of $4.5 million on January 1, 2014, $2.9 million on July 1, 2014 and $3.5 million on July 1, 2015.

(2) The Pipeline Replacement Program (PRP) surcharge relates to a long-term program to replace aging infrastructure. The Kentucky and Virginia PRPs were implemented on October 1, 2013.

(3) The Gas Reliability Infrastructure Program (GRIP) surcharge relates to replacing aging infrastructure as well as other changes in net plant. The surcharge is calculated on a system-wide basis, but is only filed with the Railroad Commission for unincorporated areas served by the Mid-Tex Division.

(4) The Rate Review Mechanism (RRM) is an annual rate filing mechanism that allows us to refresh our rates on a periodic basis without filing a formal rate case. The current RRM program was approved by the Mid-Tex Cities in the summer of 2013. The first filing under the mechanism was made in July of 2013 and has been settled for $12.5 million to be implemented on November 1, 2013.

(5) The Stable Rate Filing shows no deficiency, thus no change in operating income is anticipated from the current year filing.

Our recent ratemaking activity is discussed in greater detail below.

Infrastructure Programs

As discussed above in "Natural Gas Distribution Segment Overview" and "Regulated Transmission and Storage Segment Overview," infrastructure programs such as GRIP allow our regulated divisions the opportunity to include in their rate base annually approved capital costs incurred in the prior calendar year. We currently have infrastructure programs in Texas, Kansas, Kentucky and Virginia. The following table summarizes our infrastructure program filings with effective dates during the fiscal years ended September 30, 2013, 2012 and 2011:

Division	Period End	Incremental Net Utility Plant Investment	Increase in Annual Operating Income	Effective Date
		(In thousands)	(In thousands)	
2013 Infrastructure Programs:				
Atmos Pipeline — Texas	12/2012	$156,440	$26,730	05/07/2013
Colorado-Kansas — Kansas	09/2012	5,376	601	01/09/2013
Kentucky/Mid-States — Georgia(1)(2)	09/2011	6,519	1,079	10/01/2012
Kentucky/Mid-States — Kentucky(2)	09/2013	19,296	2,425	10/01/2012
Kentucky/Mid-States — Virginia	09/2013	756	101	10/01/2012
Total 2013 Infrastructure Programs		$188,387	$30,936	
2012 Infrastructure Programs:				
Mid-Tex Unincorporated (Environs)(3)	12/2011	$145,671	$ 744	06/26/2012
Atmos Pipeline — Texas	12/2011	87,210	14,684	04/10/2012
Kentucky/Mid-States — Georgia(1)(2)	09/2010	7,160	1,215	10/01/2011
Kentucky/Mid-States — Kentucky(2)	09/2012	17,347	2,529	10/01/2011
Total 2012 Infrastructure Programs		$257,388	$19,172	
2011 Infrastructure Programs:				
Atmos Pipeline — Texas	12/2010	$ 72,980	$12,605	07/26/2011
Mid-Tex/Environs	12/2010	107,840	576	06/27/2011
West Texas/Lubbock & WT Cities Environs	12/2010	17,677	343	06/01/2011
Kentucky/Mid-States — Kentucky(2)	09/2011	3,329	468	06/01/2011
Kentucky/Mid-States — Missouri(4)	09/2010	2,367	277	02/14/2011
Kentucky/Mid-States — Georgia(1)(2)	09/2009	5,359	764	10/01/2010
Total 2011 Infrastructure Programs		$209,552	$15,033	

(1) On April 1, 2013, we completed the sale of our Georgia operations to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. The increase in operating income arising from the implementation of new rates is included as a component of discontinued operations through March 31, 2013.

(2) The Pipeline Replacement Program (PRP) surcharge relates to a long-term program to replace aging infrastructure.

(3) Incremental net utility plant investment represents the system-wide incremental investment for the Mid-Tex Division. The increase in annual operating income is for the unincorporated areas of the Mid-Tex Division only.

(4) Infrastructure System Replacement Surcharge (ISRS) relates to maintenance capital investments made since the previous rate case.

Annual Rate Filing Mechanisms

As an instrument to reduce regulatory lag, annual rate filing mechanisms allow us to refresh our rates on a periodic basis without filing a formal rate case. However, these filings still involve discovery by the appropriate regulatory authorities prior to the final determination of rates under these mechanisms. We currently have annual rate filing mechanisms in our Louisiana and Mississippi divisions and in a portion of our Texas divisions. These mechanisms are referred to as Dallas annual rate review (DARR) and rate review mechanisms (RRM) in our Mid-Tex Division, stable rate filings in the Mississippi Division and the rate stabilization clause in the Louisiana Division. The following table summarizes filings made under our various annual rate filing mechanisms:

Division	Jurisdiction	Test Year Ended	Increase (Decrease) in Annual Operating Income	Effective Date
			(In thousands)	
2013 Filings:				
Louisiana	LGS	12/31/2012	$ 908	07/01/2013
Mid-Tex	City of Dallas	9/30/2012	1,800	06/01/2013
Louisiana	TransLa	9/30/2012	2,260	04/01/2013
Kentucky/Mid-States	Georgia[1]	9/30/2013	743	02/01/2013
Mississippi	Mississippi	6/30/2012	3,441	11/01/2012
Total 2013 Filings			$ 9,152	
2012 Filings:				
Louisiana	LGS	12/31/2011	$ 2,324	07/01/2012
Mid-Tex	Dallas	9/30/2011	1,204	06/01/2012
Louisiana	Trans La	9/30/2011	11	04/01/2012
Kentucky/Mid-States	Georgia[1]	9/30/2011	(818)	02/01/2012
Mississippi	Mississippi	6/30/2011	4,323	01/11/2012
Total 2012 Filings			$ 7,044	
2011 Filings:				
Mid-Tex	Mid-Tex Cities	12/31/2010	$ 5,126	09/27/2011
Mid-Tex	Dallas	12/31/2010	1,084	09/27/2011
West Texas	Lubbock	12/31/2010	319	09/08/2011
West Texas	Amarillo	12/31/2010	(492)	08/01/2011
Louisiana	LGS	12/31/2010	4,109	07/01/2011
Mid-Tex	Dallas	12/31/2010	1,598	07/01/2011
Louisiana	TransLa	9/30/2010	350	04/01/2011
Mid-Tex	Mid-Tex Cities	12/31/2009	23,122	10/01/2010
Total 2011 Filings			$35,216	

(1) On April 1, 2013, we completed the sale of our Georgia operations to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. The increase in operating income arising from the implementation of new rates is included as a component of discontinued operations through March 31, 2013.

From 2008 through fiscal 2011, the Mid-Tex Division had an annual rate review mechanism (RRM) for approximately 80 percent of its customers, which allowed it to update rates annually without the necessity of filing a general rate case. In fiscal 2013, a new RRM was approved for these customers.

Since June 2011, the Mid-Tex Division has operated under a Dallas Annual Rate Review Mechanism (DARR) that provides the ability for it to annually update rates for its City of Dallas customers without the necessity of filing a general rate case. The first rates were implemented under the DARR in June 2012.

During fiscal 2011, the RRC's Division of Public Safety issued a new rule requiring natural gas distribution companies with operations in Texas to develop and implement a risk-based program for the renewal or replacement of distribution facilities, including steel service lines. The rule allows for the deferral of all expenses associated with capital expenditures incurred pursuant to this rule until the expenses are included in rates, including the recording of interest on the deferred expenses.

Rate Case Filings

A rate case is a formal request from Atmos Energy to a regulatory authority to increase rates that are charged to customers. Rate cases may also be initiated when the regulatory authorities request us to justify our rates. This process is referred to as a "show cause" action. Adequate rates are intended to provide for recovery of the Company's costs as well as a fair rate of return to our shareholders and ensure that we continue to safely deliver reliable, reasonably priced natural gas service to our customers. The following table summarizes our recent rate cases:

Division	State	Increase in Annual Operating Income (In thousands)	Effective Date
2013 Rate Case Filings:			
Mid-Tex	Texas	$42,601	12/04/2012
Kentucky/Mid-States	Tennessee	7,530	11/08/2012
West Texas	Texas	6,569	10/01/2012
Total 2013 Rate Case Filings		$56,700	
2012 Rate Case Filings:			
Colorado-Kansas	Kansas	$ 3,764	09/01/2012
West Texas — Environs	Texas	545	11/08/2011
Total 2012 Rate Case Filings		$ 4,309	
2011 Rate Case Filings:			
West Texas — Amarillo Environs	Texas	$ 78	07/26/2011
Atmos Pipeline — Texas	Texas	20,424	05/01/2011
Total 2011 Rate Case Filings		$20,502	

Other Ratemaking Activity

The following table summarizes other ratemaking activity during the fiscal years ended September 30, 2013, 2012 and 2011:

Division	Jurisdiction	Rate Activity	Increase in Annual Operating Income (In thousands)	Effective Date
2013 Other Rate Activity:				
Colorado-Kansas	Kansas	Ad Valorem[1]	$1,322	02/01/2013
Total 2013 Other Rate Activity			$1,322	
2012 Other Rate Activity:				
Colorado-Kansas	Kansas	Ad Valorem[1]	$ 167	01/14/2012
Total 2012 Other Rate Activity			$ 167	
2011 Other Rate Activity:				
West Texas	Triangle	Special Contract	$ 641	07/01/2011
Colorado-Kansas	Kansas	Ad Valorem[1]	685	01/01/2011
Colorado-Kansas	Colorado	AMI[2]	349	12/01/2010
Total 2011 Other Rate Activity			$1,675	

(1) The Ad Valorem filing relates to a collection of property taxes in excess of the amount included in our Kansas service area's base rates.

(2) Automated Meter Infrastructure (AMI) relates to a pilot program in the Weld County area of our Colorado service area.

Other Regulation

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

The Federal Energy Regulatory Commission (FERC) allows, pursuant to Section 311 of the Natural Gas Policy Act, gas transportation services through our Atmos Pipeline — Texas assets "on behalf of" interstate pipelines or local distribution companies served by interstate pipelines, without subjecting these assets to the jurisdiction of the FERC. Additionally, the FERC has regulatory authority over the sale of natural gas in the wholesale gas market and the use and release of interstate pipeline and storage capacity. The FERC also has authority to detect and prevent market manipulation and to enforce compliance with FERC's other rules, policies and orders by companies engaged in the sale, purchase, transportation or storage of natural gas in interstate commerce. We have taken what we believe are the necessary and appropriate steps to comply with these regulations.

Competition

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

Our regulated transmission and storage operations historically have faced limited competition from other existing intrastate pipelines and gas marketers seeking to provide or arrange transportation, storage and other services for customers. However, in the last few years, several new pipelines have been completed, which has increased the level of competition in this segment of our business.

Within our nonregulated operations, AEM competes with other natural gas marketers to provide natural gas management and other related services primarily to smaller customers requiring higher levels of balancing, scheduling and other related management services. AEM has experienced increased competition in recent years primarily from investment banks and major integrated oil and natural gas companies who offer lower cost, basic services. The increased competition has reduced margins most notably on its high-volume accounts.

Employees

At September 30, 2013, we had 4,720 employees, consisting of 4,611 employees in our regulated operations and 109 employees in our nonregulated operations.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports, and amendments to those reports, and other forms that we file with or furnish to the Securities and Exchange Commission (SEC) are available free of charge at our website, *www.atmosenergy.com*, under "Publications and Filings" under the "Investors" tab, as soon as reasonably practicable, after we electronically file these reports with, or furnish these reports to, the SEC. We will also provide copies of these reports free of charge upon request to Shareholder Relations at the address and telephone number appearing below:

Shareholder Relations
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205
972-855-3729

Corporate Governance

In accordance with and pursuant to relevant related rules and regulations of the SEC as well as corporate governance-related listing standards of the New York Stock Exchange (NYSE), the Board of Directors of the Company has established and periodically updated our Corporate Governance Guidelines and Code of Conduct, which is applicable to all directors, officers and employees of the Company. In addition, in accordance with and pursuant to such NYSE listing standards, our Chief Executive Officer during fiscal 2013, Kim R. Cocklin, certified to the New York Stock Exchange that he was not aware of any violations by the Company of NYSE corporate governance listing standards. The Board of Directors also annually reviews and updates, if necessary, the charters for each of its Audit, Human Resources and Nominating and Corporate Governance Committees. All of the foregoing documents are posted on the Corporate Governance page of our website. We will also provide copies of all corporate governance documents free of charge upon request to Shareholder Relations at the address listed above.

ITEM 1A. *Risk Factors.*

Our financial and operating results are subject to a number of risk factors, many of which are not within our control. Although we have tried to discuss key risk factors below, please be aware that other or new risks may prove to be important in the future. Investors should carefully consider the following discussion of risk factors as well as other information appearing in this report. These factors include the following:

The Company is dependent on continued access to the credit and capital markets to execute our business strategy.

Our long-term debt is currently rated as "investment grade" by Standard & Poor's Corporation, Moody's Investors Services, Inc. and Fitch Ratings, Ltd. Similar to most companies, we rely upon access to both short-term and long-term credit and capital markets to satisfy our liquidity requirements. If adverse credit conditions were to cause a significant limitation on our access to the private and public capital markets, we could see a reduction in our liquidity. A significant reduction in our liquidity could in turn trigger a negative change in our ratings outlook or even a reduction in our credit ratings by one or more of the three credit rating agencies. Such a downgrade could further limit our access to private credit and/or public capital markets and increase our costs of borrowing.

Further, if our credit ratings were downgraded, we could be required to provide additional liquidity to our nonregulated segment because the commodity financial instrument markets could become unavailable to us. Our nonregulated segment depends primarily upon an intercompany lending facility between AEH and Atmos Energy to finance its working capital needs, supplemented by two small credit facilities with outside lenders. Our ability to provide this liquidity to AEH for our nonregulated operations is limited by the terms of the lending arrangement with AEH, which is subject to annual approval by one state regulatory commission.

While we believe we can meet our capital requirements from our operations and the sources of financing available to us, we can provide no assurance that we will continue to be able to do so in the future, especially if the market price of natural gas increases significantly in the near term. The future effects on our business, liquidity and financial results of a deterioration of current conditions in the credit and capital markets could be material and adverse to us, both in the ways described above or in other ways that we do not currently anticipate.

We are subject to state and local regulations that affect our operations and financial results.

Our natural gas distribution and regulated transmission and storage segments are subject to regulatory oversight from various state and local regulatory authorities in the eight states that we serve. Therefore, our returns are continuously monitored and are subject to challenge for their reasonableness by the appropriate regulatory authorities or other third-party intervenors. In the normal course of business, a regulated entity often needs to place assets in service and establish historical test periods before rate cases that seek to adjust our allowed returns to recover that investment can be filed. Further, the regulatory review process can be lengthy. Because of this process, we suffer the negative financial effects of having placed assets in service without the benefit of rate relief, which is commonly referred to as "regulatory lag." The regulatory process also involves the risk that regulatory authorities may (i) review our purchases of natural gas and adjust the amount of our gas costs that we pass through to our customers or (ii) limit the costs we may have incurred from our cost of service that can be recovered from customers.

The continuation of recent economic conditions could adversely affect our customers and negatively impact our financial results.

The slowdown in the U.S. economy in the last several years, together with increased mortgage defaults and significant decreases in the values of homes and investment assets, has adversely affected the financial resources of many domestic households. It is unclear whether the administrative and legislative responses to these conditions will be successful in continuing to improve economic conditions, including the continued lowering of current high unemployment rates across the U.S. As a result, our customers may seek to use even less gas and it may become more difficult for them to pay their gas bills. This may slow collections and lead to higher than normal levels of accounts receivable. This in turn could increase our financing requirements and bad debt expense. Additionally, our industrial customers may seek alternative energy sources, which could result in lower sales volumes.

Inflation and increased gas costs could adversely impact our customer base and customer collections and increase our level of indebtedness.

Inflation has caused increases in some of our operating expenses and has required assets to be replaced at higher costs. We have a process in place to continually review the adequacy of our natural gas distribution gas rates in relation to the increasing cost of providing service and the inherent regulatory lag in adjusting those gas rates. Historically, we have been able to budget and control operating expenses and investments within the amounts authorized to be collected in rates and intend to continue to do so. However, the ability to control expenses is an important factor that could impact future financial results.

Rapid increases in the costs of purchased gas would cause us to experience a significant increase in short-term debt. We must pay suppliers for gas when it is purchased, which can be significantly in advance of when these costs may be recovered through the collection of monthly customer bills for gas delivered. Increases in purchased gas costs also slow our natural gas distribution collection efforts as customers are more likely to delay the payment of their gas bills, leading to higher than normal accounts receivable. This could result in higher short-term debt levels, greater collection efforts and increased bad debt expense.

We are exposed to market risks that are beyond our control, which could adversely affect our financial results and capital requirements.

We are subject to market risks beyond our control, including market liquidity, commodity price volatility caused by market supply and demand dynamics and counterparty creditworthiness and interest rate risk. Our regulated operations are generally insulated from commodity price risk through its purchased gas cost mechanisms. With respect to interest rate risk, we have been operating in a relatively low interest-rate environment in recent years compared to historical norms for both short and long-term interest rates. However, increases in interest rates could adversely affect our future financial results.

Although our nonregulated operations represent approximately five percent of our consolidated results, commodity price volatility experienced in this business segment could lead to some volatility in our earnings. Our nonregulated segment manages margins and limits risk exposure on the sale of natural gas inventory or the offsetting fixed-price purchase or sale commitments for physical quantities of natural gas through the use of a variety of financial instruments. However, contractual limitations could adversely affect our ability to withdraw gas from storage, which could cause us to purchase gas at spot prices in a rising market to obtain sufficient volumes to fulfill customer contracts. We could also realize financial losses on our efforts to limit risk as a result of volatility in the market prices of the underlying commodities or if a counterparty fails to perform under a contract. Any significant tightening of the credit markets could cause more of our counterparties to fail to perform than expected. In addition, adverse changes in the creditworthiness of our counterparties could limit the level of trading activities with these parties and increase the risk that these parties may not perform under a contract. These circumstances could also increase our capital requirements.

Although we manage our business to maintain no open positions related to our physical storage, there are times when limited net open positions may occur on a short-term basis. Net open positions may increase volatility in our financial condition or results of operations if market prices move in a significantly favorable or unfavorable manner before the open positions can be closed. The determination of our net open position as of the end of any particular trading day requires us to make assumptions as to future circumstances, including the use of gas by our customers in relation to our anticipated storage and market positions. Because the price risk associated with any net open position at the end of such day may increase if the assumptions are not realized, we review these assumptions as part of our daily monitoring activities. Further, if the local physical markets do not move consistently with the NYMEX futures market upon which most of our commodity derivative financial instruments are valued, we could experience increased volatility in the financial results of our nonregulated segment.

The concentration of our distribution, pipeline and storage operations in the State of Texas exposes our operations and financial results to economic conditions and regulatory decisions in Texas.

Over 50 percent of our natural gas distribution customers and most of our pipeline and storage assets and operations are located in the State of Texas. This concentration of our business in Texas means that our operations and financial results may be significantly affected by changes in the Texas economy in general and regulatory decisions by state and local regulatory authorities in Texas.

Our operations are subject to increased competition.

In residential and commercial customer markets, our natural gas distribution operations compete with other energy products, such as electricity and propane. Our primary product competition is with electricity for heating, water heating and cooking. Increases in the price of natural gas could negatively impact our competitive position by decreasing the price benefits of natural gas to the consumer. This could adversely impact our business if, as a result, our customer growth slows, reducing our ability to make capital expenditures, or if our customers further conserve their use of gas, resulting in reduced gas purchases and customer billings.

In the case of industrial customers, such as manufacturing plants, adverse economic conditions, including higher gas costs, could cause these customers to use alternative sources of energy, such as electricity, or bypass our systems in favor of special competitive contracts with lower per-unit costs. Our regulated transmission and storage operations historically have faced limited competition from other existing intrastate pipelines and gas marketers seeking to provide or arrange transportation, storage and other services for customers. However, in the last few years, several new pipelines have been completed, which has increased the level of competition in this segment of our business.

Finally, within our nonregulated operations, AEM competes with other natural gas marketers to provide natural gas management and other related services primarily to smaller customers requiring higher levels of balancing, scheduling and other related management services. AEM has experienced increased competition in recent years from competitors who offer lower cost, basic services.

Adverse weather conditions could affect our operations or financial results.

We have weather-normalized rates for over 95 percent of our residential and commercial meters in our natural gas distribution business, which substantially mitigates the adverse effects of warmer-than-normal weather for meters in those service areas. However, there is no assurance that we will continue to receive such regulatory protection from adverse weather in our rates in the future. The loss of such weather-normalized rates could have an adverse effect on our operations and financial results. In addition, our natural gas distribution and regulated transmission and storage operating results may continue to vary somewhat with the actual temperatures during the winter heating season. Sustained cold weather could adversely affect our nonregulated operations as we may be required to purchase gas at spot rates in a rising market to obtain sufficient volumes to fulfill some customer contracts. Additionally, sustained cold weather could challenge our ability to adequately meet customer demand in our natural gas distribution and regulated transmission and storage operations.

Our growth in the future may be limited by the nature of our business, which requires extensive capital spending.

We must continually build additional capacity in our natural gas distribution system to enable us to serve any growth in the number of our customers. The cost of adding this capacity may be affected by a number of factors, including the general state of the economy and weather. In addition, although we should ultimately recover the cost of the expenditures through rates, we must make significant capital expenditures to comply with rules issued by the RRC's Division of Public Safety that require natural gas distribution companies to develop and implement risk-based programs for the renewal or replacement of distribution facilities, including steel service lines. Our cash flows from operations generally are sufficient to supply funding for all our capital expenditures, including the financing of the costs of new construction along with capital expenditures necessary to maintain our existing natural gas system. Due to the timing of these cash flows and capital expenditures, we often must fund at least a portion of these costs through borrowing funds from third-party lenders, the cost and availability of which is dependent on the liquidity of the credit markets, interest rates and other market conditions. This in turn may limit our ability to connect new customers to our system due to constraints on the amount of funds we can invest in our infrastructure.

The costs of providing health care benefits, pension and postretirement health care benefits and related funding requirements may increase substantially.

We provide health care benefits and a cash-balance pension plan and postretirement health care benefits to eligible full-time employees. The costs of providing health care benefits to our employees could significantly increase over time due to rapidly increasing health care inflation, the impact of the Health Care Reform Act of 2010 (HCR) and any future legislative changes related to the provision of health care benefits. Although the HCR is not expected to have a direct material impact when a number of its more significant provisions become effective in 2014, the impact of costs incurred by the insurance industry arising from the implementation of HCR on the Company are difficult to measure at this time.

The costs of providing a cash-balance pension plan and postretirement health care benefits to eligible full-time employees and related funding requirements could be influenced by changes in the market value of the assets funding our pension and postretirement health care plans. Any significant declines in the value of these investments could increase the costs of our pension and postretirement health care plans and related funding requirements in the future. Further, our costs of providing such benefits and related funding requirements are also subject to a number of factors, including (i) changing demographics, including longer life expectancy of beneficiaries and an expected increase in the number of eligible former employees over the next five to ten years; and (ii) various actuarial calculations and assumptions, which may differ materially from actual results due primarily to changing market and economic conditions and higher or lower withdrawal rates.

The costs to the Company of providing these benefits and related funding requirements could also increase materially in the future, depending on the timing of the recovery, if any, of such costs through our rates.

We may experience increased federal, state and local regulation of the safety of our operations.

We are committed to constantly monitoring and maintaining our pipeline and distribution system to ensure that natural gas is delivered safely, reliably and efficiently through our network of more than 72,000 miles of pipeline and distribution lines. The pipeline replacement programs currently underway in several of our divisions typify the preventive maintenance and continual renewal that we perform on our natural gas distribution system in the eight states in which we currently operate. The safety and protection of the public, our customers and our employees is our top priority. However, due primarily to the unfortunate pipeline incident in California in 2010, natural gas distribution and pipeline companies are facing increasing federal, state and local oversight of the safety of their operations. Although we believe these costs should be ultimately recoverable through our rates, the costs of complying with such increased regulations may have at least a short-term adverse impact on our operating costs and financial results.

Some of our operations are subject to increased federal regulatory oversight that could affect our operations and financial results.

FERC has regulatory authority over some of our operations, including sales of natural gas in the wholesale gas market and the use and release of interstate pipeline and storage capacity. FERC has adopted rules designed to prevent market power abuse and market manipulation and to promote compliance with FERC's other rules, policies and orders by companies engaged in the sale, purchase, transportation or storage of natural gas in interstate commerce. These rules carry increased penalties for violations. Although we have taken steps to structure current and future transactions to comply with applicable current FERC regulations, changes in FERC regulations or their interpretation by FERC or additional regulations issued by FERC in the future could also adversely affect our business, financial condition or financial results.

We are subject to environmental regulations which could adversely affect our operations or financial results.

We are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local governmental authorities relating to protection of the environment and health and safety matters, including those that govern discharges of substances into the air and water, the management and disposal of hazardous substances and waste, the clean-up of contaminated sites, groundwater quality and availability, plant and wildlife protection, as well as work practices related to employee health and safety. Environmental legislation also requires that our facilities, sites and other properties associated with our operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Failure to comply with these laws, regulations, permits and licenses may expose us to fines, penalties or interruptions in our operations that could be significant to our financial results. In addition, existing environmental regulations may be revised or our operations may become subject to new regulations.

Our business may be subject in the future to additional regulatory and financial risks associated with global warming and climate change.

There have been a number of federal and state legislative and regulatory initiatives proposed in recent years in an attempt to control or limit the effects of global warming and overall climate change, including greenhouse gas emissions, such as carbon dioxide. The adoption of this type of legislation by Congress or similar legislation by states or the adoption of related regulations by federal or state governments mandating a substantial reduction in greenhouse gas emissions in the future could have far-reaching and significant impacts on the energy industry. Such new legislation or regulations could result in increased compliance costs for us or additional operating restrictions on our business, affect the demand for natural gas or impact the prices we charge to our customers. At this time, we cannot predict the potential impact of such laws or regulations that may be adopted on our future business, financial condition or financial results.

Distributing, transporting and storing natural gas involve risks that may result in accidents and additional operating costs.

Our natural gas distribution and pipeline and storage businesses involve a number of hazards and operating risks that cannot be completely avoided, such as leaks, accidents and operational problems, which could cause loss of human life, as well as substantial financial losses resulting from property damage, damage to the environment and to our operations. We maintain liability and property insurance coverage in place for many of these hazards and risks. However, because some of our pipeline, storage and distribution facilities are near or are in populated areas, any loss of human life or adverse financial results resulting from such events could be large. If these events were not fully covered by insurance, our operations or financial results could be adversely affected.

Cyber-attacks or acts of cyber-terrorism could disrupt our business operations and information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information.

Our business operations and information technology systems may be vulnerable to an attack by individuals or organizations intending to disrupt our business operations and information technology systems. We use such systems to manage our natural gas distribution and intrastate pipeline operations and other business processes. Disruption of those systems could adversely impact our ability to safely deliver natural gas to our customers, operate our pipeline systems or serve our customers timely. Accordingly, if such an attack or act of terrorism were to occur, our operations and financial results could be adversely affected. In addition, we use our information technology systems to protect confidential or sensitive customer, employee and Company information developed and maintained in the normal course of our business. Any attack on such systems that would result in the unauthorized release of customer, employee or other confidential or sensitive data could have a material adverse effect on our business reputation, increase our costs and expose us to additional material legal claims and liability. Even though we have insurance coverage in place for many of these cyber-related risks, if such an attack or act of terrorism were to occur, our operations and financial results could be adversely affected.

Natural disasters, terrorist activities or other significant events could adversely affect our operations or financial results.

Natural disasters are always a threat to our assets and operations. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of natural gas that could affect our operations. Also, companies in our industry may face a heightened risk of exposure to actual acts of terrorism, which could subject our operations to increased risks. As a result, the availability of insurance covering such risks may be more limited, which could increase the risk that an event could adversely affect our operations or financial results.

ITEM 1B. *Unresolved Staff Comments.*

Not applicable.

ITEM 2. *Properties.*

Distribution, transmission and related assets

At September 30, 2013, in our natural gas distribution segment, we owned an aggregate of 67,146 miles of underground distribution and transmission mains throughout our gas distribution systems. These mains are located on easements or rights-of-way which generally provide for perpetual use. We maintain our mains through a program of continuous inspection and repair and believe that our system of mains is in good condition. Through our regulated transmission and storage segment we owned 5,628 miles of gas transmission and gathering lines as well as 110 miles of gas transmission and gathering lines through our nonregulated segment.

Storage Assets

We own underground gas storage facilities in several states to supplement the supply of natural gas in periods of peak demand. The following table summarizes certain information regarding our underground gas storage facilities at September 30, 2013:

State	Usable Capacity (Mcf)	Cushion Gas (Mcf)[1]	Total Capacity (Mcf)	Maximum Daily Delivery Capability (Mcf)
Natural Gas Distribution Segment				
Kentucky	4,442,696	6,322,283	10,764,979	105,100
Kansas	3,239,000	2,300,000	5,539,000	45,000
Mississippi	2,211,894	2,442,917	4,654,811	48,000
Total	9,893,590	11,065,200	20,958,790	198,100
Regulated Transmission and Storage Segment — Texas	46,143,226	15,878,025	62,021,251	1,235,000
Nonregulated Segment				
Kentucky	3,438,900	3,240,000	6,678,900	67,500
Louisiana	438,583	300,973	739,556	56,000
Total	3,877,483	3,540,973	7,418,456	123,500
Total	59,914,299	30,484,198	90,398,497	1,556,600

(1) Cushion gas represents the volume of gas that must be retained in a facility to maintain reservoir pressure.

Additionally, we contract for storage service in underground storage facilities on many of the interstate pipelines serving us to supplement our proprietary storage capacity. The following table summarizes our contracted storage capacity at September 30, 2013:

Segment	Division/Company	Maximum Storage Quantity (MMBtu)	Maximum Daily Withdrawal Quantity (MDWQ)[1]
Natural Gas Distribution Segment			
	Colorado-Kansas Division	4,261,909	108,489
	Kentucky/Mid-States Division	11,081,603	344,706
	Louisiana Division	2,736,539	161,393
	Mid-Tex Division	1,000,000	75,000
	Mississippi Division	3,695,429	162,402
	West Texas Division	3,375,000	106,000
Total		26,150,480	957,990
Nonregulated Segment			
	Atmos Energy Marketing, LLC	8,026,869	250,937
	Trans Louisiana Gas Pipeline, Inc.	1,674,000	67,507
Total		9,700,869	318,444
Total Contracted Storage Capacity		35,851,349	1,276,434

(1) Maximum daily withdrawal quantity (MDWQ) amounts will fluctuate depending upon the season and the month. Unless otherwise noted, MDWQ amounts represent the MDWQ amounts as of November 1, which is the beginning of the winter heating season.

Offices

Our administrative offices and corporate headquarters are consolidated in a leased facility in Dallas, Texas. We also maintain field offices throughout our service territory, the majority of which are located in leased facilities. The headquarters for our nonregulated operations are in Houston, Texas, with offices in Houston and other locations, primarily in leased facilities.

ITEM 3. *Legal Proceedings.*

See Note 10 to the consolidated financial statements.

ITEM 4. *Mine Safety Disclosures.*

Not applicable.

PART II

ITEM 5. ***Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.***

Our stock trades on the New York Stock Exchange under the trading symbol "ATO." The high and low sale prices and dividends paid per share of our common stock for fiscal 2013 and 2012 are listed below. The high and low prices listed are the closing NYSE quotes, as reported on the NYSE composite tape, for shares of our common stock:

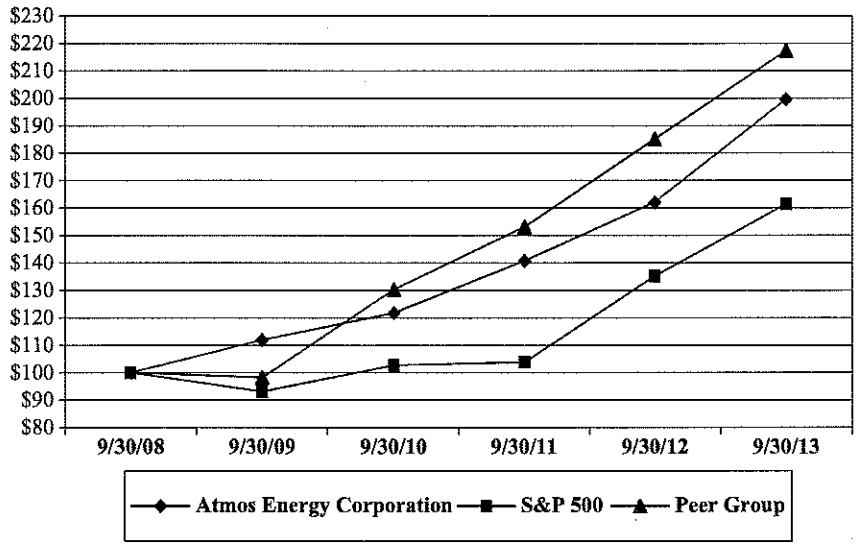
	Fiscal 2013			Fiscal 2012		
	High	Low	Dividends Paid	High	Low	Dividends Paid
Quarter ended:						
December 31	$36.86	$33.20	$0.35	$35.40	$30.97	$0.345
March 31	42.69	35.11	0.35	33.15	30.60	0.345
June 30	44.87	38.59	0.35	35.07	30.91	0.345
September 30	45.19	39.40	0.35	36.94	34.94	0.345
			$1.40			$ 1.38

Dividends are payable at the discretion of our Board of Directors out of legally available funds. The Board of Directors typically declares dividends in the same fiscal quarter in which they are paid. The number of record holders of our common stock on October 31, 2013 was 16,746. Future payments of dividends, and the amounts of these dividends, will depend on our financial condition, results of operations, capital requirements and other factors. We sold no securities during fiscal 2013 that were not registered under the Securities Act of 1933, as amended.

Performance Graph

The performance graph and table below compares the yearly percentage change in our total return to shareholders for the last five fiscal years with the total return of the S&P 500 Stock Index and the cumulative total return of a customized peer company group, the Comparison Company Index. The Comparison Company Index is comprised of natural gas distribution companies with similar revenues, market capitalizations and asset bases to that of the Company. The graph and table below assume that $100.00 was invested on September 30, 2008 in our common stock, the S&P 500 Index and in the common stock of the companies in the Comparison Company Index, as well as a reinvestment of dividends paid on such investments throughout the period.

Comparison of Five-Year Cumulative Total Return among Atmos Energy Corporation, S&P 500 Index and Comparison Company Index



	Cumulative Total Return					
	9/30/2008	9/30/2009	9/30/2010	9/30/2011	9/30/2012	9/30/2013
Atmos Energy Corporation	100.00	111.68	121.63	140.75	161.81	199.54
S&P 500	100.00	93.09	102.55	103.72	135.05	161.17
Peer Group	100.00	98.11	130.03	153.00	184.92	217.15

The Comparison Company Index contains a hybrid group of utility companies, primarily natural gas distribution companies, recommended by our independent executive compensation consulting firm and approved by the Board of Directors. The companies included in the index are AGL Resources Inc., CenterPoint Energy Resources Corporation, CMS Energy Corporation, Integrys Energy Group, Inc., National Fuel Gas, NiSource Inc., ONEOK Inc., Piedmont Natural Gas Company, Inc., Questar Corporation, Vectren Corporation and WGL Holdings, Inc.

The following table sets forth the number of securities authorized for issuance under our equity compensation plans at September 30, 2013.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
1998 Long-Term Incentive Plan	7,930	$25.96	1,403,439
Total equity compensation plans approved by security holders	7,930	25.96	1,403,439
Equity compensation plans not approved by security holders	—	—	—
Total	7,930	$25.96	1,403,439

On September 28, 2011, the Board of Directors approved a program authorizing the repurchase of up to five million shares of common stock over a five-year period. The program is primarily intended to minimize the dilutive effect of equity grants under various benefit related incentive compensation plans of the Company. Although the program is authorized for a five-year period, it may be terminated or limited at any time. Shares may be repurchased in the open market or in privately negotiated transactions in amounts the Company deems appropriate. We did not repurchase any shares during fiscal 2013. At September 30, 2013, there were 4,612,009 shares of repurchase authority remaining under the program.

ITEM 6. *Selected Financial Data.*

The following table sets forth selected financial data of the Company and should be read in conjunction with the consolidated financial statements included herein.

	Fiscal Year Ended September 30				
	2013	2012[1]	2011[1]	2010	2009[1]
	(In thousands, except per share data)				
Results of Operations					
Operating revenues	$3,886,257	$3,438,483	$4,286,435	$4,661,060	$4,793,248
Gross profit	$1,412,050	$1,323,739	$1,300,820	$1,314,136	$1,297,682
Income from continuing operations	$ 230,698	$ 192,196	$ 189,588	$ 189,851	$ 175,026
Net income	$ 243,194	$ 216,717	$ 207,601	$ 205,839	$ 190,978
Diluted income per share from continuing operations	$ 2.50	$ 2.10	$ 2.07	$ 2.03	$ 1.90
Diluted net income per share	$ 2.64	$ 2.37	$ 2.27	$ 2.20	$ 2.07
Cash dividends declared per share	$ 1.40	$ 1.38	$ 1.36	$ 1.34	$ 1.32
Financial Condition					
Net property, plant and equipment[2]	$6,030,655	$5,475,604	$5,147,918	$4,793,075	$4,439,103
Total assets	$7,940,401	$7,495,675	$7,282,871	$6,763,791	$6,367,083
Capitalization:					
Shareholders' equity	$2,580,409	$2,359,243	$2,255,421	$2,178,348	$2,176,761
Long-term debt (excluding current maturities)	2,455,671	1,956,305	2,206,117	1,809,551	2,169,400
Total capitalization	$5,036,080	$4,315,548	$4,461,538	$3,987,899	$4,346,161

(1) Financial results for fiscal years 2012, 2011 and 2009 include a $5.3 million, $30.3 million and a $5.4 million pre-tax loss for the impairment of certain assets.

(2) Amounts shown for fiscal 2012 and 2011 are net of assets held for sale.

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

INTRODUCTION

This section provides management's discussion of the financial condition, changes in financial condition and results of operations of Atmos Energy Corporation and its consolidated subsidiaries with specific information on results of operations and liquidity and capital resources. It includes management's interpretation of our financial results, the factors affecting these results, the major factors expected to affect future operating results and future investment and financing plans. This discussion should be read in conjunction with our consolidated financial statements and notes thereto.

Several factors exist that could influence our future financial performance, some of which are described in Item 1A above, "Risk Factors". They should be considered in connection with evaluating forward-looking statements contained in this report or otherwise made by or on behalf of us since these factors could cause actual results and conditions to differ materially from those set out in such forward-looking statements.

Cautionary Statement for the Purposes of the Safe Harbor under the Private Securities Litigation Reform Act of 1995

The statements contained in this Annual Report on Form 10-K 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 Report are forward-looking statements made in good faith by us 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 Report, or any other of our documents or oral presentations, the words "anticipate", "believe", "estimate", "expect", "forecast", "goal", "intend", "objective", "plan", "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 expressed or implied in the statements relating to our strategy, operations, markets, services, rates, recovery of costs, availability of gas supply and other factors. These risks and uncertainties include the following: our ability to continue to access the credit markets to satisfy our liquidity requirements; regulatory trends and decisions, including the impact of rate proceedings before various state regulatory commissions; the impact of adverse economic conditions on our customers; the effects of inflation and changes in the availability and price of natural gas; market risks beyond our control affecting our risk management activities, including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness; the concentration of our distribution, pipeline and storage operations in Texas; increased competition from energy suppliers and alternative forms of energy; adverse weather conditions; the capital-intensive nature of our gas distribution business; increased costs of providing pension and postretirement health care benefits and increased funding requirements along with increased costs of health care benefits; possible increased federal, state and local regulation of the safety of our operations; increased federal regulatory oversight and potential penalties; the impact of environmental regulations on our business; the impact of possible future additional regulatory and financial risks associated with global warming and climate change on our business; the inherent hazards and risks involved in operating our gas distribution business; the threat of cyber-attacks or acts of cyberterrorism that could disrupt our business operations and information technology systems; natural disasters, terrorist activities or other events and other risks and uncertainties discussed herein, all of which are difficult to predict and many of which are beyond our control. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, we undertake no obligation to update or revise any of our forward-looking statements whether as a result of new information, future events or otherwise.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. Preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures of contingent assets and liabilities. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from estimates.

Our significant accounting policies are discussed in Note 2 to our consolidated financial statements. The accounting policies discussed below are both important to the presentation of our financial condition and results of operations and require management to make difficult, subjective or complex accounting estimates. Accordingly, these critical accounting policies are reviewed periodically by the Audit Committee of the Board of Directors.

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
Regulation	Our natural gas distribution and regulated transmission and storage operations meet the criteria of a cost-based, rate-regulated entity under accounting principles generally accepted in the United States. Accordingly, the financial results for these operations reflect the effects of the ratemaking and accounting practices and policies of the various regulatory commissions to which we are subject.	Decisions of regulatory authorities Issuance of new regulations Assessing the probability of the recoverability of deferred costs
	As a result, certain costs that would normally be expensed under accounting principles generally accepted in the United States are permitted to be capitalized or deferred on the balance sheet because it is probable they can be recovered through rates. Further, regulation may impact the period in which revenues or expenses are recognized. The amounts to be recovered or recognized are based upon historical experience and our understanding of the regulations.	
	Discontinuing the application of this method of accounting for regulatory assets and liabilities could significantly increase our operating expenses as fewer costs would likely be capitalized or deferred on the balance sheet, which could reduce our net income.	
Unbilled Revenue	We follow the revenue accrual method of accounting for natural gas distribution segment revenues whereby revenues attributable to gas delivered to customers, but not yet billed under the cycle billing method, are estimated and accrued and the related costs are charged to expense.	Estimates of delivered sales volumes based on actual tariff information and weather information and estimates of customer consumption and/or behavior
	On occasion, we are permitted to implement new rates that have not been formally approved by our regulatory authorities, which are subject to refund. We recognize this revenue and establish a reserve for amounts that could be refunded based on our experience for the jurisdiction in which the rates were implemented.	Estimates of purchased gas costs related to estimated deliveries Estimates of uncollectible amounts billed subject to refund

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
Pension and other postretirement plans	Pension and other postretirement plan costs and liabilities are determined on an actuarial basis using a September 30 measurement date and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets, assumed discount rates and current demographic and actuarial mortality data. The assumed discount rate and the expected return are the assumptions that generally have the most significant impact on our pension costs and liabilities. The assumed discount rate, the assumed health care cost trend rate and assumed rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities. The discount rate is utilized principally in calculating the actuarial present value of our pension and postretirement obligations and net periodic pension and postretirement benefit plan costs. When establishing our discount rate, we consider high quality corporate bond rates based on bonds available in the marketplace that are suitable for settling the obligations, changes in those rates from the prior year and the implied discount rate that is derived from matching our projected benefit disbursements with currently available high quality corporate bonds. The expected long-term rate of return on assets is utilized in calculating the expected return on plan assets component of our annual pension and postretirement plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. To the extent the actual rate of return on assets realized over the course of a year is greater than or less than the assumed rate, that year's annual pension or postretirement plan costs are not affected. Rather, this gain or loss reduces or increases future pension or postretirement plan costs over a period of approximately ten to twelve years. The market-related value of our plan assets represents the fair market value of the plan assets, adjusted to smooth out short-term market fluctuations over a five-year period. The use of this methodology will delay the impact of current market fluctuations on the pension expense for the period.	General economic and market conditions Assumed investment returns by asset class Assumed future salary increases Projected timing of future cash disbursements Health care cost experience trends Participant demographic information Actuarial mortality assumptions Impact of legislation

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
	We estimate the assumed health care cost trend rate used in determining our postretirement net expense based upon our actual health care cost experience, the effects of recently enacted legislation and general economic conditions. Our assumed rate of retirement is estimated based upon our annual review of our participant census information as of the measurement date.	
Contingencies	In the normal course of business, we are confronted with issues or events that may result in a contingent liability. These generally relate to uncollectible receivables, lawsuits, claims made by third parties or the action of various regulatory agencies. We recognize these contingencies in our consolidated financial statements when we determine, based on currently available facts and circumstances it is probable that a liability has been incurred or an asset will not be recovered, and an amount can be reasonably estimated. Actual results may differ from estimates, depending on actual outcomes or changes in the facts or expectations surrounding each potential exposure. Changes in the estimates related to contingencies could have a negative impact on our consolidated results of operations, cash flows or financial position. Our contingencies are further discussed in Note 10 to our consolidated financial statements.	Currently available facts Management's estimate of future resolution
Financial instruments and hedging activities	We use financial instruments to mitigate commodity price risk and interest rate risk. The objectives for using financial instruments have been tailored to meet the needs of our regulated and nonregulated businesses. These objectives are more fully described in Note 12 to the consolidated financial statements. We record all of our financial instruments on the balance sheet at fair value as required by accounting principles generally accepted in the United States, with changes in fair value ultimately recorded in the income statement. The recognition of the changes in fair value of these financial instruments recorded in the income statement is contingent upon whether the financial instrument has been designated and qualifies as a part of a hedging relationship or if regulatory rulings require a different accounting treatment. Our accounting elections for financial instruments and hedging activities utilized are more fully described in Note 12 to the consolidated financial statements.	Designation of contracts under the hedge accounting rules Judgment in the application of accounting guidance Assessment of the probability that future hedged transactions will occur Changes in market conditions and the related impact on the fair value of the hedged item and the associated designated financial instrument Changes in the effectiveness of the hedge relationship

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
	The criteria used to determine if a financial instrument meets the definition of a derivative and qualifies for hedge accounting treatment are complex and require management to exercise professional judgment. Further, as more fully discussed below, significant changes in the fair value of these financial instruments could materially impact our financial position, results of operations or cash flows. Finally, changes in the effectiveness of the hedge relationship could impact the accounting treatment.	
Fair Value Measurements	We report certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value of our financial instruments is subject to potentially significant volatility based on numerous considerations including, but not limited to changes in commodity prices, interest rates, maturity and settlement of these financial instruments. Prices actively quoted on national exchanges are used to determine the fair value of most of our assets and liabilities recorded on our balance sheet at fair value. Within our nonregulated operations, we utilize a mid-market pricing convention (the mid-point between the bid and ask prices) for determining fair value measurement, as permitted under current accounting standards. Values derived from these sources reflect the market in which transactions involving these financial instruments are executed. We utilize models and other valuation methods to determine fair value when external sources are not available. Values are adjusted to reflect the potential impact of an orderly liquidation of our positions over a reasonable period of time under then-current market conditions. We believe the market prices and models used to value these financial instruments represent the best information available with respect to the market in which transactions involving these financial instruments are executed, the closing exchange and over-the-counter quotations, time value and volatility factors underlying the contracts.	General economic and market conditions Volatility in underlying market conditions Maturity dates of financial instruments Creditworthiness of our counterparties Creditworthiness of Atmos Energy Impact of credit risk mitigation activities on the assessment of the creditworthiness of Atmos Energy and its counterparties

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
	Fair-value estimates also consider our own creditworthiness and the creditworthiness of the counterparties involved. Our counterparties consist primarily of financial institutions and major energy companies. This concentration of counterparties may materially impact our exposure to credit risk resulting from market, economic or regulatory conditions. We seek to minimize counterparty credit risk through an evaluation of their financial condition and credit ratings and the use of collateral requirements under certain circumstances.	
Impairment assessments . . .	We review the carrying value of our long-lived assets, including goodwill and identifiable intangibles, whenever events or changes in circumstance indicate that such carrying values may not be recoverable, and at least annually for goodwill, as required by U.S. accounting standards.	General economic and market conditions Projected timing and amount of future discounted cash flows
	The evaluation of our goodwill balances and other long-lived assets or identifiable assets for which uncertainty exists regarding the recoverability of the carrying value of such assets involves the assessment of future cash flows and external market conditions and other subjective factors that could impact the estimation of future cash flows including, but not limited to the commodity prices, the amount and timing of future cash flows, future growth rates and the discount rate. Unforeseen events and changes in circumstances or market conditions could adversely affect these estimates, which could result in an impairment charge.	Judgment in the evaluation of relevant data

RESULTS OF OPERATIONS

Overview

Atmos Energy Corporation is involved in the distribution, marketing and transportation of natural gas. Accordingly, our results of operations are impacted by the demand for natural gas, particularly during the winter heating season, and the volatility of the natural gas markets. Historically, this has generally resulted in higher operating revenues and net income during the period from October through March of each fiscal year and lower operating revenues and either lower net income or net losses during the period from April through September of each fiscal year. As a result of the seasonality of the natural gas industry, our second fiscal quarter has historically been our most critical earnings quarter with an average of approximately 54 percent of our consolidated net income having been earned in the second quarter during the three most recently completed fiscal years. However, we believe rate design changes implemented during the first quarter of fiscal 2013 in our Mid-Tex and West Texas Divisions should continue to cause this pattern to change. The rate design approved in these regulatory proceedings includes an increase to the customer base charge and a decrease in the consumption charge applied to customer usage. The effect of this change in rate design should result in a more equal distribution of operating income earned over the fiscal year for approximately 50 percent of our natural gas distribution segment.

Additionally, the seasonality of our business impacts our working capital differently at various times during the year. Typically, our accounts receivable, accounts payable and short-term debt balances peak by the end of January and then start to decline, as customers begin to pay their winter heating bills. Gas stored underground, particularly in our natural gas distribution segment, typically peaks in November and declines as we utilize storage gas to serve our customers.

During fiscal 2013, we earned $243.2 million, or $2.64 per diluted share, which represents a twelve percent increase in net income and diluted net income per share over fiscal 2012, primarily due to recent improvements in rate designs in our natural gas distribution and regulated transmission and storage segments combined with a two percent year-over-year increase in consolidated natural gas distribution throughput due to colder weather.

We completed the sale of our Georgia natural gas distribution operations on April 1, 2013 to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $153 million pursuant to a purchase agreement executed on August 8, 2012. In connection with the sale, we recognized a net of tax gain of $5.3 million. Accordingly, the results of operations for this service area are shown in discontinued operations for all periods presented. Prior-year results also reflect our Illinois, Iowa and Missouri service areas in discontinued operations. The sale of these three service areas was completed in August 2012.

We also took several steps during the year ended September 30, 2013 to further strengthen our balance sheet and borrowing capability. In December 2012, we amended our $750 million revolving credit agreement primarily to (i) increase our borrowing capacity to $950 million while retaining the accordion feature that would allow an increase in borrowing capacity up to $1.2 billion and (ii) to permit same-day funding on base rate loans. In August 2013, we amended our revolving credit agreement primarily to increase the term through August 2018. We also terminated Atmos Energy Marketing's $200 million committed and secured credit facility and replaced this facility with two $25 million 364-day bilateral facilities, which should result in a decrease in external credit expense incurred in our nonregulated operations. After giving effect to these changes, we have over $1 billion of working capital funding from four committed revolving credit facilities and one noncommitted revolving credit facility.

On January 11, 2013, we issued $500 million of 4.15% 30-year unsecured senior notes, which replaced, on a long-term basis, our $250 million 5.125% 10-year unsecured senior notes we redeemed in August 2012. The net proceeds of approximately $494 million were used to repay $260 million outstanding under the short-term financing facility used to redeem our 5.125% senior notes and to partially repay commercial paper borrowings and for general corporate purposes.

Consolidated Results

The following table presents our consolidated financial highlights for the fiscal years ended September 30, 2013, 2012 and 2011.

	For the Fiscal Year Ended September 30		
	2013	2012	2011
	(In thousands, except per share data)		
Operating revenues	$3,886,257	$3,438,483	$4,286,435
Gross profit	1,412,050	1,323,739	1,300,820
Operating expenses	910,171	877,499	874,834
Operating income	501,879	446,240	425,986
Miscellaneous income (expense)	(197)	(14,644)	21,184
Interest charges	128,385	141,174	150,763
Income from continuing operations before income taxes	373,297	290,422	296,407
Income tax expense	142,599	98,226	106,819
Income from continuing operations	230,698	192,196	189,588
Income from discontinued operations, net of tax	7,202	18,172	18,013
Gain on sale of discontinued operations, net of tax	5,294	6,349	—
Net income	$ 243,194	$ 216,717	$ 207,601
Diluted net income per share from continuing operations	$ 2.50	$ 2.10	$ 2.07
Diluted net income per share from discontinued operations	$ 0.14	$ 0.27	$ 0.20
Diluted net income per share	$ 2.64	$ 2.37	$ 2.27

Regulated operations contributed 95 percent, 97 percent and 104 percent to our consolidated net income from continuing operations for fiscal years 2013, 2012 and 2011. Our consolidated net income during the last three fiscal years was earned across our business segments as follows:

	For the Fiscal Year Ended September 30		
	2013	2012	2011
		(In thousands)	
Natural gas distribution segment	$150,856	$123,848	$144,705
Regulated transmission and storage segment	68,260	63,059	52,415
Nonregulated segment	11,582	5,289	(7,532)
Net income from continuing operations	230,698	192,196	189,588
Net income from discontinued operations	12,496	24,521	18,013
Net income	$243,194	$216,717	$207,601

The following table segregates our consolidated net income and diluted earnings per share between our regulated and nonregulated operations:

	For the Fiscal Year Ended September 30		
	2013	2012	2011
	(In thousands, except per share data)		
Regulated operations	$219,116	$186,907	$197,120
Nonregulated operations	11,582	5,289	(7,532)
Net income from continuing operations	230,698	192,196	189,588
Net income from discontinued operations	12,496	24,521	18,013
Net income	$243,194	$216,717	$207,601
Diluted EPS from continuing regulated operations	$ 2.38	$ 2.04	$ 2.15
Diluted EPS from nonregulated operations	0.12	0.06	(0.08)
Diluted EPS from continuing operations	2.50	2.10	2.07
Diluted EPS from discontinued operations	0.14	0.27	0.20
Consolidated diluted EPS	$ 2.64	$ 2.37	$ 2.27

We reported net income of $243.2 million, or $2.64 per diluted share for the year ended September 30, 2013, compared with net income of $216.7 million or $2.37 per diluted share in the prior year. Income from continuing operations was $230.7 million, or $2.50 per diluted share compared with $192.2 million, or $2.10 per diluted share in the prior-year period. Income from discontinued operations was $12.5 million or $0.14 per diluted share for the year, which includes the gain on sale of substantially all our assets in Georgia of $5.3 million, compared with $24.5 million or $0.27 per diluted share in the prior year. Unrealized gains in our nonregulated operations during the current year increased net income by $5.3 million or $0.05 per diluted share compared with net losses recorded in the prior year of $5.0 million, or $0.05 per diluted share. Additionally, net income in both periods was impacted by nonrecurring items. In fiscal 2012, net income included the net positive impact of several one-time items totaling $10.3 million, or $0.11 per diluted share related to the pre-tax items, which are discussed in further detail below. In fiscal 2013, net income includes an $8.2 million ($5.3 million, net of tax), or $0.06 per diluted share, favorable impact related to the gain recorded in association with the April 1, 2013 completion of the sale of our Georgia assets.

We reported net income of $216.7 million, or $2.37 per diluted share for the year ended September 30, 2012, compared with net income of $207.6 million or $2.27 per diluted share in fiscal 2011. Income from continuing operations was $192.2 million, or $2.10 per diluted share compared with $189.6 million, or $2.07 per diluted share in fiscal 2011. Income from discontinued operations was $24.5 million or $0.27 per diluted share for the year, which includes the gain on sale of substantially all our assets in Missouri, Illinois and Iowa of $6.3 million, compared with $18.0 million or $0.20 per diluted share in fiscal 2011. Unrealized losses in our nonregulated operations during fiscal 2012 reduced net income by $5.0 million or $0.05 per diluted share compared with net losses recorded in fiscal 2011 of $6.6 million, or $0.07 per diluted share. Additionally, net income in both periods was impacted by nonrecurring items. In fiscal 2011, net income included the net positive impact of several one-time items totaling $3.2 million, or $0.03 per diluted share related to pre-tax items. In fiscal 2012, net income included the net positive impact of several one-time items totaling $10.3 million, or $0.11 per diluted share related to the following amounts:

- $13.6 million positive impact of a deferred tax rate adjustment.
- $10.0 million ($6.3 million, net of tax) unfavorable impact related to a one-time donation to a donor advised fund.
- $9.9 million ($6.3 million, net of tax) favorable impact related to the gain recorded in association with the August 1, 2012 completion of the sale of our Iowa, Illinois and Missouri assets.
- $5.3 million ($3.3 million, net of tax) unfavorable impact related to the noncash impairment of certain assets in our nonregulated business.

See the following discussion regarding the results of operations for each of our business operating segments.

Natural Gas Distribution Segment

The primary factors that impact the results of our natural gas distribution operations are our ability to earn our authorized rates of return, the cost of natural gas, competitive factors in the energy industry and economic conditions in our service areas.

Our ability to earn our authorized rates is based primarily on our ability to improve the rate design in our various ratemaking jurisdictions by reducing or eliminating regulatory lag and, ultimately, separating the recovery of our approved margins from customer usage patterns. Improving rate design is a long-term process and is further complicated by the fact that we operate in multiple rate jurisdictions. The "Ratemaking Activity" section of this Form 10-K describes our current rate strategy, progress towards implementing that strategy and recent ratemaking initiatives in more detail.

We are generally able to pass the cost of gas through to our customers without markup under purchased gas cost adjustment mechanisms; therefore the cost of gas typically does not have an impact on our gross profit as increases in the cost of gas are offset by a corresponding increase in revenues. Accordingly, we believe gross profit is a better indicator of our financial performance than revenues. However, gross profit in our Texas and Mississippi service areas include franchise fees and gross receipt taxes, which are calculated as a percentage of revenue (inclusive of gas costs). Therefore, the amount of these taxes included in revenue is influenced by the cost of gas and the level of gas sales volumes. We record the tax expense as a component of taxes, other than income. Although changes in revenue related taxes arising from changes in gas costs affect gross profit, over time the impact is offset within operating income.

Although the cost of gas typically does not have a direct impact on our gross profit, higher gas costs may adversely impact our accounts receivable collections, resulting in higher bad debt expense, and may require us to increase borrowings under our credit facilities resulting in higher interest expense. In addition, higher gas costs, as well as competitive factors in the industry and general economic conditions may cause customers to conserve or, in the case of industrial consumers, to use alternative energy sources. However, gas cost risk has been mitigated in recent years through improvements in rate design that allow us to collect from our customers the gas cost portion of our bad debt expense on approximately 75 percent of our residential and commercial margins.

We completed the sale of our Georgia natural gas distribution operations on April 1, 2013 to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $153 million. In connection with the sale, we recognized a net of tax gain of $5.3 million. On August 1, 2012, we completed the sale of substantially all of our natural gas distribution operations in Missouri, Illinois and Iowa.

During fiscal 2013, we completed 13 regulatory proceedings, which should result in a $71.4 million increase in annual operating income. The majority of this rate increase related to our Mid-Tex Division, where rates became effective January 1, 2013. The rate design approved in our Mid-Tex Division and West Texas Division regulatory proceedings includes an increase to the base customer charge and a decrease in the commodity charge applied to customer consumption. The effect of this change in rate design allows the Company's rates to be more closely aligned with the utility industry standard rate design. In addition, we anticipate these divisions will earn their operating income more ratably over the fiscal year as they are now less dependent on customer consumption.

Review of Financial and Operating Results

Financial and operational highlights for our natural gas distribution segment for the fiscal years ended September 30, 2013, 2012 and 2011 are presented below.

	For the Fiscal Year Ended September 30				
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(In thousands, unless otherwise noted)				
Gross profit	$1,081,236	$1,022,743	$1,017,943	$ 58,493	$ 4,800
Operating expenses	738,143	718,282	695,855	19,861	22,427
Operating income	343,093	304,461	322,088	38,632	(17,627)
Miscellaneous income (expense)	2,535	(12,657)	16,242	15,192	(28,899)
Interest charges	98,296	110,642	115,740	(12,346)	(5,098)
Income from continuing operations before income taxes	247,332	181,162	222,590	66,170	(41,428)
Income tax expense	96,476	57,314	77,885	39,162	(20,571)
Income from continuing operations	150,856	123,848	144,705	27,008	(20,857)
Income from discontinued operations, net of tax	7,202	18,172	18,013	(10,970)	159
Gain on sale of discontinued operations, net of tax	5,649	6,349	—	(700)	6,349
Net Income	$ 163,707	$ 148,369	$ 162,718	$ 15,338	$(14,349)
Consolidated natural gas distribution sales volumes from continuing operations — MMcf	269,162	244,466	275,540	24,696	(31,074)
Consolidated natural gas distribution transportation volumes from continuing operations — MMcf	123,144	128,222	125,812	(5,078)	2,410
Consolidated natural gas distribution throughput from continuing operations — MMcf	392,306	372,688	401,352	19,618	(28,664)
Consolidated natural gas distribution throughput from discontinued operations — MMcf	4,731	18,295	22,668	(13,564)	(4,373)
Total consolidated natural gas distribution throughput — MMcf	397,037	390,983	424,020	6,054	(33,037)
Consolidated natural gas distribution average transportation revenue per Mcf	$ 0.46	$ 0.43	$ 0.47	$ 0.03	$ (0.04)
Consolidated natural gas distribution average cost of gas per Mcf sold	$ 4.91	$ 4.64	$ 5.30	$ 0.27	$ (0.66)

Fiscal year ended September 30, 2013 compared with fiscal year ended September 30, 2012

The $58.5 million period-over-period increase in natural gas distribution gross profit primarily reflects the following:

- $25.7 million increase in our Mid-Tex and West Texas divisions associated with the rate design changes implemented in the fiscal first quarter.
- $16.1 million increase in rates in our Kentucky/Mid-States, Mississippi, Colorado-Kansas and Louisiana divisions.

- $7.5 million increase due to colder weather, primarily in the Mississippi, Kentucky/Mid-States and Colorado-Kansas divisions.
- $5.9 million increase in revenue-related taxes in our Mid-Tex and West Texas service areas primarily due to higher revenues on which the tax is calculated.
- $4.5 million increase in transportation revenues.

Operating expenses, which include operation and maintenance expense, provision for doubtful accounts, depreciation and amortization expense and taxes, other than income, increased by $19.9 million, primarily due to the following:

- $12.2 million increase in employee-related expenses due to lower labor capitalization rates, increased benefit costs and increased variable compensation expense.
- $11.7 million increase primarily associated with higher line locate activities, pipeline and right-of-way maintenance spending to improve the safety and reliability of our system.
- $5.0 million increase in taxes, other than income due to higher revenue-related taxes, as discussed above.
- $6.8 million increase in bad debt expense primarily attributable to an increase in revenue arising from the rate design changes and the temporary suspension of active customer collection activities following the implementation of a new customer information system during the third fiscal quarter.

These increases were partially offset by:

- $6.9 million decrease in legal and other administrative costs.
- $6.4 million decrease in depreciation expense due to new depreciation rates approved in the most recent Mid-Tex rate case that went into effect in January 2013.
- $2.4 million gain realized on the sale of certain investments.

Miscellaneous income increased $15.2 million, primarily due to the absence of a $10.0 million one-time donation to a donor advised fund in the prior year, the completion of a periodic review of our performance-based ratemaking (PBR) mechanism in our Tennessee service area and the implementation of a new PBR program in our Mississippi Division during fiscal 2013.

Interest charges decreased $12.3 million, primarily from interest deferrals associated with our infrastructure spending activities in Texas.

Fiscal year ended September 30, 2012 compared with fiscal year ended September 30, 2011

The $4.8 million increase in natural gas distribution gross profit was primarily due to a $17.7 million net increase in rate adjustments, primarily in the Mid-Tex, Louisiana, Mississippi, West Texas and Kentucky service areas.

These increases were partially offset by the following:

- $11.1 million decrease in revenue-related taxes in our Mid-Tex, West Texas and Mississippi service areas, primarily due to lower revenues on which the tax is calculated.
- $1.6 million decrease due to an eight percent decrease in consolidated throughput caused principally by lower residential and commercial consumption combined with warmer weather in the current year compared to fiscal 2011 in most of our service areas.

Operating expenses, which include operation and maintenance expense, provision for doubtful accounts, depreciation and amortization expense and taxes, other than income increased $22.4 million primarily due to the following:

- $11.2 million increase in legal costs, primarily due to settlements.
- $10.6 million increase in employee-related costs.
- $8.4 million increase in depreciation and amortization associated with an increase in our net plant as a result of our capital investments in fiscal 2011.
- $2.6 million increase in software maintenance costs.

These increases were partially offset by the following:

- $6.8 million decrease in operating expenses due to increased capital spending and warmer weather allowing us time to complete more capital work than in the prior year.
- $2.9 million decrease due to the establishment of regulatory assets for pension and postretirement costs.

Miscellaneous income decreased $28.9 million primarily due to the absence of a $21.8 million pre-tax gain recognized in fiscal 2011 as a result of unwinding two Treasury locks ($13.6 million, net of tax) and a $10.0 million one-time donation to a donor advised fund in fiscal 2012.

Interest charges decreased $5.1 million compared to the prior year due primarily to the prepayment of our 5.125% $250 million senior notes in the fourth quarter of fiscal 2012, refinancing long-term debt at reduced interest rates and reducing commitment fees from decreasing the number of credit facilities and extending the length of their terms in fiscal 2011.

Additionally, results for fiscal 2012 were favorably impacted by a state tax benefit of $11.3 million. Due to the completion of the sale of our Missouri, Iowa and Illinois service areas in the fiscal fourth quarter, the Company updated its analysis of the tax rate at which deferred taxes would reverse in the future to reflect the sale of these service areas. The updated analysis supported a reduction in the deferred tax rate which when applied to the balance of taxable income deferred to future periods resulted in a reduction of the Company's overall deferred tax liability.

The following table shows our operating income from continuing operations by natural gas distribution division, in order of total rate base, for the fiscal years ended September 30, 2013, 2012 and 2011. The presentation of our natural gas distribution operating income is included for financial reporting purposes and may not be appropriate for ratemaking purposes.

	For the Fiscal Year Ended September 30				
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
			(In thousands)		
Mid-Tex	$158,900	$142,755	$144,204	$16,145	$ (1,449)
Kentucky/Mid-States	46,164	32,185	37,593	13,979	(5,408)
Louisiana	52,125	48,958	50,442	3,167	(1,484)
West Texas	28,085	27,875	29,686	210	(1,811)
Mississippi	29,112	27,369	26,338	1,743	1,031
Colorado-Kansas	25,478	23,898	25,920	1,580	(2,022)
Other	3,229	1,421	7,905	1,808	(6,484)
Total	$343,093	$304,461	$322,088	$38,632	$(17,627)

Regulated Transmission and Storage Segment

Our regulated transmission and storage segment consists of the regulated pipeline and storage operations of the Atmos Pipeline — Texas Division. The Atmos Pipeline — Texas Division transports natural gas to our Mid-Tex Division and third parties and manages five underground storage reservoirs in Texas. We also provide ancillary services customary in the pipeline industry including parking arrangements, lending and sales of excess gas.

Our regulated transmission and storage segment is impacted by seasonal weather patterns, competitive factors in the energy industry and economic conditions in our Mid-Tex service area. Natural gas prices do not directly impact the results of this segment as revenues are derived from the transportation of natural gas. However, natural gas prices and demand for natural gas could influence the level of drilling activity in the markets that we serve, which may influence the level of throughput we may be able to transport on our pipeline. Further, natural gas price differences between the various hubs that we serve could influence customers to transport gas through our pipeline to capture arbitrage gains.

The results of Atmos Pipeline — Texas Division are also significantly impacted by the natural gas requirements of the Mid-Tex Division because it is the primary supplier of natural gas for our Mid-Tex Division.

Finally, as a regulated pipeline, the operations of the Atmos Pipeline — Texas Division may be impacted by the timing of when costs and expenses are incurred and when these costs and expenses are recovered through its tariffs.

Review of Financial and Operating Results

Financial and operational highlights for our regulated transmission and storage segment for the fiscal years ended September 30, 2013, 2012 and 2011 are presented below.

	For the Fiscal Year Ended September 30				
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(In thousands, unless otherwise noted)				
Mid-Tex Division transportation	$179,628	$162,808	$125,973	$16,820	$36,835
Third-party transportation	66,939	64,158	73,676	2,781	(9,518)
Storage and park and lend services	5,985	6,764	7,995	(779)	(1,231)
Other	16,348	13,621	11,729	2,727	1,892
Gross profit	268,900	247,351	219,373	21,549	27,978
Operating expenses	129,047	118,527	111,098	10,520	7,429
Operating income	139,853	128,824	108,275	11,029	20,549
Miscellaneous income (expense)	(2,285)	(1,051)	4,715	(1,234)	(5,766)
Interest charges	30,678	29,414	31,432	1,264	(2,018)
Income before income taxes	106,890	98,359	81,558	8,531	16,801
Income tax expense	38,630	35,300	29,143	3,330	6,157
Net income	$ 68,260	$ 63,059	$ 52,415	$ 5,201	$10,644
Gross pipeline transportation volumes — MMcf	649,740	640,732	620,904	9,008	19,828
Consolidated pipeline transportation volumes — MMcf	467,178	466,527	435,012	651	31,515

Fiscal year ended September 30, 2013 compared with fiscal year ended September 30, 2012

The $21.5 million increase in regulated transmission and storage gross profit compared to the prior-year period was primarily a result of the Gas Reliability Infrastructure Program (GRIP) filings approved by the Railroad Commission of Texas (RRC) during fiscal 2012 and 2013. During fiscal 2012, the RRC approved the Atmos Pipeline — Texas GRIP filing with an annual operating income increase of $14.7 million, effective April 2012. On May 7, 2013, the RRC approved the Atmos Pipeline — Texas GRIP filing with an annual operating income increase of $26.7 million that went into effect with bills rendered on and after May 7, 2013. GRIP filings increased period-over-period gross profit by $19.7 million.

