

REQUEST:

[Rate of Return] - Please provide copies of all presentations made to rating agencies and/or investment firms by Atmos Energy Corporation between January 1, 2008 and the present.

RESPONSE:

Please see Attachment 1 through Attachment 3 for the investor presentations for the period from January 1, 2008 to the present. Atmos Energy made no presentations to the rating agencies during this period.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, ATO Analyst Conference Presentation 10-08-08, 22 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, ATO Analyst Conference Presentation 02-26-09, 26 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, NYC Presentation 11-19-09, 64 Pages.

Respondent: Robert J. Smith



Atmos Energy Corporation Analyst Conference

October 1, 2008

Forward Looking Statements



The matters discussed or incorporated by reference in this presentation 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 presentation are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this presentation or in any of our other 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 discussed in this presentation, including the risks relating to regulatory trends and decisions, our ability to continue to access the capital markets, and the other factors discussed in our filings with the Securities and Exchange Commission. These factors include the risks and uncertainties discussed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2007 and in our Quarterly Report on Form 10-Q for the three and nine months ended June 30, 2008. Although 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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Management Participants



Robert W. Best - Chairman & CEO

Kim Cocklin - President and COO

J. Patrick Reddy - Senior VP & CFO

Mark H. Johnson - Senior VP, Nonregulated Operations

Susan Giles - VP, Investor Relations

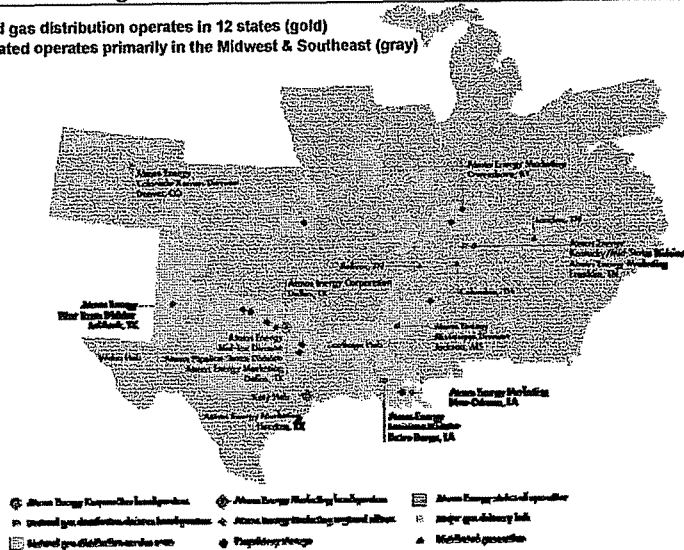
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Overview



The Nation's Largest Pure Gas Distribution Company

- Regulated gas distribution operates in 12 states (gold)
- Nonregulated operates primarily in the Midwest & Southeast (gray)

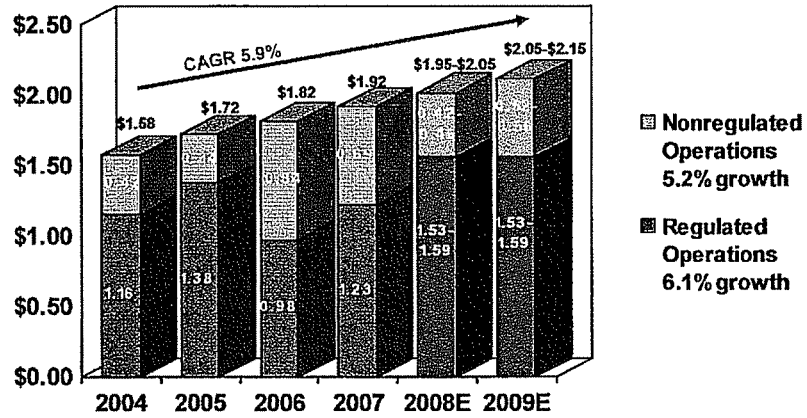


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Overview

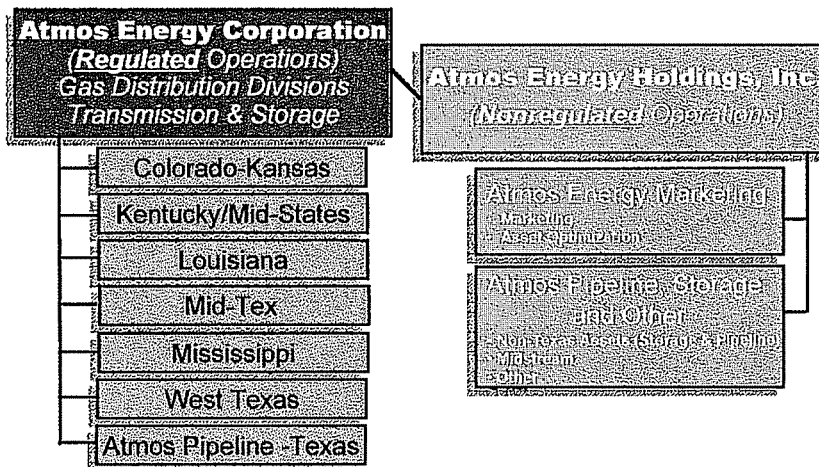


Diluted Earnings Per Share Contribution Shows Steady Growth



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Regulated Operations



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Regulated Operations



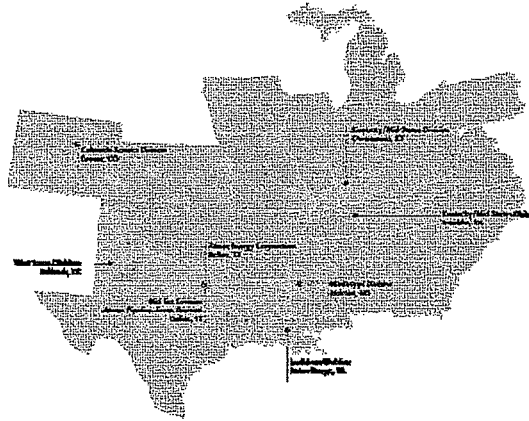
Margin Drivers in the Regulated Business Operating in 12 states (gold)

- Grow rate base by investing capital and adding customers

Estimated rate base of \$3.5 billion at 9/30/08

- Executing our rate strategy

\$50-\$60 million annual approved rate increases



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Regulated Operations



Successfully Executing on the Rate Strategy

	Number of Customers	Percentage of Total	Purchased Gas Cost Adjustments	WNA	GRIP/ Accelerated Capital Recovery	Decoupling/ Rate Stabilization	Gas Cost Bad Debt Recovery
Texas	1,800,000	57%	✓	✓	✓	Partial ⁶	Partial ^{4,7}
Louisiana	350,000	11%	✓	✓	✓	✓	
Mississippi	270,000	8%	✓	✓	✓	✓	
Remaining Jurisdictions	770,000	24%	✓	✓ ¹	Partial ²	Partial ³	Partial ⁵

Partial means applicable within certain jurisdictions within the category.

¹ Excludes Colorado, Iowa and Illinois for a total of 137,657 customers.

² Includes Missouri, Kansas and Georgia for a total of 258,102 customers.

³ Includes Missouri for a total of 69,672 customers.

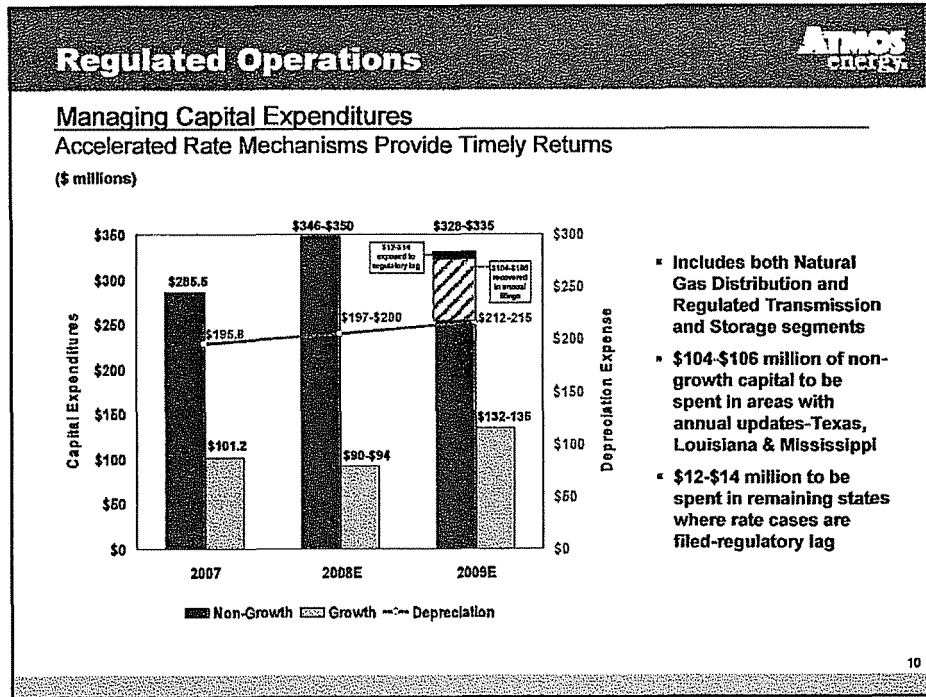
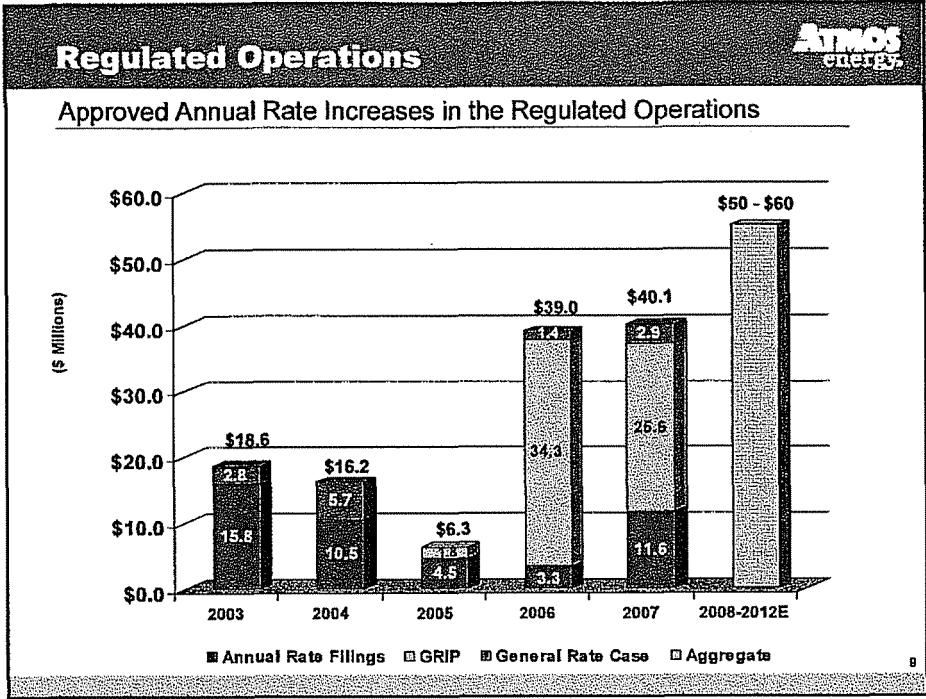
⁴ Includes Amarillo for a total of 69,772 customers.

⁵ Includes Kansas and Virginia for a total of 151,545 customers.

⁶ Includes Mid-Tex Division customers residing in cities covered by settlement agreements.

⁷ Includes Mid-Tex Division for a total of 1,500,000 customers.

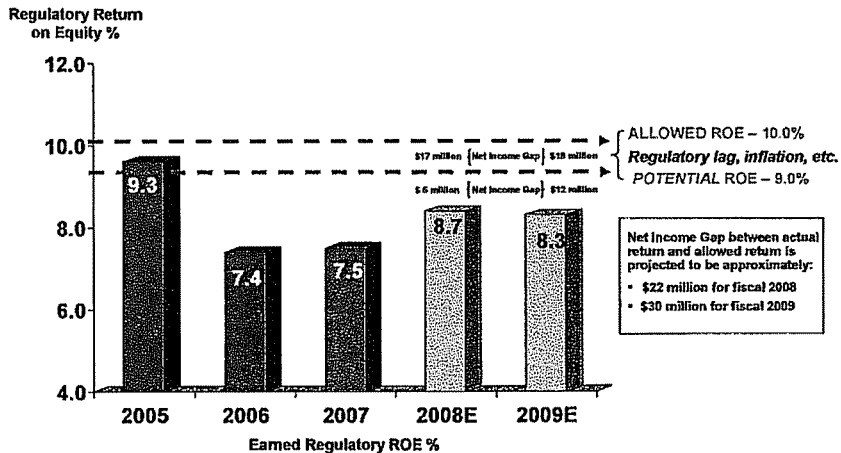
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Regulated Operations



ROE Potential in Regulated Distribution and Pipeline Operations



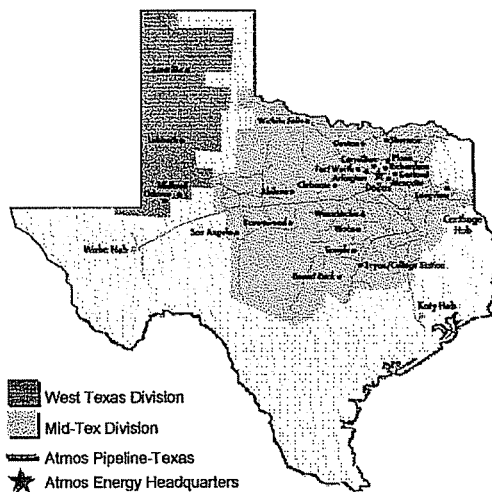
Note: Calculations are based on regulatory accounting treatment and are not consistent with GAAP accounting

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Regulated Operations Regulated Transmission and Storage



Strategically Positioned Atmos Pipeline – Texas



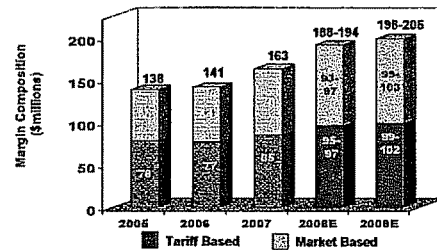
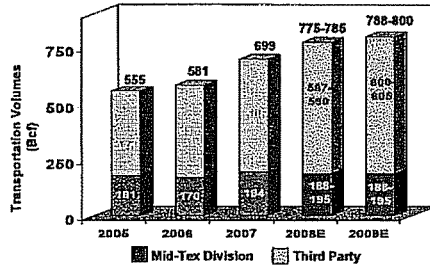
- Favorably positioned; spans Texas gas supply basins and growing consumer market
- Pipeline Operations
 - Connects to major market hubs- Waha, Katy and Carthage
 - 6,300 miles of intrastate pipeline
 - Estimated transportation volume of 780 Bcf in fiscal 2008 and 792 Bcf in fiscal 2009
 - Current average volume of approximately 2.15 Bcf/d
 - Demonstrated peak day deliveries of 3.5 Bcf/d
- Five Storage Facilities
 - One salt cavern, four reservoirs
 - 39 Bcf working gas capacity
 - 1.2 Bcf/d maximum withdrawal
 - 270 MMcf/d maximum injection

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Regulated Operations Regulated Transmission and Storage



Atmos Pipeline – Texas Growth Drivers



Growth Drivers

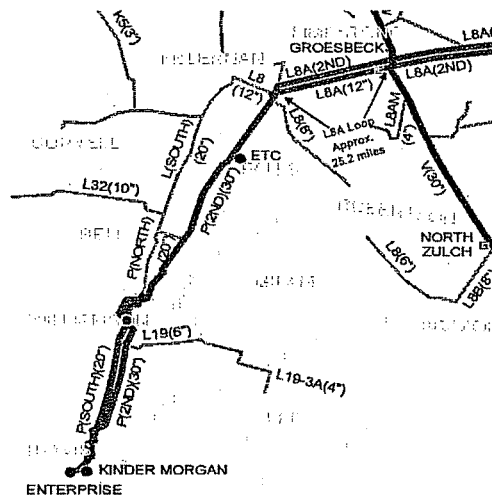
- Increased through-system volumes primarily from producers in Barnett Shale
- Margin expansion through ancillary services such as parking and lending, balancing, blending, and compression
- Gas price volatility increasing basis differentials between Texas hubs
- Accelerated capital recovery through GRIP mechanism
- Required pipeline rate case filing anticipated September 2010
- Pursue capacity and compression growth opportunities via projects

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Regulated Operations Regulated Transmission and Storage



Austin Corridor Project – L8A Loop



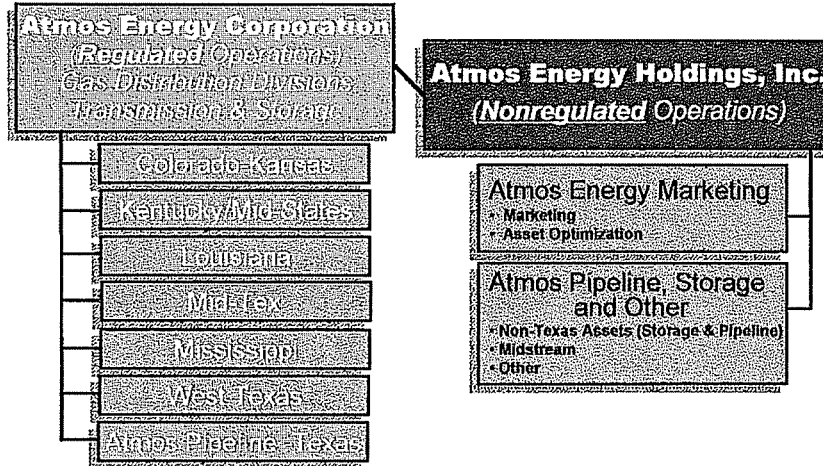
- Approximately 25 miles of 24-inch pipe extending from Groesbeck to Riesel Junction lines
- Completed pipeline should supply an incremental 100 MMcf/d to current design demand of 232 MMcf/d
- Provides increased service to existing LDCs and power plants and will compete for new power plant business in the Austin area
- Estimated capital cost of between \$50-\$55 million
- Estimated completion in 3rd quarter of fiscal 2009

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Nonregulated Operations



Organization Structure



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Nonregulated Operations



Business Mix

	Core Business	Core Business	Growth Business
Business	Delivered Gas	Asset Optimization	Mid-Stream Development
Services	Aggregate & Purchase Gas Supply, Transport, Storage/Load Balancing, Risk Management and other bundled services	Extract (optimize) the value of owned, leased or managed storage and transportation assets as markets provide opportunities via price volatility	Gather, process and store producer volumes for downstream delivery to markets.
Strategy	Find cost effective sources of gas and deliver to customers reliably and at a competitive price. Provide creative solutions and services to meet customers gas requirements	Capture additional value of storage and transportation assets thru arbitrage and segmenting strategies, within risk limits. Expand leased storage and transportation capacity thru new customer relationships	Develop or acquire gathering, processing or storage assets that will provide steady, predictable income and support marketing opportunities. Reduce gas costs through value-added services provided to producers.
Margins	More predictable margins from primarily 90 day to 365 day contracts Driven by customer demand for gas volumes, services and competition.	Variable margins, with upside. Driven by gas price spread volatility creating arbitrage potential, physical storage capabilities, costs & available storage & transport capacity.	Stable, fee-based income. Driven by gathering, processing, and storage services.

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Nonregulated Operations



Market Overview	Impact	Business Reason
<ul style="list-style-type: none"> Increased availability and demand for pipeline and storage assets 	Positive	Leases or manages storage and pipeline assets
<ul style="list-style-type: none"> Uncertainty around the future role of large financial institutions in the marketing business 	Positive/ Neutral	Creates opportunity to increase availability of talent, offset in part by the loss of market liquidity
<ul style="list-style-type: none"> Tighter credit may result in consolidation or exit of competitors 	Neutral	Potential to increase market share; offset by higher credit costs
<ul style="list-style-type: none"> Sustained higher natural gas prices supporting new drilling and production 	Neutral	New sources of gas supply; offset by collections risk and working capital impact
<ul style="list-style-type: none"> Increased storage and transportation lease costs 	Negative	Requires greater asset optimization margins
<ul style="list-style-type: none"> Dampened time spread volatility 	Negative	AEH has assets, experience and proven strategy to capture arbitrage value as prices vary

Nonregulated Operations



Atmos Energy Marketing Customers (gray states)

Key Growth Drivers

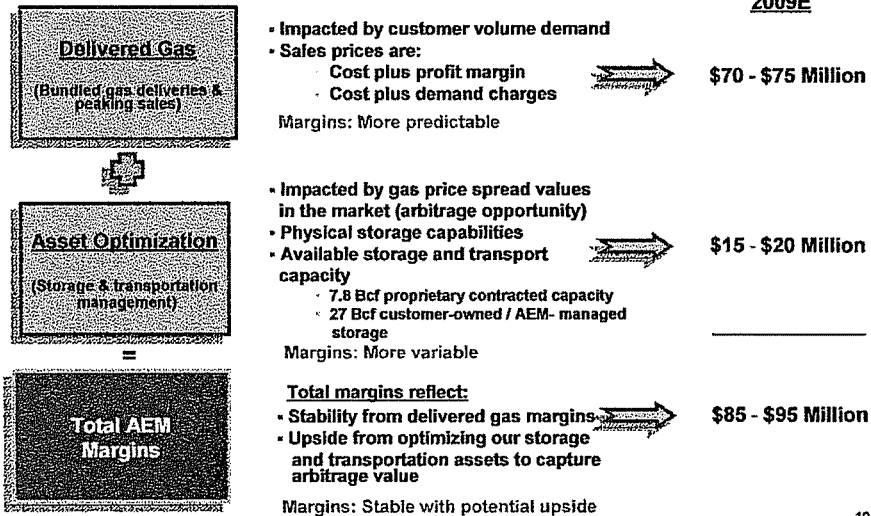
- Retain existing customers (1,100 current customers)
- Saturate existing markets-target Atmos Energy's distribution footprint
- Expand into targeted growth markets – where lease, own or manage storage & transportation assets
- Expand asset management business
- Unit margin expansion from premium value-added services provided to customers
- Access to storage and transportation capacity



Nonregulated Operations



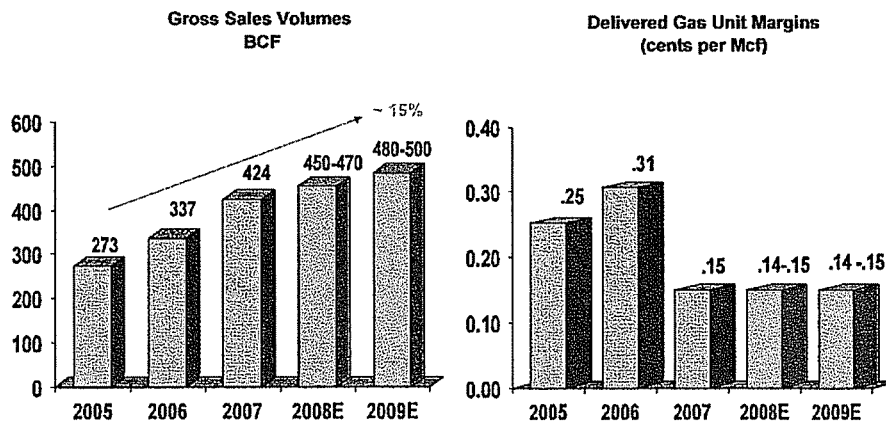
Atmos Energy Marketing – Margin Composition



Nonregulated Operations



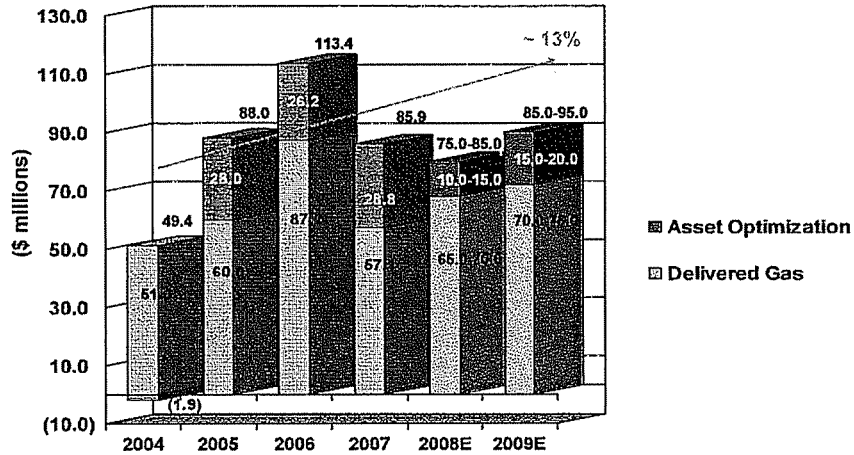
Delivered Gas Volumes Projected to Continue Growth Trend



Nonregulated Operations



Atmos Energy Marketing Realized Margins Projected Compound Annual Growth Rate

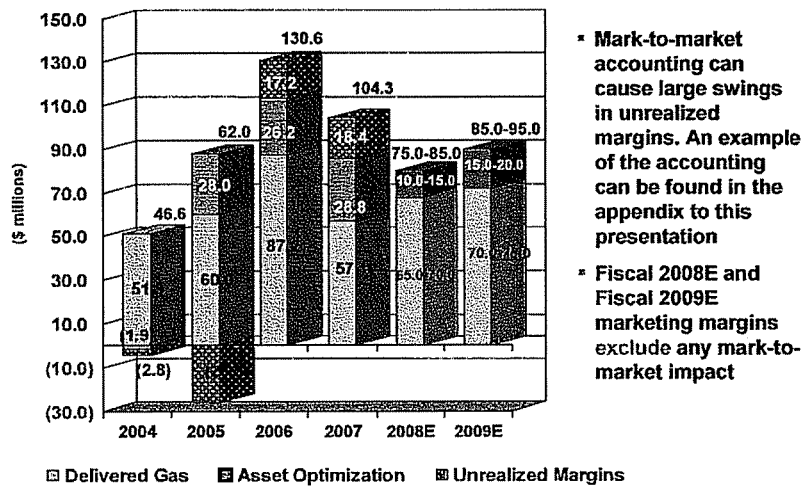


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Nonregulated Operations



Atmos Energy Marketing Margins – Mark-to-Market Accounting Impact



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Nonregulated Operations



Atmos Pipeline & Storage & Other – Owned Asset Mix

Storage

- Development of Fort Necessity storage project in Franklin Parish, Louisiana
- 2 reservoir storage locations in Kentucky and a 25% interest in a salt storage in Louisiana. (Total usable capacity of 3.9 BCF)

Pipeline

- 21-mile pipeline (24-inch with 270,000 per day capacity) with receipt interconnects to Gulf South, Bridgeline, Acadian and Columbia Gulf interstate pipelines - ability to deliver to Atmos distribution affiliates, a few industrial customers, an Entergy power plant, and Entergy's LDC in New Orleans

Gathering

- Completed Park City Gathering System in Kentucky – 23 mile, low-pressure gathering system in Edmonson County, Kentucky
- Closing on October 1, 2008, of the Shrewsbury Gathering System acquisition

Growth Drivers

- Strategic location
- Preferred provider to LDC's
- Expand asset management business
- Access to storage and transportation assets
- Gas price volatility

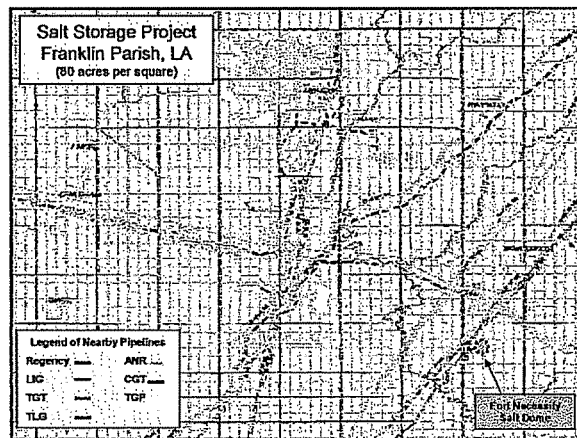
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Nonregulated Operations



Ft. Necessity Gas Storage Project in Louisiana

- Initial project includes development of three 5 Bcf caverns with six-turn injection and withdrawal capabilities
- Storage facility spans 500 acres adjacent to large interstate pipelines
- Pending FERC approval, first cavern projected to be operational in 2011; the other two caverns operational by 2012 and 2014
- Depending on market demand, four additional storage caverns could potentially be developed
- Successful non-binding open season completed in July 2008
- Currently considering an ownership/development arrangement



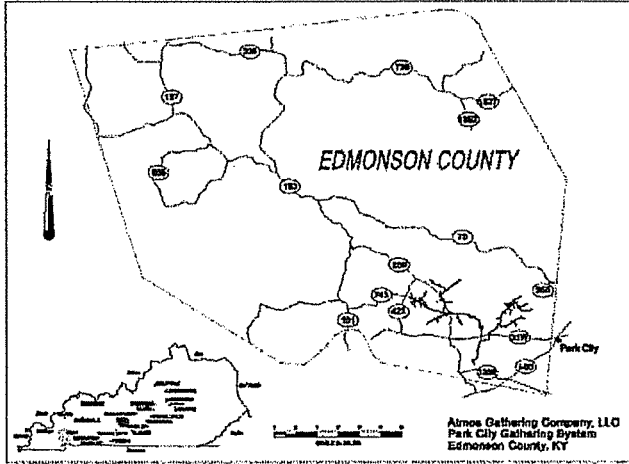
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Nonregulated Operations



Park City Gathering System in Kentucky

- 23 mile low-pressure gas gathering system northeast of Bowling Green, KY with delivery into TGT's Slaughter/Bowling Green lateral
- Initially, 47 of 60 wells connected via polyethylene pipe with expected capacity of over 10,000 Mcf/d
- Current production of about 2,200 Mcf/day
- Gas contains about 16% nitrogen and is treated by a facility; treating capacity limited to 5,000 Mcf/day
- Total cost of about \$12 million; \$3 million of capital spent in fiscal 2007 and about \$9 million in fiscal 2008
- Operations began in May 2008
- Projected to generate about \$1.3 million of net income per year over 10 years, with additional \$2.5 million of capex to extend the backbone system
- Full payback expected in 9 years



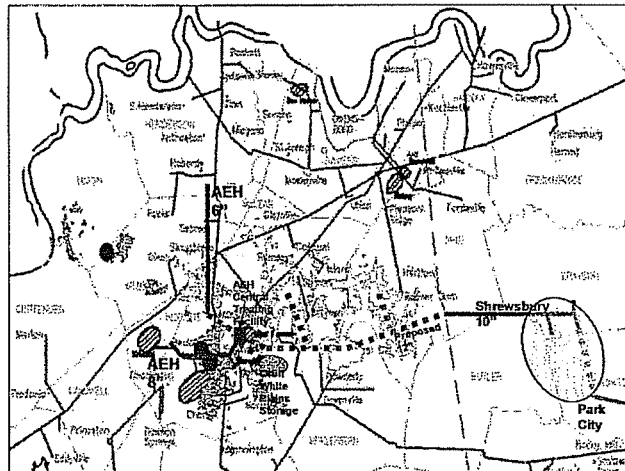
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Nonregulated Operations



Shrewsbury Gathering System in Kentucky

- \$6.2 Million Asset Purchase
 - 80 mile low-pressure gas gathering system
 - 28 miles of 10-inch lines - treatment & compression
 - Midwestern PL Interconnect
 - Intent to sell
 - Proved reserves
 - Producing wells
 - Mineral interests
- Current production of about 700 Mcf/day
- 50 additional wells can be connected for Kentucky Natural Gas with expected capacity of 750 Mcf/d
- Remaining gathering business projected to generate about \$0.2 million of net income per year over 10 years to yield an IRR of 27%



32,000 acres

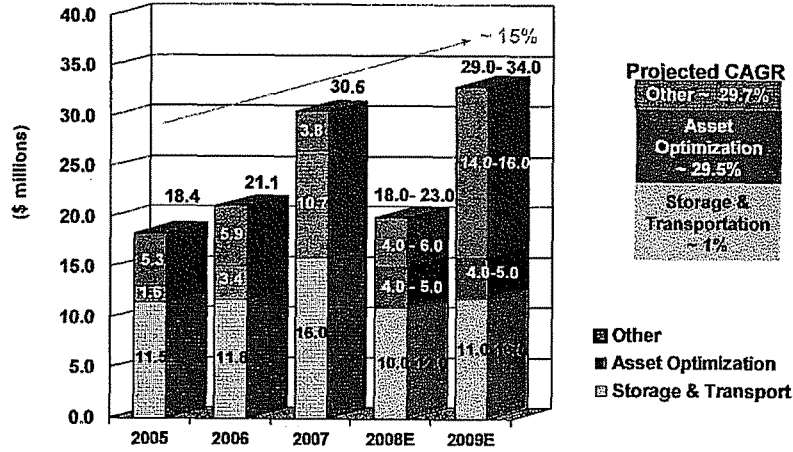
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Nonregulated Operations



Atmos Pipeline and Storage Realized Margin

Projected Fiscal 2009E Compound Annual Growth Rate



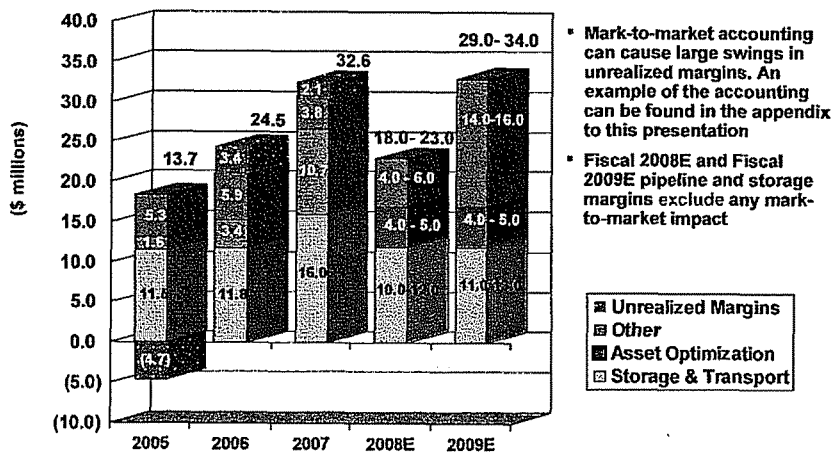
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Nonregulated Operations



Atmos Pipeline and Storage and Other Margin

Mark-to-Market Accounting Impact



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Financial Review



Consolidated Earnings Guidance – Fiscal 2009E

- Atmos Energy expects earnings to be in the range of \$2.05 - \$2.15 per diluted share for the 2009 fiscal year
- Assumptions include:
 - ⊗ Contribution from natural gas marketing segment reflects less volatility in gas price spreads
 - Total expected gross margin contribution from the marketing segment in the range of \$85 million to \$95 million, excluding any material market-to-market impact at September 30, 2009
 - ⊗ Continued successful execution of rate strategy and collection efforts
 - ⊗ Bad debt expense of no more than \$12 million
 - ⊗ Average gas cost ranging from \$9 - \$11 per mcf
 - ⊗ Short-term interest rate of 3.75%
 - ⊗ No material acquisitions
 - ⊗ Normal weather

Note: Changes in these events or other circumstances that the company cannot currently anticipate could materially impact earnings, and could result in earnings for fiscal 2009 significantly above or below this outlook.