This increase was partially offset by a $10.5 million increase in operating expenses largely attributable to increased depreciation expense as a result of increased capital investments and increased levels of pipeline and right-of-way maintenance activities to improve the safety and reliability of our system.

The APT rate case approved by the RRC on April 18, 2011 contained an annual adjustment mechanism, approved for a three-year pilot program, that adjusted regulated rates up or down by 75 percent of the difference between APT's non-regulated annual revenue and a pre-defined base credit. The annual adjustment mechanism expired on June 30, 2013. APT requested to extend the annual adjustment mechanism until November 1, 2017. A hearing to review the request was held on October 29, 2013 with a final decision expected in December 2013.

Fiscal year ended September 30, 2012 compared with fiscal year ended September 30, 2011

The $28.0 million increase in regulated transmission and storage gross profit compared to the prior year was primarily a result of the rate case that was finalized and became effective in May 2011 as well as the GRIP filings approved by the RRC during fiscal 2011 and 2012. In May 2011, the RRC issued an order in the rate case of Atmos Pipeline — Texas that approved an annual operating income increase of $20.4 million. During fiscal 2011, the RRC approved the Atmos Pipeline — Texas GRIP filing with an annual operating income increase of $12.6 million that went into effect in the fiscal fourth quarter. On April 10, 2012, the RRC approved the Atmos Pipeline — Texas GRIP filing with an annual operating income increase of $14.7 million that went into effect with bills rendered on an after April 10, 2012.

Operating expenses increased $7.4 million primarily due to a $5.4 million increase in depreciation expense, resulting from higher investment in net plant.

Additionally, results for fiscal 2012 were favorably impacted by a state tax benefit of $2.3 million associated with an update of the estimated tax rate at which deferred taxes would reverse in future periods after the completion of the sale of our Missouri, Illinois and Iowa assets. Net income for this segment for fiscal 2011 was favorably impacted by a $6.0 million pre-tax gain recognized in March 2011 as a result of unwinding two Treasury locks ($3.9 million, net of tax).

Nonregulated Segment

Our nonregulated operations are conducted through Atmos Energy Holdings, Inc. (AEH), a wholly-owned subsidiary of Atmos Energy Corporation and represent approximately five percent of our consolidated net income.

AEH's primary business is to buy, sell and deliver natural gas at competitive prices to approximately 1,000 customers located primarily in the Midwest and Southeast areas of the United States. AEH accomplishes this objective by aggregating and purchasing gas supply, arranging transportation and storage logistics and effectively managing commodity price risk.

AEH also earns storage and transportation demand fees primarily from our regulated natural gas distribution operations in Louisiana and Kentucky. These demand fees are subject to regulatory oversight and are renewed periodically.

Our nonregulated activities are significantly influenced by competitive factors in the industry and general economic conditions. Therefore, the margins earned from these activities are dependent upon our ability to attract and retain customers and to minimize the cost of buying, selling and delivering natural gas to offer more competitive pricing to those customers.

Further, natural gas market conditions, most notably the price of natural gas and the level of price volatility affect our nonregulated businesses. Natural gas prices and the level of volatility are influenced by a number of factors including, but not limited to, general economic conditions, the demand for natural gas in different parts of the country, the level of domestic natural gas production and the level of natural gas inventory levels.

Natural gas prices can influence:

- The demand for natural gas. Higher prices may cause customers to conserve or use alternative energy sources. Conversely, lower prices could cause customers such as electric power generators to switch from alternative energy sources to natural gas.
- Collection of accounts receivable from customers, which could affect the level of bad debt expense recognized by this segment.

- The level of borrowings under our credit facilities, which affects the level of interest expense recognized by this segment.

Natural gas price volatility can also influence our nonregulated business in the following ways:

- Price volatility influences basis differentials, which provide opportunities to profit from identifying the lowest cost alternative among the natural gas supplies, transportation and markets to which we have access.
- Increased or decreased volatility impacts the amounts of unrealized margins recorded in our gross profit and could impact the amount of cash required to collateralize our risk management liabilities.

Our nonregulated segment manages its exposure to natural gas commodity price risk through a combination of physical storage and financial instruments. Therefore, results for this segment include unrealized gains or losses on its net physical gas position and the related financial instruments used to manage commodity price risk. These margins fluctuate based upon changes in the spreads between the physical and forward natural gas prices. The magnitude of the unrealized gains and losses is also contingent upon the levels of our net physical position at the end of the reporting period.

Review of Financial and Operating Results

Financial and operational highlights for our nonregulated segment for the fiscal years ended September 30, 2013, 2012 and 2011 are presented below.

	For the Fiscal Year Ended September 30				
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
	(In thousands, unless otherwise noted)				
Realized margins					
Gas delivery and related services	$ 39,839	$ 46,578	$ 58,990	$ (6,739)	$(12,412)
Storage and transportation services	14,641	13,382	14,570	1,259	(1,188)
Other	(103)	3,179	1,841	(3,282)	1,338
Total realized margins	54,377	63,139	75,401	(8,762)	(12,262)
Unrealized margins	8,954	(8,015)	(10,401)	16,969	2,386
Gross profit	63,331	55,124	65,000	8,207	(9,876)
Operating expenses, excluding asset impairment	44,404	36,886	39,113	7,518	(2,227)
Asset impairment	—	5,288	30,270	(5,288)	(24,982)
Operating income (loss)	18,927	12,950	(4,383)	5,977	17,333
Miscellaneous income	2,316	1,035	657	1,281	378
Interest charges	2,168	3,084	4,015	(916)	(931)
Income (loss) from continuing operations before income taxes	19,075	10,901	(7,741)	8,174	18,642
Income tax expense (benefit)	7,493	5,612	(209)	1,881	5,821
Income (loss) from continuing operations	11,582	5,289	(7,532)	6,293	12,821
Loss on sale of discontinued operations, net of tax	(355)	—	—	(355)	—
Net income (loss)	$ 11,227	$ 5,289	$ (7,532)	$ 5,938	$ 12,821
Gross nonregulated delivered gas sales volumes — MMcf	396,561	400,512	446,903	(3,951)	(46,391)
Consolidated nonregulated delivered gas sales volumes — MMcf	343,669	351,628	384,799	(7,959)	(33,171)
Net physical position (Bcf)	12.0	18.8	21.0	(6.8)	(2.2)

Fiscal year ended September 30, 2013 compared with fiscal year ended September 30, 2012

Gross profit increased $8.2 million for the year ended September 30, 2013 compared to the prior year. Realized margins decreased $8.8 million, primarily attributable to lower gas delivery margins. Consolidated sales volumes decreased two percent due to increased competition which reduced industrial and power generation sales. The impact of lower sales volumes was compounded by a decrease in per-unit margins from 11.6 cents per Mcf to 10.0 cents per Mcf. This decrease was offset by an increase of $17.0 million in unrealized margins, primarily due to the year-over-year timing of realized margins on the settlement of hedged natural gas inventory positions.

Operating expenses increased $7.5 million, primarily due to increased litigation and software support costs, partially offset by reduced employee costs.

Miscellaneous income increased $1.3 million primarily due to a gain realized from the sale of a peaking power facility and related assets during the first quarter of fiscal 2013.

Fiscal year ended September 30, 2012 compared with fiscal year ended September 30, 2011

Realized margins for gas delivery, storage and transportation services and other services were $63.1 million during the year ended September 30, 2012 compared with $75.4 million for fiscal 2011. The decrease reflects the following:

- A nine percent decrease in consolidated sales volumes. The decrease was largely attributable to warmer weather, which reduced sales to utility, municipal and other weather-sensitive customers.
- A $0.02/Mcf decrease in gas delivery per-unit margins compared to the prior year primarily due to lower basis differentials resulting from increased natural gas supply and increased transportation costs.

Unrealized margins increased $2.4 million in fiscal 2012 compared to fiscal 2011 primarily due to the year-over-year timing of realized margins on the settlement of hedged natural gas inventory positions.

Operating expenses, excluding asset impairments decreased $2.2 million primarily due to lower employee-related expenses.

During the fourth quarter of fiscal 2012, we recorded a $5.3 million noncash charge to impair our natural gas gathering assets located in Kentucky. The charge reflected a reduction in the value of the project due to the current low natural gas price environment and management's decision to focus AEH's activities on its gas delivery, storage and transportation services. In fiscal 2011, asset impairments included an asset impairment charge of $19.3 million related to our investment in our Fort Necessity storage project as well as an $11.0 million pre-tax impairment charge related to the write-off of certain natural gas gathering assets.

LIQUIDITY AND CAPITAL RESOURCES

The liquidity required to fund our working capital, capital expenditures and other cash needs is provided from a variety of sources, including internally generated funds and borrowings under our commercial paper program and bank credit facilities. Additionally, we have various uncommitted trade credit lines with our gas suppliers that we utilize to purchase natural gas on a monthly basis. Finally, from time to time, we raise funds from the public debt and equity capital markets to fund our liquidity needs.

We regularly evaluate our funding strategy and profile to ensure that we (i) have sufficient liquidity for our short-term and long-term needs in a cost-effective manner and (ii) maintain our debt to capitalization ratio in a target range of 50 to 55 percent.

The following table presents our capitalization as of September 30, 2013 and 2012:

	September 30			
	2013		2012	
	(In thousands, except percentages)			
Short-term debt	$ 367,984	6.8%	$ 570,929	11.7%
Long-term debt	2,455,671	45.4%	1,956,436	40.0%
Shareholders' equity	2,580,409	47.8%	2,359,243	48.3%
Total capitalization, including short-term debt	$5,404,064	100.0%	$4,886,608	100.0%

Total debt as a percentage of total capitalization, including short-term debt, was 52.2 percent and 51.7 percent at September 30, 2013 and 2012.

On January 11, 2013, we issued $500 million of 4.15% 30-year unsecured senior notes, which, in effect, replaced our $250 million 5.125% 10-year unsecured senior notes we redeemed in August 2012, on a long-term basis. The net proceeds of approximately $494 million were used to repay $260 million outstanding under our short-term financing facility used to redeem our 5.125% senior notes and to partially repay commercial paper borrowings and for general corporate purposes.

Going forward, we anticipate our capital spending will be more consistent with levels experienced during fiscal 2013 as we continue to invest in the safety and reliability of our distribution and transportation system. We plan to continue to fund our growth and maintain a balanced capital structure through the use of long-term debt securities and, to a lesser extent, equity.

Further, $500 million of long-term debt will mature in October 2014. We plan to issue new senior notes to replace this maturing debt. During the current year, we entered into forward starting interest rate swaps to fix the Treasury yield component associated with this anticipated issuance at 3.129%. We believe the liquidity provided by our senior notes and committed credit facilities, combined with our operating cash flows, will be sufficient to fund our working capital needs and capital expenditure program for fiscal year 2014.

Cash Flows

Our internally generated funds may change in the future due to a number of factors, some of which we cannot control. These factors include regulatory changes, the price for our services, the demand for such products and services, margin requirements resulting from significant changes in commodity prices, operational risks and other factors.

Cash flows from operating, investing and financing activities for the years ended September 30, 2013, 2012 and 2011 are presented below.

	For the Fiscal Year Ended September 30				
	2013	2012	2011	2013 vs. 2012	2012 vs. 2011
			(In thousands)		
Total cash provided by (used in)					
Operating activities	$ 613,127	$ 586,917	$ 582,844	$ 26,210	$ 4,073
Investing activities	(696,914)	(609,260)	(627,386)	(87,654)	18,126
Financing activities	85,747	(44,837)	44,009	130,584	(88,846)
Change in cash and cash equivalents	1,960	(67,180)	(533)	69,140	(66,647)
Cash and cash equivalents at beginning of period	64,239	131,419	131,952	(67,180)	(533)
Cash and cash equivalents at end of period	$ 66,199	$ 64,239	$ 131,419	$ 1,960	$(67,180)

Cash flows from operating activities

Year-over-year changes in our operating cash flows primarily are attributable to changes in net income, working capital changes, particularly within our natural gas distribution segment resulting from the price of natural gas and the timing of customer collections, payments for natural gas purchases and purchased gas cost recoveries. The significant factors impacting our operating cash flow for the last three fiscal years are summarized below.

Fiscal Year ended September 30, 2013 compared with fiscal year ended September 30, 2012

For the fiscal year ended September 30, 2013, we generated operating cash flow of $613.1 million from operating activities compared with $586.9 million in the prior year. The year-over-year increase reflects changes in working capital offset by a $10.5 million decrease in contributions made to our pension and postretirement plans in the current year.

Fiscal Year ended September 30, 2012 compared with fiscal year ended September 30, 2011

For the fiscal year ended September 30, 2012, we generated operating cash flow of $586.9 million from operating activities compared with $582.8 million in fiscal 2011. The year-over-year increase reflects changes in working capital offset by a $56.7 million increase in contributions made to our pension and postretirement plans during fiscal 2012.

Cash flows from investing activities

Our ongoing capital expenditure program enables us to provide safe and reliable natural gas distribution services to our existing customer base, expand our natural gas distribution services into new markets and enhance the integrity of our pipelines. In recent years, we have increased our level of capital spending to improve the safety and reliability of our distribution system and to expand our intrastate pipeline network. Over the last three fiscal years, approximately 68 percent of our capital spending has been committed to improving the safety and reliability of our system.

Over the next five years, we anticipate our capital spending will be more consistent with levels experienced during fiscal 2013 as we continue to invest in the safety and reliability of our distribution and transportation system. Where possible, we will also continue to focus our capital spending in jurisdictions that permit us to earn an adequate return timely on our investment without compromising the safety or reliability of our system.

For the fiscal year ended September 30, 2013, we incurred $845.0 million for capital expenditures compared with $732.9 million for the fiscal year ended September 30, 2012 and $623.0 million for the fiscal year ended September 30, 2011.

Fiscal Year ended September 30, 2013 compared with fiscal year ended September 30, 2012

The $112.1 million increase in capital expenditures in fiscal 2013 compared to fiscal 2012 primarily reflects spending incurred for the Line W and Line WX expansion projects and increased cathodic protection spending in our regulated transmission and storage segment.

Fiscal Year ended September 30, 2012 compared with fiscal year ended September 30, 2011

The $109.9 million increase in capital expenditures in fiscal 2012 compared to fiscal 2011 primarily reflects spending for the steel service line replacement program in the Mid-Tex Division, the development of new customer billing and information systems for our natural gas distribution and our nonregulated segments and increased capital spending to increase the capacity on our Atmos Pipeline — Texas system.

Cash flows from financing activities

We received a net $85.7 million and $44.0 million in cash from financing activities for fiscal years 2013 and 2011. In fiscal 2012, we used a net $44.8 million in financing activities. Our significant financing activities for the fiscal years ended September 30, 2013, 2012 and 2011 are summarized as follows:

2013

During the fiscal year ended September 30, 2013, our financing activities generated $85.7 million of cash compared with $44.8 million of cash used in the prior year. Current year cash flows from financing activities were significantly influenced by the issuance of $500 million 4.15% 30-year unsecured senior notes on January 11, 2013. We used a portion of the net cash proceeds of $493.8 million to repay a $260 million short-term financing facility executed in fiscal 2012, to settle, for $66.6 million, three Treasury Locks associated with the issuance and to reduce short-term debt borrowings by $167.2 million.

2012

During the fiscal year ended September 30, 2012, our financing activities used $44.8 million of cash, primarily due to the payment of $257.0 million associated with the early redemption of our $250 million 5.125% Senior notes that were scheduled to mature in January 2013. The repayment of our $250 million 5.125% Senior notes was financed using a $260 million short-term loan. Additionally, we repurchased $12.5 million of common stock under our 2011 share repurchase program.

2011

During the fiscal year ended September 30, 2011, our financing activities generated $44.0 million of cash, primarily related to the issuance of $400 million 5.50% Senior Notes in June 2011 and the related settlement of three Treasury locks for $20.1 million. We used a portion of the net cash proceeds of $394.5 million to pay scheduled long-term debt repayments, including our $350 million 7.375% senior notes that were paid on their maturity date in May 2011. Additionally, we received $27.8 million cash in March 2011 related to the unwinding of two Treasury locks.

The following table shows the number of shares issued for the fiscal years ended September 30, 2013, 2012 and 2011:

	For the Fiscal Year Ended September 30		
	2013	2012	2011
Shares issued:			
1998 Long-term incentive plan	531,672	482,289	675,255
Outside directors stock-for-fee plan	2,088	2,375	2,385
Total shares issued	533,760	484,664	677,640

The increase in the number of shares issued in fiscal 2013 compared with the number of shares issued in fiscal 2012 primarily reflects the type of awards that were issued from the 1998 Long-Term Incentive Plan (LTIP). In the current year, employees were issued restricted stock units, for which we issued new shares. In the prior year, employees were issued restricted stock awards, which were held in trust and did not require the issuance of new shares. During fiscal 2013, we canceled and retired 133,449 shares attributable to federal withholdings on equity awards which are not included in the table above. At September 30, 2013, of the 8.7 million shares authorized for issuance from the LTIP, 1.4 million shares remained available.

The decreased number of shares issued in fiscal 2012 compared with the number of shares issued in fiscal 2011 primarily reflects the exercise of a significant number of stock options during fiscal 2011. During fiscal 2012, we canceled and retired 153,255 shares attributable to federal withholdings on equity awards and repurchased and retired 387,991 shares attributable to our share repurchase program, which are not included in the table above.

Credit Facilities

Our short-term borrowing requirements are affected by the seasonal nature of the natural gas business. Changes in the price of natural gas and the amount of natural gas we need to supply to meet our customers' needs could significantly affect our borrowing requirements.

We finance our short-term borrowing requirements through a combination of a $950 million commercial paper program, which is collateralized by our $950 million unsecured credit facility, as well as three additional committed revolving credit facilities and one uncommitted revolving credit facility with third-party lenders. As a result, we have approximately $1 billion of working capital funding. Additionally, our $950 million unsecured credit facility has an accordion feature, which, if utilized, would increase borrowing capacity to $1.2 billion. We also use intercompany credit facilities to supplement the funding provided by these third-party committed credit facilities.

Shelf Registration

On March 28, 2013, we filed a registration statement with the Securities and Exchange Commission to issue, from time to time, up to $1.75 billion in common stock and/or debt securities available for issuance, which replaced our registration statement that expired on March 31, 2013. As of September 30, 2013, $1.75 billion was available under the shelf registration statement.

Credit Ratings

Our credit ratings directly affect our ability to obtain short-term and long-term financing, in addition to the cost of such financing. In determining our credit ratings, the rating agencies consider a number of quantitative factors, including debt to total capitalization, operating cash flow relative to outstanding debt, operating cash flow coverage of interest and pension liabilities and funding status. In addition, the rating agencies consider qualitative factors such as consistency of our earnings over time, the quality of our management and business strategy, the risks associated with our regulated and nonregulated businesses and the regulatory environment in the states where we operate.

Our debt is rated by three rating agencies: Standard & Poor's Corporation (S&P), Moody's Investors Service (Moody's) and Fitch Ratings, Ltd. (Fitch). Our current debt ratings are all considered investment grade and are as follows:

	S&P	Moody's	Fitch
Unsecured senior long-term debt	A-	Baa1	A-
Commercial paper	A-2	P-2	F-2

On October 8, 2013, S&P upgraded our senior unsecured debt rating to A- from BBB+, with a ratings outlook of stable, citing an improved business risk profile from an increasing contribution of earnings from our regulated operations and focusing our nonregulated operations on our delivered gas business.

A significant degradation in our operating performance or a significant reduction in our liquidity caused by more limited access to the private and public credit markets as a result of deteriorating global or national financial and credit conditions could trigger a negative change in our ratings outlook or even a reduction in our credit ratings by the three credit rating agencies. This would mean more limited access to the private and public credit markets and an increase in the costs of such borrowings.

A credit rating is not a recommendation to buy, sell or hold securities. The highest investment grade credit rating is AAA for S&P, Aaa for Moody's and AAA for Fitch. The lowest investment grade credit rating is BBB- for S&P, Baa3 for Moody's and BBB- for Fitch. Our credit ratings may be revised or withdrawn at any time by the rating agencies, and each rating should be evaluated independently of any other rating. There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, or withdrawn entirely, by a rating agency if, in its judgment, circumstances so warrant.

Debt Covenants

We were in compliance with all of our debt covenants as of September 30, 2013. Our debt covenants are described in Note 5 to the consolidated financial statements.

Contractual Obligations and Commercial Commitments

The following table provides information about contractual obligations and commercial commitments at September 30, 2013.

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(In thousands)		
Contractual Obligations					
Long-term debt[1]	$2,460,000	$ —	$500,000	$250,000	$1,710,000
Short-term debt[1]	367,984	367,984	—	—	—
Interest charges[2]	1,918,491	144,317	240,097	218,585	1,315,492
Gas purchase commitments[3]	230,480	230,480	—	—	—
Capital lease obligations[4]	822	186	372	264	—
Operating leases[4]	166,802	16,722	30,276	30,131	89,673
Demand fees for contracted storage[5]	6,088	4,196	1,252	284	356
Demand fees for contracted transportation[6]	13,098	8,466	4,604	28	—
Financial instrument obligations[7]	7,676	1,543	6,133	—	—
Pension and postretirement benefit plan contributions[8]	411,623	67,687	101,176	82,976	159,784
Uncertain tax positions (including interest)[9]	3,172	—	3,172	—	—
Total contractual obligations	$5,586,236	$841,581	$887,082	$582,268	$3,275,305

(1) See Note 5 to the consolidated financial statements.

(2) Interest charges were calculated using the stated rate for each debt issuance.

(3) Gas purchase commitments were determined based upon contractually determined volumes at prices estimated based upon the index specified in the contract, adjusted for estimated basis differentials and contractual discounts as of September 30, 2013.

(4) See Note 9 to the consolidated financial statements.

(5) Represents third party contractual demand fees for contracted storage in our nonregulated segment. Contractual demand fees for contracted storage for our natural gas distribution segment are excluded as these costs are fully recoverable through our purchase gas adjustment mechanisms.

(6) Represents third party contractual demand fees for transportation in our nonregulated segment.

(7) Represents liabilities for natural gas commodity financial instruments that were valued as of September 30, 2013. The ultimate settlement amounts of these remaining liabilities are unknown because they are subject to continuing market risk until the financial instruments are settled.

(8) Represents expected contributions to our pension and postretirement benefit plans, which are discussed in Note 6 to the consolidated financial statements.

(9) Represents liabilities associated with uncertain tax positions claimed or expected to be claimed on tax returns.

With the exception of our Mid-Tex Division, our natural gas distribution segment maintains supply contracts with several vendors that generally cover a period of up to one year. Commitments for estimated base gas volumes are established under these contracts on a monthly basis at contractually negotiated prices. Commitments for incremental daily purchases are made as necessary during the month in accordance with the terms of individual contracts. Our Mid-Tex Division maintains long-term supply contracts to ensure a reliable source of natural gas for our customers in its service area which obligate it to purchase specified volumes at market prices. The estimated commitments under the terms of these contracts as of September 30, 2013 are reflected in the table above.

AEH has commitments to purchase physical quantities of natural gas under contracts indexed to the forward NYMEX strip or fixed price contracts. At September 30, 2013, AEH was committed to purchase 78.0 Bcf within one year, 21.9 Bcf within one to three years and 1.0 Bcf after three years under indexed contracts. AEH is committed to purchase 6.1 Bcf within one year and 0.2 Bcf within one to three years under fixed price contracts with prices ranging from $3.32 to $6.36 per Mcf.

Risk Management Activities

As discussed above in our Critical Accounting Policies, we use financial instruments to mitigate commodity price risk and, periodically, to manage interest rate risk. We conduct risk management activities through our natural gas distribution and nonregulated segments. In our natural gas distribution segment, we use a combination of physical storage, fixed physical contracts and fixed financial contracts to reduce our exposure to unusually large winter-period gas price increases. In our nonregulated segments, we manage our exposure to the risk of natural gas price changes and lock in our gross profit margin through a combination of storage and financial instruments, including futures, over-the-counter and exchange-traded options and swap contracts with counterparties. To the extent our inventory cost and actual sales and actual purchases do not correlate with the changes in the market indices we use in our hedges, we could experience ineffectiveness or the hedges may no longer meet the accounting requirements for hedge accounting, resulting in the financial instruments being treated as mark to market instruments through earnings.

We record our financial instruments as a component of risk management assets and liabilities, which are classified as current or noncurrent based upon the anticipated settlement date of the underlying financial instrument. Substantially all of our financial instruments are valued using external market quotes and indices.

The following table shows the components of the change in fair value of our natural gas distribution segment's financial instruments for the fiscal year ended September 30, 2013 (in thousands):

Fair value of contracts at September 30, 2012	$ (76,260)
Contracts realized/settled	2,590
Fair value of new contracts	3,077
Other changes in value	180,241
Fair value of contracts at September 30, 2013	$109,648

The fair value of our natural gas distribution segment's financial instruments at September 30, 2013, is presented below by time period and fair value source:

	Fair Value of Contracts at September 30, 2013				
	Maturity in years				
Source of Fair Value	Less than 1	1-3	4-5	Greater than 5	Total Fair Value
	(In thousands)				
Prices actively quoted	$294	$109,354	$—	$—	$109,648
Prices based on models and other valuation methods	—	—	—	—	—
Total Fair Value	$294	$109,354	$—	$—	$109,648

The following table shows the components of the change in fair value of our nonregulated segment's financial instruments for the fiscal year ended September 30, 2013 (in thousands):

Fair value of contracts at September 30, 2012	$(15,123)
Contracts realized/settled	(245)
Fair value of new contracts	—
Other changes in value	668
Fair value of contracts at September 30, 2013	(14,700)
Netting of cash collateral	24,829
Cash collateral and fair value of contracts at September 30, 2013	$ 10,129

The fair value of our nonregulated segment's financial instruments at September 30, 2013, is presented below by time period and fair value source.

	Fair Value of Contracts at September 30, 2013				
	Maturity in years				
Source of Fair Value	Less than 1	1-3	4-5	Greater than 5	Total Fair Value
	(In thousands)				
Prices actively quoted	$(8,567)	$(5,957)	$(176)	$—	$(14,700)
Prices based on models and other valuation methods	—	—	—	—	—
Total Fair Value	$(8,567)	$(5,957)	$(176)	$—	$(14,700)

Employee Benefits Programs

An important element of our total compensation program, and a significant component of our operation and maintenance expense, is the offering of various benefits programs to our employees. These programs include medical and dental insurance coverage and pension and postretirement programs.

Medical and Dental Insurance

We offer medical and dental insurance programs to substantially all of our employees, and we believe these programs are consistent with other programs in our industry. Since 2006, we have experienced medical and prescription inflation of approximately four percent. In recent years, we have strived to actively manage our health care costs through the introduction of a wellness strategy that is focused on helping employees to identify health risks and to manage these risks through improved lifestyle choices.

In March 2010, President Obama signed *The Patient Protection and Affordable Care Act* into law (the "Health Care Reform Act"). The Health Care Reform Act will be phased in over an eight-year period. We have changed the design of our health care plans to comply with provisions of the Health Care Reform Act that have already gone into effect or will be going into effect in future years. We will continue to monitor all developments on health care reform and continue to comply with all existing relevant laws and regulations.

For fiscal 2014, we anticipate an approximate six percent medical and prescription drug inflation rate, primarily due to anticipated higher claims costs and the implementation of the Health Care Reform Act.

Net Periodic Pension and Postretirement Benefit Costs

For the fiscal year ended September 30, 2013, our total net periodic pension and other benefits costs was $78.5 million, compared with $69.2 million and $56.6 million for the fiscal years ended September 30, 2012 and 2011. These costs relating to our natural gas distribution operations are recoverable through our gas distribution rates. A portion of these costs is capitalized into our gas distribution rate base, and the remaining costs are recorded as a component of operation and maintenance expense.

Our fiscal 2013 costs were determined using a September 30, 2012 measurement date. At that date, interest and corporate bond rates utilized to determine our discount rates were lower than the interest and corporate bond rates as of September 30, 2011, the measurement date for our fiscal 2012 net periodic cost. As a result of the lower interest and corporate bond rates, we decreased the discount rate used to determine our fiscal 2013 pension and benefit costs to 4.04 percent. Our expected return on our pension plan assets was maintained at 7.75 percent due to historical experience and the current market projection of the target asset allocation. As a result, our fiscal 2013 pension and postretirement medical costs were higher than in the prior year.

The increase in total net periodic pension and other benefits costs during fiscal 2012 compared with fiscal 2011 primarily reflects the decrease in our discount rate at September 30, 2011, the measurement date for our fiscal 2012 pension and postretirement costs. The discount rate used to compute the present value of a plan's liabilities generally is based on rates of high-grade corporate bonds with maturities similar to the average period over which the benefits will be paid. At our September 30, 2011 measurement date, the interest and corporate bond rates used to determine our fiscal 2012 net periodic pension cost were significantly lower than the rates at September 30, 2010, the measurement date used to determine our fiscal 2011 net periodic cost. Our expected return on our pension plan assets was reduced to 7.75 percent due to historical experience and the then-current market projection of the target asset allocation.

Pension and Postretirement Plan Funding

Generally, our funding policy is to contribute annually an amount that will at least equal the minimum amount required to comply with the Employee Retirement Income Security Act of 1974 (ERISA). However, additional voluntary contributions are made from time to time as considered necessary. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

In accordance with the Pension Protection Act of 2006 (PPA), we determined the funded status of our plans as of January 1, 2013. Based on this valuation, we were required to contribute cash of $32.7 million, $46.5 million and $0.9 million to our pension plans during fiscal 2013, 2012 and 2011. The higher level of contributions experienced during fiscal 2013 and 2012 reflect lower discount rates than in previous years. Each contribution increased the level of our plan assets to achieve a desirable PPA funding threshold.

We contributed $26.6 million and $22.1 million to our postretirement benefits plans for the fiscal years ended September 30, 2013 and 2012. The contributions represent the portion of the postretirement costs we are responsible for under the terms of our plan and minimum funding required by state regulatory commissions.

Outlook for Fiscal 2014 and Beyond

As of September 30, 2013, interest and corporate bond rates were higher than the rates as of September 30, 2012. Therefore, we increased the discount rate used to measure our fiscal 2014 net periodic cost from 4.04 percent to 4.95 percent. However, we decreased the expected return on plan assets from 7.75 percent to 7.25 percent in the determination of our fiscal 2014 net periodic pension cost based upon expected market returns for our targeted asset allocation. As a result of the net impact of changes in these and other assumptions, we expect our fiscal 2014 net period pension cost to decrease by less than five percent.

Based upon market conditions subsequent to September 30, 2013, the current funded position of the plans and the funding requirements under the PPA, we anticipate contributing between $15 million and $25 million to the Plans in fiscal 2014. Further, we will consider whether an additional voluntary contribution is prudent to maintain certain PPA funding thresholds. With respect to our postretirement medical plans, we anticipate contributing between $25 million and $30 million during fiscal 2014.

Actual changes in the fair market value of plan assets and differences between the actual and expected return on plan assets could have a material effect on the amount of pension costs ultimately recognized. A 0.25 percent change in our discount rate would impact our pension and postretirement costs by approximately $2.8 million. A 0.25 percent change in our expected rate of return would impact our pension and postretirement costs by approximately $1.0 million.

The projected pension liability, future funding requirements and the amount of pension expense or income recognized for the Plan are subject to change, depending upon the actuarial value of plan assets and the determination of future benefit obligations as of each subsequent actuarial calculation date. These amounts are impacted by actual investment returns, changes in interest rates and changes in the demographic composition of the participants in the plan.

RECENT ACCOUNTING DEVELOPMENTS

Recent accounting developments and their impact on our financial position, results of operations and cash flows are described in Note 2 to the consolidated financial statements.

ITEM 7A. *Quantitative and Qualitative Disclosures About Market Risk.*

We are exposed to risks associated with commodity prices and interest rates. Commodity price risk is the potential loss that we may incur as a result of changes in the fair value of a particular instrument or commodity. Interest-rate risk results from our portfolio of debt and equity instruments that we issue to provide financing and liquidity for our business activities.

We conduct risk management activities through both our natural gas distribution and nonregulated segments. In our natural gas distribution segment, we use a combination of physical storage, fixed physical contracts and fixed financial contracts to protect us and our customers against unusually large winter period gas price increases. In our nonregulated segment, we manage our exposure to the risk of natural gas price changes and lock in our gross profit margin through a combination of storage and financial instruments including futures, over-the-counter and exchange-traded options and swap contracts with counterparties. Our risk management activities and related accounting treatment are described in further detail in Note 12 to the consolidated financial statements. Additionally, our earnings are affected by changes in short-term interest rates as a result of our issuance of short-term commercial paper and our other short-term borrowings.

Commodity Price Risk

Natural gas distribution segment

We purchase natural gas for our natural gas distribution operations. Substantially all of the costs of gas purchased for natural gas distribution operations are recovered from our customers through purchased gas cost adjustment mechanisms. Therefore, our natural gas distribution operations have limited commodity price risk exposure.

Nonregulated segment

Our nonregulated segment is also exposed to risks associated with changes in the market price of natural gas. For our nonregulated segment, we use a sensitivity analysis to estimate commodity price risk. For purposes of this analysis, we estimate commodity price risk by applying a $0.50 change in the forward NYMEX price to our net open position (including existing storage and related financial contracts) at the end of each period. Based on AEH's net open position (including existing storage and related financial contracts) at September 30, 2013 of 0.1 Bcf, a $0.50 change in the forward NYMEX price would have had a $0.1 million impact on our consolidated net income.

Changes in the difference between the indices used to mark to market our physical inventory (Gas Daily) and the related fair-value hedge (NYMEX) can result in volatility in our reported net income; but, over time, gains and losses on the sale of storage gas inventory will be offset by gains and losses on the fair-value hedges. Based upon our net physical position at September 30, 2013 and assuming our hedges would still qualify as highly effective, a $0.50 change in the difference between the Gas Daily and NYMEX indices would impact our reported net income by approximately $3.7 million.

Additionally, these changes could cause us to recognize a risk management liability, which would require us to place cash into an escrow account to collateralize this liability position. This, in turn, would reduce the amount of cash we would have on hand to fund our working capital needs.

Interest Rate Risk

Our earnings are exposed to changes in short-term interest rates associated with our short-term commercial paper program and other short-term borrowings. We use a sensitivity analysis to estimate our short-term interest rate risk. For purposes of this analysis, we estimate our short-term interest rate risk as the difference between our actual interest expense for the period and estimated interest expense for the period assuming a hypothetical average one percent increase in the interest rates associated with our short-term borrowings. Had interest rates associated with our short-term borrowings increased by an average of one percent, our interest expense would have increased by approximately $3.2 million during 2013.

ITEM 8. ***Financial Statements and Supplementary Data.***

Index to financial statements and financial statement schedule:

All other financial statement schedules are omitted because the required information is not present, or not present in amounts sufficient to require submission of the schedule or because the information required is included in the financial statements and accompanying notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Atmos Energy Corporation

We have audited the accompanying consolidated balance sheets of Atmos Energy Corporation as of September 30, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2013. Our audits also included the financial statement schedule listed in the Index at Item 8. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Atmos Energy Corporation at September 30, 2013 and 2012, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2013, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the financial statements taken as a whole, presents fairly, in all material respects the financial information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Atmos Energy Corporation's internal control over financial reporting as of September 30, 2013, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated November 13, 2013 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Dallas, Texas
November 13, 2013

ATMOS ENERGY CORPORATION

CONSOLIDATED BALANCE SHEETS

	September 30 2013	September 30 2012
	(In thousands, except share data)	
ASSETS		
Property, plant and equipment	$7,446,272	$6,860,358
Construction in progress	275,747	274,112
	7,722,019	7,134,470
Less accumulated depreciation and amortization	1,691,364	1,658,866
Net property, plant and equipment	6,030,655	5,475,604
Current assets		
Cash and cash equivalents	66,199	64,239
Accounts receivable, less allowance for doubtful accounts of $20,624 in 2013 and $9,425 in 2012	301,992	234,526
Gas stored underground	244,741	256,415
Other current assets	70,334	272,782
Total current assets	683,266	827,962
Goodwill and intangible assets	741,484	740,847
Deferred charges and other assets	484,996	451,262
	$7,940,401	$7,495,675
CAPITALIZATION AND LIABILITIES		
Shareholders' equity		
Common stock, no par value (stated at $.005 per share); 200,000,000 shares authorized; issued and outstanding: 2013 — 90,640,211 shares, 2012 — 90,239,900 shares	$ 453	$ 451
Additional paid-in capital	1,765,811	1,745,467
Accumulated other comprehensive income (loss)	38,878	(47,607)
Retained earnings	775,267	660,932
Shareholders' equity	2,580,409	2,359,243
Long-term debt	2,455,671	1,956,305
Total capitalization	5,036,080	4,315,548
Commitments and contingencies		
Current liabilities		
Accounts payable and accrued liabilities	241,611	215,229
Other current liabilities	368,891	489,665
Short-term debt	367,984	570,929
Current maturities of long-term debt	—	131
Total current liabilities	978,486	1,275,954
Deferred income taxes	1,164,053	1,015,083
Regulatory cost of removal obligation	359,299	381,164
Pension and postretirement liabilities	358,787	457,196
Deferred credits and other liabilities	43,696	50,730
	$7,940,401	$7,495,675

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended September 30		
	2013	2012	2011
	(In thousands, except per share data)		
Operating revenues			
Natural gas distribution segment	$2,399,493	$2,145,330	$2,470,664
Regulated transmission and storage segment	268,900	247,351	219,373
Nonregulated segment	1,598,711	1,351,303	2,024,893
Intersegment eliminations	(380,847)	(305,501)	(428,495)
	3,886,257	3,438,483	4,286,435
Purchased gas cost			
Natural gas distribution segment	1,318,257	1,122,587	1,452,721
Regulated transmission and storage segment	—	—	—
Nonregulated segment	1,535,380	1,296,179	1,959,893
Intersegment eliminations	(379,430)	(304,022)	(426,999)
	2,474,207	2,114,744	2,985,615
Gross profit	1,412,050	1,323,739	1,300,820
Operating expenses			
Operation and maintenance	488,020	453,613	442,965
Depreciation and amortization	235,079	237,525	223,832
Taxes, other than income	187,072	181,073	177,767
Asset impairments	—	5,288	30,270
Total operating expenses	910,171	877,499	874,834
Operating income	501,879	446,240	425,986
Miscellaneous income (expense), net	(197)	(14,644)	21,184
Interest charges	128,385	141,174	150,763
Income from continuing operations before income taxes	373,297	290,422	296,407
Income tax expense	142,599	98,226	106,819
Income from continuing operations	230,698	192,196	189,588
Income from discontinued operations, net of tax ($3,986, $10,066 and $12,372)	7,202	18,172	18,013
Gain on sale of discontinued operations, net of tax ($2,909, $3,519 and $0)	5,294	6,349	—
Net income	$ 243,194	$ 216,717	$ 207,601
Basic earnings per share			
Income per share from continuing operations	$ 2.54	$ 2.12	$ 2.08
Income per share from discontinued operations	0.14	0.27	0.20
Net income per share — basic	$ 2.68	$ 2.39	$ 2.28
Diluted earnings per share			
Income per share from continuing operations	$ 2.50	$ 2.10	$ 2.07
Income per share from discontinued operations	0.14	0.27	0.20
Net income per share — diluted	$ 2.64	$ 2.37	$ 2.27
Weighted average shares outstanding:			
Basic	90,533	90,150	90,201
Diluted	91,711	91,172	90,652

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended September 30		
	2013	2012	2011
		(In thousands)	
Net income	$243,194	$216,717	$207,601
Other comprehensive income (loss), net of tax			
Net unrealized holding gains (losses) on available-for-sale securities, net of tax of $(186), $1,881 and $(953)	(213)	3,103	(1,647)
Cash flow hedges:			
Amortization and unrealized gain (loss) on interest rate agreements, net of tax of $47,236, $(5,388) and $(16,850)	82,179	(10,116)	(28,689)
Net unrealized gains on commodity cash flow hedges, net of tax of $2,889, $5,029 and $3,355	4,519	7,866	5,248
Total other comprehensive income (loss)	86,485	853	(25,088)
Total comprehensive income	$329,679	$217,570	$182,513

See accompanying notes to condensed consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common stock		Additional	Accumulated Other Comprehensive		
	Number of Shares	Stated Value	Paid-in Capital	Income (Loss)	Retained Earnings	Total
	(In thousands, except share and per share data)					
Balance, September 30, 2010	90,164,103	$451	$1,714,364	$(23,372)	$ 486,905	$2,178,348
Net income	—	—	—	—	207,601	207,601
Other comprehensive loss	—	—	—	(25,088)	—	(25,088)
Repurchase of common stock	(375,468)	(2)	2	—	—	—
Repurchase of equity awards	(169,793)	(1)	(5,298)	—	—	(5,299)
Cash dividends ($1.36 per share)	—	—	—	—	(124,011)	(124,011)
Common stock issued:						
Direct stock purchase plan	—	—	(54)	—	—	(54)
1998 Long-term incentive plan	675,255	3	13,886	—	—	13,889
Employee stock-based compensation	—	—	9,958	—	—	9,958
Outside directors stock-for-fee plan	2,385	—	77	—	—	77
Balance, September 30, 2011	90,296,482	451	1,732,935	(48,460)	570,495	2,255,421
Net income	—	—	—	—	216,717	216,717
Other comprehensive income	—	—	—	853	—	853
Repurchase of common stock	(387,991)	(2)	(12,533)	—	—	(12,535)
Repurchase of equity awards	(153,255)	—	(5,219)	—	—	(5,219)
Cash dividends ($1.38 per share)	—	—	—	—	(125,796)	(125,796)
Common stock issued:						
Direct stock purchase plan	—	—	(65)	—	—	(65)
1998 Long-term incentive plan	482,289	2	12,519	—	(484)	12,037
Employee stock-based compensation	—	—	17,752	—	—	17,752
Outside directors stock-for-fee plan	2,375	—	78	—	—	78
Balance, September 30, 2012	90,239,900	451	1,745,467	(47,607)	660,932	2,359,243
Net income	—	—	—	—	243,194	243,194
Other comprehensive income	—	—	—	86,485	—	86,485
Repurchase of equity awards	(133,449)	—	(5,150)	—	—	(5,150)
Cash dividends ($1.40 per share)	—	—	—	—	(128,115)	(128,115)
Common stock issued:						
Direct stock purchase plan	—	—	(50)	—	—	(50)
1998 Long-term incentive plan	531,672	2	9,530	—	(744)	8,788
Employee stock-based compensation	—	—	15,934	—	—	15,934
Outside directors stock-for-fee plan	2,088	—	80	—	—	80
Balance, September 30, 2013	90,640,211	$453	$1,765,811	$ 38,878	$ 775,267	$2,580,409

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30		
	2013	2012	2011
		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 243,194	$ 216,717	$ 207,601
Adjustments to reconcile net income to net cash provided by operating activities:			
Asset impairments	—	5,288	30,270
Gain on sale of discontinued operations	(8,203)	(9,868)	—
Depreciation and amortization:			
Charged to depreciation and amortization	236,928	246,093	233,155
Charged to other accounts	679	484	228
Deferred income taxes	141,336	104,319	117,353
Stock-based compensation	17,814	19,222	11,586
Debt financing costs	8,480	8,147	9,438
Other	(2,887)	(493)	(961)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(73,669)	32,578	(96)
Decrease in gas stored underground	31,979	28,417	27,737
(Increase) decrease in other current assets	15,644	20,989	(38,048)
(Increase) decrease in deferred charges and other assets	111,069	(50,055)	(53,519)
Increase (decrease) in accounts payable and accrued liabilities	31,912	(64,234)	23,904
Increase (decrease) in other current liabilities	(44,491)	7,889	(57,495)
Increase (decrease) in deferred credits and other liabilities	(96,658)	21,424	71,691
Net cash provided by operating activities	613,127	586,917	582,844
CASH FLOWS USED IN INVESTING ACTIVITIES			
Capital expenditures	(845,033)	(732,858)	(622,965)
Proceeds from the sale of discontinued operations	153,023	128,223	—
Other, net	(4,904)	(4,625)	(4,421)
Net cash used in investing activities	(696,914)	(609,260)	(627,386)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in short-term debt	(208,070)	354,141	83,306
Net proceeds from issuance of long-term debt	493,793	—	394,466
Settlement of Treasury lock agreements	(66,626)	—	20,079
Unwinding of Treasury lock agreements	—	—	27,803
Repayment of long-term debt	(131)	(257,034)	(360,131)
Cash dividends paid	(128,115)	(125,796)	(124,011)
Repurchase of common stock	—	(12,535)	—
Repurchase of equity awards	(5,150)	(5,219)	(5,299)
Issuance of common stock	46	1,606	7,796
Net cash provided by (used in) financing activities	85,747	(44,837)	44,009
Net increase (decrease) in cash and cash equivalents	1,960	(67,180)	(533)
Cash and cash equivalents at beginning of year	64,239	131,419	131,952
Cash and cash equivalents at end of year	$ 66,199	$ 64,239	$ 131,419
CASH PAID (RECEIVED) DURING THE PERIOD FOR:			
Interest	$ 148,461	$ 150,606	$ 157,976
Income taxes	$ 10,008	$ (432)	$ (8,329)

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business

Atmos Energy Corporation ("Atmos Energy" or the "Company") and our subsidiaries are engaged primarily in the regulated natural gas distribution and transmission and storage businesses as well as certain other non-regulated businesses. Through our natural gas distribution business, we deliver natural gas through sales and transportation arrangements to over three million residential, commercial, public-authority and industrial customers through our six regulated natural gas distribution divisions in the service areas described below:

Division	Service Area
Atmos Energy Colorado-Kansas Division	Colorado, Kansas
Atmos Energy Kentucky/Mid-States Division	Kentucky, Tennessee, Virginia[1]
Atmos Energy Louisiana Division	Louisiana
Atmos Energy Mid-Tex Division	Texas, including the Dallas/Fort Worth metropolitan area
Atmos Energy Mississippi Division	Mississippi
Atmos Energy West Texas Division	West Texas

(1) Denotes location where we have more limited service areas.

In addition, we transport natural gas for others through our distribution system. Our natural gas distribution business is subject to federal and state regulation and/or regulation by local authorities in each of the states in which our natural gas distribution divisions operate. Our corporate headquarters and shared-services function are located in Dallas, Texas, and our customer support centers are located in Amarillo and Waco, Texas.

Over the last two fiscal years, we have sold our natural gas distribution operations in four states to streamline our regulated operations. On April 1, 2013, we completed the divestiture of our natural gas distribution operations in Georgia, representing approximately 64,000 customers, and in August 2012, we completed the sale of our natural gas distribution operations in Missouri, Illinois and Iowa, representing approximately 84,000 customers.

Our regulated transmission and storage business consists of the regulated operations of our Atmos Pipeline–Texas Division, a division of the Company. This division transports natural gas to our Mid-Tex Division, transports natural gas for third parties and manages five underground storage reservoirs in Texas. We also provide ancillary services customary to the pipeline industry including parking arrangements, lending and sales of inventory on hand.

Our nonregulated businesses operate primarily in the Midwest and Southeast through various wholly-owned subsidiaries of Atmos Energy Holdings, Inc., (AEH). AEH is a wholly-owned subsidiary of the Company and based in Houston, Texas. Through AEH, we provide natural gas management and transportation services to municipalities, natural gas distribution companies, including certain divisions of Atmos Energy and third parties.

2. Summary of Significant Accounting Policies

Principles of consolidation — The accompanying consolidated financial statements include the accounts of Atmos Energy Corporation and its wholly-owned subsidiaries. All material intercompany transactions have been eliminated; however, we have not eliminated intercompany profits when such amounts are probable of recovery under the affiliates' rate regulation process.

Basis of comparison — Certain prior-year amounts have been reclassified to conform with the current year presentation.

Use of estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The most significant estimates include the allowance for doubtful accounts, unbilled revenues, legal and environmental accruals, insurance accruals, pension and postretirement obligations, deferred income taxes, asset retirement obligations, impairment of long-lived assets, risk management and trading activities, fair value measurements and the valuation of goodwill and other long-lived assets. Actual results could differ from those estimates.

Regulation — Our natural gas distribution and regulated transmission and storage operations are subject to regulation with respect to rates, service, maintenance of accounting records and various other matters by the respective regulatory authorities in the states in which we operate. Our accounting policies recognize the financial effects of the ratemaking and accounting practices and policies of the various regulatory commissions. Accounting principles generally accepted in the United States require cost-based, rate-regulated entities that meet certain criteria to reflect the authorized recovery of costs due to regulatory decisions in their financial statements. As a result, certain costs that would normally be expensed under accounting principles generally accepted in the United States are permitted to be capitalized or deferred on the balance sheet because it is probable they can be recovered through rates. Further, regulation may impact the period in which revenues or expenses are recognized. The amounts to be recovered or recognized are based upon historical experience and our understanding of the regulations.

We record regulatory assets as a component of other current assets and deferred charges and other assets for costs that have been deferred for which future recovery through customer rates is considered probable. Regulatory liabilities are recorded either on the face of the balance sheet or as a component of current liabilities, deferred income taxes or deferred credits and other liabilities when it is probable that revenues will be reduced for amounts that will be credited to customers through the ratemaking process. Significant regulatory assets and liabilities as of September 30, 2013 and 2012 included the following:

	September 30	
	2013	2012
	(In thousands)	
Regulatory assets:		
Pension and postretirement benefit costs(1)	$187,977	$296,160
Merger and integration costs, net	5,250	5,754
Deferred gas costs	15,152	31,359
Regulatory cost of removal asset	10,008	10,500
Rate case costs	6,329	4,661
Deferred franchise fees	—	2,714
Texas Rule 8.209(2)	30,364	5,370
APT annual adjustment mechanism	5,853	4,539
Recoverable loss on reacquired debt	21,435	23,944
Other	4,380	7,262
	$286,748	$392,263
Regulatory liabilities:		
Deferred gas costs	$ 16,481	$ 23,072
Deferred franchise fees	1,689	—
Regulatory cost of removal obligation	427,524	459,688
Other	7,887	5,637
	$453,581	$488,397

(1) Includes $17.4 million and $7.6 million of pension and postretirement expense deferred pursuant to regulatory authorization.

(2) Texas Rule 8.209 is a Railroad Commission rule that allows for the deferral of all expenses associated with capital expenditures incurred pursuant to this rule, including the recording of interest on the deferred expenses until the next rate proceeding (rate case or annual rate filing), at which time investment and costs would be recovered through base rates.

The amounts above do not include regulatory assets and liabilities related to our Georgia operations, which were classified as assets held for sale at September 30, 2012 as discussed in Note 16. As of September 30, 2013, we did not have any assets or liabilities classified as held for sale due to the sale of substantially all of our Georgia assets on April 1, 2013.

Currently, authorized rates do not include a return on certain of our merger and integration costs; however, we recover the amortization of these costs. Merger and integration costs, net, are generally amortized on a straight-line basis over estimated useful lives ranging up to 20 years. During the fiscal years ended September 30, 2013, 2012 and 2011, we recognized $0.5 million, $0.5 million and $0.5 million in amortization expense related to these costs.

Revenue recognition — Sales of natural gas to our natural gas distribution customers are billed on a monthly basis; however, the billing cycle periods for certain classes of customers do not necessarily coincide with accounting periods used for financial reporting purposes. We follow the revenue accrual method of accounting for natural gas distribution segment revenues whereby revenues applicable to gas delivered to customers, but not yet billed under the cycle billing method, are estimated and accrued and the related costs are charged to expense.

On occasion, we are permitted to implement new rates that have not been formally approved by our state regulatory commissions, which are subject to refund. As permitted by accounting principles generally accepted in the United States, we recognize this revenue and establish a reserve for amounts that could be refunded based on our experience for the jurisdiction in which the rates were implemented.

Rates established by regulatory authorities are adjusted for increases and decreases in our purchased gas costs through purchased gas cost adjustment mechanisms. Purchased gas cost adjustment mechanisms provide gas distribution companies a method of recovering purchased gas costs on an ongoing basis without filing a rate case to address all of their non-gas costs. There is no gross profit generated through purchased gas cost adjustments, but they provide a dollar-for-dollar offset to increases or decreases in our natural gas distribution segment's gas costs. The effects of these purchased gas cost adjustment mechanisms are recorded as deferred gas costs on our balance sheet.

Operating revenues for our regulated transmission and storage and nonregulated segments are recognized in the period in which actual volumes are transported and storage services are provided.

Operating revenues for our nonregulated segment and the associated carrying value of natural gas inventory (inclusive of storage costs) are recognized when we sell the gas and physically deliver it to our customers. Operating revenues include realized gains and losses arising from the settlement of financial instruments used in our nonregulated activities and unrealized gains and losses arising from changes in the fair value of natural gas inventory designated as a hedged item in a fair value hedge and the associated financial instruments. For the fiscal years ended September 30, 2013, 2012 and 2011, we included unrealized gains (losses) on open contracts of $9.0 million, $(8.0) million and $(10.4) million as a component of nonregulated revenues.

Cash and cash equivalents — We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts — Accounts receivable arise from natural gas sales to residential, commercial, industrial, municipal and other customers. We establish an allowance for doubtful accounts to reduce the net receivable balance to the amount we reasonably expect to collect based on our collection experience or where we are aware of a specific customer's inability or reluctance to pay. However, if

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

circumstances change, our estimate of the recoverability of accounts receivable could be affected. Circumstances which could affect our estimates include, but are not limited to, customer credit issues, the level of natural gas prices, customer deposits and general economic conditions. Accounts are written off once they are deemed to be uncollectible.

Gas stored underground — Our gas stored underground is comprised of natural gas injected into storage to support the winter season withdrawals for our natural gas distribution operations and natural gas held by our nonregulated segment to conduct their operations. The average cost method is used for all our regulated operations, except for certain jurisdictions in the Kentucky/Mid-States Division, where it is valued on the first-in first-out method basis, in accordance with regulatory requirements. Our nonregulated segment utilizes the average cost method; however, most of this inventory is hedged and is therefore reported at fair value at the end of each month. Gas in storage that is retained as cushion gas to maintain reservoir pressure is classified as property, plant and equipment and is valued at cost.

Regulated property, plant and equipment — Regulated property, plant and equipment is stated at original cost, net of contributions in aid of construction. The cost of additions includes direct construction costs, payroll related costs (taxes, pensions and other fringe benefits), administrative and general costs and an allowance for funds used during construction. The allowance for funds used during construction represents the estimated cost of funds used to finance the construction of major projects and are capitalized in the rate base for ratemaking purposes when the completed projects are placed in service. Interest expense of $1.9 million, $2.6 million and $1.7 million was capitalized in 2013, 2012 and 2011.

Major renewals, including replacement pipe, and betterments that are recoverable under our regulatory rate base are capitalized while the costs of maintenance and repairs that are not recoverable through rates are charged to expense as incurred. The costs of large projects are accumulated in construction in progress until the project is completed. When the project is completed, tested and placed in service, the balance is transferred to the regulated plant in service account included in the rate base and depreciation begins.

Regulated property, plant and equipment is depreciated at various rates on a straight-line basis. These rates are approved by our regulatory commissions and are comprised of two components: one based on average service life and one based on cost of removal. Accordingly, we recognize our cost of removal expense as a component of depreciation expense. The related cost of removal accrual is reflected as a regulatory liability on the consolidated balance sheet. At the time property, plant and equipment is retired, removal expenses less salvage, are charged to the regulatory cost of removal accrual. The composite depreciation rate was 3.3 percent, 3.6 percent and 3.6 percent for the fiscal years ended September 30, 2013, 2012 and 2011.

Nonregulated property, plant and equipment — Nonregulated property, plant and equipment is stated at cost. Depreciation is generally computed on the straight-line method for financial reporting purposes based upon estimated useful lives ranging from three to 50 years.

Asset retirement obligations — We record a liability at fair value for an asset retirement obligation when the legal obligation to retire the asset has been incurred with an offsetting increase to the carrying value of the related asset. Accretion of the asset retirement obligation due to the passage of time is recorded as an operating expense.

As of September 30, 2013 and 2012, we had asset retirement obligations of $6.8 million and $10.5 million. Additionally, we had $3.3 million and $5.8 million of asset retirement costs recorded as a component of property, plant and equipment that will be depreciated over the remaining life of the underlying associated assets.

We believe we have a legal obligation to retire our natural gas storage facilities. However, we have not recognized an asset retirement obligation associated with our storage facilities because we are not able to determine the settlement date of this obligation as we do not anticipate taking our storage facilities out of service permanently. Therefore, we cannot reasonably estimate the fair value of this obligation.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Impairment of long-lived assets — We periodically evaluate whether events or circumstances have occurred that indicate that other long-lived assets may not be recoverable or that the remaining useful life may warrant revision. When such events or circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value will be recovered through the expected future cash flows. In the event the sum of the expected future cash flows resulting from the use of the asset is less than the carrying value of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded.

During fiscal 2012, we recorded a pre-tax noncash impairment loss of $5.3 million related to our gathering systems in Kentucky. In fiscal 2011, we recorded pre-tax noncash impairment losses of $19.3 million related to our Fort Necessity storage project and $11.0 million related to our gathering systems in Kentucky. See Note 14 for further details.

Goodwill and intangible assets — We annually evaluate our goodwill balances for impairment during our second fiscal quarter or more frequently as impairment indicators arise. We use a present value technique based on discounted cash flows to estimate the fair value of our reporting units. These calculations are dependent on several subjective factors including the timing of future cash flows, future growth rates and the discount rate. An impairment charge is recognized if the carrying value of a reporting unit's goodwill exceeds its fair value.

Intangible assets are amortized over their useful lives of 10 years. These assets are reviewed for impairment as impairment indicators arise. When such events or circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value will be recovered through the expected future cash flows. In the event the sum of the expected future cash flows resulting from the use of the asset is less than the carrying value of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded. No impairment has been recognized.

Marketable securities — As of September 30, 2013 and 2012, all of our marketable securities were classified as available-for-sale. In accordance with the authoritative accounting standards, these securities are reported at market value with unrealized gains and losses shown as a component of accumulated other comprehensive income (loss). We regularly evaluate the performance of these investments on an individual investment by investment basis for impairment, taking into consideration the fund's purpose, volatility and current returns. If a determination is made that a decline in fair value is other than temporary, the related investment is written down to its estimated fair value.

Financial instruments and hedging activities — We use financial instruments to mitigate commodity price risk in our natural gas distribution and nonregulated segments and interest rate risk. The objectives and strategies for using financial instruments have been tailored to our regulated and nonregulated businesses and are discussed in Note 12.

We record all of our financial instruments on the balance sheet at fair value, with changes in fair value ultimately recorded in the income statement. These financial instruments are reported as risk management assets and liabilities and are classified as current or noncurrent other assets or liabilities based upon the anticipated settlement date of the underlying financial instrument.

The timing of when changes in fair value of our financial instruments are recorded in the income statement depends on whether the financial instrument has been designated and qualifies as a part of a hedging relationship or if regulatory rulings require a different accounting treatment. Changes in fair value for financial instruments that do not meet one of these criteria are recognized in the income statement as they occur.

Financial Instruments Associated with Commodity Price Risk

In our natural gas distribution segment, the costs associated with and the gains and losses arising from the use of financial instruments to mitigate commodity price risk are included in our purchased gas cost adjustment mechanisms in accordance with regulatory requirements. Therefore, changes in the fair value of these financial

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

instruments are initially recorded as a component of deferred gas costs and recognized in the consolidated statement of income as a component of purchased gas cost when the related costs are recovered through our rates and recognized in revenue in accordance with accounting principles generally accepted in the United States. Accordingly, there is no earnings impact on our natural gas distribution segment as a result of the use of financial instruments.

In our nonregulated segment, we have designated most of the natural gas inventory held by this operating segment as the hedged item in a fair-value hedge. This inventory is marked to market at the end of each month based on the Gas Daily index, with changes in fair value recognized as unrealized gains or losses in revenue in the period of change. The financial instruments associated with this natural gas inventory have been designated as fair-value hedges and are marked to market each month based upon the NYMEX price with changes in fair value recognized as unrealized gains or losses in revenue in the period of change. We have elected to exclude this spot/forward differential for purposes of assessing the effectiveness of these fair-value hedges.

Additionally, we have elected to treat fixed-price forward contracts used in our nonregulated segment to deliver natural gas as normal purchases and normal sales. As such, these deliveries are recorded on an accrual basis in accordance with our revenue recognition policy. Financial instruments used to mitigate the commodity price risk associated with these contracts have been designated as cash flow hedges of anticipated purchases and sales at indexed prices. Accordingly, unrealized gains and losses on these open financial instruments are recorded as a component of accumulated other comprehensive income, and are recognized in earnings as a component of revenue when the hedged volumes are sold.

Gains and losses from hedge ineffectiveness are recognized in the income statement. Fair value and cash flow hedge ineffectiveness arising from natural gas market price differences between the locations of the hedged inventory and the delivery location specified in the financial instruments is referred to as basis ineffectiveness. Ineffectiveness arising from changes in the fair value of the fair value hedges due to changes in the difference between the spot price and the futures price, as well as the difference between the timing of the settlement of the futures and the valuation of the underlying physical commodity is referred to as timing ineffectiveness. Hedge ineffectiveness, to the extent incurred, is reported as a component of revenue.

Our nonregulated segment also utilizes master netting agreements with significant counterparties that allow us to offset gains and losses arising from financial instruments that may be settled in cash with gains and losses arising from financial instruments that may be settled with the physical commodity. Assets and liabilities from risk management activities, as well as accounts receivable and payable, reflect the master netting agreements in place. Additionally, the accounting guidance for master netting arrangements requires us to include the fair value of cash collateral or the obligation to return cash in the amounts that have been netted under master netting agreements used to offset gains and losses arising from financial instruments. As of September 30, 2013 and 2012, the Company netted $24.8 million and $23.7 million of cash held in margin accounts into its current risk management assets and liabilities.

Financial Instruments Associated with Interest Rate Risk

We manage interest rate risk, typically when we plan to issue new long-term debt or to refinance existing long-term debt. Prior to fiscal 2012, we entered into Treasury lock agreements to fix the Treasury yield component of the interest cost associated with anticipated financings. We designated these Treasury lock agreements as cash flow hedges at the time the agreements were executed. Accordingly, unrealized gains and losses associated with the Treasury lock agreements were recorded as a component of accumulated other comprehensive income (loss). When the Treasury locks were settled, the realized gain or loss was recorded as a component of accumulated other comprehensive income (loss) and is being recognized as a component of interest expense over the life of the related financing arrangement.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

During fiscal 2012, we began using interest rate swaps and forward starting interest rate swaps to mitigate interest rate risk. Unrealized gains and losses associated with the swaps are recorded as a component of accumulated other comprehensive income (loss). When the swaps settle, the realized gain or loss will be recorded as a component of accumulated other comprehensive income (loss) and recognized as a component of interest expense over the life of the related financing arrangement. Hedge ineffectiveness to the extent incurred will be reported as a component of interest expense.

Fair Value Measurements — We report certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We primarily use quoted market prices and other observable market pricing information in valuing our financial assets and liabilities and minimize the use of unobservable pricing inputs in our measurements.

Fair-value estimates also consider our own creditworthiness and the creditworthiness of the counterparties involved. Our counterparties consist primarily of financial institutions and major energy companies. This concentration of counterparties may materially impact our exposure to credit risk resulting from market, economic or regulatory conditions. We seek to minimize counterparty credit risk through an evaluation of their financial condition and credit ratings and the use of collateral requirements under certain circumstances.

Amounts reported at fair value are subject to potentially significant volatility based upon changes in market prices, including, but not limited to, the valuation of the portfolio of our contracts, maturity and settlement of these contracts and newly originated transactions and interest rates, each of which directly affect the estimated fair value of our financial instruments. We believe the market prices and models used to value these financial instruments represent the best information available with respect to closing exchange and over-the-counter quotations, time value and volatility factors underlying the contracts. Values are adjusted to reflect the potential impact of an orderly liquidation of our positions over a reasonable period of time under then current market conditions.

Authoritative accounting literature establishes a fair value hierarchy that prioritizes the inputs used to measure fair value based on observable and unobservable data. The hierarchy categorizes the inputs into three levels, with the highest priority given to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority given to unobservable inputs (Level 3). The levels of the hierarchy are described below:

Level 1 — Represents unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is defined as a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Prices actively quoted on national exchanges are used to determine the fair value of most of our assets and liabilities recorded on our balance sheet at fair value. Within our nonregulated operations, we utilize a mid-market pricing convention (the mid-point between the bid and ask prices), as permitted under current accounting standards. Values derived from these sources reflect the market in which transactions involving these financial instruments are executed.

Our Level 1 measurements consist primarily of exchange-traded financial instruments, gas stored underground that has been designated as the hedged item in a fair value hedge and our available-for-sale securities. The Level 1 measurements for investments in our Master Trust, Supplemental Executive Benefit Plan and postretirement benefit plan consist primarily of exchange-traded financial instruments.

Level 2 — Represents pricing inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability as of the reporting date. These inputs are derived principally from, or corroborated by, observable market data. Our Level 2 measurements primarily consist of non-exchange-traded financial instruments, such as over-the-counter options and swaps and municipal and corporate bonds where market data for pricing is observable. The Level 2 measurements for investments in our Master Trust, Supplemental Executive Benefit Plan and postretirement benefit plan consist primarily of non-exchange traded financial instruments such as common collective trusts and investments in limited partnerships.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Level 3 — Represents generally unobservable pricing inputs which are developed based on the best information available, including our own internal data, in situations where there is little if any market activity for the asset or liability at the measurement date. The pricing inputs utilized reflect what a market participant would use to determine fair value. We utilize models and other valuation methods to determine fair value when external sources are not available. We believe the market prices and models used to value these assets and liabilities represent the best information available with respect to closing exchange and over-the-counter quotations, time value and volatility factors underlying the assets and liabilities.

As of September 30, 2013 our Master Trust owned one real estate investment with a value less than $0.2 million that qualifies as a Level 3 fair value measurement. The valuation technique used was a real estate appraisal obtained from an independent third party that consisted of several unobservable inputs such as comparable land and building sales values per square foot. Currently, we have no other assets or liabilities recorded at fair value that would qualify for Level 3 reporting.

Pension and other postretirement plans — Pension and other postretirement plan costs and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets, assumed discount rates and current demographic and actuarial mortality data. Our measurement date is September 30. The assumed discount rate and the expected return are the assumptions that generally have the most significant impact on our pension costs and liabilities. The assumed discount rate, the assumed health care cost trend rate and assumed rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities.

The discount rate is utilized principally in calculating the actuarial present value of our pension and postretirement obligation and net pension and postretirement cost. When establishing our discount rate, we consider high quality corporate bond rates based on bonds available in the marketplace that are suitable for settling the obligations, changes in those rates from the prior year and the implied discount rate that is derived from matching our projected benefit disbursements with currently available high quality corporate bonds.

The expected long-term rate of return on assets is utilized in calculating the expected return on plan assets component of the annual pension and postretirement plan cost. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. To the extent the actual rate of return on assets realized over the course of a year is greater than or less than the assumed rate, that year's annual pension or postretirement plan cost is not affected. Rather, this gain or loss reduces or increases future pension or postretirement plan costs over a period of approximately ten to twelve years.

The market-related value of our plan assets represents the fair market value of the plan assets, adjusted to smooth out short-term market fluctuations over a five-year period. The use of this calculation will delay the impact of current market fluctuations on the pension expense for the period.

We estimate the assumed health care cost trend rate used in determining our annual postretirement net cost based upon our actual health care cost experience, the effects of recently enacted legislation and general economic conditions. Our assumed rate of retirement is estimated based upon the annual review of our participant census information as of the measurement date.

Income taxes — Income taxes are determined based on the liability method, which results in income tax assets and liabilities arising from temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The liability method requires the effect of tax rate changes on current and accumulated deferred income taxes to be reflected in the period in which the rate change was enacted. The liability method also requires that deferred tax assets be reduced by a valuation allowance unless it is more likely than not that the assets will be realized.

The Company may recognize the tax benefit from uncertain tax positions only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the taxing authorities. We recognize accrued interest related to unrecognized tax benefits as a component of interest expense. We recognize penalties related to unrecognized tax benefits as a component of miscellaneous income (expense) in accordance with regulatory requirements.

Contingencies — In the normal course of business, we are confronted with issues or events that may result in a contingent liability. These generally relate to lawsuits, claims made by third parties or the action of various regulatory agencies. For such matters, we record liabilities when they are considered probable and reasonably estimable, based on currently available facts and our estimates of the ultimate outcome or resolution of the liability in the future. Actual results may differ from estimates, depending on actual outcomes or changes in the facts or expectations surrounding each potential exposure.

Subsequent events — Except as disclosed in Note 6 concerning the October 2, 2013 payment from our Supplemental Executive Benefits Plan related to the retirement of one of our executives, no events occurred subsequent to the balance sheet date that would require recognition or disclosure in the financial statements.

Recent accounting pronouncements — During the year ended September 30, 2013, two new accounting standards were announced that will become applicable to the Company in future periods. The first standard clarifies the enhanced disclosure of offsetting arrangements for financial instruments that will become effective for us for annual and interim periods beginning on October 1, 2013. The adoption of this standard should not have an impact on our financial position, results of operations or cash flows. The second standard changes the presentation requirements for an unrecognized tax benefit if a net operating loss carryforward or tax credit carryforward exists, which will become effective for us for annual and interim periods beginning on October 1, 2014. The adoption of this standard should not have a material impact on our financial position, results of operations or cash flows.

Beginning in our first fiscal quarter, we have presented a single statement of other comprehensive income, due to an accounting pronouncement that became effective for us on October 1, 2012. Additionally, a standard that became effective during our second fiscal quarter requires the presentation of amounts reclassified out of accumulated other comprehensive income by component as well as significant amounts reclassified out of accumulated other comprehensive income by the respective line item in the statement of net income. We have presented the disclosures relating to reclassifications out of accumulated other comprehensive income in Note 13. The adoption of these standards did not have an impact on our financial position, results of operations or cash flows. There were no other significant changes to our accounting policies during the year ended September 30, 2013.

3. Segment Information

Atmos Energy Corporation and its subsidiaries are engaged primarily in the regulated natural gas distribution, transmission and storage business as well as other nonregulated businesses. We distribute natural gas through sales and transportation arrangements to over three million residential, commercial, public authority and industrial customers through our six regulated natural gas distribution divisions, which cover service areas located in eight states. In addition, we transport natural gas for others through our distribution system.

Through our nonregulated business, we provide natural gas management and transportation services to municipalities, natural gas distribution companies, including certain divisions of Atmos Energy and third parties.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We operate the Company through the following three segments:

- The *natural gas distribution segment*, includes our regulated natural gas distribution and related sales operations.
- The *regulated transmission and storage segment*, includes the regulated pipeline and storage operations of our Atmos Pipeline — Texas Division.
- The *nonregulated segment*, is comprised of our nonregulated natural gas management, nonregulated natural gas transmission, storage and other services.

Our determination of reportable segments considers the strategic operating units under which we manage sales of various products and services to customers in differing regulatory environments. Although our natural gas distribution segment operations are geographically dispersed, they are reported as a single segment as each natural gas distribution division has similar economic characteristics. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. We evaluate performance based on net income or loss of the respective operating units. Interest expense is allocated pro rata to each segment based upon our net investment in each segment. Income taxes are allocated to each segment as if each segment's taxes were calculated on a separate return basis.

Summarized income statements and capital expenditures by segment are shown in the following tables.

	Year Ended September 30, 2013				
	Natural Gas Distribution	Regulated Transmission and Storage	Nonregulated	Eliminations	Consolidated
			(In thousands)		
Operating revenues from external parties	$2,394,418	$ 89,011	$1,402,828	$ —	$3,886,257
Intersegment revenues	5,075	179,889	195,883	(380,847)	—
	2,399,493	268,900	1,598,711	(380,847)	3,886,257
Purchased gas cost	1,318,257	—	1,535,380	(379,430)	2,474,207
Gross profit	1,081,236	268,900	63,331	(1,417)	1,412,050
Operating expenses					
Operation and maintenance	375,188	76,686	37,569	(1,423)	488,020
Depreciation and amortization	195,581	35,302	4,196	—	235,079
Taxes, other than income	167,374	17,059	2,639	—	187,072
Total operating expenses	738,143	129,047	44,404	(1,423)	910,171
Operating income	343,093	139,853	18,927	6	501,879
Miscellaneous income (expense)	2,535	(2,285)	2,316	(2,763)	(197)
Interest charges	98,296	30,678	2,168	(2,757)	128,385
Income from continuing operations before income taxes	247,332	106,890	19,075	—	373,297
Income tax expense	96,476	38,630	7,493	—	142,599
Income from continuing operations	150,856	68,260	11,582	—	230,698
Income from discontinued operations, net of tax	7,202	—	—	—	7,202
Gain (loss) on sale of discontinued operations, net of tax	5,649	—	(355)	—	5,294
Net income	$ 163,707	$ 68,260	$ 11,227	$ —	$ 243,194
Capital expenditures	$ 528,599	$313,230	$ 3,204	$ —	$ 845,033

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended September 30, 2012				
	Natural Gas Distribution	Regulated Transmission and Storage	Nonregulated	Eliminations	Consolidated
			(In thousands)		
Operating revenues from external parties	$2,144,376	$ 92,604	$1,201,503	$ —	$3,438,483
Intersegment revenues	954	154,747	149,800	(305,501)	—
	2,145,330	247,351	1,351,303	(305,501)	3,438,483
Purchased gas cost	1,122,587	—	1,296,179	(304,022)	2,114,744
Gross profit	1,022,743	247,351	55,124	(1,479)	1,323,739
Operating expenses					
Operation and maintenance	353,879	71,521	29,697	(1,484)	453,613
Depreciation and amortization	202,026	31,438	4,061	—	237,525
Taxes, other than income	162,377	15,568	3,128	—	181,073
Asset impairments	—	—	5,288	—	5,288
Total operating expenses	718,282	118,527	42,174	(1,484)	877,499
Operating income	304,461	128,824	12,950	5	446,240
Miscellaneous income (expense)	(12,657)	(1,051)	1,035	(1,971)	(14,644)
Interest charges	110,642	29,414	3,084	(1,966)	141,174
Income from continuing operations before income taxes	181,162	98,359	10,901	—	290,422
Income tax expense	57,314	35,300	5,612	—	98,226
Income from continuing operations	123,848	63,059	5,289	—	192,196
Income from discontinued operations, net of tax	18,172	—	—	—	18,172
Gain on sale of discontinued operations, net of tax	6,349	—	—	—	6,349
Net income	$ 148,369	$ 63,059	$ 5,289	$ —	$ 216,717
Capital expenditures	$ 546,818	$175,768	$ 10,272	$ —	$ 732,858

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended September 30, 2011				
	Natural Gas Distribution	Regulated Transmission and Storage	Nonregulated	Eliminations	Consolidated
			(In thousands)		
Operating revenues from external parties	$2,469,781	$ 87,141	$1,729,513	$ —	$4,286,435
Intersegment revenues	883	132,232	295,380	(428,495)	—
	2,470,664	219,373	2,024,893	(428,495)	4,286,435
Purchased gas cost	1,452,721	—	1,959,893	(426,999)	2,985,615
Gross profit	1,017,943	219,373	65,000	(1,496)	1,300,820
Operating expenses					
Operation and maintenance	341,758	70,401	32,308	(1,502)	442,965
Depreciation and amortization	193,642	25,997	4,193	—	223,832
Taxes, other than income	160,455	14,700	2,612	—	177,767
Asset impairments	—	—	30,270	—	30,270
Total operating expenses	695,855	111,098	69,383	(1,502)	874,834
Operating income (loss)	322,088	108,275	(4,383)	6	425,986
Miscellaneous income	16,242	4,715	657	(430)	21,184
Interest charges	115,740	31,432	4,015	(424)	150,763
Income (loss) from continuing operations before income taxes	222,590	81,558	(7,741)	—	296,407
Income tax expense (benefit)	77,885	29,143	(209)	—	106,819
Income (loss) from continuing operations	144,705	52,415	(7,532)	—	189,588
Income from discontinued operations, net of tax	18,013	—	—	—	18,013
Net income (loss)	$ 162,718	$ 52,415	$ (7,532)	$ —	$ 207,601
Capital expenditures	$ 496,899	$118,452	$ 7,614	$ —	$ 622,965

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes our revenues by products and services for the fiscal year ended September 30.

	2013	2012	2011
		(In thousands)	
Natural gas distribution revenues:			
Gas sales revenues:			
Residential	$1,512,495	$1,351,479	$1,535,887
Commercial	661,930	587,651	685,380
Industrial	81,155	71,960	96,636
Public authority and other	60,557	54,334	68,676
Total gas sales revenues	2,316,137	2,065,424	2,386,579
Transportation revenues	55,938	53,924	57,331
Other gas revenues	22,343	25,028	25,871
Total natural gas distribution revenues	2,394,418	2,144,376	2,469,781
Regulated transmission and storage revenues	89,011	92,604	87,141
Nonregulated revenues	1,402,828	1,201,503	1,729,513
Total operating revenues	$3,886,257	$3,438,483	$4,286,435

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Balance sheet information at September 30, 2013 and 2012 by segment is presented in the following tables.

	September 30, 2013				
	Natural Gas Distribution	Regulated Transmission and Storage	Nonregulated	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Property, plant and equipment, net	$4,719,873	$1,249,767	$ 61,015	$ —	$6,030,655
Investment in subsidiaries	831,136	—	(2,096)	(829,040)	—
Current assets					
Cash and cash equivalents	4,237	—	61,962	—	66,199
Assets from risk management activities	1,837	—	16,262	—	18,099
Other current assets	428,366	11,709	452,126	(293,233)	598,968
Intercompany receivables	783,738	—	—	(783,738)	—
Total current assets	1,218,178	11,709	530,350	(1,076,971)	683,266
Intangible assets	—	—	121	—	121
Goodwill	574,190	132,462	34,711	—	741,363
Noncurrent assets from risk management activities	109,354	—	—	—	109,354
Deferred charges and other assets	347,687	19,227	8,728	—	375,642
	$7,800,418	$1,413,165	$632,829	$(1,906,011)	$7,940,401
CAPITALIZATION AND LIABILITIES					
Shareholders' equity	$2,580,409	$ 396,421	$434,715	$ (831,136)	$2,580,409
Long-term debt	2,455,671	—	—	—	2,455,671
Total capitalization	5,036,080	396,421	434,715	(831,136)	5,036,080
Current liabilities					
Current maturities of long-term debt	—	—	—	—	—
Short-term debt	645,984	—	—	(278,000)	367,984
Liabilities from risk management activities	1,543	—	—	—	1,543
Other current liabilities	491,681	20,288	110,306	(13,316)	608,959
Intercompany payables	—	712,768	70,970	(783,738)	—
Total current liabilities	1,139,208	733,056	181,276	(1,075,054)	978,486
Deferred income taxes	871,360	283,554	8,960	179	1,164,053
Noncurrent liabilities from risk management activities	—	—	6,133	—	6,133
Regulatory cost of removal obligation	359,299	—	—	—	359,299
Pension and postretirement liabilities	358,787	—	—	—	358,787
Deferred credits and other liabilities	35,684	134	1,745	—	37,563
	$7,800,418	$1,413,165	$632,829	$(1,906,011)	$7,940,401

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	September 30, 2012				
	Natural Gas Distribution	Regulated Transmission and Storage	Nonregulated	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Property, plant and equipment, net	$4,432,017	$ 979,443	$ 64,144	$ —	$5,475,604
Investment in subsidiaries	747,496	—	(2,096)	(745,400)	—
Current assets					
Cash and cash equivalents	12,787	—	51,452	—	64,239
Assets from risk management activities	6,934	—	17,773	—	24,707
Other current assets	546,187	11,788	404,097	(223,056)	739,016
Intercompany receivables	636,557	—	—	(636,557)	—
Total current assets	1,202,465	11,788	473,322	(859,613)	827,962
Intangible assets	—	—	164	—	164
Goodwill	573,550	132,422	34,711	—	740,683
Noncurrent assets from risk management activities	2,283	—	—	—	2,283
Deferred charges and other assets	417,893	24,353	6,733	—	448,979
	$7,375,704	$1,148,006	$576,978	$(1,605,013)	$7,495,675
CAPITALIZATION AND LIABILITIES					
Shareholders' equity	$2,359,243	$ 328,161	$419,335	$ (747,496)	$2,359,243
Long-term debt	1,956,305	—	—	—	1,956,305
Total capitalization	4,315,548	328,161	419,335	(747,496)	4,315,548
Current liabilities					
Current maturities of long-term debt	—	—	131	—	131
Short-term debt	782,719	—	—	(211,790)	570,929
Liabilities from risk management activities	85,366	—	15	—	85,381
Other current liabilities	526,089	12,478	90,116	(9,170)	619,513
Intercompany payables	—	584,578	51,979	(636,557)	—
Total current liabilities	1,394,174	597,056	142,241	(857,517)	1,275,954
Deferred income taxes	789,288	220,647	5,148	—	1,015,083
Noncurrent liabilities from risk management activities	—	—	9,206	—	9,206
Regulatory cost of removal obligation	381,164	—	—	—	381,164
Pension and postretirement liabilities	457,196	—	—	—	457,196
Deferred credits and other liabilities	38,334	2,142	1,048	—	41,524
	$7,375,704	$1,148,006	$576,978	$(1,605,013)	$7,495,675

4. Earnings Per Share

Since we have non-vested share-based payments with a nonforfeitable right to dividends or dividend equivalents (referred to as participating securities), we are required to use the two-class method of computing earnings per share. The Company's non-vested restricted stock units, granted under the 1998 Long-Term Incentive Plan, for which vesting is predicated solely on the passage of time, are considered to be participating securities. The calculation of earnings per share using the two-class method excludes income attributable to these participating securities from the numerator and excludes the dilutive impact of those shares from the denominator.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Basic and diluted earnings per share for the fiscal years ended September 30 are calculated as follows:

	2013	2012	2011
	(In thousands, except per share data)		
Basic Earnings Per Share from continuing operations			
Income from continuing operations	$230,698	$192,196	$189,588
Less: Income from continuing operations allocated to participating securities	775	793	1,980
Income from continuing operations available to common shareholders	$229,923	$191,403	$187,608
Basic weighted average shares outstanding	90,533	90,150	90,201
Income from continuing operations per share — Basic	$ 2.54	$ 2.12	$ 2.08
Basic Earnings Per Share from discontinued operations			
Income from discontinued operations	$ 12,496	$ 24,521	$ 18,013
Less: Income from discontinued operations allocated to participating securities	42	101	188
Income from discontinued operations available to common shareholders	$ 12,454	$ 24,420	$ 17,825
Basic weighted average shares outstanding	90,533	90,150	90,201
Income from discontinued operations per share — Basic	$ 0.14	$ 0.27	$ 0.20
Net income per share — Basic	$ 2.68	$ 2.39	$ 2.28
Diluted Earnings Per Share from continuing operations			
Income from continuing operations available to common shareholders	$229,923	$191,403	$187,608
Effect of dilutive stock options and other shares	5	4	4
Income from continuing operations available to common shareholders	$229,928	$191,407	$187,612
Basic weighted average shares outstanding	90,533	90,150	90,201
Additional dilutive stock options and other shares	1,178	1,022	451
Diluted weighted average shares outstanding	91,711	91,172	90,652
Income from continuing operations per share — Diluted	$ 2.50	$ 2.10	$ 2.07
Diluted Earnings Per Share from discontinued operations			
Income from discontinued operations available to common shareholders	$ 12,454	$ 24,420	$ 17,825
Effect of dilutive stock options and other shares	—	—	—
Income from discontinued operations available to common shareholders	$ 12,454	$ 24,420	$ 17,825
Basic weighted average shares outstanding	90,533	90,150	90,201
Additional dilutive stock options and other shares	1,178	1,022	451
Diluted weighted average shares outstanding	91,711	91,172	90,652
Income from discontinued operations per share — Diluted	$ 0.14	$ 0.27	$ 0.20
Net income per share — Diluted	$ 2.64	$ 2.37	$ 2.27

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

There were no out-of-the-money options excluded from the computation of diluted earnings per share for the fiscal years ended September 30, 2013, 2012 and 2011.

5. Debt

Long-term debt

Long-term debt at September 30, 2013 and 2012 consisted of the following:

	2013	2012
	(In thousands)	
Unsecured 4.95% Senior Notes, due October 2014	$ 500,000	$ 500,000
Unsecured 6.35% Senior Notes, due 2017	250,000	250,000
Unsecured 8.50% Senior Notes, due 2019	450,000	450,000
Unsecured 5.95% Senior Notes, due 2034	200,000	200,000
Unsecured 5.50% Senior Notes, due 2041	400,000	400,000
Unsecured 4.15% Senior Notes, due 2043	500,000	—
Medium term Series A notes, 1995-1, 6.67%, due 2025	10,000	10,000
Unsecured 6.75% Debentures, due 2028	150,000	150,000
Rental property term notes due in installments through 2013	—	131
Total long-term debt	2,460,000	1,960,131
Less:		
Original issue discount on unsecured senior notes and debentures	4,329	3,695
Current maturities	—	131
	$2,455,671	$1,956,305

We issued $500 million Unsecured 4.15% Senior Notes on January 11, 2013. The effective rate of these notes is 4.67%, after giving effect to offering costs and the settlement of the associated Treasury lock agreements discussed in Note 12. Of the net proceeds of approximately $494 million, $234 million was used to partially repay our commercial paper borrowings and for general corporate purposes. The remaining $260 million was used to repay a short-term financing facility that was scheduled to mature on February 1, 2013. This facility was executed on September 27, 2012, with interest rates at a LIBOR based rate plus a company specific spread, to repay commercial paper borrowings that were used to redeem our $250 million Unsecured 5.125% Senior Notes were scheduled to mature in January 2013.

Short-term debt

Our short-term debt is utilized to fund ongoing working capital needs, such as our seasonal requirements for gas supply, general corporate liquidity and capital expenditures. Our short-term borrowings typically reach their highest levels in the winter months.

We currently finance our short-term borrowing requirements through a combination of a $950 million commercial paper program, four committed revolving credit facilities and one uncommitted revolving credit facility, with a total availability from third-party lenders of approximately $1 billion of working capital funding. At September 30, 2013 and 2012, there was $368.0 million and $310.9 million outstanding under our commercial paper program with weighted average interest rates of 0.25% and 0.48%, with average maturities of less than one month. We also use intercompany credit facilities to supplement the funding provided by these third-party committed credit facilities. These facilities are described in greater detail below.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Regulated Operations

We fund our regulated operations as needed, primarily through our commercial paper program and three committed revolving credit facilities with third-party lenders that provide approximately $985 million of working capital funding. The first facility is a five-year unsecured facility that was amended on December 7, 2012 to increase the borrowing capacity from $750 million to $950 million with an accordion feature, which, if utilized would increase the borrowing capacity to $1.2 billion. On August 22, 2013 the terms of the facility were amended to extend the expiration date from May 2016 to August 2018. The credit facility bears interest at a base rate or at a LIBOR-based rate for the applicable interest period, plus a spread ranging from zero percent to two percent, based on the Company's credit ratings. This credit facility serves as a backup liquidity facility for our commercial paper program. At September 30, 2013, there were no borrowings under this facility, but we had $368.0 million of commercial paper outstanding leaving $582.0 million available.

The second facility is a $25 million unsecured facility that bears interest at a daily negotiated rate, generally based on the Federal Funds rate plus a variable margin. This facility was renewed on April 1, 2013. At September 30, 2013, there were no borrowings outstanding under this facility.

The third facility which was renewed on September 30, 2013 for $10 million is a committed revolving credit facility used primarily to issue letters of credit that bears interest at a LIBOR-based rate plus 1.5 percent. At September 30, 2013, there were no borrowings outstanding under this credit facility; however, letters of credit totaling $5.9 million had been issued under the facility at September 30, 2013, which reduced the amount available by a corresponding amount.

The availability of funds under these credit facilities is subject to conditions specified in the respective credit agreements, all of which we currently satisfy. These conditions include our compliance with financial covenants and the continued accuracy of representations and warranties contained in these agreements. We are required by the financial covenants in each of these facilities to maintain, at the end of each fiscal quarter, a ratio of total debt to total capitalization of no greater than 70 percent. At September 30, 2013, our total-debt-to-total-capitalization ratio, as defined, was 54 percent. In addition, both the interest margin over the Eurodollar rate and the fee that we pay on unused amounts under each of these facilities are subject to adjustment depending upon our credit ratings.

In addition to these third-party facilities, our regulated operations have a $500 million intercompany revolving credit facility with AEH. This facility bears interest at the lower of (i) the Eurodollar rate under the five-year revolving credit facility or (ii) the lowest rate outstanding under the commercial paper program. Applicable state regulatory commissions have approved our use of this facility through December 31, 2013. There was $278.0 million outstanding under this facility at September 30, 2013.

Nonregulated Operations

Prior to December 5, 2012, Atmos Energy Marketing, LLC (AEM), which is wholly-owned by AEH, had a three-year $200 million committed revolving credit facility, expiring in December 2014, with a syndicate of third-party lenders with an accordion feature that could increase AEM's borrowing capacity to $500 million. The credit facility was primarily used to issue letters of credit and, on a less frequent basis, to borrow funds for gas purchases and other working capital needs. This facility was collateralized by substantially all of the assets of AEM and was guaranteed by AEH. AEM terminated the committed revolving credit facility on December 5, 2012, to reduce external credit expense. AEM incurred no penalties in connection with the termination. This facility was replaced with two $25 million, 364-day bilateral credit facilities, one of which is a committed facility. These facilities are used primarily to issue letters of credit. Due to outstanding letters of credit, the total amount available to us under these bilateral credit facilities was $37.4 million at September 30, 2013.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

AEH has a $500 million intercompany demand credit facility with AEC. This facility bears interest at a rate equal to the greater of (i) the one-month LIBOR rate plus 3.00 percent or (ii) the rate for AEM's borrowings under its committed line of credit facility plus 0.75 percent. Applicable state regulatory commissions have approved our use of this facility through December 31, 2013. There were no borrowings outstanding under this facility at September 30, 2013.

Shelf Registration

On March 28, 2013, we filed a registration statement with the Securities and Exchange Commission (SEC) to issue, from time to time, up to $1.75 billion in common stock and/or debt securities available for issuance, which replaced our registration statement that expired on March 31, 2013. As of September 30, 2013, $1.75 billion was available under the shelf registration statement.

Debt Covenants

In addition to the financial covenants described above, our credit facilities and public indentures contain usual and customary covenants for our business, including covenants substantially limiting liens, substantial asset sales and mergers.

Additionally, our public debt indentures relating to our senior notes and debentures, as well as our revolving credit agreements, each contain a default provision that is triggered if outstanding indebtedness arising out of any other credit agreements in amounts ranging from in excess of $15 million to in excess of $100 million becomes due by acceleration or is not paid at maturity.

We were in compliance with all of our debt covenants as of September 30, 2013. If we were unable to comply with our debt covenants, we would likely be required to repay our outstanding balances on demand, provide additional collateral or take other corrective actions.

Maturities of long-term debt at September 30, 2013 were as follows (in thousands):

2014	$ —
2015	500,000
2016	—
2017	250,000
2018	—
Thereafter	1,710,000
	$2,460,000

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Retirement and Post-Retirement Employee Benefit Plans

We have both funded and unfunded noncontributory defined benefit plans that together cover most of our employees. We also maintain post-retirement plans that provide health care benefits to retired employees. Finally, we sponsor defined contribution plans that cover substantially all employees. These plans are discussed in further detail below.

As a rate regulated entity, we generally recover our pension costs in our rates over a period of up to 15 years. The amounts that have not yet been recognized in net periodic pension cost that have been recorded as regulatory assets are as follows:

	Defined Benefits Plans	Supplemental Executive Retirement Plans	Postretirement Plans	Total
		(In thousands)		
September 30, 2013				
Unrecognized transition obligation	$ —	$ —	$ 628	$ 628
Unrecognized prior service credit	(91)	—	(5,961)	(6,052)
Unrecognized actuarial loss	108,621	31,466	35,961	176,048
	$108,530	$31,466	$30,628	$170,624
September 30, 2012				
Unrecognized transition obligation	$ —	$ —	$ 1,709	$ 1,709
Unrecognized prior service credit	(232)	—	(7,411)	(7,643)
Unrecognized actuarial loss	187,050	43,995	63,402	294,447
	$186,818	$43,995	$57,700	$288,513

Defined Benefit Plans

Employee Pension Plans

As of September 30, 2013, we maintained two defined benefit plans: the Atmos Energy Corporation Pension Account Plan (the Plan) and the Atmos Energy Corporation Retirement Plan for Mississippi Valley Gas Union Employees (the Union Plan) (collectively referred to as the Plans). The assets of the Plans are held within the Atmos Energy Corporation Master Retirement Trust (the Master Trust).

The Plan is a cash balance pension plan that was established effective January 1999 and covers most of the employees of Atmos Energy's regulated operations. Opening account balances were established for participants as of January 1999 equal to the present value of their respective accrued benefits under the pension plans which were previously in effect as of December 31, 1998. The Plan credits an allocation to each participant's account at the end of each year according to a formula based on the participant's age, service and total pay (excluding incentive pay).

The Plan also provides for an additional annual allocation based upon a participant's age as of January 1, 1999 for those participants who were participants in the prior pension plans. The Plan credited this additional allocation each year through December 31, 2008. In addition, at the end of each year, a participant's account is credited with interest on the employee's prior year account balance. A special grandfather benefit also applied through December 31, 2008, for participants who were at least age 50 as of January 1, 1999 and who were participants in one of the prior plans on December 31, 1998. Participants are fully vested in their account balances after three years of service and may choose to receive their account balances as a lump sum or an annuity. In August 2010, the Board of Directors of Atmos Energy approved a proposal to close the Plan to new participants effective October 1, 2010. Additionally, employees participating in the Plan as of October 1, 2010 were allowed to make a one-time election to migrate from the Plan into our defined contribution plan, which was enhanced, effective January 1, 2011.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Union Plan is a defined benefit plan that covers substantially all full-time union employees in our Mississippi Division. Under this plan, benefits are based upon years of benefit service and average final earnings. Participants vest in the plan after five years and will receive their benefit in an annuity.

Generally, our funding policy is to contribute annually an amount in accordance with the requirements of the Employee Retirement Income Security Act of 1974, including the funding requirements under the Pension Protection Act of 2006 (PPA). However, additional voluntary contributions are made from time to time as considered necessary. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

During fiscal 2013 and 2012 we contributed $32.7 million and $46.5 million in cash to the Plans to achieve a desired level of funding while maximizing the tax deductibility of this payment. Based upon market conditions subsequent to September 30, 2013, the current funded position of the Plans and the new funding requirements under the PPA, we anticipate contributing between $15 million and $25 million to the Plans in fiscal 2014. Further, we will consider whether an additional voluntary contribution is prudent to maintain certain PPA funding thresholds.

We manage the Master Trust's assets with the objective of achieving a rate of return net of inflation of approximately four percent per year. We make investment decisions and evaluate performance on a medium-term horizon of at least three to five years. We also consider our current financial status when making recommendations and decisions regarding the Master Trust's assets. Finally, we strive to ensure the Master Trust's assets are appropriately invested to maintain an acceptable level of risk and meet the Master Trust's long-term asset investment policy adopted by the Board of Directors.

To achieve these objectives, we invest the Master Trust's assets in equity securities, fixed income securities, interests in commingled pension trust funds, other investment assets and cash and cash equivalents. Investments in equity securities are diversified among the market's various subsectors in an effort to diversify risk and maximize returns. Fixed income securities are invested in investment grade securities. Cash equivalents are invested in securities that either are short term (less than 180 days) or readily convertible to cash with modest risk.

The following table presents asset allocation information for the Master Trust as of September 30, 2013 and 2012.

Security Class	Targeted Allocation Range	Actual Allocation September 30 2013	Actual Allocation September 30 2012
Domestic equities	35%-55%	46.5%	42.6%
International equities	10%-20%	16.1%	13.9%
Fixed income	10%-30%	14.9%	18.6%
Company stock	5%-15%	12.6%	12.0%
Other assets	5%-15%	9.9%	12.9%

At September 30, 2013 and 2012, the Plan held 1,169,700 shares of our common stock, which represented 12.6 percent and 12.0 percent of total Master Trust assets. These shares generated dividend income for the Plan of approximately $1.6 million and $1.6 million during fiscal 2013 and 2012.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Our employee pension plan expenses and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets and assumed discount rates and demographic data. We review the estimates and assumptions underlying our employee pension plans annually based upon a September 30 measurement date. The development of our assumptions is fully described in our significant accounting policies in Note 2. The actuarial assumptions used to determine the pension liability for the Plans were determined as of September 30, 2013 and 2012 and the actuarial assumptions used to determine the net periodic pension cost for the Plans were determined as of September 30, 2012, 2011 and 2010. These assumptions are presented in the following table:

	Pension Liability		Pension Cost		
	2013	2012	2013	2012	2011
Discount rate	4.95%	4.04%	4.04%	5.05%	5.39%(1)
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%	4.00%
Expected return on plan assets	7.25%	7.75%	7.75%	7.75%	8.25%

(1) The discount rate for the Pension Account Plan increased from 5.39% to 5.68% effective January 1, 2011 due to a curtailment gain recorded in fiscal 2011.

The following table presents the Plans' accumulated benefit obligation, projected benefit obligation and funded status as of September 30, 2013 and 2012:

	2013	2012
	(In thousands)	
Accumulated benefit obligation	$446,133	$ 468,440
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$480,031	$ 429,432
Service cost	17,754	15,084
Interest cost	19,334	21,568
Actuarial (gain) loss	(29,822)	46,197
Benefits paid	(25,073)	(24,553)
Divestitures	(6,425)	(7,697)
Benefit obligation at end of year	455,799	480,031
Change in plan assets:		
Fair value of plan assets at beginning of year	343,144	280,204
Actual return on plan assets	52,496	48,656
Employer contributions	32,745	46,534
Benefits paid	(25,073)	(24,553)
Divestitures	(6,425)	(7,697)
Fair value of plan assets at end of year	396,887	343,144
Reconciliation:		
Funded status	(58,912)	(136,887)
Unrecognized prior service cost	—	—
Unrecognized net loss	—	—
Net amount recognized	$ (58,912)	$(136,887)

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net periodic pension cost for the Plans for fiscal 2013, 2012 and 2011 is recorded as operating expense and included the following components:

	Fiscal Year Ended September 30		
	2013	2012	2011
		(In thousands)	
Components of net periodic pension cost:			
Service cost	$ 17,754	$ 15,084	$ 14,384
Interest cost	19,334	21,568	22,264
Expected return on assets	(22,955)	(21,474)	(24,817)
Amortization of prior service credit	(141)	(141)	(429)
Recognized actuarial loss	19,066	14,451	9,498
Curtailment gain	—	—	(40)
Net periodic pension cost	$ 33,058	$ 29,488	$ 20,860

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of September 30, 2013 and 2012. As required by authoritative accounting literature, assets are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement. The methods used to determine fair value for the assets held by the Master Trust are fully described in Note 2. Assets at September 30, 2012 include $7.7 million that were transferred to the purchaser of our Missouri, Illinois and Iowa operations during the first quarter of fiscal 2013. In addition to the assets shown below, the Master Trust had net accounts receivable of $0.4 million and $0.5 million at September 30, 2013 and 2012 which materially approximates fair value due to the short-term nature of these assets.

	Assets at Fair Value as of September 30, 2013			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Investments:				
Common stocks — domestic equities	$143,543	$ —	$ —	$143,543
Money market funds	—	12,266	—	12,266
Registered investment companies:				
Domestic funds	30,200	—	—	30,200
International funds	47,036	—	—	47,036
Common/collective trusts — domestic funds	—	57,627	—	57,627
Government securities:				
Mortgage-backed securities	—	18,446	—	18,446
U.S. treasuries	4,117	663	—	4,780
Corporate bonds	—	35,012	—	35,012
Limited partnerships	—	47,417	—	47,417
Real estate	—	—	155	155
Total investments at fair value	$224,896	$171,431	$155	$396,482

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Assets at Fair Value as of September 30, 2012			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Investments:				
Common stocks — domestic equities	$114,799	$ —	$ —	$114,799
Money market funds	—	21,010	—	21,010
Registered investment companies:				
Domestic funds	19,984	—	—	19,984
International funds	36,714	—	—	36,714
Common/collective trusts — domestic funds	—	52,155	—	52,155
Government securities				
Mortgage-backed securities	—	19,509	—	19,509
U.S. treasuries	7,597	487	—	8,084
Corporate bonds	—	35,960	—	35,960
Limited partnerships	140	41,786	—	41,926
Real estate	—	—	155	155
Total investments at fair value	$179,234	$170,907	$155	$350,296

The fair value of our Level 3 real estate assets was determined using a real estate appraisal obtained from an independent third party that consisted of several unobservable inputs such as comparable land sales values per square foot in the range of $0.94 to $2.98 and comparable building sales values per square foot in the range of $23.13 to $30.42.

Supplemental Executive Retirement Plans

We have three nonqualified supplemental plans which provide additional pension, disability and death benefits to our officers, division presidents and certain other employees of the Company.

The first plan is referred to as the Supplemental Executive Benefits Plan (SEBP) and covers our officers, division presidents and certain other employees of the Company who were employed on or before August 12, 1998. The SEBP is a defined benefit arrangement which provides a benefit equal to 75 percent of covered compensation under which benefits paid from the underlying qualified defined benefit plan are an offset to the benefits under the SEBP.

In August 1998, we adopted the Supplemental Executive Retirement Plan (SERP) (formerly known as the Performance-Based Supplemental Executive Benefits Plan), which covers all officers or division presidents selected to participate in the plan between August 12, 1998 and August 5, 2009, any corporate officer who may be appointed to the Management Committee after August 5, 2009 and any other employees selected by our Board of Directors at its discretion. The SERP is a defined benefit arrangement which provides a benefit equal to 60 percent of covered compensation under which benefits paid from the underlying qualified defined benefit plan are an offset to the benefits under the SERP.

Effective August 5, 2009, we adopted a new defined benefit Supplemental Executive Retirement Plan (the 2009 SERP), for corporate officers (other than such officer who is appointed as a member of the Company's Management Committee), division presidents or any other employees selected at the discretion of the Board. Under the 2009 SERP, a nominal account has been established for each participant, to which the Company contributes at the end of each calendar year an amount equal to ten percent of the total of each participant's base salary and cash incentive compensation earned during each prior calendar year, beginning December 31, 2009. The benefits vest after three years of service and attainment of age 55 and earn interest credits at the same annual rate as the Company's Pension Account Plan (currently 4.69%).

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On April 1, 2013, due to the retirement of certain executives, we recognized a settlement loss of $3.2 million associated with the supplemental plans and revalued the net periodic pension cost for the remainder of fiscal 2013. The revaluation of the net periodic pension cost resulted in an increase in the discount rate, effective April 1, 2013, to 4.21 percent, which reduced our net periodic pension cost by approximately $0.1 million for the remainder of the fiscal year.

On October 2, 2013, due to the retirement of one of our executives, we recognized a settlement loss of $4.5 million associated with our Supplemental Executive Benefits Plan. In association with the retirement, on October 2, 2013, we made a $16.8 million benefit payment from the SEBP.

Similar to our employee pension plans, we review the estimates and assumptions underlying our supplemental plans annually based upon a September 30 measurement date using the same techniques as our employee pension plans. The actuarial assumptions used to determine the pension liability for the supplemental plans were determined as of September 30, 2013 and 2012 and the actuarial assumptions used to determine the net periodic pension cost for the supplemental plans were determined as of September 30, 2012, 2011 and 2010. These assumptions are presented in the following table:

	Pension Liability		Pension Cost		
	2013	2012	2013	2012	2011
Discount rate	4.95%	4.04%	4.04%[1]	5.05%	5.39%
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%	4.00%

(1) The discount rate for the supplemental plans increased from 4.04% to 4.21% effective April 1, 2013 due to a settlement loss recorded in fiscal 2013.

The following table presents the supplemental plans' accumulated benefit obligation, projected benefit obligation and funded status as of September 30, 2013 and 2012:

	2013	2012
	(In thousands)	
Accumulated benefit obligation	$ 109,817	$ 121,815
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 130,186	$ 112,115
Service cost	3,039	2,108
Interest cost	4,755	5,142
Actuarial (gain) loss	(6,451)	15,459
Benefits paid	(4,375)	(4,638)
Settlements	(10,074)	—
Benefit obligation at end of year	117,080	130,186
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Employer contribution	14,449	4,638
Benefits paid	(4,375)	(4,638)
Settlements	(10,074)	—
Fair value of plan assets at end of year	—	—
Reconciliation:		
Funded status	(117,080)	(130,186)
Unrecognized prior service cost	—	—
Unrecognized net loss	—	—
Accrued pension cost	$(117,080)	$(130,186)

Assets for the supplemental plans are held in separate rabbi trusts. At September 30, 2013 and 2012, assets held in the rabbi trusts consisted of available-for-sale securities of $44.5 million and $41.8 million, which are included in our fair value disclosures in Note 14.

Net periodic pension cost for the supplemental plans for fiscal 2013, 2012 and 2011 is recorded as operating expense and included the following components:

	Fiscal Year Ended September 30		
	2013	2012	2011
	(In thousands)		
Components of net periodic pension cost:			
Service cost	$ 3,039	$2,108	$ 2,768
Interest cost	4,755	5,142	5,825
Amortization of transition asset	—	—	—
Amortization of prior service cost	—	—	—
Recognized actuarial loss	2,918	2,118	2,239
Settlements	3,160	—	—
Net periodic pension cost	$13,872	$9,368	$10,832

Estimated Future Benefit Payments

The following benefit payments for our defined benefit plans, which reflect expected future service, as appropriate, are expected to be paid in the following fiscal years:

	Pension Plans	Supplemental Plans
	(In thousands)	
2014	$ 40,640	$22,940
2015	36,230	6,363
2016	34,752	6,226
2017	33,612	6,440
2018	33,273	6,913
2019-2023	156,367	34,260

Postretirement Benefits

We sponsor the Retiree Medical Plan for Retirees and Disabled Employees of Atmos Energy Corporation (the Atmos Retiree Medical Plan). This plan provides medical and prescription drug protection to all qualified participants based on their date of retirement. The Atmos Retiree Medical Plan provides different levels of benefits depending on the level of coverage chosen by the participants and the terms of predecessor plans; however, we generally pay 80 percent of the projected net claims and administrative costs and participants pay the remaining 20 percent of this cost.

As of September 30, 2009, the Board of Directors approved a change to the cost sharing methodology for employees who had not met the participation requirements by that date for the Atmos Retiree Medical Plan. Starting on January 1, 2015, the contribution rates that will apply to all non-grandfathered participants will be determined using a new cost sharing methodology by which Atmos Energy will limit its contribution to a three percent cost increase in claims and administrative costs each year. If medical costs covered by the Atmos Retiree Medical Plan increase more than three percent annually, participants will be responsible for the additional costs.

Generally, our funding policy is to contribute annually an amount in accordance with the requirements of ERISA. However, additional voluntary contributions are made annually as considered necessary. Contributions

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. We expect to contribute between $25 million and $30 million to our postretirement benefits plan during fiscal 2014.

We maintain a formal investment policy with respect to the assets in our postretirement benefits plan to ensure the assets funding the postretirement benefit plan are appropriately invested to maintain an acceptable level of risk. We also consider our current financial status when making recommendations and decisions regarding the postretirement benefits plan.

We currently invest the assets funding our postretirement benefit plan in diversified investment funds which consist of common stocks, preferred stocks and fixed income securities. The diversified investment funds may invest up to 75 percent of assets in common stocks and convertible securities. The following table presents asset allocation information for the postretirement benefit plan assets as of September 30, 2013 and 2012.

	Actual Allocation September 30	
Security Class	**2013**	**2012**
Diversified investment funds	96.8%	97.0%
Cash and cash equivalents	3.2%	3.0%

Similar to our employee pension and supplemental plans, we review the estimates and assumptions underlying our postretirement benefit plan annually based upon a September 30 measurement date using the same techniques as our employee pension plans. The actuarial assumptions used to determine the pension liability for our postretirement plan were determined as of September 30, 2013 and 2012 and the actuarial assumptions used to determine the net periodic pension cost for the postretirement plan were determined as of September 30, 2012, 2011 and 2010. The assumptions are presented in the following table:

	Postretirement Liability		Postretirement Cost		
	2013	**2012**	**2013**	**2012**	**2011**
Discount rate	4.95%	4.04%	4.04%	5.05%	5.39%
Expected return on plan assets	4.60%	4.70%	4.70%	5.00%	5.00%
Initial trend rate	8.00%	8.00%	8.00%	8.00%	8.00%
Ultimate trend rate	5.00%	5.00%	5.00%	5.00%	5.00%
Ultimate trend reached in	2020	2019	2019	2018	2016

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table presents the postretirement plan's benefit obligation and funded status as of September 30, 2013 and 2012:

	2013	2012
	(In thousands)	
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 308,315	$ 263,694
Service cost	18,800	16,353
Interest cost	12,964	13,861
Plan participants' contributions	3,815	3,649
Actuarial (gain) loss	(13,801)	28,815
Benefits paid	(14,458)	(13,197)
Divestitures	(3,487)	(4,860)
Benefit obligation at end of year	312,148	308,315
Change in plan assets:		
Fair value of plan assets at beginning of year	77,072	53,065
Actual return on plan assets	13,432	12,912
Employer contributions	26,552	22,139
Plan participants' contributions	3,815	3,649
Benefits paid	(14,458)	(13,197)
Divestitures	—	(1,496)
Fair value of plan assets at end of year	106,413	77,072
Reconciliation:		
Funded status	(205,735)	(231,243)
Unrecognized transition obligation	—	—
Unrecognized prior service cost	—	—
Unrecognized net loss	—	—
Accrued postretirement cost	$(205,735)	$(231,243)

Net periodic postretirement cost for fiscal 2013, 2012 and 2011 is recorded as operating expense and included the components presented below.

	Fiscal Year Ended September 30		
	2013	2012	2011
	(In thousands)		
Components of net periodic postretirement cost:			
Service cost	$18,800	$16,353	$14,403
Interest cost	12,964	13,861	12,813
Expected return on assets	(3,988)	(2,607)	(2,727)
Amortization of transition obligation	1,081	1,511	1,511
Amortization of prior service credit	(1,450)	(1,450)	(1,450)
Recognized actuarial loss	4,196	2,648	347
Net periodic postretirement cost	$31,603	$30,316	$24,897

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assumed health care cost trend rates have a significant effect on the amounts reported for the plan. A one-percentage point change in assumed health care cost trend rates would have the following effects on the latest actuarial calculations:

	One-Percentage Point Increase	One-Percentage Point Decrease
	(In thousands)	
Effect on total service and interest cost components	$ 4,399	$ (3,682)
Effect on postretirement benefit obligation	$36,680	$(30,940)

We are currently recovering other postretirement benefits costs through our regulated rates under accrual accounting as prescribed by accounting principles generally accepted in the United States in substantially all of our service areas. Other postretirement benefits costs have been specifically addressed in rate orders in each jurisdiction served by our Kentucky/Mid-States, West Texas, Mid-Tex and Mississippi Divisions as well as our Kansas jurisdiction and Atmos Pipeline – Texas or have been included in a rate case and not disallowed. Management believes that this accounting method is appropriate and will continue to seek rate recovery of accrual-based expenses in its ratemaking jurisdictions that have not yet approved the recovery of these expenses.

The following tables set forth by level, within the fair value hierarchy, the Retiree Medical Plan's assets at fair value as of September 30, 2013 and 2012. The methods used to determine fair value for the assets held by the Retiree Medical Plan are fully described in Note 2. Assets at September 30, 2012 include $1.5 million that were transferred to the purchaser of our Missouri, Illinois and Iowa operations during the first quarter of fiscal 2013.

	Assets at Fair Value as of September 30, 2013			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Investments:				
Money market funds	$ —	$3,356	$—	$ 3,356
Registered investment companies:				
Domestic funds	9,614	—	—	9,614
International funds	93,443	—	—	93,443
Total investments at fair value	$103,057	$3,356	$—	$106,413

	Assets at Fair Value as of September 30, 2012			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Investments:				
Money market funds	$ —	$2,360	$—	$ 2,360
Registered investment companies:				
Domestic funds	7,756	—	—	7,756
International funds	68,452	—	—	68,452
Total investments at fair value	$76,208	$2,360	$—	$78,568

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Estimated Future Benefit Payments

The following benefit payments paid by us, retirees and prescription drug subsidy payments for our post-retirement benefit plans, which reflect expected future service, as appropriate, are expected to be paid in the following fiscal years:

	Company Payments	Retiree Payments	Subsidy Payments	Total Postretirement Benefits
		(In thousands)		
2014	$ 25,547	$ 3,899	$—	$ 29,446
2015	16,628	4,915	—	21,543
2016	19,260	6,049	—	25,309
2017	21,216	7,304	—	28,520
2018	22,550	8,677	—	31,227
2019-2023	116,617	58,595	—	175,212

Defined Contribution Plans

As of September 30, 2013, we maintained three defined contribution benefit plans: the Atmos Energy Corporation Retirement Savings Plan and Trust (the Retirement Savings Plan), the Atmos Energy Corporation Savings Plan for MVG Union Employees (the Union 401K Plan) and the Atmos Energy Holdings, LLC 401K Profit-Sharing Plan (the AEH 401K Profit-Sharing Plan).

The Retirement Savings Plan covers substantially all employees in our regulated operations and is subject to the provisions of Section 401(k) of the Internal Revenue Code. Effective January 1, 2007, employees automatically become participants of the Retirement Savings Plan on the date of employment. Participants may elect a salary reduction up to a maximum of 65 percent of eligible compensation, as defined by the Plan, not to exceed the maximum allowed by the Internal Revenue Service. New participants are automatically enrolled in the Plan at a salary reduction amount of four percent of eligible compensation, from which they may opt out. We match 100 percent of a participant's contributions, limited to four percent of the participant's salary, in our common stock. However, participants have the option to immediately transfer this matching contribution into other funds held within the plan. Participants are eligible to receive matching contributions after completing one year of service. Participants are also permitted to take out loans against their accounts subject to certain restrictions. In August 2010, the Board of Directors of Atmos Energy approved a proposal to close the Pension Account Plan to new participants effective October 1, 2010. New employees participate in our defined contribution plan, which was enhanced, effective January 1, 2011. Employees participating in the Pension Account Plan as of October 1, 2010 were allowed to make a one-time election to migrate from the Plan into the Retirement Savings Plan, effective January 1, 2011. Under the enhanced plan, participants receive a fixed annual contribution of four percent of eligible earnings to their Retirement Savings Plan account. Participants will continue to be eligible for company matching contributions of up to four percent of their eligible earnings and will be fully vested in the fixed annual contribution after three years of service.

The Union 401K Plan covers substantially all Mississippi Division employees who are members of the International Chemical Workers Union Council, United Food and Commercial Workers Union International (the Union) and is subject to the provisions of Section 401(k) of the Internal Revenue Code. Employees of the Union automatically become participants of the Union 401K plan on the date of union membership. We match 50 percent of a participant's contribution in cash, limited to six percent of the participant's eligible contribution. Participants are also permitted to take out loans against their accounts subject to certain restrictions.

Matching contributions to the Retirement Savings Plan and the Union 401K Plan are expensed as incurred and amounted to $10.4 million, $10.5 million, and $10.2 million for fiscal years 2013, 2012 and 2011. The Board of Directors may also approve discretionary contributions, subject to the provisions of the Internal Revenue Code and applicable Treasury regulations. No discretionary contributions were made for fiscal years 2013, 2012 or 2011. At September 30, 2013 and 2012, the Retirement Savings Plan held 4.9 percent and 4.9 percent of our outstanding common stock.

The AEH 401K Profit-Sharing Plan covers substantially all AEH employees and is subject to the provisions of Section 401(k) of the Internal Revenue Code. Participants may elect a salary reduction up to a maximum of 75 percent of eligible compensation, as defined by the Plan, not to exceed the maximum allowed by the Internal Revenue Service. The Company may elect to make safe harbor contributions up to four percent of the employee's salary which vest immediately. The Company may also make discretionary profit sharing contributions to the AEH 401K Profit-Sharing Plan. Participants become fully vested in the discretionary profit-sharing contributions after three years of service. Participants are also permitted to take out loans against their accounts subject to certain restrictions. Discretionary contributions to the AEH 401K Profit-Sharing Plan are expensed as incurred and amounted to $1.1 million, $1.2 million and $1.3 million for fiscal years 2013, 2012 and 2011.

7. Stock and Other Compensation Plans

Share Repurchase Agreement

On, July 1, 2010, we entered into an accelerated share repurchase agreement with Goldman Sachs & Co. under which we repurchased $100 million of our outstanding common stock in order to offset stock grants made under our various employee and director incentive compensation plans. We paid $100 million to Goldman Sachs & Co. on July 7, 2010 in a share forward transaction and received 2,958,580 shares of Atmos Energy common stock. On March 4, 2011, we received and retired an additional 375,468 common shares which concluded our share repurchase agreement. In total, we received and retired 3,334,048 common shares under the repurchase agreement. The final number of shares we ultimately repurchased in the transaction was based generally on the average of the effective share repurchase price of our common stock over the duration of the agreement, which was $29.99. As a result of this transaction, beginning in our fourth quarter of fiscal 2010, the number of outstanding shares used to calculate our earnings per share was reduced by the number of shares received and the $100 million purchase price was recorded as a reduction in shareholders' equity.

Share Repurchase Program

On September 28, 2011 our Board of Directors approved a program authorizing the repurchase of up to five million shares of common stock over a 5-year period. The program is primarily intended to minimize the dilutive effect of equity grants under various benefit related incentive compensation plans of the Company. The program may be terminated or limited at any time. Shares may be repurchased in the open market or in privately negotiated transactions in amounts the Company deems appropriate. As of September 30, 2013, a total of 387,991 shares had been repurchased for an aggregate value of $12.5 million.

Stock-Based Compensation Plans

Total stock-based compensation expense was $17.8 million, $19.2 million and $11.6 million for the fiscal years ended September 30, 2013, 2012 and 2011, primarily related to restricted stock costs.

1998 Long-Term Incentive Plan

In August 1998, the Board of Directors approved and adopted the 1998 Long-Term Incentive Plan (LTIP), which became effective in October 1998 after approval by our shareholders. The LTIP is a comprehensive, long-term incentive compensation plan providing for discretionary awards of incentive stock options, non-qualified stock options, stock appreciation rights, bonus stock, time-lapse restricted stock, time-lapse restricted stock units, performance-based restricted stock units and stock units to certain employees and non-employee directors of the Company and our subsidiaries. The objectives of this plan include attracting and retaining the best personnel, providing for additional performance incentives and promoting our success by providing employees with the opportunity to acquire common stock.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As of September 30, 2013, we were authorized to grant awards for up to a maximum of 8.7 million shares of common stock under this plan subject to certain adjustment provisions. As of September 30, 2013, non-qualified stock options, bonus stock, time-lapse restricted stock, time-lapse restricted stock units, performance-based restricted stock units and stock units had been issued under this plan, and 1,403,439 shares were available for future issuance. The option price of the stock options issued under this plan is equal to the market price of our stock at the date of grant. These stock options expire 10 years from the date of the grant and vest annually over a service period ranging from one to three years. However, no stock options have been granted under this plan since fiscal 2003, except for a limited number of options that were converted from bonuses paid under our Annual Incentive Plan, the last of which occurred in fiscal 2006. We had 7,930 stock options outstanding at September 30, 2013 at a $25.96 weighted average exercise price that are currently vested and expire in November 2014.

Restricted Stock Grants

As noted above, the LTIP provides for discretionary awards of restricted stock units to help attract, retain and reward employees of Atmos Energy and its subsidiaries. Certain of these awards vest based upon the passage of time and other awards vest based upon the passage of time and the achievement of specified performance targets. The fair value of the awards granted is based on the market price of our stock at the date of grant. The associated expense is recognized ratably over the vesting period.

Employees who are granted time-lapse restricted stock units under our LTIP have a nonforfeitable right to dividend equivalents that are paid at the same rate at which they are paid on shares of stock without restrictions. Time-lapse restricted stock units contain only a service condition that the employee recipients render continuous services to the Company for a period of three years from the date of grant, except for accelerated vesting in the event of death, disability, change of control of the Company or termination without cause (with certain exceptions). There are no performance conditions required to be met for employees to be vested in time-lapse restricted stock units.

Employees who are granted performance-based restricted stock units under our LTIP have a forfeitable right to dividend equivalents that accrue at the same rate at which they are paid on shares of stock without restrictions. Dividend equivalents on the performance-based restricted stock units are paid in the form of shares upon the vesting of the award. Performance-based restricted stock units contain a service condition that the employee recipients render continuous services to the Company for a period of three years from the date of grant, except for accelerated vesting in the event of death, disability, change of control of the Company or termination without cause (with certain exceptions) and a performance condition based on a cumulative earnings per share target amount.

The following summarizes information regarding the restricted stock issued under the plan during the fiscal years ended September 30, 2013, 2012 and 2011:

	2013		2012		2011	
	Number of Restricted Shares	Weighted Average Grant-Date Fair Value	Number of Restricted Shares	Weighted Average Grant-Date Fair Value	Number of Restricted Shares	Weighted Average Grant-Date Fair Value
Nonvested at beginning of year	1,262,582	$32.46	1,264,142	$29.56	1,293,960	$27.28
Granted	473,775	40.48	532,711	33.44	491,345	33.10
Vested	(657,795)	32.20	(494,308)	26.32	(464,321)	27.21
Forfeited	(25,718)	33.42	(39,963)	29.83	(56,842)	27.56
Nonvested at end of year	1,052,844	$36.20	1,262,582	$32.46	1,264,142	$29.56

As of September 30, 2013, there was $5.1 million of total unrecognized compensation cost related to non-vested time-lapse restricted stock units granted under the LTIP. That cost is expected to be recognized over a weighted-average period of 1.6 years. The fair value of restricted stock vested during the fiscal years ended September 30, 2013, 2012 and 2011 was $21.2 million, $13.0 million and $12.6 million.

Other Plans

Direct Stock Purchase Plan

We maintain a Direct Stock Purchase Plan, open to all investors, which allows participants to have all or part of their cash dividends paid quarterly in additional shares of our common stock. The minimum initial investment required to join the plan is $1,250. Direct Stock Purchase Plan participants may purchase additional shares of our common stock as often as weekly with voluntary cash payments of at least $25, up to an annual maximum of $100,000.

Outside Directors Stock-For-Fee Plan

In November 1994, the Board of Directors adopted the Outside Directors Stock-for-Fee Plan, which was approved by our shareholders in February 1995. The plan permits non-employee directors to receive all or part of their annual retainer and meeting fees in stock rather than in cash.

Equity Incentive and Deferred Compensation Plan for Non-Employee Directors

In November 1998, the Board of Directors adopted the Equity Incentive and Deferred Compensation Plan for Non-Employee Directors, which was approved by our shareholders in February 1999. This plan amended the Atmos Energy Corporation Deferred Compensation Plan for Outside Directors adopted by the Company in May 1990 and replaced the pension payable under our Retirement Plan for Non-Employee Directors. The plan provides non-employee directors of Atmos Energy with the opportunity to defer receipt, until retirement, of compensation for services rendered to the Company, invest deferred compensation into either a cash account or a stock account and to receive an annual grant of share units for each year of service on the Board.

Other Discretionary Compensation Plans

We have an annual incentive program covering substantially all employees to give each employee an opportunity to share in our financial success based on the achievement of key performance measures considered critical to achieving business objectives for a given year with minimum and maximum thresholds. The Company must meet the minimum threshold for the plan to be funded and distributed to employees. These performance measures may include earnings growth objectives, improved cash flow objectives or crucial customer satisfaction and safety results. We monitor progress towards the achievement of the performance measures throughout the year and record accruals based upon the expected payout using the best estimates available at the time the accrual is recorded. During the last several fiscal years, we have used earnings per share as our sole performance measure.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

8. Details of Selected Consolidated Balance Sheet Captions

The following tables provide additional information regarding the composition of certain of our balance sheet captions.

Accounts receivable

Accounts receivable was comprised of the following at September 30, 2013 and 2012:

	September 30	
	2013	2012
	(In thousands)	
Billed accounts receivable	$230,712	$177,953
Unbilled revenue	58,710	42,694
Other accounts receivable	33,194	23,304
Total accounts receivable	322,616	243,951
Less: allowance for doubtful accounts	(20,624)	(9,425)
Net accounts receivable	$301,992	$234,526

Other current assets

Other current assets as of September 30, 2013 and 2012 were comprised of the following accounts.

	September 30	
	2013	2012
	(In thousands)	
Assets from risk management activities	$18,099	$ 24,707
Deferred gas costs	15,152	31,359
Taxes receivable	3,141	1,291
Current deferred tax asset	—	27,091
Prepaid expenses	21,666	17,114
Materials and supplies	5,511	5,872
Assets held for sale[1]	—	154,571
Other	6,765	10,777
Total	$70,334	$272,782

(1) As discussed in Note 16, assets and liabilities related to our Georgia operations were classified as "assets held for sale" in other current assets and liabilities in our consolidated balance sheets at September 30, 2012.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Property, plant and equipment

Property, plant and equipment was comprised of the following as of September 30, 2013 and 2012:

	September 30	
	2013	2012
	(In thousands)	
Production plant	$ 5,020	$ 5,020
Storage plant	262,246	232,260
Transmission plant	1,362,662	1,185,007
Distribution plant	5,061,711	4,680,877
General plant	716,189	717,568
Intangible plant	38,444	39,626
	7,446,272	6,860,358
Construction in progress	275,747	274,112
	7,722,019	7,134,470
Less: accumulated depreciation and amortization	(1,691,364)	(1,658,866)
Net property, plant and equipment[1]	$ 6,030,655	$ 5,475,604

[1] Net property, plant and equipment includes plant acquisition adjustments of ($83.8) million and ($91.5) million at September 30, 2013 and 2012.

Goodwill

The following presents our goodwill balance allocated by segment and changes in the balance for the fiscal year ended September 30, 2013:

	Natural Gas Distribution	Regulated Transmission and Storage	Nonregulated	Total
		(In thousands)		
Balance as of September 30, 2012	$573,550	$132,422	$34,711	$740,683
Deferred tax adjustments on prior acquisitions[1]	640	40	—	680
Balance as of September 30, 2013	$574,190	$132,462	$34,711	$741,363

[1] During the preparation of the fiscal 2013 tax provision, we adjusted certain deferred taxes recorded in connection with acquisitions completed in fiscal 2001 and fiscal 2004, which resulted in an increase to goodwill and net deferred tax liabilities of $0.7 million.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred charges and other assets

Deferred charges and other assets as of September 30, 2013 and 2012 were comprised of the following accounts.

	September 30	
	2013	2012
	(In thousands)	
Marketable securities	$ 72,682	$ 64,398
Regulatory assets	273,287	358,495
Deferred financing costs	15,199	11,157
Assets from risk management activities	109,354	2,283
Other	14,474	14,929
Total	$484,996	$451,262

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as of September 30, 2013 and 2012 were comprised of the following accounts.

	September 30	
	2013	2012
	(In thousands)	
Trade accounts payable	$ 70,116	$ 82,531
Accrued gas payable	121,202	81,658
Accrued liabilities	50,293	51,040
Total	$241,611	$215,229

Other current liabilities

Other current liabilities as of September 30, 2013 and 2012 were comprised of the following accounts.

	September 30	
	2013	2012
	(In thousands)	
Customer credit balances and deposits	$ 76,313	$100,926
Accrued employee costs	54,034	37,675
Deferred gas costs	16,481	23,072
Accrued interest	36,744	34,451
Liabilities from risk management activities	1,543	85,381
Taxes payable	66,960	64,319
Pension and postretirement obligations	22,940	39,625
Current deferred tax liability	14,697	—
Regulatory cost of removal accrual	68,225	78,525
Liabilities held for sale	—	11,573
Other	10,954	14,118
Total	$368,891	$489,665

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred credits and other liabilities

Deferred credits and other liabilities as of September 30, 2013 and 2012 were comprised of the following accounts.

	September 30	
	2013	2012
	(In thousands)	
Customer advances for construction	$ 11,723	$12,937
Regulatory liabilities	1,123	5,638
Asset retirement obligation	6,764	10,394
Liabilities from risk management activities	6,133	9,206
Other	17,953	12,555
Total	$392,111	$50,730

9. Leases

Capital and Operating Leases

We have entered into operating leases for office and warehouse space, vehicles and heavy equipment used in our operations. The remaining lease terms range from one to 21 years and generally provide for the payment of taxes, insurance and maintenance by the lessee. Renewal options exist for certain of these leases. We have also entered into capital leases for division offices and operating facilities. Property, plant and equipment included amounts for capital leases of $1.3 million at September 30, 2013 and 2012. Accumulated depreciation for these capital leases totaled $1.0 million and $0.9 million at September 30, 2013 and 2012. Depreciation expense for these assets is included in consolidated depreciation expense on the consolidated statement of income.

The related future minimum lease payments at September 30, 2013 were as follows:

	Capital Leases	Operating Leases
	(In thousands)	
2014	$186	$ 16,722
2015	186	15,584
2016	186	14,692
2017	186	15,074
2018	78	15,057
Thereafter	—	89,673
Total minimum lease payments	822	$166,802
Less amount representing interest	198	
Present value of net minimum lease payments	$624	

Consolidated lease and rental expense amounted to $32.4 million, $33.6 million and $35.5 million for fiscal 2013, 2012 and 2011.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

10. Commitments and Contingencies

Litigation

Since April 2009, Atmos Energy and two subsidiaries of AEH, Atmos Energy Marketing, LLC (AEM) and Atmos Gathering Company, LLC (AGC) (collectively, the Atmos Entities), have been involved in a lawsuit filed in the Circuit Court of Edmonson County, Kentucky related to our Park City Gathering Project. The dispute which gave rise to the litigation involves the amount of royalties due from a third party producer to landowners (who own the mineral rights) for natural gas produced from the landowners' properties. The third party producer was operating pursuant to leases between the landowners and certain investors/working interest owners. The third party producer filed a petition in bankruptcy, which was subsequently dismissed due to the lack of meaningful assets to reorganize or liquidate.

Although certain Atmos Energy companies entered into contracts with the third party producer to gather, treat and ultimately sell natural gas produced from the landowners' properties, no Atmos Energy company had a contractual relationship with the landowners or the investors/working interest owners. After the lawsuit was filed, the landowners were successful in terminating for non-payment of royalties the leases related to the production of natural gas from their properties. Subsequent to termination, the investors/working interest owners under such leases filed additional claims against us for the termination of the leases.

During the trial, the landowners and the investors/working interest owners requested an award of compensatory damages plus punitive damages against us. On December 17, 2010, the jury returned a verdict in favor of the landowners and investor/working interest owners and awarded compensatory damages of $3.8 million and punitive damages of $27.5 million payable by Atmos Energy and the two AEH subsidiaries.

A hearing was held on February 28, 2011 to hear a number of motions, including a motion to dismiss the jury verdict and a motion for a new trial. The motions to dismiss the jury verdict and for a new trial were denied. However, the total punitive damages award was reduced from $27.5 million to $24.7 million. On October 17, 2011, we filed our brief of appellants with the Kentucky Court of Appeals (Court), appealing the verdict of the trial court. The appellees in this case subsequently filed their appellees' brief with the Court on January 16, 2012, with our reply brief being filed with the Court on March 19, 2012. Oral arguments were held in the case on August 27, 2012.

In an opinion handed down on January 25, 2013, the Court of Appeals overturned the $28.5 million jury verdict returned against the Atmos Entities. In a unanimous decision by a three-judge panel, the Court of Appeals reversed the claims asserted by the landowners and investors/working interest owners. The Court of Appeals concluded that all of such claims that the Atmos Entities appealed should have been dismissed by the trial court as a matter of law. The Court of Appeals let stand the jury verdict on one claim that Atmos Energy and our subsidiaries chose not to appeal, which was a trespass claim. The jury had awarded a total of $10,000 in compensatory damages to one landowner on that claim. The Court of Appeals vacated all of the other damages awarded by the jury and remanded the case to the trial court for a new trial, solely on the issue of whether punitive damages should be awarded to that landowner and, if so, in what amount.

The investors/working interest owners, on February 25, 2013, and the landowners, on March 19, 2013, each filed with the Supreme Court of Kentucky, separate motions for discretionary review of the opinion of the Court of Appeals. We filed a response to the motion filed by the investors/working owners on March 27, 2013 and to the landowners' motion on April 17, 2013. The decision of the Court of Appeals will not become final until the appellate process is completed. We had previously accrued what we believed to be an adequate amount for the anticipated resolution of this matter and we will continue to maintain this amount in legal reserves until the appellate process in this case has been completed. We continue to believe that the final outcome will not have a material adverse effect on our financial condition, results of operations or cash flows.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In addition, in a related development, on July 12, 2011, the Atmos Entities filed a lawsuit in the United States District Court, Western District of Kentucky, Atmos Energy Corporation et al.vs. Resource Energy Technologies, LLC and Robert Thorpe and John F. Charles, against the third party producer and its affiliates to recover all costs, including attorneys' fees, incurred by the Atmos Entities, which are associated with the defense and appeal of the case discussed above as well as for all damages awarded to the plaintiffs in such case against the Atmos Entities. The total amount of damages being claimed in the lawsuit is "open-ended" since the appellate process and related costs are ongoing. This lawsuit is based upon the indemnification provisions agreed to by the third party producer in favor of Atmos Gathering that are contained in an agreement entered into between Atmos Gathering and the third party producer in May 2009. The defendants filed a motion to dismiss the case on August 25, 2011, with Atmos Energy filing a brief in response to such motion on September 19, 2011. On March 27, 2012 the court denied the motion to dismiss. Since that time, we have been engaged in discovery activities in this case.

Tennessee Business License Tax

Atmos Energy, through its affiliate, AEM, has been involved in a dispute with the Tennessee Department of Revenue (TDOR) regarding sales business tax audits over a period of several years. AEM has challenged the assessment of the business tax. With respect to certain issues, AEM and the TDOR filed competing Partial Motions for Summary Judgment with the Chancery Court. On August 2, 2013, the Chancery Court granted the TDOR's Partial Motion for Summary Judgment and denied AEM's Partial Motion for Summary Judgment. The Company anticipates a decision by the Chancery Court on the remaining issues in fiscal 2014. AEM has been assessed \$6.1 million in business taxes and \$3.7 million in penalties and interest for the period from December 2002 through March 31, 2012. We have accrued what we believe to be an adequate amount for the anticipated resolution of this matter and we will continue to review and if appropriate adjust this reserve until this matter is resolved. We continue to believe the final outcome will not have a material adverse effect on our financial condition, results of operations or cash flows.

We are a party to other litigation and claims that have arisen in the ordinary course of our business. While the results of such litigation and claims cannot be predicted with certainty, we believe the final outcome of such litigation and claims will not have a material adverse effect on our financial condition, results of operations or cash flows.

Environmental Matters

We are a party to environmental matters and claims that have arisen in the ordinary course of our business. While the ultimate results of response actions to these environmental matters and claims cannot be predicted with certainty, we believe the final outcome of such response actions will not have a material adverse effect on our financial condition, results of operations or cash flows because we believe that the expenditures related to such response actions will either be recovered through rates, shared with other parties or are adequately covered by insurance.

Purchase Commitments

Our natural gas distribution divisions, except for our Mid-Tex Division, maintain supply contracts with several vendors that generally cover a period of up to one year. Commitments for estimated base gas volumes are established under these contracts on a monthly basis at contractually negotiated prices. Commitments for incremental daily purchases are made as necessary during the month in accordance with the terms of the individual contract.

Our Mid-Tex Division maintains long-term supply contracts to ensure a reliable source of gas for our customers in its service area which obligate it to purchase specified volumes at market and fixed prices. At September 30, 2013, the estimated commitments under these contracts are \$230.5 million for fiscal 2014.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Our nonregulated segment has commitments to purchase physical quantities of natural gas under contracts indexed to the forward NYMEX strip or fixed price contracts. At September 30, 2013, we were committed to purchase 78.0 Bcf within one year, 21.9 Bcf within one to three years and 1.0 Bcf after three years under indexed contracts. We are committed to purchase 6.1 Bcf within one year and 0.2 Bcf within one to three years under fixed price contracts with prices ranging from $3.32 to $6.36 per Mcf. Purchases under these contracts totaled $1,246.1 million, $978.8 million and $1,498.6 million for 2013, 2012 and 2011.

In addition, our nonregulated segment maintains long-term contracts related to storage and transportation. The estimated contractual demand fees for contracted storage and transportation under these contracts as of September 30, 2013 are as follows (in thousands):

2014	$ 12,662
2015	5,113
2016	743
2017	170
2018	142
Thereafter	356
	$ 19,186

Other Contingencies

In December 2007, the Company received data requests from the Division of Investigations of the Office of Enforcement of the Federal Energy Regulatory Commission (the "Commission") in connection with its investigation into possible violations of the Commission's posting and competitive bidding regulations for pre-arranged released firm capacity on natural gas pipelines.

The Company and the Commission entered into a stipulation and consent agreement, which was approved by the Commission on December 9, 2011, thereby resolving this investigation. The Commission's findings of violations were limited to the nonregulated operations of the Company. Under the terms of the agreement, the Company paid to the United States Treasury a total civil penalty of approximately $6.4 million and to energy assistance programs approximately $5.6 million in disgorgement of unjust profits plus interest for violations identified during the investigation. The resolution of this matter did not have a material adverse impact on the Company's financial position, results of operations or cash flows and none of the payments were charged to any of the Company's customers. In addition, none of the services the Company provides to any of its regulated or nonregulated customers were affected by the agreement.