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Financial Review



Projected Net Income by Segment

(\$ millions, except EPS)

	2005	2006	2007	2008E	2009E
Natural Gas Distribution	\$ 81	\$ 53	\$ 73	\$ 95 - 99	\$ 96 - 99
Regulated Trans. & Storage	28	27	34	43 - 44	44 - 46
Natural Gas Marketing	23	58	46	27 - 30	30 - 33
Pipeline, Storage & Other	4	10	15	11 - 12	17 - 19
Total	136	148	168	176 - 185	187 - 197
Avg. Diluted Shares	79.0	81.4	87.7	90.1	91.4
Earnings Per Share	\$ 1.72	\$ 1.82	\$ 1.92	\$ 1.95 - 2.05	\$ 2.05 - 2.15

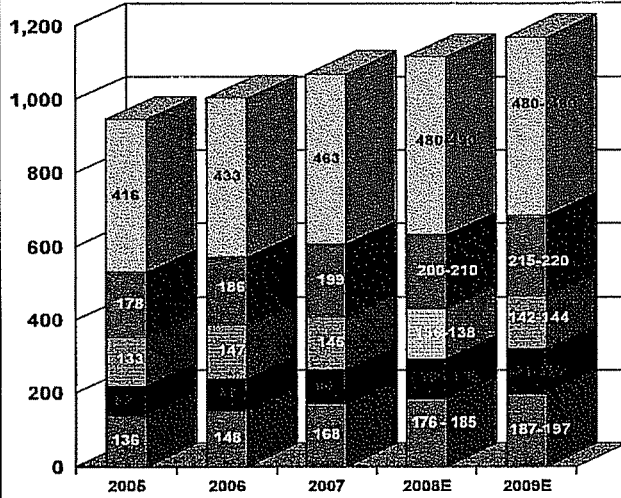
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Financial Review



Selected Income Statement Components

(\$ millions)



2009E Consolidated (\$ millions)

O & M	\$480 - \$490
D & A	\$215 - \$220
Interest	\$142 - \$144
Asset Impairment	\$187 - \$197
Net Income	\$187 - \$187
Shares Out	91.4 million

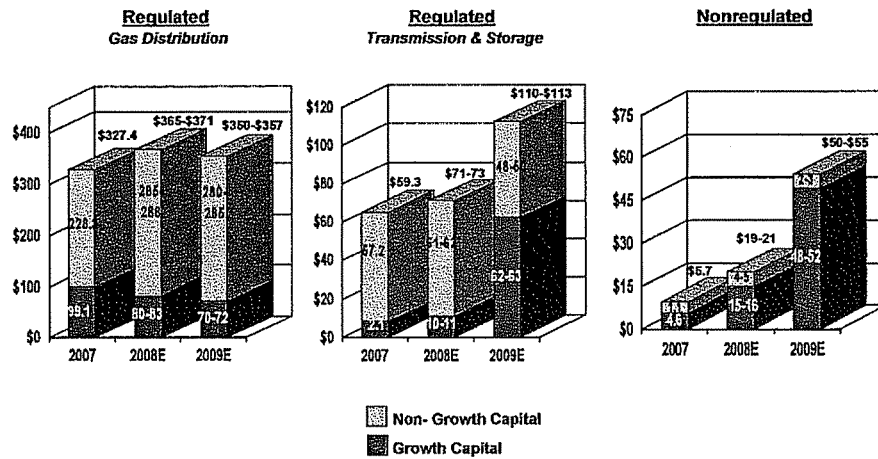
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Financial Review



Capital Expenditures

(\$ millions)



■ Non-Growth Capital
■ Growth Capital

Consolidated fiscal 2009 CAPEX projection is \$510-\$525 million

2008E as of August 5, 2008

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Financial Review



Ample Liquidity with Existing Credit Lines

Bank Facility Features:

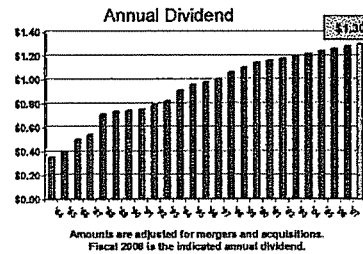
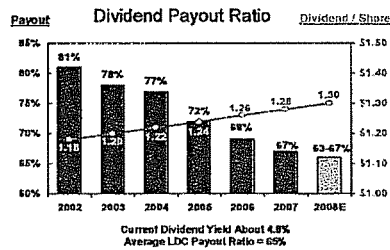
- In December 2006, Atmos Energy entered into a new \$600 million, 5-year committed revolving credit facility through December 2011
 - Serves as a backup liquidity facility for our \$600 million commercial paper program
 - Commitment amount from Lehman Brothers Bank approximately \$33 million
- In November 2007, Atmos Energy entered into a new \$300 million, 364-day committed revolving credit facility
 - Supplements amounts available under existing \$18 million committed credit facility
 - Commitment amount from Lehman Brothers Bank approximately \$17 million
- In March 2008, Atmos Energy Marketing amended and extended its \$580 million uncommitted demand working capital credit facility to March 31, 2009
 - Used primarily for Letters of Credit and working capital needs
 - Participating banks include BNP Paribas, Fortis Capital, Brown Brothers Harriman, Natixis, Royal Bank of Scotland, Societe Generale, RZB Finance, and Bank of Tokyo-Mitsubishi UFJ

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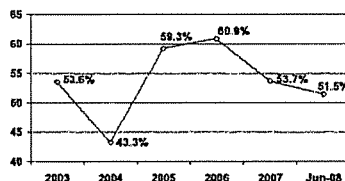
Financial Review



Solid Dividend and Credit Positions



Debt Capitalization Ratio



Investment Grade Credit

Moodys's	
Senior Unsecured Debt:	Baa3
Commercial Paper:	P-3
Outlook:	Stable
Standard & Poor's	
Senior Unsecured Debt:	BBB
Commercial Paper:	A-2
Outlook:	Positive
Fitch	
Senior Unsecured Debt:	BBB+
Commercial Paper:	F-2
Outlook:	Stable

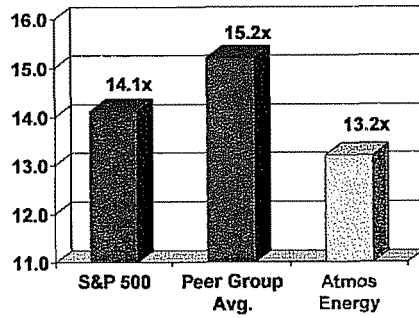
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Financial Review

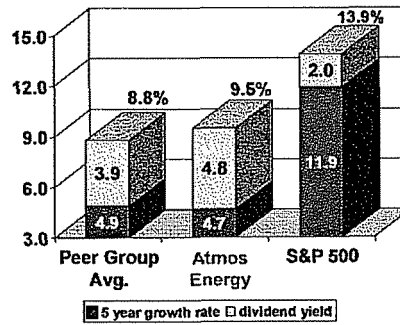


Compelling Valuation and Total Return Proposition

Forward P/E Estimates



5 Year Expected Total Return



Source: Bloomberg @ 9/25/08
Peer group averages exclude Atmos

Companies in the peer group include AGL Resources, Laclede, New Jersey Resources, Nisource, Northwest Natural Gas, Oneok, Piedmont Natural Gas, Southwest Gas and WGL Holdings.

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Slide Appendix

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Regulated Operations Mid-Tex Division 2008 Rate Outcome Summary



Settlement (438 of 439 Cities) ~80%	Systemwide Increase in Revenues 100%	RRC Order (City of Dallas & Environs) ~20%
Effective 4/1/08 (approx. \$8.0 million)	\$10 Million Rate Increase	—
—	\$19.6 Million Rate Increase	Effective 7/8/08 (approx. \$3.9 million)
Effective 11/08 (est.) (approx. \$16 million)	\$20.0 Million RRM	Pending city council approval
Included in RRM filing	\$10.3 Million GRIP Filing Recovery	Effective 11/08 (est.) (approx. \$2 million)
Effective 11/08 (est.)	Gas Cost Recovery of Bad Debt	Effective 7/1/08
Effective 11/08 (est.)	Capital Structure 62% Debt; 48% Equity	Effective 7/1/08
Effective 11/08 (est.)	\$1 Million Conservation Program	Effective 10/1/08
9.6%	Authorized Return on Equity (ROE)	10.0%

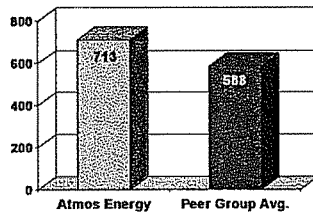
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Regulated Distribution Efficiency Metrics

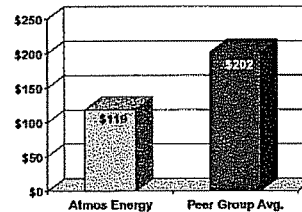


Operating Efficiencies Benefit Customers & Shareholders

Customers Served Per Distribution Employee

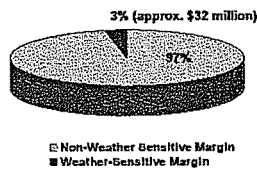


Distribution O&M Expense per Customer

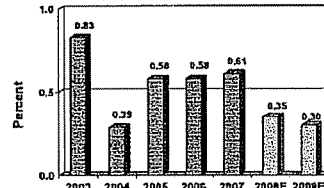


Note: Results are based on fiscal 2007 performance for Atmos and most recent information available for the peer group. Companies in the peer group include AGL Resources, Laclede, New Jersey Resources, Nisource, Northwest Natural Gas, Oneok, Piedmont Natural Gas, Southwest Gas and WGL Holdings.

Non-Weather-Sensitive Margin
2008-2009E Heating Season



Distribution Bad Debt Expense as % of Residential & Commercial Revenue



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**Nonregulated Operations
Atmos Energy Marketing**



Economic Value vs. GAAP Reported Results

- We commercially manage our storage assets by capturing arbitrage value through optimization strategies that create embedded (forward) value in the portfolio. We report the transactions for external financial reporting purposes in accordance with generally accepted accounting principles ("GAAP").
- **GAAP Reported Value** is the period to period net change in fair value of the portfolio reported in the income statement that results from the process of marking to market the physical storage volumes and corresponding financial instruments in an interim period.
- **Economic Value** is the period to period forward margin of our storage portfolio that results from the process of calculating our weighted average cost of inventory (WACOG), and our weighted average sales price of our forward financials (WASP), then multiplying the difference times inventory volumes. This margin will be realized in cash when the hedged transaction is executed or when financials are settled and then reset to stay hedged against physical volumes.

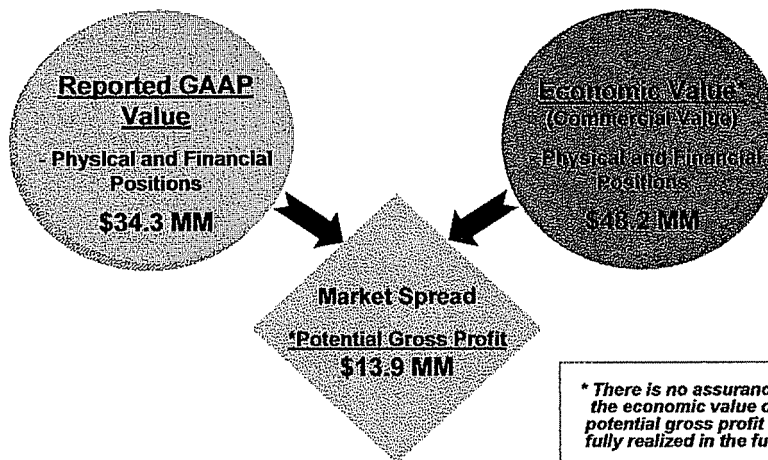
Economic Value represents the "forward" economic margin of the transactions, while GAAP reported results reflect that portion of our "forward" margin that has been recorded in the income statement.

Volatility in earnings includes the impact of the accounting treatment of our storage portfolio in accordance with GAAP and is reflective of relatively high price volatility of the prompt month, and the relatively low volatility of the offsetting forward months.

**Nonregulated Operations
Atmos Energy Marketing**



Economic Value vs. GAAP Reported Results



** There is no assurance that the economic value or the potential gross profit will be fully realized in the future.*

Nonregulated Operations Atmos Energy Marketing



Economic Value vs. GAAP Reported Results Three Months Ended

Period Ending	Physical Volume (Bcf)	Economic Value (EV) (\$ per mcf)				Total (\$ in millions)	GAAP Reported Value - MTM (\$ per mcf)		Market Spread (\$ per mcf)	
		WASP	WACOG	EV			Total (\$ in millions)	Total (\$ in millions)		
3/31/2007	18.6	8.2196	7.6701	0.5495	10.8	(1.2347)	(24.2)	1.7842	35.0	
6/30/2007	21.5	9.6409	7.6238	1.9171	41.2	(0.3343)	(7.2)	2.2514	48.4	
2007 Variance	1.9	\$ 1.3213	\$ (0.0463)	\$ 1.3676	\$ 30.4	0.9004	\$ 17.0	\$ 0.4672	\$ 13.4	
3/31/2008	20.7	8.6763	8.1555	0.5208	10.8	(0.0296)	(0.6)	0.5504	11.4	
6/30/2008	17.5	11.0565	8.3037	2.7528	48.2	1.9616	34.3	0.7912	13.9	
2008 Variance	(3.2)	\$ 2.3802	\$ 0.1482	\$ 2.2320	\$ 37.4	1.9912	\$ 34.9	\$ 0.2408	\$ 2.5	

WASP: Weighted average sales price for gas held in storage

WACOG: Weighted average cost of AEM's gas in storage

EV: "Economic Value" which equals gas sales price (WASP) minus cost of gas (WACOG) on a per unit basis

At June 30, 2008

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Nonregulated Operations Atmos Energy Marketing



Economic Value vs. GAAP Reported Results Nine Months Ended

Period Ending	Physical Volume (Bcf)	Economic Value (EV) (\$ per mcf)				Total (\$ in millions)	GAAP Reported Value - MTM (\$ per mcf)		Market Spread (\$ per mcf)	
		WASP	WACOG	EV			Total (\$ in millions)	Total (\$ in millions)		
9/30/2006	14.5	11.9716	7.8329	4.1387	60.0	(1.1076)	(16.0)	5.2463	76.0	
6/30/2007	21.5	9.5409	7.6238	1.9171	41.2	(0.3343)	(7.2)	2.2514	48.4	
2007 Variance	7.0	\$ (2.4307)	\$ (0.2091)	\$ (2.2216)	\$ (18.8)	0.7733	\$ 8.8	\$ (2.9949)	\$ (27.6)	
9/30/2007	12.3	11.1547	7.8297	3.3250	40.8	0.8819	10.8	2.4431	30.0	
6/30/2008	17.5	11.0565	8.3037	2.7528	48.2	1.9616	34.3	0.7912	13.9	
2008 Variance	5.2	\$ (0.0982)	\$ 0.4740	\$ (0.5722)	\$ 7.4	1.0797	\$ 23.5	\$ (1.6519)	\$ (16.1)	

WASP: Weighted average sales price for gas held in storage

WACOG: Weighted average cost of AEM's gas in storage

EV: "Economic Value" which equals gas sales price (WASP) minus cost of gas (WACOG) on a per unit basis

At June 30, 2008

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Atmos Energy Corporation
Jurisdictional Rate Data

Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (pending)	Rate Base (in thousands) 1	Requested Rate Base (in thousands)	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Bad debt Rider 3	WNA	Performance Base Rate Program 4	6/30/08 Meters
Atmos Pipeline-Texas	5/24/04		417,111		8.258%		10.00%		50/50		NA	N/A	N/A	n/a
Atmos Pipeline-Texas - GRIP	4/15/2008		713,351		8.258%		10.00%		50/50		NA	N/A	N/A	n/a
Mid-Tex - Settled Cities	10/1/08		1,176,453	6	7.79%		9.60%		52/48		Y	Y	N	1,233,300
Mid-Tex - Dallas & Environs	6/24/08		1,127,924	6	7.98%		10.00%		52/48		Y	Y	N	308,300
Lubbock	3/1/04	6/1/2008	43,300	52,186	9.15%	7.79%	11.25%	9.60%	50/50	52/48	Y	Y	N	73,171
Lubbock Environs GRIP 7	9/1/2008		50,778		9.15%		11.25%		50/50		NA	N/A	N/A	n/a
West Texas Cities	5/1/04	8/29/2008	87,500	112,043	8.77%	7.79%	10.50%	9.60%	50/50	52/48	Y	Y	N	156,785
W. TX Cities Environs GRIP 7	1/1/2008		96,738		8.77%		10.50%		50/50		NA	N/A	N/A	n/a
Amarillo	9/1/03		36,844		9.88%		12.00%		50/50		Y	Y	N	70,327
Colorado	10/1/07		81,208		8.45%		11.25%		52/48		N	N	N	110,322
Kansas	05/12/08		135,561		2	8.47%	2	11.00%	2	52/48	Y	Y	N	129,877
Georgia	9/17/2008		66,893		7.75%		10.70%		55/45		N	Y	Y	69,484
Illinois	11/1/00		24,564		9.18%		11.56%		67/33		N	N	N	23,421
Iowa	3/1/01		5,000		2		11.00%		57/43		N	N	N	4,428
Kentucky	8/1/07		169,406		2	8.82%	2	11.75%	2	52/48	N	Y	Y	177,396
Missouri	3/4/07		55,976		2	8.59%	2	12.00%	2	56/44	N	N 5	N	58,581
Tennessee	11/4/07		186,506		8.03%		10.48%		56/44		N	Y	Y	133,965
Virginia	08/1/04	2/20/2008	32,668	36,675	8.46%-8.96%	8.08%	9.50%-10.50%	10.00%	52/48	55/45	Y	Y	N	23,476
TransLa	4/1/08		96,834		2	8.00%	10.00%-10.80%		52/48		N	Y	N	79,739
LGS	7/1/08		221,970		2	8.21%	10.40%		52/48		N	Y	N	280,742
Mississippi	1/1/05	9/5/2008	196,801	214,525	8.23%	8.06%	9.80%	10.46%	53/47	53/47	N	Y	N	272,105

¹ The rate base, authorized rate of return and authorized return on equity presented in this table are those from the last base rate case 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 bad debt rider allows us to recover from ratepayers the gas cost portion of uncollectible accounts.

⁴ The performance-based rate program provides incentives to natural gas utility companies to minimize purchased gas costs by allowing the utility company and its customers to share the purchased gas cost savings.

⁵ The Missouri jurisdiction has a straight-fixed variable rate design, which decouples gross profit margin from customer usage patterns.

⁶ Mid-Tex rate base for settled cities and Dallas both represented on a 'system-wide' basis.

⁷ Lubbock & WT Cities Environs are calculated on a 'system wide' basis and will only be applied to environs areas once RRM/CCVP takes effect.



Atmos Energy Corporation Analyst Conference

February 26, 2009

Forward Looking Statements



The matters discussed or incorporated by reference in this presentation 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 presentation are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this presentation or in any of our other 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 discussed in this presentation, including the risks relating to regulatory trends and decisions, our ability to continue to access the capital markets, and the other factors discussed in our filings with the Securities and Exchange Commission. These factors include the risks and uncertainties discussed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2008 and in our Quarterly Report on Form 10-Q for the three months ended December 31, 2008. Although 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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Further, we will only update our annual earnings guidance through our quarterly and annual earnings releases. All estimated financial metrics for fiscal year 2009 and beyond that appear in this presentation are current as of the date noted on each relevant slide.

Management Participants



Robert W. Best - Chairman & CEO

Kim Cocklin - President and COO

Fred Meisenheimer - Senior VP, CFO and Controller

Mark H. Johnson - Senior VP, Nonregulated Operations

Susan Giles - VP, Investor Relations

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Overview



Company Profile

- The nation's largest pure-gas distribution company
- Solid financial foundation – strong balance sheet
- Track record of creating shareholder value
 - Consistent earnings per share growth – with an annual average increase of over 5% the last five years
 - 25 consecutive years of increasing dividends
- Focused strategy over time
 - Maximize core regulated earnings capability
 - Complement core regulated businesses through select nonregulated operations
 - Grow through prudent acquisitions

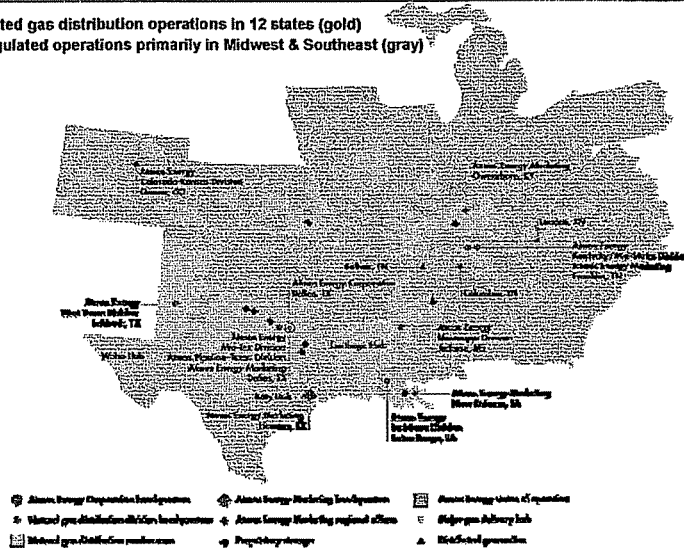
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Overview



The Nation's Largest Pure Gas Distribution Company

- Regulated gas distribution operations in 12 states (gold)
- Nonregulated operations primarily in Midwest & Southeast (gray)

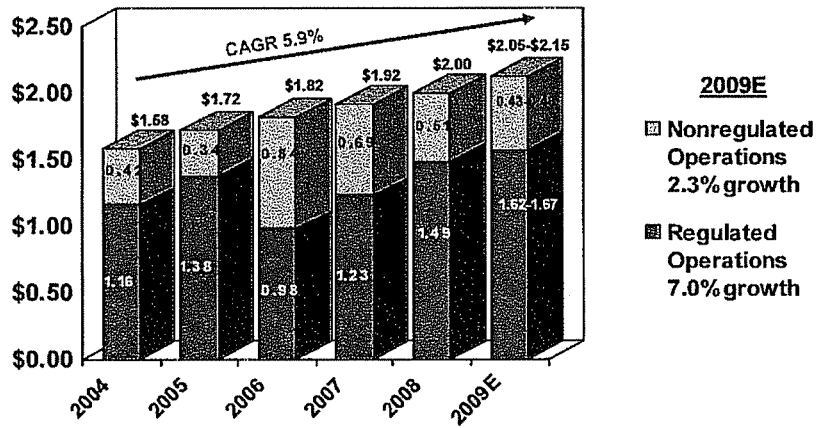


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Overview



Diluted Earnings Per Share Contribution Shows Steady Growth



As of February 4, 2009

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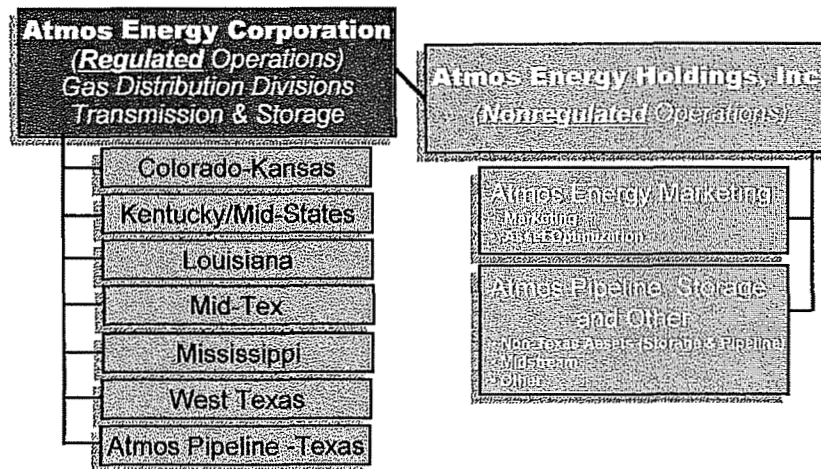
Overview



Recent Achievements

- Received credit rating upgrades
 - December 2008, S&P raised corporate credit rating to BBB+ from BBB with "Stable" outlook
 - January 2009, Moody's revised corporate rating outlook to "Positive" from "Stable" and affirmed ratings at Baa3
- Successful execution of committed facilities
 - In October 2008, Atmos Energy Corporation secured a \$212.5 million, 364-day committed revolving credit facility, replacing the \$300 million facility that expired October 29, 2008
 - In December 2008, Atmos Energy Marketing converted its \$580 million, uncommitted facility to a 364-day \$375 million committed revolving credit facility
- Increased earnings and dividends per share
 - In November 2008, increased the dividend for the 21st consecutive year
 - In November 2008, the company reached fiscal 2008 earnings objective of \$2.00 per diluted share
 - In February 2009, reported strong results for the first quarter of fiscal 2009

Regulated Operations

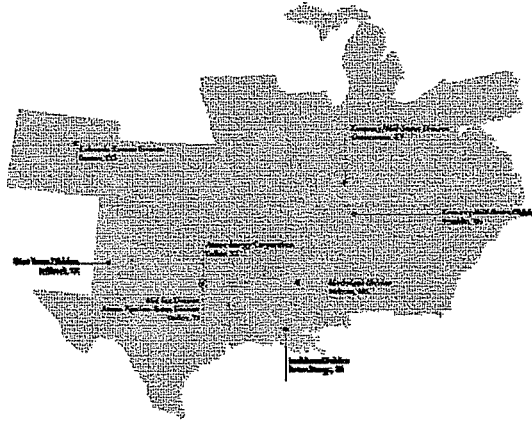


Regulated Operations



Margin Drivers in the Regulated Business Operating in 12 states (gold)

- Grow rate base by investing capital and adding customers
 - Rate base of \$3.5 billion at 9/30/08
 - Compound annual growth in rate base projected to range between 5.0% and 5.5% over the next five years
- Executing our rate strategy
 - \$50-\$60 million annual approved rate increases



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Regulated Operations



Successfully Executing on the Rate Strategy

	Number of Customers	Percentage of Total	Purchased Gas Cost Adjustments	WNA	GRIP/ Accelerated Capital Recovery	Decoupling/ Rate Stabilization	Gas Cost Bad Debt Recovery
Texas	1,800,000	57%	✓	✓	✓	Partial ¹	Partial ⁵
Louisiana	350,000	11%	✓	✓	✓	✓	
Mississippi	270,000	8%	✓	✓	✓	✓	
Remaining Jurisdictions	770,000	24%	✓	✓ ¹	Partial ²	Partial ⁴	Partial ⁵

Partial means applicable within certain jurisdictions within the category.

¹ Excludes Colorado, Iowa and Illinois for a total of about 138,500 customers.

² Includes Missouri, Kansas and Georgia for a total of about 257,000 customers.

³ Includes Mid-Tex Division and West Texas Cities customers residing in jurisdictions covered by settlement agreements.

⁴ Includes Missouri for a total of about 59,000 customers.

⁵ Includes Mid-Tex Division, Amarillo and West Texas Cities jurisdictions for a total of about 1,730,000 customers.

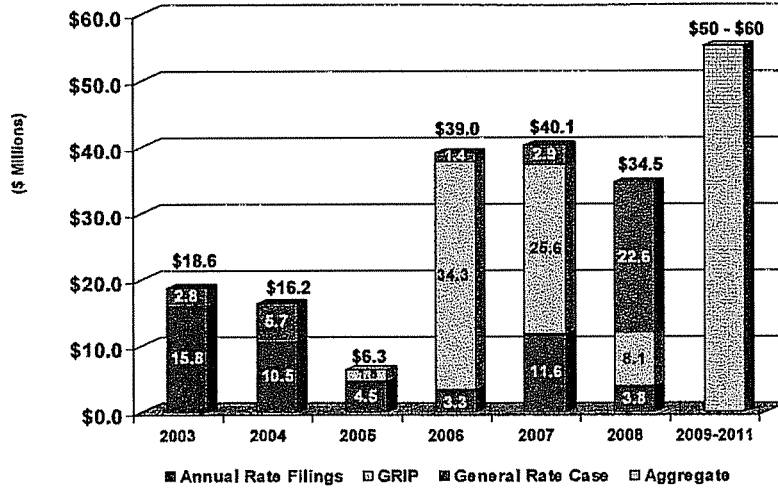
⁶ Includes Kansas, Virginia and Tennessee for a total of about 287,000 customers.