In July 2010, the Dodd-Frank Act was enacted, representing an extensive overhaul of the framework for regulation of U.S. financial markets. The Dodd-Frank Act required various regulatory agencies, including the SEC and the Commodities Futures Trading Commission, to establish regulations for implementation of many of the provisions of the Dodd-Frank Act. A number of those regulations have been adopted; we have enacted new procedures and modified existing business practices and contractual arrangements to comply with such regulations. We expect additional regulations to be issued, which should provide additional clarity regarding the extent of the impact of this legislation on us. The costs of participating in financial markets for hedging certain risks inherent in our business may be further increased when these expected additional regulations are adopted. We also anticipate that the Commodities Futures Trading Commission will issue additional related reporting and disclosure obligations.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

11. Income Taxes

The components of income tax expense from continuing operations for 2013, 2012 and 2011 were as follows:

	2013	2012	2011
		(In thousands)	
Current			
Federal	$ —	$ 631	$ (13,298)
State	8,178	6,888	6,841
Deferred			
Federal	124,836	103,971	107,950
State	9,605	(13,237)	5,498
Investment tax credits	(20)	(27)	(172)
	$142,599	$ 98,226	$106,819

Reconciliations of the provision for income taxes computed at the statutory rate to the reported provisions for income taxes from continuing operations for 2013, 2012 and 2011 are set forth below:

	2013	2012	2011
		(In thousands)	
Tax at statutory rate of 35%	$130,655	$101,648	$103,743
Common stock dividends deductible for tax reporting	(2,153)	(2,096)	(1,930)
Penalties	153	66	2,292
Recognition (settlement) of uncertain tax positions	1,341	1,831	(4,950)
State taxes (net of federal benefit)	10,687	(5,958)	8,109
Other, net	1,916	2,735	(445)
Income tax expense	$142,599	$ 98,226	$106,819

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred income taxes reflect the tax effect of differences between the basis of assets and liabilities for book and tax purposes. The tax effect of temporary differences that gave rise to significant components of the deferred tax liabilities and deferred tax assets at September 30, 2013 and 2012 are presented below:

	2013	2012
	(In thousands)	
Deferred tax assets:		
Accruals not currently deductible for tax purposes	$ 11,496	$ 7,906
Customer advances	4,279	4,721
Nonqualified benefit plans	52,051	48,513
Postretirement benefits	63,919	62,802
Treasury lock agreements	—	25,448
Unamortized investment tax credit	6	14
Tax net operating loss and credit carryforwards	206,996	164,419
Difference between book and tax on mark to market accounting	2,271	2,342
Other, net	—	7,223
Total deferred tax assets	341,018	323,388
Deferred tax liabilities:		
Difference in net book value and net tax value of assets	(1,445,450)	(1,254,698)
Pension funding	(23,480)	(32,812)
Gas cost adjustments	(19,182)	(21,806)
Interest rate agreements	(21,726)	—
Cost expensed for tax purposes and capitalized for book purposes	(2,815)	(2,065)
Other, net	(7,115)	—
Total deferred tax liabilities	(1,519,768)	(1,311,381)
Net deferred tax liabilities	$(1,178,750)	$ (987,993)
Deferred credits for rate regulated entities	$ (51)	$ 140

At September 30, 2013, we had $10.1 million of federal alternative minimum tax credit carryforwards, $185.3 million of federal net operating loss carryforwards, $11.0 million of state net operating loss carryforwards and $0.6 million of state tax credits. The alternative minimum tax credit carryforwards do not expire. The federal net operating loss carryforwards are available to offset taxable income and will begin to expire in 2029. Depending on the jurisdiction in which the state net operating loss was generated, the state net operating loss carryforwards will begin to expire between 2016 and 2030. The state tax credits will begin to expire in 2018. We believe it is more likely than not that the benefit from certain charitable contribution carryforwards will not be realized. In recognition of this risk, we have established a valuation allowance of $1.1 million for deferred tax assets relating to these charitable contribution carryforwards.

At September 30, 2013, we had recorded liabilities associated with uncertain tax positions totaling $3.2 million. The realization of these tax benefits would reduce our income tax expense by approximately $3.2 million.

Additionally, results for fiscal 2012 were favorably impacted by a state tax benefit of $13.6 million. Due to the completion of the sale of our Missouri, Iowa and Illinois service areas in the fiscal fourth quarter, the Company updated its analysis of the tax rate at which deferred taxes would reverse in the future to reflect the sale of these service areas. The updated analysis supported a reduction in the deferred tax rate which when applied to the balance of taxable income deferred to future periods resulted in a reduction of the Company's overall deferred tax liability.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At September 30, 2010, we had accrued liabilities associated with uncertain tax positions totaling $6.7 million. During the fiscal year ended September 30, 2011, the IRS completed its audit of fiscal years 2005-2007. All uncertain tax positions were effectively settled upon completion of the audit. As a result of the settlement, we reduced our unrecognized tax benefits by $6.7 million in the second quarter of fiscal 2011. Income tax expense was reduced by $5.0 million in the second quarter due to the realization of the tax positions which were previously uncertain.

We file income tax returns in the U.S. federal jurisdiction as well as in various states where we have operations. We have concluded substantially all U.S. federal income tax matters through fiscal year 2007.

12. Financial Instruments

We use financial instruments to mitigate commodity price risk and interest rate risk. The objectives and strategies for using financial instruments have been tailored to our regulated and nonregulated businesses. Currently, we utilize financial instruments in our natural gas distribution and nonregulated segments. We currently do not manage commodity price risk with financial instruments in our regulated transmission and storage segment.

Our financial instruments do not contain any credit-risk-related or other contingent features that could cause accelerated payments when our financial instruments are in net liability positions.

As discussed in Note 2, we report our financial instruments as risk management assets and liabilities, each of which is classified as current or noncurrent based upon the anticipated settlement date of the underlying financial instrument. The following table shows the fair values of our risk management assets and liabilities by segment at September 30, 2013 and 2012:

	Natural Gas Distribution	Nonregulated	Total
		(In thousands)	
September 30, 2013			
Assets from risk management activities, current[1]	$ 1,837	$16,262	$ 18,099
Assets from risk management activities, noncurrent	109,354	—	109,354
Liabilities from risk management activities, current[1]	(1,543)	—	(1,543)
Liabilities from risk management activities, noncurrent	—	(6,133)	(6,133)
Net assets (liabilities)	$109,648	$10,129	$119,777
September 30, 2012[3]			
Assets from risk management activities, current[2]	$ 6,934	$17,773	$ 24,707
Assets from risk management activities, noncurrent	2,283	—	2,283
Liabilities from risk management activities, current[2]	(85,366)	(15)	(85,381)
Liabilities from risk management activities, noncurrent	—	(9,206)	(9,206)
Net assets (liabilities)	$ (76,149)	$ 8,552	$ (67,597)

(1) Includes $24.8 million of cash held on deposit to collateralize certain financial instruments. Of this amount, $8.6 million was used to offset current risk management liabilities under master netting arrangements and the remaining $16.2 million is classified as current risk management assets.

(2) Includes $23.7 million of cash held on deposit to collateralize certain financial instruments. Of this amount, $5.9 million was used to offset current risk management liabilities under master netting arrangements and the remaining $17.8 million is classified as current risk management assets.

(3) The September 30, 2012 amounts are presented net of assets and liabilities held for sale in conjunction with the sale of our Georgia operations. At September 30, 2012, assets and liabilities held for sale included $0.1 million of current assets from risk management activities and $0.3 million of current liabilities from risk management activities.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Regulated Commodity Risk Management Activities

Although our purchased gas cost adjustment mechanisms essentially insulate our natural gas distribution segment from commodity price risk, our customers are exposed to the effects of volatile natural gas prices. We manage this exposure through a combination of physical storage, fixed-price forward contracts and financial instruments, primarily over-the-counter swap and option contracts, in an effort to minimize the impact of natural gas price volatility on our customers during the winter heating season.

Our natural gas distribution gas supply department is responsible for executing this segment's commodity risk management activities in conformity with regulatory requirements. In jurisdictions where we are permitted to mitigate commodity price risk through financial instruments, the relevant regulatory authorities may establish the level of heating season gas purchases that can be hedged. Historically, if the regulatory authority does not establish this level, we seek to hedge between 25 and 50 percent of anticipated heating season gas purchases using financial instruments. For the 2012-2013 heating season (generally October through March), in the jurisdictions where we are permitted to utilize financial instruments, we hedged approximately 33 percent, or 22.8 Bcf of the winter flowing gas requirements at a weighted average cost of approximately $4.03 per Mcf. We have not designated these financial instruments as hedges.

Nonregulated Commodity Risk Management Activities

In our nonregulated operations, we buy, sell and deliver natural gas at competitive prices by aggregating and purchasing gas supply, arranging transportation and storage logistics and effectively managing commodity price risk.

As a result of these activities, our nonregulated segment is exposed to risks associated with changes in the market price of natural gas. We manage our exposure to such risks through a combination of physical storage and financial instruments, including futures, over-the-counter and exchange-traded options and swap contracts with counterparties. Future contracts provide the right to buy or sell the commodity at a fixed price in the future. Option contracts provide the right, but not the requirement, to buy or sell the commodity at a fixed price. Swap contracts require receipt of payment for the commodity based on the difference between a fixed price and the market price on the settlement date.

We use financial instruments, designated as cash flow hedges of anticipated purchases and sales at index prices, to mitigate the commodity price risk associated with deliveries under fixed-priced forward contracts to deliver gas to customers. These financial instruments have maturity dates ranging from one to 55 months. We use financial instruments, designated as fair value hedges, to hedge natural gas inventory used in these operations. We also use storage and basis swaps, futures and various over-the-counter and exchange-traded options primarily to protect the economic value of our fixed price and storage books. These financial instruments have not been designated as hedges.

Our nonregulated risk management activities are controlled through various risk management policies and procedures. Our Audit Committee has oversight responsibility for our nonregulated risk management limits and policies. A risk committee, comprised of corporate and business unit officers, is responsible for establishing and enforcing our nonregulated risk management policies and procedures.

Under our risk management policies, we seek to match our financial instrument positions to our physical storage positions as well as our expected current and future sales and purchase obligations in order to maintain no open positions at the end of each trading day. The determination of our net open position as of any day, however, requires us to make assumptions as to future circumstances, including the use of gas by our customers in relation to our anticipated storage and market positions. Because the price risk associated with any net open position at the end of each day may increase if the assumptions are not realized, we review these assumptions as part of our daily monitoring activities. Our operations can also be affected by intraday fluctuations of gas prices, since the price of natural gas purchased or sold for future delivery earlier in the day may not be hedged until later in the day. At times, limited net open positions related to our existing and anticipated commitments may occur. At the close of business on September 30, 2013, our nonregulated segment had net open positions (including existing storage and related financial contracts) of 0.1 Bcf.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Interest Rate Risk Management Activities

We have periodically managed interest rate risk by entering into financial instruments to fix the Treasury yield component of the interest cost associated with anticipated financings. Prior to fiscal 2012, we used Treasury locks to mitigate interest rate risk; however, in the fourth quarter of fiscal 2012 we started utilizing interest rate swaps and forward starting interest rate swaps to manage this risk.

In August 2011, we entered into three Treasury lock agreements to fix the Treasury yield component of the interest cost associated with $350 million out of a total $500 million of senior notes that were issued on January 11, 2013. This offering is discussed in Note 5. We designated these Treasury locks as cash flow hedges. The Treasury locks were settled on January 8, 2013 with a payment of $66.6 million to the counterparties due to a decrease in the 30-year Treasury rates between inception of the Treasury locks and settlement. Because the Treasury locks were effective, the $66.6 million unrealized loss was recorded as a component of accumulated other comprehensive income and is being recognized as a component of interest expense over the 30-year life of the senior notes.

In the fourth quarter of fiscal 2012 we entered into an interest rate swap to fix the LIBOR component of our $260 million short-term financing facility through December 27, 2012. We recorded an immaterial loss upon settlement of the swap, which was recorded as a component of interest expense as we did not designate the interest rate swap as a hedge.

In October 2012, we entered into forward starting interest rate swaps to fix the Treasury yield component associated with the anticipated issuance of $500 million and $250 million unsecured senior notes in fiscal 2015 and fiscal 2017, which we designated as cash flow hedges at the time the agreements were executed. Accordingly, unrealized gains and losses associated with the forward starting interest rate swaps will be recorded as a component of accumulated other comprehensive income (loss). When the forward starting interest rate swaps settle, the realized gain or loss will be recorded as a component of accumulated other comprehensive income (loss) and recognized as a component of interest expense over the life of the related financing arrangement. Hedge ineffectiveness to the extent incurred will be reported as a component of interest expense.

In September 2010, we entered into three Treasury lock agreements to fix the Treasury yield component of the interest cost associated with $300 million of a total $400 million of senior notes that were issued in June 2011. We designated these Treasury locks as cash flow hedges. The Treasury locks were settled on June 7, 2011 with the receipt of $20.1 million from the counterparties due to an increase in the 30-year Treasury lock rates between inception of the Treasury locks and settlement. Because the Treasury locks were effective, the net $12.6 million unrealized gain was recorded as a component of accumulated other comprehensive income and is being recognized as a component of interest expense over the 30-year life of the senior notes.

Additionally, our original fiscal 2011 financing plans included the issuance of $250 million of 30-year unsecured notes in November 2011 to fund our capital expenditure program. In September 2010, we entered into two Treasury lock agreements to fix the Treasury yield component of the interest cost associated with the anticipated issuance of these senior notes, which were designated as cash flow hedges. Due primarily to stronger than anticipated cash flows primarily resulting from the extension of the Bush tax cuts that allow the continued use of bonus depreciation on qualifying expenditures through December 31, 2011, the need to issue $250 million of debt in November was eliminated and the related Treasury lock agreements were unwound in March 2011. As a result of unwinding these Treasury locks, we recognized a pre-tax cash gain of $27.8 million during the second quarter of fiscal 2011.

In prior years, we entered into several Treasury lock agreements to fix the Treasury yield component of the interest cost of financing for various issuances of long-term debt and senior notes. The gains and losses realized upon settlement of these Treasury locks were recorded as a component of accumulated other comprehensive income (loss) when they were settled and are being recognized as a component of interest expense over the life of the associated notes from the date of settlement. The remaining amortization periods for the settled Treasury locks extend through fiscal 2043.

Quantitative Disclosures Related to Financial Instruments

The following tables present detailed information concerning the impact of financial instruments on our consolidated balance sheet and income statements.

As of September 30, 2013, our financial instruments were comprised of both long and short commodity positions. A long position is a contract to purchase the commodity, while a short position is a contract to sell the commodity. As of September 30, 2013, we had net long/(short) commodity contracts outstanding in the following quantities:

Contract Type	Hedge Designation	Natural Gas Distribution	Nonregulated
		Quantity (MMcf)	
Commodity contracts	Fair Value	—	(13,033)
	Cash Flow	—	31,195
	Not designated	29,185	75,683
		29,185	93,845

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Financial Instruments on the Balance Sheet

The following tables present the fair value and balance sheet classification of our financial instruments by operating segment as of September 30, 2013 and 2012. As required by authoritative accounting literature, the fair value amounts below are presented on a gross basis and do not reflect the netting of asset and liability positions permitted under the terms of our master netting arrangements. Further, the amounts below do not include $24.8 million and $23.7 million of cash held on deposit in margin accounts as of September 30, 2013 and 2012 to collateralize certain financial instruments. Therefore, these gross balances are not indicative of either our actual credit exposure or net economic exposure. Additionally, the amounts below will not be equal to the amounts presented on our consolidated balance sheet, nor will they be equal to the fair value information presented for our financial instruments in Note 14.

	Balance Sheet Location	Natural Gas Distribution	Nonregulated	Total
			(In thousands)	
September 30, 2013				
Designated As Hedges:				
Asset Financial Instruments				
Current commodity contracts	Other current assets	$ —	$ 9,094	$ 9,094
Noncurrent commodity contracts	Deferred charges and other assets	107,512	416	107,928
Liability Financial Instruments				
Current commodity contracts	Other current liabilities	—	(12,173)	(12,173)
Noncurrent commodity contracts	Deferred credits and other liabilities	—	(1,639)	(1,639)
Total		107,512	(4,302)	103,210
Not Designated As Hedges:				
Asset Financial Instruments				
Current commodity contracts	Other current assets	1,837	65,388	67,225
Noncurrent commodity contracts	Deferred charges and other assets	1,842	40,982	42,824
Liability Financial Instruments				
Current commodity contracts	Other current liabilities	(1,543)	(70,876)	(72,419)
Noncurrent commodity contracts	Deferred credits and other liabilities	—	(45,892)	(45,892)
Total		2,136	(10,398)	(8,262)
Total Financial Instruments		$109,648	$(14,700)	$ 94,948

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Balance Sheet Location	Natural Gas Distribution	Nonregulated	Total
			(In thousands)	
September 30, 2012				
Designated As Hedges:				
Asset Financial Instruments				
Current commodity contracts	Other current assets	$ —	$ 19,301	$ 19,301
Noncurrent commodity contracts	Deferred charges and other assets	—	1,923	1,923
Liability Financial Instruments				
Current commodity contracts	Other current liabilities	(85,040)	(23,787)	(108,827)
Noncurrent commodity contracts	Deferred credits and other liabilities	—	(4,999)	(4,999)
Total		(85,040)	(7,562)	(92,602)
Not Designated As Hedges:				
Asset Financial Instruments				
Current commodity contracts	Other current assets(1)	7,082	98,393	105,475
Noncurrent commodity contracts	Deferred charges and other assets	2,283	60,932	63,215
Liability Financial Instruments				
Current commodity contracts	Other current liabilities(2)	(585)	(99,824)	(100,409)
Noncurrent commodity contracts	Deferred credits and other liabilities	—	(67,062)	(67,062)
Total		8,780	(7,561)	1,219
Total Financial Instruments		$(76,260)	$(15,123)	$ (91,383)

(1) Other current assets not designated as hedges in our natural gas distribution segment include $0.1 million related to risk management assets that were classified as assets held for sale at September 30, 2012.

(2) Other current liabilities not designated as hedges in our natural gas distribution segment include $0.3 million related to risk management liabilities that were classified as assets held for sale at September 30, 2012.

Impact of Financial Instruments on the Income Statement

Hedge ineffectiveness for our nonregulated segment is recorded as a component of unrealized gross profit and primarily results from differences in the location and timing of the derivative instrument and the hedged item. Hedge ineffectiveness could materially affect our results of operations for the reported period. For the years ended September 30, 2013, 2012 and 2011, we recognized a gain arising from fair value and cash flow hedge ineffectiveness of $18.2 million, $23.1 million and $24.8 million. Additional information regarding ineffectiveness recognized in the income statement is included in the tables below.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair Value Hedges

The impact of our nonregulated commodity contracts designated as fair value hedges and the related hedged item on our consolidated income statement for the years ended September 30, 2013, 2012 and 2011 is presented below.

	Fiscal Year Ended September 30		
	2013	2012	2011
		(In thousands)	
Commodity contracts	$ 2,165	$30,266	$16,552
Fair value adjustment for natural gas inventory designated as the hedged item	15,938	(5,797)	9,824
Total decrease in purchased gas cost	$18,103	$24,469	$26,376
The decrease in purchased gas cost is comprised of the following:			
Basis ineffectiveness	$ (208)	$ 1,170	$ 803
Timing ineffectiveness	18,311	23,299	25,573
	$18,103	$24,469	$26,376

Basis ineffectiveness arises from natural gas market price differences between the locations of the hedged inventory and the delivery location specified in the hedge instruments. Timing ineffectiveness arises due to changes in the difference between the spot price and the futures price, as well as the difference between the timing of the settlement of the futures and the valuation of the underlying physical commodity. As the commodity contract nears the settlement date, spot-to-forward price differences should converge, which should reduce or eliminate the impact of this ineffectiveness on purchased gas cost.

To the extent that the Company's natural gas inventory does not qualify as a hedged item in a fair-value hedge, or has not been designated as such, the natural gas inventory is valued at the lower of cost or market. During the year ended September 30, 2012, we recorded a $1.7 million charge to write down nonqualifying natural gas inventory to market. We did not record a writedown for nonqualifying natural gas inventory for the years ended September 30, 2013 and 2011.

Cash Flow Hedges

The impact of cash flow hedges on our consolidated income statements for the years ended September 30, 2013, 2012 and 2011 is presented below. Note that this presentation does not reflect the financial impact arising from the hedged physical transaction. Therefore, this presentation is not indicative of the economic gross profit we realized when the underlying physical and financial transactions were settled.

	Fiscal Year Ended September 30, 2013			
	Natural Gas Distribution	Regulated Transmission and Storage	Nonregulated	Consolidated
		(In thousands)		
Loss reclassified from AOCI for effective portion of commodity contracts	$ —	$—	$(10,778)	$(10,778)
Gain arising from ineffective portion of commodity contracts	—	—	97	97
Total impact on purchased gas cost	—	—	(10,681)	(10,681)
Net loss on settled interest rate agreements reclassified from AOCI into interest expense	(3,489)	—	—	(3,489)
Total impact from cash flow hedges	$(3,489)	$—	$(10,681)	$(14,170)

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Fiscal Year Ended September 30, 2012			
	Natural Gas Distribution	Regulated Transmission and Storage	Nonregulated	Consolidated
	(In thousands)			
Loss reclassified from AOCI for effective portion of commodity contracts	$ —	$—	$(62,678)	$(62,678)
Loss arising from ineffective portion of commodity contracts	—	—	(1,369)	(1,369)
Total impact on purchased gas cost	—	—	(64,047)	(64,047)
Net loss on settled interest rate agreements reclassified from AOCI into interest expense	(2,009)	—	—	(2,009)
Total impact from cash flow hedges	$(2,009)	$—	$(64,047)	$(66,056)

	Fiscal Year Ended September 30, 2011			
	Natural Gas Distribution	Regulated Transmission and Storage	Nonregulated	Consolidated
	(In thousands)			
Loss reclassified from AOCI for effective portion of commodity contracts	$ —	$ —	$(28,430)	$(28,430)
Loss arising from ineffective portion of commodity contracts	—	—	(1,585)	(1,585)
Total impact on purchased gas cost	—	—	(30,015)	(30,015)
Net loss on settled interest rate agreements reclassified from AOCI into interest expense	(2,455)	—	—	(2,455)
Gain on unwinding of interest rate agreement reclassified from AOCI into miscellaneous income	21,803	6,000	—	27,803
Total impact from cash flow hedges	$19,348	$6,000	$(30,015)	$ (4,667)

The following table summarizes the gains and losses arising from hedging transactions that were recognized as a component of other comprehensive income (loss), net of taxes, for the years ended September 30, 2013 and 2012. The amounts included in the table below exclude gains and losses arising from ineffectiveness because these amounts are immediately recognized in the income statement as incurred.

	Fiscal Year Ended September 30	
	2013	2012
	(In thousands)	
Increase (decrease) in fair value:		
Interest rate agreements	$79,963	$(11,458)
Forward commodity contracts	(2,057)	(30,366)
Recognition of (gains) losses in earnings due to settlements:		
Interest rate agreements	2,216	1,342
Forward commodity contracts	6,576	38,232
Total other comprehensive income (loss) from hedging, net of tax[1]	$86,698	$ (2,250)

[1] Utilizing an income tax rate ranging from approximately 37 percent to 39 percent based on the effective rates in each taxing jurisdiction.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred gains (losses) recorded in AOCI associated with our interest rate agreements are recognized in earnings as they are amortized, while deferred losses associated with commodity contracts are recognized in earnings upon settlement. The following amounts, net of deferred taxes, represent the expected recognition in earnings of the deferred gains (losses) recorded in AOCI associated with our financial instruments, based upon the fair values of these financial instruments as of September 30, 2013. However, the table below does not include the expected recognition in earnings of the interest rate agreements entered into in October 2012 as those financial instruments have not yet settled.

	Interest Rate Agreements	Commodity Contracts	Total
		(In thousands)	
2014	$ (2,686)	$(3,748)	$ (6,434)
2015	(804)	(425)	(1,229)
2016	(634)	(163)	(797)
2017	(735)	(109)	(844)
2018	(936)	(31)	(967)
Thereafter	(24,569)	—	(24,569)
Total[1]	$(30,364)	$(4,476)	$(34,840)

[1] Utilizing an income tax rate ranging from approximately 37 percent to 39 percent based on the effective rates in each taxing jurisdiction.

Financial Instruments Not Designated as Hedges

The impact of financial instruments that have not been designated as hedges on our consolidated income statements for the years ended September 30, 2013, 2012 and 2011 was an increase (decrease) in purchased gas cost of $3.0 million, $(2.5) million and $(1.4) million. Note that this presentation does not reflect the expected gains or losses arising from the underlying physical transactions associated with these financial instruments. Therefore, this presentation is not indicative of the economic gross profit we realized when the underlying physical and financial transactions were settled.

As discussed above, financial instruments used in our natural gas distribution segment are not designated as hedges. However, there is no earnings impact on our natural gas distribution segment as a result of the use of these financial instruments because the gains and losses arising from the use of these financial instruments are recognized in the consolidated statement of income as a component of purchased gas cost when the related costs are recovered through our rates and recognized in revenue. Accordingly, the impact of these financial instruments is excluded from this presentation.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

13. Accumulated Other Comprehensive Income

We record deferred gains (losses) in accumulated other comprehensive income (AOCI) related to available-for-sale securities, interest rate agreement cash flow hedges and commodity contract cash flow hedges. Deferred gains (losses) for our available-for-sale securities and commodity contract cash flow hedges are recognized in earnings upon settlement, while deferred gains (losses) related to our interest rate agreement cash flow hedges are recognized in earnings as they are amortized. The following table provides the components of our accumulated other comprehensive income (loss) balances, net of the related tax effects allocated to each component of other comprehensive income.

	Available-for-Sale Securities	Interest Rate Agreement Cash Flow Hedges	Commodity Contracts Cash Flow Hedges	Total
		(In thousands)		
September 30, 2012	$ 5,661	$(44,273)	$(8,995)	$(47,607)
Other comprehensive income before reclassifications	1,162	79,963	(2,057)	79,068
Amounts reclassified from accumulated other comprehensive income	(1,375)	2,216	6,576	7,417
Net current-period other comprehensive income (loss)	(213)	82,179	4,519	86,485
September 30, 2013	$ 5,448	$ 37,906	$(4,476)	$ 38,878

The following table details reclassifications out of AOCI for the fiscal year ended September 30, 2013. Amounts in parentheses below indicate decreases to net income in the statement of income.

	Fiscal Year Ended September 30, 2013	
Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statement of Income
	(In thousands)	
Available-for-sale securities	$ 2,166	Operation and maintenance expense
	2,166	Total before tax
	(791)	Tax expense
	$ 1,375	Net of tax
Cash flow hedges		
Interest rate agreements	$ (3,489)	Interest charges
Commodity contracts	(10,778)	Purchased gas cost
	(14,267)	Total before tax
	5,475	Tax benefit
	$ (8,792)	Net of tax
Total reclassifications	$ (7,417)	Net of tax

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

14. Fair Value Measurements

We report certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We record cash and cash equivalents, accounts receivable and accounts payable at carrying value, which substantially approximates fair value due to the short-term nature of these assets and liabilities. For other financial assets and liabilities, we primarily use quoted market prices and other observable market pricing information to minimize the use of unobservable pricing inputs in our measurements when determining fair value. The methods used to determine fair value for our assets and liabilities are fully described in Note 2.

Fair value measurements also apply to the valuation of our pension and post-retirement plan assets. The fair value of these assets is presented in Note 6.

Quantitative Disclosures

Financial Instruments

The classification of our fair value measurements requires judgment regarding the degree to which market data are observable or corroborated by observable market data. The following tables summarize, by level within the fair value hierarchy, our assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2013 and 2012. As required under authoritative accounting literature, assets and liabilities are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)[1]	Significant Other Unobservable Inputs (Level 3)	Netting and Cash Collateral[2]	September 30, 2013
			(In thousands)		
Assets:					
Financial instruments					
Natural gas distribution segment	$ —	$111,191	$ —	$ —	$111,191
Nonregulated segment	745	115,135	—	(99,618)	16,262
Total financial instruments	745	226,326	—	(99,618)	127,453
Hedged portion of gas stored underground	44,758	—	—	—	44,758
Available-for-sale securities					
Money market funds	—	4,428	—	—	4,428
Registered investment companies	40,094	—	—	—	40,094
Bonds	—	28,160	—	—	28,160
Total available-for-sale securities	40,094	32,588	—	—	72,682
Total assets	$85,597	$258,914	$ —	$ (99,618)	$244,893
Liabilities:					
Financial instruments					
Natural gas distribution segment	$ —	$ 1,543	$ —	$ —	$ 1,543
Nonregulated segment	158	130,422	—	(124,447)	6,133
Total liabilities	$ 158	$131,965	$ —	$(124,447)	$ 7,676

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)[1]	Significant Other Unobservable Inputs (Level 3)	Netting and Cash Collateral[3]	September 30, 2012
			(In thousands)		
Assets:					
Financial instruments					
Natural gas distribution segment	$ —	$ 9,365	$ —	$ —	$ 9,365
Nonregulated segment	714	179,835	—	(162,776)	17,773
Total financial instruments	714	189,200	—	(162,776)	27,138
Hedged portion of gas stored underground	67,192	—	—	—	67,192
Available-for-sale securities					
Money market funds	—	1,634	—	—	1,634
Registered investment companies	40,212	—	—	—	40,212
Bonds	—	22,552	—	—	22,552
Total available-for-sale securities	40,212	24,186	—	—	64,398
Total assets	$108,118	$213,386	$ —	$(162,776)	$158,728
Liabilities:					
Financial instruments					
Natural gas distribution segment	$ —	$ 85,625	$ —	$ —	$ 85,625
Nonregulated segment	4,563	191,109	—	(186,451)	9,221
Total liabilities	$ 4,563	$276,734	$ —	$(186,451)	$ 94,846

(1) Our Level 2 measurements consist of over-the-counter options and swaps, which are valued using a market-based approach in which observable market prices are adjusted for criteria specific to each instrument, such as the strike price, notional amount or basis differences, municipal and corporate bonds, which are valued based on the most recent available quoted market prices and money market funds which are valued at cost.

(2) This column reflects adjustments to our gross financial instrument assets and liabilities to reflect netting permitted under our master netting agreements and the relevant authoritative accounting literature. In addition, as of September 30, 2013 we had $24.8 million of cash held in margin accounts to collateralize certain financial instruments. Of this amount, $8.6 million was used to offset current risk management liabilities under master netting agreements and the remaining $16.2 million is classified as current risk management assets.

(3) This column reflects adjustments to our gross financial instrument assets and liabilities to reflect netting permitted under our master netting agreements and the relevant authoritative accounting literature. In addition, as of September 30, 2012 we had $23.7 million of cash held in margin accounts to collateralize certain financial instruments. Of this amount, $5.9 million was used to offset current risk management liabilities under master netting agreements and the remaining $17.8 million is classified as current risk management assets.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Available-for-sale securities are comprised of the following:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
		(In thousands)		
As of September 30, 2013				
Domestic equity mutual funds	$27,043	$7,476	$(23)	$34,496
Foreign equity mutual funds	4,536	1,062	—	5,598
Bonds	28,016	168	(24)	28,160
Money market funds	4,428	—	—	4,428
	$64,023	$8,706	$(47)	$72,682
As of September 30, 2012				
Domestic equity mutual funds	$25,779	$8,183	$ —	$33,962
Foreign equity mutual funds	5,568	682	—	6,250
Bonds	22,358	196	(2)	22,552
Money market funds	1,634	—	—	1,634
	$55,339	$9,061	$ (2)	$64,398

At September 30, 2013 and 2012, our available-for-sale securities included $44.5 million and $41.8 million related to assets held in separate rabbi trusts for our supplemental executive retirement plans as discussed in Note 6. At September 30, 2013 we maintained investments in bonds that have contractual maturity dates ranging from October 2013 through December 2019. During the year ended September 30, 2013, we recognized a net gain of $2.2 million on the sale of certain assets in the rabbi trusts.

Other Fair Value Measures

In addition to the financial instruments above, we have several financial and nonfinancial assets and liabilities subject to fair value measures. These financial assets and liabilities include cash and cash equivalents, accounts receivable, accounts payable and debt. The nonfinancial assets and liabilities include asset retirement obligations and pension and post-retirement plan assets. We record cash and cash equivalents, accounts receivable, accounts payable and debt at carrying value. For cash and cash equivalents, accounts receivable and accounts payable, we consider carrying value to materially approximate fair value due to the short-term nature of these assets and liabilities.

Atmos Gathering Company (AGC) owns and operates the Park City and Shrewsbury gathering systems in Kentucky. The Park City gathering system consists of a 23-mile low pressure pipeline and a nitrogen removal unit that was constructed in 2008. The Shrewsbury production, gathering and processing assets were acquired in 2008 at which time we sold the production assets to a third party. As a result of the sale of the production assets, we obtained a 10-year production payment note under which we were to be paid from future production generated from the assets.

As discussed in Note 10, AGC is involved in an ongoing lawsuit with the Park City gathering system. Due to the lawsuit and a low natural gas price environment, the assets have generated operating losses. As a result of these developments, in fiscal 2011, we performed an impairment assessment of these assets and determined the assets to be impaired at which time we recorded a pre-tax noncash impairment loss of approximately $11 million. Due to developments in the fourth quarter of fiscal 2012, including further operating losses as a result of the lawsuit and management's decision to focus our nonregulated operations on delivered gas and transportation services, we performed an impairment assessment of these assets and determined the assets to be further impaired. We reduced the carrying value of the assets to their estimated fair value of approximately $0.5 million and recorded a pre-tax noncash impairment loss of approximately $5.3 million. We used a combination of a market and income approach in a weighted average discounted cash flow analysis that included significant inputs such as our weighted average cost of capital and assumptions regarding future natural gas prices. This is a Level 3 fair value measurement because the inputs used are unobservable. Based on this analysis, we determined the assets to be impaired.

In February 2008, Atmos Pipeline and Storage, LLC, a subsidiary of AEH, announced plans to construct and operate a salt-cavern storage project in Franklin Parish, Louisiana. In March 2010, we entered into an option and acquisition agreement with a third party, which provided the third party with the exclusive option to develop the proposed Fort Necessity salt-dome natural gas storage project. In July 2010, we agreed with the third party to extend the option period to March 2011. In January 2011, the third party developer notified us that it did not plan to commence the activities required to allow it to exercise the option by March 2011; accordingly, the option was terminated. We evaluated our strategic alternatives and concluded the project's returns did not meet our investment objectives. Accordingly, in March 2011, we recorded a $19.3 million pre-tax noncash impairment loss to write off substantially all of our investment in the project.

Our debt is recorded at carrying value. The fair value of our debt is determined using third party market value quotations, which are considered Level 1 fair value measurements for debt instruments with a recent, observable trade or Level 2 fair value measurements for debt instruments where fair value is determined using the most recent available quoted market price. The following table presents the carrying value and fair value of our debt as of September 30, 2013:

	September 30, 2013
	(In thousands)
Carrying Amount	$2,460,000
Fair Value	$2,676,487

15. Concentration of Credit Risk

Credit risk is the risk of financial loss to us if a customer fails to perform its contractual obligations. We engage in transactions for the purchase and sale of products and services with major companies in the energy industry and with industrial, commercial, residential and municipal energy consumers. These transactions principally occur in the southern and midwestern regions of the United States. We believe that this geographic concentration does not contribute significantly to our overall exposure to credit risk. Credit risk associated with trade accounts receivable for the natural gas distribution segment is mitigated by the large number of individual customers and diversity in our customer base. The credit risk for our other segments is not significant.

16. Discontinued Operations

On April 1, 2013, we completed the sale of substantially all of our natural gas distribution assets and certain related nonregulated assets located in Georgia to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $153 million, pursuant to an asset purchase agreement executed on August 8, 2012. In connection with the sale, we recognized a pre-tax gain of approximately $8.2 million.

On August 1, 2012, we completed the sale of substantially all of our natural gas distribution assets located in Missouri, Illinois and Iowa to Liberty Energy (Midstates) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $128 million, pursuant to an asset purchase agreement executed on May 12, 2011. In connection with the sale, we recognized a pre-tax gain of approximately $9.9 million.

As required under generally accepted accounting principles, the operating results of our Georgia, Missouri, Illinois and Iowa operations have been aggregated and reported on the consolidated statements of income as income from discontinued operations, net of income tax. Expenses related to general corporate overhead and interest expense allocated to their operations are not included in discontinued operations.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The tables below set forth selected financial and operational information related to net assets and operating results related to discontinued operations.

The following table presents statement of income data related to discontinued operations in our Georgia, Missouri, Illinois and Iowa service areas.

	Year Ended September 30		
	2013	2012	2011
		(In thousands)	
Operating revenues	$37,962	$114,703	$141,227
Purchased gas cost	21,464	62,902	83,537
Gross profit	16,498	51,801	57,690
Operating expenses	5,858	24,174	27,362
Operating income	10,640	27,627	30,328
Other nonoperating income	548	611	57
Income from discontinued operations before income taxes	11,188	28,238	30,385
Income tax expense	3,986	10,066	12,372
Income from discontinued operations	7,202	18,172	18,013
Gain on sale of discontinued operations, net of tax	5,294	6,349	—
Net income from discontinued operations	$12,496	$ 24,521	$ 18,013

The following table presents balance sheet data related to assets held for sale. At September 30, 2013 we did not have any assets or liabilities held for sale. At September 30, 2012 assets held for sale include assets and liabilities associated with our Georgia operations.

	September 30, 2012
	(In thousands)
Net plant, property & equipment	$142,865
Gas stored underground	4,688
Other current assets	6,931
Deferred charges and other assets	87
Assets held for sale	$154,571
Accounts payable and accrued liabilities	$ 2,114
Other current liabilities	3,776
Regulatory cost of removal	3,257
Deferred credits and other liabilities	2,426
Liabilities held for sale	$ 11,573

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

17. Selected Quarterly Financial Data (Unaudited)

Summarized unaudited quarterly financial data is presented below. The sum of net income per share by quarter may not equal the net income per share for the fiscal year due to variations in the weighted average shares outstanding used in computing such amounts. Our businesses are seasonal due to weather conditions in our service areas. For further information on its effects on quarterly results, see the "Results of Operations" discussion included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section herein.

	Quarter Ended			
	December 31	March 31	June 30	September 30
	(In thousands, except per share data)			
Fiscal year 2013:				
Operating revenues				
Natural gas distribution	$ 666,787	$ 905,176	$ 467,144	$360,386
Regulated transmission and storage	60,681	61,848	74,041	72,330
Nonregulated	399,894	428,948	421,808	348,061
Intersegment eliminations	(93,207)	(86,976)	(105,058)	(95,606)
	1,034,155	1,308,996	857,935	685,171
Gross profit	362,362	432,751	316,497	300,440
Operating income	154,922	210,178	86,396	50,383
Income from continuing operations	77,348	112,340	33,474	7,536
Income from discontinued operations	3,117	4,085	—	—
Gain on sale of discontinued operations	—	—	5,294	—
Net income	80,465	116,425	38,768	7,536
Basic earnings per share				
Income per share from continuing operations	$ 0.85	$ 1.24	$ 0.37	$ 0.08
Income per share from discontinued operations	$ 0.04	$ 0.04	$ 0.06	$ —
Net income per share — basic	$ 0.89	$ 1.28	$ 0.43	$ 0.08
Diluted earnings per share				
Income per share from continuing operations	$ 0.85	$ 1.23	$ 0.36	$ 0.08
Income per share from discontinued operations	$ 0.03	$ 0.04	$ 0.06	$ —
Net income per share — diluted	$ 0.88	$ 1.27	$ 0.42	$ 0.08

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Quarter Ended			
	December 31	March 31	June 30	September 30
	(In thousands, except per share data)			
Fiscal year 2012:				
Operating revenues				
Natural gas distribution	$ 676,113	$ 871,067	$315,634	$282,516
Regulated transmission and storage	56,759	58,037	67,073	65,482
Nonregulated	444,176	370,763	256,250	280,114
Intersegment eliminations	(93,054)	(74,358)	(62,543)	(75,546)
	1,083,994	1,225,509	576,414	552,566
Gross profit	355,392	425,787	293,171	249,389
Operating income	139,471	202,432	81,546	22,791
Income (loss) from continuing operations	62,384	102,084	28,014	(286)
Income from discontinued operations	6,123	7,027	3,118	1,904
Gain on sale of discontinued operations	—	—	—	6,349
Net income	68,507	109,111	31,132	7,967
Basic earnings per share				
Income per share from continuing operations	$ 0.68	$ 1.12	$ 0.31	$ —
Income per share from discontinued operations	$ 0.07	0.08	$ 0.03	$ 0.09
Net income per share — basic	$ 0.75	$ 1.20	$ 0.34	$ 0.09
Diluted earnings per share				
Income per share from continuing operations	$ 0.68	$ 1.12	$ 0.31	$ —
Income per share from discontinued operations	$ 0.07	$ 0.08	$ 0.03	$ 0.09
Net income per share — diluted	$ 0.75	$ 1.20	$ 0.34	$ 0.09

ITEM 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.***

None.

ITEM 9A. ***Controls and Procedures.***

Management's Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the Company's disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on this evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2013 to provide reasonable assurance that information required to be disclosed by us, including our consolidated entities, in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms, including a reasonable level of assurance that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f), in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (COSO). Based on our evaluation under the framework in *Internal Control-Integrated Framework* issued by COSO and applicable Securities and Exchange Commission rules, our management concluded that our internal control over financial reporting was effective as of September 30, 2013, in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Ernst & Young LLP has issued its report on the effectiveness of the Company's internal control over financial reporting. That report appears below.

/s/ KIM R. COCKLIN	/s/ BRET J. ECKERT
Kim R. Cocklin President and Chief Executive Officer	Bret J. Eckert Senior Vice President and Chief Financial Officer

November 13, 2013

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Atmos Energy Corporation

We have audited Atmos Energy Corporation's internal control over financial reporting as of September 30, 2013, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Atmos Energy Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Atmos Energy Corporation maintained, in all material respects, effective internal control over financial reporting as of September 30, 2013, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of September 30, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2013 of Atmos Energy Corporation and our report dated November 13, 2013 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Dallas, Texas
November 13, 2013

Changes in Internal Control over Financial Reporting

We did not make any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Act) during the fourth quarter of the fiscal year ended September 30, 2013 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. *Other Information.*

Not applicable.

PART III

ITEM 10. *Directors, Executive Officers and Corporate Governance.*

Information regarding directors and compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 5, 2014. Information regarding executive officers is reported below:

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information as of September 30, 2013, regarding the executive officers of the Company. It is followed by a brief description of the business experience of each executive officer.

Name	Age	Years of Service	Office Currently Held
Kim R. Cocklin	62	7	President and Chief Executive Officer
Bret J. Eckert	46	1	Senior Vice President and Chief Financial Officer
Marvin L. Sweetin	50	13	Senior Vice President, Utility Operations
Louis P. Gregory	58	13	Senior Vice President, General Counsel and Corporate Secretary
Michael E. Haefner	53	5	Senior Vice President, Human Resources

Kim R. Cocklin was named President and Chief Executive Officer effective October 1, 2010. Mr. Cocklin joined the Company in June 2006 and served as President and Chief Operating Officer of the Company from October 1, 2008 through September 30, 2010, after having served as Senior Vice President, Regulated Operations from October 2006 through September 2008. Mr. Cocklin was appointed to the Board of Directors on November 10, 2009.

Bret J. Eckert joined the Company in June 2012 as Senior Vice President, and on October 1, 2012 he was appointed Chief Financial Officer. Prior to joining the Company, Mr. Eckert was an Assurance Partner with Ernst & Young LLP where he developed extensive accounting and financial experience in the natural gas industry over his 22-year career.

Marvin L. Sweetin was named Senior Vice President, Utility Operations in November 2011. In this role, Mr. Sweetin is responsible for the operations of our six utility divisions, as well as customer service, safety and training. Mr. Sweetin joined the Company in May 2000 and served in a variety of leadership positions with responsibility for procurement, customer service, training and safety.

Louis P. Gregory was named Senior Vice President and General Counsel in September 2000 as well as Corporate Secretary in June 2012.

Michael E. Haefner joined the Company in June 2008 as Senior Vice President, Human Resources.

Identification of the members of the Audit Committee of the Board of Directors as well as the Board of Directors' determination as to whether one or more audit committee financial experts are serving on the Audit Committee of the Board of Directors is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 5, 2014.

The Company has adopted a code of ethics for its principal executive officer, principal financial officer and principal accounting officer. Such code of ethics is represented by the Company's Code of Conduct, which is applicable to all directors, officers and employees of the Company, including the Company's principal executive officer, principal financial officer and principal accounting officer. A copy of the Company's Code of Conduct is posted on the Company's website at *www.atmosenergy.com* under "Corporate Governance." In addition, any amendment to or waiver granted from a provision of the Company's Code of Conduct will be posted on the Company's website under "Corporate Governance."

ITEM 11. ***Executive Compensation.***

Information on executive compensation is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 5, 2014.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Security ownership of certain beneficial owners and of management is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 5, 2014. Information concerning our equity compensation plans is provided in Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities", of this Annual Report on Form 10-K.

ITEM 13. ***Certain Relationships and Related Transactions, and Director Independence.***

Information on certain relationships and related transactions as well as director independence is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 5, 2014.

ITEM 14. ***Principal Accountant Fees and Services.***

Information on our principal accountant's fees and services is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 5, 2014.

PART IV

ITEM 15. ***Exhibits and Financial Statement Schedules.***

(a) 1. and 2. *Financial statements and financial statement schedules.*

The financial statements and financial statement schedule listed in the Index to Financial Statements in Item 8 are filed as part of this Form 10-K.

3. Exhibits

The exhibits listed in the accompanying Exhibits Index are filed as part of this Form 10-K. The exhibits numbered 10.4(a) through 10.13.(c) are management contracts or compensatory plans or arrangements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

By: /s/ BRET J. ECKERT
Bret J. Eckert
Senior Vice President and Chief Financial Officer

Date: November 13, 2013

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Kim R. Cocklin and Bret J. Eckert, or either of them acting alone or together, as his true and lawful attorney-in-fact and agent with full power to act alone, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ KIM R. COCKLIN Kim R. Cocklin	President, Chief Executive Officer and Director	November 13, 2013
/s/ BRET J. ECKERT Bret J. Eckert	Senior Vice President and Chief Financial Officer	November 13, 2013
/s/ CHRISTOPHER T. FORSYTHE Christopher T. Forsythe	Vice President and Controller (Principal Accounting Officer)	November 13, 2013
/s/ ROBERT W. BEST Robert W. Best	Chairman of the Board	November 13, 2013
/s/ RICHARD W. DOUGLAS Richard W. Douglas	Director	November 13, 2013
/s/ RUBEN E. ESQUIVEL Ruben E. Esquivel	Director	November 13, 2013
/s/ RICHARD K. GORDON Richard K. Gordon	Director	November 13, 2013
/s/ ROBERT C. GRABLE Robert C. Grable	Director	November 13, 2013
/s/ THOMAS C. MEREDITH Thomas C. Meredith	Director	November 13, 2013
/s/ NANCY K. QUINN Nancy K. Quinn	Director	November 13, 2013
/s/ RICHARD A. SAMPSON Richard A. Sampson	Director	November 13, 2013
/s/ STEPHEN R. SPRINGER Stephen R. Springer	Director	November 13, 2013
/s/ RICHARD WARE II Richard Ware II	Director	November 13, 2013

Schedule II

ATMOS ENERGY CORPORATION

Valuation and Qualifying Accounts
Three Years Ended September 30, 2013

	Balance at beginning of period	Additions: Charged to cost & expenses	Additions: Charged to other accounts	Deductions	Balance at end of period
		(In thousands)			
2013					
Allowance for doubtful accounts	$ 9,425	$14,484	$—	$3,285[1]	$20,624
2012					
Allowance for doubtful accounts	$ 7,440	$ 8,901	$—	$6,916[1]	$ 9,425
2011					
Allowance for doubtful accounts	$12,701	$ 2,201	$—	$7,462[1]	$ 7,440

(1) Uncollectible accounts written off.

EXHIBITS INDEX
Item 14.(a)(3)

Exhibit Number	Description	Page Number or Incorporation by Reference to
	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	
2.1(a)	Asset Purchase Agreement by and between Atmos Energy Corporation as Seller and Liberty Energy (Midstates) Corp. as Buyer, dated as of May 12, 2011	Exhibit 2.1 to Form 8-K dated May 12, 2011 (File No. 1-10042)
2.1(b)	Amendment No. 1 to Asset Purchase Agreement	Exhibit 2.1(b) to Form 10-K for fiscal year ended September 30, 2012 (File No. 1-10042)
2.2	Asset Purchase Agreement by and between Atmos Energy Corporation as Seller and Liberty Energy (Georgia) Corp. as Buyer, dated as of August 8, 2012	Exhibit 2.1 to Form 8-K dated August 8, 2012 (File No. 1-10042)
	Articles of Incorporation and Bylaws	
3.1	Restated Articles of Incorporation of Atmos Energy Corporation — Texas (As Amended Effective February 3, 2010)	Exhibit 3.1 to Form 10-Q dated March 31, 2010 (File No. 1-10042)
3.2	Restated Articles of Incorporation of Atmos Energy Corporation — Virginia (As Amended Effective February 3, 2010)	Exhibit 3.2 to Form 10-Q dated March 31, 2010 (File No. 1-10042)
3.3	Amended and Restated Bylaws of Atmos Energy Corporation (as of February 3, 2010)	Exhibit 3.2 to Form 8-K dated February 3, 2010 (File No. 1-10042)
	Instruments Defining Rights of Security Holders, Including Indentures	
4.1	Specimen Common Stock Certificate (Atmos Energy Corporation)	Exhibit 4.1 to Form 10-K for fiscal year ended September 30, 2012 (File No. 1-10042)
4.2	Indenture dated as of November 15, 1995 between United Cities Gas Company and Bank of America Illinois, Trustee	Exhibit 4.11(a) to Form S-3 dated August 31, 2004 (File No. 333-118706)
4.3	Indenture dated as of July 15, 1998 between Atmos Energy Corporation and U.S. Bank Trust National Association, Trustee	Exhibit 4.8 to Form S-3 dated August 31, 2004 (File No. 333-118706)
4.4	Indenture dated as of May 22, 2001 between Atmos Energy Corporation and SunTrust Bank, Trustee	Exhibit 99.3 to Form 8-K dated May 15, 2001 (File No. 1-10042)
4.5	Indenture dated as of June 14, 2007, between Atmos Energy Corporation and U.S. Bank National Association, Trustee	Exhibit 4.1 to Form 8-K dated June 11, 2007 (File No. 1-10042)
4.6	Indenture dated as of March 23, 2009 between Atmos Energy Corporation and U.S. Bank National Corporation, Trustee	Exhibit 4.1 to Form 8-K dated March 26, 2009 (File No. 1-10042)
4.7(a)	Debenture Certificate for the 6 3/4% Debentures due 2028	Exhibit 99.2 to Form 8-K dated July 22, 1998 (File No. 1-10042)
4.7(b)	Global Security for the 4.95% Senior Notes due 2014	Exhibit 10(2)(f) to Form 10-K for fiscal year ended September 30, 2004 (File No. 1-10042)
4.7(c)	Global Security for the 5.95% Senior Notes due 2034	Exhibit 10(2)(g) to Form 10-K for fiscal year ended September 30, 2004 (File No. 1-10042)

Exhibit Number	Description	Page Number or Incorporation by Reference to
4.7(d)	Global Security for the 6.35% Senior Notes due 2017	Exhibit 4.2 to Form 8-K dated June 11, 2007 (File No. 1-10042)
4.7(e)	Global Security for the 8.50% Senior Notes due 2019	Exhibit 4.2 to Form 8-K dated March 26, 2009 (File No. 1-10042)
4.7(f)	Global Security for the 5.5% Senior Notes due 2041	Exhibit 4.2 to Form 8-K dated June 10, 2011 (File No. 1-10042)
4.7(g)	Global Security for the 4.15% Senior Notes due 2043	Exhibit 4.2 to Form 8-K dated January 8, 2013 (File No. 1-10042)
	Material Contracts	
10.1(a)	Revolving Credit Agreement, dated as of May 2, 2011 among Atmos Energy Corporation, the Lenders from time to time parties thereto, The Royal Bank of Scotland plc as Administrative Agent, Crédit Agricole Corporate and Investment Bank as Syndication Agent, Bank of America, N.A., U.S. Bank National Association and Wells Fargo Bank, N.A. as Co-Documentation Agents	Exhibit 10.1 to Form 8-K dated May 2, 2011 (File No. 1-10042)
10.1(b)	Second Amendment to Revolving Credit Agreement, made and entered into as of December 7, 2012, by and among Atmos Energy Corporation, a Texas and Virginia corporation, the several banks and other financial institutions from time to time party thereto (the "Lenders") and The Royal Bank of Scotland plc, in its capacity as Administrative Agent for the Lenders	Exhibit 10.1 to Form 8-K dated December 5, 2012 (File No. 1-10042)
10.1(c)	Third Amendment to Revolving Credit Agreement, made and entered into as of August 22, 2013, by and among Atmos Energy Corporation, a Texas and Virginia corporation, the several banks and other financial institutions from time to time party thereto (the "Lenders") and The Royal Bank of Scotland plc, in its capacity as Administrative Agent for the Lenders	Exhibit 10.1 to Form 8-K dated August 22, 2013 (File No. 1-10042)
10.2(a)	Accelerated Share Buyback Agreement with Goldman, Sachs & Co. — Master Confirmation dated July 1, 2010	Exhibit 10.6(a) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.2(b)	Accelerated Share Buyback Agreement with Goldman, Sachs & Co. — Supplemental Confirmation dated July 1, 2010	Exhibit 10.6(b) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.3(a)	Guaranty of Algonquin Power & Utilities Corp. dated May 12, 2011	Exhibit 10.1 to Form 8-K dated May 12, 2011 (File No. 1-10042)
10.3(b)	Guaranty of Algonquin Power & Utilities Corp. dated August 8, 2012	Exhibit 10.1 to Form 8-K dated August 8, 2012 (File No. 1-10042)
	Executive Compensation Plans and Arrangements	
10.4(a)*	Form of Atmos Energy Corporation Change in Control Severance Agreement — Tier I	Exhibit 10.7(a) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)

Exhibit Number	Description	Page Number or Incorporation by Reference to
10.4(b)*	Form of Atmos Energy Corporation Change in Control Severance Agreement — Tier II	Exhibit 10.7(b) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.5(a)*	Atmos Energy Corporation Executive Retiree Life Plan	Exhibit 10.31 to Form 10-K for fiscal year ended September 30, 1997 (File No. 1-10042)
10.5(b)*	Amendment No. 1 to the Atmos Energy Corporation Executive Retiree Life Plan	Exhibit 10.31(a) to Form 10-K for fiscal year ended September 30, 1997 (File No. 1-10042)
10.6(a)*	Atmos Energy Corporation Annual Incentive Plan for Management (as amended and restated February 10, 2011)	Exhibit 10.14 to Form 10-K for fiscal year ended September 30, 2011 (File No. 1-10042)
10.6(b)*	Amendment No 1 to the Atmos Energy Corporation Annual Incentive Plan for Management (as amended and restated February 10, 2011)	Exhibit 10.8(b) to Form 10-K for fiscal year ended September 30, 2012 (File No. 1-10042)
10.6(c)*	Amendment No 2 to the Atmos Energy Corporation Annual Incentive Plan for Management (as amended and restated February 10, 2011)	
10.7(a)*	Atmos Energy Corporation Supplemental Executive Benefits Plan, Amended and Restated in its Entirety August 7, 2007	Exhibit 10.8(a) to Form 10-K for fiscal year ended September 30, 2008 (File No. 1-10042)
10.7(b)*	Form of Individual Trust Agreement for the Supplemental Executive Benefits Plan	Exhibit 10.3 to Form 10-Q for quarter ended December 31, 2000 (File No. 1-10042)
10.8(a)*	Atmos Energy Corporation Supplemental Executive Retirement Plan (As Amended and Restated, Effective as of November 12, 2009)	Exhibit 10.10(b) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.8(b)*	Atmos Energy Corporation Performance-Based Supplemental Executive Benefits Plan Trust Agreement, Effective Date December 1, 2000	Exhibit 10.1 to Form 10-Q for quarter ended December 31, 2000 (File No. 1-10042)
10.9*	Atmos Energy Corporation Account Balance Supplemental Executive Retirement Plan, Effective Date August 5, 2009	Exhibit 10.10(c) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.10(a)*	Mini-Med/Dental Benefit Extension Agreement dated October 1, 1994	Exhibit 10.28(f) to Form 10-K for fiscal year ended September 30, 2001 (File No. 1-10042)
10.10(b)*	Amendment No. 1 to Mini-Med/Dental Benefit Extension Agreement dated August 14, 2001	Exhibit 10.28(g) to Form 10-K for fiscal year ended September 30, 2001 (File No. 1-10042)
10.10(c)*	Amendment No. 2 to Mini-Med/Dental Benefit Extension Agreement dated December 31, 2002	Exhibit 10.1 to Form 10-Q for quarter ended December 31, 2002 (File No. 1-10042)
10.11*	Atmos Energy Corporation Equity Incentive and Deferred Compensation Plan for Non-Employee Directors, Amended and Restated as of January 1, 2012	Exhibit 10.1 to Form 10-Q for quarter ended December 31, 2011 (File No. 1-10042)
10.12*	Atmos Energy Corporation Outside Directors Stock-for-Fee Plan, Amended and Restated as of October 1, 2009	Exhibit 10.13 to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.13(a)*	Atmos Energy Corporation 1998 Long-Term Incentive Plan (as amended and restated February 10, 2011)	Exhibit 99.1 to Form S-8 dated October 28, 2011 (File No. 333-177593)

Exhibit Number	Description	Page Number or Incorporation by Reference to
10.13(b)*	Form of Award Agreement of Time-Lapse Restricted Stock Units under the Atmos Energy Corporation 1998 Long-Term Incentive Plan	
10.13(c)*	Form of Award Agreement of Performance-Based Restricted Stock Units under the Atmos Energy Corporation 1998 Long-Term Incentive Plan	
12	Statement of computation of ratio of earnings to fixed charges	
	Other Exhibits, as indicated	
21	Subsidiaries of the registrant	
23.1	Consent of independent registered public accounting firm, Ernst & Young LLP	
24	Power of Attorney	Signature page of Form 10-K for fiscal year ended September 30, 2013
31	Rule 13a-14(a)/15d-14(a) Certifications	
32	Section 1350 Certifications**	
	Interactive Data File	
101.INS	XBRL Instance Document	
101.SCH	XBRL Taxonomy Extension Schema	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	
101.DEF	XBRL Taxonomy Extension Definition Linkbase	
101.LAB	XBRL Taxonomy Extension Labels Linkbase	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	

* This exhibit constitutes a "management contract or compensatory plan, contract, or arrangement."

** These certifications pursuant to 18 U.S.C. Section 1350 by the Company's Chief Executive Officer and Chief Financial Officer, furnished as Exhibit 32 to this Annual Report on Form 10-K, will not be deemed to be filed with the Securities and Exchange Commission or incorporated by reference into any filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates such certifications by reference.

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

Form 10-K

(Mark One)

☑ **ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended September 30, 2014

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

Commission file number 1-10042

Atmos Energy Corporation
(Exact name of registrant as specified in its charter)

Texas and Virginia	**75-1743247**
(State or other jurisdiction of incorporation or organization)	*(IRS employer identification no.)*
Three Lincoln Centre, Suite 1800 5430 LBJ Freeway, Dallas, Texas	**75240**
(Address of principal executive offices)	*(Zip code)*

Registrant's telephone number, including area code:
(972) 934-9227

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
Common stock, No Par Value	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act:
None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes ☑ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes ☐ No ☑

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☑ No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☑ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§ 229.45) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☑ Accelerated filer ☐ Non-accelerated filer ☐ (Do not check if a smaller reporting company) Smaller reporting company ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes ☐ No ☑

The aggregate market value of the common voting stock held by non-affiliates of the registrant as of the last business day of the registrant's most recently completed second fiscal quarter, March 31, 2014, was $4,659,809,695.

As of October 31, 2014, the registrant had 100,393,038 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's Definitive Proxy Statement to be filed for the Annual Meeting of Shareholders on February 4, 2015 are incorporated by reference into Part III of this report.

TABLE OF CONTENTS

GLOSSARY OF KEY TERMS

AEC	Atmos Energy Corporation
AEH	Atmos Energy Holdings, Inc.
AEM	Atmos Energy Marketing, LLC
AOCI	Accumulated Other Comprehensive Income
APS	Atmos Pipeline and Storage, LLC
ATO	Trading symbol for Atmos Energy Corporation common stock on the New York Stock Exchange
Bcf	Billion cubic feet
CFTC	Commodity Futures Trading Commission
COSO	Committee of Sponsoring Organizations of the Treadway Commission
ERISA	Employee Retirement Income Security Act of 1974
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
Fitch	Fitch Ratings, Ltd.
GAAP	Generally Accepted Accounting Principles
GRIP	Gas Reliability Infrastructure Program
GSRS	Gas System Reliability Surcharge
KPSC	Kentucky Public Service Commission
LTIP	1998 Long-Term Incentive Plan
Mcf	Thousand cubic feet
MDWQ	Maximum daily withdrawal quantity
Mid-Tex Cities	Represents all incorporated cities other than Dallas, or approximately 80 percent of the Mid-Tex Division's customers, with whom a settlement agreement was reached during the fiscal 2008 second quarter.
MMcf	Million cubic feet
Moody's	Moody's Investor Services, Inc.
NYMEX	New York Mercantile Exchange, Inc.
NYSE	New York Stock Exchange
PAP	Pension Account Plan
PPA	Pension Protection Act of 2006
RRC	Railroad Commission of Texas
RRM	Rate Review Mechanism
RSC	Rate Stabilization Clause
S&P	Standard & Poor's Corporation
SEC	United States Securities and Exchange Commission
SRF	Stable Rate Filing
WNA	Weather Normalization Adjustment

PART I

The terms "we," "our," "us", "Atmos Energy" and the "Company" refer to Atmos Energy Corporation and its subsidiaries, unless the context suggests otherwise.

ITEM 1. *Business.*

Overview and Strategy

Atmos Energy Corporation, headquartered in Dallas, Texas, and incorporated in Texas and Virginia, is engaged primarily in the regulated natural gas distribution and pipeline businesses as well as other nonregulated natural gas businesses. We deliver natural gas through regulated sales and transportation arrangements to over three million residential, commercial, public authority and industrial customers in eight states located primarily in the South, which makes us one of the country's largest natural-gas-only distributors based on number of customers. We also operate one of the largest intrastate pipelines in Texas based on miles of pipe.

During fiscal 2012 and 2013, we sold our natural gas distribution operations in four states to streamline our regulated operations. In August 2012, we completed the sale of our natural gas distribution operations in Missouri, Illinois and Iowa, representing approximately 84,000 customers, and in April 2013, we completed the sale of our natural gas distribution operations in Georgia, representing approximately 64,000 customers.

Our nonregulated businesses provide natural gas management, marketing, transportation and storage services to municipalities, local gas distribution companies, including certain of our natural gas distribution divisions and industrial customers principally in the Midwest and Southeast.

Our overall strategy is to:

- deliver superior shareholder value,
- improve the quality and consistency of earnings growth, while operating our business exceptionally well
- invest in our people and infrastructure
- enhance our culture.

We have delivered excellent shareholder value by growing our earnings and increasing our dividends for over 25 consecutive years. Over the last six years, we have achieved growth by implementing rate designs that reduce or eliminate regulatory lag and separate the recovery of our approved margins from customer usage patterns. In addition, we have developed various commercial opportunities within our regulated transmission and storage operations.

Our core values include focusing on our employees and customers while conducting our business with honesty and integrity. We continue to strengthen our culture through ongoing communications with our employees and enhanced employee training.

Operating Segments

We operate the Company through the following three segments:

- The *regulated distribution segment*, which includes our regulated distribution and related sales operations
- The *regulated pipeline segment*, which includes the pipeline and storage operations of our Atmos Pipeline — Texas Division and
- The *nonregulated segment*, which includes our nonregulated natural gas management, nonregulated natural gas transmission, storage and other services.

These operating segments are described in greater detail below.

Regulated Distribution Segment Overview

Our regulated distribution segment is comprised of our six regulated natural gas distribution divisions. This segment represents approximately 65 percent of our consolidated net income. The following table summarizes key information about these divisions, presented in order of total rate base. We operate in our service areas under terms of non-exclusive franchise agreements granted by the various cities and towns that we serve. At September 30, 2014, we held 1,003 franchises having terms generally ranging from five to 35 years. A significant number of our franchises expire each year, which require renewal prior to the end of their terms. We believe that we will be able to renew our franchises as they expire.

Division	Service Areas	Communities Served	Customer Meters
Mid-Tex	Texas, including the Dallas/Fort Worth Metroplex	550	1,609,920
Kentucky/Mid-States	Kentucky	230	177,811
	Tennessee		137,989
	Virginia		23,261
Louisiana	Louisiana	300	353,079
West Texas	Amarillo, Lubbock, Midland	80	302,815
Mississippi	Mississippi	110	265,762
Colorado-Kansas	Colorado	170	113,006
	Kansas		131,426

Revenues in this operating segment are established by regulatory authorities in the states in which we operate. These rates are intended to be sufficient to cover the costs of conducting business and to provide a reasonable return on invested capital. In addition, we transport natural gas for others through our distribution system.

Rates established by regulatory authorities often include cost adjustment mechanisms for costs that (i) are subject to significant price fluctuations compared to our other costs, (ii) represent a large component of our cost of service and (iii) are generally outside our control.

Purchased gas cost adjustment mechanisms represent a common form of cost adjustment mechanism. Purchased gas cost adjustment mechanisms provide natural gas distribution companies a method of recovering purchased gas costs on an ongoing basis without filing a rate case because they provide a dollar-for-dollar offset to increases or decreases in natural gas distribution gas costs. Therefore, although substantially all of our distribution operating revenues fluctuate with the cost of gas that we purchase, distribution gross profit (which is defined as operating revenues less purchased gas cost) is generally not affected by fluctuations in the cost of gas.

Additionally, some jurisdictions have introduced performance-based ratemaking adjustments to provide incentives to distribution companies to minimize purchased gas costs through improved storage management and use of financial instruments to lock in gas costs. Under the performance-based ratemaking adjustment, purchased gas costs savings are shared between the utility and its customers.

Our supply of natural gas is provided by a variety of suppliers, including independent producers, marketers and pipeline companies and withdrawals of gas from proprietary and contracted storage assets. Additionally, the natural gas supply for our Mid-Tex Division includes peaking and spot purchase agreements.

Supply arrangements consist of both base load and swing supply (peaking) quantities and are contracted from our suppliers on a firm basis with various terms at market prices. Base load quantities are those that flow at a constant level throughout the month and swing supply quantities provide the flexibility to change daily quantities to match increases or decreases in requirements related to weather conditions.

Except for local production purchases, we select our natural gas suppliers through a competitive bidding process by periodically requesting proposals from suppliers that have demonstrated that they can provide reliable service. We select these suppliers based on their ability to deliver gas supply to our designated firm pipeline receipt points at the lowest reasonable cost. Major suppliers during fiscal 2014 were ConocoPhillips Company, Devon Gas Services, L.P., Enbridge Marketing (US) Inc., Enterprise Products Operating LLC, Iberdrola Energy Services, LLC, NJR Energy Services Company, Targa Gas Marketing LLC, Tenaska Gas Storage, LLC, Tenaska Marketing Ventures, Texla Energy Management, Inc. and Atmos Energy Marketing, LLC, our natural gas marketing subsidiary.

The combination of base load, peaking and spot purchase agreements, coupled with the withdrawal of gas held in storage, allows us the flexibility to adjust to changes in weather, which minimizes our need to enter into long-term firm commitments. We estimate our peak-day availability of natural gas supply to be approximately 4.4 Bcf. The peak-day demand for our distribution operations in fiscal 2014 was on January 6, 2014, when sales to customers reached approximately 3.5 Bcf.

Currently, our distribution divisions, except for our Mid-Tex Division, utilize 35 pipeline transportation companies, both interstate and intrastate, to transport our natural gas. The pipeline transportation agreements are firm and many of them have "pipeline no-notice" storage service, which provides for daily balancing between system requirements and nominated flowing supplies. These agreements have been negotiated with the shortest term necessary while still maintaining our right of first refusal. The natural gas supply for our Mid-Tex Division is delivered primarily by our Atmos Pipeline — Texas Division.

To maintain our deliveries to high priority customers, we have the ability, and have exercised our right, to curtail deliveries to certain customers under the terms of interruptible contracts or applicable state regulations or statutes. Our customers' demand on our system is not necessarily indicative of our ability to meet current or anticipated market demands or immediate delivery requirements because of factors such as the physical limitations of gathering, storage and transmission systems, the duration and severity of cold weather, the availability of gas reserves from our suppliers, the ability to purchase additional supplies on a short-term basis and actions by federal and state regulatory authorities. Curtailment rights provide us the flexibility to meet the human-needs requirements of our customers on a firm basis. Priority allocations imposed by federal and state regulatory agencies, as well as other factors beyond our control, may affect our ability to meet the demands of our customers. We anticipate no problems with obtaining additional gas supply as needed for our customers.

Regulated Pipeline Segment Overview

Our regulated pipeline segment consists of the regulated pipeline and storage operations of our Atmos Pipeline — Texas Division (APT). APT is one of the largest intrastate pipeline operations in Texas with a heavy concentration in the established natural gas-producing areas of central, northern and eastern Texas, extending into or near the major producing areas of the Barnett Shale, the Texas Gulf Coast and the Delaware and Val Verde Basins of West Texas. Through it, we transport natural gas to our Mid-Tex Division and to third parties and manage five underground storage reservoirs in Texas. We also provide ancillary services customary in the pipeline industry including parking and lending arrangements. This segment represents approximately 30 percent of our consolidated operations.

Gross profit earned from transportation for our Mid-Tex Division, other local distribution companies and certain other transportation and storage services is subject to traditional ratemaking governed by the RRC. Rates are updated through periodic formal rate proceedings and filings made under Texas' Gas Reliability Infrastructure Program (GRIP). GRIP allows us to include in our rate base annually approved capital costs incurred in the prior calendar year provided that we file a complete rate case at least once every five years. Atmos Pipeline-Texas' existing regulatory mechanisms allow certain transportation and storage services to be provided under market-based rates.

Nonregulated Segment Overview

Our nonregulated operations are conducted through Atmos Energy Holdings, Inc. (AEH), a wholly-owned subsidiary of Atmos Energy Corporation, and typically represent approximately five percent of our consolidated net income.

AEH's primary business is to buy, sell and deliver natural gas at competitive prices to approximately 1,000 customers located primarily in the Midwest and Southeast areas of the United States. AEH accomplishes this objective by aggregating and purchasing gas supply, arranging transportation and storage logistics and effectively managing commodity price risk.

AEH also earns storage and transportation demand fees primarily from our regulated distribution operations in Louisiana and Kentucky. These demand fees are subject to regulatory oversight and are renewed periodically.