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Regulated Operations



Approved Annual Rate Increases in Regulated Operations



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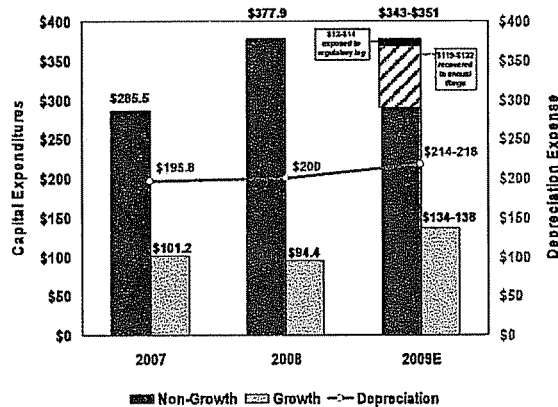
Regulated Operations



Managing Capital Expenditures

Accelerated Rate Mechanisms Provide Timely Returns

(\$ millions)



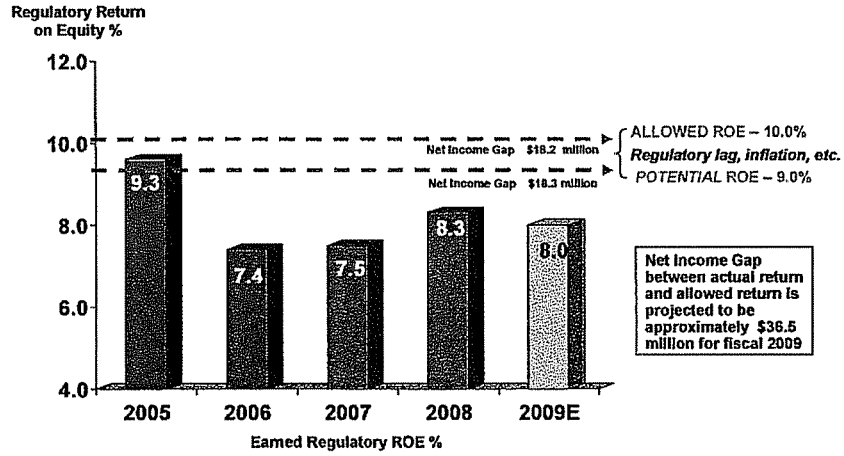
- Includes both Natural Gas Distribution and Regulated Transmission and Storage segments
- \$119-\$122 million of non-growth capital to be spent in areas with updated annual filings in Texas, Louisiana & Mississippi
- \$12-\$14 million to be spent in remaining states where rate cases are filed-regulatory lag

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Regulated Operations



ROE Potential in Regulated Distribution and Pipeline Operations



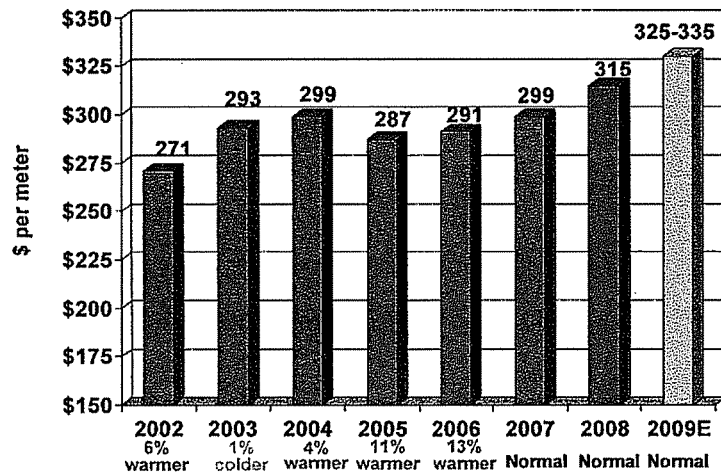
Note: Calculations are based on regulatory accounting treatment and are not consistent with accounting under GAAP

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Regulated Operations



Gas Distribution Gross Profit per Meter



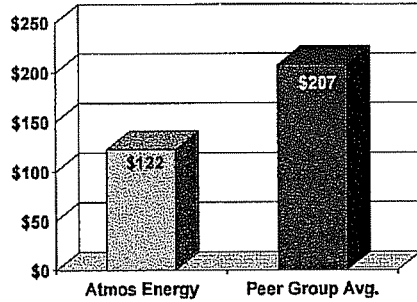
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Regulated Operations

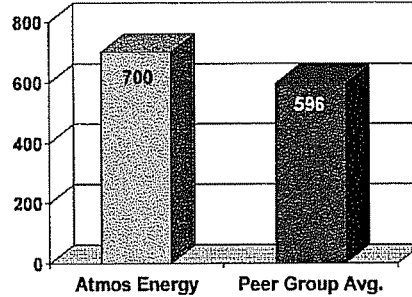


Leading Utility Efficiency Metrics vs. Peers

2008 Utility O&M Expense Per Customer



Customers Served per Utility Employee



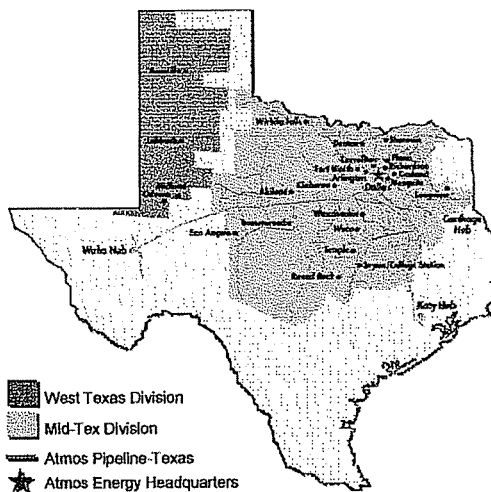
Note: Results are based on fiscal 2008 performance for Atmos and most recent annually reported information available for the peer group. Companies in the peer group include AGL Resources, Integrys, Laclede, New Jersey Resources, Nisource, Northwest Natural Gas, Oneok, Piedmont Natural Gas, Southwest Gas and WGL Holdings

Regulated Operations

Regulated Transmission and Storage



Strategically Positioned Atmos Pipeline – Texas

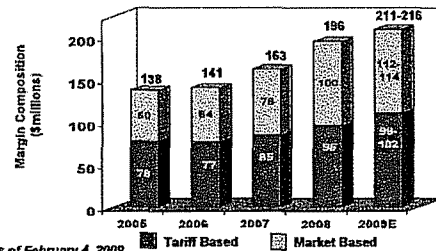
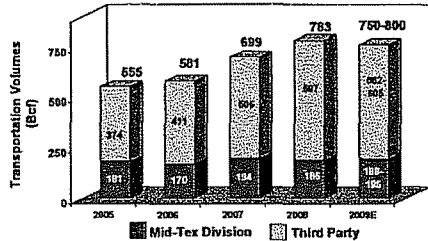


- Favorably positioned; spans Texas gas supply basins and growing consumer market
- Pipeline Operations
 - Connects to major market hubs- Waha, Katy and Carthage
 - 6,300 miles of intrastate pipeline
 - Transported 780 Bcf in fiscal 2008 and expect between 750-800 Bcf in fiscal 2009
 - Current average volume of approximately 2.1 Bcf/d
 - Demonstrated peak day deliveries of 3.5 Bcf/d
- Five Storage Facilities
 - One salt cavern, four reservoirs
 - 39 Bcf working gas capacity
 - 1.2 Bcf/d maximum withdrawal
 - 270 MMcf/d maximum injection

Regulated Operations Regulated Transmission and Storage



Atmos Pipeline – Texas Growth Drivers



As of February 4, 2009

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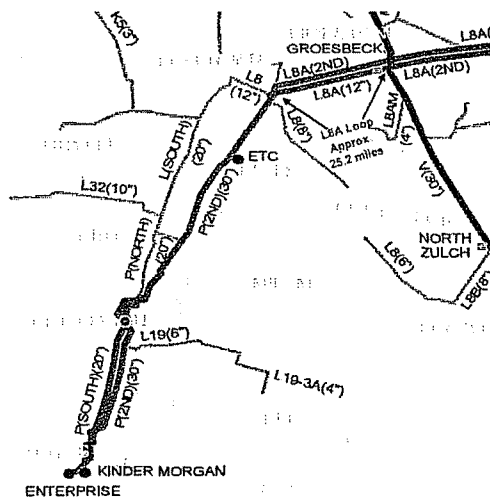
Growth Drivers

- Increased through-system volumes primarily from producers in Barnett Shale
- Margin expansion through ancillary services such as parking and lending, balancing, blending, and compression
- Increasing basis differentials between Texas hubs
- Accelerated capital recovery through GRIP mechanism
- Required pipeline rate case filing anticipated September 2010
- Pursue capacity and compression growth opportunities via projects

Regulated Operations Regulated Transmission and Storage



Austin Corridor Project – L8A Loop



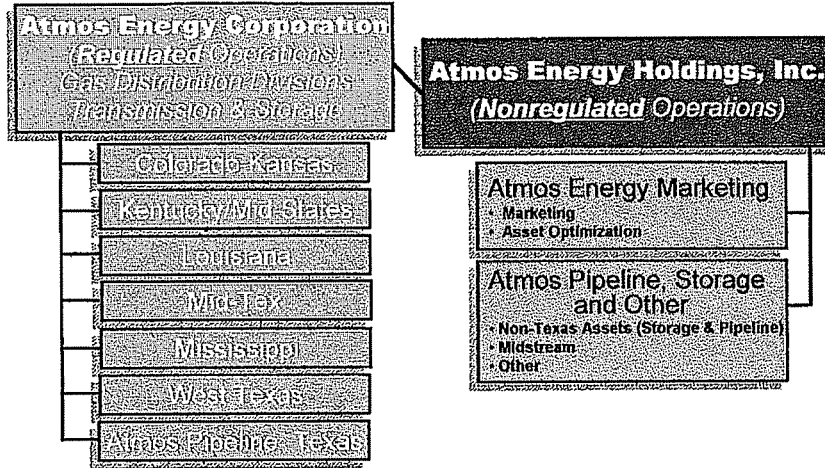
- Approximately 25 miles of 24-inch pipe extending from Groesbeck to Riesel Junction lines
- Completed pipeline should supply an incremental 100 MMcf/d to current design demand of 232 MMcf/d
- Provides increased service to existing LDCs and power plants and will compete for new power plant business in the Austin area
- Estimated capital cost of between \$50-\$55 million
- Estimated completion in 3rd quarter of fiscal 2009

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Nonregulated Operations



Organization Structure



Nonregulated Operations



Business Mix

	Core Business	Core Business	Growth Business
Business	Delivered Gas	Asset Optimization	Mid-Stream Development
Services	Aggregate & Purchase Gas Supply, Transport, Storage/Load Balancing, Risk Management and other bundled services	Extract (optimize) the value of owned, leased or managed storage and transportation assets as markets provide opportunities via price volatility	Gather, process and store producer volumes for downstream delivery to markets
Strategy	Find cost effective sources of gas and deliver to customers reliably and at a competitive price. Provide creative solutions and services to meet customers gas requirements	Capture additional value of storage and transportation assets thru arbitrage and segmenting strategies, within risk limits. Expand leased storage and transportation capacity thru new customer relationships	Develop or acquire gathering, processing or storage assets that will provide steady, predictable income and support marketing opportunities. Reduce gas costs through value-added services provided to producers.
Margins	More predictable margins from primarily 90 day to 365 day contracts Driven by Customer demand for gas volumes, services and competition.	Variable margins, with upside. Driven by gas price spread volatility creating arbitrage potential, physical storage capabilities, costs & available storage & transport capacity.	Stable, fee-based income. Driven by gathering, processing, and storage services.

Nonregulated Operations



Market Overview	Impact	Business Reason
▪ Increased availability of pipeline and storage assets	Positive	Reduces cost for leased or managed storage and pipeline assets; potential for greater asset optimization
▪ Uncertainty around the future role of large financial institutions in the marketing business	Positive/ Neutral	Creates opportunity to hire talented employees, partly offset by the loss of market liquidity
▪ Tighter credit may result in consolidation or exit of competitors	Neutral	Potential to increase market share, partially offset by higher credit costs
▪ Lower natural gas prices	Positive	Reduces collections risk and working capital impact
▪ Struggling economy	Negative	Decreases demand and increases customer bankruptcy potential
▪ Dampened time spread volatility	Negative	Reduces market arbitrage values, which could impact asset optimization margins

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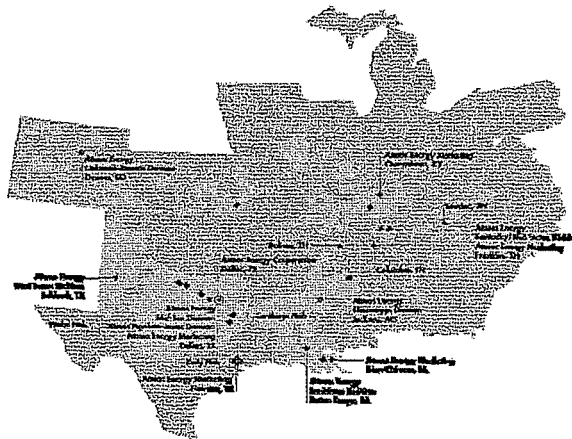
Nonregulated Operations



Atmos Energy Marketing Customers (gray states)

Key Growth Drivers

- Retain existing customers
- Saturate existing markets—target Atmos Energy's distribution footprint
- Expand into targeted growth markets—where we lease, own or manage storage & transportation assets
- Expand asset management business
- Unit margin expansion from premium value-added services provided to customers
- Access to storage and transportation capacity



- Atmos Energy Corporate Headquarters
- Atmos Energy Marketing Headquarters
- Atmos Energy Storage/Transportation Assets
- Atmos Energy Marketing Regional Offices
- Major Gas Delivery Hubs
- Storage Gas Delivery Assets
- Storage Gas Delivery Assets
- Storage Gas Delivery Assets

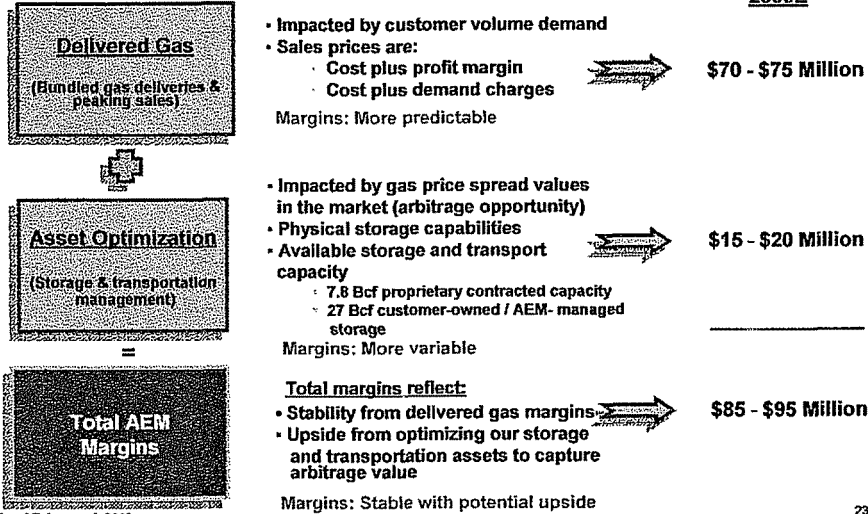
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Nonregulated Operations



Atmos Energy Marketing – Margin Composition

2009E



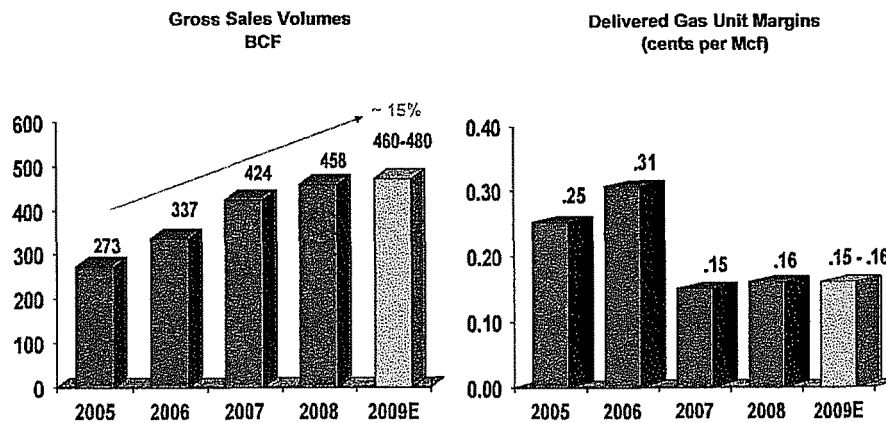
As of February 4, 2009

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Nonregulated Operations



Delivered Gas Volumes Projected to Continue Growth Trend

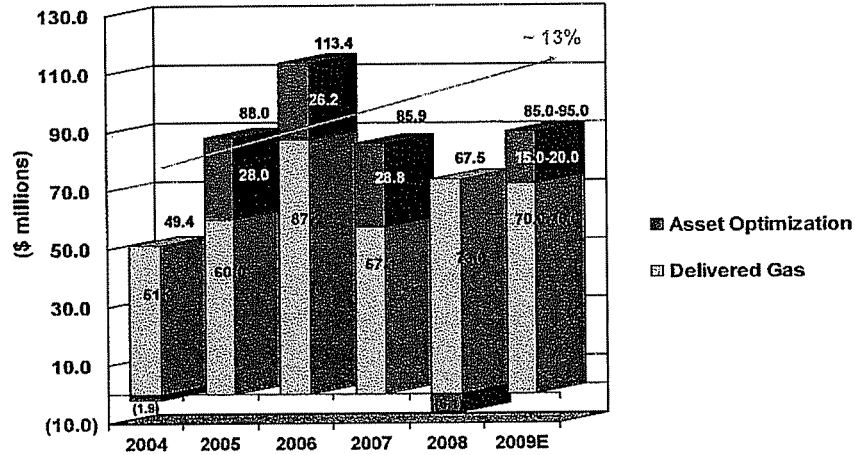


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Nonregulated Operations



Atmos Energy Marketing Realized Margins Projected Compound Annual Growth Rate

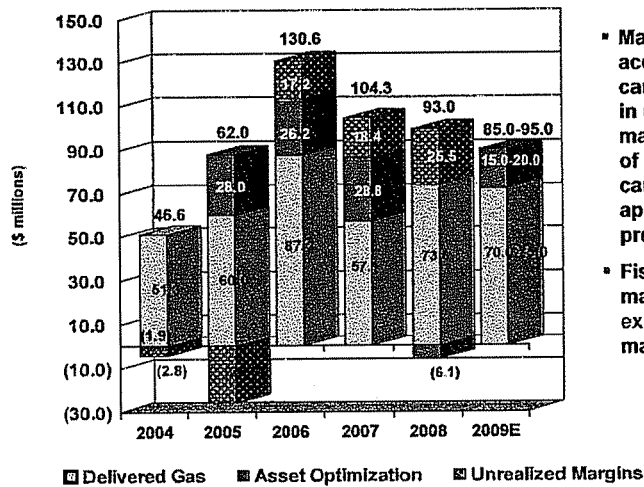


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Nonregulated Operations



Atmos Energy Marketing Margins – Mark-to-Market Accounting Impact



- Mark-to-market accounting can cause large swings in unrealized margins. An example of the accounting can be found in the appendix to this presentation
- Fiscal 2009E marketing margins exclude any mark-to-market impact

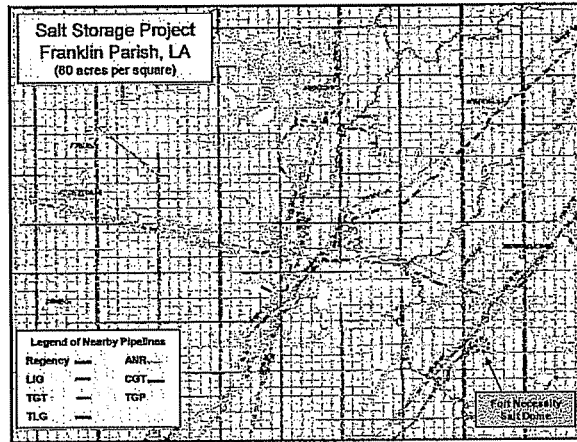
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Nonregulated Operations



Pipeline Storage & Other Segment - Ft. Necessity Gas Storage Project

- Initial project includes development of three 6 Bcf caverns with six-turn injection and withdrawal capabilities
- Storage facility spans 500 acres adjacent to large interstate pipelines
- Pending FERC approval, first cavern projected to be operational in 2011; the other two caverns operational by 2012 and 2014
- Depending on market demand, four additional storage caverns could potentially be developed
- Successful non-binding open season completed in July 2008
- Currently considering an ownership/development arrangement



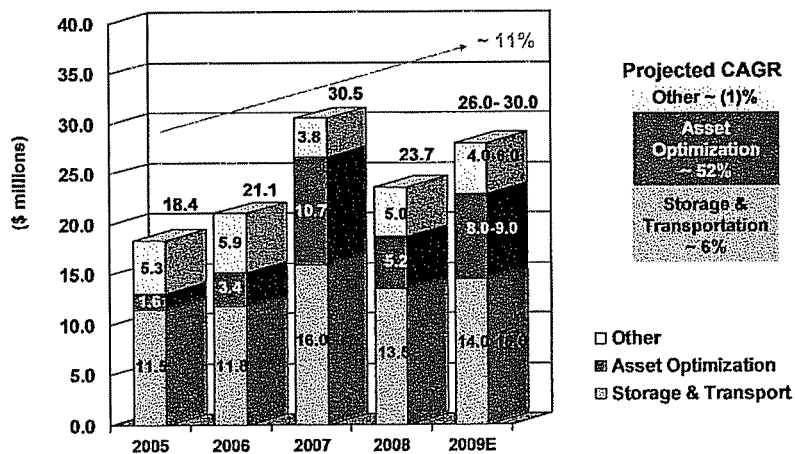
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Nonregulated Operations



Atmos Pipeline and Storage Realized Margin

Projected Fiscal 2009E Compound Annual Growth Rate

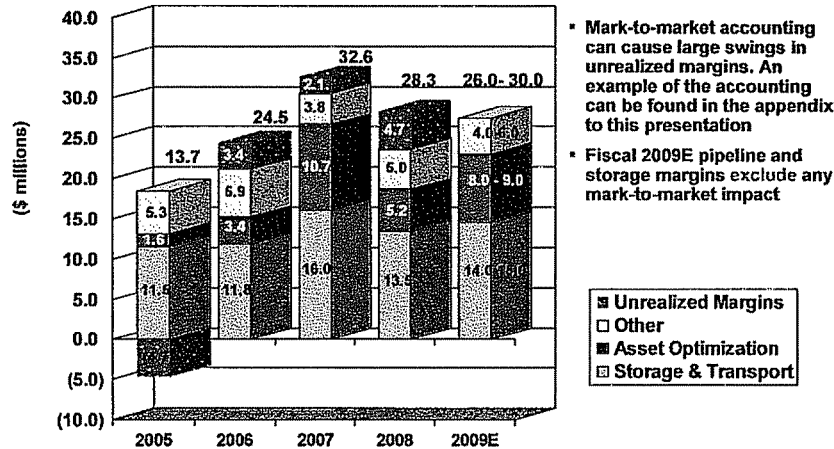


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Nonregulated Operations



Atmos Pipeline and Storage and Other Margin Mark-to-Market Accounting Impact



- Mark-to-market accounting can cause large swings in unrealized margins. An example of the accounting can be found in the appendix to this presentation
- Fiscal 2009E pipeline and storage margins exclude any mark-to-market impact

Unrealized Margins
 Other
 Asset Optimization
 Storage & Transport

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Financial Review



Consolidated Earnings Guidance – Fiscal 2009E

- Atmos Energy continues to anticipate earnings to be in the range of \$2.05 – 2.15 per diluted share for the 2009 fiscal year
- Assumptions remain unchanged and include:
 - Contribution from natural gas marketing segment reflecting less volatility in gas price spreads
 - Total expected gross margin contribution from the marketing segment at the lower end of the \$85 - \$95 million range
 - Continued successful execution of rate strategy and collection efforts
 - Bad debt expense of no more than \$12 million
 - Average annual short-term interest rate of 4.8%
 - Average gas cost ranging from \$6.00 - \$9.00 per mcf
 - No material acquisitions

Note: Changes in these events or other circumstances that the company cannot currently anticipate could materially impact earnings, and could result in earnings for fiscal 2009 significantly above or below this outlook.

As of February 4, 2009

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Financial Review



Projected Net Income by Segment

(\$ millions, except EPS)

	2005	2006	2007	2008	2009E
Natural Gas Distribution	\$ 81	\$ 53	\$ 73	\$ 93	\$ 104 - 107
Regulated Trans. & Storage	28	27	34	41	44 - 46
Natural Gas Marketing	23	58	46	30	23 - 25
Pipeline, Storage & Other	4	10	15	16	17 - 19
Total	136	148	168	180	188 - 197
Avg. Diluted Shares	79.0	81.4	87.7	90.2	91.6
Earnings Per Share	\$ 1.72	\$ 1.82	\$ 1.92	\$ 2.00	\$ 2.05 - \$2.15

As of February 4, 2009

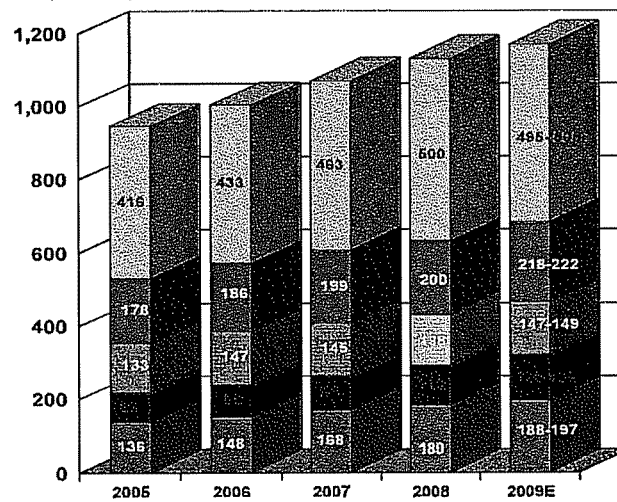
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Financial Review



Selected Income Statement Components

(\$ millions)



2009E Consolidated
(\$ millions)

O & M	\$495 - \$505
DGA	\$216 - \$222
Interest	\$177 - \$185
Income Tax	\$120 - \$126
Net Income	\$188 - \$197
Shares Out	91.6 million

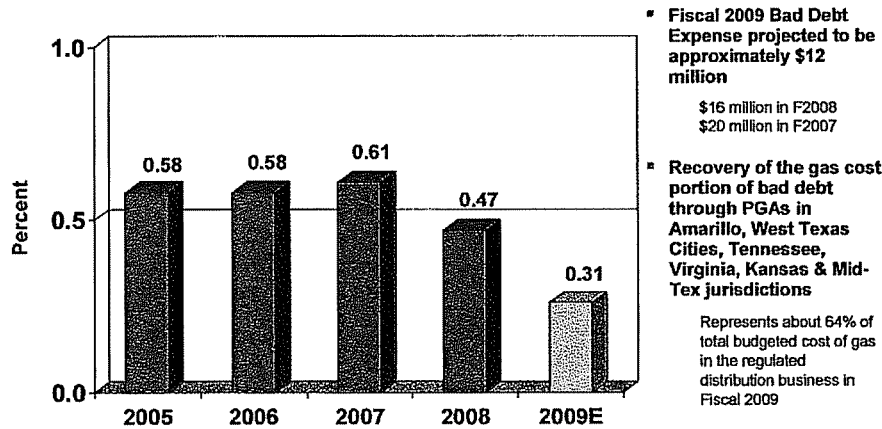
As of February 4, 2009

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Financial Review



Gas Distribution Bad Debt Expense as a % of Revenues Declines



As of February 4, 2009

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Financial Review



Pension & Postretirement Benefits Obligations

- We expect to fund at the 94 percent level, as permitted by the new ERISA funding requirements. Based on the January 1, 2009 measurement date, this would require a contribution of less than \$25 million to our plans by September 15, 2009.
- This funding will:
 - Increase the level of our plan assets
 - Not immediately impact the income statement
 - Gains and losses from the changes in the fair value of plan assets are recognized over time as we calculate our FV of plan assets using an asset smoothing technique which recognizes changes in FV of the assets over a "systematic" or "smoothed" time period
- The plans will be re-evaluated annually and the effects measured to ensure that the projected pension liability, the pension expense or income and the minimum and desired funding levels are achieved

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Financial Review



Projected Cash Flow

(\$ millions)

	2005	2006	2007	2008	2009E
Cash Flows from Operations	\$ 387	\$ 311	\$ 547	\$371	\$ 490 - 510
Maintenance/Non-growth Capital	(243)	(287)	(287)	(378)	(345-355)
Dividends	(99)	(102)	(112)	(117)	(121)
Cash Available for Debt Reduction and Growth Projects	\$ 45	\$ (78)	\$ 148	\$(124)	\$ 24 - 34

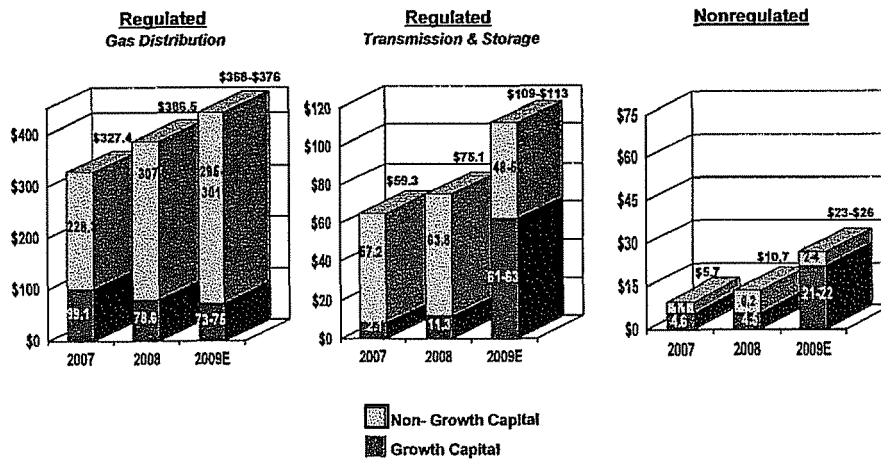
35

Financial Review



Capital Expenditures

(\$ millions)



As of February 4, 2009

Consolidated fiscal 2009 CAPEX projection is \$500-\$515 million

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Financial Review



Ample Liquidity with Existing Credit Lines

- In December 2008, Atmos Energy Marketing amended its existing \$580 million *uncommitted* demand working capital credit facility, to convert it to a 364-day \$375 million *committed* revolving credit facility, expiring December 29, 2009
 - The amended facility also provides the ability to increase the borrowing base up to a maximum of \$450 million on a committed basis
 - Participating banks include BNP Paribas, Fortis Capital, Societe Generale, Royal Bank of Scotland, Natixis, RZB Finance and Brown Brothers Harriman
- \$600 million, 5-year committed revolving credit facility, expires December 2011
 - Serves as a backup liquidity facility for our \$600 million commercial paper program
 - Lehman Brothers Bank, with a commitment of approximately \$33 million, ceased funding in September 2008, leaving \$567 million of capacity available
- \$212.5 million, 364-day committed revolving credit facility, expires October 27, 2009
 - Replaced, on essentially the same terms, but at a substantially higher cost, \$300 million, 364-day facility that expired October 29, 2008
- \$18 million, 364-day committed credit facility from Amarillo National Bank, expires March 31, 2009

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Financial Review



Investment Grade Credit Ratings

Moody's	Rating
▪ Senior Unsecured Debt:	Baa3
▪ Commercial Paper:	P-3
▪ Outlook:	positive *
Standard & Poor's	
▪ Senior Unsecured Debt:	BBB+ **
▪ Commercial Paper:	A-2
▪ Outlook:	stable
Fitch	
▪ Senior Unsecured Debt:	BBB+
▪ Commercial Paper:	F-2
▪ Outlook:	stable

* Moody's changed rating outlook to "positive" from "stable" on January 8, 2009

**S&P raised rating from BBB to BBB+ with a "stable" outlook on December 23, 2008

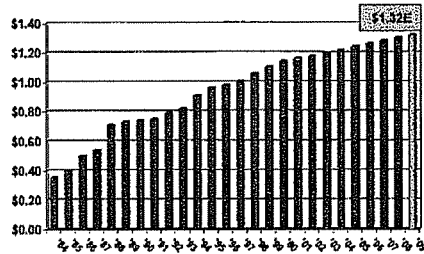
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Financial Review



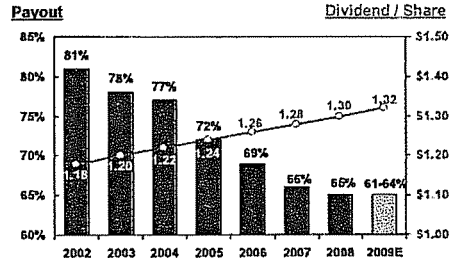
Annual Dividend Grows While Dividend Payout Ratio Improves

Common Dividend: 1984 – 2009E



Note: Amounts are adjusted for mergers & acquisitions. For fiscal 2009, \$1.32 is the indicated annual dividend.

Payout Ratio: 2002 – 2009E



Current Dividend Yield Approximately 5.1%
Average LDC Payout Ratio = 65%

As of February 4, 2009

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Summary



Company Profile

- The nation's largest pure-gas distribution company
- Solid financial foundation – strong balance sheet
- Track record of creating shareholder value
 - Consistent earnings per share growth – with an annual average increase of over 5% the last five years
 - 25 consecutive years of increasing dividends
- Focused strategy over time
 - Maximize core regulated earnings capability
 - Complement core regulated businesses through select nonregulated operations
 - Grow through prudent acquisitions

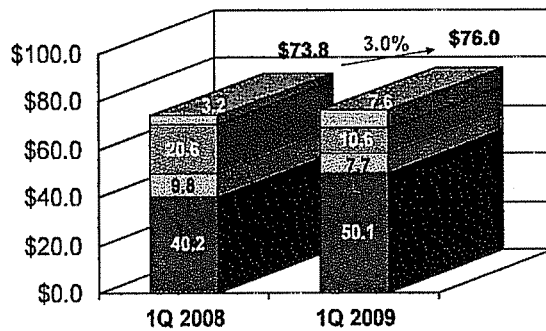
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Slide Appendix

Financial Review

Q1 Fiscal 2009 Net Income by Segment

(\$ in millions)



Key Drivers

- Rate increases, primarily in Texas
- Increase in transportation margins at the regulated pipeline
- Decrease in nonregulated natural gas marketing margins, due to unrealized mark-to-market losses on asset optimization activities
- Increase in O&M expenses

■ Natural gas distribution
■ Natural gas marketing

■ Regulated transmission & storage
■ Pipeline, storage & other

Financial Review**Available Liquidity at 12/31/08**

Instrument	Total Capacity (in millions)	Drawn (in millions)	Available Capacity (in millions)
5-year Revolver	566.7	202.9 CP 157.9	205.9
364-day	212.5	0	212.5
364-day	18.0	0	18.0
364-day	375.0	L/C 100.0 Covenant ⁽¹⁾ 97.2	177.8
Cash			69.8
		Available Capacity:	\$ 684.0

(1) Certain loan covenant restrictions exist that limit the effective available capacity

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**Regulated Operations
Rate Case Highlights – Fiscal 2009****Gas Reliability Infrastructure Program (GRIP) Filing****Atmos Pipeline -Texas**

- February 13, 2009, made annual GRIP filing
- Filed for approximately \$7.5 million revenue increase related to return and capital-related expenses on \$51.3 million in net investment during calendar 2008
- Anticipate implementation date no later than May 29, 2009

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**Regulated Distribution
Rate Case Highlights – Fiscal 2009**



Louisiana Stable Rate Filing

- December 2008, made annual rate stabilization filing for TransLa jurisdiction, requesting an increase of \$0.9 million
- Requested ROE of 10.0%; overall return of 8.77%
- Capital structure: 52 percent debt / 48 percent equity
- Rate Base of \$97.1 million, which affects about 75,000 customers
- Filing is for test year ended September 30, 2008
- Rate change is expected to be effective April 1, 2009

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**Regulated Distribution
Rate Case Highlights – Fiscal 2009**



Mid-Tex Division Rate Case Filing – City of Dallas

- November 5, 2008, filed for a rate increase in the City of Dallas of about \$9.1 million
- Case only filed in the City of Dallas. Previously reached settlement with the remaining 438 cities of 439 total cities in the Mid-Tex Division
 - Mid-Tex Division serves approximately 222,000 residential, commercial and industrial customers in Dallas
 - City of Dallas suspended filing on December 10, 2008
 - City of Dallas has until March 11, 2009, to accept/settle/deny the request
 - Final action required on appeal to RRC by August 31, 2009
- Requested ROE of 11.7%; Requested ROR of 8.85%
- Requested Capital Structure: 50.18% Debt / 49.82% Equity
- Proposed system-wide Rate Base of \$1.315 billion; System-wide Authorized Net Plant of \$1.422 billion
- Includes increase in rate base of \$97.6 million for 12 months ended June 30, 2008, and \$80.9 million for 2008 GRIP expenditures
- Test year ended June 30, 2008; Net plant projected through March 2009

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Regulated Distribution Rate Case Highlights – Fiscal 2009



Tennessee Rate Filing

- October 15, 2008, filed request for revenue increase of about \$6.3 million
- Requested monthly residential customer charge increase to \$15.00 from \$13.00 in winter months; and increase to \$12.00 from \$10.00 during summer months
- Requested capital structure of 50% debt / 50% equity
- Requested ROE of 11.7%; Requested ROR of 8.99%
- Requested Rate Base: \$191.0 Million
- Forward-looking filing with test year ended March 31, 2010
- Serve about 132,000 customers
- Statutory deadline for decision is April 15, 2009

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Nonregulated Operations Atmos Energy Marketing



Economic Value vs. GAAP Reported Results

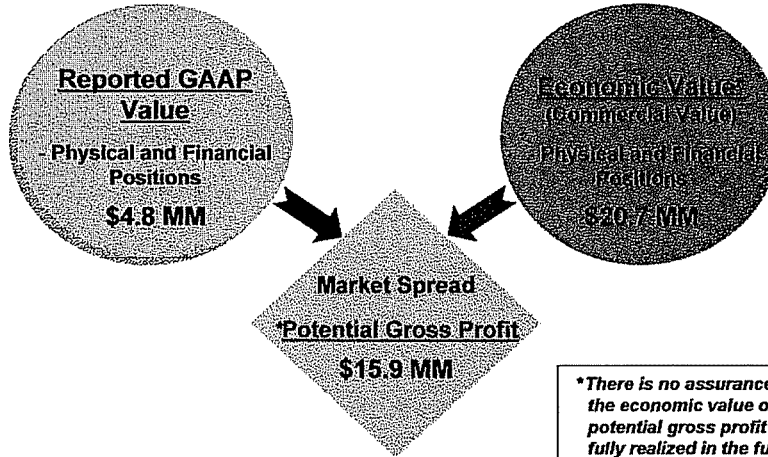
- We commercially manage our storage assets by capturing arbitrage value through optimization strategies that create embedded (forward) value in the portfolio. We report the transactions for external financial reporting purposes in accordance with generally accepted accounting principles ("GAAP").
- **GAAP Reported Value** is the period to period net change in fair value of the portfolio reported in the income statement that results from the process of marking to market the physical storage volumes and corresponding financial instruments in an interim period.
- **Economic Value** is the period to period forward margin of our storage portfolio that results from the process of calculating our weighted average cost of inventory (WACOG), and our weighted average sales price of our forward financials (WASP), then multiplying the difference times inventory volumes. This margin will be realized in cash when the hedged transaction is executed or when financials are settled and then reset to stay hedged against physical volumes.
 - **Economic Value** represents the "forward" economic margin of the transactions, while GAAP reported results reflect that portion of our "forward" margin that has been recorded in the income statement.
 - **Volatility** in earnings includes the impact of the accounting treatment of our storage portfolio in accordance with GAAP and is reflective of relatively high price volatility of the prompt month, and the relatively low volatility of the offsetting forward months.

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**Nonregulated Operations
Atmos Energy Marketing**



Economic Value vs. GAAP Reported Results



At December 31, 2008

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**Nonregulated Operations
Atmos Energy Marketing**



Economic Value vs. GAAP Reported Results

Three months ended

Period Ending	Physical Volume (Bcf)	Economic Value (EV) (\$ per mcf)				GAAP Reported Value - MTM (\$ per mcf)		Market Spread (\$ per mcf)	
		WASP	WACOG	EV	Total (\$ in millions)	Total (\$ in millions)	Total (\$ in millions)		
9/30/2007	12.3	11.1547	7.8297	3.3250	40.8	0.8819	10.8	2.4431	30.0
12/31/2007	17.7	8.8199	7.3266	2.4933	44.2	1.8561	32.9	0.6372	11.3
2008 Variance	5.4	\$ (1.3348)	\$ (0.5031)	\$ (0.8317)	\$ 3.4	0.9742	\$ 22.1	\$ (1.8059)	\$ (18.7)
9/30/2008	8.0	14.9977	8.9220	6.0757	48.5	4.5643	36.4	1.5114	12.1
12/31/2008	16.3	8.5874	7.3211	1.2663	20.7	0.2924	4.8	0.9739	15.9
2009 Variance	8.3	\$ (6.4103)	\$ (1.6009)	\$ (4.8094)	\$ (27.8)	(4.2719)	\$ (31.6)	\$ (0.5375)	\$ 3.8

WASP: Weighted average sales price for gas held in storage

WACOG: Weighted average cost of AEM's gas in storage

EV: "Economic Value" which equals gas sales price (WASP) minus cost of gas (WACOG) on a per unit basis

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Atmos Energy Corporation
Jurisdictional Rate Data
as of February 13, 2008

Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (pending)	Rate Base (in thousands) 1	Requested Rate Base (in thousands)	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Annual Revenue Stabilization	Bad debt Rider 3	WNA	12/31/08 Meters
Atmos Pipeline-Texas	5/24/04		417,111		8.258%		10.00%		50/50			n/a	n/a	n/a
Atmos Pipeline-Texas - GRIP ¹⁰	4/15/08	2/13/09	713,351	755,038	8.258%		10.00%		50/50			n/a	n/a	n/a
Mid-Tex - Settled Cities	11/1/08		1,176,453	6	7.79%		9.60%		52/48		Y	Y	Y	1,238,073
Mid-Tex - Dallas & Environs	6/24/08	11/5/08	1,127,924	6	7.98%	8.85%	10.00%	11.7%	52/48	50.18/49.82		Y	Y	309,518
Lubbock	3/1/04	8	43,300		9.15%		11.25%		50/50			Y	Y	73,690
Lubbock Environs GRIP ^{7, 10}	9/1/08	10/24/08	50,778	61,638	9.15%		11.25%		50/50			n/a	n/a	n/a
West Texas Cities	11/18/08		112,043		7.79%		9.60%		52/48		Y	Y	Y	156,605
W. TX Cities Environs GRIP ^{7, 10}	1/1/08	10/17/08	127,360	141,170	8.77%		10.50%		50/50			n/a	n/a	n/a
Amarillo	9/1/03		36,844		9.88%		12.00%		50/50			Y	Y	70,071
Colorado	10/1/07		81,208		8.45%		11.25%		52/48			N	N	111,465
Kansas	5/12/08		135,561	4	2	8.47%	2	11.0%	2	52/48		Y	Y	129,661
Georgia	9/22/08		66,893		7.75%		10.70%		55/45			N	Y	68,892
Illinois	11/1/00		24,564		9.18%		11.56%		67/33			N	N	23,374
Iowa	3/1/01		5,000		2		11.00%		57/43			N	N	4,431
Kentucky	8/1/07		169,406	4	2	8.82%	2	11.75%	2	52/48		N	Y	178,952
Missouri	3/4/07		55,976	4	2	8.59%	2	12.0%	2	56/44		N	N ⁵	59,072
Tennessee	11/4/07	10/15/08	186,506	191,000	8.03%	8.99%	10.48%	11.7%	56/44	50/50		Y	Y	134,788
Virginia	9/30/08		36,675		8.46%-8.96%		9.50%-10.50%		55/45			Y	Y	23,570
TransLa	4/1/08	12/29/08	96,834	97,100	2	8.77%	10.00%-10.80%	10.00%	52/48	52/48	Y	N	Y	78,978
LGS	7/1/08		221,970		2	8.21%	10.40%		52/48		Y	N	Y	280,698
Mississippi	1/1/05	9	196,801		8.23%		9.80%		58/42		Y	N	Y	272,539

¹ The rate base, authorized rate of return and authorized return on equity presented in this table are those from the last base rate case 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 bad debt rider allows us to recover from ratepayers the gas cost portion of uncollectible accounts.

⁴ The rate base per the last filing was not included in the respective state commission's final decision; however, the amount presented represents the filed rate base included in the latest filing.

⁵ The Missouri jurisdiction has a straight-fixed variable rate design, which decouples gross profit margin from customer usage patterns.

⁶ Mid-Tex rate base for settled cities and Dallas both represented on a 'system-wide' basis.

⁷ Lubbock & WT Cities Environs are calculated on a 'system wide' basis and will only be applied to environs areas once RRM/CCVP takes effect.

⁸ A 6/1/2008 filing under the Customer Conservation & Value Plan (CCVP) has been withdrawn by the Company and the CCVP tariff rescinded.

⁹ A 9/5/2008 filing under the Stable Rate Filing has been withdrawn by the Company.

¹⁰ GRIP filings are based on existing returns and the change in net utility plant investment.

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ATMOS ENERGY
QUESTIONS



Atmos Energy Corporation Analyst Conference

November 19, 2009

Forward Looking Statements

The matters discussed or incorporated by reference in this presentation 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 presentation are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this presentation or in any of our other 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 discussed in this presentation, including the risks relating to regulatory trends and decisions, our ability to continue to access the capital markets, and the other factors discussed in our filings with the Securities and Exchange Commission. These factors include the risks and uncertainties discussed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2009. Although 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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Further, we will only update our annual earnings guidance through our quarterly and annual earnings releases. All estimated financial metrics for fiscal year 2010 and beyond that appear in this presentation are current as of November 10, 2009.

Management Participants

Robert W. Best - Chairman & CEO

Kim Cocklin - President and COO

Fred Meisenheimer - Senior VP and CFO

Susan Giles - VP, Investor Relations

Atmos Energy Today



Robert W. Best
Chairman and CEO

Company Profile

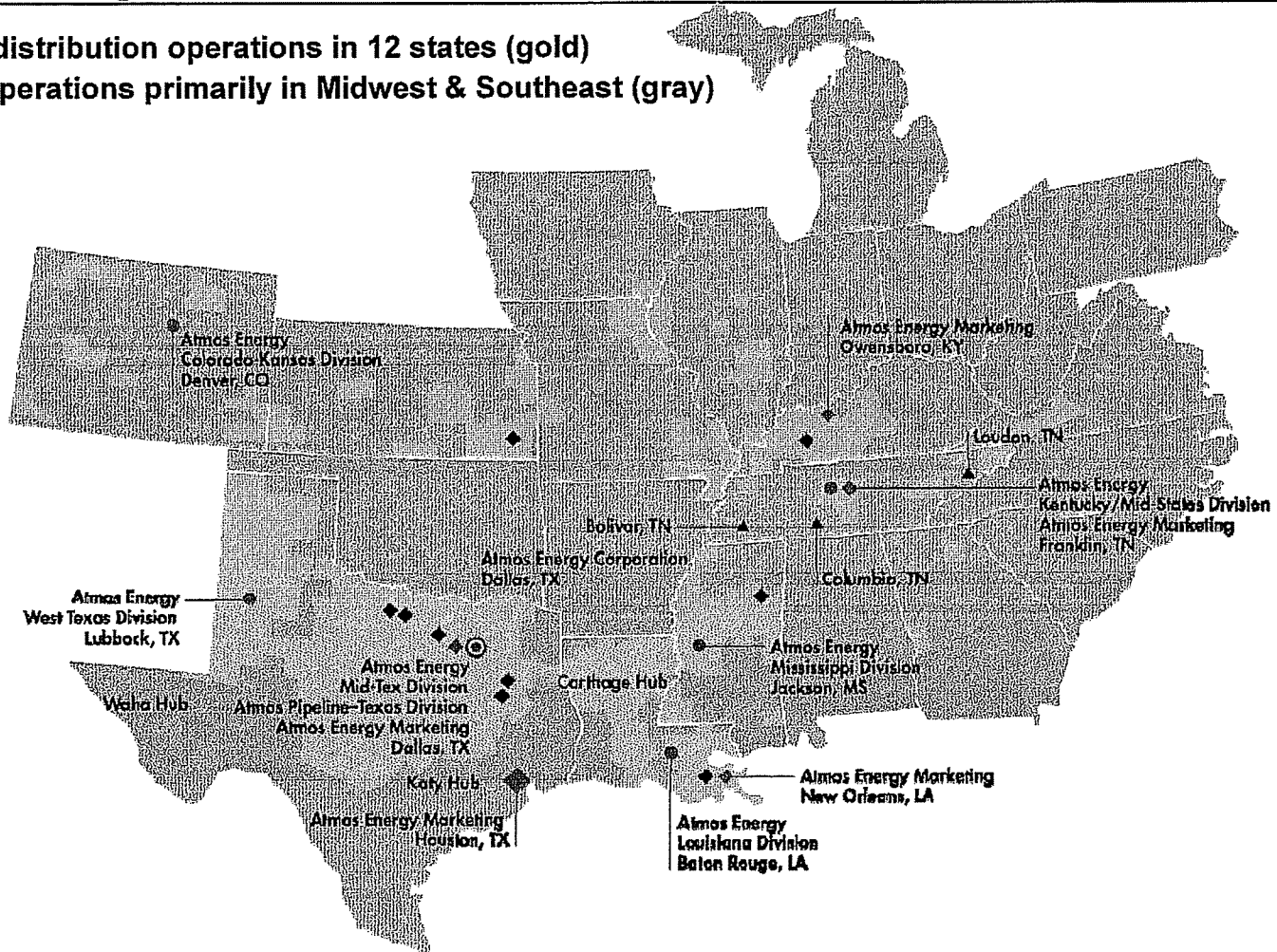
- The nation's largest pure-gas distribution company
- Solid financial foundation – strong balance sheet
- Track record of creating shareholder value
 - Consistent earnings per share growth – with an annual average increase of over 5% the last five years
 - 26 consecutive years of increasing dividends
- Focused strategy on core natural gas business
 - Maximize regulated earnings capability
 - Complement regulated businesses through select nonregulated operations
 - Grow through prudent acquisitions

Overview



The Nation's Largest Pure-Gas Distribution Company

- Regulated gas distribution operations in 12 states (gold)
- Nonregulated operations primarily in Midwest & Southeast (gray)



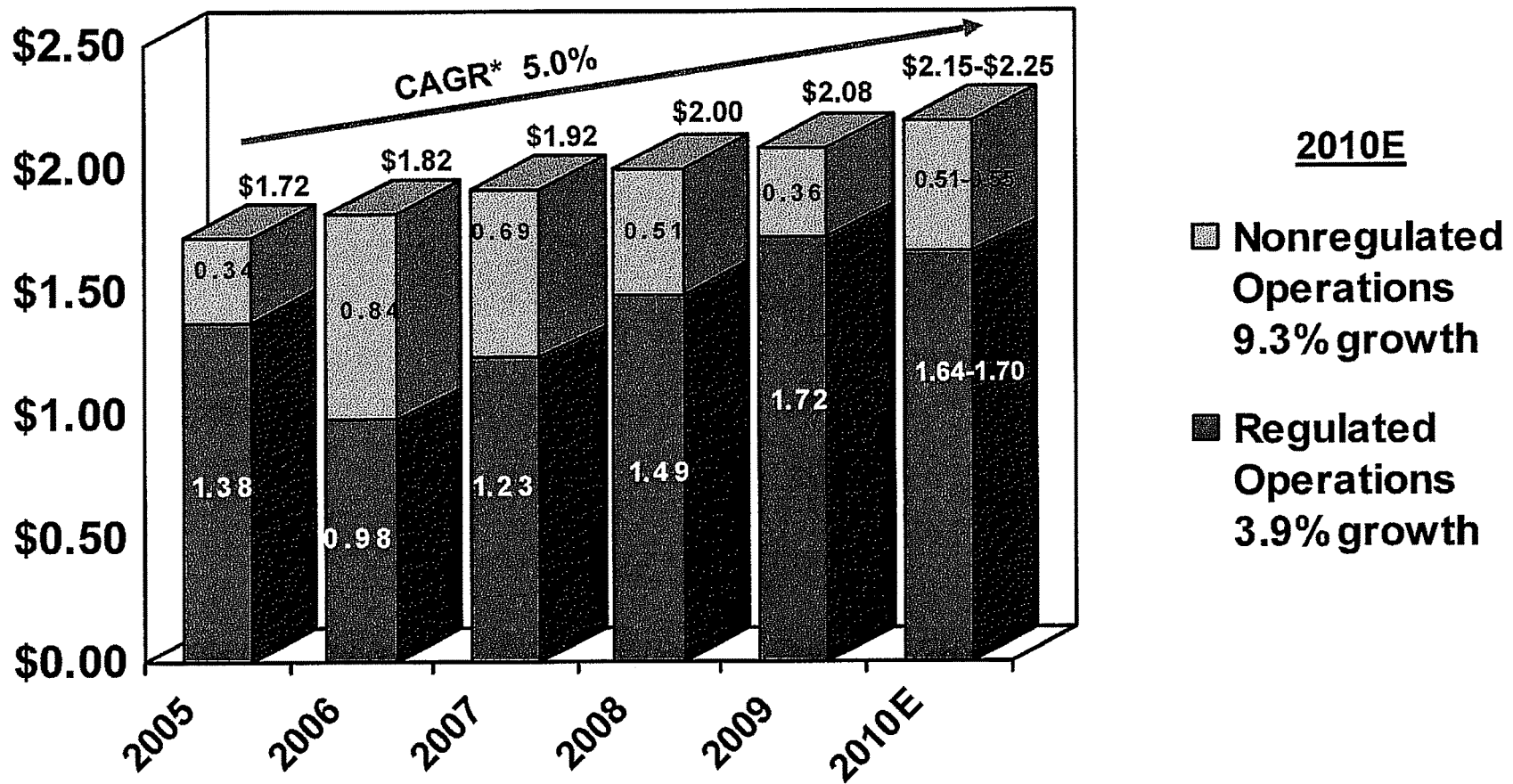
- Atmos Energy Corporation headquarters
- ◆ Atmos Energy Marketing headquarters
- Atmos Energy states of operation
- ⊙ Natural gas distribution division headquarters
- ◆ Atmos Energy Marketing regional offices
- ⊙ Major gas delivery hub
- Natural gas distribution service area
- ◆ Proprietary storage
- ▲ Distributed generation

Successful Acquisition History

Acquisition Date	Company Acquired	Customers Acquired	Purchase Price \$ (000s)
1986	Trans Louisiana Gas	69,000	44,100
1987	Western Kentucky Gas	147,000	85,100
1993	Greeley Gas Company	98,000	111,717
1997	United Cities Gas Co	307,000	469,485
2000	ANG Missouri Assets	48,000	32,000
2001	55% interest in Woodward	-	26,657
2001	Louisiana Gas Service	279,000	363,399
2002	Mississippi Valley Gas	261,500	220,200
2004	ComFurT Gas Inc.	1,800	2,000
2004	TXU Gas Company	1,500,000	1,916,696

Overview

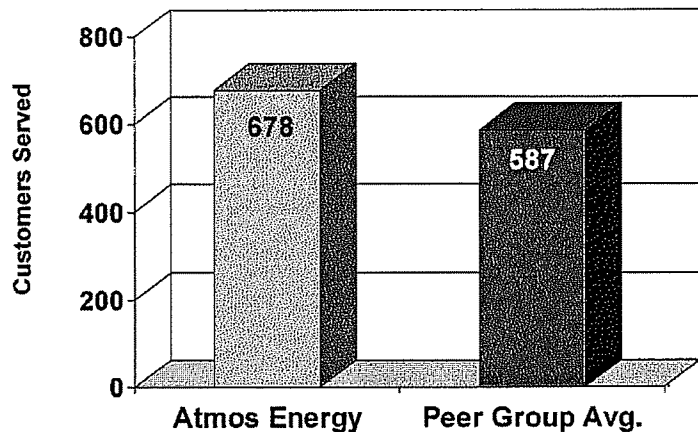
Diluted Earnings Per Share Contribution Shows Steady Growth



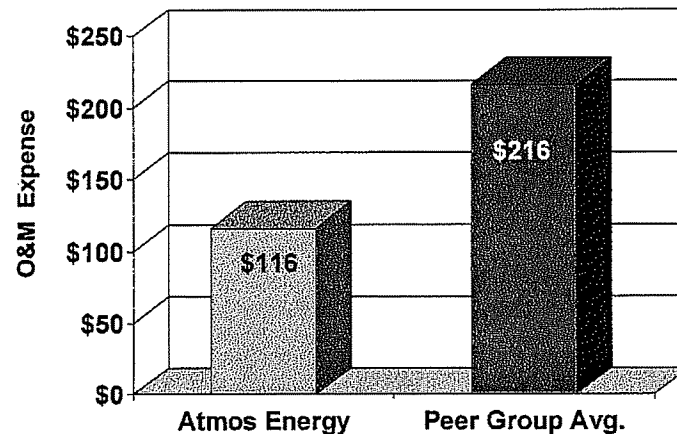
* Compound Annual Growth Rate

Distribution Operating Efficiencies Benefit Customers & Shareholders

Customers Served Per Distribution Employee

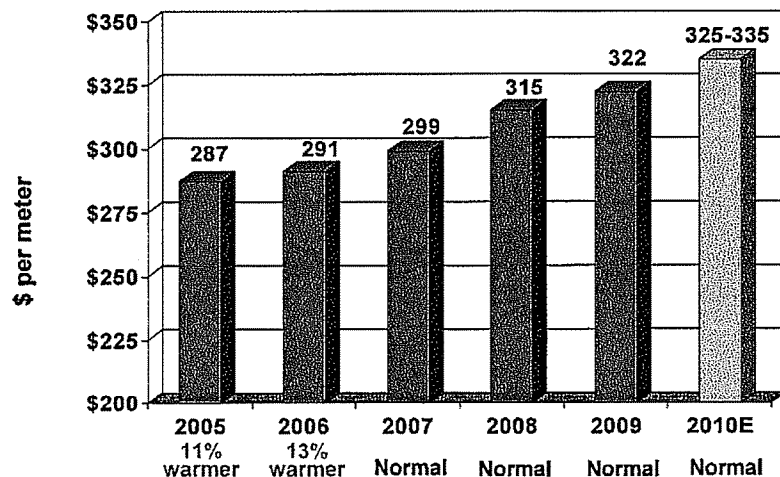


Distribution O&M Expense per Customer

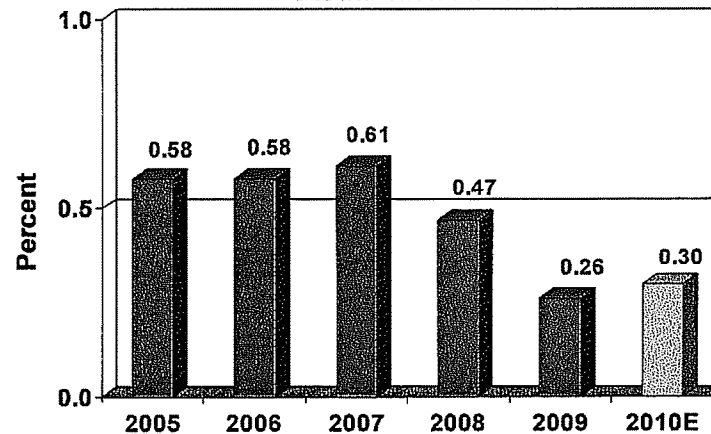


Note: Results are based on fiscal 2009 performance for Atmos Energy and most recent information available for the peer group. Companies in the peer group include AGL Resources, Integryls, Laclede, New Jersey Resources, NiSource, Northwest Natural Gas, Oneok, Piedmont Natural Gas, Southwest Gas & WGL Holdings.

Gas Distribution Gross Profit per Meter



Distribution Bad Debt Expense as % of Distribution Revenue



In Summary: Achievements and Priorities

Fiscal 2009 Achievements

- (1) Increased earnings per share by 4% and paid cash dividends for the 25th consecutive year
- (2) Strengthened credit profile; converted AEM's facility to committed status; renewed Atmos Energy's Corporate revolver; completed early redemption of \$400 Senior Notes and placed \$450 million Senior Notes
- (3) Received credit rating upgrades by both Moody's and S&P
- (4) Received over \$54 million of rate increases in regulated operations
- (5) Completed Line VP Extension on Atmos Pipeline-Texas system

Fiscal 2010 Priorities

- (1) Deliver earnings objective of \$2.15 - \$2.25 per diluted share and pay cash dividends for the 26th consecutive year
- (2) Preserve strong balance sheet
- (3) Seek improved rate design mechanisms to cure earnings deficiencies in regulated operations
- (4) Monitor M&A opportunities arising in the marketplace to provide earnings growth and enhance shareholder value

Operational Review



Kim R. Cocklin
President and Chief Operating Officer

Regulated Operations



Atmos Energy Corporation
(Regulated Operations)
Gas Distribution Divisions
Transmission & Storage
~75% of 2010E Net Income

Colorado-Kansas

Kentucky/Mid-States

Louisiana

Mid-Tex

Mississippi

West Texas

Atmos Pipeline -Texas

Atmos Energy Holdings, Inc.
(Nonregulated Operations)
~25% of 2010E Net Income

Atmos Energy Marketing

- Delivered Gas
- Asset Optimization

Atmos Pipeline, Storage
and Other

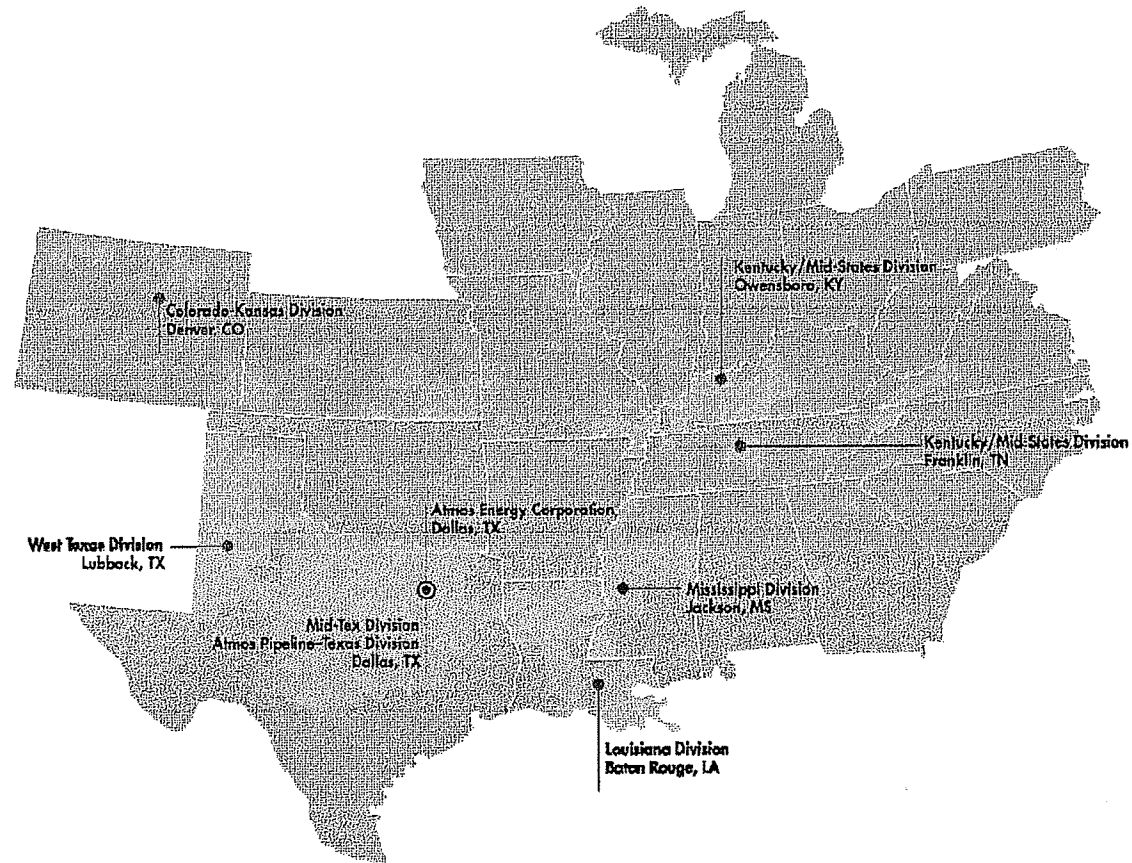
- Non-Texas Assets (Storage & Pipeline)
- Midstream
- Other

Regulated Operations



Margin Drivers in the Regulated Businesses Operating in 12 states (gold)

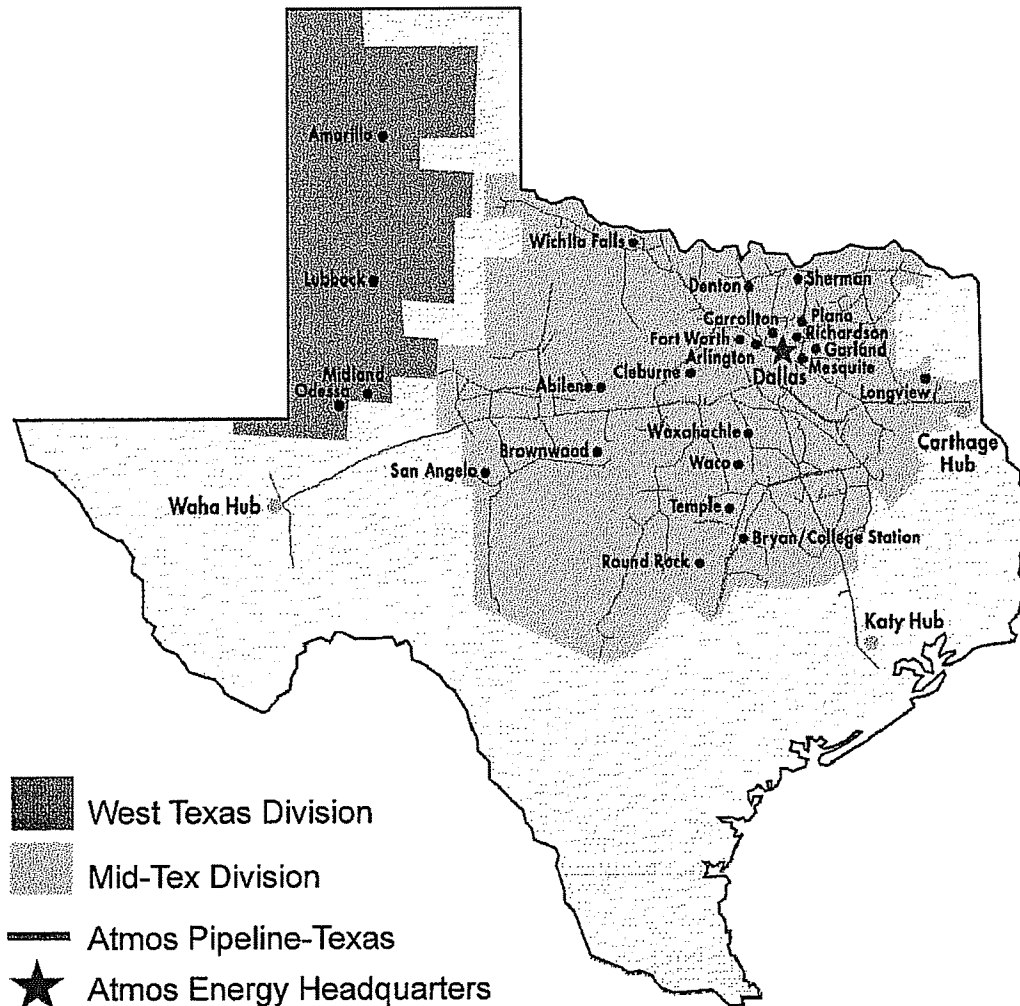
- Grow rate base by investing capital and adding customers / meters
 - Rate base of \$3.7 billion at 9/30/09
 - Compound annual growth in rate base projected to range between 3.7% and 4.4% over the next five years
- Executing our rate strategy
 - \$50-\$60 million annual approved increases in operating income