Ratemaking Activity

Overview

The method of determining regulated rates varies among the states in which our regulated businesses operate. The regulatory authorities have the responsibility of ensuring that utilities in their jurisdictions operate in the best interests of customers while providing utility companies the opportunity to earn a reasonable return on their investment. Generally, each regulatory authority reviews rate requests and establishes a rate structure intended to generate revenue sufficient to cover the costs of conducting business and to provide a reasonable return on invested capital.

Our rate strategy focuses on reducing or eliminating regulatory lag, obtaining adequate returns and providing stable, predictable margins, which benefit both our customers and the Company. As a result of our ratemaking efforts in recent years, Atmos Energy has:

- Formula rate mechanisms in place in three states that provide for an annual rate review and adjustment to rates for approximately 77 percent of our distribution gross margin.
- Approximately 90 percent of our capital expenditures are recovered within six months.
- Accelerated recovery of capital for approximately 91 percent of our regulated distribution gross margin.
- Enhanced rate recovery that allows us to defer certain elements of our cost of service until they are included in rates, such as depreciation, ad valorem taxes and pension costs.
- Enhanced rate design in our Mid-Tex and West Texas Divisions (which represent approximately 56 percent of our regulated distribution segment operating income) to increase the customer base charge and decrease the consumption charge applied to customer usage. This rate design reduces our dependence on customer consumption in these divisions, which should enable these divisions to earn operating income more ratably over the fiscal year.
- WNA mechanisms in seven states that serve to minimize the effects of weather on approximately 97 percent of our distribution gross margin.
- The ability to recover the gas cost portion of bad debts for approximately 76 percent of our distribution gross margin.

The following table provides a jurisdictional rate summary for our regulated operations. This information is for regulatory purposes only and may not be representative of our actual financial position.

Division	Jurisdiction	Effective Date of Last Rate/GRIP Action	Rate Base (thousands)(1)	Authorized Rate of Return(1)	Authorized Debt/ Equity Ratio	Authorized Return on Equity(1)
Atmos Pipeline —Texas	Texas	05/01/2011	$807,733	9.36%	50/50	11.80%
Atmos Pipeline — Texas — GRIP	Texas	05/01/2014	1,169,893	9.36%	N/A	11.80%
Colorado-Kansas	Colorado	08/26/2014	111,297	8.04%	48/52	9.72%
	Kansas	09/04/2014	177,563	7.75%	47/53	9.10%
Kentucky/Mid-States	Kentucky	04/22/2014	252,738	7.71%	51/49	9.80%
	Tennessee	11/08/2012	201,359	8.28%	49/51	10.10%
	Virginia	09/09/2014	37,456	7.94%	46/54	9.00% - 10.00%
Louisiana	Trans LA	04/01/2014	109,940	7.79%	52/48	10.00% - 10.80%
	LGS	07/01/2014	309,432	7.79%	49/51	9.80%
Mid-Tex Cities	Texas	11/01/2013	1,672,286(3)	8.59%	(2)	10.50%
Mid-Tex —Dallas	Texas	06/01/2014	1,798,530(3)	8.31%	48/52	10.10%
Mississippi	Mississippi	01/07/2014	298,466	8.18%	49/51	9.95%
West Texas(4)	Texas	04/01/2014	324,264	(2)	(2)	(2)

Division	Jurisdiction	Bad Debt Rider(5)	Annual Rate Mechanism	Infrastructure Mechanism	Performance-Based Rate Program(6)	WNA Period
Atmos Pipeline — Texas ...	Texas	No	No	Yes	N/A	N/A
Colorado-Kansas	Colorado	No	No	No	No	N/A
	Kansas	Yes	No	Yes	No	October - May
Kentucky/Mid-States	Kentucky	Yes	No	Yes	Yes	November - April
	Tennessee	Yes	No	No	Yes	October - April
	Virginia	Yes	No	Yes	No	January - December
Louisiana	Trans LA	No	Yes	Yes	No	December - March
	LGS	No	Yes	Yes	No	December - March
Mid-Tex Cities	Texas	Yes	Yes	Yes	No	November - April
Mid-Tex — Dallas	Texas	Yes	Yes	Yes	No	November - April
Mississippi	Mississippi	No	Yes	No	Yes	November - April
West Texas(4)	Texas	Yes	Yes	Yes	No	October - May

(1) The rate base, authorized rate of return and authorized return on equity presented in this table are those from the most recent rate case or GRIP filing for each jurisdiction. These rate bases, rates of return and returns on equity are not necessarily indicative of current or future rate bases, rates of return or returns on equity.

(2) A rate base, rate of return, return on equity or debt/equity ratio was not included in the respective state commission's final decision.

(3) The Mid-Tex Rate Base amounts for the Mid-Tex Cities and Dallas areas represent "system-wide", or 100 percent, of the Mid-Tex Division's rate base.

(4) On April 1, 2014, a rate case settlement approved by the West Texas Cities reestablished an annual rate mechanism for all West Texas Division cities except Amarillo, Channing, Dalhart and Lubbock.

(5) The bad debt rider allows us to recover from ratepayers the gas cost portion of uncollectible accounts.

(6) The performance-based rate program provides incentives to distribution companies to minimize purchased gas costs by allowing the companies and its customers to share the purchased gas costs savings.

Although substantial progress has been made in recent years by improving rate design and recovery of investment across Atmos Energy's operating areas, we will continue to seek improvements in rate design to address cost variations that are related to pass-through energy costs beyond our control and pursue tariffs that reduce regulatory lag associated with investments. Further, potential changes in federal energy policy and adverse economic conditions will necessitate continued vigilance by the Company and our regulators in meeting the challenges presented by these external factors.

Recent Ratemaking Activity

Substantially all of our regulated revenues in the fiscal years ended September 30, 2014, 2013 and 2012 were derived from sales at rates set by or subject to approval by local or state authorities. Net operating income increases resulting from ratemaking activity totaling $93.3 million, $98.1 million and $30.7 million, became effective in fiscal 2014, 2013 and 2012, as summarized below:

	Annual Increase to Operating Income For the Fiscal Year Ended September 30		
Rate Action	2014	2013	2012
		(In thousands)	
Infrastructure programs	$51,681	$30,936	$19,172
Annual rate filing mechanisms	20,068	9,152	7,044
Rate case filings	21,819	56,700	4,309
Other ratemaking activity	(226)	1,322	167
	$93,342	$98,110	$30,692

Additionally, the following ratemaking efforts were initiated during fiscal 2014 but had not been completed as of September 30, 2014:

Division	Rate Action	Jurisdiction	Operating Income Requested
			(In thousands)
Kentucky/Mid-States	PRP[1]	Kentucky	$ 4,317
	PRP[2]	Virginia	170
Mid-Tex Division	RRM[3]	Mid-Tex Cities	33,415
Mississippi	Stable Rate Filing	Mississippi	8,922
	SGR[4]	Mississippi	782
			$47,606

(1) The Pipeline Replacement Program (PRP) surcharge relates to a long-term program to replace aging infrastructure. The Kentucky PRP was implemented on October 10, 2014.

(2) The Pipeline Replacement Program (PRP) surcharge relates to a long-term program to replace aging infrastructure. The Virginia PRP was implemented on October 1, 2014.

(3) Mid-Tex Cities RRM rates were put into effect on June 1, 2014, subject to refund. The Company appealed the Mid-Tex Cities decision to deny the 2013 RRM increase to the Texas Railroad Commission on May 30, 2014. A proposal for decision is expected before the end of the calendar year.

(4) The Mississippi Supplemental Growth Rider (SGR) permits the Company to pursue up to $5.0 million of eligible industrial growth projects beyond the division's normal main extension policies. This is the second year of the SGR program.

Our recent ratemaking activity is discussed in greater detail below.

Infrastructure Programs

As discussed above in "Regulated Distribution Segment Overview" and "Regulated Pipeline Segment Overview," infrastructure programs such as GRIP allow our regulated divisions the opportunity to include in their rate base annually approved capital costs incurred in the prior calendar year. We currently have infrastructure programs in Texas, Kansas, Kentucky, Louisiana and Virginia. The following table summarizes our infrastructure program filings with effective dates during the fiscal years ended September 30, 2014, 2013 and 2012:

Division	Period End	Incremental Net Utility Plant Investment	Increase in Annual Operating Income	Effective Date
		(In thousands)	(In thousands)	
2014 Infrastructure Programs:				
West Texas[(1)]	12/2013	$ 58,841	$ 858	06/17/2014
Mid-Tex — Environs[(2)]	12/2013	203,714	881	05/22/2014
Atmos Pipeline — Texas	12/2013	265,050	45,589	05/06/2014
Colorado-Kansas — Kansas	09/2013	9,323	882	02/01/2014
Kentucky/Mid-States — Kentucky	09/2014	17,488	2,493	10/01/2013
Kentucky/Mid-States — Virginia	09/2014	1,587	210	10/01/2013
Mid-Tex — Environs[(2)]	12/2012	164,681	768	10/01/2013
Total 2014 Infrastructure Programs		$720,684	$51,681	
2013 Infrastructure Programs:				
Atmos Pipeline — Texas	12/2012	$156,440	$26,730	05/07/2013
Colorado-Kansas — Kansas	09/2012	5,376	601	01/09/2013
Kentucky/Mid-States — Georgia[(3)(4)]	09/2011	6,519	1,079	10/01/2012
Kentucky/Mid-States — Kentucky[(4)]	09/2013	19,296	2,425	10/01/2012
Kentucky/Mid-States — Virginia	09/2013	756	101	10/01/2012
Total 2013 Infrastructure Programs		$188,387	$30,936	
2012 Infrastructure Programs:				
Mid-Tex Unincorporated (Environs)[(2)]	12/2011	$145,671	$ 744	06/26/2012
Atmos Pipeline — Texas	12/2011	87,210	14,684	04/10/2012
Kentucky/Mid-States — Georgia[(3)(4)]	09/2010	7,160	1,215	10/01/2011
Kentucky/Mid-States — Kentucky[(4)]	09/2012	17,347	2,529	10/01/2011
Total 2012 Infrastructure Programs		$257,388	$19,172	

(1) Incremental net utility plant investment represents the system-wide incremental investment for the West Texas Division. The increase in annual operating income is for the unincorporated areas of the West Texas Division only.

(2) Incremental net utility plant investment represents the system-wide incremental investment for the Mid-Tex Division. The increase in annual operating income is for the unincorporated areas of the Mid-Tex Division only.

(3) On April 1, 2013, we completed the sale of our Georgia operations to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. The increase in operating income arising from the implementation of new rates is included as a component of discontinued operations through March 31, 2013.

(4) The Pipeline Replacement Program (PRP) surcharge relates to a long-term program to replace aging infrastructure.

Annual Rate Filing Mechanisms

As an instrument to reduce regulatory lag, annual rate filing mechanisms allow us to refresh our rates on an annual periodic basis without filing a formal rate case. However, these filings still involve discovery by the appropriate regulatory authorities prior to the final determination of rates under these mechanisms. We currently have formula rate filing mechanisms in our Louisiana and Mississippi divisions and in a portion of our Texas divisions. The annual rate filing mechanism is referred to as Dallas annual rate review (DARR) and rate review mechanisms (RRM) in our Mid-Tex Division, as the RRM in our West Texas Division, as stable rate filings in the Mississippi Division and the rate stabilization clause in the Louisiana Division. The following table summarizes filings made under our various formula rate filing mechanisms:

Division	Jurisdiction	Test Year Ended	Increase (Decrease) in Annual Operating Income	Effective Date
			(In thousands)	
2014 Filings:				
Louisiana	LGS	12/31/2013	$ 1,383	07/01/2014
Mid-Tex	City of Dallas	09/30/2013	5,638	06/01/2014
Louisiana	Trans LA	09/30/2013	550	04/01/2014
Mid-Tex	Mid-Tex Cities	12/31/2012	12,497	11/01/2013
Total 2014 Filings			$20,068	
2013 Filings:				
Louisiana	LGS	12/31/2012	$ 908	07/01/2013
Mid-Tex	City of Dallas	9/30/2012	1,800	06/01/2013
Louisiana	TransLa	9/30/2012	2,260	04/01/2013
Kentucky/Mid-States	Georgia(1)	9/30/2013	743	02/01/2013
Mississippi	Mississippi	6/30/2012	3,441	11/01/2012
Total 2013 Filings			$ 9,152	
2012 Filings:				
Louisiana	LGS	12/31/2011	$ 2,324	07/01/2012
Mid-Tex	Dallas	9/30/2011	1,204	06/01/2012
Louisiana	Trans La	9/30/2011	11	04/01/2012
Kentucky/Mid-States	Georgia(1)	9/30/2011	(818)	02/01/2012
Mississippi	Mississippi	6/30/2011	4,323	01/11/2012
Total 2012 Filings			$ 7,044	

(1) On April 1, 2013, we completed the sale of our Georgia operations to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. The increase in operating income arising from the implementation of new rates is included as a component of discontinued operations through March 31, 2013.

During fiscal 2011, the RRC's Division of Public Safety issued a new rule requiring natural gas distribution companies with operations in Texas to develop and implement a risk-based program for the renewal or replacement of distribution facilities, including steel service lines. The rule allows for the deferral of all expenses associated with capital expenditures incurred pursuant to this rule until the expenses are included in rates, including the recording of interest on the deferred expenses.

Rate Case Filings

A rate case is a formal request from Atmos Energy to a regulatory authority to increase rates that are charged to customers. Rate cases may also be initiated when the regulatory authorities request us to justify our rates. This process is referred to as a "show cause" action. Adequate rates are intended to provide for recovery of the Company's costs as well as a fair rate of return to our shareholders and ensure that we continue to safely deliver reliable, reasonably priced natural gas service to our customers. The following table summarizes our recent rate cases:

Division	State	Increase in Annual Operating Income (In thousands)	Effective Date
2014 Rate Case Filings:			
Kentucky/Mid-States	Virginia	$ 976	09/09/2014
Colorado-Kansas	Kansas	2,571	09/04/2014
Colorado-Kansas	Colorado	2,400	08/26/2014
Kentucky/Mid-States	Kentucky	5,823	04/22/2014
West Texas	Texas	8,440	04/01/2014
Colorado-Kansas	Colorado	1,609	03/01/2014
Total 2014 Rate Case Filings		$21,819	
2013 Rate Case Filings:			
Mid-Tex	Texas	$42,601	12/04/2012
Kentucky/Mid-States	Tennessee	7,530	11/08/2012
West Texas	Texas	6,569	10/01/2012
Total 2013 Rate Case Filings		$56,700	
2012 Rate Case Filings:			
Colorado-Kansas	Kansas	$ 3,764	09/01/2012
West Texas — Environs	Texas	545	11/08/2011
Total 2012 Rate Case Filings		$ 4,309	

Other Ratemaking Activity

The following table summarizes other ratemaking activity during the fiscal years ended September 30, 2014, 2013 and 2012:

Division	Jurisdiction	Rate Activity	Increase in Annual Operating Income (In thousands)	Effective Date
2014 Other Rate Activity:				
Colorado-Kansas	Kansas	Ad Valorem[1]	$ (226)	02/01/2014
Total 2014 Other Rate Activity			$ (226)	
2013 Other Rate Activity:				
Colorado-Kansas	Kansas	Ad Valorem[1]	$1,322	02/01/2013
Total 2013 Other Rate Activity			$1,322	
2012 Other Rate Activity:				
Colorado-Kansas	Kansas	Ad Valorem[1]	$ 167	01/14/2012
Total 2012 Other Rate Activity			$ 167	

(1) The Ad Valorem filing relates to a collection of property taxes in excess of the amount included in our Kansas service area's base rates.

Other Regulation

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

The Federal Energy Regulatory Commission (FERC) allows, pursuant to Section 311 of the Natural Gas Policy Act, gas transportation services through our Atmos Pipeline — Texas assets "on behalf of" interstate pipelines or local distribution companies served by interstate pipelines, without subjecting these assets to the jurisdiction of the FERC. Additionally, the FERC has regulatory authority over the sale of natural gas in the wholesale gas market and the use and release of interstate pipeline and storage capacity. The FERC also has authority to detect and prevent market manipulation and to enforce compliance with FERC's other rules, policies and orders by companies engaged in the sale, purchase, transportation or storage of natural gas in interstate commerce. We have taken what we believe are the necessary and appropriate steps to comply with these regulations.

Competition

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

Our regulated pipeline operations historically faced competition from other existing intrastate pipelines seeking to provide or arrange transportation, storage and other services for customers. In the last few years, several new pipelines have been completed, which has increased the level of competition in this segment of our business.

Within our nonregulated operations, AEM competes with other natural gas marketers to provide natural gas management and other related services primarily to smaller customers requiring higher levels of balancing, scheduling and other related management services. AEM has experienced increased competition in recent years primarily from investment banks and major integrated oil and natural gas companies who offer lower cost, basic services. The increased competition has reduced margins most notably on its high-volume accounts.

Employees

At September 30, 2014, we had 4,761 employees, consisting of 4,650 employees in our regulated operations and 111 employees in our nonregulated operations.

Available Information

Our Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q, Current Reports on Form 8-K and other reports, and amendments to those reports, and other forms that we file with or furnish to the Securities and Exchange Commission (SEC) are available free of charge at our website, *www.atmosenergy.com*, under "Publications and Filings" under the "Investors" tab, as soon as reasonably practicable, after we electronically file these reports with, or furnish these reports to, the SEC. We will also provide copies of these reports free of charge upon request to Shareholder Relations at the address and telephone number appearing below:

Shareholder Relations
Atmos Energy Corporation
P.O. Box 650205
Dallas, Texas 75265-0205
972-855-3729

Corporate Governance

In accordance with and pursuant to relevant related rules and regulations of the SEC as well as corporate governance-related listing standards of the New York Stock Exchange (NYSE), the Board of Directors of the Company has established and periodically updated our Corporate Governance Guidelines and Code of Conduct, which is applicable to all directors, officers and employees of the Company. In addition, in accordance with and pursuant to such NYSE listing standards, our Chief Executive Officer during fiscal 2014, Kim R. Cocklin, certified to the New York Stock Exchange that he was not aware of any violations by the Company of NYSE corporate governance listing standards. The Board of Directors also annually reviews and updates, if necessary, the charters for each of its Audit, Human Resources and Nominating and Corporate Governance Committees. All of the foregoing documents are posted on the Corporate Governance page of our website. We will also provide copies of all corporate governance documents free of charge upon request to Shareholder Relations at the address listed above.

ITEM 1A. ***Risk Factors.***

Our financial and operating results are subject to a number of risk factors, many of which are not within our control. Although we have tried to discuss key risk factors below, please be aware that other or new risks may prove to be important in the future. Investors should carefully consider the following discussion of risk factors as well as other information appearing in this report. These factors include the following:

The Company is dependent on continued access to the credit and capital markets to execute our business strategy.

Our long-term debt is currently rated as "investment grade" by Standard & Poor's Corporation, Moody's Investors Services, Inc. and Fitch Ratings, Ltd. Similar to most companies, we rely upon access to both short-term and long-term credit and capital markets to satisfy our liquidity requirements. If adverse credit conditions were to cause a significant limitation on our access to the private and public capital markets, we could see a reduction in our liquidity. A significant reduction in our liquidity could in turn trigger a negative change in our ratings outlook or even a reduction in our credit ratings by one or more of the three credit rating agencies. Such a downgrade could further limit our access to private credit and/or public capital markets and increase our costs of borrowing.

Further, if our credit ratings were downgraded, we could be required to provide additional liquidity to our nonregulated segment because the commodity financial instrument markets could become unavailable to us. Our nonregulated segment depends primarily upon an intercompany lending facility between AEH and Atmos Energy to finance its working capital needs, supplemented by two small credit facilities with outside lenders. Our ability to provide this liquidity to AEH for our nonregulated operations is limited by the terms of the lending arrangement with AEH, which is subject to annual approval by one state regulatory commission.

While we believe we can meet our capital requirements from our operations and the sources of financing available to us, we can provide no assurance that we will continue to be able to do so in the future, especially if the market price of natural gas increases significantly in the near term. The future effects on our business, liquidity and financial results of a deterioration of current conditions in the credit and capital markets could be material and adverse to us, both in the ways described above or in other ways that we do not currently anticipate.

We are subject to state and local regulations that affect our operations and financial results.

Our regulated distribution and regulated pipeline segments are subject to regulatory oversight from various state and local regulatory authorities in the eight states that we serve in our regulated distribution and pipeline segments. Therefore, our returns are continuously monitored and are subject to challenge for their reasonableness by the appropriate regulatory authorities or other third-party interveners. In the normal course of business, as a regulated entity, we often need to place assets in service and establish historical test periods before rate cases that seek to adjust our allowed returns to recover that investment can be filed. Further, the regulatory review process can be lengthy. Because of this process, we suffer the negative financial effects of having placed assets in service without the benefit of rate relief, which is commonly referred to as "regulatory lag." The regulatory process also involves the risk that regulatory authorities may (i) review our purchases of natural gas and adjust the amount of our gas costs that we pass through to our customers or (ii) limit the costs we may have incurred from our cost of service that can be recovered from customers.

A deterioration in economic conditions could adversely affect our customers and negatively impact our financial results.

Any adverse changes in economic conditions in the United States, especially in the states in which we operate, similar to the economic downturn we experienced for several years beginning in 2008 could adversely affect the financial resources of many domestic households and lead to an increase in mortgage defaults and significant decreases in the values of our customers' homes and investment assets. As a result, our customers could seek to use even less gas and make it more difficult for them to pay their gas bills. This would likely lead to slower collections and higher than normal levels of accounts receivable. This, in turn, would probably increase our financing requirements and bad debt expense. Additionally, should economic conditions deteriorate, our industrial customers could seek alternative energy sources, which could result in lower sales volumes.

Inflation and increased gas costs could adversely impact our customer base and customer collections and increase our level of indebtedness.

Inflation has continued to cause increases in some of our operating expenses and has required assets to be replaced at higher costs. We have a process in place to continually review the adequacy of our distribution gas rates in relation to the increasing cost of providing service and the inherent regulatory lag in adjusting those gas rates. Historically, we have been able to budget and control operating expenses and investments within the amounts authorized to be collected in rates and intend to continue to do so. However, the ability to control expenses is an important factor that could impact future financial results.

In addition, rapid increases in the costs of purchased gas would cause us to experience a significant increase in short-term debt. We must pay suppliers for gas when it is purchased, which can be significantly in advance of when these costs may be recovered through the collection of monthly customer bills for gas delivered. Increases in purchased gas costs also slow our natural gas distribution collection efforts as customers are more likely to delay the payment of their gas bills, leading to higher than normal accounts receivable. This could result in higher short-term debt levels, greater collection efforts and increased bad debt expense.

We are exposed to market risks that are beyond our control, which could adversely affect our financial results and capital requirements.

We are subject to market risks beyond our control, including (i) commodity price volatility caused by market supply and demand dynamics, counterparty performance or counterparty creditworthiness, and (ii) interest rate risk.

Our regulated operations are generally insulated from commodity price risk through its purchased gas cost mechanisms. Although our nonregulated operations represent only about five percent of our consolidated results, commodity price volatility experienced in this business segment could lead to some volatility in our earnings. Our nonregulated segment manages margins and limits risk exposure on the sale of natural gas inventory or the offsetting fixed-price purchase or sale commitments for physical quantities of natural gas through the use of a variety of financial instruments. However, contractual limitations could adversely affect our ability to withdraw gas from storage, which could cause us to purchase gas at spot prices in a rising market to obtain sufficient volumes to fulfill customer contracts. We could also realize financial losses on our efforts to limit risk as a result of volatility in the market prices of the underlying commodities or if a counterparty fails to perform under a contract. Any significant tightening of the credit markets could cause more of our counterparties to fail to perform than expected. In addition, adverse changes in the creditworthiness of our counterparties could limit the level of trading activities with these parties and increase the risk that these parties may not perform under a contract. These circumstances could also increase our capital requirements.

Although we manage our business to maintain no open positions related to our physical storage, there are times when limited net open positions may occur on a short-term basis. Net open positions may increase volatility in our financial condition or results of operations if market prices move in a significantly favorable or unfavorable manner before the open positions can be closed. The determination of our net open position as of the end of any particular trading day requires us to make assumptions as to future circumstances, including the use of gas by our customers in relation to our anticipated storage and market positions. Because the price risk associated with any net open position at the end of such day may increase if the assumptions are not realized, we review these assumptions as part of our daily monitoring activities. Further, if the local physical markets do not move consistently with the NYMEX futures market upon which most of our commodity derivative financial instruments are valued, we could experience increased volatility in the financial results of our nonregulated segment.

With respect to interest rate risk, we have been operating in a relatively low interest-rate environment in recent years compared to historical norms for both short and long-term interest rates. However, increases in interest rates could adversely affect our future financial results.

The concentration of our distribution, pipeline and storage operations in the State of Texas exposes our operations and financial results to economic conditions, weather patterns and regulatory decisions in Texas.

Over 50 percent of our regulated distribution customers and most of our regulated pipeline assets and operations are located in the State of Texas. This concentration of our business in Texas means that our operations and financial results may be significantly affected by changes in the Texas economy in general, weather patterns and regulatory decisions by state and local regulatory authorities in Texas.

Our operations are subject to increased competition.

In residential and commercial customer markets, our regulated distribution operations compete with other energy products, such as electricity and propane. Our primary product competition is with electricity for heating, water heating and cooking. Increases in the price of natural gas could negatively impact our competitive position by decreasing the price benefits of natural gas to the consumer. This could adversely impact our business if, as a result, our customer growth slows, reducing our ability to make capital expenditures, or if our customers further conserve their use of gas, resulting in reduced gas purchases and customer billings.

In the case of industrial customers, such as manufacturing plants, adverse economic conditions, including higher gas costs, could cause these customers to use alternative sources of energy, such as electricity, or bypass our systems in favor of special competitive contracts with lower per-unit costs. Our regulated pipeline operations historically have faced limited competition from other existing intrastate pipelines and gas marketers seeking to provide or arrange transportation, storage and other services for customers. However, in the last few years, several new pipelines have been completed, which has increased the level of competition in this segment of our business.

Finally, within our nonregulated operations, AEM competes with other natural gas marketers to provide natural gas management and other related services primarily to smaller customers requiring higher levels of balancing, scheduling and other related management services. AEM has experienced increased competition in recent years from competitors who offer lower cost, basic services.

Adverse weather conditions could affect our operations or financial results.

We have weather-normalized rates for over 95 percent of our residential and commercial meters in our regulated distribution business, which substantially mitigates the adverse effects of warmer-than-normal weather for meters in those service areas. However, there is no assurance that we will continue to receive such regulatory protection from adverse weather in our rates in the future. The loss of such weather-normalized rates could have an adverse effect on our operations and financial results. In addition, our regulated distribution and regulated pipeline operating results may continue to vary somewhat with the actual temperatures during the winter heating season. Sustained cold weather could adversely affect our nonregulated operations as we may be required to purchase gas at spot rates in a rising market to obtain sufficient volumes to fulfill some customer contracts. Additionally, sustained cold weather could challenge our ability to adequately meet customer demand in our natural gas distribution and pipeline and storage operations.

Our growth in the future may be limited by the nature of our business, which requires extensive capital spending.

We must continually build additional capacity in our regulated distribution system to enable us to serve any growth in the number of our customers. The cost of adding this capacity may be affected by a number of factors, including the general state of the economy and weather. In addition, although we should ultimately recover the cost of the expenditures through rates, we must make significant capital expenditures to comply with rules issued by the RRC's Division of Public Safety that require natural gas distribution companies to develop and implement risk-based programs for the renewal or replacement of distribution facilities, including steel service lines. Our cash flows from operations generally are sufficient to supply funding for all our capital expenditures, including the financing of the costs of new construction along with capital expenditures necessary to maintain our existing natural gas system. Due to the timing of these cash flows and capital expenditures, we often must fund at least a portion of these costs through borrowing funds from third-party lenders, the cost and availability of which is dependent on the liquidity of the credit markets, interest rates and other market conditions. This in turn may limit our ability to connect new customers to our system due to constraints on the amount of funds we can invest in our infrastructure.

The costs of providing health care benefits, pension and postretirement health care benefits and related funding requirements may increase substantially.

We provide health care benefits, a cash-balance pension plan and postretirement health care benefits to eligible full-time employees. The costs of providing health care benefits to our employees could significantly increase over time due to rapidly increasing health care inflation, the impact of the Health Care Reform Act of 2010 (HCR) and any future legislative changes related to the provision of health care benefits. The impact of additional costs incurred by the health insurance industry arising from the implementation of HCR, which are likely to be passed on to the Company, are difficult to measure at this time.

The costs of providing a cash-balance pension plan and postretirement health care benefits to eligible full-time employees and related funding requirements could be influenced by changes in the market value of the assets funding our pension and postretirement health care plans. Any significant declines in the value of these investments due to sustained declines in equity markets or a reduction in bond yields could increase the costs of our pension and postretirement health care plans and related funding requirements in the future. Further, our costs of providing such benefits and related funding requirements are also subject to a number of factors, including (i) changing demographics, including longer life expectancy of beneficiaries and an expected increase in the number of eligible former employees over the next five to ten years; (ii) various actuarial calculations and assumptions which may differ materially from actual results due primarily to changing market and economic conditions, including changes in interest rates, and higher or lower withdrawal rates; and (iii) future government regulation.

The costs to the Company of providing these benefits and related funding requirements could also increase materially in the future, depending on the timing of the recovery, if any, of such costs through our rates.

The inability to continue to hire, train and retain operational, technical and managerial personnel could adversely affect our results of operations.

The average age of the employee base of Atmos Energy has been increasing for a number of years, with a number of employees becoming eligible to retire within the next five to 10 years. If we were unable to hire appropriate personnel to fill future needs, the Company could encounter operating challenges and increased costs, primarily due to a loss of knowledge, errors due to inexperience or the lengthy time period typically required to adequately train replacement personnel. In addition, higher costs could result from the increased use of contractors to replace retiring employees, loss of productivity or increased safety compliance issues. The inability to hire, train and retain new operational, technical and managerial personnel adequately and to transfer institutional knowledge and expertise could adversely affect our ability to manage and operate our business. If we were unable to hire, train and retain appropriately qualified personnel, our results of operations could be adversely affected.

We may experience increased federal, state and local regulation of the safety of our operations.

We are committed to constantly monitoring and maintaining our pipeline and distribution system to ensure that natural gas is delivered safely, reliably and efficiently through our network of more than 72,000 miles of pipeline and distribution lines. The pipeline replacement programs currently underway in several of our divisions typify the preventive maintenance and continual renewal that we perform on our natural gas distribution system in the eight states in which we currently operate. The safety and protection of the public, our customers and our employees is our top priority. However, due primarily to the unfortunate pipeline incident in California in 2010, natural gas distribution and pipeline companies have continued to face increasing federal, state and local oversight of the safety of their operations. Although we believe these costs should be ultimately recoverable through our rates, the costs of complying with such increased laws and regulations may have at least a short-term adverse impact on our operating costs and financial results.

Some of our operations are subject to increased federal regulatory oversight that could affect our operations and financial results.

FERC has regulatory authority over some of our operations, including sales of natural gas in the wholesale gas market and the use and release of interstate pipeline and storage capacity. FERC has adopted rules designed to prevent market power abuse and market manipulation and to promote compliance with FERC's other rules, policies and orders by companies engaged in the sale, purchase, transportation or storage of natural gas in interstate commerce. These rules carry increased penalties for violations. Although we have taken steps to structure current and future transactions to comply with applicable current FERC regulations, changes in FERC regulations or their interpretation by FERC or additional regulations issued by FERC in the future could also adversely affect our business, financial condition or financial results.

We are subject to environmental regulations which could adversely affect our operations or financial results.

We are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local governmental authorities relating to protection of the environment and health and safety matters, including those that govern discharges of substances into the air and water, the management and disposal of hazardous substances and waste, the clean-up of contaminated sites, groundwater quality and availability, plant and wildlife protection, as well as work practices related to employee health and safety. Environmental legislation also requires that our facilities, sites and other properties associated with our operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Failure to comply with these laws, regulations, permits and licenses may expose us to fines, penalties or interruptions in our operations that could be significant to our financial results. In addition, existing environmental regulations may be revised or our operations may become subject to new regulations.

The operations and financial results of the Company could be adversely impacted as a result of climate changes or related additional legislation or regulation in the future.

To the extent climate changes occur, our businesses could be adversely impacted, although we believe it is likely that any such resulting impacts would occur very gradually over a long period of time and thus would be difficult to quantify with any degree of specificity. To the extent climate changes would result in warmer temperatures in our service territories, financial results from our regulated distribution segment could be adversely affected through lower gas volumes and revenues, with our regulated pipeline segment also likely experiencing lower volumes and revenues as well. Such climate changes could also cause shifts in population, including customers moving away from our service territories near the Gulf Coast in Louisiana and Mississippi. Another possible climate change would be more frequent and more severe weather events, such as hurricanes and tornados, which could increase our costs to repair damaged facilities and restore service to our customers. If we were unable to deliver natural gas to our customers, our financial results would be impacted by lost revenues, and we generally would have to seek approval from regulators to recover restoration costs. To the extent we would be unable to recover those costs, or if higher rates resulting from our recovery of such costs would result in reduced demand for our services, our future business, financial condition or financial results could be adversely impacted. In addition, there have been a number of federal and state legislative and regulatory initiatives proposed in recent years in an attempt to control or limit the effects of global warming and overall climate change, including greenhouse gas emissions, such as carbon dioxide. The adoption of this type of legislation by Congress or similar legislation by states or the adoption of related regulations by federal or state governments mandating a substantial reduction in greenhouse gas emissions in the future could have far-reaching and significant impacts on the energy industry. Such new legislation or regulations could result in increased compliance costs for us or additional operating restrictions on our business, affect the demand for natural gas or impact the prices we charge to our customers. At this time, we cannot predict the potential impact of such laws or regulations that may be adopted on our future business, financial condition or financial results.

Distributing, transporting and storing natural gas involve risks that may result in accidents and additional operating costs.

Our regulated distribution and regulated pipeline businesses involve a number of hazards and operating risks that cannot be completely avoided, such as leaks, accidents and operational problems, which could cause loss of human life, as well as substantial financial losses resulting from property damage, damage to the environment and to our operations. We maintain liability and property insurance coverage in place for many of these hazards and risks. However, because some of our pipeline, storage and distribution facilities are near or are in populated areas, any loss of human life or adverse financial results resulting from such events could be large. If these events were not fully covered by our general liability and property insurance, which policies are subject to certain limits and deductibles, our operations or financial results could be adversely affected.

Cyber-attacks or acts of cyber-terrorism could disrupt our business operations and information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information.

Our business operations and information technology systems may be vulnerable to an attack by individuals or organizations intending to disrupt our business operations and information technology systems. We use such systems to manage our distribution and intrastate pipeline operations and other business processes. Disruption of those systems could adversely impact our ability to safely deliver natural gas to our customers, operate our pipeline systems or serve our customers timely. Accordingly, if such an attack or act of terrorism were to occur, our operations and financial results could be adversely affected. In addition, we use our information technology systems to protect confidential or sensitive customer, employee and Company information developed and maintained in the normal course of our business. Any attack on such systems that would result in the unauthorized release of customer, employee or other confidential or sensitive data could have a material adverse effect on our business reputation, increase our costs and expose us to additional material legal claims and liability. Even though we have insurance coverage in place for many of these cyber-related risks, if such an attack or act of terrorism were to occur, our operations and financial results could be adversely affected.

Natural disasters, terrorist activities or other significant events could adversely affect our operations or financial results.

Natural disasters are always a threat to our assets and operations. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of natural gas that could affect our operations. Also, companies in our industry may face a heightened risk of exposure to actual acts of terrorism, which could subject our operations to increased risks. As a result, the availability of insurance covering such risks may become more limited, which could increase the risk that an event could adversely affect our operations or financial results.

ITEM 1B. *Unresolved Staff Comments.*

Not applicable.

ITEM 2. *Properties.*

Distribution, transmission and related assets

At September 30, 2014, in our regulated distribution segment, we owned an aggregate of 67,725 miles of underground distribution and transmission mains throughout our distribution systems. These mains are located on easements or rights-of-way which generally provide for perpetual use. We maintain our mains through a program of continuous inspection and repair and believe that our system of mains is in good condition. Through our regulated pipeline segment we owned 5,410 miles of gas transmission and gathering lines as well as 113 miles of transmission and gathering lines through our nonregulated segment.

Storage Assets

We own underground gas storage facilities in several states to supplement the supply of natural gas in periods of peak demand. The following table summarizes certain information regarding our underground gas storage facilities at September 30, 2014:

State	Usable Capacity (Mcf)	Cushion Gas (Mcf)[1]	Total Capacity (Mcf)	Maximum Daily Delivery Capability (Mcf)
Regulated Distribution Segment				
Kentucky	4,442,696	6,322,283	10,764,979	105,100
Kansas	3,239,000	2,300,000	5,539,000	45,000
Mississippi	1,907,571	2,442,917	4,350,488	31,000
Total	9,589,267	11,065,200	20,654,467	181,100
Regulated Pipeline Segment — Texas	46,083,549	15,878,025	61,961,574	1,235,000
Nonregulated Segment				
Kentucky	3,438,900	3,240,000	6,678,900	67,500
Louisiana	438,583	300,973	739,556	56,000
Total	3,877,483	3,540,973	7,418,456	123,500
Total	59,550,299	30,484,198	90,034,497	1,539,600

(1) Cushion gas represents the volume of gas that must be retained in a facility to maintain reservoir pressure.

Additionally, we contract for storage service in underground storage facilities on many of the interstate pipelines serving us to supplement our proprietary storage capacity. The following table summarizes our contracted storage capacity at September 30, 2014:

Segment	Division/Company	Maximum Storage Quantity (MMBtu)	Maximum Daily Withdrawal Quantity (MDWQ)[1]
Regulated Distribution Segment			
	Colorado-Kansas Division	5,261,909	118,889
	Kentucky/Mid-States Division	11,081,603	245,766
	Louisiana Division	2,663,539	157,743
	Mid-Tex Division	2,500,000	125,000
	Mississippi Division	3,895,429	168,322
	West Texas Division	4,000,000	126,000
Total		29,402,480	941,720
Nonregulated Segment			
	Atmos Energy Marketing, LLC	8,026,869	250,937
	Trans Louisiana Gas Pipeline, Inc.	1,674,000	67,507
Total		9,700,869	318,444
Total Contracted Storage Capacity		39,103,349	1,260,164

(1) Maximum daily withdrawal quantity (MDWQ) amounts will fluctuate depending upon the season and the month. Unless otherwise noted, MDWQ amounts represent the MDWQ amounts as of November 1, which is the beginning of the winter heating season.

Offices

Our administrative offices and corporate headquarters are consolidated in a leased facility in Dallas, Texas. We also maintain field offices throughout our service territory, the majority of which are located in leased facilities. The headquarters for our nonregulated operations are in Houston, Texas, with offices in Houston and other locations, primarily in leased facilities.

ITEM 3. *Legal Proceedings.*

See Note 10 to the consolidated financial statements.

ITEM 4. *Mine Safety Disclosures.*

Not applicable.

PART II

ITEM 5. *Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities.*

Our stock trades on the New York Stock Exchange under the trading symbol "ATO." The high and low sale prices and dividends paid per share of our common stock for fiscal 2014 and 2013 are listed below. The high and low prices listed are the closing NYSE quotes, as reported on the NYSE composite tape, for shares of our common stock:

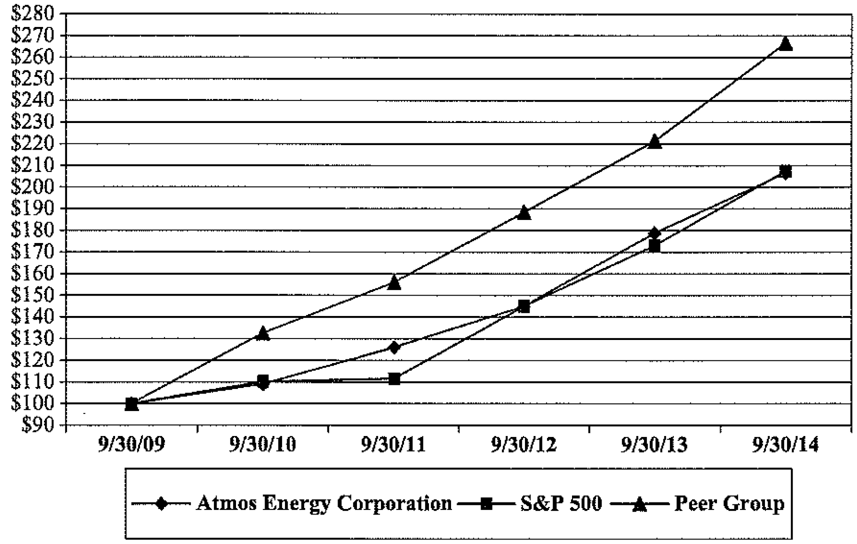
	Fiscal 2014			Fiscal 2013		
	High	Low	Dividends Paid	High	Low	Dividends Paid
Quarter ended:						
December 31	$47.06	$41.08	$0.37	$36.86	$33.20	$0.35
March 31	48.01	44.19	0.37	42.69	35.11	0.35
June 30	53.40	46.94	0.37	44.87	38.59	0.35
September 30	52.68	47.01	0.37	45.19	39.40	0.35
			$1.48			$1.40

Dividends are payable at the discretion of our Board of Directors out of legally available funds. The Board of Directors typically declares dividends in the same fiscal quarter in which they are paid. The number of record holders of our common stock on October 31, 2014 was 15,751. Future payments of dividends, and the amounts of these dividends, will depend on our financial condition, results of operations, capital requirements and other factors. We sold no securities during fiscal 2014 that were not registered under the Securities Act of 1933, as amended.

Performance Graph

The performance graph and table below compares the yearly percentage change in our total return to shareholders for the last five fiscal years with the total return of the S&P 500 Stock Index and the cumulative total return of a customized peer company group, the Comparison Company Index. The Comparison Company Index is comprised of natural gas distribution companies with similar revenues, market capitalizations and asset bases to that of the Company. The graph and table below assume that $100.00 was invested on September 30, 2009 in our common stock, the S&P 500 Index and in the common stock of the companies in the Comparison Company Index, as well as a reinvestment of dividends paid on such investments throughout the period.

Comparison of Five-Year Cumulative Total Return among Atmos Energy Corporation, S&P 500 Index and Comparison Company Index



	Cumulative Total Return					
	9/30/2009	9/30/2010	9/30/2011	9/30/2012	9/30/2013	9/30/2014
Atmos Energy Corporation	100.00	108.92	126.03	144.89	178.67	206.41
S&P 500	100.00	110.16	111.42	145.07	173.13	207.30
Peer Group	100.00	132.53	155.94	188.48	221.32	266.62

The Comparison Company Index contains a hybrid group of utility companies, primarily natural gas distribution companies, recommended by our independent executive compensation consulting firm and approved by the Board of Directors. The companies included in the index are AGL Resources Inc., CenterPoint Energy Resources Corporation, CMS Energy Corporation, Integrys Energy Group, Inc., National Fuel Gas, NiSource Inc., ONEOK Inc., Piedmont Natural Gas Company, Inc., Questar Corporation, Vectren Corporation and WGL Holdings, Inc.

The following table sets forth the number of securities authorized for issuance under our equity compensation plans at September 30, 2014.

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
	(a)	(b)	(c)
Equity compensation plans approved by security holders:			
1998 Long-Term Incentive Plan	—	$ —	845,139
Total equity compensation plans approved by security holders	—	—	845,139
Equity compensation plans not approved by security holders	—	—	—
Total	—	$ —	845,139

On September 28, 2011, the Board of Directors approved a program authorizing the repurchase of up to five million shares of common stock over a five-year period. The program is primarily intended to minimize the dilutive effect of equity grants under various benefit related incentive compensation plans of the Company. Although the program is authorized for a five-year period, it may be terminated or limited at any time. Shares may be repurchased in the open market or in privately negotiated transactions in amounts the Company deems appropriate. We did not repurchase any shares during fiscal 2014. At September 30, 2014, there were 4,612,009 shares of repurchase authority remaining under the program.

ITEM 6. *Selected Financial Data.*

The following table sets forth selected financial data of the Company and should be read in conjunction with the consolidated financial statements included herein.

	Fiscal Year Ended September 30				
	2014	2013	2012[1]	2011[1]	2010
	(In thousands, except per share data)				
Results of Operations					
Operating revenues	$4,940,916	$3,875,460	$3,436,162	$4,286,435	$4,661,060
Gross profit	$1,582,426	$1,412,050	$1,323,739	$1,300,820	$1,314,136
Income from continuing operations ...	$ 289,817	$ 230,698	$ 192,196	$ 189,588	$ 189,851
Net income	$ 289,817	$ 243,194	$ 216,717	$ 207,601	$ 205,839
Diluted income per share from continuing operations	$ 2.96	$ 2.50	$ 2.10	$ 2.07	$ 2.03
Diluted net income per share	$ 2.96	$ 2.64	$ 2.37	$ 2.27	$ 2.20
Cash dividends declared per share	$ 1.48	$ 1.40	$ 1.38	$ 1.36	$ 1.34
Financial Condition					
Net property, plant and equipment[2] ...	$6,725,906	$6,030,655	$5,475,604	$5,147,918	$4,793,075
Total assets	$8,594,704	$7,934,268	$7,495,675	$7,282,871	$6,763,791
Capitalization:					
Shareholders' equity	$3,086,232	$2,580,409	$2,359,243	$2,255,421	$2,178,348
Long-term debt (excluding current maturities)	2,455,986	2,455,671	1,956,305	2,206,117	1,809,551
Total capitalization	$5,542,218	$5,036,080	$4,315,548	$4,461,538	$3,987,899

(1) Financial results for fiscal years 2012 and 2011 reflect a $5.3 million and a $30.3 million pre-tax loss for the impairment of certain assets.

(2) Amounts shown for fiscal 2012 and 2011 are net of assets held for sale.

ITEM 7. *Management's Discussion and Analysis of Financial Condition and Results of Operations.*

INTRODUCTION

This section provides management's discussion of the financial condition, changes in financial condition and results of operations of Atmos Energy Corporation and its consolidated subsidiaries with specific information on results of operations and liquidity and capital resources. It includes management's interpretation of our financial results, the factors affecting these results, the major factors expected to affect future operating results and future investment and financing plans. This discussion should be read in conjunction with our consolidated financial statements and notes thereto.

Several factors exist that could influence our future financial performance, some of which are described in Item 1A above, "Risk Factors". They should be considered in connection with evaluating forward-looking statements contained in this report or otherwise made by or on behalf of us since these factors could cause actual results and conditions to differ materially from those set out in such forward-looking statements.

Cautionary Statement for the Purposes of the Safe Harbor under the Private Securities Litigation Reform Act of 1995

The statements contained in this Annual Report on Form 10-K 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 Report are forward-looking statements made in good faith by us 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 Report, or any other of our documents or oral presentations, the words "anticipate", "believe", "estimate", "expect", "forecast", "goal", "intend", "objective", "plan", "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 expressed or implied in the statements relating to our strategy, operations, markets, services, rates, recovery of costs, availability of gas supply and other factors. These risks and uncertainties include the following: our ability to continue to access the credit markets to satisfy our liquidity requirements; regulatory trends and decisions, including the impact of rate proceedings before various state regulatory commissions; the impact of adverse economic conditions on our customers; the effects of inflation and changes in the availability and price of natural gas; market risks beyond our control affecting our risk management activities, including commodity price volatility, counterparty creditworthiness or performance and interest rate risk; the concentration of our distribution, pipeline and storage operations in Texas; increased competition from energy suppliers and alternative forms of energy; adverse weather conditions; the capital-intensive nature of our regulated distribution business; increased costs of providing health care benefits along with pension and postretirement health care benefits and increased funding requirements; the inability to continue to hire, train and retain appropriate personnel; possible increased federal, state and local regulation of the safety of our operations; increased federal regulatory oversight and potential penalties; the impact of environmental regulations on our business; the impact of climate changes or related additional legislation or regulation in the future; the inherent hazards and risks involved in operating our distribution and pipeline and storage businesses; the threat of cyber-attacks or acts of cyber-terrorism that could disrupt our business operations and information technology systems; natural disasters, terrorist activities or other events and other risks and uncertainties discussed herein, all of which are difficult to predict and many of which are beyond our control. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, we undertake no obligation to update or revise any of our forward-looking statements whether as a result of new information, future events or otherwise.

CRITICAL ACCOUNTING POLICIES

Our consolidated financial statements were prepared in accordance with accounting principles generally accepted in the United States. Preparation of these financial statements requires us to make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosures of contingent assets and liabilities. We base our estimates on historical experience and various other assumptions that we believe to be reasonable under the circumstances. Actual results may differ from estimates.

Our significant accounting policies are discussed in Note 2 to our consolidated financial statements. The accounting policies discussed below are both important to the presentation of our financial condition and results of operations and require management to make difficult, subjective or complex accounting estimates. Accordingly, these critical accounting policies are reviewed periodically by the Audit Committee of the Board of Directors.

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
Regulation	Our regulated distribution and pipeline operations meet the criteria of a cost-based, rate-regulated entity under accounting principles generally accepted in the United States. Accordingly, the financial results for these operations reflect the effects of the ratemaking and accounting practices and policies of the various regulatory commissions to which we are subject. As a result, certain costs that would normally be expensed under accounting principles generally accepted in the United States are permitted to be capitalized or deferred on the balance sheet because it is probable they can be recovered through rates. Further, regulation may impact the period in which revenues or expenses are recognized. The amounts to be recovered or recognized are based upon historical experience and our understanding of the regulations. Discontinuing the application of this method of accounting for regulatory assets and liabilities could significantly increase our operating expenses as fewer costs would likely be capitalized or deferred on the balance sheet, which could reduce our net income.	Decisions of regulatory authorities Issuance of new regulations Assessing the probability of the recoverability of deferred costs
Unbilled Revenue	We follow the revenue accrual method of accounting for regulated distribution segment revenues whereby revenues attributable to gas delivered to customers, but not yet billed under the cycle billing method, are estimated and accrued and the related costs are charged to expense. On occasion, we are permitted to implement new rates that have not been formally approved by our regulatory authorities, which are subject to refund. We recognize this revenue and establish a reserve for amounts that could be refunded based on our experience for the jurisdiction in which the rates were implemented.	Estimates of delivered sales volumes based on actual tariff information and weather information and estimates of customer consumption and/or behavior Estimates of purchased gas costs related to estimated deliveries Estimates of uncollectible amounts billed subject to refund

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
Pension and other postretirement plans	Pension and other postretirement plan costs and liabilities are determined on an actuarial basis using a September 30 measurement date and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets, assumed discount rates and current demographic and actuarial mortality data. The assumed discount rate and the expected return are the assumptions that generally have the most significant impact on our pension costs and liabilities. The assumed discount rate, the assumed health care cost trend rate and assumed rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities. The discount rate is utilized principally in calculating the actuarial present value of our pension and postretirement obligations and net periodic pension and postretirement benefit plan costs. When establishing our discount rate, we consider high quality corporate bond rates based on bonds available in the marketplace that are suitable for settling the obligations, changes in those rates from the prior year and the implied discount rate that is derived from matching our projected benefit disbursements with currently available high quality corporate bonds. The expected long-term rate of return on assets is utilized in calculating the expected return on plan assets component of our annual pension and postretirement plan costs. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. To the extent the actual rate of return on assets realized over the course of a year is greater than or less than the assumed rate, that year's annual pension or postretirement plan costs are not affected. Rather, this gain or loss reduces or increases future pension or postretirement plan costs over a period of approximately ten to twelve years. The market-related value of our plan assets represents the fair market value of the plan assets, adjusted to smooth out short-term market fluctuations over a five-year period. The use of this methodology will delay the impact of current market fluctuations on the pension expense for the period.	General economic and market conditions Assumed investment returns by asset class Assumed future salary increases Projected timing of future cash disbursements Health care cost experience trends Participant demographic information Actuarial mortality assumptions Impact of legislation Impact of regulation

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
	We estimate the assumed health care cost trend rate used in determining our postretirement net expense based upon our actual health care cost experience, the effects of recently enacted legislation and general economic conditions. Our assumed rate of retirement is estimated based upon our annual review of our participant census information as of the measurement dated.	
Contingencies	In the normal course of business, we are confronted with issues or events that may result in a contingent liability. These generally relate to uncollectible receivables, lawsuits, claims made by third parties or the action of various regulatory agencies. We recognize these contingencies in our consolidated financial statements when we determine, based on currently available facts and circumstances it is probable that a liability has been incurred or an asset will not be recovered, and an amount can be reasonably estimated. Actual results may differ from estimates, depending on actual outcomes or changes in the facts or expectations surrounding each potential exposure. Changes in the estimates related to contingencies could have a negative impact on our consolidated results of operations, cash flows or financial position. Our contingencies are further discussed in Note 10 to our consolidated financial statements.	Currently available facts Management's estimate of future resolution
Financial instruments and hedging activities	We use financial instruments to mitigate commodity price risk and interest rate risk. The objectives for using financial instruments have been tailored to meet the needs of our regulated and non-regulated businesses. These objectives are more fully described in Note 12 to the consolidated financial statements. We record all of our financial instruments on the balance sheet at fair value as required by accounting principles generally accepted in the United States, with changes in fair value ultimately recorded in the income statement. The recognition of the changes in fair value of these financial instruments recorded in the income statement is contingent upon whether the financial instrument has been designated and qualifies as a part of a hedging relationship or if regulatory rulings require a different accounting treatment. Our accounting elections for financial instruments and hedging activities utilized are more fully described in Note 12 to the consolidated financial statements.	Designation of contracts under the hedge accounting rules Judgment in the application of accounting guidance Assessment of the probability that future hedged transactions will occur Changes in market conditions and the related impact on the fair value of the hedged item and the associated designated financial instrument Changes in the effectiveness of the hedge relationship

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
	The criteria used to determine if a financial instrument meets the definition of a derivative and qualifies for hedge accounting treatment are complex and require management to exercise professional judgment. Further, as more fully discussed below, significant changes in the fair value of these financial instruments could materially impact our financial position, results of operations or cash flows. Finally, changes in the effectiveness of the hedge relationship could impact the accounting treatment.	
Fair Value Measurements	We report certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). The fair value of our financial instruments is subject to potentially significant volatility based on numerous considerations including, but not limited to changes in commodity prices, interest rates, maturity and settlement of these financial instruments. Prices actively quoted on national exchanges are used to determine the fair value of most of our assets and liabilities recorded on our balance sheet at fair value. Within our nonregulated operations, we utilize a mid-market pricing convention (the mid-point between the bid and ask prices) for determining fair value measurement, as permitted under current accounting standards. Values derived from these sources reflect the market in which transactions involving these financial instruments are executed. We utilize models and other valuation methods to determine fair value when external sources are not available. Values are adjusted to reflect the potential impact of an orderly liquidation of our positions over a reasonable period of time under then-current market conditions. We believe the market prices and models used to value these financial instruments represent the best information available with respect to the market in which transactions involving these financial instruments are executed, the closing exchange and over-the-counter quotations, time value and volatility factors underlying the contracts. Fair-value estimates also consider our own creditworthiness and the creditworthiness of the counterparties involved. Our counterparties consist primarily of financial institutions and major	General economic and market conditions Volatility in underlying market conditions Maturity dates of financial instruments Creditworthiness of our counterparties Creditworthiness of Atmos Energy Impact of credit risk mitigation activities on the assessment of the creditworthiness of Atmos Energy and its counterparties

Critical Accounting Policy	Summary of Policy	Factors Influencing Application of the Policy
	energy companies. This concentration of counterparties may materially impact our exposure to credit risk resulting from market, economic or regulatory conditions. We seek to minimize counterparty credit risk through an evaluation of their financial condition and credit ratings and the use of collateral requirements under certain circumstances.	
Impairment assessments . . .	We review the carrying value of our long-lived assets, including goodwill and identifiable intangibles, whenever events or changes in circumstance indicate that such carrying values may not be recoverable, and at least annually for goodwill, as required by U.S. accounting standards. The evaluation of our goodwill balances and other long-lived assets or identifiable assets for which uncertainty exists regarding the recoverability of the carrying value of such assets involves the assessment of future cash flows and external market conditions and other subjective factors that could impact the estimation of future cash flows including, but not limited to the commodity prices, the amount and timing of future cash flows, future growth rates and the discount rate. Unforeseen events and changes in circumstances or market conditions could adversely affect these estimates, which could result in an impairment charge.	General economic and market conditions Projected timing and amount of future discounted cash flows Judgment in the evaluation of relevant data

RESULTS OF OPERATIONS

Overview

Atmos Energy Corporation strives to operate its businesses safely and reliably while delivering superior shareholder value. To achieve this objective, we are investing in our infrastructure and are seeking to achieve positive rate outcomes that benefit both our customers and the Company. During fiscal 2014, we earned $289.8 million, or $2.96 per diluted share, which represents a 19 percent increase in net income and a 12 percent increase in diluted net income per share over fiscal 2013, primarily due to positive rate outcomes combined with increased gross profit associated with weather that was 20 percent colder than the prior-year period. The colder than normal weather increased market demand for natural gas, which drove higher price volatility, particularly during our second fiscal quarter.

Capital expenditures for fiscal 2014 totaled $835.3 million. Approximately 80 percent was invested to improve the safety and reliability of our distribution and transportation systems, and a significant portion of this investment was incurred under regulatory mechanisms that reduce lag to six months or less. Fiscal 2013 spending under these and other mechanisms enabled the Company to complete 18 regulatory filings that should increase annual operating income from regulated operations by $93.3 million. We plan to continue to fund our growth through the use of operating cash flows and debt and equity securities, while maintaining a balanced capital structure.

During fiscal 2014 and early fiscal 2015, we undertook several initiatives to strengthen our balance sheet and improve our liquidity. On February 18, 2014, we completed the sale of 9,200,000 shares of common stock under our shelf registration statement, generating net proceeds of $390.2 million, which were used to repay short-term debt outstanding under our commercial paper program, to fund infrastructure spending primarily to enhance the safety and reliability of our system and for general corporate purposes.

On August 22, 2014, we amended our $950 million credit facility to increase the committed loan amount from $950 million to $1.25 billion and extend the expiration date to August 22, 2019. The facility retains the $250 million accordion feature, which allows for an increase in the total committed loan amount to $1.5 billion. Our debt-to-capitalization ratio as of September 30, 2014 was 46.2 percent and our liquidity remained strong with over $1 billion of capacity from our short-term facilities.

On October 15, 2014, we issued $500 million of 4.125% 30-year unsecured senior notes, which replaced, on a long-term basis, our $500 million 4.95% 10-year unsecured senior notes at maturity on October 15, 2014.

As a result of the continued contribution and stability of our regulated earnings, cash flows and capital structure, our Board of Directors increased the quarterly dividend by 5.4 percent for fiscal 2015.

Consolidated Results

The following table presents our consolidated financial highlights for the fiscal years ended September 30, 2014, 2013 and 2012.

	For the Fiscal Year Ended September 30		
	2014	2013	2012
	(In thousands, except per share data)		
Operating revenues	$4,940,916	$3,875,460	$3,436,162
Gross profit	1,582,426	1,412,050	1,323,739
Operating expenses	971,077	910,171	877,499
Operating income	611,349	501,879	446,240
Miscellaneous expense	(5,235)	(197)	(14,644)
Interest charges	129,295	128,385	141,174
Income from continuing operations before income taxes	476,819	373,297	290,422
Income tax expense	187,002	142,599	98,226
Income from continuing operations	289,817	230,698	192,196
Income from discontinued operations, net of tax	—	7,202	18,172
Gain on sale of discontinued operations, net of tax	—	5,294	6,349
Net income	$ 289,817	$ 243,194	$ 216,717
Diluted net income per share from continuing operations	$ 2.96	$ 2.50	$ 2.10
Diluted net income per share from discontinued operations	$ —	$ 0.14	$ 0.27
Diluted net income per share	$ 2.96	$ 2.64	$ 2.37

Regulated operations contributed 89 percent, 95 percent and 97 percent to our consolidated net income from continuing operations for fiscal years 2014, 2013 and 2012. Our consolidated net income during the last three fiscal years was earned across our business segments as follows:

	For the Fiscal Year Ended September 30		
	2014	2013	2012
		(In thousands)	
Regulated distribution segment	$171,585	$150,856	$123,848
Regulated pipeline segment	86,191	68,260	63,059
Nonregulated segment	32,041	11,582	5,289
Net income from continuing operations	289,817	230,698	192,196
Net income from discontinued operations	—	12,496	24,521
Net income	$289,817	$243,194	$216,717

The following table segregates our consolidated net income and diluted earnings per share between our regulated and nonregulated operations:

	For the Fiscal Year Ended September 30		
	2014	2013	2012
	(In thousands, except per share data)		
Regulated operations	$257,776	$219,116	$186,907
Nonregulated operations	32,041	11,582	5,289
Net income from continuing operations	289,817	230,698	192,196
Net income from discontinued operations	—	12,496	24,521
Net income	$289,817	$243,194	$216,717
Diluted EPS from continuing regulated operations	$ 2.63	$ 2.38	$ 2.04
Diluted EPS from nonregulated operations	0.33	0.12	0.06
Diluted EPS from continuing operations	2.96	2.50	2.10
Diluted EPS from discontinued operations	—	0.14	0.27
Consolidated diluted EPS	$ 2.96	$ 2.64	$ 2.37

We reported net income of $289.8 million, or $2.96 per diluted share for the year ended September 30, 2014, compared with net income of $243.2 million or $2.64 per diluted share in the prior year. Income from continuing operations was $289.8 million, or $2.96 per diluted share compared with $230.7 million, or $2.50 per diluted share in the prior-year period. In the prior year, income from discontinued operations was $12.5 million or $0.14 per diluted share, which included the gain on sale of substantially all our assets in Georgia of $5.3 million. Unrealized gains in our nonregulated operations during the current year increased net income by $5.8 million or $0.06 per diluted share compared with net gains recorded in the prior year of $5.3 million or $0.05 per diluted share. In fiscal 2013, net income includes an $8.2 million ($5.3 million, net of tax), or $0.06 per diluted share, favorable impact related to the gain recorded in association with the April 1, 2013 completion of the sale of our Georgia assets.

We reported net income of $243.2 million, or $2.64 per diluted share for the year ended September 30, 2013, compared with net income of $216.7 million or $2.37 per diluted share in fiscal 2012. Income from continuing operations in fiscal 2013 was $230.7 million, or $2.50 per diluted share compared with $192.2 million, or $2.10 per diluted share in fiscal 2012. Income from discontinued operations was $12.5 million or $0.14 per diluted share for the year ended September 30, 2013, which includes the gain on sale of substantially all our assets in Georgia of $5.3 million, compared with $24.5 million or $0.27 per diluted share in fiscal 2012. Unrealized gains in our nonregulated operations during fiscal 2013 increased net income by $5.3 million or $0.05 per diluted share compared with net losses recorded in fiscal 2012 of $5.0 million, or $0.05 per diluted share. Additionally, net income in both periods was impacted by nonrecurring items. In fiscal 2013, net income includes an $8.2 million ($5.3 million, net of tax), or $0.06 per diluted share, favorable impact related to the gain recorded in association with the April 1, 2013 completion of the sale of our Georgia assets. In fiscal 2012, net income included the net positive impact of several one-time items totaling $10.3 million, or $0.11 per diluted share related to the following amounts:

- $13.6 million positive impact of a deferred tax rate adjustment.
- $10.0 million ($6.3 million, net of tax) unfavorable impact related to a one-time donation to a donor advised fund.
- $9.9 million ($6.3 million, net of tax) favorable impact related to the gain recorded in association with the August 1, 2012 completion of the sale of our Iowa, Illinois and Missouri assets.
- $5.3 million ($3.3 million, net of tax) unfavorable impact related to the noncash impairment of certain assets in our nonregulated business.

See the following discussion regarding the results of operations for each of our business operating segments.

Regulated Distribution Segment

The primary factors that impact the results of our regulated distribution operations are our ability to earn our authorized rates of return, the cost of natural gas, competitive factors in the energy industry and economic conditions in our service areas.

Our ability to earn our authorized rates is based primarily on our ability to improve the rate design in our various ratemaking jurisdictions by reducing or eliminating regulatory lag and, ultimately, separating the recovery of our approved margins from customer usage patterns. Improving rate design is a long-term process and is further complicated by the fact that we operate in multiple rate jurisdictions. The "Ratemaking Activity" section of this Form 10-K describes our current rate strategy, progress towards implementing that strategy and recent ratemaking initiatives in more detail.

We are generally able to pass the cost of gas through to our customers without markup under purchased gas cost adjustment mechanisms; therefore the cost of gas typically does not have an impact on our gross profit as increases in the cost of gas are offset by a corresponding increase in revenues. Accordingly, we believe gross profit is a better indicator of our financial performance than revenues. However, gross profit in our Texas and Mississippi service areas include franchise fees and gross receipt taxes, which are calculated as a percentage of revenue (inclusive of gas costs). Therefore, the amount of these taxes included in revenue is influenced by the cost of gas and the level of gas sales volumes. We record the tax expense as a component of taxes, other than income. Although changes in revenue related taxes arising from changes in gas costs affect gross profit, over time the impact is offset within operating income.

Although the cost of gas typically does not have a direct impact on our gross profit, higher gas costs may adversely impact our accounts receivable collections, resulting in higher bad debt expense, and may require us to increase borrowings under our credit facilities resulting in higher interest expense. In addition, higher gas costs, as well as competitive factors in the industry and general economic conditions may cause customers to conserve or, in the case of industrial consumers, to use alternative energy sources. Currently, gas cost risk has been mitigated by rate design that allows us to collect from our customers the gas cost portion of our bad debt expense on approximately 76 percent of our residential and commercial margins.

During fiscal 2014, we completed 17 regulatory proceedings in our regulated distribution segment, which should result in a $47.8 million increase in annual operating income.

In August 2012, we completed the sale of our regulated distribution operations in Missouri, Illinois and Iowa, representing approximately 84,000 customers and in April 2013, we completed the sale of our Georgia regulated distribution operations, representing approximately 64,000 customers.

Review of Financial and Operating Results

Financial and operational highlights for our regulated distribution segment for the fiscal years ended September 30, 2014, 2013 and 2012 are presented below.

	For the Fiscal Year Ended September 30				
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
	(In thousands, unless otherwise noted)				
Gross profit	$1,176,515	$1,081,236	$1,022,743	$95,279	$ 58,493
Operating expenses	791,947	738,143	718,282	53,804	19,861
Operating income	384,568	343,093	304,461	41,475	38,632
Miscellaneous income (expense)	(381)	2,535	(12,657)	(2,916)	15,192
Interest charges	94,918	98,296	110,642	(3,378)	(12,346)
Income from continuing operations before income taxes	289,269	247,332	181,162	41,937	66,170
Income tax expense	117,684	96,476	57,314	21,208	39,162
Income from continuing operations	171,585	150,856	123,848	20,729	27,008
Income from discontinued operations, net of tax	—	7,202	18,172	(7,202)	(10,970)
Gain on sale of discontinued operations, net of tax	—	5,649	6,349	(5,649)	(700)
Net Income	$ 171,585	$ 163,707	$ 148,369	$ 7,878	$ 15,338
Consolidated regulated distribution sales volumes from continuing operations — MMcf	317,320	269,162	244,466	48,158	24,696
Consolidated regulated distribution transportation volumes from continuing operations — MMcf	134,483	123,144	128,222	11,339	(5,078)
Consolidated regulated distribution throughput from continuing operations — MMcf	451,803	392,306	372,688	59,497	19,618
Consolidated regulated distribution throughput from discontinued operations — MMcf	—	4,731	18,295	(4,731)	(13,564)
Total consolidated regulated distribution throughput — MMcf	451,803	397,037	390,983	54,766	6,054
Consolidated regulated distribution average transportation revenue per Mcf	$ 0.48	$ 0.46	$ 0.43	$ 0.02	$ 0.03
Consolidated regulated distribution average cost of gas per Mcf sold	$ 5.94	$ 4.91	$ 4.64	$ 1.03	$ 0.27

Fiscal year ended September 30, 2014 compared with fiscal year ended September 30, 2013

Income from continuing operations for our regulated distribution segment increased 14 percent, primarily due to a $95.3 million increase in gross profit, partially offset by a $53.8 million increase in operating expenses. The year to date increase in gross profit primarily reflects:

- a $35.3 million net increase in rate adjustments, primarily in our Mid-Tex, Kentucky, West Texas and Louisiana service areas.
- a $14.3 million increase due to increased customer consumption resulting from colder weather, primarily experienced in our Mid-Tex and West Texas Divisions.

- a $27.5 million increase in revenue-related taxes, primarily in our Mid-Tex and West Texas Divisions, offset by a corresponding $28.4 million increase in the related tax expense.
- a $13.8 million increase related to increased customer count, higher transportation, late payment and installment plan revenues.

The $53.8 million increase in operating expenses, which include operation and maintenance expense, provision for doubtful accounts, depreciation and amortization expense and taxes, other than income, was primarily due to the following:

- a $28.4 million increase due to the aforementioned increase in revenue-related taxes.
- a $12.8 million increase in depreciation expense.
- a $12.7 million net increase in employee-related expenses, due to lower labor capitalization rates, increased benefit costs and increased variable compensation expense.
- a $4.2 million increase in the provision for doubtful accounts.

The $21.2 million increase in income tax expense was primarily due to increased income from continuing operations before income taxes as well as an increase of approximately $7.0 million in our deferred tax asset valuation allowance due to the uncertainty in the company's ability to utilize certain charitable contribution carryforwards before they expire.