Regulated Operations Regulated Transmission and Storage



Strategically Positioned Atmos Pipeline – Texas

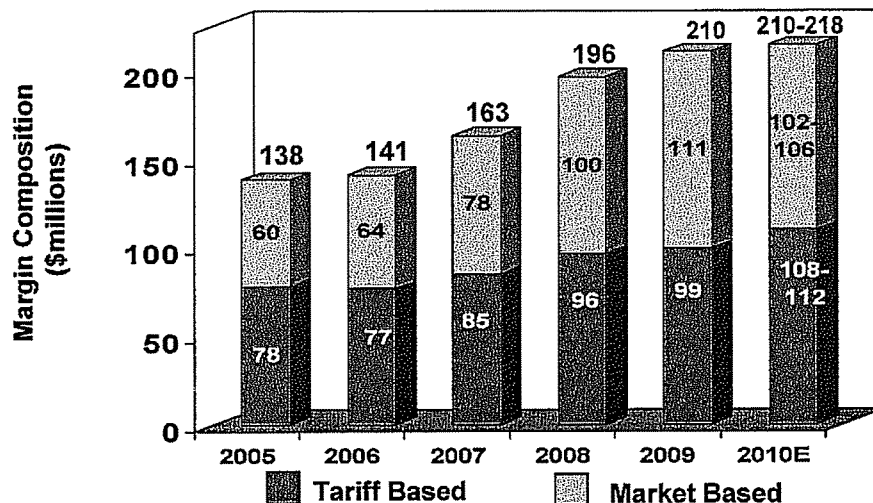
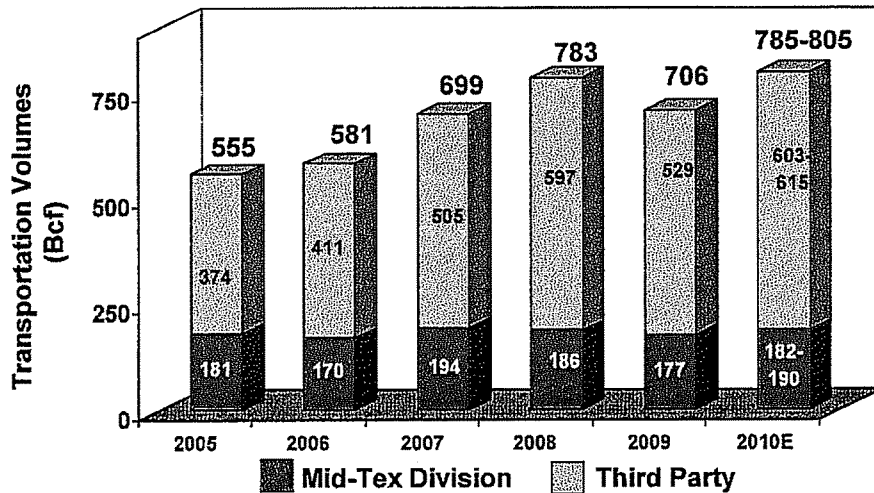


- Favorably positioned; spans Texas gas supply basins and growing consumer market
- Pipeline Operations
 - ⊛ Connects to major market hubs- Waha, Katy and Carthage
 - ⊛ 6,000 miles of intrastate pipeline
 - ⊛ Expect to transport between 785-805 Bcf in fiscal 2010
 - ⊛ Current average volume of approximately 2.0 Bcf/d
 - ⊛ Demonstrated peak day deliveries of 3.5 Bcf/d
- Five Storage Facilities
 - ⊛ One salt cavern, four reservoirs
 - ⊛ 39 Bcf working gas capacity
 - ⊛ 1.2 Bcf/d maximum withdrawal
 - ⊛ 270 MMcf/d maximum injection

Regulated Operations Regulated Transmission and Storage



Atmos Pipeline – Texas Growth Drivers



Growth Drivers

- Margin expansion through ancillary services such as parking and lending, balancing, blending, and compression
- Basis differentials between Texas hubs provide for transportation revenue opportunities
- Accelerated capital recovery through annual GRIP mechanism
- Required pipeline rate case filing anticipated September 2010
- Pursue capacity and compression growth opportunities via projects

Regulated Operations

Successfully Executing on the Distribution Rate Strategy

Gross Margin (2010E)		Margin Protection			Accelerated Capital Recovery
Division	\$ in thousands	Weather	Annual Mechanism (1)	Bad Debt Recovery	Outside Normal Rate Proceedings
Texas	\$ 582	56%	46%	55%	9%
Louisiana	\$ 120	11%	11%	na	(1)
Mississippi	\$ 92	9%	9%	na	(1)
Remaining Jurisdictions	\$ 246	18%	3%	10%	8%
Total	\$ 1,040	94%	69%	65%	17%

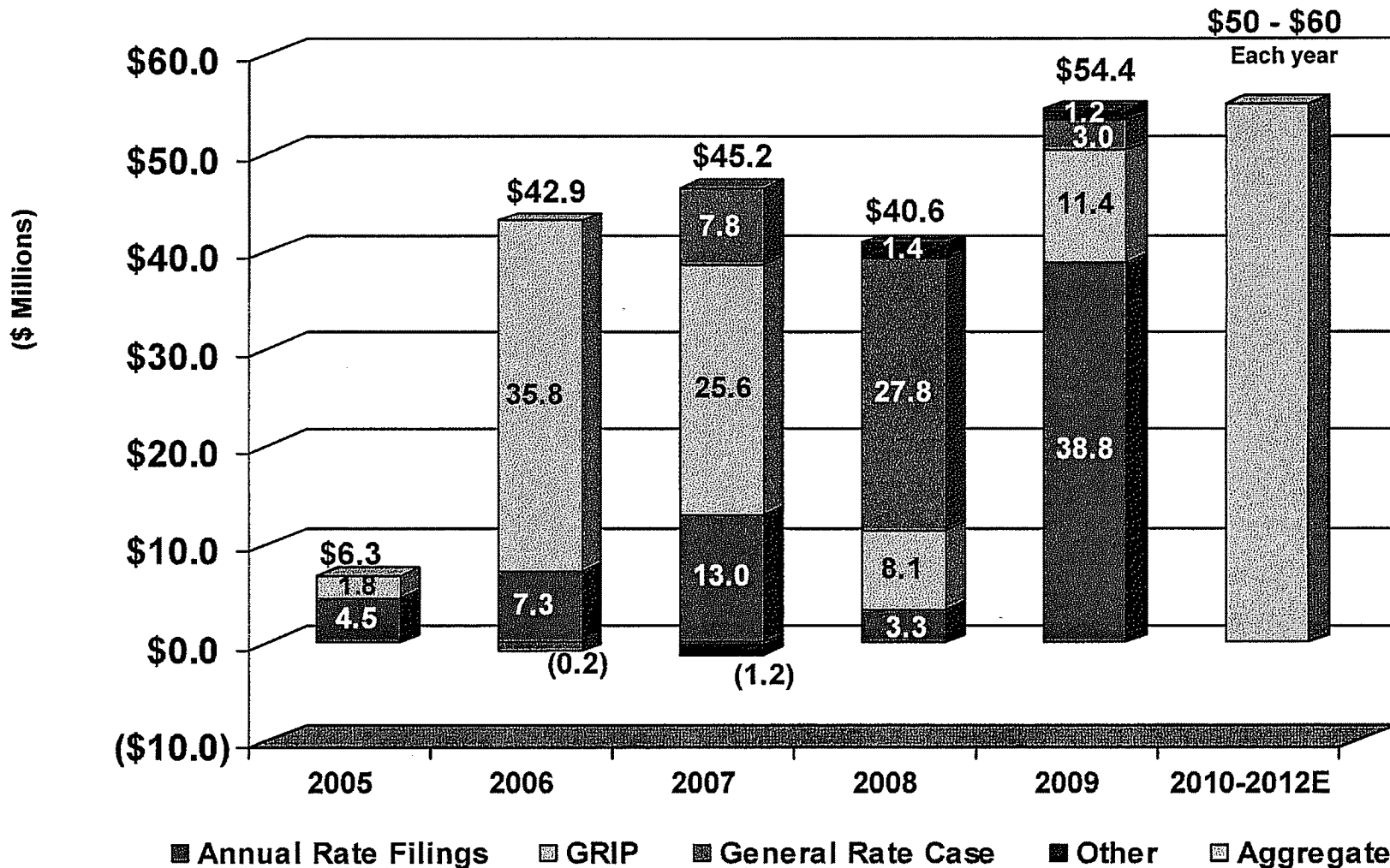
(1) Accelerated capital recovery included in annual mechanism rate structure.

Regulated Operations



Approved Annual Increases in Operating Income from Rate Activity

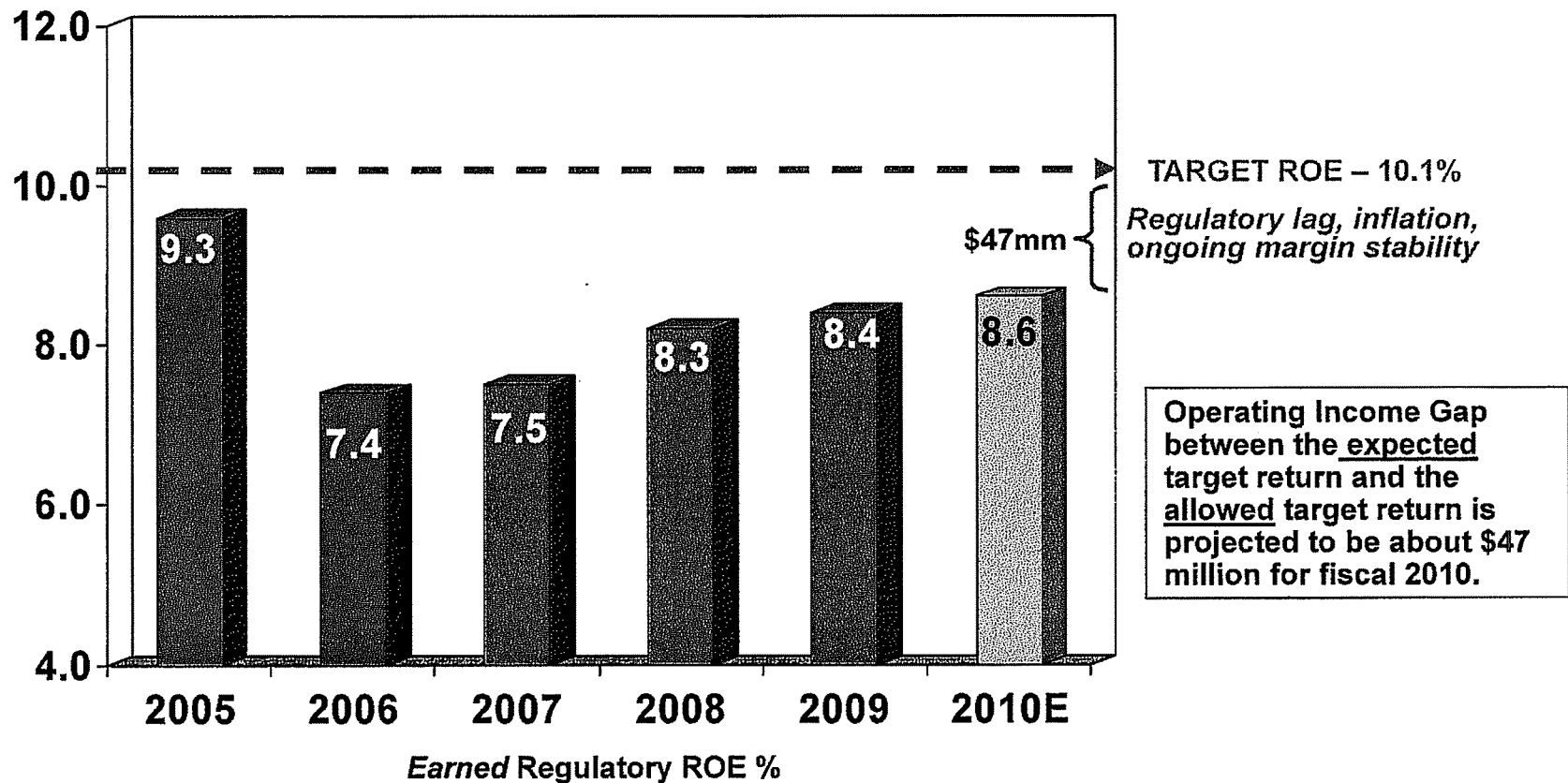
(by Fiscal Year)



Regulated Operations

ROE Potential in Regulated Distribution and Pipeline Operations

Approved
Regulatory Return
on Equity %

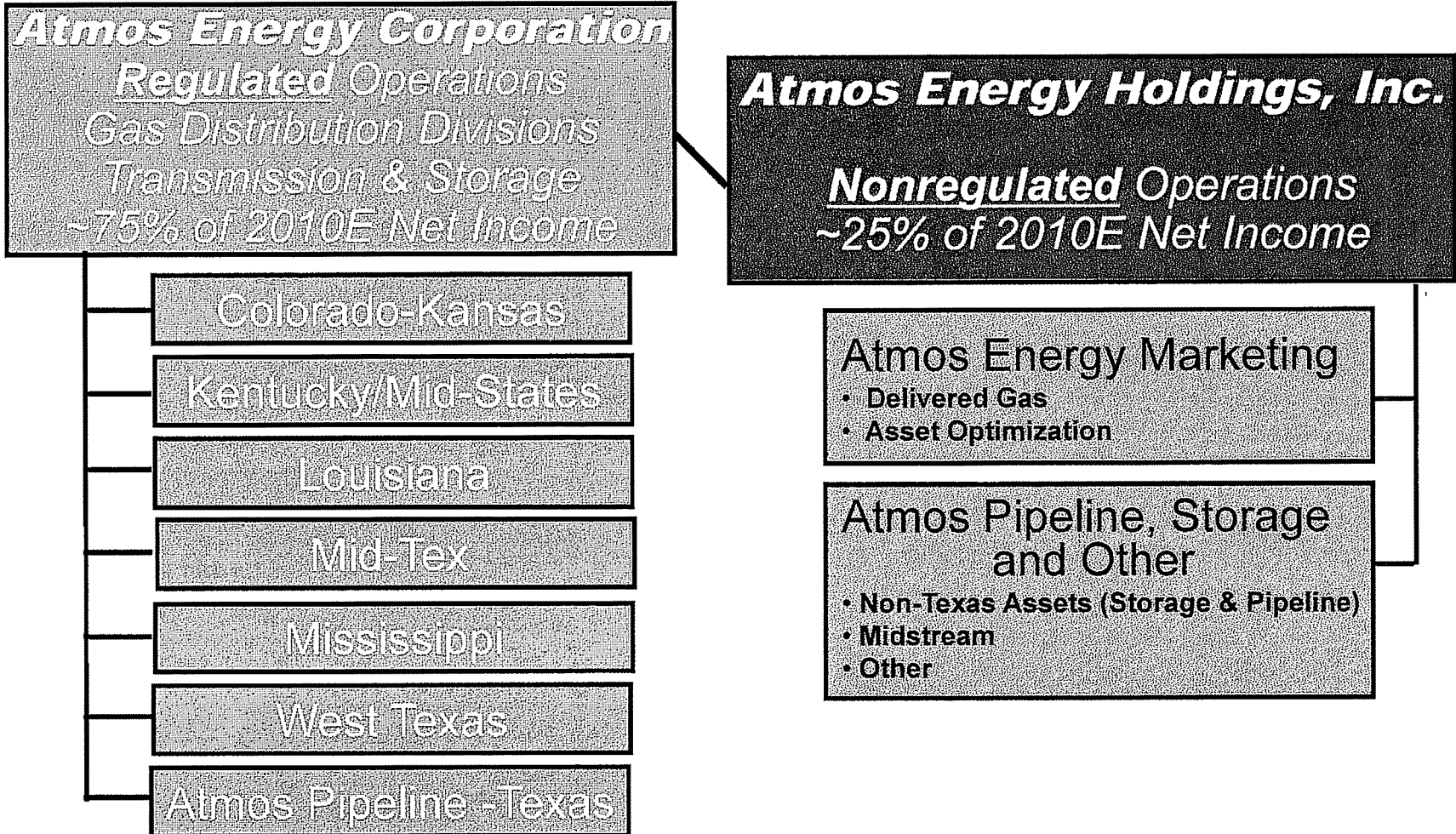


Note: The ROE amounts presented above represent a composite of ROEs for each year, which are calculated using amounts obtained from our GAAP financial statements, and reflect adjustments required by regulatory authorities on the calculation of ROE in each of the jurisdictions in which we operate.

Nonregulated Operations



Organization Structure



Nonregulated Operations



Business Mix

	Core Business	Core Business	Other Business
<u>Business</u>	<u>Delivered Gas</u>	<u>Asset Optimization</u>	<u>Mid-Stream Development</u>
<u>Services</u>	Aggregate & Purchase Gas Supply, Transport, Storage/Load Balancing, Risk Management and other bundled services.	Extract (optimize) the value of owned, leased or managed storage and transportation assets as markets provide opportunities via price volatility.	Gather, process and store producer volumes for downstream delivery to markets.
<u>Strategy</u>	Find cost effective sources of gas and deliver to customers reliably and at a competitive price. Provide creative solutions and services to meet customers gas requirements.	Capture additional value of storage and transportation assets through arbitrage and segmenting strategies, within risk limits. Expand leased storage and transportation capacity through new customer relationships.	Operating acquired gathering & processing assets that provide steady, predictable income and supports marketing opportunities. Reduce gas costs through value-added services provided to producers.
<u>Margins</u>	More predictable margins from primarily 90 day to 365 day contracts. Driven by customer demand for gas volumes, services and competition.	Variable margins, with upside. Driven by gas price spread volatility creating arbitrage potential, physical storage capabilities, costs & available storage & transport capacity.	Stable, fee-based income. Driven by gathering & processing services.

Nonregulated Operations



Market Overview	Impact	Business Reason
▪ Increased availability of pipeline and storage assets	<i>Positive</i>	Reduces cost for leased or managed storage and pipeline assets; potential for greater asset optimization
▪ Record U.S. natural gas storage levels	<i>Positive</i> <i>Neutral</i>	Creates supply side arbitrage opportunities
▪ Tighter credit and lending standards may result in consolidation or exit of competitors	<i>Neutral</i>	Potential to increase market share, partially offset by higher credit costs
▪ Lower natural gas prices	<i>Positive</i>	Reduces collections risk and working capital impact
▪ Recent increases in time spread volatility	<i>Positive</i>	Increases market arbitrage values, which could impact asset optimization margins
▪ Struggling economy	<i>Negative</i>	Decreases demand and increases customer bankruptcy potential

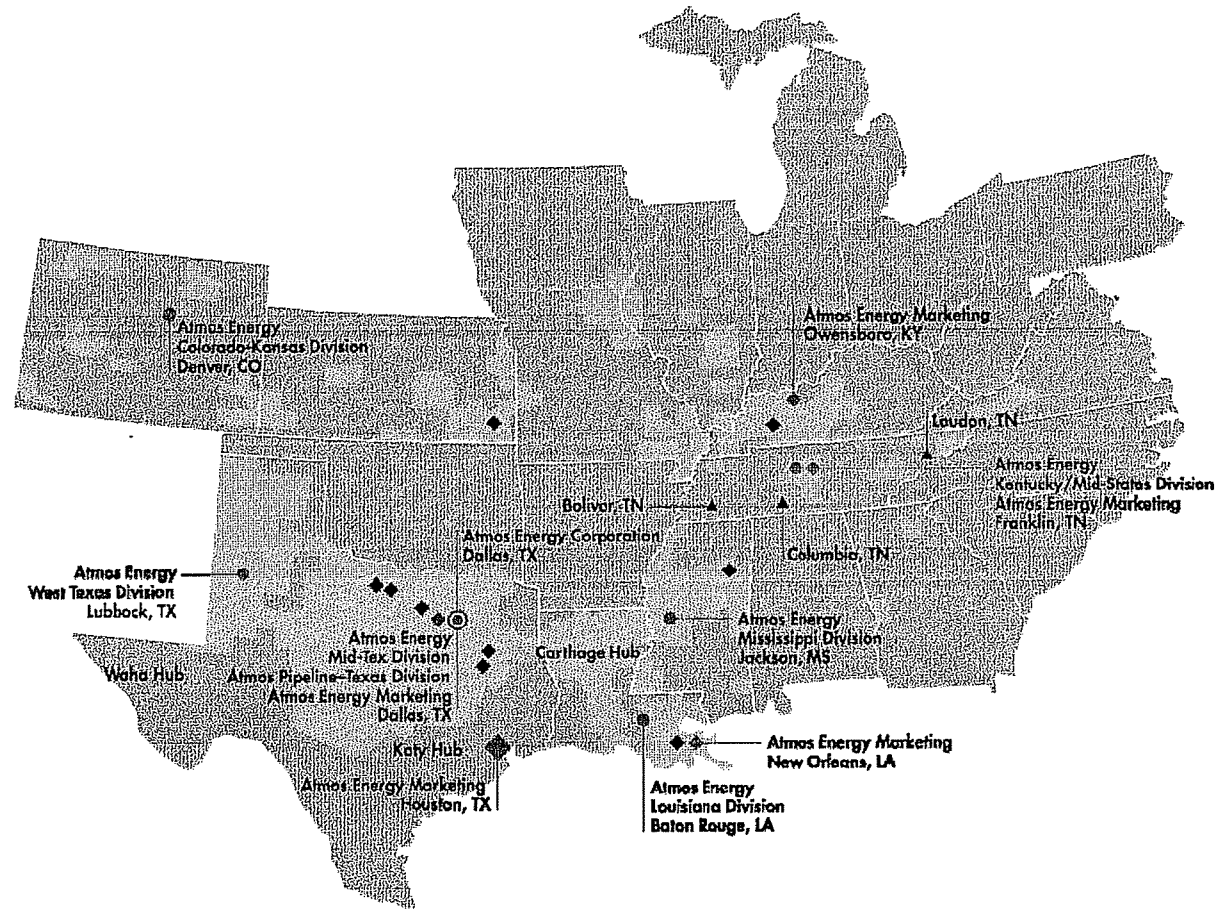
Nonregulated Operations



Atmos Energy Marketing Customers (gray states)

Key Growth Drivers

- Retain existing customers
- Saturate existing markets-target Atmos Energy's distribution footprint
- Expand into targeted growth markets – where we lease, own or manage storage & transportation assets
- Expand asset management business
- Unit margin expansion from premium value-added services provided to customers
- Access to storage and transportation capacity



- Atmos Energy Corporation headquarters
- ◆ Atmos Energy Marketing headquarters
- Atmos Energy states of operation
- ⊙ Natural gas distribution division headquarters
- ◆ Atmos Energy Marketing regional offices
- ⊙ Major gas delivery hub
- Natural gas distribution service area
- ◆ Proprietary storage
- ▲ Distributed generation

Nonregulated Operations



Atmos Energy Marketing – Margin Composition

2010E

Delivered Gas
(Bundled gas deliveries & peaking sales)

- Impacted by customer volume demand
- Sales prices are:
 - Cost plus profit margin
 - Cost plus demand charges



\$72 - \$80 Million

Margins: More predictable



Asset Optimization
(Storage & transportation management)

- Impacted by gas price spread values in the market (arbitrage opportunity)
- Physical storage capabilities
- Available storage and transport capacity
 - 9.5 Bcf proprietary contracted capacity
 - 30 Bcf customer-owned / AEM- managed storage



\$23 - \$25 Million

Margins: More variable

=

Total AEM Margins

Total margins reflect:

- Stability from delivered gas margins
- Upside from optimizing our storage and transportation assets to capture arbitrage value



\$95 - \$105 Million

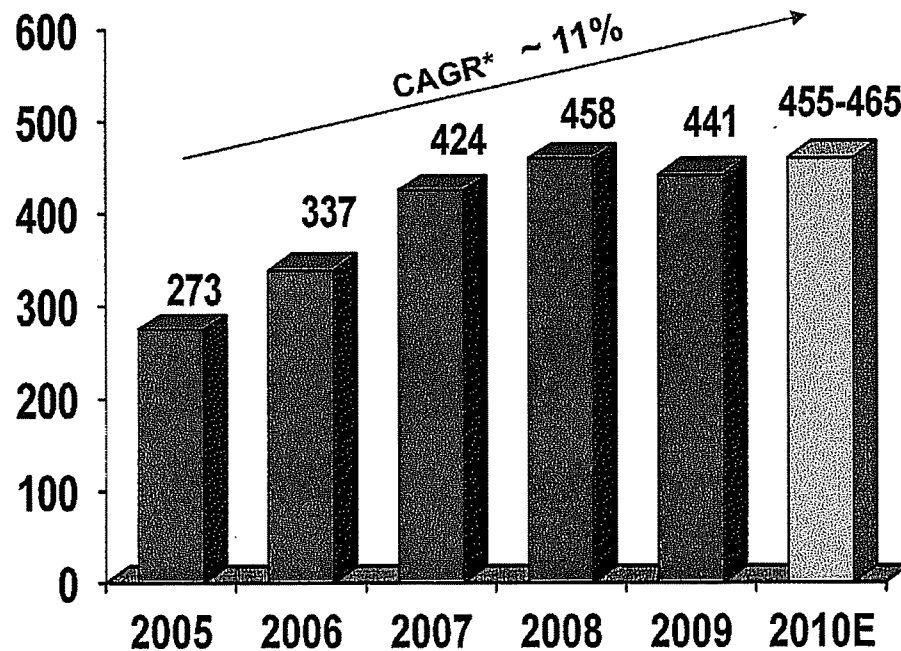
Margins: Stable with potential upside

Nonregulated Operations



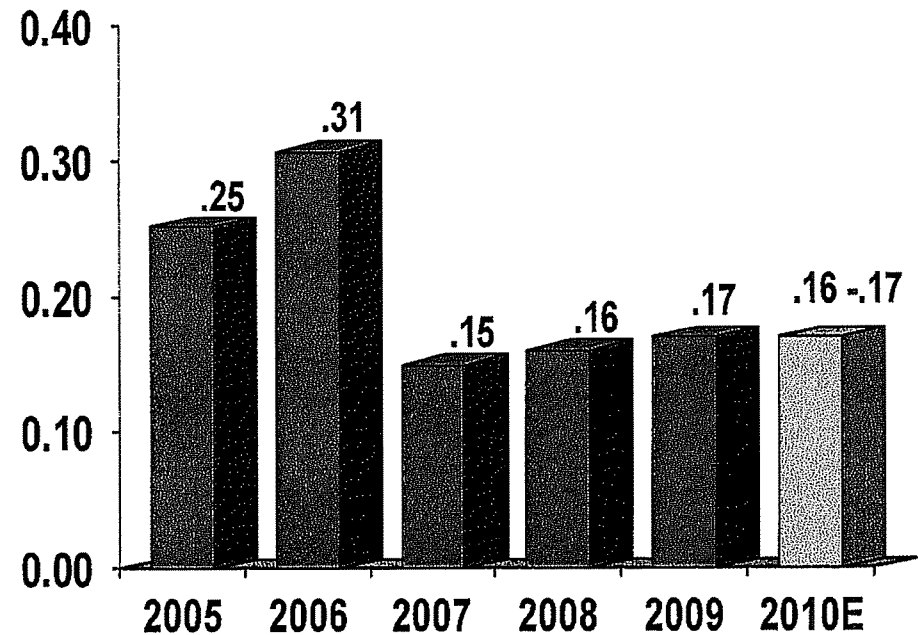
Delivered Gas Volumes Growth Trend

Gross Sales Volumes
(Bcf)



* Compound Annual Growth Rate

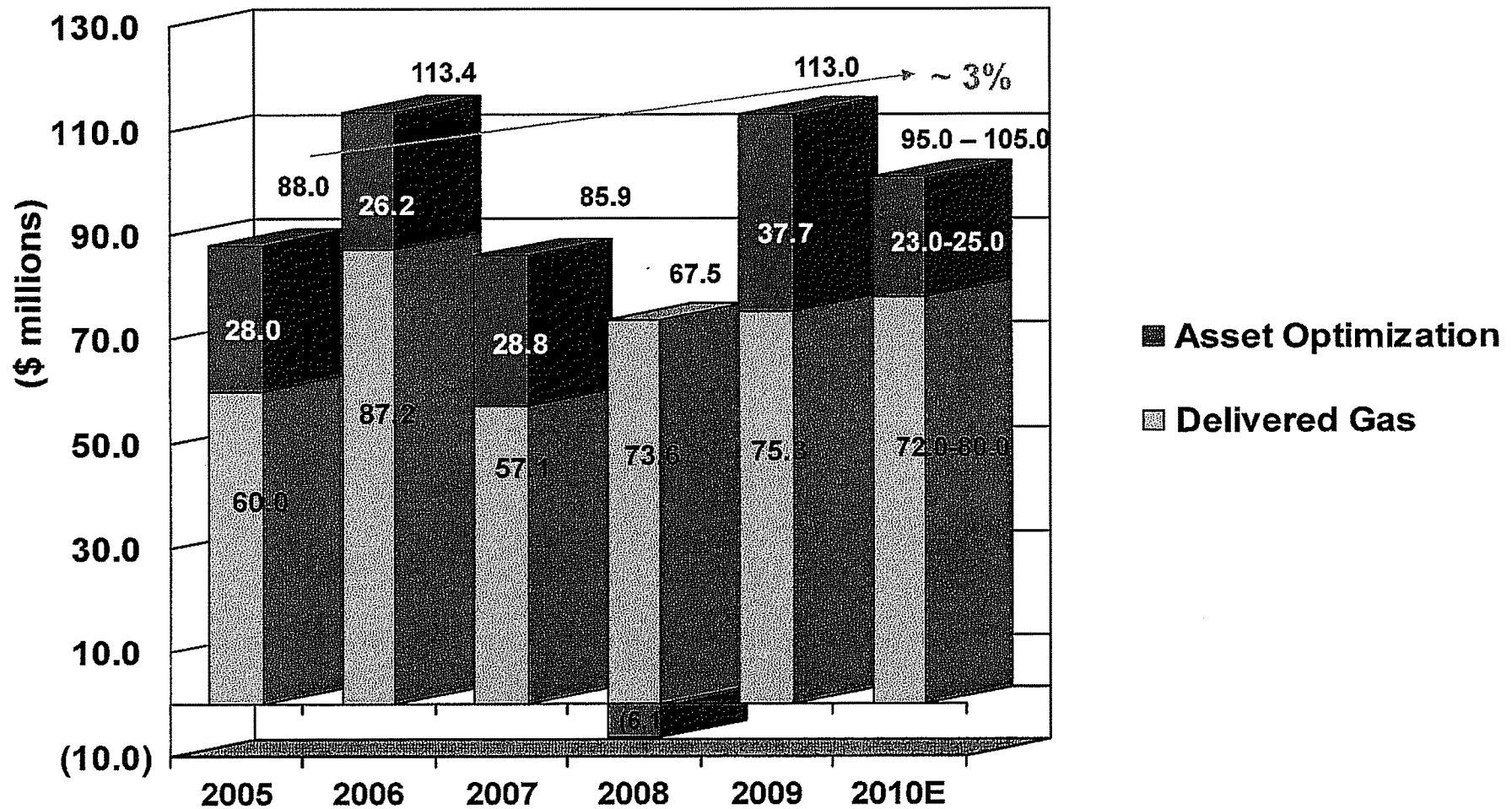
Delivered Gas Unit Margins
(cents per Mcf)



Nonregulated Operations

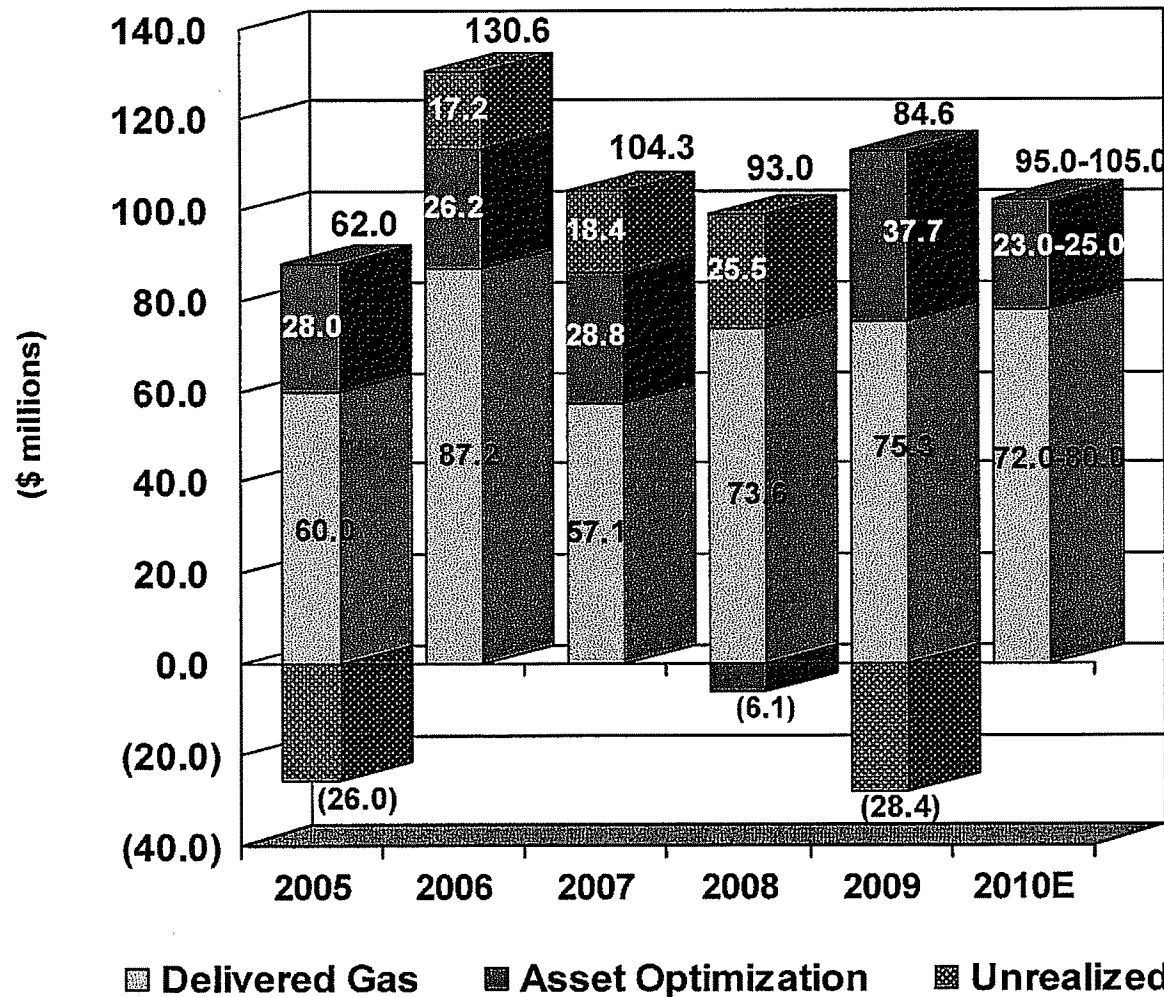


Atmos Energy Marketing Realized Margins
 Projected Compound Annual Growth Rate



Nonregulated Operations

Atmos Energy Marketing Margins – Mark-to-Market Accounting Impact

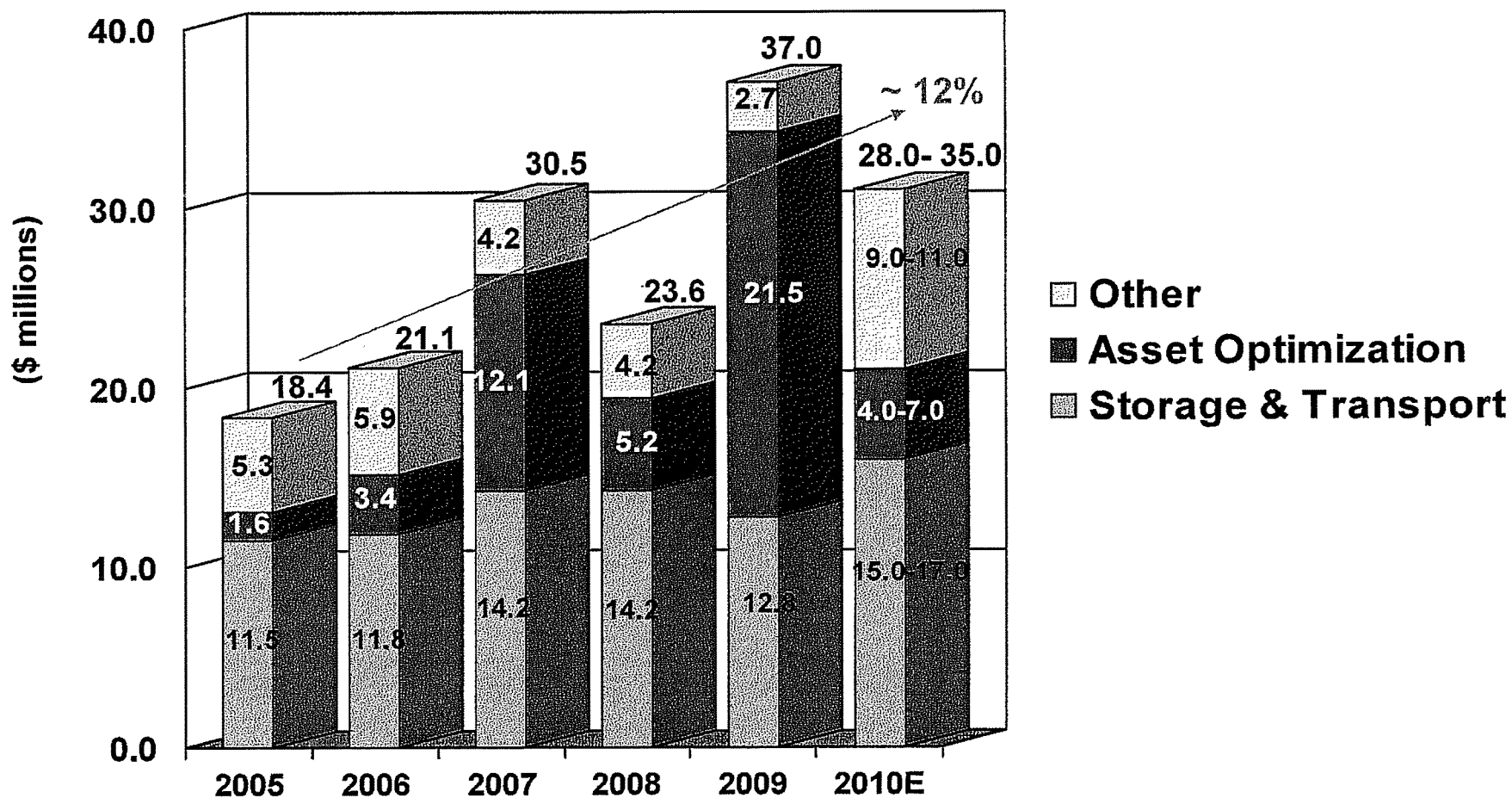


- Mark-to-market accounting can cause large swings in unrealized margins
- Fiscal 2010E marketing margins exclude any mark-to-market impact

Nonregulated Operations

Atmos Pipeline, Storage and Other Realized Margin

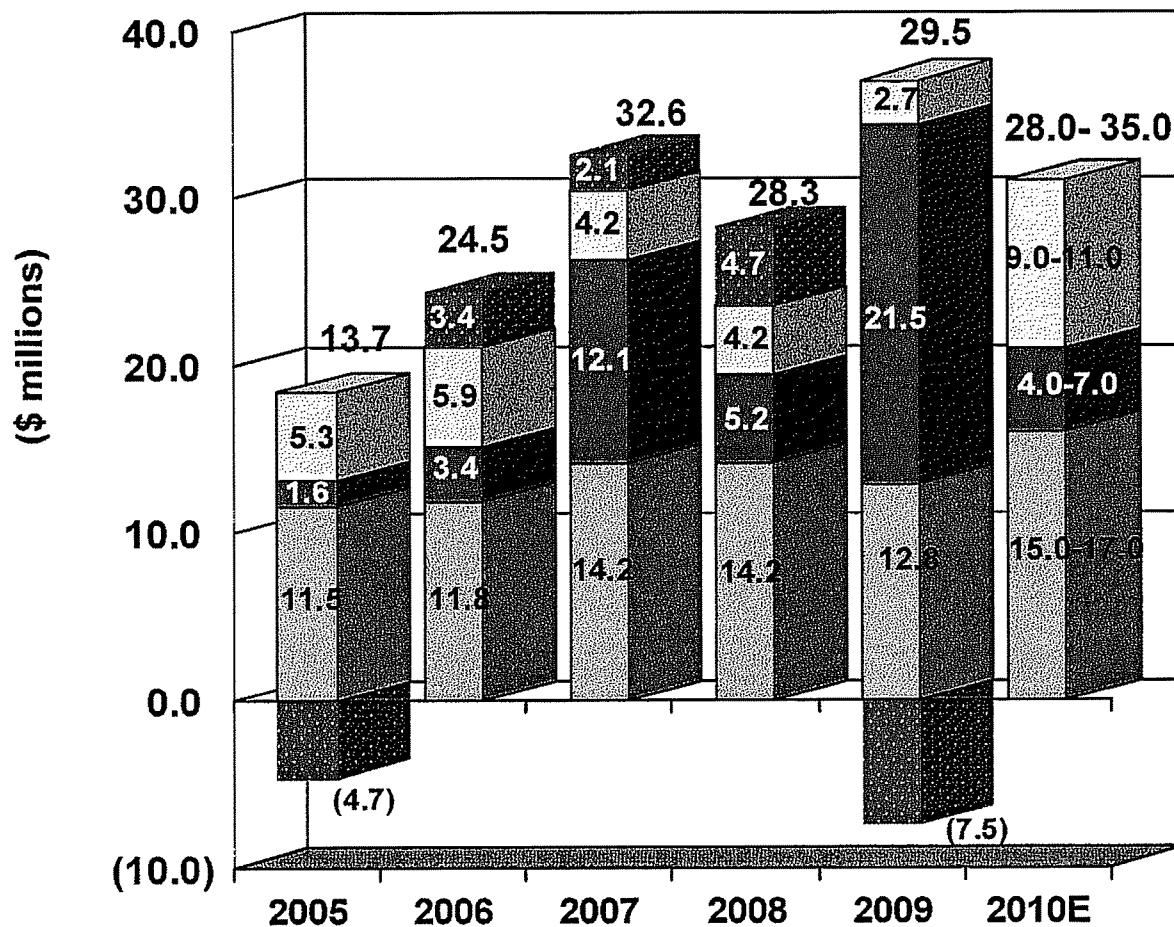
Projected Compound Annual Growth Rate



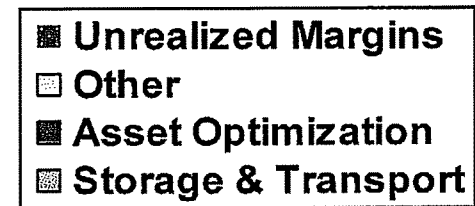
Nonregulated Operations



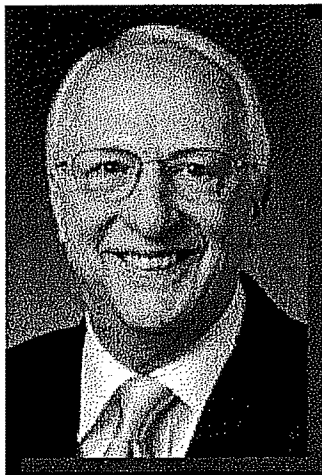
Atmos Pipeline, Storage and Other Margin Mark-to-Market Accounting Impact



- Mark-to-market accounting can cause large swings in unrealized margins
- Fiscal 2010E pipeline and storage margins exclude any mark-to-market impact



Financial Review



Fred E. Meisenheimer
Senior VP & Chief Financial Officer

Financial Review

Consolidated Earnings Guidance – Fiscal 2010E

- Atmos Energy anticipates earnings to be in the range of \$2.15 – \$2.25 per diluted share for the 2010 fiscal year
- Assumptions include:
 - Expected gross margin contribution from the marketing segment in the range of \$95 - \$105 million, excluding any material mark-to-market impact
 - Continued successful execution of rate strategy and collection efforts
 - Average gas cost ranging from \$6 - \$8 per Mcf for winter purchases; summer gas prices about \$5 per Mcf for refilling storage
 - Bad debt expense of no more than \$9 million
 - Average annual short-term interest rate of 1.5%
 - No material acquisitions

Notes:

- Fiscal 2010 earnings guidance issued in news release dated November 10, 2009.
- Changes in these events or other circumstances that the company cannot currently anticipate could materially impact earnings, and could result in earnings for fiscal 2010 significantly above or below this outlook.

Financial Review



Projected Net Income by Segment

(\$ millions, except EPS)

	2006	2007	2008	2009	2010E
Natural Gas Distribution	\$ 53	\$ 73	\$ 93	\$ 117	\$ 109 – 113
Regulated Trans. & Storage	27	34	41	41	44 – 46
Natural Gas Marketing	58	46	30	20	35 – 37
Pipeline, Storage & Other	10	15	16	13	13 – 15
Total	148	168	180	191	201 – 211
Avg. Diluted Shares	81.4	87.7	90.2	92.0	93.7
Earnings Per Share	\$ 1.82	\$ 1.92	\$ 2.00	\$ 2.08	\$ 2.15 – \$2.25

Financial Review



Fiscal 2009 versus 2010E (excluding MTM and One-Time Items)

(\$ millions, except EPS)

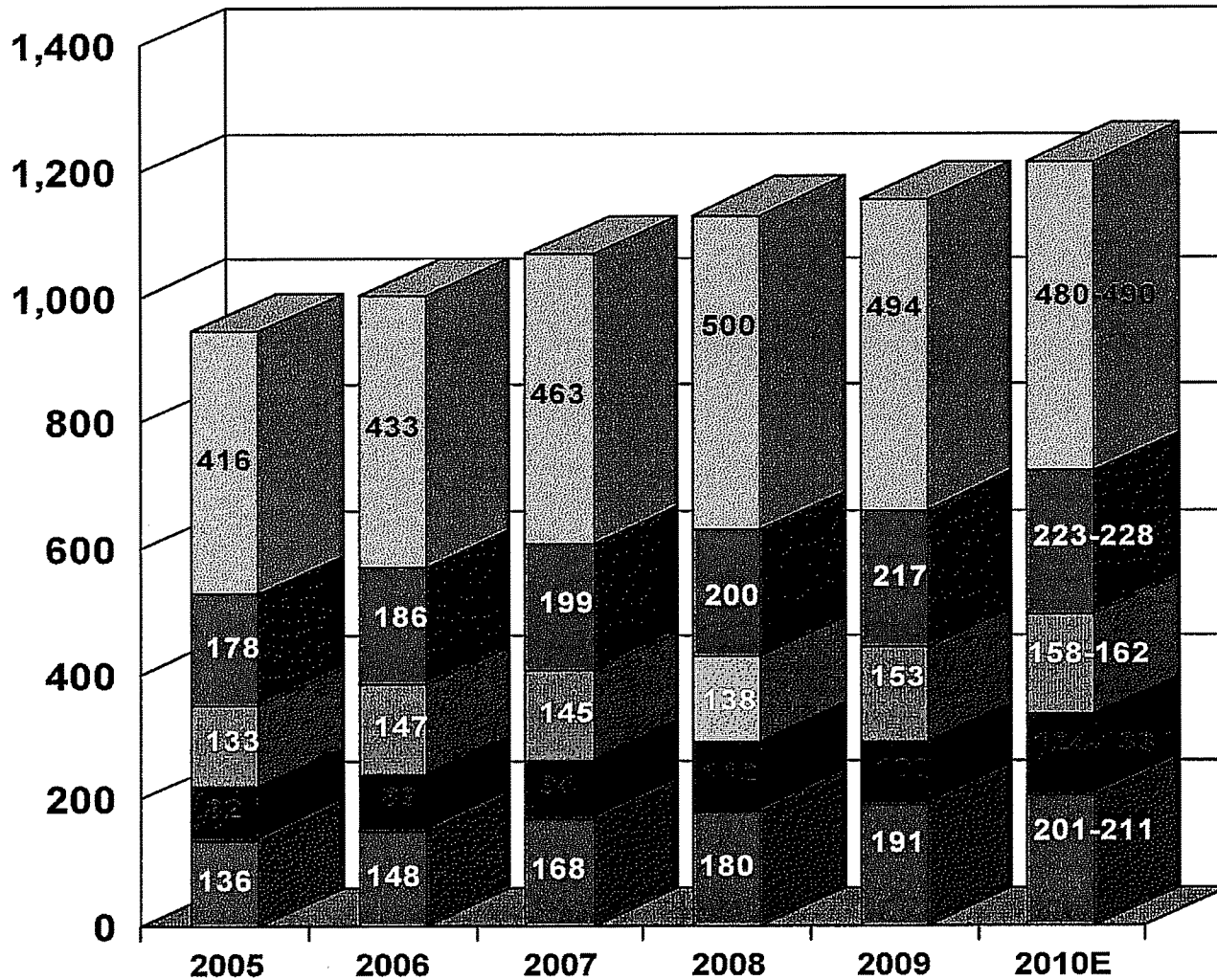
	2009 GAAP	MTM	One-Time Items	2009 Adjusted	2010E
Natural Gas Distribution	\$ 117		(17)	\$ 100	\$ 109 – 113
Regulated Trans. & Storage	41		(1)	40	44 – 46
Natural Gas Marketing	20	17		37	35 – 37
Pipeline, Storage & Other	13	4	1	18	13 – 15
Total	191	21	(17)	195	201 – 211
Avg. Diluted Shares	92.0	92.0	92.0	92.0	93.7
Earnings Per Share	\$ 2.08	\$.23	\$ (.19)	\$ 2.12	\$ 2.15 – \$2.25

Financial Review



Selected Income Statement Components

(\$ millions)



2010E Consolidated (\$ millions)

O & M	\$480 - \$490
D & A	\$223 - \$228
Interest	\$158 - \$162
Income Tax	\$33
Net Income	\$201 - \$211
Shares Out	93.7 million

Pension & Postretirement Benefits Obligations

- To continue to achieve compliance with the Pension Protection Act of 2006 (PPA) and attain a 94 percent funding target amount for 2009 (as determined on January 1, 2009), we contributed \$21.0 million to our pension plans in June 2009
- This funding:
 - Increased the level of our plan assets
 - Does not immediately impact the income statement because gains and losses from the changes in the fair value of plan assets are recognized over time
- The plans will be re-evaluated annually in January and the effects measured to ensure that the projected pension liability, the pension expense or income and the minimum and desired funding levels are achieved

Projected Cash Flow

(\$ millions)

	2007	2008	2009	2010E
Cash Flows from Operations	\$ 547	\$371	\$919	\$ 345-365
Regulated Maintenance Capital ⁽¹⁾	(196)	(197)	(213)	(220-225)
Dividends	(112)	(117)	(121)	(125)
Cash Available for Debt Reduction and Growth Projects	\$239	\$57	\$585	\$ 0 - 15

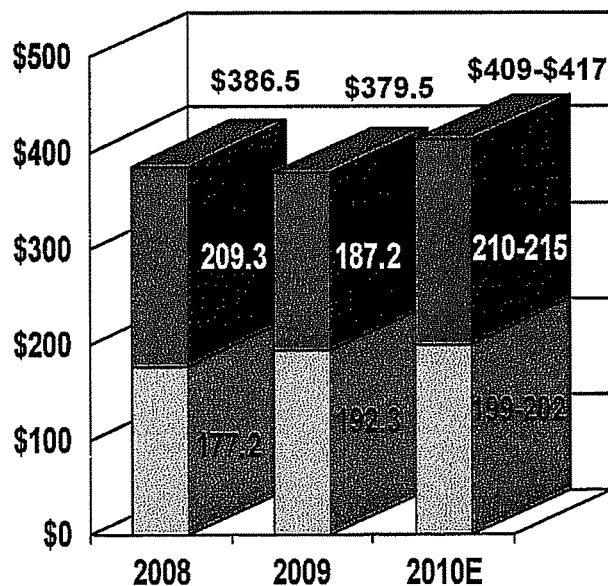
⁽¹⁾ Regulated maintenance capital represents capital spent that is equal to depreciation expense

Financial Review

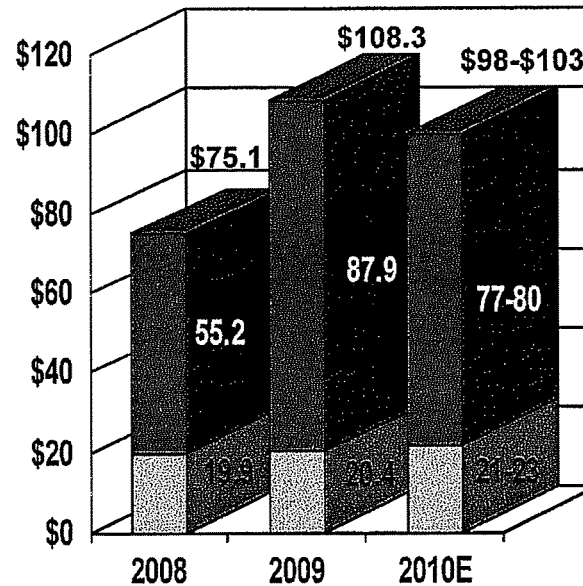
Capital Expenditures

(\$ millions)

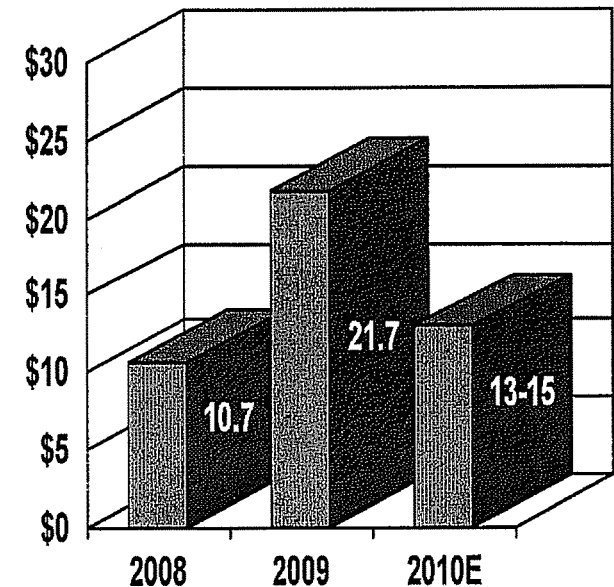
Regulated
Gas Distribution



Regulated
Transmission & Storage



Nonregulated



Consolidated fiscal 2010E CAPEX projection is \$520-\$535 million
Regulated Capex \$507-\$520 million
Nonregulated Capex \$13-\$15 million

Regulated Growth Capital represents capital spent in excess of depreciation expense that is expected to be recovered through rate increases. The projection for fiscal 2010 is \$287 - \$295 million.

Regulated Maintenance Capital represents capital spent that is equal to depreciation expense. The projection for fiscal 2010 is \$220 - \$225 million.

Ample Liquidity with Existing Credit Lines

- October 2009, entered into a \$200.0 million 364-day committed revolving credit facility that expires October 20, 2010
 - Replaced, on essentially the same terms, the \$212.5 million, 364-day facility that was due to expire October 27, 2009
 - LIBOR + 200 bps

- April 1, 2009, the \$18 million, 364-day committed direct facility from Amarillo National Bank, was amended and increased to a \$25 million, 364-day committed credit facility

- December 2008, Atmos Energy Marketing amended its existing \$580 million *uncommitted* demand working capital credit facility, to convert it to a 364-day \$375 million *committed* revolving credit facility, expiring December 29, 2009
 - April 1, 2009 facility amended to increase the borrowing base to \$450 million

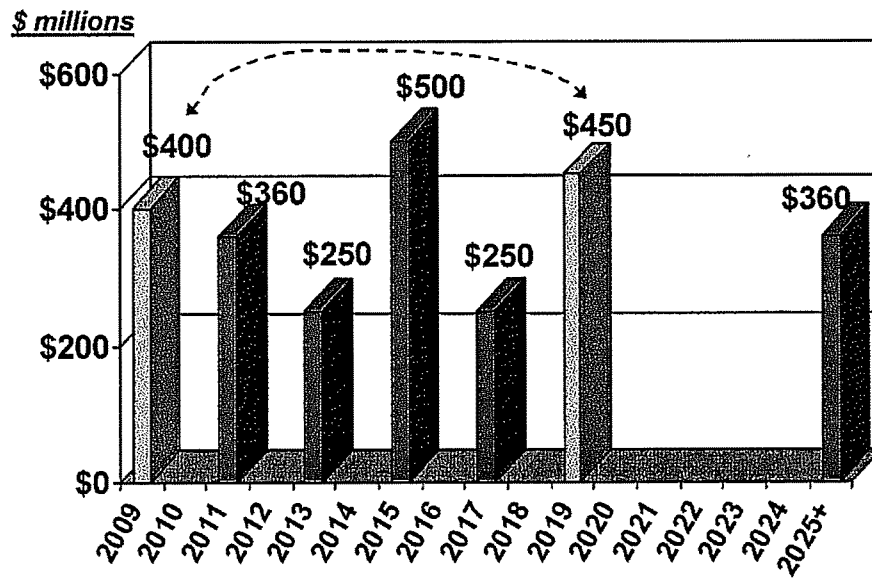
- \$567 million, 5-year committed revolving credit facility, expires December 2011. This facility serves as a backup liquidity facility for our commercial paper program

Financial Review



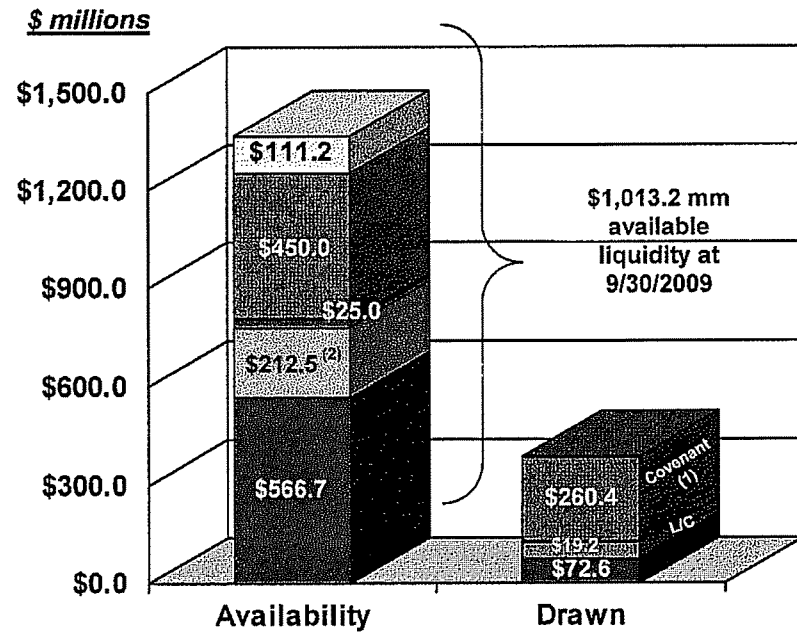
Debt Maturity and Liquidity Profile

**Debt Maturity
Fiscal 2009**



No material debt maturities until 2011

**Liquidity Profile as of
September 30, 2009**



- Cash
- ▣ 364-day AEM Facility
- ▤ 364-day Direct Facility
- ▥ 364-day Syndicated Facility
- ▧ 5-year Revolver

(1) Certain loan covenant restrictions exist that limit the effective available capacity
 (2) Replaced October 2009 with a \$200 million 364-day committed facility

Investment Grade Credit Ratings

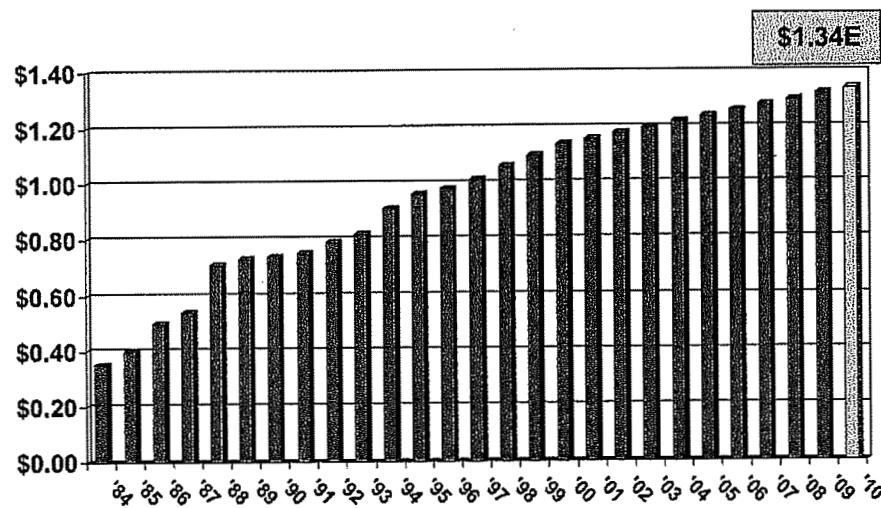
	Moody's	Standard & Poor's	Fitch
▪ Senior Unsecured	<i>Baa2</i>	<i>BBB+</i>	<i>BBB+</i>
▪ Commercial Paper	<i>P-2</i>	<i>A-2</i>	<i>F-2</i>
▪ Ratings Outlook	<i>Stable</i>	<i>Stable</i>	<i>Stable</i>

Financial Review



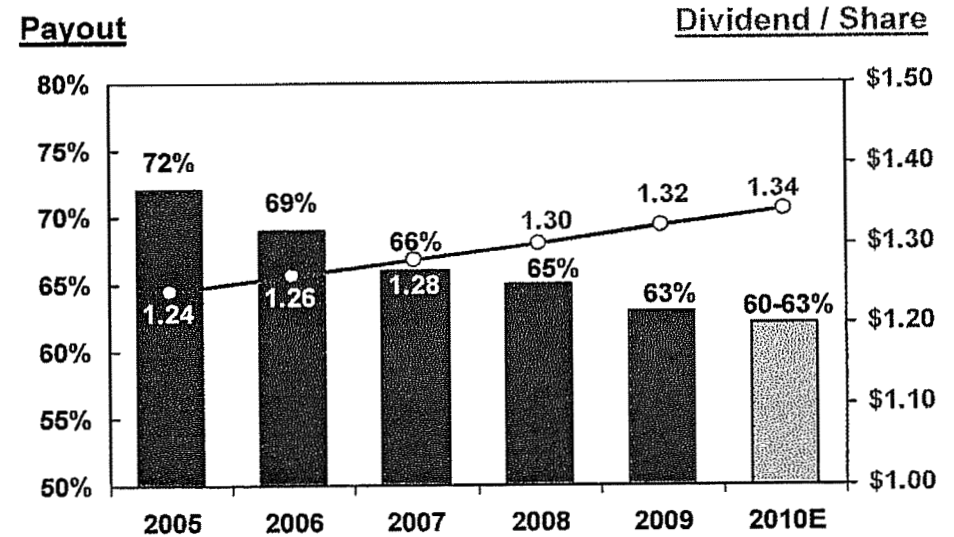
Annual Dividend Grows While Dividend Payout Ratio Improves

Common Dividend: 1984 – 2010E



Note: Amounts are adjusted for mergers & acquisitions. For fiscal 2010, \$1.34 is the indicated annual dividend.