Fiscal year ended September 30, 2013 compared with fiscal year ended September 30, 2012

The $58.5 million period-over-period increase in regulated distribution gross profit primarily reflects the following:

- $25.7 million increase in our Mid-Tex and West Texas divisions associated with the rate design changes implemented in the fiscal first quarter.
- $16.1 million increase in rates in our Kentucky/Mid-States, Mississippi, Colorado-Kansas and Louisiana divisions.
- $7.5 million increase due to colder weather, primarily in the Mississippi, Kentucky/Mid-States and Colorado-Kansas divisions.
- $5.9 million increase in revenue-related taxes in our Mid-Tex and West Texas service areas primarily due to higher revenues on which the tax is calculated.
- $4.5 million increase in transportation revenues.

Operating expenses, which include operation and maintenance expense, provision for doubtful accounts, depreciation and amortization expense and taxes, other than income, increased by $19.9 million, primarily due to the following:

- $12.2 million increase in employee-related expenses due to lower labor capitalization rates, increased benefit costs and increased variable compensation expense.
- $11.7 million increase primarily associated with higher line locate activities, pipeline and right-of-way maintenance spending to improve the safety and reliability of our system.
- $5.0 million increase in taxes, other than income due to higher revenue-related taxes, as discussed above.
- $6.8 million increase in bad debt expense primarily attributable to an increase in revenue arising from the rate design changes and the temporary suspension of active customer collection activities following the implementation of a new customer information system during the third fiscal quarter of fiscal 2013.

These increases were partially offset by:

- $6.9 million decrease in legal and other administrative costs.
- $6.4 million decrease in depreciation expense due to new depreciation rates approved in the most recent Mid-Tex rate case that went into effect in January 2013.

- $2.4 million gain realized on the sale of certain investments.

Miscellaneous income increased $15.2 million, primarily due to the absence of a $10.0 million one-time donation to a donor advised fund in fiscal 2012, the completion of a periodic review of our performance-based ratemaking (PBR) mechanism in our Tennessee service area and the implementation of a new PBR program in our Mississippi Division during fiscal 2013.

Interest charges decreased $12.3 million, primarily from interest deferrals associated with our infrastructure spending activities in Texas.

The following table shows our operating income from continuing operations by regulated distribution division, in order of total rate base, for the fiscal years ended September 30, 2014, 2013 and 2012. The presentation of our regulated distribution operating income is included for financial reporting purposes and may not be appropriate for ratemaking purposes.

	For the Fiscal Year Ended September 30				
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
			(In thousands)		
Mid-Tex	$187,265	$158,900	$142,755	$28,365	$16,145
Kentucky/Mid-States	55,968	46,164	32,185	9,804	13,979
Louisiana	56,648	52,125	48,958	4,523	3,167
West Texas	29,250	28,085	27,875	1,165	210
Mississippi	28,473	29,112	27,369	(639)	1,743
Colorado-Kansas	28,077	25,478	23,898	2,599	1,580
Other	(1,113)	3,229	1,421	(4,342)	1,808
Total	$384,568	$343,093	$304,461	$41,475	$38,632

Regulated Pipeline Segment

Our regulated pipeline segment consists of the pipeline and storage operations of our Atmos Pipeline — Texas Division (APT). APT is one of the largest intrastate pipeline operations in Texas with a heavy concentration in the established natural gas-producing areas of central, northern and eastern Texas, extending into or near the major producing areas of the Barnett Shale, the Texas Gulf Coast and the Delaware and Val Verde Basins of West Texas. It transports natural gas to our Mid-Tex Division, transports natural gas for third parties and manages five underground storage reservoirs in Texas. We also provide ancillary services customary in the pipeline industry including parking and lending arrangements and sales.

Our regulated pipeline segment is impacted by seasonal weather patterns, competitive factors in the energy industry and economic conditions in APT's service area. Natural gas prices do not directly impact the results of this segment as revenues are derived from the transportation of natural gas. However, natural gas prices and demand for natural gas could influence the level of drilling activity in the markets that we serve, which may influence the level of throughput we may be able to transport on our pipeline. Further, natural gas price differences between the various hubs that we serve determine the market value for transportation services between those geographic areas.

The results of Atmos Pipeline — Texas Division are also significantly impacted by the natural gas requirements of the Mid-Tex Division because it is the primary transporter of natural gas for our Mid-Tex Division.

Finally, as a regulated pipeline, the operations of the Atmos Pipeline — Texas Division may be impacted by the timing of when costs and expenses are incurred and when these costs and expenses are recovered through its tariffs.

Review of Financial and Operating Results

Financial and operational highlights for our regulated pipeline segment for the fiscal years ended September 30, 2014, 2013 and 2012 are presented below.

	For the Fiscal Year Ended September 30				
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
	(In thousands, unless otherwise noted)				
Mid-Tex Division transportation	$227,230	$179,628	$162,808	$47,602	$16,820
Third-party transportation	76,109	66,939	64,158	9,170	2,781
Storage and park and lend services	5,344	5,985	6,764	(641)	(779)
Other	9,776	16,348	13,621	(6,572)	2,727
Gross profit	318,459	268,900	247,351	49,559	21,549
Operating expenses	145,640	129,047	118,527	16,593	10,520
Operating income	172,819	139,853	128,824	32,966	11,029
Miscellaneous expense	(3,181)	(2,285)	(1,051)	(896)	(1,234)
Interest charges	36,280	30,678	29,414	5,602	1,264
Income before income taxes	133,358	106,890	98,359	26,468	8,531
Income tax expense	47,167	38,630	35,300	8,537	3,330
Net income	$ 86,191	$ 68,260	$ 63,059	$17,931	$ 5,201
Gross pipeline transportation volumes — MMcf	714,464	649,740	640,732	64,724	9,008
Consolidated pipeline transportation volumes — MMcf	493,360	467,178	466,527	26,182	651

Fiscal year ended September 30, 2014 compared with fiscal year ended September 30, 2013

Net income for our regulated pipeline segment increased 26 percent, primarily due to a $49.6 million increase in gross profit. The increase in gross profit primarily reflects a $38.5 million increase in rates from the Gas Reliability Infrastructure Program (GRIP) filings approved by the Railroad Commission of Texas (RRC) in fiscal 2014 and 2013 coupled with a $4.7 million increase associated with higher transportation volumes and basis spreads driven by colder weather.

The Atmos Pipeline — Texas rate case approved by the RRC on April 18, 2011 contained an annual adjustment mechanism, approved for a three-year pilot program, that adjusted regulated rates up or down by 75 percent of the difference between the non-regulated annual revenue of Atmos Pipeline — Texas and a pre-defined base credit. The annual adjustment mechanism expired on June 30, 2013. On January 1, 2014, the RRC approved the extension of the annual adjustment mechanism retroactive to July 1, 2013, which will stay in place until the completion of the next Atmos Pipeline — Texas rate case. As a result of this decision, during fiscal 2014, we recognized a $1.8 million increase in gross profit for the application of the annual adjustment mechanism, for the period July 1, 2013 to September 30, 2013.

Operating expenses increased $16.6 million primarily due to the following:

- a $10.1 million increase in pipeline and right-of-way maintenance activities.
- a $5.7 million increase in depreciation expense associated with increased capital investments.
- a $2.4 million increase due to higher employee-related expenses, partially offset by
- a $6.7 million refund received as a result of the completion of a state use tax audit.

Fiscal year ended September 30, 2013 compared with fiscal year ended September 30, 2012

The $21.5 million increase in regulated pipeline gross profit compared to the prior-year period was primarily a result of the GRIP filings approved by the RRC during fiscal 2012 and 2013. During fiscal 2012, the RRC approved the Atmos Pipeline — Texas GRIP filing with an annual operating income increase of $14.7 million, effective April 2012. On May 7, 2013, the RRC approved the Atmos Pipeline — Texas GRIP filing with an annual operating income increase of $26.7 million that went into effect with bills rendered on and after May 7, 2013. GRIP filings increased period-over-period gross profit by $19.7 million.

This increase was partially offset by a $10.5 million increase in operating expenses largely attributable to increased depreciation expense as a result of increased capital investments and increased levels of pipeline and right-of-way maintenance activities to improve the safety and reliability of our system.

Nonregulated Segment

Our nonregulated operations are conducted through Atmos Energy Holdings, Inc. (AEH), a wholly-owned subsidiary of Atmos Energy Corporation and typically represents approximately five percent of our consolidated net income.

AEH's primary business is to buy, sell and deliver natural gas at competitive prices to approximately 1,000 customers located primarily in the Midwest and Southeast areas of the United States. AEH accomplishes this objective by aggregating and purchasing gas supply, arranging transportation and storage logistics and effectively managing commodity price risk.

AEH also earns storage and transportation demand fees primarily from our regulated distribution operations in Louisiana and Kentucky. These demand fees are subject to regulatory oversight and are renewed periodically.

Our nonregulated activities are significantly influenced by competitive factors in the industry and general economic conditions. Therefore, the margins earned from these activities are dependent upon our ability to attract and retain customers and to minimize the cost of buying, selling and delivering natural gas to offer more competitive pricing to those customers.

Further, natural gas market conditions, most notably the price of natural gas and the level of price volatility affect our nonregulated businesses. Natural gas prices and the level of volatility are influenced by a number of factors including, but not limited to, general economic conditions, the demand for natural gas in different parts of the country, the level of domestic natural gas production and the level of natural gas inventory levels.

Natural gas prices can influence:

- The demand for natural gas. Higher prices may cause customers to conserve or use alternative energy sources. Conversely, lower prices could cause customers such as electric power generators to switch from alternative energy sources to natural gas.
- Collection of accounts receivable from customers, which could affect the level of bad debt expense recognized by this segment.
- The level of borrowings under our credit facilities, which affects the level of interest expense recognized by this segment.

Natural gas price volatility can also influence our nonregulated business in the following ways:

- Price volatility influences basis differentials, which provide opportunities to profit from identifying the lowest cost alternative among the natural gas supplies, transportation and markets to which we have access.
- Increased or decreased volatility impacts the amounts of unrealized margins recorded in our gross profit and could impact the amount of cash required to collateralize our risk management liabilities.

Our nonregulated segment manages its exposure to natural gas commodity price risk through a combination of physical storage and financial instruments. Therefore, results for this segment include unrealized gains or losses on its net physical gas position and the related financial instruments used to manage commodity price risk. These margins fluctuate based upon changes in the spreads between the physical and forward natural gas prices. The magnitude of the unrealized gains and losses is also contingent upon the levels of our net physical position at the end of the reporting period.

Review of Financial and Operating Results

Financial and operational highlights for our nonregulated segment for the fiscal years ended September 30, 2014, 2013 and 2012 are presented below.

	For the Fiscal Year Ended September 30				
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
	(In thousands, unless otherwise noted)				
Realized margins					
Gas delivery and related services	$ 39,529	$ 39,839	$ 46,578	$ (310)	$ (6,739)
Storage and transportation services	14,696	14,641	13,382	55	1,259
Other	24,170	(103)	3,179	24,273	(3,282)
Total realized margins	78,395	54,377	63,139	24,018	(8,762)
Unrealized margins	9,560	8,954	(8,015)	606	16,969
Gross profit	87,955	63,331	55,124	24,624	8,207
Operating expenses, excluding asset impairment	33,993	44,404	36,886	(10,411)	7,518
Asset impairment	—	—	5,288	—	(5,288)
Operating income	53,962	18,927	12,950	35,035	5,977
Miscellaneous income	2,216	2,316	1,035	(100)	1,281
Interest charges	1,986	2,168	3,084	(182)	(916)
Income from continuing operations before income taxes	54,192	19,075	10,901	35,117	8,174
Income tax expense	22,151	7,493	5,612	14,658	1,881
Income from continuing operations	32,041	11,582	5,289	20,459	6,293
Loss on sale of discontinued operations, net of tax	—	(355)	—	355	(355)
Net income	$ 32,041	$ 11,227	$ 5,289	$ 20,814	$ 5,938
Gross nonregulated delivered gas sales volumes — MMcf	439,014	396,561	400,512	42,453	(3,951)
Consolidated nonregulated delivered gas sales volumes — MMcf	377,441	343,669	351,628	33,772	(7,959)
Net physical position (Bcf)	9.3	12.0	18.8	(2.7)	(6.8)

Fiscal year ended September 30, 2014 compared with fiscal year ended September 30, 2013

Net income for our nonregulated segment increased 185 percent from the prior year due to higher gross profit and decreased operating expenses.

The $24.6 million period-over-period increase in gross profit was primarily due to a $24.0 million increase in realized margins. The increase in realized margins reflects:

- A $24.3 million increase in other realized margins due to the acceleration of physical withdrawals into the second quarter from future periods to capture gross profit margin during periods of increased natural gas price volatility caused by strong market demand as a result of significantly colder weather during the second quarter. This modification in the execution strategy resulted in the establishment of new positions that were expected to settle in the latter half of fiscal 2014 and beyond. The positions that settled during the fourth quarter of fiscal 2014 were settled during a period of falling prices, which further increased realized margins during fiscal 2014. In contrast, losses were incurred from storage optimization activities in the prior year largely due to unfavorable changes in market prices relative to the execution strategy in place at that time.

- A $0.3 million decrease in gas delivery and related services margins. Consolidated sales volumes increased ten percent as a result of stronger demand from marketing, industrial and utility/municipal customers due to colder weather. However, gas delivery per-unit margins decreased from ten cents per Mcf in the prior-year period to 9 cents per Mcf due primarily to losses incurred during the second quarter to meet peaking requirements for certain customers during periods of colder weather, due to volatility between spot purchase prices and the contractual sales price to the customer.

Operating expenses decreased $10.4 million, primarily due to lower legal expenses related to the dismissal of the Kentucky litigation and the resolution of the Tennessee Business License Tax matter, which are discussed in Note 10 to the financial statements.

Fiscal year ended September 30, 2013 compared with fiscal year ended September 30, 2012

Gross profit increased $8.2 million for the year ended September 30, 2013 compared to fiscal 2012. Realized margins decreased $8.8 million, primarily attributable to lower gas delivery margins. Consolidated sales volumes decreased two percent due to increased competition which reduced industrial and power generation sales. The impact of lower sales volumes was compounded by a decrease in per-unit margins from 11.6 cents per Mcf to 10.0 cents per Mcf. This decrease was offset by an increase of $17.0 million in unrealized margins, primarily due to the year-over-year timing of realized margins on the settlement of hedged natural gas inventory positions.

Operating expenses increased $7.5 million, primarily due to increased litigation and software support costs, partially offset by reduced employee costs.

Miscellaneous income increased $1.3 million primarily due to a gain realized from the sale of a peaking power facility and related assets during the first quarter of fiscal 2013.

During the fourth quarter of fiscal 2012, we recorded a $5.3 million noncash charge to impair our natural gas gathering assets located in Kentucky. The charge reflected a reduction in the value of the project due to the current low natural gas price environment and management's decision to focus AEH's activities on its gas delivery, storage and transportation services.

LIQUIDITY AND CAPITAL RESOURCES

The liquidity required to fund our working capital, capital expenditures and other cash needs is provided from a variety of sources, including internally generated funds and borrowings under our commercial paper program and bank credit facilities. Additionally, we have various uncommitted trade credit lines with our gas suppliers that we utilize to purchase natural gas on a monthly basis. Finally, from time to time, we raise funds from the public debt and equity capital markets to fund our liquidity needs.

We regularly evaluate our funding strategy and capital structure to ensure that we (i) have sufficient liquidity for our short-term and long-term needs in a cost-effective manner and (ii) maintain a balanced capital structure with a debt-to-capitalization ratio in a target range of 50 to 55 percent. We also evaluate the levels of committed borrowing capacity that we require. We currently have over $1 billion of capacity from our short-term facilities.

The following table presents our capitalization as of September 30, 2014 and 2013:

	September 30			
	2014		2013	
	(In thousands, except percentages)			
Short-term debt	$ 196,695	3.4%	$ 367,984	6.8%
Long-term debt	2,455,986	42.8%	2,455,671	45.4%
Shareholders' equity	3,086,232	53.8%	2,580,409	47.8%
Total capitalization, including short-term debt	$5,738,913	100.0%	$5,404,064	100.0%

Total debt as a percentage of total capitalization, including short-term debt, was 46.2 percent and 52.2 percent at September 30, 2014 and 2013.

Going forward, we anticipate our capital spending will be more consistent with levels experienced during fiscal 2014 as we continue to invest in the safety and reliability of our distribution and transportation system. We plan to continue to fund our growth and maintain a balanced capital structure primarily through the use of long-term debt securities and, to a lesser extent, equity.

To support our capital market activities, we have filed a shelf registration statement with the Securities and Exchange Commission (SEC) that originally permitted us to issue a total of $1.75 billion in common stock and/or debt securities. On February18, 2014, we completed the public offering of 9,200,000 shares of our common stock including the underwriters' exercise of their overallotment option of 1,200,000 shares. The offering was priced at $44.00 and generated net proceeds of $390.2 million, which were used to repay short-term debt outstanding under our commercial paper program, to fund infrastructure spending primarily to enhance the safety and reliability of our system and for general corporate purposes. On October 15, 2014, we issued $500 million of 4.125% 30-year unsecured senior notes, which replaced, on a long-term basis, our $500 million 4.95% senior unsecured notes. In October 2012, we entered into forward starting interest rate swaps to fix the Treasury yield component associated with this issuance at 3.129%, which reduced the effective rate for this issuance to 4.086%. The net proceeds of approximately $494 million were used to repay our $500 million 4.95% senior unsecured notes at maturity on October 15, 2014. After giving effect to these issuances, $845 million of securities remained available for issuance under the shelf registration statement until March 28, 2016.

On August 22, 2014, we amended our $950 million credit facility to increase the committed loan amount from $950 million to $1.25 billion and extend the expiration date to August 22, 2019. The amended facility retains the $250 million accordion feature which allows for an increase in the total committed loan amount to $1.5 billion.

Additionally, we plan to issue new unsecured senior notes to replace $250 million and $450 million of unsecured senior notes that will mature in fiscal 2017 and fiscal 2019. During fiscal 2014, we entered into forward starting interest rate swaps to fix the Treasury yield component associated with the fiscal 2019 issuances at 3.857%. In fiscal 2012, we entered into forward starting interest rate swaps to fix the Treasury yield component associated with the fiscal 2017 issuances at 3.367%.

On January 11, 2013, we issued $500 million of 4.15% 30-year unsecured senior notes, which, in effect, replaced our $250 million 5.125% 10-year unsecured senior notes we redeemed in August 2012, on a long-term basis. The net proceeds of approximately $494 million were used to repay $260 million outstanding under our short-term financing facility used to redeem our 5.125% senior notes and to partially repay commercial paper borrowings and for general corporate purposes.

We believe the liquidity provided by our fiscal 2014 equity issuance, senior notes and committed credit facilities, combined with our operating cash flows, will be sufficient to fund our working capital needs and capital expenditure program for fiscal year 2015.

Cash Flows

Our internally generated funds may change in the future due to a number of factors, some of which we cannot control. These factors include regulatory changes, the price for our services, the demand for such products and services, margin requirements resulting from significant changes in commodity prices, operational risks and other factors.

Cash flows from operating, investing and financing activities for the years ended September 30, 2014, 2013 and 2012 are presented below.

	For the Fiscal Year Ended September 30				
	2014	2013	2012	2014 vs. 2013	2013 vs. 2012
			(In thousands)		
Total cash provided by (used in)					
Operating activities	$ 739,986	$ 613,127	$ 586,917	$ 126,859	$ 26,210
Investing activities	(837,576)	(696,914)	(609,260)	(140,662)	(87,654)
Financing activities	73,649	85,747	(44,837)	(12,098)	130,584
Change in cash and cash equivalents	(23,941)	1,960	(67,180)	(25,901)	69,140
Cash and cash equivalents at beginning of period	66,199	64,239	131,419	1,960	(67,180)
Cash and cash equivalents at end of period	$ 42,258	$ 66,199	$ 64,239	$ (23,941)	$ 1,960

Cash flows from operating activities

Year-over-year changes in our operating cash flows primarily are attributable to changes in net income, working capital changes, particularly within our regulated distribution segment resulting from changes in the price of natural gas and the timing of customer collections, payments for natural gas purchases and deferred gas cost recoveries.

Fiscal Year ended September 30, 2014 compared with fiscal year ended September 30, 2013

For the fiscal year ended September 30, 2014, we generated operating cash flow of $740.0 million from operating activities compared with $613.1 million in the prior year. The year-over-year increase reflects higher operating results from colder weather and rate increases combined with the timing of customer collections and vendor payments.

Fiscal Year ended September 30, 2013 compared with fiscal year ended September 30, 2012

For the fiscal year ended September 30, 2013, we generated operating cash flow of $613.1 million from operating activities compared with $586.9 million in fiscal 2012. The year-over-year increase reflects changes in working capital offset by a $10.5 million decrease in contributions made to our pension and postretirement plans in fiscal 2013.

Cash flows from investing activities

In recent years, a substantial portion of our cash resources has been used to fund growth projects in our regulated operations, our ongoing construction program and improvements to information technology systems. Our ongoing construction program enables us to enhance the safety and reliability of the systems used to provide regulated distribution services to our existing customer base, expand our natural gas distribution services into new markets, enhance the integrity of our pipelines and, more recently, expand our intrastate pipeline network. Over the last two fiscal years, approximately 80 percent of our capital spending has been committed to improving the safety and reliability of our system.

In executing our regulatory strategy, we focus our capital spending in jurisdictions that permit us to earn an adequate return timely on our investment without compromising the safety or reliability of our system. Currently, our Mid-Tex, Louisiana, Mississippi and West Texas regulated distribution divisions and our Atmos Pipeline–Texas Division have rate tariffs that provide the opportunity to include in their rate base approved capital costs on a periodic basis without being required to file a rate case.

Over the next five years, we anticipate our capital spending will be more consistent with levels experienced during fiscal 2014 as we continue to invest in the safety and reliability of our distribution and transportation system. Where possible, we will also continue to focus our capital spending in jurisdictions that permit us to earn an adequate return timely on our investment without compromising the safety or reliability of our system.

For the fiscal year ended September 30, 2014, we incurred $835.3 million for capital expenditures compared with $845.0 million for the fiscal year ended September 30, 2013 and $732.9 million for the fiscal year ended September 30, 2012.

Fiscal Year ended September 30, 2014 compared with fiscal year ended September 30, 2013

The $9.7 million decrease in capital expenditures in fiscal 2014 compared to fiscal 2013 primarily reflects:

- A $63.9 million decrease in capital spending in our regulated pipeline segment primarily associated with the completion of the Line WX expansion project, partially offset by
- A $55.5 million increase in capital spending in our regulated distribution segment due to increased spending under our infrastructure replacement programs.

Fiscal Year ended September 30, 2013 compared with fiscal year ended September 30, 2012

The $112.1 million increase in capital expenditures in fiscal 2013 compared to fiscal 2012 primarily reflects spending incurred for the Line W and Line WX expansion projects and increased cathodic protection spending in our regulated pipeline segment.

Cash flows from financing activities

We generated a net $73.6 million and $85.7 million in cash from financing activities for fiscal years 2014 and 2013. In fiscal 2012, we used a net $44.8 million of cash from financing activities. Our significant financing activities for the fiscal years ended September 30, 2014, 2013 and 2012 are summarized as follows:

2014

During the fiscal year ended September 30, 2014, our financing activities generated $73.6 million of cash compared with $85.7 million of cash generated in the prior year. The decrease is primarily due to timing between short-term debt borrowings and repayments during the current year partially offset by proceeds from the equity offering completed in February 2014 compared with proceeds generated from the issuance of long-term debt in fiscal 2013.

2013

During the fiscal year ended September 30, 2013, our financing activities generated $85.7 million of cash compared with $44.8 million of cash used in fiscal 2012. Current year cash flows from financing activities were significantly influenced by the issuance of $500 million 4.15% 30-year unsecured senior notes on January 11, 2013. We used a portion of the net cash proceeds of $493.8 million to repay a $260 million short-term financing facility executed in fiscal 2012, to settle, for $66.6 million, three Treasury locks associated with the issuance and to reduce short-term debt borrowings by $167.2 million.

2012

During the fiscal year ended September 30, 2012, our financing activities used $44.8 million of cash, primarily due to the payment of $257.0 million associated with the early redemption of our $250 million 5.125% senior notes that were scheduled to mature in January 2013. The repayment of our $250 million 5.125% senior notes was financed using a $260 million short-term loan. Additionally, we repurchased $12.5 million of common stock under our 2011 share repurchase program.

The following table shows the number of shares issued for the fiscal years ended September 30, 2014, 2013 and 2012:

	For the Fiscal Year Ended September 30		
	2014	2013	2012
Shares issued:			
Direct Stock Purchase Plan	83,150	—	—
1998 Long-Term Incentive Plan	653,130	531,672	482,289
Outside Directors Stock-For-Fee Plan	1,735	2,088	2,375
February 2014 Offering	9,200,000	—	—
Total shares issued	9,938,015	533,760	484,664

The increase in the number of shares issued in fiscal 2014 compared with the number of shares issued in fiscal 2013 primarily reflects the equity offering completed in February 2014 as well as a higher number of performance-based awards issued in the current year as actual performance exceeded the target. At September 30, 2014, of the 8.7 million shares authorized for issuance from the LTIP, 845,139 million shares remained available. For the year ended September 30, 2014, we canceled and retired 190,134 shares attributable to federal income tax withholdings on equity awards which are not included in the table above.

The increased number of shares issued in fiscal 2013 compared with the number of shares issued in fiscal 2012 primarily reflects an increase in the amount of awards granted to a higher number of employees. For the year ended September 30, 2013, we canceled and retired 133,449 shares attributable to federal income tax withholdings on equity awards which are not included in the table above.

Credit Facilities

Our short-term borrowing requirements are affected by the seasonal nature of the natural gas business. Changes in the price of natural gas and the amount of natural gas we need to supply to meet our customers' needs could significantly affect our borrowing requirements.

We finance our short-term borrowing requirements through a combination of a $1.25 billion commercial paper program, which is collateralized by our $1.25 billion unsecured credit facility, as well as three additional committed revolving credit facilities and one uncommitted revolving credit facility with third-party lenders. On August 22, 2014, we amended the $950 million credit facility to increase the committed loan amount from $950 million to $1.25 billion and extended the expiration date to August 22, 2019. The amended facility retains the $250 million accordion feature which allows for an increase in the total committed loan amount to $1.5 billion. As a result, we have approximately $1.3 billion of working capital funding. We also use intercompany credit facilities to supplement the funding provided by these third-party committed credit facilities.

Shelf Registration

On March 28, 2013, we filed a registration statement with the Securities and Exchange Commission to issue, from time to time, up to $1.75 billion in common stock and/or debt securities available for issuance, which replaced our registration statement that expired on March 31, 2013. On February18, 2014, we completed the public offering of 9,200,000 shares of our common stock including the underwriters' exercise of their overallotment option of 1,200,000 shares. The offering was priced at $44.00 and generated net proceeds of $390.2 million, which were used to repay short-term debt outstanding under our commercial paper program, to fund infrastructure spending primarily to enhance the safety and reliability of our system and for general corporate purposes. On October 15, 2014, we issued $500 million of 4.125% 30-year unsecured senior notes, which replaced, on a long-term basis, our $500 million 4.95% senior unsecured notes. The net proceeds of approximately $494 million were used to repay our $500 million 4.95% senior unsecured notes at maturity on October 15, 2014. After giving effect to these issuances, $845 million of securities remained available for issuance under the shelf registration statement until March 28, 2016.

Credit Ratings

Our credit ratings directly affect our ability to obtain short-term and long-term financing, in addition to the cost of such financing. In determining our credit ratings, the rating agencies consider a number of quantitative factors, including debt to total capitalization, operating cash flow relative to outstanding debt, operating cash flow coverage of interest and pension liabilities and funding status. In addition, the rating agencies consider qualitative factors such as consistency of our earnings over time, the quality of our management and business strategy, the risks associated with our regulated and nonregulated businesses and the regulatory environment in the states where we operate.

Our debt is rated by three rating agencies: Standard & Poor's Corporation (S&P), Moody's Investors Service (Moody's) and Fitch Ratings, Ltd. (Fitch). Our current debt ratings are all considered investment grade and are as follows:

	S&P	Moody's	Fitch
Unsecured senior long-term debt	A-	A2	A-
Commercial paper	A-2	P-1	F-2

On January 30, 2014, Moody's upgraded our senior unsecured debt rating to A2 from Baa1 and our commercial paper rating to P-1 from P-2 with a rating outlook of stable. On October 8, 2013, S&P upgraded our senior unsecured debt rating to A- from BBB+, with a ratings outlook of stable, citing an improved business risk profile from an increasing contribution of earnings from our regulated operations and focusing our nonregulated operations on our delivered gas business.

A significant degradation in our operating performance or a significant reduction in our liquidity caused by more limited access to the private and public credit markets as a result of deteriorating global or national financial and credit conditions could trigger a negative change in our ratings outlook or even a reduction in our credit ratings by the three credit rating agencies. This would mean more limited access to the private and public credit markets and an increase in the costs of such borrowings.

A credit rating is not a recommendation to buy, sell or hold securities. The highest investment grade credit rating is AAA for S&P, Aaa for Moody's and AAA for Fitch. The lowest investment grade credit rating is BBB- for S&P, Baa3 for Moody's and BBB- for Fitch. Our credit ratings may be revised or withdrawn at any time by the rating agencies, and each rating should be evaluated independently of any other rating. There can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be lowered, or withdrawn entirely, by a rating agency if, in its judgment, circumstances so warrant.

Debt Covenants

We were in compliance with all of our debt covenants as of September 30, 2014. Our debt covenants are described in Note 5 to the consolidated financial statements.

Contractual Obligations and Commercial Commitments

The following table provides information about contractual obligations and commercial commitments at September 30, 2014.

	Payments Due by Period				
	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
			(In thousands)		
Contractual Obligations					
Long-term debt(1)	$2,460,000	$500,000	$250,000	$450,000	$1,260,000
Short-term debt(1)	196,695	196,695	—	—	—
Interest charges(2)	1,774,405	120,530	234,460	186,559	1,232,856
Capital lease obligations(3)	636	186	372	78	—
Operating leases(3)	155,689	16,673	32,351	31,045	75,620
Demand fees for contracted storage(4)	7,789	3,853	2,806	916	214
Demand fees for contracted transportation(5)	4,321	3,573	748	—	—
Financial instrument obligations(6)	21,856	1,730	20,126	—	—
Pension and postretirement benefit plan contributions(7)	412,977	33,558	64,776	123,459	191,184
Uncertain tax positions (including interest)(8)	12,629	—	12,629	—	—
Total contractual obligations	$5,046,997	$876,798	$618,268	$792,057	$2,759,874

(1) See Note 5 to the consolidated financial statements.

(2) Interest charges were calculated using the stated rate for each debt issuance.

(3) See Note 9 to the consolidated financial statements.

(4) Represents third party contractual demand fees for contracted storage in our nonregulated segment. Contractual demand fees for contracted storage for our regulated distribution segment are excluded as these costs are fully recoverable through our purchase gas adjustment mechanisms.

(5) Represents third party contractual demand fees for transportation in our nonregulated segment.

(6) Represents liabilities for natural gas commodity financial instruments that were valued as of September 30, 2014. The ultimate settlement amounts of these remaining liabilities are unknown because they are subject to continuing market risk until the financial instruments are settled.

(7) Represents expected contributions to our pension and postretirement benefit plans, which are discussed in Note 6 to the consolidated financial statements.

(8) Represents liabilities associated with uncertain tax positions claimed or expected to be claimed on tax returns.

Our regulated distribution segment maintains supply contracts with several vendors that generally cover a period of up to one year. Commitments for estimated base gas volumes are established under these contracts on a monthly basis at contractually negotiated prices. Commitments for incremental daily purchases are made as necessary during the month in accordance with the terms of individual contracts. Our Mid-Tex Division also maintains a limited number of long-term supply contracts to ensure a reliable source of gas for our customers in its service area which obligate it to purchase specified volumes at market and fixed prices. At September 30, 2014, we were committed to purchase 49.7 Bcf within one year and 69.8 Bcf within one to three years under indexed contracts.

AEH has commitments to purchase physical quantities of natural gas under contracts indexed to the forward NYMEX strip or fixed price contracts. At September 30, 2014, AEH was committed to purchase 111.5 Bcf within one year, 19.8 Bcf within one to three years and 0.5 Bcf after three years under indexed contracts. AEH is committed to purchase 7.8 Bcf within one year under fixed price contracts with prices ranging from $1.96 to $4.49 per Mcf.

Risk Management Activities

As discussed above in our Critical Accounting Policies, we use financial instruments to mitigate commodity price risk and, periodically, to manage interest rate risk. We conduct risk management activities through our regulated distribution and nonregulated segments. In our regulated distribution segment, we use a combination of physical storage, fixed physical contracts and fixed financial contracts to reduce our exposure to unusually large winter-period gas price increases. In our nonregulated segments, we manage our exposure to the risk of natural gas price changes and lock in our gross profit margin through a combination of storage and financial instruments, including futures, over-the-counter and exchange-traded options and swap contracts with counterparties. To the extent our inventory cost and actual sales and actual purchases do not correlate with the changes in the market indices we use in our hedges, we could experience ineffectiveness or the hedges may no longer meet the accounting requirements for hedge accounting, resulting in the financial instruments being treated as mark to market instruments through earnings.

We record our financial instruments as a component of risk management assets and liabilities, which are classified as current or noncurrent based upon the anticipated settlement date of the underlying financial instrument. Substantially all of our financial instruments are valued using external market quotes and indices.

The following table shows the components of the change in fair value of our regulated distribution segment's financial instruments for the fiscal year ended September 30, 2014 (in thousands):

Fair value of contracts at September 30, 2013	$ 109,648
Contracts realized/settled	5,221
Fair value of new contracts	1,516
Other changes in value	(102,101)
Fair value of contracts at September 30, 2014	$ 14,284

The fair value of our regulated distribution segment's financial instruments at September 30, 2014, is presented below by time period and fair value source:

	Fair Value of Contracts at September 30, 2014				
	Maturity in years				
Source of Fair Value	Less than 1	1-3	4-5	Greater than 5	Total Fair Value
	(In thousands)				
Prices actively quoted	$21,372	$(7,088)	$—	$—	$14,284
Prices based on models and other valuation methods	—	—	—	—	—
Total Fair Value	$21,372	$(7,088)	$—	$—	$14,284

The following table shows the components of the change in fair value of our nonregulated segment's financial instruments for the fiscal year ended September 30, 2014 (in thousands):

Fair value of contracts at September 30, 2013	$(14,700)
Contracts realized/settled	9,052
Fair value of new contracts	—
Other changes in value	2,615
Fair value of contracts at September 30, 2014	(3,033)
Netting of cash collateral	25,758
Cash collateral and fair value of contracts at September 30, 2014	$ 22,725

The fair value of our nonregulated segment's financial instruments at September 30, 2014, is presented below by time period and fair value source.

	Fair Value of Contracts at September 30, 2014				
	Maturity in years				
Source of Fair Value	Less than 1	1-3	4-5	Greater than 5	Total Fair Value
	(In thousands)				
Prices actively quoted	$(2,222)	$(810)	$(1)	$—	$(3,033)
Prices based on models and other valuation methods	—	—	—	—	—
Total Fair Value	$(2,222)	$(810)	$(1)	$—	$(3,033)

Employee Benefits Programs

An important element of our total compensation program, and a significant component of our operation and maintenance expense, is the offering of various benefits programs to our employees. These programs include medical and dental insurance coverage and pension and postretirement programs.

Medical and Dental Insurance

We offer medical and dental insurance programs to substantially all of our employees.We believe these programs are compliant with all current and future provisions that will be going into effect under *The Patient Protection and Affordable Care Act* and consistent with other programs in our industry. In recent years, we have strived to actively manage our health care costs through the introduction of a wellness strategy that is focused on helping employees to identify health risks and to manage these risks through improved lifestyle choices.

Over the last five fiscal years, we have experienced annual medical and prescription inflation of approximately six percent. For fiscal 2015, we anticipate the medical and prescription drug inflation rate will continue at approximately six percent, primarily due to a stable population and no significant changes anticipated for high cost claimant activity.

Net Periodic Pension and Postretirement Benefit Costs

For the fiscal year ended September 30, 2014, our total net periodic pension and other benefits costs was $69.8 million, compared with $78.5 million and $69.2 million for the fiscal years ended September 30, 2013 and 2012. These costs relating to our regulated distribution operations are recoverable through our distribution rates. A portion of these costs is capitalized into our distribution rate base, and the remaining costs are recorded as a component of operation and maintenance expense.

Our fiscal 2014 costs were determined using a September 30, 2013 measurement date. At that date, interest and corporate bond rates utilized to determine our discount rates were higher than the interest and corporate bond rates as of September 30, 2012, the measurement date for our fiscal 2013 net periodic cost. Therefore, we increased the discount rate used to measure our fiscal 2014 net periodic cost from 4.04 percent to 4.95 percent. However, we decreased the expected return on plan assets from 7.75 percent to 7.25 percent in the determination of our fiscal 2014 net periodic pension cost based upon expected market returns for our targeted asset allocation. As a result, our fiscal 2014 pension and postretirement medical costs were lower than in the prior year.

Our fiscal 2013 costs were determined using a September 30, 2012 measurement date. At that date, interest and corporate bond rates utilized to determine our discount rates were lower than the interest and corporate bond rates as of September 30, 2011, the measurement date for our fiscal 2012 net periodic cost. As a result of the lower interest and corporate bond rates, we decreased the discount rate used to determine our fiscal 2013 pension and benefit costs to 4.04 percent. Our expected return on our pension plan assets was maintained at 7.75 percent due to historical experience and the current market projection of the target asset allocation. As a result, our fiscal 2013 pension and postretirement medical costs were higher than in fiscal 2012.

Pension and Postretirement Plan Funding

Generally, our funding policy is to contribute annually an amount that will at least equal the minimum amount required to comply with the Employee Retirement Income Security Act of 1974 (ERISA). However, additional voluntary contributions are made from time to time as considered necessary. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

In accordance with the Pension Protection Act of 2006 (PPA), we determined the funded status of our plans as of January 1, 2014. Based on this valuation, we were required to contribute cash of $27.1 million, $32.7 million and $46.5 million to our pension plans during fiscal 2014, 2013 and 2012. The higher level of contributions experienced during fiscal 2013 and 2012 reflect lower discount rates. Each contribution increased the level of our plan assets to achieve a desirable PPA funding threshold.

We contributed $23.6 million, $26.6 million and $22.1 million to our postretirement benefits plans for the fiscal years ended September 30, 2014, 2013 and 2012. The contributions represent the portion of the postretirement costs we are responsible for under the terms of our plan and minimum funding required by state regulatory commissions.

Outlook for Fiscal 2015 and Beyond

As of September 30, 2014, interest and corporate bond rates were lower than the rates as of September 30, 2013. Therefore, we decreased the discount rate used to measure our fiscal 2015 net periodic cost from 4.95 percent to 4.43 percent. We maintained our expected return on plan assets at 7.25 percent in the determination of our fiscal 2015 net periodic pension cost based upon expected market returns for our targeted asset allocation. As a result of the net impact of changes in these and other assumptions, we expect our fiscal 2015 net periodic pension cost to decrease by approximately 10 percent.

Based upon current market conditions, the current funded position of the plans and the funding requirements under the PPA, we do not anticipate a minimum required contribution for fiscal 2015. However, we may consider whether a voluntary contribution is prudent to maintain certain funding levels. With respect to our postretirement medical plans, we anticipate contributing between $20 million and $25 million during fiscal 2015.

Actual changes in the fair market value of plan assets and differences between the actual and expected return on plan assets could have a material effect on the amount of pension costs ultimately recognized. A 0.25 percent change in our discount rate would impact our pension and postretirement costs by approximately $2.4 million. A 0.25 percent change in our expected rate of return would impact our pension and postretirement costs by approximately $1.2 million.

The projected liability, future funding requirements and the amount of expense or income recognized for each of our pension and other post-retirement benefit plans are subject to change, depending on the actuarial value of plan assets, and the determination of future benefit obligations as of each subsequent calculation date. These amounts are impacted by actual investment returns, changes in interest rates, changes in the demographic composition of the participants in the plans and other actuarial assumptions.

In October 2014, the Society of Actuaries released its final report on mortality tables and the mortality improvement scale to reflect increasing life expectancies in the United States. We anticipate utilizing the new mortality data in our next actuarial calculation date on September 30, 2015. We are currently evaluating the impact the updated data will have on the valuation of our defined benefit and other post-retirement benefits plans. It is expected the use of this new data will increase total amount of liabilities reported on our balance sheet in future periods.

RECENT ACCOUNTING DEVELOPMENTS

Recent accounting developments and their impact on our financial position, results of operations and cash flows are described in Note 2 to the consolidated financial statements.

ITEM 7A. *Quantitative and Qualitative Disclosures About Market Risk.*

We are exposed to risks associated with commodity prices and interest rates. Commodity price risk is the potential loss that we may incur as a result of changes in the fair value of a particular instrument or commodity. Interest-rate risk results from our portfolio of debt and equity instruments that we issue to provide financing and liquidity for our business activities.

We conduct risk management activities through both our regulated distribution and nonregulated segments. In our regulated distribution segment, we use a combination of physical storage, fixed physical contracts and fixed financial contracts to protect us and our customers against unusually large winter period gas price increases. In our nonregulated segment, we manage our exposure to the risk of natural gas price changes and lock in our gross profit margin through a combination of storage and financial instruments including futures, over-the-counter and exchange-traded options and swap contracts with counterparties. Our risk management activities and related accounting treatment are described in further detail in Note 12 to the consolidated financial statements. Additionally, our earnings are affected by changes in short-term interest rates as a result of our issuance of short-term commercial paper and our other short-term borrowings.

Commodity Price Risk

Regulated distribution segment

We purchase natural gas for our regulated distribution operations. Substantially all of the costs of gas purchased for regulated distribution operations are recovered from our customers through purchased gas cost adjustment mechanisms. Therefore, our regulated distribution operations have limited commodity price risk exposure.

Nonregulated segment

Our nonregulated segment is also exposed to risks associated with changes in the market price of natural gas. For our nonregulated segment, we use a sensitivity analysis to estimate commodity price risk. For purposes of this analysis, we estimate commodity price risk by applying a $0.50 change in the forward NYMEX price to our net open position (including existing storage and related financial contracts) at the end of each period. Based on AEH's net open position (including existing storage and related financial contracts) at September 30, 2014 of 0.1 Bcf, a $0.50 change in the forward NYMEX price would have had a $0.1 million impact on our consolidated net income.

Changes in the difference between the indices used to mark to market our physical inventory (Gas Daily) and the related fair-value hedge (NYMEX) can result in volatility in our reported net income; but, over time, gains and losses on the sale of storage gas inventory will be offset by gains and losses on the fair-value hedges. Based upon our net physical position at September 30, 2014 and assuming our hedges would still qualify as highly effective, a $0.50 change in the difference between the Gas Daily and NYMEX indices would impact our reported net income by approximately $2.8 million.

Additionally, these changes could cause us to recognize a risk management liability, which would require us to place cash into an escrow account to collateralize this liability position. This, in turn, would reduce the amount of cash we would have on hand to fund our working capital needs.

Interest Rate Risk

Our earnings are exposed to changes in short-term interest rates associated with our short-term commercial paper program and other short-term borrowings. We use a sensitivity analysis to estimate our short-term interest rate risk. For purposes of this analysis, we estimate our short-term interest rate risk as the difference between our actual interest expense for the period and estimated interest expense for the period assuming a hypothetical average one percent increase in the interest rates associated with our short-term borrowings. Had interest rates associated with our short-term borrowings increased by an average of one percent, our interest expense would have increased by approximately $2.5 million during 2014.

ITEM 8. ***Financial Statements and Supplementary Data.***

Index to financial statements and financial statement schedule:

All other financial statement schedules are omitted because the required information is not present, or not present in amounts sufficient to require submission of the schedule or because the information required is included in the financial statements and accompanying notes thereto.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Atmos Energy Corporation

We have audited the accompanying consolidated balance sheets of Atmos Energy Corporation as of September 30, 2014 and 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2014. Our audits also included the financial statement schedule listed in the Index at Item 8. These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Atmos Energy Corporation at September 30, 2014 and 2013, and the consolidated results of its operations and its cash flows for each of the three years in the period ended September 30, 2014, in conformity with U.S. generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the financial statements taken as a whole, presents fairly, in all material respects the financial information set forth therein.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), Atmos Energy Corporation's internal control over financial reporting as of September 30, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated November 6, 2014 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Dallas, Texas
November 6, 2014

ATMOS ENERGY CORPORATION

CONSOLIDATED BALANCE SHEETS

	September 30 2014	September 30 2013
	(In thousands, except share data)	
ASSETS		
Property, plant and equipment	$8,200,121	$7,446,272
Construction in progress	247,579	275,747
	8,447,700	7,722,019
Less accumulated depreciation and amortization	1,721,794	1,691,364
Net property, plant and equipment	6,725,906	6,030,655
Current assets		
Cash and cash equivalents	42,258	66,199
Accounts receivable, less allowance for doubtful accounts of $23,992 in 2014 and $20,624 in 2013	343,400	301,992
Gas stored underground	278,917	244,741
Other current assets	111,265	64,201
Total current assets	775,840	677,133
Goodwill	742,029	741,363
Deferred charges and other assets	350,929	485,117
	$8,594,704	$7,934,268
CAPITALIZATION AND LIABILITIES		
Shareholders' equity		
Common stock, no par value (stated at $.005 per share); 200,000,000 shares authorized; issued and outstanding: 2014 — 100,388,092 shares, 2013 — 90,640,211 shares	$ 502	$ 453
Additional paid-in capital	2,180,151	1,765,811
Accumulated other comprehensive income (loss)	(12,393)	38,878
Retained earnings	917,972	775,267
Shareholders' equity	3,086,232	2,580,409
Long-term debt	2,455,986	2,455,671
Total capitalization	5,542,218	5,036,080
Commitments and contingencies		
Current liabilities		
Accounts payable and accrued liabilities	311,604	241,611
Other current liabilities	402,351	368,891
Short-term debt	196,695	367,984
Total current liabilities	910,650	978,486
Deferred income taxes	1,286,616	1,164,053
Regulatory cost of removal obligation	445,387	359,299
Pension and postretirement liabilities	340,963	358,787
Deferred credits and other liabilities	68,870	37,563
	$8,594,704	$7,934,268

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF INCOME

	Year Ended September 30		
	2014	2013	2012
	(In thousands, except per share data)		
Operating revenues			
Regulated distribution segment	$3,061,546	$2,399,493	$2,145,330
Regulated pipeline segment	318,459	268,900	247,351
Nonregulated segment	2,067,292	1,587,914	1,348,982
Intersegment eliminations	(506,381)	(380,847)	(305,501)
	4,940,916	3,875,460	3,436,162
Purchased gas cost			
Regulated distribution segment	1,885,031	1,318,257	1,122,587
Regulated pipeline segment	—	—	—
Nonregulated segment	1,979,337	1,524,583	1,293,858
Intersegment eliminations	(505,878)	(379,430)	(304,022)
	3,358,490	2,463,410	2,112,423
Gross profit	1,582,426	1,412,050	1,323,739
Operating expenses			
Operation and maintenance	505,154	488,020	453,613
Depreciation and amortization	253,987	235,079	237,525
Taxes, other than income	211,936	187,072	181,073
Asset impairments	—	—	5,288
Total operating expenses	971,077	910,171	877,499
Operating income	611,349	501,879	446,240
Miscellaneous expense, net	(5,235)	(197)	(14,644)
Interest charges	129,295	128,385	141,174
Income from continuing operations before income taxes	476,819	373,297	290,422
Income tax expense	187,002	142,599	98,226
Income from continuing operations	289,817	230,698	192,196
Income from discontinued operations, net of tax ($0, $3,986 and $10,066)	—	7,202	18,172
Gain on sale of discontinued operations, net of tax ($0, $2,909 and $3,519)	—	5,294	6,349
Net income	$ 289,817	$ 243,194	$ 216,717
Basic earnings per share			
Income per share from continuing operations	$ 2.96	$ 2.54	$ 2.12
Income per share from discontinued operations	—	0.14	0.27
Net income per share — basic	$ 2.96	$ 2.68	$ 2.39
Diluted earnings per share			
Income per share from continuing operations	$ 2.96	$ 2.50	$ 2.10
Income per share from discontinued operations	—	0.14	0.27
Net income per share — diluted	$ 2.96	$ 2.64	$ 2.37
Weighted average shares outstanding:			
Basic	97,606	90,533	90,150
Diluted	97,608	91,711	91,172

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Year Ended September 30		
	2014	2013	2012
		(In thousands)	
Net income	$289,817	$243,194	$216,717
Other comprehensive income (loss), net of tax			
Net unrealized holding gains (losses) on available-for-sale securities, net of tax of $1,199, $(186) and $1,881	2,214	(213)	3,103
Cash flow hedges:			
Amortization and unrealized gain (loss) on interest rate agreements, net of tax of $(32,353), $47,236 and $(5,388)	(56,287)	82,179	(10,116)
Net unrealized gains on commodity cash flow hedges, net of tax of $1,791, $2,889 and $5,029	2,802	4,519	7,866
Total other comprehensive income (loss)	(51,271)	86,485	853
Total comprehensive income	$238,546	$329,679	$217,570

See accompanying notes to condensed consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	Common stock		Additional Paid-in Capital	Accumulated Other Comprehensive Income (Loss)	Retained Earnings	Total
	Number of Shares	Stated Value				
	(In thousands, except share and per share data)					
Balance, September 30, 2011	90,296,482	$451	$1,732,935	$(48,460)	$ 570,495	$2,255,421
Net income	—	—	—	—	216,717	216,717
Other comprehensive income	—	—	—	853	—	853
Repurchase of common stock	(387,991)	(2)	(12,533)	—	—	(12,535)
Repurchase of equity awards	(153,255)	—	(5,219)	—	—	(5,219)
Cash dividends ($1.38 per share)	—	—	—	—	(125,796)	(125,796)
Common stock issued:						
Direct stock purchase plan	—	—	(65)	—	—	(65)
1998 Long-term incentive plan	482,289	2	12,519	—	(484)	12,037
Employee stock-based compensation	—	—	17,752	—	—	17,752
Outside directors stock-for-fee plan	2,375	—	78	—	—	78
Balance, September 30, 2012	90,239,900	451	1,745,467	(47,607)	660,932	2,359,243
Net income	—	—	—	—	243,194	243,194
Other comprehensive income	—	—	—	86,485	—	86,485
Repurchase of equity awards	(133,449)	—	(5,150)	—	—	(5,150)
Cash dividends ($1.40 per share)	—	—	—	—	(128,115)	(128,115)
Common stock issued:						
Direct stock purchase plan	—	—	(50)	—	—	(50)
1998 Long-term incentive plan	531,672	2	9,530	—	(744)	8,788
Employee stock-based compensation	—	—	15,934	—	—	15,934
Outside directors stock-for-fee plan	2,088	—	80	—	—	80
Balance, September 30, 2013	90,640,211	453	1,765,811	38,878	775,267	2,580,409
Net income	—	—	—	—	289,817	289,817
Other comprehensive loss	—	—	—	(51,271)	—	(51,271)
Repurchase of equity awards	(190,134)	(1)	(8,716)	—	—	(8,717)
Cash dividends ($1.48 per share)	—	—	—	—	(146,248)	(146,248)
Common stock issued:						
Public offering	9,200,000	46	390,159	—	—	390,205
Direct stock purchase plan	83,150	1	4,066	—	—	4,067
1998 Long-term incentive plan	653,130	3	5,214	—	(864)	4,353
Employee stock-based compensation	—	—	23,536	—	—	23,536
Outside directors stock-for-fee plan	1,735	—	81	—	—	81
Balance, September 30, 2014	100,388,092	$502	$2,180,151	$(12,393)	$ 917,972	$3,086,232

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30		
	2014	2013	2012
		(In thousands)	
CASH FLOWS FROM OPERATING ACTIVITIES			
Net income	$ 289,817	$ 243,194	$ 216,717
Adjustments to reconcile net income to net cash provided by operating activities:			
Asset impairments	—	—	5,288
Gain on sale of discontinued operations	—	(8,203)	(9,868)
Depreciation and amortization:			
Charged to depreciation and amortization	253,987	236,928	246,093
Charged to other accounts	969	679	484
Deferred income taxes	189,952	141,336	104,319
Stock-based compensation	25,531	17,814	19,222
Debt financing costs	9,409	8,480	8,147
Other	(428)	(2,887)	(493)
Changes in assets and liabilities:			
(Increase) decrease in accounts receivable	(41,408)	(73,669)	32,578
(Increase) decrease in gas stored underground	(31,996)	31,979	28,417
(Increase) decrease in other current assets	(24,411)	15,644	20,989
(Increase) decrease in deferred charges and other assets	30,662	111,069	(50,055)
Increase (decrease) in accounts payable and accrued liabilities	55,041	31,912	(64,234)
Increase (decrease) in other current liabilities	2,413	(44,491)	7,889
Increase (decrease) in deferred credits and other liabilities	(19,552)	(96,658)	21,424
Net cash provided by operating activities	739,986	613,127	586,917
CASH FLOWS USED IN INVESTING ACTIVITIES			
Capital expenditures	(835,251)	(845,033)	(732,858)
Proceeds from the sale of discontinued operations	—	153,023	128,223
Other, net	(2,325)	(4,904)	(4,625)
Net cash used in investing activities	(837,576)	(696,914)	(609,260)
CASH FLOWS FROM FINANCING ACTIVITIES			
Net increase (decrease) in short-term debt	(165,865)	(208,070)	354,141
Net proceeds from issuance of long-term debt	—	493,793	—
Net proceeds from equity offering	390,205	—	—
Settlement of Treasury lock agreements	—	(66,626)	—
Repayment of long-term debt	—	(131)	(257,034)
Cash dividends paid	(146,248)	(128,115)	(125,796)
Repurchase of common stock	—	—	(12,535)
Repurchase of equity awards	(8,717)	(5,150)	(5,219)
Issuance of common stock	4,274	46	1,606
Net cash provided by (used in) financing activities	73,649	85,747	(44,837)
Net increase (decrease) in cash and cash equivalents	(23,941)	1,960	(67,180)
Cash and cash equivalents at beginning of year	66,199	64,239	131,419
Cash and cash equivalents at end of year	$ 42,258	$ 66,199	$ 64,239
CASH PAID (RECEIVED) DURING THE PERIOD FOR:			
Interest	$ 156,606	$ 148,461	$ 150,606
Income taxes	$ (610)	$ 10,008	$ (432)

See accompanying notes to consolidated financial statements.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business

Atmos Energy Corporation ("Atmos Energy" or the "Company") and our subsidiaries are engaged primarily in the regulated natural gas distribution and pipeline businesses as well as certain other nonregulated businesses. Through our regulated distribution business, we deliver natural gas through sales and transportation arrangements to over three million residential, commercial, public-authority and industrial customers through our six regulated distribution divisions in the service areas described below:

Division	Service Area
Atmos Energy Colorado-Kansas Division	Colorado, Kansas
Atmos Energy Kentucky/Mid-States Division	Kentucky, Tennessee, Virginia[1]
Atmos Energy Louisiana Division	Louisiana
Atmos Energy Mid-Tex Division	Texas, including the Dallas/Fort Worth metropolitan area
Atmos Energy Mississippi Division	Mississippi
Atmos Energy West Texas Division	West Texas

(1) Denotes location where we have more limited service areas.

In addition, we transport natural gas for others through our distribution system. Our distribution business is subject to federal and state regulation and/or regulation by local authorities in each of the states in which our regulated distribution divisions operate. Our corporate headquarters and shared-services function are located in Dallas, Texas, and our customer support centers are located in Amarillo and Waco, Texas.

During fiscal 2013 and fiscal 2012, we sold our regulated distribution operations in four states to streamline our regulated operations. On April 1, 2013, we completed the divestiture of our regulated distribution operations in Georgia, representing approximately 64,000 customers, and in August 2012, we completed the sale of our regulated distribution operations in Missouri, Illinois and Iowa, representing approximately 84,000 customers.

Our regulated pipeline business, which is also subject to federal and state regulation, consists of the regulated operations of our Atmos Pipeline–Texas Division, a division of the Company. This division transports natural gas to our Mid-Tex Division, transports natural gas for third parties and manages five underground storage reservoirs in Texas. We also provide ancillary services customary to the pipeline industry including parking arrangements, lending and sales of inventory on hand.

Our nonregulated businesses operate primarily in the Midwest and Southeast through various wholly-owned subsidiaries of Atmos Energy Holdings, Inc., (AEH). AEH is a wholly-owned subsidiary of the Company and based in Houston, Texas. Through AEH, we provide natural gas management and transportation services to municipalities, regulated distribution companies, including certain divisions of Atmos Energy and third parties.

2. Summary of Significant Accounting Policies

Principles of consolidation — The accompanying consolidated financial statements include the accounts of Atmos Energy Corporation and its wholly-owned subsidiaries. All material intercompany transactions have been eliminated; however, we have not eliminated intercompany profits when such amounts are probable of recovery under the affiliates' rate regulation process.

Basis of comparison — Certain prior-year amounts have been reclassified to conform with the current year presentation.

Use of estimates — The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. The most significant estimates include the allowance for doubtful accounts, unbilled revenues, legal and environmental accruals, insurance accruals, pension and postretirement obligations, deferred income taxes, asset retirement obligations, impairment of long-lived assets, risk management and trading activities, fair value measurements and the valuation of goodwill and other long-lived assets. Actual results could differ from those estimates.

Regulation — Our regulated distribution and regulated pipeline operations are subject to regulation with respect to rates, service, maintenance of accounting records and various other matters by the respective regulatory authorities in the states in which we operate. Our accounting policies recognize the financial effects of the rate-making and accounting practices and policies of the various regulatory commissions. Accounting principles generally accepted in the United States require cost-based, rate-regulated entities that meet certain criteria to reflect the authorized recovery of costs due to regulatory decisions in their financial statements. As a result, certain costs that would normally be expensed under accounting principles generally accepted in the United States are permitted to be capitalized or deferred on the balance sheet because it is probable they can be recovered through rates. Further, regulation may impact the period in which revenues or expenses are recognized. The amounts to be recovered or recognized are based upon historical experience and our understanding of the regulations.

We record regulatory assets as a component of other current assets and deferred charges and other assets for costs that have been deferred for which future recovery through customer rates is considered probable. Regulatory liabilities are recorded either on the face of the balance sheet or as a component of current liabilities, deferred income taxes or deferred credits and other liabilities when it is probable that revenues will be reduced for amounts that will be credited to customers through the ratemaking process. Significant regulatory assets and liabilities as of September 30, 2014 and 2013 included the following:

	September 30	
	2014	2013
	(In thousands)	
Regulatory assets:		
Pension and postretirement benefit costs(1)	$162,777	$187,977
Merger and integration costs, net	4,730	5,250
Deferred gas costs	20,069	15,152
Regulatory cost of removal asset	—	10,008
Rate case costs	3,757	6,329
Texas Rule 8.209(2)	26,948	30,364
APT annual adjustment mechanism	8,479	5,853
Recoverable loss on reacquired debt	18,877	21,435
Other	4,672	4,380
	$250,309	$286,748
Regulatory liabilities:		
Deferred gas costs	$ 35,063	$ 16,481
Deferred franchise fees	5,268	1,689
Regulatory cost of removal obligation	490,448	427,524
Other	14,980	7,887
	$545,759	$453,581

(1) Includes $18.8 million and $17.4 million of pension and postretirement expense deferred pursuant to regulatory authorization.

(2) Texas Rule 8.209 is a Railroad Commission rule that allows for the deferral of all expenses associated with capital expenditures incurred pursuant to this rule, including the recording of interest on the deferred expenses until the next rate proceeding (rate case or annual rate filing), at which time investment and costs would be recovered through base rates.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Currently, authorized rates do not include a return on certain of our merger and integration costs; however, we recover the amortization of these costs. Merger and integration costs, net, are generally amortized on a straight-line basis over estimated useful lives ranging up to 20 years. During the fiscal years ended September 30, 2014, 2013 and 2012, we recognized $0.5 million in amortization expense related to these costs.

Revenue recognition — Sales of natural gas to our regulated distribution customers are billed on a monthly basis; however, the billing cycle periods for certain classes of customers do not necessarily coincide with accounting periods used for financial reporting purposes. We follow the revenue accrual method of accounting for regulated distribution segment revenues whereby revenues applicable to gas delivered to customers, but not yet billed under the cycle billing method, are estimated and accrued and the related costs are charged to expense.

On occasion, we are permitted to implement new rates that have not been formally approved by our state regulatory commissions, which are subject to refund. As permitted by accounting principles generally accepted in the United States, we recognize this revenue and establish a reserve for amounts that could be refunded based on our experience for the jurisdiction in which the rates were implemented.

Rates established by regulatory authorities are adjusted for increases and decreases in our purchased gas costs through purchased gas cost adjustment mechanisms. Purchased gas cost adjustment mechanisms provide gas distribution companies a method of recovering purchased gas costs on an ongoing basis without filing a rate case to address all of their non-gas costs. There is no gross profit generated through purchased gas cost adjustments, but they provide a dollar-for-dollar offset to increases or decreases in our regulated distribution segment's gas costs. The effects of these purchased gas cost adjustment mechanisms are recorded as deferred gas costs on our balance sheet.

Operating revenues for our regulated pipeline and nonregulated segments are recognized in the period in which actual volumes are transported and storage services are provided.

Operating revenues for our nonregulated segment and the associated carrying value of natural gas inventory (inclusive of storage costs) are recognized when we sell the gas and physically deliver it to our customers. Operating revenues include realized gains and losses arising from the settlement of financial instruments used in our nonregulated activities and unrealized gains and losses arising from changes in the fair value of natural gas inventory designated as a hedged item in a fair value hedge and the associated financial instruments. For the fiscal years ended September 30, 2014, 2013 and 2012, we included unrealized gains (losses) on open contracts of $9.6 million, $9.0 million and $(8.0) million as a component of nonregulated revenues.

Cash and cash equivalents — We consider all highly liquid investments with an original maturity of three months or less to be cash equivalents.

Accounts receivable and allowance for doubtful accounts — Accounts receivable arise from natural gas sales to residential, commercial, industrial, municipal and other customers. We establish an allowance for doubtful accounts to reduce the net receivable balance to the amount we reasonably expect to collect based on our collection experience or where we are aware of a specific customer's inability or reluctance to pay. However, if circumstances change, our estimate of the recoverability of accounts receivable could be affected. Circumstances which could affect our estimates include, but are not limited to, customer credit issues, the level of natural gas prices, customer deposits and general economic conditions. Accounts are written off once they are deemed to be uncollectible.

Gas stored underground — Our gas stored underground is comprised of natural gas injected into storage to support the winter season withdrawals for our regulated distribution operations and natural gas held by our nonregulated segment to conduct their operations. The average cost method is used for all our regulated operations, except for certain jurisdictions in the Kentucky/Mid-States Division, where it is valued on the first-in first-out method basis, in accordance with regulatory requirements. Our nonregulated segment utilizes the average cost method; however, most of this inventory is hedged and is therefore reported at fair value at the end of each month. Gas in storage that is retained as cushion gas to maintain reservoir pressure is classified as property, plant and equipment and is valued at cost.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Regulated property, plant and equipment — Regulated property, plant and equipment is stated at original cost, net of contributions in aid of construction. The cost of additions includes direct construction costs, payroll related costs (taxes, pensions and other fringe benefits), administrative and general costs and an allowance for funds used during construction. The allowance for funds used during construction represents the estimated cost of funds used to finance the construction of major projects and are capitalized in the rate base for ratemaking purposes when the completed projects are placed in service. Interest expense of $1.5 million, $1.9 million and $2.6 million was capitalized in 2014, 2013 and 2012.

Major renewals, including replacement pipe, and betterments that are recoverable under our regulatory rate base are capitalized while the costs of maintenance and repairs that are not recoverable through rates are charged to expense as incurred. The costs of large projects are accumulated in construction in progress until the project is completed. When the project is completed, tested and placed in service, the balance is transferred to the regulated plant in service account included in the rate base and depreciation begins.

Regulated property, plant and equipment is depreciated at various rates on a straight-line basis. These rates are approved by our regulatory commissions and are comprised of two components: one based on average service life and one based on cost of removal. Accordingly, we recognize our cost of removal expense as a component of depreciation expense. The related cost of removal accrual is reflected as a regulatory liability on the consolidated balance sheet. At the time property, plant and equipment is retired, removal expenses less salvage, are charged to the regulatory cost of removal accrual. The composite depreciation rate was 3.3 percent, 3.3 percent and 3.6 percent for the fiscal years ended September 30, 2014, 2013 and 2012.

Nonregulated property, plant and equipment — Nonregulated property, plant and equipment is stated at cost. Depreciation is generally computed on the straight-line method for financial reporting purposes based upon estimated useful lives ranging from three to 50 years.

Asset retirement obligations — We record a liability at fair value for an asset retirement obligation when the legal obligation to retire the asset has been incurred with an offsetting increase to the carrying value of the related asset. Accretion of the asset retirement obligation due to the passage of time is recorded as an operating expense.

As of September 30, 2014 and 2013, we had asset retirement obligations of $10.5 million and $6.8 million. Additionally, we had $5.9 million and $3.3 million of asset retirement costs recorded as a component of property, plant and equipment that will be depreciated over the remaining life of the underlying associated assets.

We believe we have a legal obligation to retire our natural gas storage facilities. However, we have not recognized an asset retirement obligation associated with our storage facilities because we are not able to determine the settlement date of this obligation as we do not anticipate taking our storage facilities out of service permanently. Therefore, we cannot reasonably estimate the fair value of this obligation.

Impairment of long-lived assets — We periodically evaluate whether events or circumstances have occurred that indicate that other long-lived assets may not be recoverable or that the remaining useful life may warrant revision. When such events or circumstances are present, we assess the recoverability of long-lived assets by determining whether the carrying value will be recovered through the expected future cash flows. In the event the sum of the expected future cash flows resulting from the use of the asset is less than the carrying value of the asset, an impairment loss equal to the excess of the asset's carrying value over its fair value is recorded.

During fiscal 2012, we recorded a pre-tax noncash impairment loss of $5.3 million related to our gathering systems in Kentucky. See Note 14 for further details.

Goodwill — We annually evaluate our goodwill balances for impairment during our second fiscal quarter or more frequently as impairment indicators arise. We use a present value technique based on discounted cash flows to estimate the fair value of our reporting units. These calculations are dependent on several subjective factors including the timing of future cash flows, future growth rates and the discount rate. An impairment charge is recognized if the carrying value of a reporting unit's goodwill exceeds its fair value.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Marketable securities — As of September 30, 2014 and 2013, all of our marketable securities were classified as available-for-sale. In accordance with the authoritative accounting standards, these securities are reported at market value with unrealized gains and losses shown as a component of accumulated other comprehensive income (loss). We regularly evaluate the performance of these investments on an individual investment by investment basis for impairment, taking into consideration the fund's purpose, volatility and current returns. If a determination is made that a decline in fair value is other than temporary, the related investment is written down to its estimated fair value.

Financial instruments and hedging activities — We use financial instruments to mitigate commodity price risk in our regulated distribution and nonregulated segments and interest rate risk. The objectives and strategies for using financial instruments have been tailored to our regulated and nonregulated businesses and are discussed in Note 12.

We record all of our financial instruments on the balance sheet at fair value, with changes in fair value ultimately recorded in the income statement. These financial instruments are reported as risk management assets and liabilities and are classified as current or noncurrent other assets or liabilities based upon the anticipated settlement date of the underlying financial instrument.

The timing of when changes in fair value of our financial instruments are recorded in the income statement depends on whether the financial instrument has been designated and qualifies as a part of a hedging relationship or if regulatory rulings require a different accounting treatment. Changes in fair value for financial instruments that do not meet one of these criteria are recognized in the income statement as they occur.

Financial Instruments Associated with Commodity Price Risk

In our regulated distribution segment, the costs associated with and the gains and losses arising from the use of financial instruments to mitigate commodity price risk are included in our purchased gas cost adjustment mechanisms in accordance with regulatory requirements. Therefore, changes in the fair value of these financial instruments are initially recorded as a component of deferred gas costs and recognized in the consolidated statement of income as a component of purchased gas cost when the related costs are recovered through our rates and recognized in revenue in accordance with accounting principles generally accepted in the United States. Accordingly, there is no earnings impact on our regulated distribution segment as a result of the use of financial instruments.

In our nonregulated segment, we have designated most of the natural gas inventory held by this operating segment as the hedged item in a fair-value hedge. This inventory is marked to market at the end of each month based on the Gas Daily index, with changes in fair value recognized as unrealized gains or losses in revenue in the period of change. The financial instruments associated with this natural gas inventory have been designated as fair-value hedges and are marked to market each month based upon the NYMEX price with changes in fair value recognized as unrealized gains or losses in purchased gas cost in the period of change. We have elected to exclude this spot/forward differential for purposes of assessing the effectiveness of these fair-value hedges.

Additionally, we have elected to treat fixed-price forward contracts used in our nonregulated segment to deliver natural gas as normal purchases and normal sales. As such, these deliveries are recorded on an accrual basis in accordance with our revenue recognition policy. Financial instruments used to mitigate the commodity price risk associated with these contracts have been designated as cash flow hedges of anticipated purchases and sales at indexed prices. Accordingly, unrealized gains and losses on these open financial instruments are recorded as a component of accumulated other comprehensive income, and are recognized in earnings as a component of purchased gas cost when the hedged volumes are sold.

Gains and losses from hedge ineffectiveness are recognized in the income statement. Fair value and cash flow hedge ineffectiveness arising from natural gas market price differences between the locations of the hedged inventory and the delivery location specified in the financial instruments is referred to as basis ineffectiveness.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Ineffectiveness arising from changes in the fair value of the fair value hedges due to changes in the difference between the spot price and the futures price, as well as the difference between the timing of the settlement of the futures and the valuation of the underlying physical commodity is referred to as timing ineffectiveness. Hedge ineffectiveness, to the extent incurred, is reported as a component of purchased gas cost.