Payout Ratio: 2005 – 2010E



Current Dividend Yield Approximately 4.7%
Average LDC Payout Ratio = 65%

Summary

Company Profile

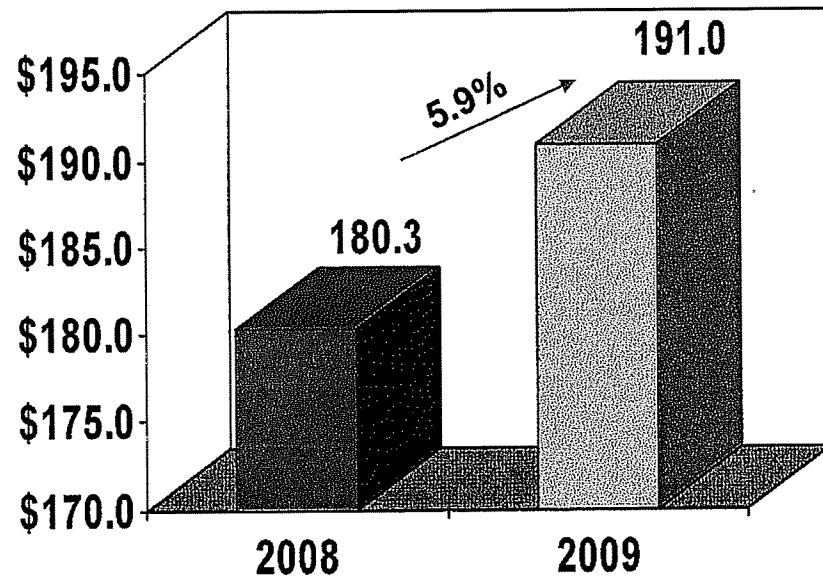
- The nation's largest pure-gas distribution company
- Solid financial foundation – strong balance sheet
- Track record of creating shareholder value
 - Consistent earnings per share growth – with an annual average increase of over 5% the last five years
 - 26 consecutive years of increasing dividends
- Focused strategy on core natural gas business
 - Maximize regulated earnings capability
 - Complement regulated businesses through select nonregulated operations
 - Grow through prudent acquisitions

Slide
Appendix

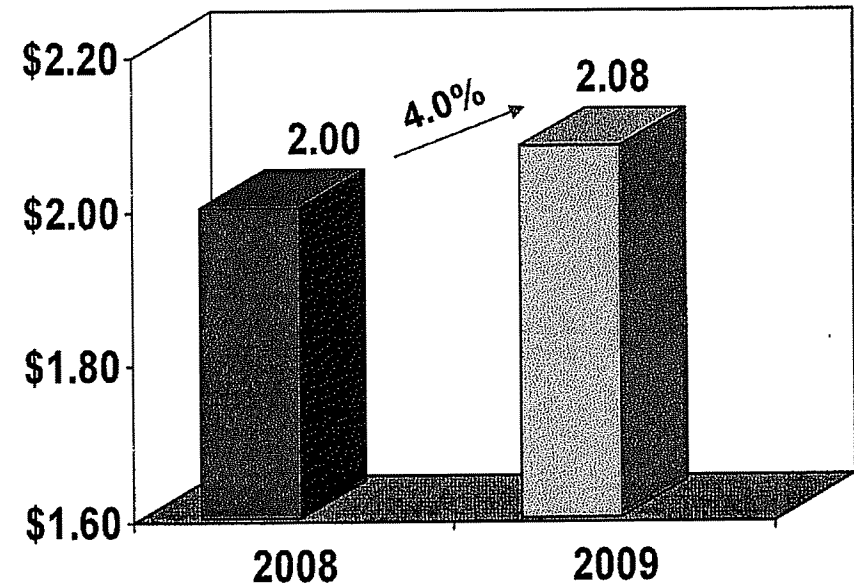
Consolidated Financial Results

Fiscal 2009 Net Income and Earnings Per Share Growth

Net Income (\$ millions)



Diluted Earnings Per Share



Consolidated Financial Results



Fiscal 2009 One -Time Adjustments

Item Description	For the Year Ended September 30, 2009	
	Net Income (000s)	Diluted EPS
Impairment of certain available for sale investments	(3,320)	(0.04)
Update to tax rate used to record deferred taxes	11,300	0.12
Reversal of estimated uncollectible gas costs	4,357	0.05
Update to estimate for unbilled accounts	4,749	0.06
Impact on Net Income and Diluted EPS	\$ 17,086	\$ 0.19
Weighted Avg Diluted Shares		92,024

Consolidated Financial Results



Impact of Unrealized Margins on Nonregulated Segments

For the Quarter Ended
September 30, 2009

	Natural Gas Marketing	Pipeline, Storage & Other	Total
Unrealized Margin	\$ (18,386)	\$ (817)	
Segment Tax Rate	36.44%	35.10%	
Impact on Net Income	\$ (11,686)	\$ (530)	\$ (12,216)
Weighted Avg Diluted Shares	91,617	91,617	91,617
Impact on Diluted EPS	\$ (0.13)	\$ 0.00	\$ (0.13)

For the Quarter Ended
September 30, 2008

	Natural Gas Marketing	Pipeline, Storage & Other	Total
Unrealized Margin	\$ 11,125	\$ 4,658	
Segment Tax Rate	38.25%	35.37%	
Impact on Net Income	\$ 6,870	\$ 3,010	\$ 9,880
Weighted Avg Diluted Shares	90,761	90,761	90,761
Impact on Diluted EPS	\$ 0.08	\$ 0.03	\$ 0.11

For the Year Ended
September 30, 2009

	Natural Gas Marketing	Pipeline, Storage & Other	Total
Unrealized Margin	\$ (28,399)	\$ (7,490)	
Segment Tax Rate	39.64%	40.83%	
Impact on Net Income	\$ (17,140)	\$ (4,432)	\$ (21,572)
Weighted Avg Diluted Shares	92,024	92,024	92,024
Impact on Diluted EPS	\$ (0.18)	\$ (0.05)	\$ (0.23)

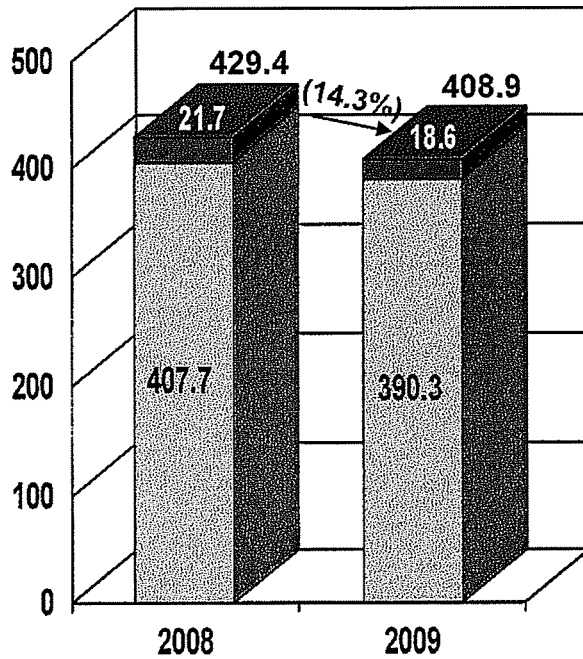
For the Year Ended
September 30, 2008

	Natural Gas Marketing	Pipeline, Storage & Other	Total
Unrealized Margin	\$ 25,529	\$ 4,705	
Segment Tax Rate	39.27%	38.27%	
Impact on Net Income	\$ 15,505	\$ 2,904	\$ 18,409
Weighted Avg Diluted Shares	90,272	90,272	90,272
Impact on Diluted EPS	\$ 0.17	\$ 0.03	\$ 0.20

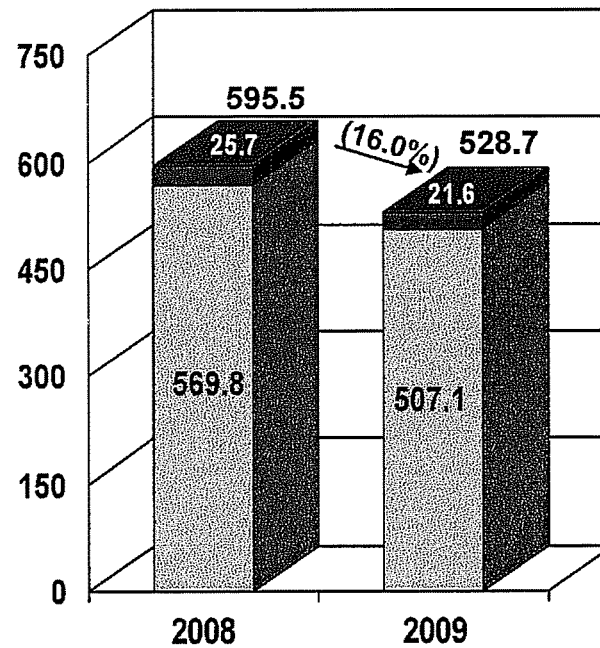
Consolidated Financial Results

Year-Over-Year Industrial Demand Declines 16%

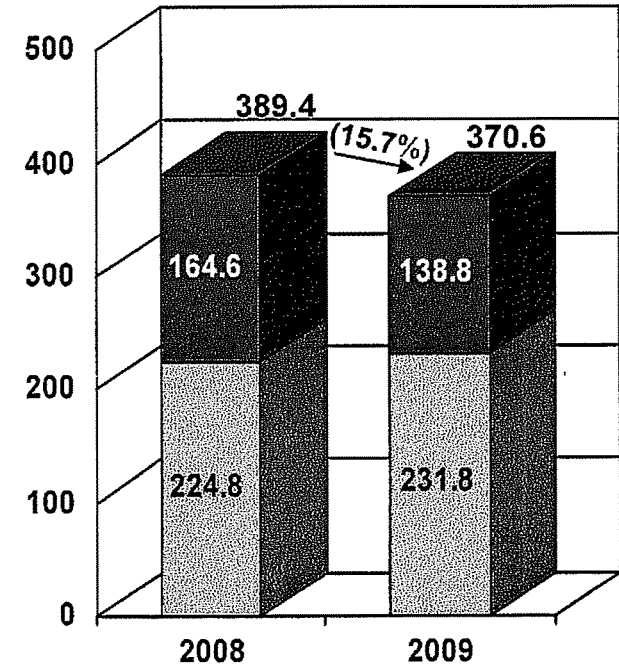
Regulated Gas Distribution



Atmos Pipeline - Texas



Atmos Energy Marketing



Industrial Volumes
 Total Volumes excluding industrial

Consolidated

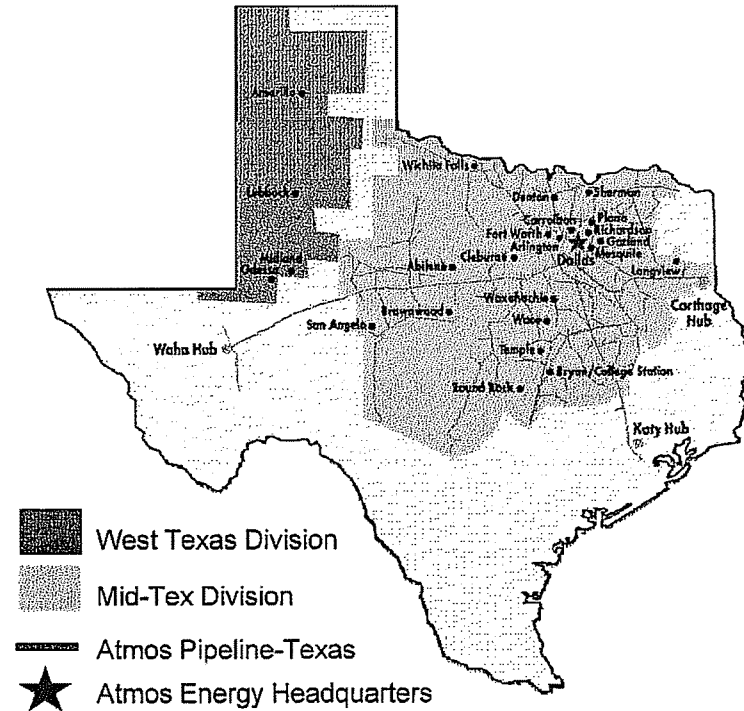
	2008	2009	Y/Y change
Total Industrial Volumes:	212.0	179.0	(15.6%)
Total Volumes:	1,414.3	1,308.2	(7.5%)
Percent of Industrial Volumes:	15.0%	13.7%	

Regulated Operations Regulated Transmission and Storage



Atmos Pipeline - Texas

- About 6,000 miles of intrastate pipeline
- Working storage capacity of 39 Bcf
- No weather normalization
- Railroad Commission of Texas (RRC) has jurisdiction
- Rates updated annually through GRIP (Gas Reliability Infrastructure Program) for approved capital costs incurred in the prior calendar year
- A complete rate case is required at least once every five years
 - * First filing anticipated September, 2010

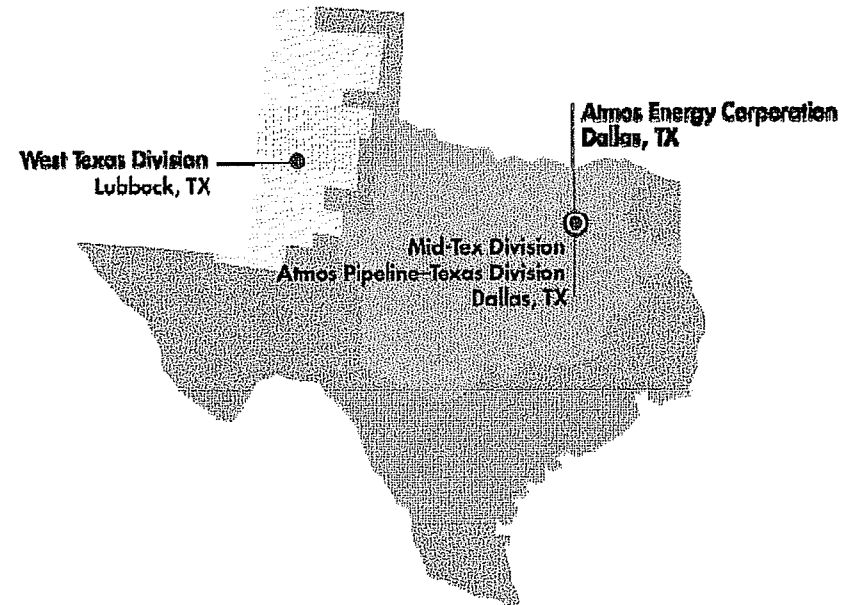


	Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Approved/Requested Operating Income \$ millions	Rate Base \$ in thousands	Requested Rate Base \$ in thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Customers at 09/30/09
APT-GRIP	04/28/09		\$6.3	\$755,038		8.26%		10.00%		50/50		236

Regulated Operations

Mid-Tex Division

- Largest Atmos Energy division; serves about 550 communities
- Largest natural gas distributor in Texas
- Approximately 29,000 miles of distribution pipe
- Weather normalization in place from November - April
- Each municipality has original jurisdiction
- Railroad Commission of Texas (RRC) has appellate jurisdiction and original jurisdiction over environs customers
- Annual Rate Review Mechanism to update rates and replaces GRIP filings is in place for 80% of customers – “Settled Cities”
- Remaining 20% customers’ rates updated through annual GRIP filings and periodic formal rate proceedings
 - Includes City of Dallas and Environs
 - \$7.7 million rate case pending



Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Approved/Requested Operating Income \$ millions	Rate Base \$ in thousands	Requested Rate Base \$ in thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 09/30/09
Settled Cities RRM	08/01/09		\$2.0	\$1,262,969		7.78%		9.60%		51.9/48.1		1,227,698
Dallas & Environs GRIP	12/01/08		\$1.8	\$1,169,897		7.98%		10.00%		52/48		
Dallas Appeal & Environs	06/24/08	04/23/09	\$7.7	\$1,127,924	\$1,288,000	7.98%	9.14%	10.00%	11.50%	52/48	51.9/48.9	306,899
Dallas GRIP	09/09/09		\$2.7	\$1,232,288		7.98%		10.00%				

Note: Rate base for Settled Cities and Dallas both represented on a "system-wide" basis

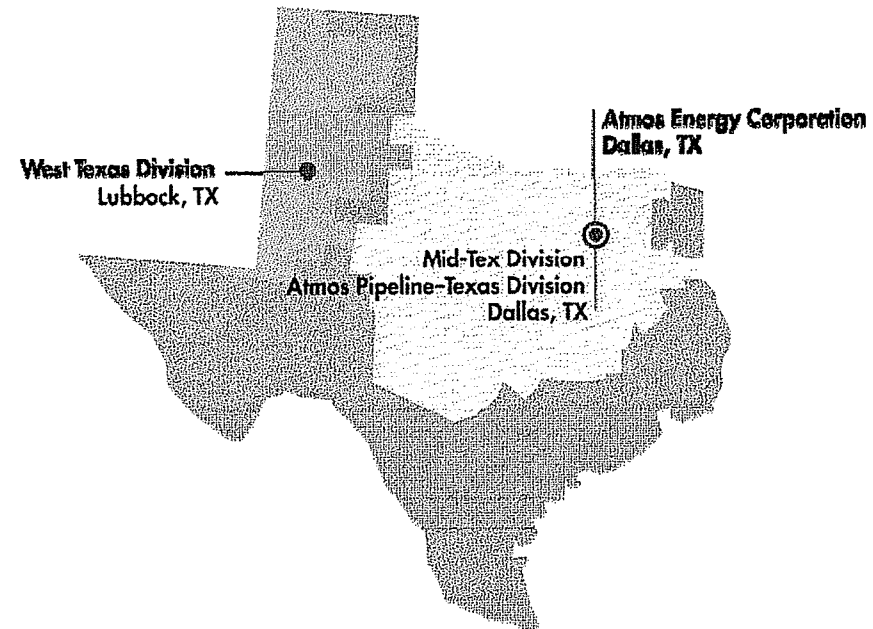
Pending Mid-Tex Rate Case – City of Dallas & Environs

- April 24, 2009, *appealed* November 5, 2008, City of Dallas filing to the Texas Railroad Commission for an adjusted annual operating income increase of \$7.5 million and concurrently, filed to increase annual operating income \$1.3 million for Environs customers
 - Adjusted request of \$7.5 million gives effect to the 2007 GRIP adjustment implemented in January 2009 for the City of Dallas
 - Rebuttal testimony and revisions filed August 4th, with operating income increase of \$6.6 million for the City of Dallas and \$1.1 million for Environs
 - The Hearing Examiner's issued a proposed decision on October 9th and recommended a rate change of \$3.5 million when applied to the Dallas & Environs area of the Mid-Tex system. A final Commission decision is expected before the end of the year.
- Serves approximately 222,000 residential, commercial and industrial customers in City of Dallas
- Requested ROE of 11.5%; Requested ROR of 9.138%
- Requested Capital Structure: 51.09% Debt / 48.91% Equity
- Proposed system-wide Rate Base of \$1.288 billion
- Test year ended June 30, 2008

Regulated Operations

West Texas Division

- Serves about 80 communities
- Approximately 7,700 miles of distribution pipe
- Weather normalization in place from October - May
- Each municipality has original jurisdiction
- Railroad Commission of Texas (RRC) has appellate jurisdiction and original jurisdiction over environs customers
- Annual Rate Review Mechanism to update rates and replaces GRIP filings



Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Approved/Requested Operating Income \$ millions	Rate Base \$ in thousands	Requested Rate Base \$ in thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 09/30/09
Lubbock	10/01/09		\$2.7	\$54,837		8.24%		9.60%		52/48		73,642
West Texas Cities	08/01/09		\$6.6	\$124,401		8.24%		9.60%		52/48		155,612
Amarillo	10/01/09		\$1.3	\$49,324		7.70%		9.60%		52/48		69,836

Regulated Operations

Louisiana Division

- Serves about 300 communities
- Over 8,300 miles of distribution pipe
- Weather normalization in place from December - March
- Rates updated annually through stable rate filings - Rate Stabilization Clause (RSC)



Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Approved/Requested Operating Income \$ millions	Rate Base \$ in thousands	Requested Rate Base \$ in thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 09/30/09
Trans La	04/01/09		\$0.6	\$96,600		9.19%		10.00%		52/48		78,345
LGS	07/01/09		\$3.3	\$236,600		8.61%		10.40%		52/48		277,648

Regulated Operations

Mississippi Division

- Serves about 110 communities
- Over 6,500 miles of distribution pipe
- Weather normalization in place from November - April
- Rates updated annually through stable rate filings
- \$10.2 million rate case pending
 - Requests bad debt rider
 - Test year end June 30, 2009



Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Approved/Requested Operating Income \$ millions	Rate Base \$ in thousands	Requested Rate Base \$ in thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 09/30/09
Mississippi	01/01/05	09/04/09	\$10.2	\$196,801	\$235,800	8.23%	8.27%	9.80%	10.04%	47/53	51.8/48.2	266,785

Pending Mississippi Stable Rate Filing

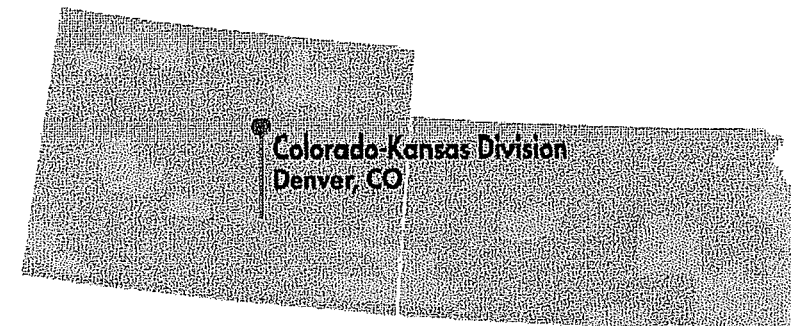
- September 4, 2009, annual stable rate filing, requesting an increase in operating income of \$10.2 million
- Test year ended June 30, 2009
- Requested ROE of 10.04%; Requested ROR of 8.27%
- Requested capital structure: 51.8% debt / 48.2% equity
- Requested Rate Base of about \$236 million
- Serves about 270,000 customers

Regulated Operations



Colorado-Kansas Division

- Serves about 170 communities
- Over 7,100 miles of distribution pipe
- Weather normalization in Kansas from October – May
- Governed by each state's public service commission
- \$3.8 million rate case pending in Colorado
 - Requested recovery of bad debt gas costs, annual stabilization mechanism and recovery of AMI
 - Test year end December 31, 2009



Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Approved/Requested Operating Income \$ millions	Rate Base \$ in thousands	Requested Rate Base \$ in thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 09/30/09
Colorado	10/01/07	07/08/09	\$3.8	\$81,208	\$89,800	8.45%	9.28%	11.25%	11.25%	54/46	45/55	111,382
Kansas	05/12/08			\$135,561 **		*	8.47%	*	11.0%	*	52/48	129,983

* Not included in the respective state commission's final decision.

** The rate base per the last filing was not included in the state commission's final decision; however, the amount presented represents the filed rate base included in the latest filing.

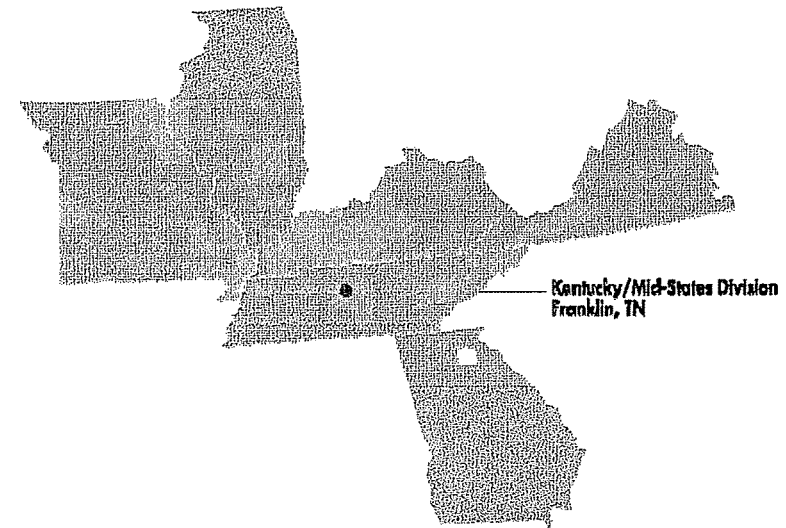
Pending Colorado Rate Case

- July 8, 2009, *filed* request for an increase in annual operating income of \$3.8 million
 - Affects about 111,000 customers
 - Requested recovery of bad debt gas costs through GCA, annual stabilization mechanism and recovery of AMI in tariffs
- Requested ROE of 11.25 percent; Overall return of 9.28 percent
- Requested Capital Structure: 45 percent debt / 55 percent equity
- Requested Rate Base: \$89.8 Million
- Test year ended December 31, 2008

Regulated Operations

Kentucky/Mid-States Division

- Serves over 420 communities in 7 states
- Over 12,000 miles of distribution pipe
- Weather normalization in 4 states
 - Georgia from October - May
 - Kentucky from November - April
 - Tennessee from November - April
 - Virginia from January - December
- Governed by each state's public service commission
- Rate cases currently pending
 - \$3.8 million in Georgia
 - \$9.5 million case in Kentucky
 - \$1.7 million case in Virginia



Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Approved/Requested Operating Income \$ millions	Rate Base \$ in thousands	Requested Rate Base \$ in thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 09/30/09
Georgia	09/22/08	10/01/09	\$3.8	\$66,893	60,600	7.75%	8.99%	10.70%	11.00%	55/45	51.2/48.8	65,080
Illinois	11/01/00			\$24,564		9.18%		11.56%		67/33		22,623
Iowa	03/01/01			\$5,000		*		11.00%		57/43		4,344
Kentucky	08/01/07	10/29/09	\$9.5	\$169,406 **	184,700	*	9.00%	*	11.00%	*	51.4/48.6	175,789
Missouri	03/04/07			\$55,976 **		*		*		*		57,332
Tennessee	04/01/09		\$2.5	\$190,100		8.24%		10.30%		51.88/48/12		132,764
Virginia	09/30/08	04/01/09	\$1.7	\$33,194	\$38,793	8.46%-8.96%	8.43%	9.50%-10.50%	10.00%	55/45	52/48	23,182

* Not included in the respective state commission's final decision.

** The rate base per the last filing was not included in the state commission's final decision; however, the amount presented represents the filed rate base included in the latest filing.

Pending Georgia Rate Case

- October 1, 2009, *filed* request for an increase in annual operating income of \$3.8 million
- Requested monthly residential customer charge increase to \$12.50 from \$10.50
- Requested capital structure of 51.2% Debt / 48.8% Equity
- Requested ROE of 11.00%; Requested ROR of 8.99%
- Requested Rate Base: \$60.6 million
- Serves about 60,000 customers
- Test year ended October 31, 2010

Pending Kentucky Rate Case

- October 29, 2009, *filed* request for an increase in annual operating income of \$9.5 million
- Requested monthly residential customer charge increase to \$13.50 from \$9.35
- Requested capital structure of 51.4% Debt / 48.6% Equity
- Requested ROE of 11.00%; Requested ROR of 9.00%
- Requested Rate Base: \$184.7 million
- Test year ended March 31, 2011
- Serves about 180,000 customers

Regulated Operations

Pending Virginia Rate Case

- April 1, 2009, *filed* request for an increase in annual operating income of about \$1.7 million
- Requested monthly residential customer charge increase to \$9.00 from \$7.35
- Requested capital structure of 52% debt / 48% equity
- Requested ROE of 10.0%; Requested ROR of 8.43%
- Requested Rate Base: \$38.8 million
- Serves about 22,000 customers
- Test year ended September 2008

Regulated Operations



Regulatory Filings Outlook – Fiscal 2010

Q1 October – December	Q2 January – March	Q3 April – June	Q4 July – September
Georgia – \$3.8 million rate case filed October 1, 2009; new rates anticipated spring 2010	Kansas – Anticipate filing rate case in January 2010; new rates anticipated fall 2010	West Texas Cities – Anticipate filing Rate Review Mechanism in April 2010; new rates anticipated Q4 fiscal 2010	Atmos Pipeline-Texas – Anticipate filing rate case per statute in September 2010; new rates anticipated spring 2011
Kentucky – \$9.5 million rate case filed October 29, 2009; new rates anticipated spring 2010	Atmos Pipeline-Texas – Anticipate GRIP filing in February 2010; new rates anticipated May 2010	Lubbock and Amarillo – Anticipate filing Rate Review Mechanism in April 2010; new rates anticipated Q4 fiscal 2010	Mississippi – Anticipate stable rate filing in September 2010; dependent on outcome of current filing before the Commission
Missouri – Anticipate filing rate case in December 2009; new rates anticipated Q1 fiscal 2011	Mid-Tex Environs & City of Dallas – Anticipate filing either a GRIP filing or rate case in Q2 fiscal 2010; case is dependent on outcome of current docket before the Commission	Louisiana – Anticipate filing LGS jurisdiction annual Rate Stabilization Clause filing in April 2010; new rates anticipated Q4 fiscal 2010	Illinois – Currently evaluating a filing before the end of fiscal 2010
Louisiana – Anticipate filing TLA jurisdiction annual Rate Stabilization Clause filing in December 2009; new rates anticipated Q3 fiscal 2010	Mid-Tex Settled Cities – Anticipate filing Rate Review Mechanism in March 2010; new rates anticipated Q3 fiscal 2010	Tennessee – Anticipate filing rate case in Q3 fiscal 2010; new rates anticipated Q1 fiscal 2011	

Pipeline Storage & Other Segment - Ft. Necessity Gas Storage Project

- Total investment at September 30, 2009 was about \$20 million
- Currently in serious negotiations to sell entire interest in the project
- Submitted pre-filing request with the Federal Energy Regulatory Commission (FERC) to construct and operate a salt-cavern gas storage project in Franklin Parish, LA (Docket No. PF08-10-000)
 - Project initially includes development of three 5 Bcf caverns of working gas storage for a total of 15 Bcf, with six-turn injection and withdrawal capabilities of the entire capacity; four additional storage caverns could potentially be developed, if market demand exists
- Testing of the salt core samples was completed in March 2009, which showed favorable conditions for development
- FERC certificate received June 18, 2009
- Successful non-binding open season completed in July 2008
 - Participants requested storage capacity that in total was more than three times greater than the 5 billion cubic feet (Bcf) of capacity proposed in phase one of the project
 - Participants represented a diverse group of energy companies

Nonregulated Operations

Atmos Energy Marketing



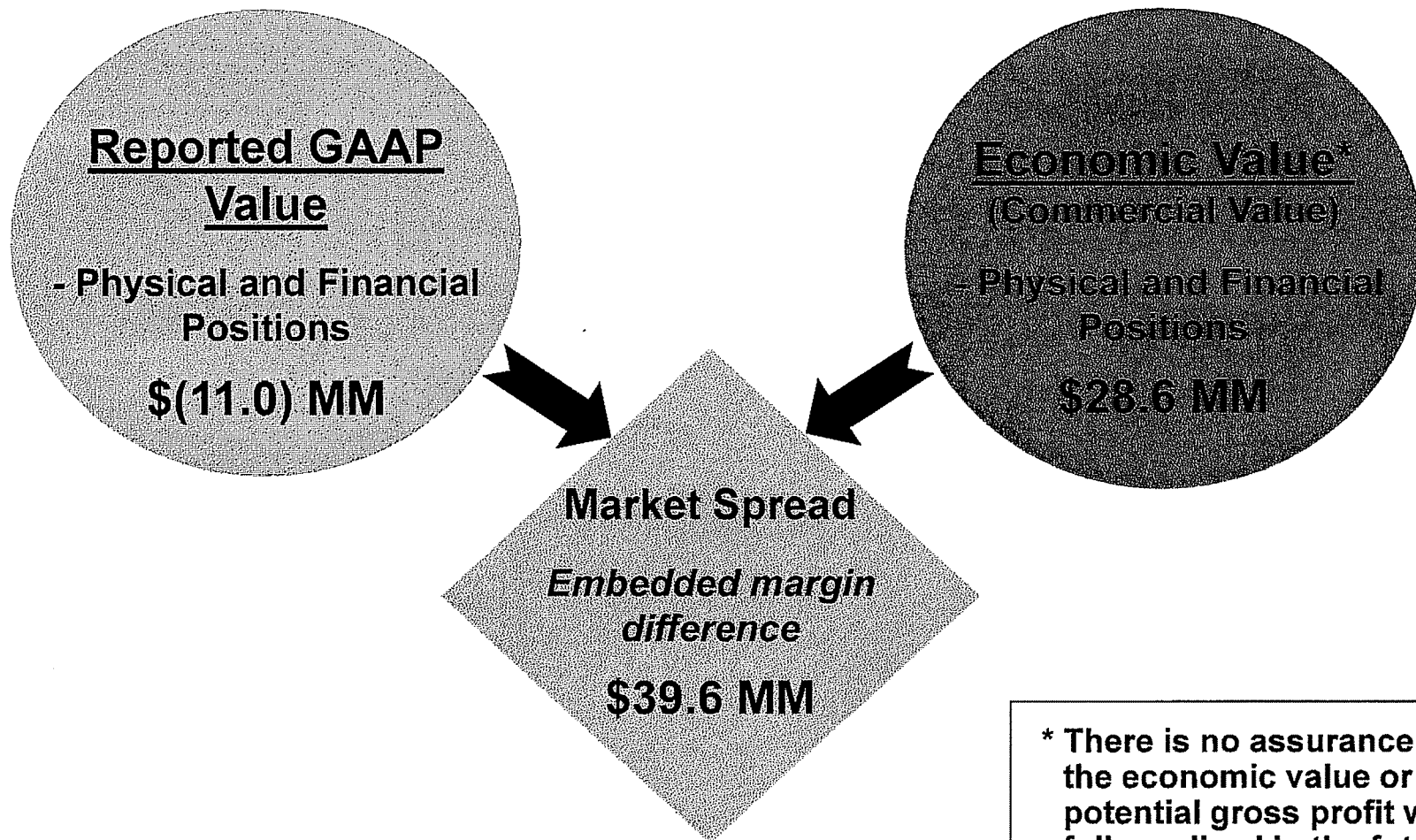
Economic Value vs. GAAP Reported Results

- We commercially manage our storage assets by capturing arbitrage value through optimization strategies that create embedded (forward) value in the portfolio. We report the transactions for external financial reporting purposes in accordance with generally accepted accounting principles (“GAAP”).
- **GAAP Reported Value** is the period to period net change in fair value of the portfolio reported in the income statement that results from the process of marking to market the physical storage volumes and corresponding financial instruments in an interim period.
- **Economic Value** is the period to period forward margin of our storage portfolio that results from the process of calculating our weighted average cost of inventory (WACOG), and our weighted average sales price of our forward financials (WASP), then multiplying the difference times inventory volumes. This margin will be realized in cash when the hedged transaction is executed or when financials are settled and then reset to stay hedged against physical volumes.
 - ⌘ **Economic Value** represents the “forward” economic margin of the transactions, while GAAP reported results reflect that portion of our “forward” margin that has been recorded in the income statement.
 - ⌘ **Volatility** in earnings includes the impact of the accounting treatment of our storage portfolio in accordance with GAAP and is reflective of relatively high price volatility of the prompt month, and the relatively low volatility of the offsetting forward months.

Nonregulated Operations Atmos Energy Marketing



Economic Value vs. GAAP Reported Results



* There is no assurance that the economic value or the potential gross profit will be fully realized in the future

At September 30, 2009

Nonregulated Operations Atmos Energy Marketing



Economic Value vs. GAAP Reported Results Fiscal Year

Period Ending	Physical Volume (Bcf)	Economic Value (EV) (\$ per mcf)				GAAP Reported Value - MTM		Market Spread	
		WASP	WACOG	EV	Total (\$ in millions)	Total (\$ per mcf)	Total (\$ in millions)	Total (\$ per mcf)	Total (\$ in millions)
9/30/2007	12.3	11.1547	7.8297	3.3250	40.8	0.8819	10.8	2.4431	30.0
9/30/2008	8.0	14.9977	8.9220	6.0757	48.5	4.5643	36.4	1.5114	12.1
2008 Variance	(4.3)	\$ 3.8430	\$ 1.0923	\$ 2.7507	\$ 7.7	3.6824	\$ 25.6	\$ (0.9317)	\$ (17.9)
9/30/2008	8.0	14.9977	8.9220	6.0757	48.5	4.5643	36.4	1.5114	12.1
9/30/2009	13.8	8.0932	6.0232	2.0700	28.6	(0.7986)	(11.0)	2.8686	39.6
2009 Variance	5.8	\$ (6.9045)	\$ (2.8988)	\$ (4.0057)	\$ (19.9)	(5.3629)	\$ (47.4)	\$ 1.3572	\$ 27.5

WASP: Weighted average sales price for gas held in storage

WACOG: Weighted average cost of AEM's gas in storage

EV: "Economic Value" which equals gas sales price (WASP) minus cost of gas (WACOG) on a per unit basis

REQUEST:

[Rate of Return] - Please provide copies of all prospectuses for any security issuances by Atmos Energy Corporation since January 1, 2008.