Our nonregulated segment also utilizes master netting agreements with significant counterparties that allow us to offset gains and losses arising from financial instruments that may be settled in cash with gains and losses arising from financial instruments that may be settled with the physical commodity. Assets and liabilities from risk management activities, as well as accounts receivable and payable, reflect the master netting agreements in place. Additionally, the accounting guidance for master netting arrangements requires us to include the fair value of cash collateral or the obligation to return cash in the amounts that have been netted under master netting agreements used to offset gains and losses arising from financial instruments. As of September 30, 2014 and 2013, the Company netted $25.8 million and $24.8 million of cash held in margin accounts into its current and noncurrent risk management assets and liabilities.

Financial Instruments Associated with Interest Rate Risk

We manage interest rate risk, primarily when we plan to issue new long-term debt or to refinance existing long-term debt. We manage this risk through the use of forward starting interest rate swaps, interest rate swaps, and prior to fiscal 2012, Treasury lock agreements, to fix the Treasury yield component of the interest cost associated with anticipated financings. We designate these financial instruments as cash flow hedges at the time the agreements are executed. Unrealized gains and losses associated with the instruments are recorded as a component of accumulated other comprehensive income (loss). When the instruments settle, the realized gain or loss is recorded as a component of accumulated other comprehensive income (loss) and recognized as a component of interest expense over the life of the related financing arrangement. Hedge ineffectiveness to the extent incurred is reported as a component of interest expense.

Fair Value Measurements — We report certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We primarily use quoted market prices and other observable market pricing information in valuing our financial assets and liabilities and minimize the use of unobservable pricing inputs in our measurements.

Fair-value estimates also consider our own creditworthiness and the creditworthiness of the counterparties involved. Our counterparties consist primarily of financial institutions and major energy companies. This concentration of counterparties may materially impact our exposure to credit risk resulting from market, economic or regulatory conditions. We seek to minimize counterparty credit risk through an evaluation of their financial condition and credit ratings and the use of collateral requirements under certain circumstances.

Amounts reported at fair value are subject to potentially significant volatility based upon changes in market prices, including, but not limited to, the valuation of the portfolio of our contracts, maturity and settlement of these contracts and newly originated transactions and interest rates, each of which directly affect the estimated fair value of our financial instruments. We believe the market prices and models used to value these financial instruments represent the best information available with respect to closing exchange and over-the-counter quotations, time value and volatility factors underlying the contracts. Values are adjusted to reflect the potential impact of an orderly liquidation of our positions over a reasonable period of time under then current market conditions.

Authoritative accounting literature establishes a fair value hierarchy that prioritizes the inputs used to measure fair value based on observable and unobservable data. The hierarchy categorizes the inputs into three levels, with the highest priority given to unadjusted quoted prices in active markets for identical assets and liabilities (Level 1) and the lowest priority given to unobservable inputs (Level 3). The levels of the hierarchy are described below:

Level 1 — Represents unadjusted quoted prices in active markets for identical assets or liabilities. An active market for the asset or liability is defined as a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Prices actively quoted on national exchanges are used to determine the fair value of most of our assets and liabilities recorded on our balance sheet at fair value. Within our nonregulated operations, we utilize a mid-market pricing convention (the mid-point between the bid and ask prices), as permitted under current accounting standards. Values derived from these sources reflect the market in which transactions involving these financial instruments are executed.

Our Level 1 measurements consist primarily of exchange-traded financial instruments, gas stored underground that has been designated as the hedged item in a fair value hedge and our available-for-sale securities. The Level 1 measurements for investments in our Master Trust, Supplemental Executive Benefit Plan and postretirement benefit plan consist primarily of exchange-traded financial instruments.

Level 2 — Represents pricing inputs other than quoted prices included in Level 1 that are either directly or indirectly observable for the asset or liability as of the reporting date. These inputs are derived principally from, or corroborated by, observable market data. Our Level 2 measurements primarily consist of non-exchange-traded financial instruments, such as over-the-counter options and swaps and municipal and corporate bonds where market data for pricing is observable. The Level 2 measurements for investments in our Master Trust, Supplemental Executive Benefit Plan and postretirement benefit plan consist primarily of non-exchange traded financial instruments such as common collective trusts and investments in limited partnerships.

Level 3 — Represents generally unobservable pricing inputs which are developed based on the best information available, including our own internal data, in situations where there is little if any market activity for the asset or liability at the measurement date. The pricing inputs utilized reflect what a market participant would use to determine fair value. We utilize models and other valuation methods to determine fair value when external sources are not available. We believe the market prices and models used to value these assets and liabilities represent the best information available with respect to closing exchange and over-the-counter quotations, time value and volatility factors underlying the assets and liabilities.

As of September 30, 2014, our Master Trust owned one real estate investment with a value less than $0.2 million that qualifies as a Level 3 fair value measurement. The valuation technique used was a real estate appraisal obtained from an independent third party that consisted of several unobservable inputs such as comparable land and building sales values per square foot. Currently, we have no other assets or liabilities recorded at fair value that would qualify for Level 3 reporting.

Pension and other postretirement plans — Pension and other postretirement plan costs and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets, assumed discount rates and current demographic and actuarial mortality data. Our measurement date is September 30. The assumed discount rate and the expected return are the assumptions that generally have the most significant impact on our pension costs and liabilities. The assumed discount rate, the assumed health care cost trend rate and assumed rates of retirement generally have the most significant impact on our postretirement plan costs and liabilities.

The discount rate is utilized principally in calculating the actuarial present value of our pension and postretirement obligation and net pension and postretirement cost. When establishing our discount rate, we consider high quality corporate bond rates based on bonds available in the marketplace that are suitable for settling the obligations, changes in those rates from the prior year and the implied discount rate that is derived from matching our projected benefit disbursements with currently available high quality corporate bonds.

The expected long-term rate of return on assets is utilized in calculating the expected return on plan assets component of the annual pension and postretirement plan cost. We estimate the expected return on plan assets by evaluating expected bond returns, equity risk premiums, asset allocations, the effects of active plan management, the impact of periodic plan asset rebalancing and historical performance. We also consider the guidance from our investment advisors in making a final determination of our expected rate of return on assets. To the extent the actual rate of return on assets realized over the course of a year is greater than or less than the assumed rate, that year's annual pension or postretirement plan cost is not affected. Rather, this gain or loss reduces or increases future pension or postretirement plan costs over a period of approximately seven to nine years.

The market-related value of our plan assets represents the fair market value of the plan assets, adjusted to smooth out short-term market fluctuations over a five-year period. The use of this calculation will delay the impact of current market fluctuations on the pension expense for the period.

We use a corridor approach to amortize actuarial gains and losses. Under this approach, net gains or losses in excess of ten percent of the larger of the pension benefit obligation or the market-related value of the assets are amortized on a straight-line basis. The period of amortization is the average remaining service of active participants who are expected to receive benefits under the plan.

We estimate the assumed health care cost trend rate used in determining our annual postretirement net cost based upon our actual health care cost experience, the effects of recently enacted legislation and general economic conditions. Our assumed rate of retirement is estimated based upon the annual review of our participant census information as of the measurement date.

Income taxes — Income taxes are determined based on the liability method, which results in income tax assets and liabilities arising from temporary differences. Temporary differences are differences between the tax bases of assets and liabilities and their reported amounts in the financial statements that will result in taxable or deductible amounts in future years. The liability method requires the effect of tax rate changes on current and accumulated deferred income taxes to be reflected in the period in which the rate change was enacted. The liability method also requires that deferred tax assets be reduced by a valuation allowance unless it is more likely than not that the assets will be realized.

The Company may recognize the tax benefit from uncertain tax positions only if it is at least more likely than not that the tax position will be sustained on examination by the taxing authorities, based on the technical merits of the position. The tax benefits recognized in the financial statements from such a position should be measured based on the largest benefit that has a greater than fifty percent likelihood of being realized upon settlement with the taxing authorities. We recognize accrued interest related to unrecognized tax benefits as a component of interest expense. We recognize penalties related to unrecognized tax benefits as a component of miscellaneous income (expense) in accordance with regulatory requirements.

Tax collections — We are allowed to recover from customers revenue-related taxes that are imposed upon us. We record such taxes as operating expenses and record the corresponding customer charges as operating revenues. However, we do collect and remit various other taxes on behalf of various governmental authorities, and we record these amounts in our consolidated balance sheets on a net basis. We do not collect income taxes from our customers on behalf of governmental authorities.

Contingencies — In the normal course of business, we are confronted with issues or events that may result in a contingent liability. These generally relate to lawsuits, claims made by third parties or the action of various regulatory agencies. For such matters, we record liabilities when they are considered probable and reasonably estimable, based on currently available facts and our estimates of the ultimate outcome or resolution of the liability in the future. Actual results may differ from estimates, depending on actual outcomes or changes in the facts or expectations surrounding each potential exposure.

Subsequent events — Except as disclosed in Note 5 concerning the October 15, 2014 issuance of $500 million, 4.125% senior notes, no events occurred subsequent to the balance sheet date that would require recognition or disclosure in the financial statements.

Recent accounting pronouncements — Disclosure requirements for offsetting arrangements for financial instruments became effective for us beginning on October 1, 2013. We have presented these disclosures in Note 12. In connection with the adoption of this standard, prior-year risk management assets and liabilities have been reclassified to conform with the current-year presentation. The adoption of this standard and reclassification did not have an impact on our financial position, results of operations or cash flows.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In April 2014, the Financial Accounting Standards Board (FASB) issued updated guidance for discontinued operations that limits discontinued operations reporting to disposals of components of an entity that represent strategic shifts that have a major effect on an entity's operations and financial results and requires additional disclosures related to discontinued operations. This standard will become effective for us beginning on October 1, 2015. The adoption of this guidance is not expected to impact our financial position, results of operations or cash flows.

In May 2014, the FASB issued a comprehensive new revenue recognition standard that will supersede virtually all existing revenue recognition guidance under generally accepted accounting principles in the United States. Under the new standard, a company will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the company expects to be entitled in exchange for those goods or services. In doing so, companies will need to use more judgment and make more estimates than under current guidance. The new standard will become effective for us beginning on October 1, 2017 and can be applied either retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. We are currently evaluating the impact this standard may have on our financial position, results of operations and cash flows.

In August 2014, the FASB issued guidance that requires management to evaluate whether there are conditions or events that raise substantial doubt about an entity's ability to continue as a going concern. If such conditions or events exist, disclosures are required that enable users of the financial statements to understand the nature of the conditions or events, management's evaluation of the circumstances and management's plans to mitigate the conditions or events that raise substantial doubt about the entity's ability to continue as a going concern. We will be required to perform an annual assessment of our ability to continue as a going concern when this standard becomes effective for us on October 1, 2017; however, the adoption of this guidance is not expected to impact our financial position, results of operations or cash flows.

3. Segment Information

Atmos Energy Corporation and its subsidiaries are engaged primarily in the regulated natural gas distribution and pipeline business as well as other nonregulated businesses. We distribute natural gas through sales and transportation arrangements to over three million residential, commercial, public authority and industrial customers through our six regulated distribution divisions, which cover service areas located in eight states. In addition, we transport natural gas for others through our distribution system.

Through our nonregulated business, we provide natural gas management and transportation services to municipalities, regulated distribution companies, including certain divisions of Atmos Energy and third parties.

We operate the Company through the following three segments:

- The *regulated distribution segment*, includes our regulated distribution and related sales operations.
- The *regulated pipeline segment*, includes the regulated pipeline and storage operations of our Atmos Pipeline — Texas Division.
- The *nonregulated segment*, is comprised of our nonregulated natural gas management, nonregulated natural gas transmission, storage and other services.

Our determination of reportable segments considers the strategic operating units under which we manage sales of various products and services to customers in differing regulatory environments. Although our regulated distribution segment operations are geographically dispersed, they are reported as a single segment as each regulated distribution division has similar economic characteristics. The accounting policies of the segments are the same as those described in the summary of significant accounting policies. We evaluate performance based on net income or loss of the respective operating units. Interest expense is allocated pro rata to each segment based upon our net investment in each segment. Income taxes are allocated to each segment as if each segment's taxes were calculated on a separate return basis.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Summarized income statements and capital expenditures by segment are shown in the following tables.

	Year Ended September 30, 2014				
	Regulated Distribution	Regulated Pipeline	Nonregulated	Eliminations	Consolidated
			(In thousands)		
Operating revenues from external parties	$3,056,212	$ 92,166	$1,792,538	$ —	$4,940,916
Intersegment revenues	5,334	226,293	274,754	(506,381)	—
	3,061,546	318,459	2,067,292	(506,381)	4,940,916
Purchased gas cost	1,885,031	—	1,979,337	(505,878)	3,358,490
Gross profit	1,176,515	318,459	87,955	(503)	1,582,426
Operating expenses					
Operation and maintenance	387,228	91,466	26,963	(503)	505,154
Depreciation and amortization	208,376	41,031	4,580	—	253,987
Taxes, other than income	196,343	13,143	2,450	—	211,936
Total operating expenses	791,947	145,640	33,993	(503)	971,077
Operating income	384,568	172,819	53,962	—	611,349
Miscellaneous income (expense)	(381)	(3,181)	2,216	(3,889)	(5,235)
Interest charges	94,918	36,280	1,986	(3,889)	129,295
Income before income taxes	289,269	133,358	54,192	—	476,819
Income tax expense	117,684	47,167	22,151	—	187,002
Net income	$ 171,585	$ 86,191	$ 32,041	$ —	$ 289,817
Capital expenditures	$ 584,065	$249,347	$ 1,839	$ —	$ 835,251

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended September 30, 2013				
	Regulated Distribution	Regulated Pipeline	Nonregulated	Eliminations	Consolidated
			(In thousands)		
Operating revenues from external parties	$2,394,418	$ 89,011	$1,392,031	$ —	$3,875,460
Intersegment revenues	5,075	179,889	195,883	(380,847)	—
	2,399,493	268,900	1,587,914	(380,847)	3,875,460
Purchased gas cost	1,318,257	—	1,524,583	(379,430)	2,463,410
Gross profit	1,081,236	268,900	63,331	(1,417)	1,412,050
Operating expenses					
Operation and maintenance	375,188	76,686	37,569	(1,423)	488,020
Depreciation and amortization	195,581	35,302	4,196	—	235,079
Taxes, other than income	167,374	17,059	2,639	—	187,072
Total operating expenses	738,143	129,047	44,404	(1,423)	910,171
Operating income	343,093	139,853	18,927	6	501,879
Miscellaneous income (expense)	2,535	(2,285)	2,316	(2,763)	(197)
Interest charges	98,296	30,678	2,168	(2,757)	128,385
Income from continuing operations before income taxes	247,332	106,890	19,075	—	373,297
Income tax expense	96,476	38,630	7,493	—	142,599
Income from continuing operations	150,856	68,260	11,582	—	230,698
Income from discontinued operations, net of tax	7,202	—	—	—	7,202
Gain (loss) on sale of discontinued operations, net of tax	5,649	—	(355)	—	5,294
Net income	$ 163,707	$ 68,260	$ 11,227	$ —	$ 243,194
Capital expenditures	$ 528,599	$313,230	$ 3,204	$ —	$ 845,033

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Year Ended September 30, 2012				
	Regulated Distribution	Regulated Pipeline	Nonregulated	Eliminations	Consolidated
			(In thousands)		
Operating revenues from external parties	$2,144,376	$ 92,604	$1,199,182	$ —	$3,436,162
Intersegment revenues	954	154,747	149,800	(305,501)	—
	2,145,330	247,351	1,348,982	(305,501)	3,436,162
Purchased gas cost	1,122,587	—	1,293,858	(304,022)	2,112,423
Gross profit	1,022,743	247,351	55,124	(1,479)	1,323,739
Operating expenses					
Operation and maintenance	353,879	71,521	29,697	(1,484)	453,613
Depreciation and amortization	202,026	31,438	4,061	—	237,525
Taxes, other than income	162,377	15,568	3,128	—	181,073
Asset impairments	—	—	5,288	—	5,288
Total operating expenses	718,282	118,527	42,174	(1,484)	877,499
Operating income	304,461	128,824	12,950	5	446,240
Miscellaneous income (expense)	(12,657)	(1,051)	1,035	(1,971)	(14,644)
Interest charges	110,642	29,414	3,084	(1,966)	141,174
Income from continuing operations before income taxes	181,162	98,359	10,901	—	290,422
Income tax expense	57,314	35,300	5,612	—	98,226
Income from continuing operations	123,848	63,059	5,289	—	192,196
Income from discontinued operations, net of tax	18,172	—	—	—	18,172
Gain on sale of discontinued operations, net of tax	6,349	—	—	—	6,349
Net income	$ 148,369	$ 63,059	$ 5,289	$ —	$ 216,717
Capital expenditures	$ 546,818	$175,768	$ 10,272	$ —	$ 732,858

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table summarizes our revenues by products and services for the fiscal year ended September 30.

	2014	2013	2012
		(In thousands)	
Regulated distribution revenues:			
Gas sales revenues:			
Residential	$1,933,099	$1,512,495	$1,351,479
Commercial	876,042	661,930	587,651
Industrial	90,536	81,155	71,960
Public authority and other	64,779	60,557	54,334
Total gas sales revenues	2,964,456	2,316,137	2,065,424
Transportation revenues	64,049	55,938	53,924
Other gas revenues	27,707	22,343	25,028
Total regulated distribution revenues	3,056,212	2,394,418	2,144,376
Regulated pipeline revenues	92,166	89,011	92,604
Nonregulated revenues	1,792,538	1,392,031	1,199,182
Total operating revenues	$4,940,916	$3,875,460	$3,436,162

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Balance sheet information at September 30, 2014 and 2013 by segment is presented in the following tables.

	September 30, 2014				
	Regulated Distribution	Regulated Pipeline	Nonregulated	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Property, plant and equipment, net	$5,202,761	$1,464,572	$ 58,573	$ —	$6,725,906
Investment in subsidiaries	952,171	—	(2,096)	(950,075)	—
Current assets					
Cash and cash equivalents	33,303	—	8,955	—	42,258
Assets from risk management activities	23,102	—	22,725	—	45,827
Other current assets	490,408	14,009	526,161	(342,823)	687,755
Intercompany receivables	790,442	—	—	(790,442)	—
Total current assets	1,337,255	14,009	557,841	(1,133,265)	775,840
Goodwill	574,816	132,502	34,711	—	742,029
Noncurrent assets from risk management activities	13,038	—	—	—	13,038
Deferred charges and other assets	309,965	21,826	6,100	—	337,891
	$8,390,006	$1,632,909	$655,129	$(2,083,340)	$8,594,704
CAPITALIZATION AND LIABILITIES					
Shareholders' equity	$3,086,232	$ 482,612	$469,559	$ (952,171)	$3,086,232
Long-term debt	2,455,986	—	—	—	2,455,986
Total capitalization	5,542,218	482,612	469,559	(952,171)	5,542,218
Current liabilities					
Short-term debt	522,695	—	—	(326,000)	196,695
Liabilities from risk management activities	1,730	—	—	—	1,730
Other current liabilities	559,765	24,790	142,397	(14,727)	712,225
Intercompany payables	—	763,635	26,807	(790,442)	—
Total current liabilities	1,084,190	788,425	169,204	(1,131,169)	910,650
Deferred income taxes	913,260	361,688	11,668	—	1,286,616
Noncurrent liabilities from risk management activities	20,126	—	—	—	20,126
Regulatory cost of removal obligation	445,387	—	—	—	445,387
Pension and postretirement liabilities	340,963	—	—	—	340,963
Deferred credits and other liabilities	43,862	184	4,698	—	48,744
	$8,390,006	$1,632,909	$655,129	$(2,083,340)	$8,594,704

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	September 30, 2013				
	Regulated Distribution	Regulated Pipeline	Nonregulated	Eliminations	Consolidated
			(In thousands)		
ASSETS					
Property, plant and equipment, net	$4,719,873	$1,249,767	$ 61,015	$ —	$6,030,655
Investment in subsidiaries	831,136	—	(2,096)	(829,040)	—
Current assets					
Cash and cash equivalents	4,237	—	61,962	—	66,199
Assets from risk management activities	1,837	—	10,129	—	11,966
Other current assets	428,366	11,709	452,126	(293,233)	598,968
Intercompany receivables	783,738	—	—	(783,738)	—
Total current assets	1,218,178	11,709	524,217	(1,076,971)	677,133
Goodwill	574,190	132,462	34,711	—	741,363
Noncurrent assets from risk management activities	109,354	—	—	—	109,354
Deferred charges and other assets	347,687	19,227	8,849	—	375,763
	$7,800,418	$1,413,165	$626,696	$(1,906,011)	$7,934,268
CAPITALIZATION AND LIABILITIES					
Shareholders' equity	$2,580,409	$ 396,421	$434,715	$ (831,136)	$2,580,409
Long-term debt	2,455,671	—	—	—	2,455,671
Total capitalization	5,036,080	396,421	434,715	(831,136)	5,036,080
Current liabilities					
Short-term debt	645,984	—	—	(278,000)	367,984
Liabilities from risk management activities	1,543	—	—	—	1,543
Other current liabilities	491,681	20,288	110,306	(13,316)	608,959
Intercompany payables	—	712,768	70,970	(783,738)	—
Total current liabilities	1,139,208	733,056	181,276	(1,075,054)	978,486
Deferred income taxes	871,360	283,554	8,960	179	1,164,053
Noncurrent liabilities from risk management activities	—	—	—	—	—
Regulatory cost of removal obligation	359,299	—	—	—	359,299
Pension and postretirement liabilities	358,787	—	—	—	358,787
Deferred credits and other liabilities	35,684	134	1,745	—	37,563
	$7,800,418	$1,413,165	$626,696	$(1,906,011)	$7,934,268

4. Earnings Per Share

Since we have non-vested share-based payments with a nonforfeitable right to dividends or dividend equivalents (referred to as participating securities), we are required to use the two-class method of computing earnings per share. The Company's non-vested restricted stock units, granted under the 1998 Long-Term Incentive Plan, for which vesting is predicated solely on the passage of time, are considered to be participating securities. The calculation of earnings per share using the two-class method excludes income attributable to these participating securities from the numerator and excludes the dilutive impact of those shares from the denominator.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Basic and diluted earnings per share for the fiscal years ended September 30 are calculated as follows:

	2014	2013	2012
	(In thousands, except per share data)		
Basic Earnings Per Share from continuing operations			
Income from continuing operations	$289,817	$230,698	$192,196
Less: Income from continuing operations allocated to participating securities	711	775	793
Income from continuing operations available to common shareholders	$289,106	$229,923	$191,403
Basic weighted average shares outstanding	97,606	90,533	90,150
Income from continuing operations per share — Basic	$ 2.96	$ 2.54	$ 2.12
Basic Earnings Per Share from discontinued operations			
Income from discontinued operations	$ —	$ 12,496	$ 24,521
Less: Income from discontinued operations allocated to participating securities	—	42	101
Income from discontinued operations available to common shareholders	$ —	$ 12,454	$ 24,420
Basic weighted average shares outstanding	97,606	90,533	90,150
Income from discontinued operations per share — Basic	$ —	$ 0.14	$ 0.27
Net income per share — Basic	$ 2.96	$ 2.68	$ 2.39
Diluted Earnings Per Share from continuing operations			
Income from continuing operations available to common shareholders	$289,106	$229,923	$191,403
Effect of dilutive stock options and other shares	—	5	4
Income from continuing operations available to common shareholders	$289,106	$229,928	$191,407
Basic weighted average shares outstanding	97,606	90,533	90,150
Additional dilutive stock options and other shares	2	1,178	1,022
Diluted weighted average shares outstanding	97,608	91,711	91,172
Income from continuing operations per share — Diluted	$ 2.96	$ 2.50	$ 2.10
Diluted Earnings Per Share from discontinued operations			
Income from discontinued operations available to common shareholders	$ —	$ 12,454	$ 24,420
Effect of dilutive stock options and other shares	—	—	—
Income from discontinued operations available to common shareholders	$ —	$ 12,454	$ 24,420
Basic weighted average shares outstanding	97,606	90,533	90,150
Additional dilutive stock options and other shares	2	1,178	1,022
Diluted weighted average shares outstanding	97,608	91,711	91,172
Income from discontinued operations per share — Diluted	$ —	$ 0.14	$ 0.27
Net income per share — Diluted	$ 2.96	$ 2.64	$ 2.37

There were no out-of-the-money options excluded from the computation of diluted earnings per share for the fiscal years ended September 30, 2013 and 2012. As of September 30, 2014 there were no outstanding options.

2014 Equity Offering

On February 18, 2014, we completed the public offering of 9,200,000 shares of our common stock including the underwriters' exercise of their overallotment option of 1,200,000 shares under our existing shelf registration statement. The offering was priced at $44.00 per share and generated net proceeds of $390.2 million, which were used to repay short-term debt outstanding under our commercial paper program, to fund infrastructure spending primarily to enhance the safety and reliability of our system and for general corporate purposes.

Share Repurchase Program

On September 28, 2011 our Board of Directors approved a program authorizing the repurchase of up to five million shares of common stock over a 5-year period. The program is primarily intended to minimize the dilutive effect of equity grants under various benefit related incentive compensation plans of the Company. The program may be terminated or limited at any time. Shares may be repurchased in the open market or in privately negotiated transactions in amounts the Company deems appropriate. As of September 30, 2014, a total of 387,991 shares had been repurchased for an aggregate value of $12.5 million, with no shares repurchased since the first quarter of fiscal 2012.

5. Debt

Long-term debt

Long-term debt at September 30, 2014 and 2013 consisted of the following:

	2014	2013
	(In thousands)	
Unsecured 4.95% Senior Notes, due October 2014	$ 500,000	$ 500,000
Unsecured 6.35% Senior Notes, due 2017	250,000	250,000
Unsecured 8.50% Senior Notes, due 2019	450,000	450,000
Unsecured 5.95% Senior Notes, due 2034	200,000	200,000
Unsecured 5.50% Senior Notes, due 2041	400,000	400,000
Unsecured 4.15% Senior Notes, due 2043	500,000	500,000
Medium term Series A notes, 1995-1, 6.67%, due 2025	10,000	10,000
Unsecured 6.75% Debentures, due 2028	150,000	150,000
Total long-term debt	2,460,000	2,460,000
Less:		
Original issue discount on unsecured senior notes and debentures	4,014	4,329
Current maturities	—	—
	$2,455,986	$2,455,671

On October 15, 2014, we issued $500 million of 4.125% 30-year unsecured senior notes, which replaced, on a long-term basis, our $500 million unsecured 4.95% senior notes. The effective rate of these notes is 4.086%, after giving effect to the offering costs and the settlement of the associated forward starting interest rate swaps discussed in Note 12. The net proceeds of approximately $494 million were used to repay our $500 million 4.95% senior unsecured notes at maturity on October 15, 2014. Our $500 million 4.95% senior unsecured notes are presented as long-term debt at September 30, 2014 as we demonstrated the ability and intent to refinance through the issuance of new unsecured senior notes.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We issued $500 million Unsecured 4.15% Senior Notes on January 11, 2013. The effective rate of these notes is 4.67%, after giving effect to offering costs and the settlement of the associated Treasury lock agreements discussed in Note 12. Of the net proceeds of approximately $494 million, $234 million was used to partially repay our commercial paper borrowings and for general corporate purposes. The remaining $260 million was used to repay a short-term financing facility executed on September 27, 2012 to repay commercial paper borrowings used to redeem our $250 million Unsecured 5.125% Senior Notes were scheduled to mature in January 2013. This facility bore interest at a LIBOR-based rate plus a company specific spread.

Short-term debt

Our short-term debt is utilized to fund ongoing working capital needs, such as our seasonal requirements for gas supply, general corporate liquidity and capital expenditures. Our short-term borrowings typically reach their highest levels in the winter months.

We currently finance our short-term borrowing requirements through a combination of a $1.25 billion commercial paper program, four committed revolving credit facilities and one uncommitted revolving credit facility, with a total availability from third-party lenders of approximately $1.3 billion of working capital funding. At September 30, 2014 and 2013, there was $196.7 million and $368.0 million outstanding under our commercial paper program with weighted average interest rates of 0.23% and 0.25%, with average maturities of less than one month. We also use intercompany credit facilities to supplement the funding provided by these third-party committed credit facilities. These facilities are described in greater detail below.

Regulated Operations

We fund our regulated operations as needed, primarily through our commercial paper program and three committed revolving credit facilities with third-party lenders that provide approximately $1.3 billion of working capital funding. The first facility is a five-year unsecured facility that was amended on August 22, 2014 to 1) increase the borrowing capacity from $950 million to $1.25 billion with an accordion feature, which, if utilized would increase the borrowing capacity to $1.5 billion and 2) extend the expiration date from August 2018 to August 2019. The credit facility bears interest at a base rate or at a LIBOR-based rate for the applicable interest period, plus a spread ranging from zero percent to two percent, based on the Company's credit ratings. This credit facility serves primarily as a backup liquidity facility for our commercial paper program. At September 30, 2014, there were no borrowings under this facility, but we had $196.7 million of commercial paper outstanding leaving $1,053.3 million available.

The second facility is a $25 million unsecured facility that bears interest at a daily negotiated rate, generally based on the Federal Funds rate plus a variable margin. This facility was renewed on April 1, 2014. At September 30, 2014, there were no borrowings outstanding under this facility.

The third facility which was renewed on September 30, 2014 for $10 million is a committed revolving credit facility, used primarily to issue letters of credit and bears interest at a LIBOR-based rate plus 1.5 percent. At September 30, 2014, there were no borrowings outstanding under this credit facility; however, letters of credit totaling $5.9 million had been issued under the facility at September 30, 2014, which reduced the amount available by a corresponding amount.

The availability of funds under these credit facilities is subject to conditions specified in the respective credit agreements, all of which we currently satisfy. These conditions include our compliance with financial covenants and the continued accuracy of representations and warranties contained in these agreements. We are required by the financial covenants in each of these facilities to maintain, at the end of each fiscal quarter, a ratio of total debt to total capitalization of no greater than 70 percent. At September 30, 2014, our total-debt-to-total-capitalization ratio, as defined, was 48 percent. In addition, both the interest margin over the Eurodollar rate and the fee that we pay on unused amounts under each of these facilities are subject to adjustment depending upon our credit ratings.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

In addition to these third-party facilities, our regulated operations have a $500 million intercompany revolving credit facility with AEH. This facility bears interest at the lower of (i) the Eurodollar rate under the five-year revolving credit facility or (ii) the lowest rate outstanding under the commercial paper program. Applicable state regulatory commissions have approved our use of this facility through December 31, 2014. There was $326.0 million outstanding under this facility at September 30, 2014.

Nonregulated Operations

Atmos Energy Marketing, LLC (AEM), which is wholly owned by AEH, had two $25 million 364-day bilateral credit facilities that expired in December 2013. In December 2013, one of the $25 million 364-day uncommitted bilateral facilities was extended to December 2014. The other $25 million committed bilateral facility was replaced with a $15 million committed 364-day bilateral credit facility in December 2013. These facilities are used primarily to issue letters of credit. Due to outstanding letters of credit, the total amount available to us under these bilateral credit facilities was $32.2 million at September 30, 2014.

AEH has a $500 million intercompany demand credit facility with AEC. This facility bears interest at a rate equal to the greater of (i) the one-month LIBOR rate plus 3.00 percent or (ii) the rate for AEM's borrowings under its committed line of credit facility plus 0.75 percent. Applicable state regulatory commissions have approved our use of this facility through December 31, 2014. There were no borrowings outstanding under this facility at September 30, 2014.

Shelf Registration

We filed a shelf registration statement with the Securities and Exchange Commission (SEC) on March 28, 2013, that originally permitted us to issue a total of $1.75 billion in common stock and/or debt securities. On February 18, 2014, we completed the public offering of 9,200,000 shares of our common stock, which generated net proceeds of $390.2 million. After giving effect to this issuance and the aforementioned $500 million senior note issuance completed in October 2014, $845 million of securities remained available for issuance under the shelf registration statement until March 28, 2016.

Debt Covenants

In addition to the financial covenants described above, our credit facilities and public indentures contain usual and customary covenants for our business, including covenants substantially limiting liens, substantial asset sales and mergers.

Additionally, our public debt indentures relating to our senior notes and debentures, as well as our revolving credit agreements, each contain a default provision that is triggered if outstanding indebtedness arising out of any other credit agreements in amounts ranging from in excess of $15 million to in excess of $100 million becomes due by acceleration or is not paid at maturity.

We were in compliance with all of our debt covenants as of September 30, 2014. If we were unable to comply with our debt covenants, we would likely be required to repay our outstanding balances on demand, provide additional collateral or take other corrective actions.

Maturities of long-term debt at September 30, 2014 were as follows (in thousands):

2015	$ 500,000
2016	—
2017	250,000
2018	—
2019	450,000
Thereafter	1,260,000
	$2,460,000

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

6. Retirement and Post-Retirement Employee Benefit Plans

We have both funded and unfunded noncontributory defined benefit plans that together cover most of our employees. We also maintain post-retirement plans that provide health care benefits to retired employees. Finally, we sponsor defined contribution plans that cover substantially all employees. These plans are discussed in further detail below.

As a rate regulated entity, we generally recover our pension costs in our rates over a period of up to 15 years. The amounts that have not yet been recognized in net periodic pension cost that have been recorded as regulatory assets are as follows:

	Defined Benefits Plans	Supplemental Executive Retirement Plans	Postretirement Plans	Total
		(In thousands)		
September 30, 2014				
Unrecognized transition obligation	$ —	$ —	$ 354	$ 354
Unrecognized prior service credit	(1,927)	—	(6,168)	(8,095)
Unrecognized actuarial loss	109,767	34,447	7,531	151,745
	$107,840	$34,447	$ 1,717	$144,004
September 30, 2013				
Unrecognized transition obligation	$ —	$ —	$ 628	$ 628
Unrecognized prior service credit	(91)	—	(5,961)	(6,052)
Unrecognized actuarial loss	108,621	31,466	35,961	176,048
	$108,530	$31,466	$30,628	$170,624

Defined Benefit Plans

Employee Pension Plans

As of September 30, 2014, we maintained two defined benefit plans: the Atmos Energy Corporation Pension Account Plan (the Plan) and the Atmos Energy Corporation Retirement Plan for Mississippi Valley Gas Union Employees (the Union Plan) (collectively referred to as the Plans). The assets of the Plans are held within the Atmos Energy Corporation Master Retirement Trust (the Master Trust).

The Plan is a cash balance pension plan that was established effective January 1999 and covers most of the employees of Atmos Energy's regulated operations. Opening account balances were established for participants as of January 1999 equal to the present value of their respective accrued benefits under the pension plans which were previously in effect as of December 31, 1998. The Plan credits an allocation to each participant's account at the end of each year according to a formula based on the participant's age, service and total pay (excluding incentive pay).

The Plan also provides for an additional annual allocation based upon a participant's age as of January 1, 1999 for those participants who were participants in the prior pension plans. The Plan credited this additional allocation each year through December 31, 2008. In addition, at the end of each year, a participant's account is credited with interest on the employee's prior year account balance. A special grandfather benefit also applied through December 31, 2008, for participants who were at least age 50 as of January 1, 1999 and who were participants in one of the prior plans on December 31, 1998. Participants are fully vested in their account balances after three years of service and may choose to receive their account balances as a lump sum or an annuity. In August 2010, the Board of Directors of Atmos Energy approved a proposal to close the Plan to new participants effective October 1, 2010. Additionally, employees participating in the Plan as of October 1, 2010 were allowed to make a one-time election to migrate from the Plan into our defined contribution plan, which was enhanced, effective January 1, 2011.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The Union Plan is a defined benefit plan that covers substantially all full-time union employees in our Mississippi Division. Under this plan, benefits are based upon years of benefit service and average final earnings. Participants vest in the plan after five years and will receive their benefit in an annuity. In June 2014, active collectively bargained employees of Atmos Energy's Mississippi Division voted to decertify the union. As a result of this vote, effective January 1, 2015, active participants of the Union Plan will transfer to the Plan. Opening account balances will be established at the time of transfer equal to the present value of their respective accrued benefits under the Union Plan at December 31, 2014. In addition, effective January 1, 2015, current retirees in the Union Plan as well as those participants who have terminated and are vested in the Union Plan will transfer to the Plan with the same provisions that were in place at the time of their retirement or termination.

Generally, our funding policy is to contribute annually an amount in accordance with the requirements of the Employee Retirement Income Security Act of 1974, including the funding requirements under the Pension Protection Act of 2006 (PPA). However, additional voluntary contributions are made from time to time as considered necessary. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future.

During fiscal 2014 and 2013 we contributed $27.1 million and $32.7 million in cash to the Plans to achieve a desired level of funding while maximizing the tax deductibility of this payment. Based upon market conditions at September 30, 2014, the current funded position of the Plans and the funding requirements under the PPA, we do not anticipate a minimum required contribution for fiscal 2015. However, we may consider whether a voluntary contribution is prudent to maintain certain funding levels.

We make investment decisions and evaluate performance of the assets in the Master Trust on a medium-term horizon of at least three to five years. We also consider our current financial status when making recommendations and decisions regarding the Master Trust's assets. Finally, we strive to ensure the Master Trust's assets are appropriately invested to maintain an acceptable level of risk and meet the Master Trust's long-term asset investment policy adopted by the Board of Directors.

To achieve these objectives, we invest the Master Trust's assets in equity securities, fixed income securities, interests in commingled pension trust funds, other investment assets and cash and cash equivalents. Investments in equity securities are diversified among the market's various subsectors in an effort to diversify risk and maximize returns. Fixed income securities are invested in investment grade securities. Cash equivalents are invested in securities that either are short term (less than 180 days) or readily convertible to cash with modest risk.

The following table presents asset allocation information for the Master Trust as of September 30, 2014 and 2013.

Security Class	Targeted Allocation Range	Actual Allocation September 30 2014	Actual Allocation September 30 2013
Domestic equities	35%-55%	51.9%	46.5%
International equities	10%-20%	15.3%	16.1%
Fixed income	10%-30%	9.7%	14.9%
Company stock	5%-15%	12.9%	12.6%
Other assets	5%-15%	10.2%	9.9%

At September 30, 2014 and 2013, the Plan held 1,169,700 shares of our common stock, which represented 12.9 percent and 12.6 percent of total Master Trust assets. These shares generated dividend income for the Plan of approximately $1.7 million and $1.6 million during fiscal 2014 and 2013.

Our employee pension plan expenses and liabilities are determined on an actuarial basis and are affected by numerous assumptions and estimates including the market value of plan assets, estimates of the expected return on plan assets and assumed discount rates and demographic data. We review the estimates and assumptions

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

underlying our employee pension plans annually based upon a September 30 measurement date. The development of our assumptions is fully described in our significant accounting policies in Note 2. The actuarial assumptions used to determine the pension liability for the Plans were determined as of September 30, 2014 and 2013 and the actuarial assumptions used to determine the net periodic pension cost for the Plans were determined as of September 30, 2013, 2012 and 2011. These assumptions are presented in the following table:

	Pension Liability		Pension Cost		
	2014	2013	2014	2013	2012
Discount rate	4.43%	4.95%	4.95%	4.04%	5.05%
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%	3.50%
Expected return on plan assets	7.25%	7.25%	7.25%	7.75%	7.75%

The following table presents the Plans' accumulated benefit obligation, projected benefit obligation and funded status as of September 30, 2014 and 2013:

	2014	2013
	(In thousands)	
Accumulated benefit obligation	$466,182	$446,133
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$455,799	$480,031
Service cost	15,345	17,754
Interest cost	22,330	19,334
Actuarial (gain) loss	26,611	(29,822)
Benefits paid	(24,519)	(25,073)
Plan amendments	(1,972)	—
Divestitures	—	(6,425)
Benefit obligation at end of year	493,594	455,799
Change in plan assets:		
Fair value of plan assets at beginning of year	396,887	343,144
Actual return on plan assets	35,289	52,496
Employer contributions	27,110	32,745
Benefits paid	(24,519)	(25,073)
Divestitures	—	(6,425)
Fair value of plan assets at end of year	434,767	396,887
Reconciliation:		
Funded status	(58,827)	(58,912)
Unrecognized prior service cost	—	—
Unrecognized net loss	—	—
Net amount recognized	$ (58,827)	$ (58,912)

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Net periodic pension cost for the Plans for fiscal 2014, 2013 and 2012 is recorded as operating expense and included the following components:

	Fiscal Year Ended September 30		
	2014	2013	2012
		(In thousands)	
Components of net periodic pension cost:			
Service cost	$ 15,345	$ 17,754	$ 15,084
Interest cost	22,330	19,334	21,568
Expected return on assets	(23,601)	(22,955)	(21,474)
Amortization of prior service credit	(136)	(141)	(141)
Recognized actuarial loss	13,777	19,066	14,451
Net periodic pension cost	$ 27,715	$ 33,058	$ 29,488

The following table sets forth by level, within the fair value hierarchy, the Master Trust's assets at fair value as of September 30, 2014 and 2013. As required by authoritative accounting literature, assets are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement. The methods used to determine fair value for the assets held by the Master Trust are fully described in Note 2. In addition to the assets shown below, the Master Trust had net accounts receivable of $2.7 million and $0.4 million at September 30, 2014 and 2013 which materially approximates fair value due to the short-term nature of these assets.

	Assets at Fair Value as of September 30, 2014			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Investments:				
Common stocks — domestic equities	$155,107	$ —	$ —	$155,107
Money market funds	—	11,226	—	11,226
Registered investment companies:				
Domestic funds	63,850	—	—	63,850
International funds	48,134	—	—	48,134
Common/collective trusts — domestic funds	—	61,208	—	61,208
Government securities:				
Mortgage-backed securities	—	12,520	—	12,520
U.S. treasuries	3,117	562	—	3,679
Corporate bonds	—	25,734	—	25,734
Limited partnerships	—	50,496	—	50,496
Real estate	—	—	155	155
Total investments at fair value	$270,208	$161,746	$155	$432,109

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Assets at Fair Value as of September 30, 2013			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Investments:				
Common stocks — domestic equities	$143,543	$ —	$ —	$143,543
Money market funds	—	12,266	—	12,266
Registered investment companies:				
Domestic funds	30,200	—	—	30,200
International funds	47,036	—	—	47,036
Common/collective trusts — domestic funds	—	57,627	—	57,627
Government securities:				
Mortgage-backed securities	—	18,446	—	18,446
U.S. treasuries	4,117	663	—	4,780
Corporate bonds	—	35,012	—	35,012
Limited partnerships	—	47,417	—	47,417
Real estate	—	—	155	155
Total investments at fair value	$224,896	$171,431	$155	$396,482

The fair value of our Level 3 real estate assets was determined using a real estate appraisal obtained from an independent third party that consisted of several unobservable inputs such as comparable land sales values per square foot in the range of $0.94 to $2.98 and comparable building sales values per square foot in the range of $23.13 to $30.42.

Supplemental Executive Retirement Plans

We have three nonqualified supplemental plans which provide additional pension, disability and death benefits to our officers, division presidents and certain other employees of the Company.

The first plan is referred to as the Supplemental Executive Benefits Plan (SEBP) and covers our officers, division presidents and certain other employees of the Company who were employed on or before August 12, 1998. The SEBP is a defined benefit arrangement which provides a benefit equal to 75 percent of covered compensation under which benefits paid from the underlying qualified defined benefit plan are an offset to the benefits under the SEBP.

In August 1998, we adopted the Supplemental Executive Retirement Plan (SERP) (formerly known as the Performance-Based Supplemental Executive Benefits Plan), which covers all officers or division presidents selected to participate in the plan between August 12, 1998 and August 5, 2009, any corporate officer who may be appointed to the Management Committee after August 5, 2009 and any other employees selected by our Board of Directors at its discretion. The SERP is a defined benefit arrangement which provides a benefit equal to 60 percent of covered compensation under which benefits paid from the underlying qualified defined benefit plan are an offset to the benefits under the SERP.

Effective August 5, 2009, we adopted a new defined benefit Supplemental Executive Retirement Plan (the 2009 SERP), for corporate officers (other than such officer who is appointed as a member of the Company's Management Committee), division presidents or any other employees selected at the discretion of the Board. Under the 2009 SERP, a nominal account has been established for each participant, to which the Company contributes at the end of each calendar year an amount equal to ten percent of the total of each participant's base salary and cash incentive compensation earned during each prior calendar year, beginning December 31, 2009. The benefits vest after three years of service and attainment of age 55 and earn interest credits at the same annual rate as the Company's Pension Account Plan (currently 4.69%).

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

On October 2, 2013, due to the retirement of one of our executives, we recognized a settlement loss of $4.5 million associated with our SEBP and made a $16.8 million benefit payment.

On April 1, 2013, due to the retirement of certain executives, we recognized a settlement loss of $3.2 million associated with the supplemental plans and revalued the net periodic pension cost for the remainder of fiscal 2013. The revaluation of the net periodic pension cost resulted in an increase in the discount rate, effective April 1, 2013, to 4.21 percent, which reduced our net periodic pension cost by approximately $0.1 million for the remainder of the fiscal year.

Similar to our employee pension plans, we review the estimates and assumptions underlying our supplemental plans annually based upon a September 30 measurement date using the same techniques as our employee pension plans. The actuarial assumptions used to determine the pension liability for the supplemental plans were determined as of September 30, 2014 and 2013 and the actuarial assumptions used to determine the net periodic pension cost for the supplemental plans were determined as of September 30, 2013, 2012 and 2011. These assumptions are presented in the following table:

	Pension Liability		Pension Cost		
	2014	2013	2014	2013	2012
Discount rate	4.43%	4.95%	4.95%	4.04%[1]	5.05%
Rate of compensation increase	3.50%	3.50%	3.50%	3.50%	3.50%

[1] The discount rate for the supplemental plans increased from 4.04% to 4.21% effective April 1, 2013 due to a settlement loss recorded in fiscal 2013.

The following table presents the supplemental plans' accumulated benefit obligation, projected benefit obligation and funded status as of September 30, 2014 and 2013:

	2014	2013
	(In thousands)	
Accumulated benefit obligation	$ 106,276	$ 109,817
Change in projected benefit obligation:		
Benefit obligation at beginning of year	$ 117,080	$ 130,186
Service cost	3,607	3,039
Interest cost	4,966	4,755
Actuarial (gain) loss	9,468	(6,451)
Benefits paid	(5,085)	(4,375)
Settlements	(16,817)	(10,074)
Benefit obligation at end of year	113,219	117,080
Change in plan assets:		
Fair value of plan assets at beginning of year	—	—
Employer contribution	21,902	14,449
Benefits paid	(5,085)	(4,375)
Settlements	(16,817)	(10,074)
Fair value of plan assets at end of year	—	—
Reconciliation:		
Funded status	(113,219)	(117,080)
Unrecognized prior service cost	—	—
Unrecognized net loss	—	—
Accrued pension cost	$(113,219)	$(117,080)

Assets for the supplemental plans are held in separate rabbi trusts. At September 30, 2014 and 2013, assets held in the rabbi trusts consisted of available-for-sale securities of $46.2 million and $44.5 million, which are included in our fair value disclosures in Note 14.

Net periodic pension cost for the supplemental plans for fiscal 2014, 2013 and 2012 is recorded as operating expense and included the following components:

	Fiscal Year Ended September 30		
	2014	2013	2012
	(In thousands)		
Components of net periodic pension cost:			
Service cost	$ 3,607	$ 3,039	$2,108
Interest cost	4,966	4,755	5,142
Amortization of transition asset	—	—	—
Amortization of prior service cost	—	—	—
Recognized actuarial loss	1,948	2,918	2,118
Settlements	4,539	3,160	—
Net periodic pension cost	$15,060	$13,872	$9,368

Estimated Future Benefit Payments

The following benefit payments for our defined benefit plans, which reflect expected future service, as appropriate, are expected to be paid in the following fiscal years:

	Pension Plans	Supplemental Plans
	(In thousands)	
2015	$ 33,592	$11,381
2016	32,811	4,617
2017	33,131	17,260
2018	33,501	14,772
2019	34,846	7,675
2020-2024	182,998	32,843

Postretirement Benefits

We sponsor the Retiree Medical Plan for Retirees and Disabled Employees of Atmos Energy Corporation (the Atmos Retiree Medical Plan). This plan provides medical and prescription drug protection to all qualified participants based on their date of retirement. The Atmos Retiree Medical Plan provides different levels of benefits depending on the level of coverage chosen by the participants and the terms of predecessor plans; however, we generally pay 80 percent of the projected net claims and administrative costs and participants pay the remaining 20 percent of this cost.

As of September 30, 2009, the Board of Directors approved a change to the cost sharing methodology for employees who had not met the participation requirements by that date for the Atmos Retiree Medical Plan. Starting on January 1, 2015, the contribution rates that will apply to all non-grandfathered participants will be determined using a new cost sharing methodology by which Atmos Energy will limit its contribution to a three percent cost increase in claims and administrative costs each year. If medical costs covered by the Atmos Retiree Medical Plan increase more than three percent annually, participants will be responsible for the additional costs.

Generally, our funding policy is to contribute annually an amount in accordance with the requirements of ERISA. However, additional voluntary contributions are made annually as considered necessary. Contributions are intended to provide not only for benefits attributed to service to date but also for those expected to be earned in the future. We expect to contribute between $20 million and $25 million to our postretirement benefits plan during fiscal 2015.

We maintain a formal investment policy with respect to the assets in our postretirement benefits plan to ensure the assets funding the postretirement benefit plan are appropriately invested to maintain an acceptable level of risk. We also consider our current financial status when making recommendations and decisions regarding the postretirement benefits plan.

We currently invest the assets funding our postretirement benefit plan in diversified investment funds which consist of common stocks, preferred stocks and fixed income securities. The diversified investment funds may invest up to 75 percent of assets in common stocks and convertible securities. The following table presents asset allocation information for the postretirement benefit plan assets as of September 30, 2014 and 2013.

	Actual Allocation September 30	
Security Class	**2014**	**2013**
Diversified investment funds	99.7%	96.8%
Cash and cash equivalents	0.3%	3.2%

Similar to our employee pension and supplemental plans, we review the estimates and assumptions underlying our postretirement benefit plan annually based upon a September 30 measurement date using the same techniques as our employee pension plans. The actuarial assumptions used to determine the pension liability for our postretirement plan were determined as of September 30, 2014 and 2013 and the actuarial assumptions used to determine the net periodic pension cost for the postretirement plan were determined as of September 30, 2013, 2012 and 2011. The assumptions are presented in the following table:

	Postretirement Liability		Postretirement Cost		
	2014	**2013**	**2014**	**2013**	**2012**
Discount rate	4.43%	4.95%	4.95%	4.04%	5.05%
Expected return on plan assets	4.60%	4.60%	4.60%	4.70%	5.00%
Initial trend rate	7.50%	8.00%	8.00%	8.00%	8.00%
Ultimate trend rate	5.00%	5.00%	5.00%	5.00%	5.00%
Ultimate trend reached in	2020	2020	2020	2019	2018

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table presents the postretirement plan's benefit obligation and funded status as of September 30, 2014 and 2013:

	2014	2013
	(In thousands)	
Change in benefit obligation:		
Benefit obligation at beginning of year	$ 312,148	$ 308,315
Service cost	16,784	18,800
Interest cost	15,951	12,964
Plan participants' contributions	4,435	3,815
Actuarial (gain) loss	(18,963)	(13,801)
Benefits paid	(13,580)	(14,458)
Plan amendments	(1,657)	—
Divestitures	—	(3,487)
Benefit obligation at end of year	315,118	312,148
Change in plan assets:		
Fair value of plan assets at beginning of year	106,413	77,072
Actual return on plan assets	14,003	13,432
Employer contributions	23,550	26,552
Plan participants' contributions	4,435	3,815
Benefits paid	(13,580)	(14,458)
Fair value of plan assets at end of year	134,821	106,413
Reconciliation:		
Funded status	(180,297)	(205,735)
Unrecognized transition obligation	—	—
Unrecognized prior service cost	—	—
Unrecognized net loss	—	—
Accrued postretirement cost	$(180,297)	$(205,735)

Net periodic postretirement cost for fiscal 2014, 2013 and 2012 is recorded as operating expense and included the components presented below.

	Fiscal Year Ended September 30		
	2014	2013	2012
		(In thousands)	
Components of net periodic postretirement cost:			
Service cost	$16,784	$18,800	$16,353
Interest cost	15,951	12,964	13,861
Expected return on assets	(5,167)	(3,988)	(2,607)
Amortization of transition obligation	274	1,081	1,511
Amortization of prior service credit	(1,450)	(1,450)	(1,450)
Recognized actuarial loss	631	4,196	2,648
Net periodic postretirement cost	$27,023	$31,603	$30,316

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Assumed health care cost trend rates have a significant effect on the amounts reported for the plan. A one-percentage point change in assumed health care cost trend rates would have the following effects on the latest actuarial calculations:

	One-Percentage Point Increase	One-Percentage Point Decrease
	(In thousands)	
Effect on total service and interest cost components	$ 4,533	$ (3,700)
Effect on postretirement benefit obligation	$40,922	$(34,169)

We are currently recovering other postretirement benefits costs through our regulated rates under accrual accounting as prescribed by accounting principles generally accepted in the United States in substantially all of our service areas. Other postretirement benefits costs have been specifically addressed in rate orders in each jurisdiction served by our Kentucky/Mid-States, West Texas, Mid-Tex and Mississippi Divisions as well as our Kansas jurisdiction and Atmos Pipeline — Texas or have been included in a rate case and not disallowed. Management believes that this accounting method is appropriate and will continue to seek rate recovery of accrual-based expenses in its ratemaking jurisdictions that have not yet approved the recovery of these expenses.

The following tables set forth by level, within the fair value hierarchy, the Retiree Medical Plan's assets at fair value as of September 30, 2014 and 2013. The methods used to determine fair value for the assets held by the Retiree Medical Plan are fully described in Note 2.

	Assets at Fair Value as of September 30, 2014			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Investments:				
Money market funds	$ —	$434	$—	$ 434
Registered investment companies:				
Domestic funds	11,398	—	—	11,398
International funds	122,989	—	—	122,989
Total investments at fair value	$134,387	$434	$—	$134,821

	Assets at Fair Value as of September 30, 2013			
	Level 1	Level 2	Level 3	Total
		(In thousands)		
Investments:				
Money market funds	$ —	$3,356	$—	$ 3,356
Registered investment companies:				
Domestic funds	9,614	—	—	9,614
International funds	93,443	—	—	93,443
Total investments at fair value	$103,057	$3,356	$—	$106,413

Estimated Future Benefit Payments

The following benefit payments paid by us, retirees and prescription drug subsidy payments for our postretirement benefit plans, which reflect expected future service, as appropriate, are expected to be paid in the following fiscal years. Company payments for fiscal 2015 include contributions to our postretirement plan trusts.

	Company Payments	Retiree Payments	Subsidy Payments	Total Postretirement Benefits
	(In thousands)			
2015	$ 22,177	$ 3,582	$—	$ 25,759
2016	15,008	4,615	—	19,623
2017	17,551	5,796	—	23,347
2018	19,660	7,148	—	26,808
2019	21,302	8,549	—	29,851
2020-2024	127,741	63,524	—	191,265

Defined Contribution Plans

As of September 30, 2014, we maintained three defined contribution benefit plans: the Atmos Energy Corporation Retirement Savings Plan and Trust (the Retirement Savings Plan), the Atmos Energy Corporation Savings Plan for MVG Union Employees (the Union 401K Plan) and the Atmos Energy Holdings, LLC 401K Profit-Sharing Plan (the AEH 401K Profit-Sharing Plan).

The Retirement Savings Plan covers substantially all employees in our regulated operations and is subject to the provisions of Section 401(k) of the Internal Revenue Code. Effective January 1, 2007, employees automatically become participants of the Retirement Savings Plan on the date of employment. Participants may elect a salary reduction up to a maximum of 65 percent of eligible compensation, as defined by the Plan, not to exceed the maximum allowed by the Internal Revenue Service. New participants are automatically enrolled in the Plan at a salary reduction amount of four percent of eligible compensation, from which they may opt out. We match 100 percent of a participant's contributions, limited to four percent of the participant's salary, in our common stock. However, participants have the option to immediately transfer this matching contribution into other funds held within the plan. Participants are eligible to receive matching contributions after completing one year of service. Participants are also permitted to take out loans against their accounts subject to certain restrictions. In August 2010, the Board of Directors of Atmos Energy approved a proposal to close the Pension Account Plan to new participants effective October 1, 2010. New employees participate in our defined contribution plan, which was enhanced, effective January 1, 2011. Employees participating in the Pension Account Plan as of October 1, 2010 were allowed to make a one-time election to migrate from the Plan into the Retirement Savings Plan, effective January 1, 2011. Under the enhanced plan, participants receive a fixed annual contribution of four percent of eligible earnings to their Retirement Savings Plan account. Participants will continue to be eligible for company matching contributions of up to four percent of their eligible earnings and will be fully vested in the fixed annual contribution after three years of service.

The Union 401K Plan covers substantially all Mississippi Division employees who are members of the International Chemical Workers Union Council, United Food and Commercial Workers Union International (the Union) and is subject to the provisions of Section 401(k) of the Internal Revenue Code. Employees of the Union automatically become participants of the Union 401K plan on the date of union membership. We match 50 percent of a participant's contribution in cash, limited to six percent of the participant's eligible contribution. Participants are also permitted to take out loans against their accounts subject to certain restrictions. In June 2014, active collectively bargained employees of Atmos Energy's Mississippi Division voted to decertify the Union. As a result, effective July 19, 2014, active participants of the Union 401K Plan were eligible to participate in the Retirement Savings Plan. Participants that do not actively elect to participate in the Retirement Savings Plan will be automatically enrolled in the Retirement Savings Plan at a salary reduction level of four percent, which they may opt out of within 30 days. In addition, participants may elect to transfer their funds from the Union 401K Plan to the Retirement Savings Plan. Effective January 1, 2015, all remaining participant balances will transfer to the Retirement Savings Plan. Following this transfer, the Union 401K Plan will be terminated.

Matching contributions to the Retirement Savings Plan and the Union 401K Plan are expensed as incurred and amounted to $10.9 million, $10.4 million and $10.5 million for fiscal years 2014, 2013 and 2012. The Board of Directors may also approve discretionary contributions, subject to the provisions of the Internal Revenue Code and applicable Treasury regulations. No discretionary contributions were made for fiscal years 2014, 2013 or 2012. At September 30, 2014 and 2013, the Retirement Savings Plan held 4.5 percent and 4.9 percent of our outstanding common stock.

The AEH 401K Profit-Sharing Plan covers substantially all AEH employees and is subject to the provisions of Section 401(k) of the Internal Revenue Code. Participants may elect a salary reduction up to a maximum of 75 percent of eligible compensation, as defined by the Plan, not to exceed the maximum allowed by the Internal Revenue Service. The Company may elect to make safe harbor contributions up to four percent of the employee's salary which vest immediately. The Company may also make discretionary profit sharing contributions to the AEH 401K Profit-Sharing Plan. Participants become fully vested in the discretionary profit-sharing contributions after three years of service. Participants are also permitted to take out loans against their accounts subject to certain restrictions. Discretionary contributions to the AEH 401K Profit-Sharing Plan are expensed as incurred and amounted to $1.4 million, $1.1 million and $1.2 million for fiscal years 2014, 2013 and 2012.

7. Stock and Other Compensation Plans

Stock-Based Compensation Plans

Total stock-based compensation expense was $25.5 million, $17.8 million and $19.2 million for the fiscal years ended September 30, 2014, 2013 and 2012, primarily related to restricted stock costs.

1998 Long-Term Incentive Plan

In August 1998, the Board of Directors approved and adopted the 1998 Long-Term Incentive Plan (LTIP), which became effective in October 1998 after approval by our shareholders. The LTIP is a comprehensive, long-term incentive compensation plan providing for discretionary awards of incentive stock options, non-qualified stock options, stock appreciation rights, bonus stock, time-lapse restricted stock, time-lapse restricted stock units, performance-based restricted stock units and stock units to certain employees and non-employee directors of the Company and our subsidiaries. The objectives of this plan include attracting and retaining the best personnel, providing for additional performance incentives and promoting our success by providing employees with the opportunity to acquire common stock.

As of September 30, 2014, we were authorized to grant awards for up to a maximum of 8.7 million shares of common stock under this plan subject to certain adjustment provisions. As of September 30, 2014, non-qualified stock options, bonus stock, time-lapse restricted stock, time-lapse restricted stock units, performance-based restricted stock units and stock units had been issued under this plan, and 845,139 shares were available for future issuance.

Restricted Stock Unit Award Grants

As noted above, the LTIP provides for discretionary awards of restricted stock units to help attract, retain and reward employees of Atmos Energy and its subsidiaries. Certain of these awards vest based upon the passage of time and other awards vest based upon the passage of time and the achievement of specified performance targets. The fair value of the awards granted is based on the market price of our stock at the date of grant. The associated expense is recognized ratably over the vesting period.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Employees who are granted time-lapse restricted stock units under our LTIP have a nonforfeitable right to dividend equivalents that are paid at the same rate at which they are paid on shares of stock without restrictions. Time-lapse restricted stock units contain only a service condition that the employee recipients render continuous services to the Company for a period of three years from the date of grant, except for accelerated vesting in the event of death, disability, change of control of the Company or termination without cause (with certain exceptions). There are no performance conditions required to be met for employees to be vested in time-lapse restricted stock units.

Employees who are granted performance-based restricted stock units under our LTIP have a forfeitable right to dividend equivalents that accrue at the same rate at which they are paid on shares of stock without restrictions. Dividend equivalents on the performance-based restricted stock units are paid in the form of shares upon the vesting of the award. Performance-based restricted stock units contain a service condition that the employee recipients render continuous services to the Company for a period of three years from the beginning of the applicable three-year performance period, except for accelerated vesting in the event of death, disability, change of control of the Company or termination without cause (with certain exceptions) and a performance condition based on a cumulative earnings per share target amount.

The following summarizes information regarding the restricted stock units granted under the plan during the fiscal years ended September 30, 2014, 2013 and 2012:

	2014		2013		2012	
	Number of Restricted Units	Weighted Average Grant-Date Fair Value	Number of Restricted Units	Weighted Average Grant-Date Fair Value	Number of Restricted Units	Weighted Average Grant-Date Fair Value
Nonvested at beginning of year	1,052,844	$36.20	1,262,582	$32.46	1,264,142	$29.56
Granted	464,438	45.05	473,775	40.48	532,711	33.44
Vested	(524,532)	32.67	(657,795)	32.20	(494,308)	26.32
Forfeited	(4,113)	39.00	(25,718)	33.42	(39,963)	29.83
Nonvested at end of year	988,637	$42.22	1,052,844	$36.20	1,262,582	$32.46

As of September 30, 2014, there was $5.3 million of total unrecognized compensation cost related to nonvested time-lapse restricted stock units granted under the LTIP. That cost is expected to be recognized over a weighted-average period of 1.6 years. The fair value of restricted stock vested during the fiscal years ended September 30, 2014, 2013 and 2012 was $17.1 million, $21.2 million and $13.0 million.

Other Plans

Direct Stock Purchase Plan

We maintain a Direct Stock Purchase Plan, open to all investors, which allows participants to have all or part of their cash dividends paid quarterly in additional shares of our common stock. The minimum initial investment required to join the plan is $1,250. Direct Stock Purchase Plan participants may purchase additional shares of our common stock as often as weekly with voluntary cash payments of at least $25, up to an annual maximum of $100,000.

Outside Directors Stock-For-Fee Plan

In November 1994, the Board of Directors adopted the Outside Directors Stock-for-Fee Plan, which was approved by our shareholders in February 1995. The plan permits non-employee directors to receive all or part of their annual retainer and meeting fees in stock rather than in cash. This plan was terminated by the Board of Directors, effective September 1, 2014, when the LTIP was amended to incorporate substantially all of its provisions.

Equity Incentive and Deferred Compensation Plan for Non-Employee Directors

In November 1998, the Board of Directors adopted the Equity Incentive and Deferred Compensation Plan for Non-Employee Directors, which was approved by our shareholders in February 1999. This plan amended the Atmos Energy Corporation Deferred Compensation Plan for Outside Directors adopted by the Company in May 1990 and replaced the pension payable under our Retirement Plan for Non-Employee Directors. The plan provides non-employee directors of Atmos Energy with the opportunity to defer receipt, until retirement, of compensation for services rendered to the Company and invest deferred compensation into either a cash account or a stock account.

Other Discretionary Compensation Plans

We have an annual incentive program covering substantially all employees to give each employee an opportunity to share in our financial success based on the achievement of key performance measures considered critical to achieving business objectives for a given year with minimum and maximum thresholds. The Company must meet the minimum threshold for the plan to be funded and distributed to employees. These performance measures may include earnings growth objectives, improved cash flow objectives or crucial customer satisfaction and safety results. We monitor progress towards the achievement of the performance measures throughout the year and record accruals based upon the expected payout using the best estimates available at the time the accrual is recorded. During the last several fiscal years, we have used earnings per share as our sole performance measure.

8. Details of Selected Consolidated Balance Sheet Captions

The following tables provide additional information regarding the composition of certain of our balance sheet captions.

Accounts receivable

Accounts receivable was comprised of the following at September 30, 2014 and 2013:

	September 30	
	2014	2013
	(In thousands)	
Billed accounts receivable	$262,937	$230,712
Unbilled revenue	62,484	58,710
Other accounts receivable	41,971	33,194
Total accounts receivable	367,392	322,616
Less: allowance for doubtful accounts	(23,992)	(20,624)
Net accounts receivable	$343,400	$301,992

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Other current assets

Other current assets as of September 30, 2014 and 2013 were comprised of the following accounts.

	September 30 2014	September 30 2013
	(In thousands)	
Assets from risk management activities	$ 45,827	$11,966
Deferred gas costs	20,069	15,152
Taxes receivable	5,481	3,141
Prepaid expenses	25,039	21,666
Materials and supplies	5,704	5,511
Other	9,145	6,765
Total	$111,265	$64,201

Property, plant and equipment

Property, plant and equipment was comprised of the following as of September 30, 2014 and 2013:

	September 30 2014	September 30 2013
	(In thousands)	
Production plant	$ 4,821	$ 5,020
Storage plant	275,579	262,246
Transmission plant	1,622,846	1,362,662
Distribution plant	5,522,794	5,061,711
General plant	735,223	716,189
Intangible plant	38,858	38,444
	8,200,121	7,446,272
Construction in progress	247,579	275,747
	8,447,700	7,722,019
Less: accumulated depreciation and amortization	(1,721,794)	(1,691,364)
Net property, plant and equipment(1)	$ 6,725,906	$ 6,030,655

(1) Net property, plant and equipment includes plant acquisition adjustments of $(76.4) million and $(83.8) million at September 30, 2014 and 2013.

Goodwill

The following presents our goodwill balance allocated by segment and changes in the balance for the fiscal year ended September 30, 2014:

	Regulated Distribution	Regulated Pipeline	Nonregulated	Total
		(In thousands)		
Balance as of September 30, 2013	$574,190	$132,462	$34,711	$741,363
Deferred tax adjustments on prior acquisitions(1)	626	40	—	666
Balance as of September 30, 2014	$574,816	$132,502	$34,711	$742,029

(1) We annually adjust certain deferred taxes recorded in connection with acquisitions completed in fiscal 2001 and fiscal 2004, which resulted in an increase to goodwill and net deferred tax liabilities of $0.7 million for fiscal 2014.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred charges and other assets

Deferred charges and other assets as of September 30, 2014 and 2013 were comprised of the following accounts.

	September 30	
	2014	2013
	(In thousands)	
Marketable securities	$ 79,613	$ 72,682
Regulatory assets	230,240	273,287
Deferred financing costs	13,698	15,199
Assets from risk management activities	13,038	109,354
Other	14,340	14,595
Total	$350,929	$485,117

Accounts payable and accrued liabilities

Accounts payable and accrued liabilities as of September 30, 2014 and 2013 were comprised of the following accounts.

	September 30	
	2014	2013
	(In thousands)	
Trade accounts payable	$ 77,860	$ 70,116
Accrued gas payable	179,425	121,202
Accrued liabilities	54,319	50,293
Total	$311,604	$241,611

Other current liabilities

Other current liabilities as of September 30, 2014 and 2013 were comprised of the following accounts.

	September 30	
	2014	2013
	(In thousands)	
Customer credit balances and deposits	$ 82,085	$ 76,313
Accrued employee costs	46,445	54,034
Deferred gas costs	35,063	16,481
Accrued interest	36,768	36,744
Liabilities from risk management activities	1,730	1,543
Taxes payable	77,601	66,960
Pension and postretirement obligations	11,380	22,940
Current deferred tax liability	48,751	14,697
Regulatory cost of removal accrual	45,061	68,225
Other	17,467	10,954
Total	$402,351	$368,891

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred credits and other liabilities

Deferred credits and other liabilities as of September 30, 2014 and 2013 were comprised of the following accounts.

	September 30 2014	September 30 2013
	(In thousands)	
Customer advances for construction	$ 9,883	$11,723
Regulatory liabilities	4,472	1,123
Asset retirement obligation	10,508	6,764
Liabilities from risk management activities	20,126	—
Other	23,881	17,953
Total	$68,870	$37,563

9. Leases

Capital and Operating Leases

We have entered into operating leases for office and warehouse space, vehicles and heavy equipment used in our operations. The remaining lease terms range from one to 20 years and generally provide for the payment of taxes, insurance and maintenance by the lessee. Renewal options exist for certain of these leases. We have also entered into capital leases for division offices and operating facilities. Property, plant and equipment included amounts for capital leases of $1.3 million at September 30, 2014 and 2013. Accumulated depreciation for these capital leases totaled $1.1 million and $1.0 million at September 30, 2014 and 2013. Depreciation expense for these assets is included in consolidated depreciation expense on the consolidated statement of income.

The related future minimum lease payments at September 30, 2014 were as follows:

	Capital Leases	Operating Leases
	(In thousands)	
2015	$186	$ 16,673
2016	186	16,021
2017	186	16,330
2018	78	15,907
2019	—	15,138
Thereafter	—	75,620
Total minimum lease payments	636	$155,689
Less amount representing interest	123	
Present value of net minimum lease payments	$513	

Consolidated lease and rental expense amounted to $31.7 million, $32.4 million and $33.6 million for fiscal 2014, 2013 and 2012.

10. Commitments and Contingencies

Litigation

Beginning in April 2009, Atmos Energy and two subsidiaries of AEH, Atmos Energy Marketing, LLC (AEM) and Atmos Gathering Company, LLC (AGC) (collectively, the Atmos Entities), were involved in a law-

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

suit filed in the Circuit Court of Edmonson County, Kentucky related to our Park City Gathering Project. The dispute which gave rise to the litigation involves the amount of royalties due from a third party producer to landowners (who own the mineral rights) for natural gas produced from the landowners' properties. The third party producer was operating pursuant to leases between the landowners and certain investors/working interest owners. The third party producer filed a petition in bankruptcy, which was subsequently dismissed due to the lack of meaningful assets to reorganize or liquidate.

Although certain Atmos Energy companies entered into contracts with the third party producer to gather, treat and ultimately sell natural gas produced from the landowners' properties, no Atmos Energy company had a contractual relationship with the landowners or the investors/working interest owners. After the lawsuit was filed, the landowners were successful in terminating for non-payment of royalties the leases related to the production of natural gas from their properties. Subsequent to termination, the investors/working interest owners under such leases filed additional claims against us for the termination of the leases.

During the trial, the landowners and the investors/working interest owners requested an award of compensatory damages plus punitive damages against us. On December 17, 2010, the jury returned a verdict in favor of the landowners and investor/working interest owners and awarded compensatory damages of $3.8 million and punitive damages of $27.5 million payable by Atmos Energy and the two AEH subsidiaries.

A hearing was held on February 28, 2011 to hear a number of motions, including a motion to dismiss the jury verdict and a motion for a new trial. The motions to dismiss the jury verdict and for a new trial were denied. However, the total punitive damages award was reduced from $27.5 million to $24.7 million. On October 17, 2011, we filed our brief of appellants with the Kentucky Court of Appeals (Court), appealing the verdict of the trial court. The appellees in this case subsequently filed their appellees' brief with the Court on January 16, 2012, with our reply brief being filed with the Court on March 19, 2012. Oral arguments were held in the case on August 27, 2012.

In an opinion handed down on January 25, 2013, the Court of Appeals overturned the $28.5 million jury verdict returned against the Atmos Entities. In a unanimous decision by a three-judge panel, the Court of Appeals reversed the claims asserted by the landowners and investors/working interest owners. The Court of Appeals concluded that all of such claims that the Atmos Entities appealed should have been dismissed by the trial court as a matter of law. The Court of Appeals let stand the jury verdict on one claim that Atmos Energy and our subsidiaries chose not to appeal, which was a trespass claim. The jury had awarded a total of $10,000 in compensatory damages to one landowner on that claim. The Court of Appeals vacated all of the other damages awarded by the jury and remanded the case to the trial court for a new trial, solely on the issue of whether punitive damages should be awarded to that landowner and, if so, in what amount.

The investors/working interest owners, on February 25, 2013, and the landowners, on March 19, 2013, each filed with the Supreme Court of Kentucky, separate motions for discretionary review of the opinion of the Court of Appeals. We filed a response to the motion filed by the investors/working owners on March 27, 2013 and to the landowners' motion on April 17, 2013. The Kentucky Supreme Court denied the motions for discretionary review on February 12, 2014 and the decision of the Court of Appeals became final on February 21, 2014. We had previously accrued what we believed to be an adequate amount for the anticipated resolution of this matter. This accrual was reversed during the second fiscal quarter of fiscal 2014 as the appellate process in this case had been completed. Atmos Energy had also filed a motion with the trial court, the Circuit Court of Edmonson County, Kentucky, on March 10, 2014, seeking a ruling that the remaining landowner was not entitled to any punitive damages on the sole remaining claim of trespass. On May 19, 2014, the Edmonson County Circuit Court entered judgment dismissing any claim for punitive damages relating to the trespass claim. There was no appeal of this judgment. The lawsuit in Edmonson County has now been fully resolved.

In addition, in a related matter, on July 12, 2011, the Atmos Entities filed a lawsuit in the United States District Court, Western District of Kentucky, Atmos Energy Corporation et al.vs. Resource Energy Technologies, LLC and Robert Thorpe and John F. Charles, against the third party producer and its affiliates to recover all costs, including attorneys' fees, incurred by the Atmos Entities, which are associated with the defense and appeal of the case discussed above as well as for all damages awarded to the plaintiffs in such case against the Atmos Entities. The total amount of damages being claimed in the lawsuit is about $3.5 million, plus interest that continues to accrue. This lawsuit is based upon the indemnification provisions agreed to by the third party producer in favor of Atmos Gathering that are contained in an agreement entered into between Atmos Gathering and the third party producer in May 2009. The defendants filed a motion to dismiss the case on August 25, 2011, with Atmos Energy filing a brief in response to such motion on September 19, 2011. On March 27, 2012 the court denied the motion to dismiss. Atmos Energy filed a motion for partial summary judgment against the defendants with the District Court on July 15, 2014 and filed an Amended Complaint on July 18, 2014.

On August 28, 2014, the court entered an order authorizing the withdrawal of the lawyer representing the estate of Robert Thorpe, giving the Thorpe Estate until October 2, 2014 to engage a new lawyer. On September 29, 2014, Resource Energy Technologies, LLC and John Charles, individually, entered into an agreed-upon judgment in favor of the Atmos Entities in the amount of $3.6 million, which resolved all claims by the Atmos Entities against those defendants and which dismissed with prejudice all counterclaims against the Atmos Entities. That judgment was settled with the Atmos Entities for $15,000, based on information obtained in discovery that showed those defendants lacked the ability to pay. The only claims remaining in the case are the Atmos Entities' claims against the Thorpe Estate. The Thorpe Estate has not responded to the motion for partial summary judgment or the amended complaint. In a hearing held on October 7, 2014, the court was advised that the Thorpe Estate was insolvent and without funds to hire another attorney. The court has entered an order to show cause setting the case for a hearing on December 3, 2014 and indicated that if the Thorpe Estate fails to appear, an order of default will be entered.

Tennessee Business License Tax

Atmos Energy, through its affiliate, AEM, has been involved in a dispute with the Tennessee Department of Revenue (TDOR) regarding sales business tax audits over a period of several years. The cumulative assessment approximated $12 million as of March 31, 2014, which AEM challenged. We had previously accrued in prior years what we believed to be an adequate amount for the anticipated resolution of this matter. With respect to certain issues, AEM and the TDOR filed competing Partial Motions for Summary Judgment with the Chancery Court. On August 2, 2013, the Chancery Court granted the TDOR's Partial Motion for Summary Judgment and denied AEM's Partial Motion for Summary Judgment. An agreed order of dismissal with prejudice between AEM and TDOR was approved by the Chancery Court and entered on May 2, 2014, whereby AEM agreed to pay $6.2 million to TDOR to resolve all business tax-related liabilities outstanding through September 2014. The State of Tennessee also passed related legislation, effective July 1, 2014, that should help minimize any disputes over this type of sales business tax in the future.

We are a party to other litigation and claims that have arisen in the ordinary course of our business. While the results of such litigation and claims cannot be predicted with certainty, we believe the final outcome of such litigation and claims both individually and in the aggregate will not have a material adverse effect on our financial condition, results of operations or cash flows.

Environmental Matters

We are a party to environmental matters and claims that have arisen in the ordinary course of our business. While the ultimate results of response actions to these environmental matters and claims cannot be predicted with certainty, we believe the final outcome of such response actions will not have a material adverse effect on our financial condition, results of operations or cash flows because we believe that the expenditures related to such response actions will either be recovered through rates, shared with other parties or are adequately covered by insurance.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Purchase Commitments

Our regulated distribution divisions maintain supply contracts with several vendors that generally cover a period of up to one year. Commitments for estimated base gas volumes are established under these contracts on a monthly basis at contractually negotiated prices. Commitments for incremental daily purchases are made as necessary during the month in accordance with the terms of the individual contract.

Our Mid-Tex Division also maintains a limited number of long-term supply contracts to ensure a reliable source of gas for our customers in its service area which obligate it to purchase specified volumes at prices indexed to natural gas distribution hubs. At September 30, 2014, we were committed to purchase 49.7 Bcf within one year and 69.8 Bcf within one to three years under indexed contracts. Purchases under these contracts totaled $140.9 million, $89.0 million and $72.2 million for 2014, 2013, 2012.

Our nonregulated segment has commitments to purchase physical quantities of natural gas under contracts indexed to the forward NYMEX strip or fixed price contracts. At September 30, 2014, we were committed to purchase 111.5 Bcf within one year, 19.8 Bcf within one to three years and 0.5 Bcf after three years under indexed contracts. We are committed to purchase 7.8 Bcf within one year under fixed price contracts with prices ranging from $1.96 to $4.49 per Mcf. Purchases under these contracts totaled $1,687.5 million, $1,246.1 million and $978.8 million for 2014, 2013 and 2012.

In addition, our nonregulated segment maintains long-term contracts related to storage and transportation. The estimated contractual demand fees for contracted storage and transportation under these contracts as of September 30, 2014 are as follows (in thousands):

2015	$ 7,426
2016	2,117
2017	1,437
2018	773
2019	143
Thereafter	214
	$12,110

Other Contingencies

In December 2007, the Company received data requests from the Division of Investigations of the Office of Enforcement of the Federal Energy Regulatory Commission (the "Commission") in connection with its investigation into possible violations of the Commission's posting and competitive bidding regulations for pre-arranged released firm capacity on natural gas pipelines.

The Company and the Commission entered into a stipulation and consent agreement, which was approved by the Commission on December 9, 2011, thereby resolving this investigation. The Commission's findings of violations were limited to the nonregulated operations of the Company. Under the terms of the agreement, the Company paid to the United States Treasury a total civil penalty of approximately $6.4 million and to energy assistance programs approximately $5.6 million in disgorgement of unjust profits plus interest for violations identified during the investigation. The resolution of this matter did not have a material adverse impact on the Company's financial position, results of operations or cash flows and none of the payments were charged to any of the Company's customers. In addition, none of the services the Company provides to any of its regulated or nonregulated customers were affected by the agreement.

In July 2010, the Dodd-Frank Act was enacted, representing an extensive overhaul of the framework for regulation of U.S. financial markets. The Dodd-Frank Act required various regulatory agencies, including the SEC and the Commodities Futures Trading Commission, to establish regulations for implementation of many of the provisions of the Dodd-Frank Act. A number of those regulations have been adopted; we have enacted new procedures and modified existing business practices and contractual arrangements to comply with such regulations. We expect additional regulations to be issued, which should provide additional clarity regarding the extent of the impact of this legislation on us. The costs of participating in financial markets for hedging certain risks inherent in our business may be further increased when these expected additional regulations are adopted. We also anticipate that the Commodities Futures Trading Commission will issue additional related reporting and disclosure obligations.

11. Income Taxes

The components of income tax expense from continuing operations for 2014, 2013 and 2012 were as follows:

	2014	2013	2012
		(In thousands)	
Current			
Federal	$ —	$ —	$ 631
State	5,527	8,178	6,888
Deferred			
Federal	169,106	124,836	103,971
State	12,375	9,605	(13,237)
Investment tax credits	(6)	(20)	(27)
	$187,002	$142,599	$ 98,226

Reconciliations of the provision for income taxes computed at the statutory rate to the reported provisions for income taxes from continuing operations for 2014, 2013 and 2012 are set forth below:

	2014	2013	2012
		(In thousands)	
Tax at statutory rate of 35%	$166,887	$130,655	$101,648
Common stock dividends deductible for tax reporting	(2,307)	(2,153)	(2,096)
State taxes (net of federal benefit)	11,636	11,559	(4,127)
Change in valuation allowance	6,969	1,085	—
Other, net	3,817	1,453	2,801
Income tax expense	$187,002	$142,599	$ 98,226

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Deferred income taxes reflect the tax effect of differences between the basis of assets and liabilities for book and tax purposes. The tax effect of temporary differences that gave rise to significant components of the deferred tax liabilities and deferred tax assets at September 30, 2014 and 2013 are presented below:

	2014	2013
	(In thousands)	
Deferred tax assets:		
Employee benefit plans	$ 116,157	$ 115,970
Interest rate agreements	10,565	—
Net operating loss carryforwards	236,626	196,296
Charitable and other credit carryforwards	21,614	20,939
Other	28,849	38,013
Total deferred tax assets	413,811	371,218
Valuation allowance	(6,969)	(1,085)
Net deferred tax assets	406,842	370,133
Deferred tax liabilities:		
Difference in net book value and net tax value of assets	(1,655,894)	(1,445,450)
Pension funding	(17,890)	(23,480)
Gas cost adjustments	(31,252)	(19,182)
Interest rate agreements	—	(21,726)
Other	(37,173)	(39,045)
Total deferred tax liabilities	(1,742,209)	(1,548,883)
Net deferred tax liabilities	$(1,335,367)	$(1,178,750)
Deferred credits for rate regulated entities	$ (109)	$ (51)

At September 30, 2014, we had $224.2 million of federal net operating loss carryforwards, $12.4 million of state net operating loss carryforwards (net of federal effects), $10.1 million of federal alternative minimum tax credit carryforwards, $1.0 million of state tax credits and $10.5 million in charitable contribution carryforwards. The alternative minimum tax credit carryforwards do not expire. The federal net operating loss carryforwards are available to offset taxable income and will begin to expire in 2029. Depending on the jurisdiction in which the state net operating loss was generated, the state net operating loss carryforwards will begin to expire between 2016 and 2030. The state tax credits will begin to expire in 2018.

The Company's charitable contribution carryforwards expire in 2014 - 2019. We believe it is more likely than not that the benefit from certain charitable contribution carryforwards will not be realized. Due to the uncertainty of realizing a benefit from the deferred tax asset recorded for charitable contribution carryforwards, a valuation allowance of 7.0 million and 1.1 million was recognized for the years ended September 30, 2014 and 2013.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

At September 30, 2014, we had recorded liabilities associated with unrecognized tax benefits totaling $12.6 million. The following table reconciles the beginning and ending balance of our unrecognized tax benefits:

	2014	2013
	(In thousands)	
Unrecognized tax benefits — beginning balance	$ 4,158	$ 2,817
Increase resulting from prior period tax positions	3,846	—
Increase resulting from current period tax positions	4,625	1,341
Unrecognized tax benefits — ending balance	12,629	4,158
Accrued interest and penalties	411	—
Gross unrecognized tax benefits	13,040	4,158
Less: deferred federal and state income tax benefits	(4,564)	(1,455)
Total unrecognized tax benefits that, if recognized, would impact the effective income tax rate as of the end of the year	$ 8,476	$ 2,703

Additionally, results for fiscal 2012 were favorably impacted by a state tax benefit of $13.6 million (net of federal effects). Due to the completion of the sale of our Missouri, Iowa and Illinois service areas in the fiscal fourth quarter, the Company updated its analysis of the tax rate at which deferred taxes would reverse in the future to reflect the sale of these service areas. The updated analysis supported a reduction in the deferred tax rate which when applied to the balance of taxable income deferred to future periods resulted in a reduction of the Company's overall deferred tax liability.

We file income tax returns in the U.S. federal jurisdiction as well as in various states where we have operations. We have concluded substantially all U.S. federal income tax matters through fiscal year 2007.

12. Financial Instruments

We use financial instruments to mitigate commodity price risk and interest rate risk. The objectives and strategies for using financial instruments have been tailored to our regulated and nonregulated businesses. Currently, we utilize financial instruments in our regulated distribution and nonregulated segments. We currently do not manage commodity price risk with financial instruments in our regulated pipeline segment.

Our financial instruments do not contain any credit-risk-related or other contingent features that could cause accelerated payments when our financial instruments are in net liability positions.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As discussed in Note 2, we report our financial instruments as risk management assets and liabilities, each of which is classified as current or noncurrent based upon the anticipated settlement date of the underlying financial instrument. The following table shows the fair values of our risk management assets and liabilities by segment at September 30, 2014 and 2013:

	Regulated Distribution	Nonregulated	Total
		(In thousands)	
September 30, 2014			
Assets from risk management activities, current[1]	$ 23,102	$22,725	$ 45,827
Assets from risk management activities, noncurrent	13,038	—	13,038
Liabilities from risk management activities, current[1]	(1,730)	—	(1,730)
Liabilities from risk management activities, noncurrent[1]	(20,126)	—	(20,126)
Net assets	$ 14,284	$22,725	$ 37,009
September 30, 2013			
Assets from risk management activities, current[2]	$ 1,837	$10,129	$ 11,966
Assets from risk management activities, noncurrent	109,354	—	109,354
Liabilities from risk management activities, current[2]	(1,543)	—	(1,543)
Liabilities from risk management activities, noncurrent[2]	—	—	—
Net assets	$109,648	$10,129	$119,777

(1) Includes $25.8 million of cash held on deposit to collateralize certain financial instruments. Of this amount, $3.1 million was used to offset current and noncurent risk management liabilities under master netting arrangements and the remaining $22.7 million is classified as current risk management assets.

(2) Includes $24.8 million of cash held on deposit to collateralize certain financial instruments. Of this amount, $14.7 million was used to offset current and noncurrent risk management liabilities under master netting arrangements and the remaining $10.1 million is classified as current risk management assets.

Regulated Commodity Risk Management Activities

Although our purchased gas cost adjustment mechanisms essentially insulate our regulated distribution segment from commodity price risk, our customers are exposed to the effects of volatile natural gas prices. We manage this exposure through a combination of physical storage, fixed-price forward contracts and financial instruments, primarily over-the-counter swap and option contracts, in an effort to minimize the impact of natural gas price volatility on our customers during the winter heating season.

Our regulated distribution gas supply department is responsible for executing this segment's commodity risk management activities in conformity with regulatory requirements. In jurisdictions where we are permitted to mitigate commodity price risk through financial instruments, the relevant regulatory authorities may establish the level of heating season gas purchases that can be hedged. Historically, if the regulatory authority does not establish this level, we seek to hedge between 25 and 50 percent of anticipated heating season gas purchases using financial instruments. For the 2013-2014 heating season (generally October through March), in the jurisdictions where we are permitted to utilize financial instruments, we hedged approximately 32 percent, or approximately 24.8 Bcf of the winter flowing gas requirements at a weighted average cost of approximately $4.02 per Mcf. We have not designated these financial instruments as hedges.

Nonregulated Commodity Risk Management Activities

In our nonregulated operations, we buy, sell and deliver natural gas at competitive prices by aggregating and purchasing gas supply, arranging transportation and storage logistics and effectively managing commodity price risk.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

As a result of these activities, our nonregulated segment is exposed to risks associated with changes in the market price of natural gas. We manage our exposure to such risks through a combination of physical storage and financial instruments, including futures, over-the-counter and exchange-traded options and swap contracts with counterparties. Future contracts provide the right to buy or sell the commodity at a fixed price in the future. Option contracts provide the right, but not the requirement, to buy or sell the commodity at a fixed price. Swap contracts require receipt of payment for the commodity based on the difference between a fixed price and the market price on the settlement date.

We use financial instruments, designated as cash flow hedges of anticipated purchases and sales at index prices, to mitigate the commodity price risk associated with deliveries under fixed-priced forward contracts to deliver gas to customers. These financial instruments have maturity dates ranging from one to 61 months. We use financial instruments, designated as fair value hedges, to hedge natural gas inventory used in these operations. We also use storage and basis swaps, futures and various over-the-counter and exchange-traded options primarily to protect the economic value of our fixed price and storage books. These financial instruments have not been designated as hedges.

Our nonregulated risk management activities are controlled through various risk management policies and procedures. Our Audit Committee has oversight responsibility for our nonregulated risk management limits and policies. A risk committee, comprised of corporate and business unit officers, is responsible for establishing and enforcing our nonregulated risk management policies and procedures.

Under our risk management policies, we seek to match our financial instrument positions to our physical storage positions as well as our expected current and future sales and purchase obligations in order to maintain no open positions at the end of each trading day. The determination of our net open position as of any day, however, requires us to make assumptions as to future circumstances, including the use of gas by our customers in relation to our anticipated storage and market positions. Because the price risk associated with any net open position at the end of each day may increase if the assumptions are not realized, we review these assumptions as part of our daily monitoring activities. Our operations can also be affected by intraday fluctuations of gas prices, since the price of natural gas purchased or sold for future delivery earlier in the day may not be hedged until later in the day. At times, limited net open positions related to our existing and anticipated commitments may occur. At the close of business on September 30, 2014, our nonregulated segment had net open positions (including existing storage and related financial contracts) of 0.1 Bcf.

Interest Rate Risk Management Activities

We periodically manage interest rate risk through the use of forward starting interest rate swaps, interest rate swaps, and prior to fiscal 2012, Treasury lock agreements, to fix the Treasury yield component of the interest cost associated with anticipated financings.

In October 2012, we entered into forward starting interest rate swaps to fix the Treasury yield component associated with the anticipated issuance of $500 million and $250 million unsecured senior notes in fiscal 2015 and fiscal 2017, which we designated as cash flow hedges at the time the agreements were executed. In fiscal 2014, we entered into forward starting interest rate swaps to effectively fix the Treasury yield component associated with $400 million of the anticipated issuance of $450 million unsecured senior notes in fiscal 2019, which we designated as cash flow hedges at the time the agreements were executed. Accordingly, unrealized gains and losses associated with the forward starting interest rate swaps will be recorded as a component of accumulated other comprehensive income (loss). When the forward starting interest rate swaps settle, the realized gain or loss will be recorded as a component of accumulated other comprehensive income (loss) and recognized as a component of interest expense over the life of the related financing arrangement. Hedge ineffectiveness to the extent incurred, will be reported as a component of interest expense.

In August 2011, we entered into three Treasury lock agreements to fix the Treasury yield component of the interest cost associated with $350 million out of a total $500 million of senior notes that were issued on January 11,

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

2013. We designated these Treasury locks as cash flow hedges. The Treasury locks were settled on January 8, 2013 with a payment of $66.6 million to the counterparties due to a decrease in the 30-year Treasury rates between inception of the Treasury locks and settlement. Because the Treasury locks were effective, the $66.6 million unrealized loss was recorded as a component of accumulated other comprehensive income and is being recognized as a component of interest expense over the 30-year life of the senior notes.

In the fourth quarter of fiscal 2012 we entered into an interest rate swap to fix the LIBOR component of our $260 million short-term financing facility through December 27, 2012. We recorded an immaterial loss upon settlement of the swap, which was recorded as a component of interest expense as we did not designate the interest rate swap as a hedge.

In prior years, we entered into several Treasury lock agreements to fix the Treasury yield component of the interest cost of financing for various issuances of long-term debt and senior notes. The gains and losses realized upon settlement of these Treasury locks were recorded as a component of accumulated other comprehensive income (loss) when they were settled and are being recognized as a component of interest expense over the life of the associated notes from the date of settlement. The remaining amortization periods for the settled Treasury locks extend through fiscal 2043.

Quantitative Disclosures Related to Financial Instruments

The following tables present detailed information concerning the impact of financial instruments on our consolidated balance sheet and income statements.

As of September 30, 2014, our financial instruments were comprised of both long and short commodity positions. A long position is a contract to purchase the commodity, while a short position is a contract to sell the commodity. As of September 30, 2014, we had net long/(short) commodity contracts outstanding in the following quantities:

Contract Type	Hedge Designation	Regulated Distribution	Nonregulated
		Quantity (MMcf)	
Commodity contracts	Fair Value	—	(10,298)
	Cash Flow	—	49,290
	Not designated	31,812	96,711
		31,812	135,703

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Financial Instruments on the Balance Sheet

The following tables present the fair value and balance sheet classification of our financial instruments by operating segment as of September 30, 2014 and 2013. The gross amounts of recognized assets and liabilities are netted within our Consolidated Balance Sheets to the extent that we have netting arrangements with the counterparties.

	Balance Sheet Location	Regulated Distribution Assets	Regulated Distribution Liabilities	Nonregulated Assets	Nonregulated Liabilities
		(In thousands)			
September 30, 2014					
Designated As Hedges:					
Commodity contracts	Other current assets / Other current liabilities	$ —	$ —	$ 8,912	$ (7,082)
Interest rate contracts	Other current assets / Other current liabilities	21,869	—	—	—
Commodity contracts	Deferred charges and other assets / Deferred credits and other liabilities	—	—	757	(2,459)
Interest rate contracts	Deferred charges and other assets / Deferred credits and other liabilities	12,608	(19,835)	—	—
Total		34,477	(19,835)	9,669	(9,541)
Not Designated As Hedges:					
Commodity contracts	Other current assets / Other current liabilities	1,233	(1,730)	43,677	(47,729)
Commodity contracts	Deferred charges and other assets / Deferred credits and other liabilities	430	(291)	15,677	(14,786)
Total		1,663	(2,021)	59,354	(62,515)
Gross Financial Instruments		36,140	(21,856)	69,023	(72,056)
Gross Amounts Offset on Consolidated Balance Sheet:					
Contract netting		—	—	(69,023)	69,023
Net Financial Instruments		36,140	(21,856)	—	(3,033)
Cash collateral		—	—	22,725	3,033
Net Assets/Liabilities from Risk Management Activities		$36,140	$(21,856)	$ 22,725	$ —

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Balance Sheet Location	Regulated Distribution Assets	Regulated Distribution Liabilities	Nonregulated Assets	Nonregulated Liabilities
		(In thousands)			
September 30, 2013					
Designated As Hedges:					
Commodity contracts	Other current assets / Other current liabilities	$ —	$ —	$ 9,094	$ (12,173)
Commodity contracts	Deferred charges and other assets / Deferred credits and other liabilities	—	—	416	(1,639)
Interest rate contracts	Deferred charges and other assets / Deferred credits and other liabilities	107,512	—	—	—
Total		107,512	—	9,510	(13,812)
Not Designated As Hedges:					
Commodity contracts	Other current assets / Other current liabilities	1,837	(1,543)	65,388	(70,876)
Commodity contracts	Deferred charges and other assets / Deferred credits and other liabilities	1,842	—	40,982	(45,892)
Total		3,679	(1,543)	106,370	(116,768)
Gross Financial Instruments		111,191	(1,543)	115,880	(130,580)
Gross Amounts Offset on Consolidated Balance Sheet:					
Contract netting		—	—	(115,875)	115,875
Net Financial Instruments		111,191	(1,543)	5	(14,705)
Cash collateral		—	—	10,124	14,705
Net Assets/Liabilities from Risk Management Activities		$111,191	$(1,543)	$ 10,129	$ —

Impact of Financial Instruments on the Income Statement

Hedge ineffectiveness for our nonregulated segment is recorded as a component of unrealized gross profit and primarily results from differences in the location and timing of the derivative instrument and the hedged item. Hedge ineffectiveness could materially affect our results of operations for the reported period. For the years ended September 30, 2014, 2013 and 2012, we recognized a gain arising from fair value and cash flow hedge ineffectiveness of $1.9 million, $18.2 million and $23.1 million. Additional information regarding ineffectiveness recognized in the income statement is included in the tables below.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair Value Hedges

The impact of our nonregulated commodity contracts designated as fair value hedges and the related hedged item on our consolidated income statement for the years ended September 30, 2014, 2013 and 2012 is presented below.

	Fiscal Year Ended September 30		
	2014	2013	2012
		(In thousands)	
Commodity contracts	$ (792)	$ 2,165	$30,266
Fair value adjustment for natural gas inventory designated as the hedged item	2,486	15,938	(5,797)
Total decrease in purchased gas cost	$1,694	$18,103	$24,469
The decrease in purchased gas cost is comprised of the following:			
Basis ineffectiveness	$ (919)	$ (208)	$ 1,170
Timing ineffectiveness	2,613	18,311	23,299
	$1,694	$18,103	$24,469

Basis ineffectiveness arises from natural gas market price differences between the locations of the hedged inventory and the delivery location specified in the hedge instruments. Timing ineffectiveness arises due to changes in the difference between the spot price and the futures price, as well as the difference between the timing of the settlement of the futures and the valuation of the underlying physical commodity. As the commodity contract nears the settlement date, spot-to-forward price differences should converge, which should reduce or eliminate the impact of this ineffectiveness on purchased gas cost.

To the extent that the Company's natural gas inventory does not qualify as a hedged item in a fair-value hedge, or has not been designated as such, the natural gas inventory is valued at the lower of cost or market. During the year ended September 30, 2012, we recorded a $1.7 million charge to write down nonqualifying natural gas inventory to market. We did not record a writedown for nonqualifying natural gas inventory for the years ended September 30, 2014 and 2013.

Cash Flow Hedges

The impact of cash flow hedges on our consolidated income statements for the years ended September 30, 2014, 2013 and 2012 is presented below. Note that this presentation does not reflect the financial impact arising from the hedged physical transaction. Therefore, this presentation is not indicative of the economic gross profit we realized when the underlying physical and financial transactions were settled.

	Fiscal Year Ended September 30, 2014		
	Regulated Distribution	Nonregulated	Consolidated
		(In thousands)	
Gain reclassified from AOCI for effective portion of commodity contracts	$ —	$8,365	$ 8,365
Gain arising from ineffective portion of commodity contracts	—	198	198
Total impact on purchased gas cost	—	8,563	8,563
Net loss on settled interest rate agreements reclassified from AOCI into interest expense	(4,230)	—	(4,230)
Total impact from cash flow hedges	$(4,230)	$8,563	$ 4,333

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Fiscal Year Ended September 30, 2013		
	Regulated Distribution	Nonregulated	Consolidated
		(In thousands)	
Loss reclassified from AOCI for effective portion of commodity contracts	$ —	$(10,778)	$(10,778)
Gain arising from ineffective portion of commodity contracts	—	97	97
Total impact on purchased gas cost	—	(10,681)	(10,681)
Net loss on settled interest rate agreements reclassified from AOCI into interest expense	(3,489)	—	(3,489)
Total impact from cash flow hedges	$(3,489)	$(10,681)	$(14,170)

	Fiscal Year Ended September 30, 2012		
	Regulated Distribution	Nonregulated	Consolidated
		(In thousands)	
Loss reclassified from AOCI for effective portion of commodity contracts	$ —	$(62,678)	$(62,678)
Loss arising from ineffective portion of commodity contracts	—	(1,369)	(1,369)
Total impact on purchased gas cost	—	(64,047)	(64,047)
Net loss on settled interest rate agreements reclassified from AOCI into interest expense	(2,009)	—	(2,009)
Total impact from cash flow hedges	$(2,009)	$(64,047)	$(66,056)

The following table summarizes the gains and losses arising from hedging transactions that were recognized as a component of other comprehensive income (loss), net of taxes, for the years ended September 30, 2014 and 2013. The amounts included in the table below exclude gains and losses arising from ineffectiveness because these amounts are immediately recognized in the income statement as incurred.

	Fiscal Year Ended September 30	
	2014	2013
	(In thousands)	
Increase (decrease) in fair value:		
Interest rate agreements	$(58,973)	$79,963
Forward commodity contracts	7,904	(2,057)
Recognition of (gains) losses in earnings due to settlements:		
Interest rate agreements	2,686	2,216
Forward commodity contracts	(5,102)	6,576
Total other comprehensive income (loss) from hedging, net of tax(1)	$(53,485)	$86,698

(1) Utilizing an income tax rate ranging from approximately 37 percent to 39 percent based on the effective rates in each taxing jurisdiction.

Deferred gains (losses) recorded in AOCI associated with our interest rate agreements are recognized in earnings as they are amortized, while deferred losses associated with commodity contracts are recognized in earnings upon settlement. The following amounts, net of deferred taxes, represent the expected recognition in earnings of the deferred gains (losses) recorded in AOCI associated with our financial instruments, based upon

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the fair values of these financial instruments as of September 30, 2014. However, the table below does not include the expected recognition in earnings of the interest rate agreements entered into in October 2012 and fiscal 2014 as those financial instruments have not yet settled.

	Interest Rate Agreements	Commodity Contracts	Total
		(In thousands)	
2015	$ (804)	$ (632)	$ (1,436)
2016	(634)	(907)	(1,541)
2017	(735)	(107)	(842)
2018	(936)	(38)	(974)
2019	(961)	10	(951)
Thereafter	(23,609)	—	(23,609)
Total[1]	$(27,679)	$(1,674)	$(29,353)

(1) Utilizing an income tax rate ranging from approximately 37 percent to 39 percent based on the effective rates in each taxing jurisdiction.

Financial Instruments Not Designated as Hedges

The impact of financial instruments that have not been designated as hedges on our consolidated income statements for the years ended September 30, 2014, 2013 and 2012 was an increase (decrease) in purchased gas cost of $(5.0) million, $3.0 million and $(2.5) million. Note that this presentation does not reflect the expected gains or losses arising from the underlying physical transactions associated with these financial instruments. Therefore, this presentation is not indicative of the economic gross profit we realized when the underlying physical and financial transactions were settled.

As discussed above, financial instruments used in our regulated distribution segment are not designated as hedges. However, there is no earnings impact on our regulated distribution segment as a result of the use of these financial instruments because the gains and losses arising from the use of these financial instruments are recognized in the consolidated statement of income as a component of purchased gas cost when the related costs are recovered through our rates and recognized in revenue. Accordingly, the impact of these financial instruments is excluded from this presentation.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

13. Accumulated Other Comprehensive Income

We record deferred gains (losses) in accumulated other comprehensive income (AOCI) related to available-for-sale securities, interest rate agreement cash flow hedges and commodity contract cash flow hedges. Deferred gains (losses) for our available-for-sale securities and commodity contract cash flow hedges are recognized in earnings upon settlement, while deferred gains (losses) related to our interest rate agreement cash flow hedges are recognized in earnings as they are amortized. The following tables provide the components of our accumulated other comprehensive income (loss) balances, net of the related tax effects allocated to each component of other comprehensive income.

	Available-for-Sale Securities	Interest Rate Agreement Cash Flow Hedges	Commodity Contracts Cash Flow Hedges	Total
		(In thousands)		
September 30, 2013	$5,448	$ 37,906	$(4,476)	$ 38,878
Other comprehensive income (loss) before reclassifications	3,009	(58,973)	7,904	(48,060)
Amounts reclassified from accumulated other comprehensive income	(795)	2,686	(5,102)	(3,211)
Net current-period other comprehensive income (loss)	2,214	(56,287)	2,802	(51,271)
September 30, 2014	$7,662	$(18,381)	$(1,674)	$(12,393)

	Available-for-Sale Securities	Interest Rate Agreement Cash Flow Hedges	Commodity Contracts Cash Flow Hedges	Total
		(In thousands)		
September 30, 2012	$ 5,661	$(44,273)	$(8,995)	$(47,607)
Other comprehensive income (loss) before reclassifications	1,162	79,963	(2,057)	79,068
Amounts reclassified from accumulated other comprehensive income	(1,375)	2,216	6,576	7,417
Net current-period other comprehensive income (loss)	(213)	82,179	4,519	86,485
September 30, 2013	$ 5,448	$ 37,906	$(4,476)	$ 38,878

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following tables detail reclassifications out of AOCI for the fiscal years ended September 30, 2014 and 2013. Amounts in parentheses below indicate decreases to net income in the statement of income.

	Fiscal Year Ended September 30, 2014	
Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statement of Income
	(In thousands)	
Available-for-sale securities	$ 1,252	Operation and maintenance expense
	1,252	Total before tax
	(457)	Tax expense
	$ 795	Net of tax
Cash flow hedges		
Interest rate agreements	$(4,230)	Interest charges
Commodity contracts	8,365	Purchased gas cost
	4,135	Total before tax
	(1,719)	Tax expense
	$ 2,416	Net of tax
Total reclassifications	$ 3,211	Net of tax

	Fiscal Year Ended September 30, 2013	
Accumulated Other Comprehensive Income Components	Amount Reclassified from Accumulated Other Comprehensive Income	Affected Line Item in the Statement of Income
	(In thousands)	
Available-for-sale securities	$ 2,166	Operation and maintenance expense
	2,166	Total before tax
	(791)	Tax expense
	$ 1,375	Net of tax
Cash flow hedges		
Interest rate agreements	$ (3,489)	Interest charges
Commodity contracts	(10,778)	Purchased gas cost
	(14,267)	Total before tax
	5,475	Tax benefit
	$ (8,792)	Net of tax
Total reclassifications	$ (7,417)	Net of tax

14. Fair Value Measurements

We report certain assets and liabilities at fair value, which is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date (exit price). We record cash and cash equivalents, accounts receivable and accounts payable at carrying value, which substantially approximates fair value due to the short-term nature of these assets and liabilities. For other financial assets and liabilities, we primarily use quoted market prices and other observable market pricing information to minimize the use of unobservable pricing inputs in our measurements when determining fair value. The methods used to determine fair value for our assets and liabilities are fully described in Note 2.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Fair value measurements also apply to the valuation of our pension and post-retirement plan assets. The fair value of these assets is presented in Note 6.

Quantitative Disclosures

Financial Instruments

The classification of our fair value measurements requires judgment regarding the degree to which market data are observable or corroborated by observable market data. The following tables summarize, by level within the fair value hierarchy, our assets and liabilities that were accounted for at fair value on a recurring basis as of September 30, 2014 and 2013. As required under authoritative accounting literature, assets and liabilities are categorized in their entirety based on the lowest level of input that is significant to the fair value measurement.

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)[1]	Significant Other Unobservable Inputs (Level 3)	Netting and Cash Collateral[2]	September 30, 2014
			(In thousands)		
Assets:					
Financial instruments					
Regulated distribution segment	$ —	$ 36,140	$ —	$ —	$ 36,140
Nonregulated segment	25	68,998	—	(46,298)	22,725
Total financial instruments	25	105,138	—	(46,298)	58,865
Hedged portion of gas stored underground	40,492	—	—	—	40,492
Available-for-sale securities					
Money market funds	—	2,185	—	—	2,185
Registered investment companies	44,014	—	—	—	44,014
Bonds	—	33,414	—	—	33,414
Total available-for-sale securities	44,014	35,599	—	—	79,613
Total assets	$84,531	$140,737	$ —	$(46,298)	$178,970
Liabilities:					
Financial instruments					
Regulated distribution segment	$ —	$ 21,856	$ —	$ —	$ 21,856
Nonregulated segment	12	72,044	—	(72,056)	—
Total liabilities	$ 12	$ 93,900	$ —	$(72,056)	$ 21,856

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Quoted Prices in Active Markets (Level 1)	Significant Other Observable Inputs (Level 2)[1]	Significant Other Unobservable Inputs (Level 3)	Netting and Cash Collateral[3]	September 30, 2013
			(In thousands)		
Assets:					
Financial instruments					
Regulated distribution segment	$ —	$111,191	$ —	$ —	$111,191
Nonregulated segment	745	115,135	—	(105,751)	10,129
Total financial instruments	745	226,326	—	(105,751)	121,320
Hedged portion of gas stored underground	44,758	—	—	—	44,758
Available-for-sale securities					
Money market funds	—	4,428	—	—	4,428
Registered investment companies	40,094	—	—	—	40,094
Bonds	—	28,160	—	—	28,160
Total available-for-sale securities	40,094	32,588	—	—	72,682
Total assets	$85,597	$258,914	$ —	$(105,751)	$238,760
Liabilities:					
Financial instruments					
Regulated distribution segment	$ —	$ 1,543	$ —	$ —	$ 1,543
Nonregulated segment	158	130,422	—	(130,580)	—
Total liabilities	$ 158	$131,965	$ —	$(130,580)	$ 1,543

(1) Our Level 2 measurements consist of over-the-counter options and swaps, which are valued using a market-based approach in which observable market prices are adjusted for criteria specific to each instrument, such as the strike price, notional amount or basis differences, municipal and corporate bonds, which are valued based on the most recent available quoted market prices and money market funds which are valued at cost.

(2) This column reflects adjustments to our gross financial instrument assets and liabilities to reflect netting permitted under our master netting agreements and the relevant authoritative accounting literature. In addition, as of September 30, 2014 we had $25.8 million of cash held in margin accounts to collateralize certain financial instruments. Of this amount, $3.1 million was used to offset current and noncurrent risk management liabilities under master netting agreements and the remaining $22.7 million is classified as current risk management assets.

(3) This column reflects adjustments to our gross financial instrument assets and liabilities to reflect netting permitted under our master netting agreements and the relevant authoritative accounting literature. In addition, as of September 30, 2013 we had $24.8 million of cash held in margin accounts to collateralize certain financial instruments. Of this amount, $14.7 million was used to offset current and noncurrent risk management liabilities under master netting agreements and the remaining $10.1 million is classified as current risk management assets.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Available-for-sale securities are comprised of the following:

	Amortized Cost	Gross Unrealized Gain	Gross Unrealized Loss	Fair Value
		(In thousands)		
As of September 30, 2014				
Domestic equity mutual funds	$26,633	$10,136	$ —	$36,769
Foreign equity mutual funds	5,382	1,863	—	7,245
Bonds	33,266	161	(13)	33,414
Money market funds	2,185	—	—	2,185
	$67,466	$12,160	$(13)	$79,613
As of September 30, 2013				
Domestic equity mutual funds	$27,043	$ 7,476	$(23)	$34,496
Foreign equity mutual funds	4,536	1,062	—	5,598
Bonds	28,016	168	(24)	28,160
Money market funds	4,428	—	—	4,428
	$64,023	$ 8,706	$(47)	$72,682

At September 30, 2014 and 2013, our available-for-sale securities included $46.2 million and $44.5 million related to assets held in separate rabbi trusts for our supplemental executive retirement plans as discussed in Note 6. At September 30, 2014 we maintained investments in bonds that have contractual maturity dates ranging from October 2014 through September 2018. During the years ended September 30, 2014 and 2013, we recognized gains of $1.3 million and $2.2 million on the sale of certain assets in the rabbi trusts.

Other Fair Value Measures

In addition to the financial instruments above, we have several financial and nonfinancial assets and liabilities subject to fair value measures. These financial assets and liabilities include cash and cash equivalents, accounts receivable, accounts payable and debt. The nonfinancial assets and liabilities include asset retirement obligations and pension and post-retirement plan assets. We record cash and cash equivalents, accounts receivable, accounts payable and debt at carrying value. For cash and cash equivalents, accounts receivable and accounts payable, we consider carrying value to materially approximate fair value due to the short-term nature of these assets and liabilities.

Atmos Gathering Company (AGC) owns and operates the Park City and Shrewsbury gathering systems in Kentucky. The Park City gathering system consists of a 23-mile low pressure pipeline and a nitrogen removal unit that was constructed in 2008. The Shrewsbury production, gathering and processing assets were acquired in 2008 at which time we sold the production assets to a third party. As a result of the sale of the production assets, we obtained a 10-year production payment note under which we were to be paid from future production generated from the assets.

As discussed in Note 10, AGC was involved in a lawsuit with the Park City gathering system. Due to the lawsuit and a low natural gas price environment, the assets have generated operating losses. As a result of these developments and management's decision to focus our nonregulated operations on delivered gas and transportation services, in fiscal 2012, we performed an impairment assessment of these assets and determined the assets to be impaired. We reduced the carrying value of the assets to their estimated fair value of approximately $0.5 million and recorded a pre-tax non-cash impairment loss of approximately $5.3 million. We used a combination of a market and income approach in a weighted average discounted cash flow analysis that included significant inputs such as our weighted average cost of capital and assumptions regarding future natural gas prices. This is a Level 3 fair value measurement because the inputs used are unobservable. Based on this analysis, we determined the assets to be impaired.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Our debt is recorded at carrying value. The fair value of our debt is determined using third party market value quotations, which are considered Level 1 fair value measurements for debt instruments with a recent, observable trade or Level 2 fair value measurements for debt instruments where fair value is determined using the most recent available quoted market price. The following table presents the carrying value and fair value of our debt as of September 30, 2014:

	September 30, 2014
	(In thousands)
Carrying Amount	$2,460,000
Fair Value	$2,769,541

15. Concentration of Credit Risk

Credit risk is the risk of financial loss to us if a customer fails to perform its contractual obligations. We engage in transactions for the purchase and sale of products and services with major companies in the energy industry and with industrial, commercial, residential and municipal energy consumers. These transactions principally occur in the southern and midwestern regions of the United States. We believe that this geographic concentration does not contribute significantly to our overall exposure to credit risk. Credit risk associated with trade accounts receivable for the regulated distribution segment is mitigated by the large number of individual customers and diversity in our customer base. The credit risk for our other segments is not significant.

16. Discontinued Operations

On April 1, 2013, we completed the sale of substantially all of our regulated distribution assets and certain related nonregulated assets located in Georgia to Liberty Energy (Georgia) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $153 million, pursuant to an asset purchase agreement executed on August 8, 2012. In connection with the sale, we recognized a pre-tax gain of approximately $8.2 million.

On August 1, 2012, we completed the sale of substantially all of our regulated distribution assets located in Missouri, Illinois and Iowa to Liberty Energy (Midstates) Corp., an affiliate of Algonquin Power & Utilities Corp. for a cash price of approximately $128 million, pursuant to an asset purchase agreement executed on May 12, 2011. In connection with the sale, we recognized a pre-tax gain of approximately $9.9 million.

As required under generally accepted accounting principles, the operating results of our Georgia, Missouri, Illinois and Iowa operations have been aggregated and reported on the consolidated statements of income as income from discontinued operations, net of income tax. Expenses related to general corporate overhead and interest expense allocated to their operations are not included in discontinued operations.

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table presents statement of income data related to discontinued operations in our Georgia, Missouri, Illinois and Iowa service areas. At September 30, 2014 and 2013 we did not have any assets or liabilities held for sale.

	Year Ended September 30	
	2013	2012
	(In thousands)	
Operating revenues	$37,962	$114,703
Purchased gas cost	21,464	62,902
Gross profit	16,498	51,801
Operating expenses	5,858	24,174
Operating income	10,640	27,627
Other nonoperating income	548	611
Income from discontinued operations before income taxes	11,188	28,238
Income tax expense	3,986	10,066
Income from discontinued operations	7,202	18,172
Gain on sale of discontinued operations, net of tax	5,294	6,349
Net income from discontinued operations	$12,496	$ 24,521

17. Selected Quarterly Financial Data (Unaudited)

Summarized unaudited quarterly financial data is presented below. The sum of net income per share by quarter may not equal the net income per share for the fiscal year due to variations in the weighted average shares outstanding used in computing such amounts. Our businesses are seasonal due to weather conditions in our service areas. For further information on its effects on quarterly results, see the "Results of Operations" discussion included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" section herein.

	Quarter Ended			
	December 31	March 31	June 30	September 30
	(In thousands, except per share data)			
Fiscal year 2014:				
Operating revenues				
Regulated distribution	$ 843,865	$1,290,960	$ 517,707	$ 409,014
Regulated pipeline	71,341	73,615	87,189	86,314
Nonregulated	447,721	757,683	465,033	396,855
Intersegment eliminations	(107,779)	(157,936)	(127,211)	(113,455)
	1,255,148	1,964,322	942,718	778,728
Gross profit	388,957	496,277	359,533	337,659
Operating income	170,720	250,080	106,605	83,944
Net income	87,016	133,367	45,721	23,713
Net income per share — basic	$ 0.94	$ 1.38	$ 0.45	$ 0.23
Net income per share — diluted	$ 0.94	$ 1.38	$ 0.45	$ 0.23

ATMOS ENERGY CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

	Quarter Ended			
	December 31	March 31	June 30	September 30
	(In thousands, except per share data)			
Fiscal year 2013:				
Operating revenues				
Regulated distribution	$ 666,787	$ 905,176	$ 467,144	$360,386
Regulated pipeline	60,681	61,848	74,041	72,330
Nonregulated	399,894	428,948	421,808	337,264
Intersegment eliminations	(93,207)	(86,976)	(105,058)	(95,606)
	1,034,155	1,308,996	857,935	674,374
Gross profit	362,362	432,751	316,497	300,440
Operating income	154,922	210,178	86,396	50,383
Income from continuing operations	77,348	112,340	33,474	7,536
Income from discontinued operations	3,117	4,085	—	—
Gain on sale of discontinued operations	—	—	5,294	—
Net income	80,465	116,425	38,768	7,536
Basic earnings per share				
Income per share from continuing operations	$ 0.85	$ 1.24	$ 0.37	$ 0.08
Income per share from discontinued operations	$ 0.04	0.04	$ 0.06	$ —
Net income per share — basic	$ 0.89	$ 1.28	$ 0.43	$ 0.08
Diluted earnings per share				
Income per share from continuing operations	$ 0.85	$ 1.23	$ 0.36	$ 0.08
Income per share from discontinued operations	$ 0.03	$ 0.04	$ 0.06	$ —
Net income per share — diluted	$ 0.88	$ 1.27	$ 0.42	$ 0.08

ITEM 9. ***Changes in and Disagreements With Accountants on Accounting and Financial Disclosure.***

None.

ITEM 9A. ***Controls and Procedures.***

Management's Evaluation of Disclosure Controls and Procedures

We carried out an evaluation, under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, of the effectiveness of the Company's disclosure controls and procedures, as such term is defined in Rule 13a-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act). Based on this evaluation, the Company's principal executive officer and principal financial officer have concluded that the Company's disclosure controls and procedures were effective as of September 30, 2014 to provide reasonable assurance that information required to be disclosed by us, including our consolidated entities, in the reports that we file or submit under the Exchange Act is recorded, processed, summarized, and reported within the time periods specified by the SEC's rules and forms, including a reasonable level of assurance that such information is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosure.

Management's Report on Internal Control over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f), in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Under the supervision and with the participation of our management, including our principal executive officer and principal financial officer, we evaluated the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (COSO). Based on our evaluation under the framework in *Internal Control-Integrated Framework* issued by COSO and applicable Securities and Exchange Commission rules, our management concluded that our internal control over financial reporting was effective as of September 30, 2014, in providing reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

Ernst & Young LLP has issued its report on the effectiveness of the Company's internal control over financial reporting. That report appears below.

/s/ KIM R. COCKLIN	/s/ BRET J. ECKERT
Kim R. Cocklin President, Chief Executive Officer and Director	Bret J. Eckert Senior Vice President and Chief Financial Officer

November 6, 2014

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Shareholders of
Atmos Energy Corporation

We have audited Atmos Energy Corporation's internal control over financial reporting as of September 30, 2014, based on criteria established in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) (the COSO criteria). Atmos Energy Corporation's management is responsible for maintaining effective internal control over financial reporting, and for its assessment of the effectiveness of internal control over financial reporting included in the accompanying Management's Report on Internal Control over Financial Reporting. Our responsibility is to express an opinion on the company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, Atmos Energy Corporation maintained, in all material respects, effective internal control over financial reporting as of September 30, 2014, based on the COSO criteria.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets as of September 30, 2014 and 2013, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2014 of Atmos Energy Corporation and our report dated November 6, 2014 expressed an unqualified opinion thereon.

/s/ ERNST & YOUNG LLP

Dallas, Texas
November 6, 2014

Changes in Internal Control over Financial Reporting

We did not make any changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) under the Act) during the fourth quarter of the fiscal year ended September 30, 2014 that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. ***Other Information.***

Not applicable.

PART III

ITEM 10. ***Directors, Executive Officers and Corporate Governance.***

Information regarding directors and compliance with Section 16(a) of the Securities Exchange Act of 1934 is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 4, 2015. Information regarding executive officers is reported below:

EXECUTIVE OFFICERS OF THE REGISTRANT

The following table sets forth certain information as of September 30, 2014, regarding the executive officers of the Company. It is followed by a brief description of the business experience of each executive officer.

Name	Age	Years of Service	Office Currently Held
Kim R. Cocklin	63	8	President, Chief Executive Officer and Director
Bret J. Eckert	47	2	Senior Vice President and Chief Financial Officer
Marvin L. Sweetin	51	14	Senior Vice President, Utility Operations
Louis P. Gregory	59	14	Senior Vice President, General Counsel and Corporate Secretary
Michael E. Haefner	54	6	Senior Vice President, Human Resources

Kim R. Cocklin was named President and Chief Executive Officer effective October 1, 2010. Mr. Cocklin joined the Company in June 2006 and served as President and Chief Operating Officer of the Company from October 1, 2008 through September 30, 2010, after having served as Senior Vice President, Regulated Operations from October 2006 through September 2008. Mr. Cocklin was appointed to the Board of Directors on November 10, 2009.

Bret J. Eckert joined the Company in June 2012 as Senior Vice President, and on October 1, 2012 he was appointed Chief Financial Officer. Prior to joining the Company, Mr. Eckert was an Assurance Partner with Ernst & Young LLP where he developed extensive accounting and financial experience in the natural gas industry over his 22-year career.

Marvin L. Sweetin was named Senior Vice President, Utility Operations in November 2011. In this role, Mr. Sweetin is responsible for the operations of our six utility divisions, as well as customer service, safety and training. Mr. Sweetin joined the Company in May 2000 and served in a variety of leadership positions with responsibility for procurement, customer service, training and safety.

Louis P. Gregory was named Senior Vice President and General Counsel in September 2000 as well as Corporate Secretary in June 2012.

Michael E. Haefner joined the Company in June 2008 as Senior Vice President, Human Resources.

Identification of the members of the Audit Committee of the Board of Directors as well as the Board of Directors' determination as to whether one or more audit committee financial experts are serving on the Audit Committee of the Board of Directors is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 4, 2015.

The Company has adopted a code of ethics for its principal executive officer, principal financial officer and principal accounting officer. Such code of ethics is represented by the Company's Code of Conduct, which is applicable to all directors, officers and employees of the Company, including the Company's principal executive officer, principal financial officer and principal accounting officer. A copy of the Company's Code of Conduct is posted on the Company's website at *www.atmosenergy.com* under "Corporate Governance." In addition, any amendment to or waiver granted from a provision of the Company's Code of Conduct will be posted on the Company's website under "Corporate Governance."

ITEM 11. ***Executive Compensation.***

Information on executive compensation is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 4, 2015.

ITEM 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters.***

Security ownership of certain beneficial owners and of management is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 4, 2015. Information concerning our equity compensation plans is provided in Part II, Item 5, "Market for Registrant's Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities", of this Annual Report on Form 10-K.

ITEM 13. ***Certain Relationships and Related Transactions, and Director Independence.***

Information on certain relationships and related transactions as well as director independence is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 4, 2015.

ITEM 14. ***Principal Accountant Fees and Services.***

Information on our principal accountant's fees and services is incorporated herein by reference to the Company's Definitive Proxy Statement for the Annual Meeting of Shareholders on February 4, 2015.

PART IV

ITEM 15. ***Exhibits and Financial Statement Schedules.***

(a) 1. and 2. *Financial statements and financial statement schedules.*

The financial statements and financial statement schedule listed in the Index to Financial Statements in Item 8 are filed as part of this Form 10-K.

3. Exhibits

The exhibits listed in the accompanying Exhibits Index are filed as part of this Form 10-K. The exhibits numbered 10.4(a) through 10.13.(c) are management contracts or compensatory plans or arrangements.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

ATMOS ENERGY CORPORATION
(Registrant)

By: /s/ BRET J. ECKERT

Bret J. Eckert
Senior Vice President and Chief Financial Officer

Date: November 6, 2014

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS, that each person whose signature appears below hereby constitutes and appoints Kim R. Cocklin and Bret J. Eckert, or either of them acting alone or together, as his true and lawful attorney-in-fact and agent with full power to act alone, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K, and to file the same, with all exhibits thereto, and all other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorney-in-fact and agent full power and authority to do and perform each and every act and thing requisite and necessary to be done in and about the premises, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorney-in-fact and agent, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ KIM R. COCKLIN Kim R. Cocklin	President, Chief Executive Officer and Director	November 6, 2014
/s/ BRET J. ECKERT Bret J. Eckert	Senior Vice President and Chief Financial Officer	November 6, 2014
/s/ CHRISTOPHER T. FORSYTHE Christopher T. Forsythe	Vice President and Controller (Principal Accounting Officer)	November 6, 2014
/s/ ROBERT W. BEST Robert W. Best	Chairman of the Board	November 6, 2014
/s/ RICHARD W. DOUGLAS Richard W. Douglas	Director	November 6, 2014
/s/ RUBEN E. ESQUIVEL Ruben E. Esquivel	Director	November 6, 2014
/s/ RICHARD K. GORDON Richard K. Gordon	Director	November 6, 2014
/s/ ROBERT C. GRABLE Robert C. Grable	Director	November 6, 2014
/s/ THOMAS C. MEREDITH Thomas C. Meredith	Director	November 6, 2014
/s/ NANCY K. QUINN Nancy K. Quinn	Director	November 6, 2014
/s/ RICHARD A. SAMPSON Richard A. Sampson	Director	November 6, 2014
/s/ STEPHEN R. SPRINGER Stephen R. Springer	Director	November 6, 2014
/s/ RICHARD WARE II Richard Ware II	Director	November 6, 2014

Schedule II

ATMOS ENERGY CORPORATION

Valuation and Qualifying Accounts
Three Years Ended September 30, 2014

	Balance at beginning of period	Additions: Charged to cost & expenses	Additions: Charged to other accounts	Deductions	Balance at end of period
		(In thousands)			
2014					
Allowance for doubtful accounts	$20,624	$19,491	$—	$16,123[1]	$23,992
2013					
Allowance for doubtful accounts	$ 9,425	$14,484	$—	$ 3,285[1]	$20,624
2012					
Allowance for doubtful accounts	$ 7,440	$ 8,901	$—	$ 6,916[1]	$ 9,425

[1] Uncollectible accounts written off.

EXHIBITS INDEX
Item 14.(a)(3)

Exhibit Number	Description	Page Number or Incorporation by Reference to
	Plan of Acquisition, Reorganization, Arrangement, Liquidation or Succession	
2.1(a)	Asset Purchase Agreement by and between Atmos Energy Corporation as Seller and Liberty Energy (Midstates) Corp. as Buyer, dated as of May 12, 2011	Exhibit 2.1 to Form 8-K dated May 12, 2011 (File No. 1-10042)
2.1(b)	Amendment No. 1 to Asset Purchase Agreement	Exhibit 2.1(b) to Form 10-K for fiscal year ended September 30, 2012 (File No. 1-10042)
2.2	Asset Purchase Agreement by and between Atmos Energy Corporation as Seller and Liberty Energy (Georgia) Corp. as Buyer, dated as of August 8, 2012	Exhibit 2.1 to Form 8-K dated August 8, 2012 (File No. 1-10042)
	Articles of Incorporation and Bylaws	
3.1	Restated Articles of Incorporation of Atmos Energy Corporation — Texas (As Amended Effective February 3, 2010)	Exhibit 3.1 to Form 10-Q dated March 31, 2010 (File No. 1-10042)
3.2	Restated Articles of Incorporation of Atmos Energy Corporation — Virginia (As Amended Effective February 3, 2010)	Exhibit 3.2 to Form 10-Q dated March 31, 2010 (File No. 1-10042)
3.3	Amended and Restated Bylaws of Atmos Energy Corporation (as of February 3, 2010)	Exhibit 3.2 to Form 8-K dated February 3, 2010 (File No. 1-10042)
	Instruments Defining Rights of Security Holders, Including Indentures	
4.1	Specimen Common Stock Certificate (Atmos Energy Corporation)	Exhibit 4.1 to Form 10-K for fiscal year ended September 30, 2012 (File No. 1-10042)
4.2	Indenture dated as of November 15, 1995 between United Cities Gas Company and Bank of America Illinois, Trustee	Exhibit 4.11(a) to Form S-3 dated August 31, 2004 (File No. 333-118706)
4.3	Indenture dated as of July 15, 1998 between Atmos Energy Corporation and U.S. Bank Trust National Association, Trustee	Exhibit 4.8 to Form S-3 dated August 31, 2004 (File No. 333-118706)
4.4	Indenture dated as of May 22, 2001 between Atmos Energy Corporation and SunTrust Bank, Trustee	Exhibit 99.3 to Form 8-K dated May 15, 2001 (File No. 1-10042)
4.5	Indenture dated as of June 14, 2007, between Atmos Energy Corporation and U.S. Bank National Association, Trustee	Exhibit 4.1 to Form 8-K dated June 11, 2007 (File No. 1-10042)
4.6	Indenture dated as of March 23, 2009 between Atmos Energy Corporation and U.S. Bank National Corporation, Trustee	Exhibit 4.1 to Form 8-K dated March 26, 2009 (File No. 1-10042)
4.7(a)	Debenture Certificate for the 6 3/4% Debentures due 2028	Exhibit 99.2 to Form 8-K dated July 22, 1998 (File No. 1-10042)
4.7(b)	Global Security for the 4.95% Senior Notes due 2014	Exhibit 10(2)(f) to Form 10-K for fiscal year ended September 30, 2004 (File No. 1-10042)
4.7(c)	Global Security for the 5.95% Senior Notes due 2034	Exhibit 10(2)(g) to Form 10-K for fiscal year ended September 30, 2004 (File No. 1-10042)

Exhibit Number	Description	Page Number or Incorporation by Reference to
4.7(d)	Global Security for the 6.35% Senior Notes due 2017	Exhibit 4.2 to Form 8-K dated June 11, 2007 (File No. 1-10042)
4.7(e)	Global Security for the 8.50% Senior Notes due 2019	Exhibit 4.2 to Form 8-K dated March 26, 2009 (File No. 1-10042)
4.7(f)	Global Security for the 5.5% Senior Notes due 2041	Exhibit 4.2 to Form 8-K dated June 10, 2011 (File No. 1-10042)
4.7(g)	Global Security for the 4.15% Senior Notes due 2043	Exhibit 4.2 to Form 8-K dated January 8, 2013 (File No. 1-10042)
4.7(h)	Global Security for the 4.125% Senior Notes due 2044	Exhibit 4.2 to Form 8-K dated October 15, 2014
	Material Contracts	
10.1(a)	Revolving Credit Agreement, dated as of May 2, 2011 among Atmos Energy Corporation, the Lenders from time to time parties thereto, The Royal Bank of Scotland plc as Administrative Agent, Crédit Agricole Corporate and Investment Bank as Syndication Agent, Bank of America, N.A., U.S. Bank National Association and Wells Fargo Bank, N.A. as Co-Documentation Agents	Exhibit 10.1 to Form 8-K dated May 2, 2011 (File No. 1-10042)
10.1(b)	Second Amendment to Revolving Credit Agreement, made and entered into as of December 7, 2012, by and among Atmos Energy Corporation, a Texas and Virginia corporation, the several banks and other financial institutions from time to time party thereto (the "Lenders") and The Royal Bank of Scotland plc, in its capacity as Administrative Agent for the Lenders	Exhibit 10.1 to Form 8-K dated December 5, 2012 (File No. 1-10042)
10.1(c)	Third Amendment to Revolving Credit Agreement, made and entered into as of August 22, 2013, by and among Atmos Energy Corporation, a Texas and Virginia corporation, the several banks and other financial institutions from time to time party thereto (the "Lenders") and The Royal Bank of Scotland plc, in its capacity as Administrative Agent for the Lenders	Exhibit 10.1 to Form 8-K dated August 22, 2013 (File No. 1-10042)
10.1(d)	Fourth Amendment to Revolving Credit Agreement, made and entered into as of August 22, 2014 by and among Atmos Energy Corporation, a Texas and Virginia corporation, the several banks and other financial institutions from time to time party thereto (the "Lenders") and The Royal Bank of Scotland plc, in its capacity as Administrative Agent for the Lenders	Exhibit 10.1 to Form 8-K dated August 22, 2014
10.2(a)	Accelerated Share Buyback Agreement with Goldman, Sachs & Co. — Master Confirmation dated July 1, 2010	Exhibit 10.6(a) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.2(b)	Accelerated Share Buyback Agreement with Goldman, Sachs & Co. — Supplemental Confirmation dated July 1, 2010	Exhibit 10.6(b) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)

Exhibit Number	Description	Page Number or Incorporation by Reference to
10.3(a)	Guaranty of Algonquin Power & Utilities Corp. dated May 12, 2011	Exhibit 10.1 to Form 8-K dated May 12, 2011 (File No. 1-10042)
10.3(b)	Guaranty of Algonquin Power & Utilities Corp. dated August 8, 2012	Exhibit 10.1 to Form 8-K dated August 8, 2012 (File No. 1-10042)
	Executive Compensation Plans and Arrangements	
10.4(a)*	Form of Atmos Energy Corporation Change in Control Severance Agreement — Tier I	Exhibit 10.7(a) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.4(b)*	Form of Atmos Energy Corporation Change in Control Severance Agreement — Tier II	Exhibit 10.7(b) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.5(a)*	Atmos Energy Corporation Executive Retiree Life Plan	Exhibit 10.31 to Form 10-K for fiscal year ended September 30, 1997 (File No. 1-10042)
10.5(b)*	Amendment No. 1 to the Atmos Energy Corporation Executive Retiree Life Plan	Exhibit 10.31(a) to Form 10-K for fiscal year ended September 30, 1997 (File No. 1-10042)
10.6(a)*	Atmos Energy Corporation Annual Incentive Plan for Management (as amended and restated February 10, 2011)	Exhibit 10.14 to Form 10-K for fiscal year ended September 30, 2011 (File No. 1-10042)
10.6(b)*	Amendment No 1 to the Atmos Energy Corporation Annual Incentive Plan for Management (as amended and restated February 10, 2011)	Exhibit 10.8(b) to Form 10-K for fiscal year ended September 30, 2012 (File No. 1-10042)
10.6(c)*	Amendment No 2 to the Atmos Energy Corporation Annual Incentive Plan for Management (as amended and restated February 10, 2011)	Exhibit 10.6(c) to Form 10-K for fiscal year ended September 30, 2013 (File No. 1-10042)
10.7(a)*	Atmos Energy Corporation Supplemental Executive Benefits Plan, Amended and Restated in its Entirety August 7, 2007	Exhibit 10.8(a) to Form 10-K for fiscal year ended September 30, 2008 (File No. 1-10042)
10.7(b)*	Form of Individual Trust Agreement for the Supplemental Executive Benefits Plan	Exhibit 10.3 to Form 10-Q for quarter ended December 31, 2000 (File No. 1-10042)
10.8(a)*	Atmos Energy Corporation Supplemental Executive Retirement Plan (As Amended and Restated, Effective as of November 12, 2009)	Exhibit 10.10(b) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.8(b)*	Atmos Energy Corporation Performance-Based Supplemental Executive Benefits Plan Trust Agreement, Effective Date December 1, 2000	Exhibit 10.1 to Form 10-Q for quarter ended December 31, 2000 (File No. 1-10042)
10.9*	Atmos Energy Corporation Account Balance Supplemental Executive Retirement Plan, Effective Date August 5, 2009	Exhibit 10.10(c) to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.10(a)*	Mini-Med/Dental Benefit Extension Agreement dated October 1, 1994	Exhibit 10.28(f) to Form 10-K for fiscal year ended September 30, 2001 (File No. 1-10042)
10.10(b)*	Amendment No. 1 to Mini-Med/Dental Benefit Extension Agreement dated August 14, 2001	Exhibit 10.28(g) to Form 10-K for fiscal year ended September 30, 2001 (File No. 1-10042)
10.10(c)*	Amendment No. 2 to Mini-Med/Dental Benefit Extension Agreement dated December 31, 2002	Exhibit 10.1 to Form 10-Q for quarter ended December 31, 2002 (File No. 1-10042)

Exhibit Number	Description	Page Number or Incorporation by Reference to
10.11*	Atmos Energy Corporation Equity Incentive and Deferred Compensation Plan for Non-Employee Directors, Amended and Restated as of January 1, 2012	Exhibit 10.1 to Form 10-Q for quarter ended December 31, 2011 (File No. 1-10042)
10.12*	Atmos Energy Corporation Outside Directors Stock-for-Fee Plan, Amended and Restated as of October 1, 2009	Exhibit 10.13 to Form 10-K for fiscal year ended September 30, 2010 (File No. 1-10042)
10.13(a)*	Atmos Energy Corporation 1998 Long-Term Incentive Plan (as amended and restated September 1, 2014)	
10.13(b)*	Form of Award Agreement of Time-Lapse Restricted Stock Units under the Atmos Energy Corporation 1998 Long-Term Incentive Plan	
10.13(c)*	Form of Award Agreement of Performance-Based Restricted Stock Units under the Atmos Energy Corporation 1998 Long-Term Incentive Plan	
12	Statement of computation of ratio of earnings to fixed charges	
	Other Exhibits, as indicated	
21	Subsidiaries of the registrant	
23.1	Consent of independent registered public accounting firm, Ernst & Young LLP	
24	Power of Attorney	Signature page of Form 10-K for fiscal year ended September 30, 2014
31	Rule 13a-14(a)/15d-14(a) Certifications	
32	Section 1350 Certifications**	
	Interactive Data File	
101.INS	XBRL Instance Document	
101.SCH	XBRL Taxonomy Extension Schema	
101.CAL	XBRL Taxonomy Extension Calculation Linkbase	
101.DEF	XBRL Taxonomy Extension Definition Linkbase	
101.LAB	XBRL Taxonomy Extension Labels Linkbase	
101.PRE	XBRL Taxonomy Extension Presentation Linkbase	

* This exhibit constitutes a "management contract or compensatory plan, contract, or arrangement."

** These certifications pursuant to 18 U.S.C. Section 1350 by the Company's Chief Executive Officer and Chief Financial Officer, furnished as Exhibit 32 to this Annual Report on Form 10-K, will not be deemed to be filed with the Securities and Exchange Commission or incorporated by reference into any filing by the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates such certifications by reference.