RESPONSE:

Please see Attachment 1 for the preliminary prospectus related to the bond offering in March 2009. Please see Attachment 2 for the supplemental prospectus related to the same bond offering.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation - Preliminary Prospectus Supplement Dated March 23, 2009, 95 Pages.

ATTACHMENT 2 - Atmos Energy Corporation - Final Prospectus Supplement Dated March 24, 2009, 59 Pages.

Respondent: Robert J. Smith

The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities and are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(3)
File No. 333-158140

SUBJECT TO COMPLETION
PRELIMINARY PROSPECTUS SUPPLEMENT DATED MARCH 23, 2009

Prospectus Supplement
March , 2009
(To Prospectus dated March 23, 2009)



Atmos Energy Corporation
% Senior Notes due 2019

The notes will bear interest at the rate of % per year and will mature on , 2019. We will pay interest on the notes on and of each year they are outstanding, beginning , 2009. We may redeem the notes prior to maturity at our option, at any time in whole or from time to time in part, at a redemption price described in this prospectus supplement. See "Description of the Notes — Optional Redemption."

All of the notes are unsecured and rank equally with all of our other existing and future unsubordinated debt. The notes will be issued only in registered form in minimum denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof.

Investing in the notes involves risks. See "Risk Factors" on page S-6 of this prospectus supplement.

	<u>Per Note</u>	<u>Total</u>
Public offering price(1)	%	\$
Underwriting discount	%	\$
Proceeds, before expenses, to Atmos Energy	%	\$

(1) Plus accrued interest from , 2009, if settlement occurs after that date.

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

The underwriters expect to deliver the notes to investors in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, Luxembourg and/or Euroclear Bank S.A./N.V., on or about , 2009.

Joint Book-Running Managers

Banc of America Securities LLC

Goldman, Sachs & Co.

RBS Greenwich Capital

SunTrust Robinson Humphrey

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**IMPORTANT NOTICE ABOUT INFORMATION IN THIS
PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS**

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, dated March 23, 2009, which gives more general information, some of which does not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, the information contained in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recent document shall control. This prospectus supplement and the accompanying prospectus are a part of a registration statement that we filed with the Securities and Exchange Commission using the SEC's shelf registration rules.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus. We have not, and the underwriters have not, authorized any other person to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. See "Incorporation of Certain Documents by Reference" in this prospectus supplement and "Where You Can Find More Information" in the accompanying prospectus.

Neither Atmos Energy Corporation nor the underwriters are making an offer of these notes in any jurisdiction where the offer is not permitted.

The information contained in or incorporated by reference in this document is accurate only as of the date of this prospectus supplement or the date of such incorporated documents, regardless of the time of delivery of this prospectus supplement or of any sale of notes.

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

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to “incorporate by reference” information in this prospectus supplement and the accompanying prospectus that we have filed with it. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, except for any information that is superseded by information that is included directly in this prospectus supplement or the accompanying prospectus.

We incorporate by reference in this prospectus supplement and the accompanying prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, prior to the termination of this offering. These additional documents include periodic reports, such as annual reports on Form 10-K and quarterly reports on Form 10-Q, and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01, which is deemed not to be incorporated by reference in this prospectus supplement or the accompanying prospectus), as well as proxy statements (other than information identified in them as not incorporated by reference). You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus supplement. The information that we file later with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act and before the termination of this offering will automatically update and supersede previous information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

This prospectus supplement and the accompanying prospectus incorporate by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this document:

- Our annual report on Form 10-K for the year ended September 30, 2008;
- Our quarterly report on Form 10-Q for the three-month period ended December 31, 2008;
- Our current reports on Form 8-K filed with the SEC on November 3, 2008, November 21, 2008, December 3, 2008, January 5, 2009 and February 6, 2009; and
- The following pages and captioned text contained in our definitive proxy statement for the annual meeting of shareholders on February 4, 2009 and incorporated into our annual report on Form 10-K: pages 3 through 5 under the caption “*Beneficial Ownership of Common Stock*,” pages 6 through 9 under the captions “*Election of Directors — Nominees for Director*” and “*— Directors Continuing in Office*,” pages 10 to 11 under the captions “*Corporate Governance and Other Board Matters — Independence of Directors*” and “*— Related Person Transactions*,” pages 13 to 14 under the captions “*Corporate Governance and Other Board Matters — Committees of the Board of Directors*” and “*— Other Board and Committee Matters — Human Resources Committee Interlocks and Insider Participation*,” pages 15 through 18 under the captions “*Director Compensation*” through to the end of “*Audit Committee-Related Matters — Independence of Audit Committee Members, Financial Literacy and Audit Committee Financial Experts*,” page 20 under the caption “*Audit-Committee Related Matters — Audit Committee Pre-Approval Policy*,” pages 20 through 30 under the caption “*Compensation Discussion and Analysis*,” and pages 31 through 45 under the caption “*Named Executive Officer Compensation*” through to the end of the caption “*Ratification of Appointment of Independent Registered Public Accounting Firm*.”

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

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

Atmos Energy Corporation
1800 Three Lincoln Centre
5430 LBJ Freeway
Dallas, Texas 75240
Attention: Susan Giles

(972) 934-9227

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- our ability to continue to access the credit markets to satisfy our liquidity requirements;
- the impact of economic conditions on our customers;
- increased costs of providing pension and post-retirement health care benefits and increased funding requirements;
- market risks beyond our control affecting our risk management activities, including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness;
- regulatory trends and decisions, including the impact of rate proceedings before various state regulatory commissions;
- increased federal regulatory oversight and potential penalties;
- the impact of environmental regulations on our business;
- the concentration of our distribution, pipeline and storage operations in Texas;
- adverse weather conditions;
- the effects of inflation and changes in the availability and prices of natural gas;
- the capital-intensive nature of our natural gas distribution business;
- increased competition from energy suppliers and alternative forms of energy;
- the inherent hazards and risks involved in operating our natural gas distribution business;
- natural disasters, terrorist activities or other events; and
- other risks and uncertainties discussed in this prospectus supplement, any accompanying prospectus and our other filings with the SEC.

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

For additional factors you should consider, please see “Risk Factors” on page S-6 of this prospectus supplement and Sections “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the fiscal year ended September 30, 2008 and “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008. See “Incorporation of Certain Documents by Reference.”

PROSPECTUS SUPPLEMENT SUMMARY

You should read the following summary in conjunction with the more detailed information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

Atmos Energy Corporation

Atmos Energy Corporation is engaged primarily in the regulated natural gas distribution and transmission and storage businesses, as well as other nonregulated natural gas businesses. We are one of the country's largest natural gas-only distributors based on number of customers. We distribute natural gas through sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers in 12 states. We also operate one of the largest intrastate pipelines in Texas based upon miles of pipe.

Through our regulated transmission and storage business, we provide natural gas transportation and storage services to our Mid-Tex Division, our largest natural gas distribution division located in Texas, and for third parties. Additionally, we provide ancillary services customary to the pipeline industry, including parking arrangements, lending and sales of inventory on hand.

Through our nonregulated businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers primarily in the Midwest and Southeast. We also provide storage services to some of our natural gas distribution divisions and to third parties.

We operate Atmos Energy through the following four 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;
- the *natural gas marketing segment*, which includes a variety of nonregulated natural gas management services; and
- the *pipeline, storage and other segment*, which is comprised of our nonregulated natural gas gathering, transmission and storage services.

We have experienced more than 20 consecutive years of increasing dividends and earnings growth after giving effect to our acquisitions. Historically, we achieved this record of growth through acquisitions while efficiently managing our operating and maintenance expenses and leveraging our technology, such as our 24-hour call centers, to achieve more efficient operations. Our last significant acquisition occurred in October 2004 with the purchase of the natural gas distribution and pipeline operations of TXU Gas Company (TXU Gas). The TXU Gas acquisition essentially doubled our number of natural gas distribution customers, by adding approximately 1.5 million gas customers in Texas, including the Dallas-Fort Worth metropolitan area and the northern suburbs of Austin. The acquisition also added approximately 6,100 miles of gas transmission and gathering lines and five underground storage reservoirs, all within Texas. In recent years, we have also 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. Finally, we have strengthened our nonregulated businesses by increasing sales volumes and actively pursuing opportunities to increase the amount of storage available to us.

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Recent Developments

Declaration of Dividends. On February 3, 2009, our Board of Directors declared a quarterly dividend on our common stock of \$0.33 per share. The dividend was paid on March 10, 2009 to shareholders of record on February 25, 2009.

Appointment of Senior Vice President and Chief Financial Officer. On February 3, 2009, Fred E. Meisenheimer was appointed Senior Vice President and Chief Financial Officer of Atmos Energy, effective February 4, 2009. Mr. Meisenheimer also continues to serve as Controller, a position he has held since July 2000.

Annual Meeting Results. We held our annual shareholders meeting on February 4, 2009. At the meeting, our shareholders took the following actions: (i) elected Ruben E. Esquivel as a Class I director whose term will expire in 2011 and Richard W. Cardin, Thomas C. Meredith, Ed.D., Nancy K. Quinn, Stephen R. Springer and Richard Ware II as Class II directors whose terms will expire in 2012 and (ii) approved a shareholder proposal regarding declassification of our Board of Directors.

Our address is 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, and our telephone number is (972) 934-9227. Our internet Web site address is www.atmosenergy.com. Information on or connected to our internet Web site is not part of this prospectus supplement or the accompanying prospectus.



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Summary Financial Data

The following table presents summary consolidated and segment financial data of Atmos Energy Corporation for the periods and as of the dates indicated. We derived the summary financial data for the fiscal years ended September 30, 2008, 2007, 2006, 2005 and 2004 from our audited consolidated financial statements and the summary financial data for the three months ended December 31, 2008 and 2007 from our unaudited condensed consolidated financial statements. Please note that, given the inherent seasonality in our business, the results of operations for the three months ended December 31, 2008 presented below are not necessarily indicative of results for the entire fiscal year. The information is only a summary and does not provide all of the information contained in our financial statements. Therefore, you should read the information presented below in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included in our annual report on Form 10-K for the fiscal year ended September 30, 2008, and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus. Our operating results include the impact of the acquisition of TXU Gas in October 2004. As a result, our consolidated financial data presented below include results from operations of TXU Gas from October 2004; therefore, comparisons with the fiscal year ended September 30, 2004 may not be meaningful.

	Three Months Ended		Year Ended September 30,				
	December 31,		2008	2007(1)	2006(1)	2005(2)	2004(3)
	2008	2007	2008	2007(1)	2006(1)	2005(2)	2004(3)
	(in thousands, except per share data)						
Consolidated							
Financial Data							
Operating revenues	\$1,716,332	\$1,657,510	\$7,221,305	\$5,898,431	\$6,152,363	\$4,961,873	\$2,920,037
Gross profit	395,212	369,638	1,321,326	1,250,082	1,216,570	1,117,637	562,191
Operating expenses	232,018	211,129	893,431	851,446	833,954	768,982	368,496
Operating income	163,194	158,509	427,895	398,636	382,616	348,655	193,695
Net income	75,963	73,803	180,331	168,492	147,737	135,785	86,227
Diluted net income							
per share	\$ 0.83	\$ 0.82	\$ 2.00	\$ 1.92	\$ 1.82	\$ 1.72	\$ 1.58
Cash dividends paid							
per share	\$ 0.330	\$ 0.325	\$ 1.30	\$ 1.28	\$ 1.26	\$ 1.24	\$ 1.22
Cash flows from							
operating							
activities	\$ 150,715	\$ 61,437	\$ 370,933	\$ 547,095	\$ 311,449	\$ 386,944	\$ 270,734
Capital expenditures	\$ 107,367	\$ 94,155	\$ 472,273	\$ 392,435	\$ 425,324	\$ 333,183	\$ 190,285
	As of December 31,		As of September 30,				
	2008	2007	2008	2007	2006	2005(2)	2004
	(in thousands)						
Consolidated							
Balance Sheet							
Data							
Total assets(4)	\$6,818,899	\$6,369,574	\$6,386,699	\$5,895,197	\$5,719,547	\$5,610,547	\$2,902,658
Debt							
Long-term debt(5)	\$1,719,920	\$2,124,915	\$2,119,792	\$2,126,315	\$2,180,362	\$2,183,104	\$ 861,311
Short-term debt(5)	761,340	205,862	351,327	154,430	385,602	148,073	5,908
Total debt	\$2,481,260	\$2,330,777	\$2,471,119	\$2,280,745	\$2,565,964	\$2,331,177	\$ 867,219
Shareholders' equity	\$2,078,076	\$2,032,483	\$2,052,492	\$1,965,754	\$1,648,098	\$1,602,422	\$1,133,459

See footnotes on following page.

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	Three Months		Year Ended September 30,				
	Ended December 31,		2008	2007(1)	2006(1)	2005(2)	2004(6)
	2008	2007	(in thousands, except ratios)				
Segment Operating Income							
Natural gas distribution	\$112,505	\$ 97,503	\$261,165	\$221,187	\$201,894	\$236,365	\$159,890
Regulated transmission and storage	19,370	22,254	89,745	79,830	63,326	65,840	—
Natural gas marketing Pipeline, storage and other	20,513	34,699	56,392	75,040	102,235	40,985	27,726
	10,720	3,967	20,249	22,235	14,924	5,264	6,045
Eliminations	86	86	344	344	237	201	34
Consolidated	\$163,194	\$158,509	\$427,895	\$398,636	\$382,616	\$348,655	\$193,695
Other Financial Data							
Ratio of earnings to fixed charges(7)	3.97	4.09	2.96	2.69	2.50	2.54	2.95
Pro forma ratio of earnings to fixed charges(8)		—		—	—	—	—
<p>(1) Financial results for fiscal 2007 and 2006 include a \$6.3 million and a \$22.9 million pre-tax loss for the impairment of certain assets.</p> <p>(2) Financial results for fiscal 2005 include the operations of our Mid-Tex and Atmos Pipeline — Texas divisions, from October 1, 2004, the date of acquisition.</p> <p>(3) Financial results for fiscal 2004 include a \$5.9 million pre-tax gain on the sale of our interest in U.S. Propane, L.P. and Heritage Propane Partners, L.P.</p> <p>(4) Effective September 30, 2008, we classified our cash collateral or the obligation to return cash into risk management assets and/or liabilities, as appropriate, in accordance with FSP FIN 39-1. Total assets as of December 31, 2007 and September 30, 2007, 2005 and 2004 also reflect this new classification. This reclassification had no impact on total assets as of September 30, 2006 and it did not impact our financial position, results of operations or cash flows for any of the periods presented above.</p> <p>(5) Long-term debt excludes current maturities. Short-term debt is comprised of current maturities of long-term debt and short-term debt.</p> <p>(6) Restated to conform to current segment reporting.</p> <p>(7) For purposes of computing ratio of earnings to fixed charges, earnings consist of the sum of our pretax income from continuing operations and fixed charges. Fixed charges consist of interest expense, amortization of debt discount, premium and expense, capitalized interest and a portion of lease payments considered to represent an interest factor.</p> <p>(8) The pro forma ratio of earnings to fixed charges gives effect to the issuance of the notes, the redemption of our \$400 million 4.00% Senior Notes due 2009 (assuming a redemption date of May 1, 2009) and the settlement of the Treasury lock agreement described in “Use of Proceeds” as of the beginning of the periods indicated.</p>							

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The Offering	
Issuer	Atmos Energy Corporation
Notes Offered	\$ aggregate principal amount of % senior notes due 2019.
Maturity	The notes will mature on , 2019.
Interest	The notes will bear interest at the rate of % per year. Interest on the notes will be payable semi-annually in arrears on and of each year they are outstanding, beginning on , 2009.
Ranking	The notes will be our unsecured senior obligations. The notes will rank equally in right of payment with all our existing and future unsubordinated indebtedness and will rank senior in right of payment to any future indebtedness that is subordinated to the notes. The notes will be effectively subordinated to all our existing and future secured indebtedness to the extent of the assets securing such indebtedness and to the indebtedness and liabilities of our subsidiaries.
Optional Redemption	We may redeem the notes prior to maturity at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of the principal amount of the notes to be redeemed and the “make-whole” redemption price, plus, in each case, accrued and unpaid interest, if any, to the redemption date, as described in “Description of the Notes — Optional Redemption” on page S-14.
Covenants of the Indenture	We will issue the notes under an indenture which will, among other things, restrict our ability to create liens and to enter into sale and leaseback transactions. See “Description of Debt Securities — Covenants” beginning on page 8 of the accompanying prospectus.
Expected Ratings	We expect that the notes will be rated “Baa3” by Moody’s Investors Services, “BBB+” by Standard & Poor’s Rating Services, a division of The McGraw-Hill Company, Inc., and “BBB+” by Fitch IBCA, Inc. None of these ratings is a recommendation to buy, sell or hold the notes. Each rating is subject to revision or withdrawal at any time and should be evaluated independently of any other rating.
Use of Proceeds	We estimate that our net proceeds from this offering, after deducting the underwriting discount and estimated offering expenses payable by us, will be approximately \$ million. We intend to use the net proceeds of this offering, together with available cash if needed, to redeem our \$400 million 4.00% Senior Notes due 2009. See “Use of Proceeds” on page S-6.

See “Risk Factors” on page S-6 of this prospectus supplement and other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the factors you should consider carefully before deciding to invest in the notes.

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RISK FACTORS

Investing in the notes involves risks. Our business is influenced by many factors that are difficult to predict and beyond our control and that involve uncertainties that may materially affect our results of operations, financial condition or cash flows, or the value of the notes. These risks and uncertainties include those described in the risk factor and other sections of the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, including "Item 1A. Risk Factors" in our annual report on Form 10-K for the fiscal year ended September 30, 2008. The risks and uncertainties incorporated by reference are not the only risks and uncertainties we may confront. Moreover, risks and uncertainties not presently known to us or currently deemed immaterial by us may also adversely affect our business, results of operations, financial condition or cash flows, or the value of the notes. You should carefully consider these risks and uncertainties and all of the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before you invest in the notes.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately \$ million, after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, together with available cash if needed, to redeem our \$400 million 4.00% Senior Notes due 2009, which we refer to as the 2009 notes.

The 2009 notes mature on October 15, 2009 and the interest rate on the 2009 notes is 4% per year.

The terms of the 2009 notes permit us to redeem the 2009 notes in full, at a price equal to the greater of (i) the aggregate principal amount of the 2009 notes and (ii) the present values of the remaining scheduled payments of principal and interest on the 2009 notes discounted to the redemption date at an adjusted treasury rate plus 15 basis points, plus accrued and unpaid interest to the redemption date, upon 30 days notice. If we deliver a notice of redemption to the holders of our 2009 notes with a redemption date of May 1, 2009, the aggregate amount required to redeem the 2009 notes, including accrued and unpaid interest, will be approximately \$407 million.

If the aggregate principal amount of notes issued in this offering is less than the amount necessary to redeem the 2009 notes, we will use available cash to fund the redemption of the 2009 notes. If the aggregate principal amount of notes issued in this offering is more than the amount necessary to redeem the 2009 notes, we will use the excess cash for general corporate purposes, including the repayment of short-term debt outstanding under our revolving credit facilities. We have been using the proceeds of borrowings under our revolving credit facilities for working capital and other general corporate purposes.

In March 2009, we entered into an agreement to fix the Treasury yield component of a notional principal amount of \$450 million in notes that could be issued in this offering, which we refer to as the Treasury lock agreement. We intend to terminate and settle the Treasury lock agreement on the closing of this offering. We do not expect to receive any significant amounts in connection with the settlement of the Treasury lock agreement. If the settlement of the Treasury lock agreement results in an obligation, we will use available cash to pay the obligation.

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CAPITALIZATION

The following table presents our cash and cash equivalents, short-term debt and capitalization as of December 31, 2008, on an actual basis and as adjusted to reflect the issuance of notes in this offering, the redemption of our 2009 notes (assuming a redemption date of May 1, 2009) and the settlement of the Treasury lock agreement. The estimated amount included in the as adjusted column to reflect the settlement of the Treasury lock agreement is not significant. Any increase in the actual value of the Treasury lock agreement from the estimated value will increase the amount of proceeds received from the settlement of the Treasury lock agreement by a corresponding amount. Any decrease in that value will decrease the amount of proceeds received and could result in a decrease in cash and cash equivalents. You should read this table in conjunction with the section entitled "Use of Proceeds" and our condensed consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	As of December 31, 2008	
	Actual	As Adjusted
	(in thousands)	
Cash and cash equivalents	<u>\$ 69,799</u>	<u>\$</u>
Short-term debt		
Current portion of long-term debt	\$ 400,507	\$
Other short-term debt	360,833	
Total short-term debt	<u>\$ 761,340</u>	<u>\$</u>
Long-term debt, less current portion	<u>\$1,719,920</u>	<u>\$</u>
Shareholders' equity		
Common stock, no par value (stated at \$.005 per share); 200,000,000 shares authorized; 91,599,495 shares issued and outstanding, actual and as adjusted	458	458
Additional paid-in capital	1,757,834	1,757,834
Retained earnings	381,633	381,633
Accumulated other comprehensive loss	(61,849)	
Shareholders' equity	<u>2,078,076</u>	<u></u>
Total capitalization(1)	<u>\$3,797,996</u>	<u>\$</u>

(1) Total capitalization excludes the current portion of long-term debt and other short-term debt.

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BUSINESS

Overview

Atmos Energy Corporation, headquartered in Dallas, Texas, is engaged primarily in the regulated natural gas distribution and transmission and storage businesses, as well as other nonregulated natural gas businesses. We are one of the country's largest natural gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe.

We distribute natural gas through regulated sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our six regulated natural gas distribution divisions, which cover service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our distribution system.

Through our regulated transmission and storage business, we provide natural gas transportation and storage services to our Mid-Tex Division, our largest natural gas distribution division located in Texas, and for third parties. Additionally, we provide ancillary services customary to the pipeline industry, including parking arrangements, lending and sales of inventory on hand.

Through our nonregulated businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers primarily in the Midwest and Southeast. We also provide storage services to some of our natural gas distribution divisions and to third parties.

Operating Segments

We operate Atmos Energy through the following four 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;
- the *natural gas marketing segment*, which includes a variety of nonregulated natural gas management services; and
- the *pipeline, storage and other segment*, which is comprised of our nonregulated natural gas gathering, transmission and storage services.

Natural Gas Distribution Segment

We operate our natural gas distribution segment through the following six regulated divisions, which are presented below in order of total customers served:

- Atmos Energy Mid-Tex Division;
- Atmos Energy Kentucky/Mid-States Division;
- Atmos Energy Louisiana Division;
- Atmos Energy West Texas Division;
- Atmos Energy Mississippi Division; and
- Atmos Energy Colorado-Kansas Division.

The following is a brief description of our natural gas distribution divisions. We operate in our service areas under terms of non-exclusive franchise agreements granted by the various cities and towns that we serve.

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At September 30, 2008, we held 1,107 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. For more information, see "Item 1. Business" in our annual report on Form 10-K for the fiscal year ended September 30, 2008.

Atmos Energy Mid-Tex Division. Our Mid-Tex Division serves approximately 550 incorporated and unincorporated communities in the north-central, eastern and western parts of Texas, including the Dallas/Fort Worth Metroplex. The governing body of each municipality we serve has original jurisdiction over all gas distribution rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. The Railroad Commission of Texas (RRC) has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality.

Prior to fiscal 2008, this division operated under one system-wide rate structure. However, in the second quarter of 2008, we reached a settlement with cities representing approximately 80 percent of this division's customers that will allow us to update rates for customers in these cities through an annual rate review mechanism. Rates for the remaining 20 percent of this division's customers, including the City of Dallas, continue to be 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 Energy Kentucky/Mid-States Division. Our Kentucky/Mid-States Division operates in more than 420 communities across Georgia, Illinois, Iowa, Kentucky, Missouri, Tennessee and Virginia. The service areas in these states are primarily rural; however, this division serves Franklin, Tennessee and other suburban areas of Nashville. We update our rates in this division through periodic formal rate filings made with each state's public service commission.

Atmos Energy Louisiana Division. In Louisiana, we serve nearly 300 communities, including the suburban areas of New Orleans, the metropolitan area of Monroe and western Louisiana. Direct sales of natural gas to industrial customers in Louisiana who use gas for fuel or in manufacturing processes and sales of natural gas for vehicle fuel are exempt from regulation and are recognized in our natural gas marketing segment. Our rates in this division are updated annually through a stable rate filing without filing a formal rate case.

Atmos Energy West Texas Division. Our West Texas Division serves approximately 80 communities in West Texas, including the Amarillo, Lubbock and Midland areas. Like our Mid-Tex Division, each municipality we serve has original jurisdiction over all gas distribution rates, operations and services within its city limits, with the RRC having exclusive appellate jurisdiction over the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality. Prior to fiscal 2008, rates were updated in this division through formal rate proceedings. However, during 2008, the West Texas Division entered into agreements with its Lubbock and West Texas service areas to update rates for customers in these service areas through an annual rate review mechanism. Rates for the division's Amarillo service area continue to be updated through periodic formal rate proceedings and filings made under GRIP.

Atmos Energy Mississippi Division. In Mississippi, we serve about 110 communities throughout the northern half of the state, including the Jackson metropolitan area. Our rates in the Mississippi Division are updated annually through a stable rate filing without filing a formal rate case.

Atmos Energy Colorado-Kansas Division. Our Colorado-Kansas Division serves approximately 170 communities throughout Colorado and Kansas and portions of Missouri, including the cities of Olathe, Kansas, a suburb of Kansas City and Greeley, Colorado, located near Denver. We update our rates in this division through periodic formal rate filings made with each state's public service commission.

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. This division transports natural gas to our Mid-

Tex Division,

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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 arrangements, lending and sales of inventory on hand. Parking arrangements provide short-term interruptible storage of gas on our pipeline. Lending services provide short-term interruptible loans of natural gas from our pipeline to meet market demands. These operations represent 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. Nine basins located in Texas are believed to contain a substantial portion of the nation's remaining onshore natural gas reserves. This pipeline system provides access to all of these basins. 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. However, Atmos Pipeline — Texas' existing regulatory mechanisms allow certain transportation and storage services to be provided under market-based rates with minimal regulation.

Natural Gas Marketing Segment Overview

Our natural gas marketing activities are conducted through Atmos Energy Marketing (AEM), which is wholly-owned by Atmos Energy Holdings, Inc. (AEH). AEH is a wholly-owned subsidiary of Atmos Energy and operates primarily in the Midwest and Southeast areas of the United States. AEM aggregates and purchases gas supply, arranges transportation and storage logistics and ultimately delivers gas to customers at competitive prices. To facilitate this process, we utilize proprietary and customer-owned transportation and storage assets to provide various services our customers request, including furnishing natural gas supplies at fixed and market-based prices, contract negotiation and administration, load forecasting, gas storage acquisition and management services, transportation services, peaking sales and balancing services, capacity utilization strategies and gas price hedging through the use of financial instruments. As a result, our revenues arise from the types of commercial transactions we have structured with our customers and include the value we extract by optimizing the storage and transportation capacity we own or control as well as revenues for services we deliver.

Our asset optimization activities seek to maximize the economic value associated with the storage and transportation capacity we own or control. We attempt to meet this objective by engaging in natural gas storage transactions in which we seek to find and profit from the pricing differences that occur over time. We purchase physical natural gas and then sell financial instruments at advantageous prices to lock in a gross profit margin. We also seek to participate in transactions in which we combine the natural gas commodity and transportation costs to minimize our costs incurred to serve our customers by identifying the lowest cost alternative within the natural gas supplies, transportation and markets to which we have access. Through the use of transportation and storage services and financial instruments, we are able to capture gross profit margin through the arbitrage of pricing differences in various locations and by recognizing pricing differences that occur over time.

AEM's management of natural gas requirements involves the sale of natural gas and the management of storage and transportation supplies under contracts with customers generally having one- to two-year terms. AEM also sells natural gas to some of its industrial customers on a delivered burner tip basis under contract terms ranging from 30 days to two years.

Pipeline, Storage and Other Segment Overview

Our pipeline, storage and other segment primarily consists of the operations of Atmos Pipeline and Storage, LLC (APS) and Atmos Power Systems, Inc., which are each wholly-owned by AEH.

APS owns and operates a 21-mile pipeline located in New Orleans, Louisiana. This pipeline is primarily used to aggregate gas supply for our regulated natural gas distribution division in Louisiana and for AEM. However, it also provides limited third party transportation services. APS also owns or has an interest in underground storage fields in Kentucky and Louisiana. We use these storage facilities to reduce the need to contract for additional pipeline capacity to meet customer demand during peak periods. Finally, beginning in

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fiscal 2006, APS initiated activities in the natural gas gathering business. As of September 30, 2008, these activities were limited in nature.

APS also engages in limited asset optimization activities whereby it seeks to maximize the economic value associated with the storage and transportation capacity it owns or controls. Most of these arrangements are with our regulated affiliates and have been approved by applicable state regulatory commissions. Generally, these arrangements require APS to share with our regulated customers a portion of the profits earned from these arrangements.

Through Atmos Power Systems, Inc., we have constructed electric peaking power-generating plants and associated facilities and lease these plants through lease agreements that are accounted for as sales under generally accepted accounting principles.

Other Regulation

Each of our natural gas distribution divisions is regulated by various state or local public utility authorities. We are also subject to regulation by the United States Department of Transportation with respect to safety requirements in the operation and maintenance of our gas distribution facilities. 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 in Tennessee, Iowa and Missouri.

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 FERC. FERC also has jurisdiction over some of the types of transactions engaged in by our two nonregulated operations segments, 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, fraud and market manipulation by companies engaged in the sale, purchase, transportation or storage of natural gas in interstate commerce. We are currently under investigation by FERC for possible violations of its posting and competitive bidding regulations for pre-arranged released firm capacity on interstate natural gas pipelines. We are cooperating with the investigation, are conducting our own investigation of this matter and are taking action to structure current and future transactions to comply with applicable FERC regulations. Although we believe that our reserves are appropriate for the potential penalties, we are currently unable to provide assurance as to the ultimate outcome of this matter.

The RRC has issued a final rule requiring the replacement of known compression couplings at pre-bent gas meter risers by November 2009. This rule affects the operations of the Mid-Tex Division but is presently not anticipated to have a significant impact on our West Texas Division. This rule requires us to expend significant amounts of capital in the Mid-Tex Division, but these prudent and mandatory expenditures should be recoverable through our rates.

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

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industrial markets. However, higher gas prices, coupled with the electric utilities' marketing efforts, have increased competition for residential and commercial customers. In addition, AEM competes with other natural gas marketers to provide natural gas management and other related services to customers.

Our regulated transmission and storage operations currently face limited competition from other existing intrastate pipelines and gas marketers seeking to provide or arrange transportation, storage and other services for customers.

Distribution, Transmission and Related Assets

At September 30, 2008, our natural gas distribution segment owned an aggregate of 77,462 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. Our regulated transmission and storage segment owned 6,069 miles of gas transmission and gathering lines and our pipeline, storage and other segment owned 114 miles of gas transmission and gathering lines.

Storage Assets

As of September 30, 2008, we owned underground gas storage facilities in several states to supplement the supply of natural gas in periods of peak demand. The underground gas storage facilities of our natural gas distribution segment had a total usable capacity of 10,343,590 Mcf, with a maximum daily delivery capacity of 232,100 Mcf. The underground gas storage facilities of our regulated transmission and storage segment had a total usable capacity of 39,243,226 Mcf, with a maximum daily delivery capacity of 1,235,000 Mcf. The underground gas storage facilities of our pipeline, storage and other segment had a total usable capacity of 3,931,483 Mcf, with a maximum daily delivery capacity of 127,000 Mcf.

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 amount of our contracted storage capacity can vary from time to time. At September 30, 2008, our contracted storage provided us with a maximum storage quantity of 27,371,388 MMBtu, with a maximum daily withdrawal quantity of 778,800 MMBtu, for our natural gas distribution segment, a maximum storage quantity of 7,879,724 MMBtu, with a maximum daily withdrawal quantity of 202,586 MMBtu, for our natural gas marketing segment, and a maximum storage quantity of 1,200,000 MMBtu, with a maximum daily withdrawal quantity of 55,720 MMBtu, for our pipeline, storage and other segment.

For more information on our storage assets see "Item 2. Properties" in our annual report on Form 10-K for the fiscal year ended September 30, 2008.

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DESCRIPTION OF THE NOTES

We have summarized certain provisions of the notes below. The notes constitute a series of the debt securities described in the accompanying prospectus. The notes will be issued under an indenture to be entered into with U.S. Bank National Association, as trustee (the "indenture").

The following description of certain terms of the notes and certain provisions of the indenture in this prospectus supplement supplements the description under "Description of Debt Securities" in the accompanying prospectus and, to the extent it is inconsistent with that description, replaces the description in the accompanying prospectus. This description is only a summary of the material terms and does not purport to be complete. We urge you to read the indenture, a form of which we have filed with the SEC, because it, and not the description below and in the accompanying prospectus, will define your rights as a holder of the notes. We will file the indenture as an exhibit to a current report on Form 8-K at the completion of this offering. You may obtain a copy of the indenture from us without charge. See "Where You Can Find More Information" in the accompanying prospectus.

General

The notes will be initially limited to \$ aggregate principal amount. We may, at any time, without the consent of the holders of these notes, issue additional notes having the same ranking, interest rate, maturity and other terms as the notes. Any such additional notes, together with the notes being offered by this prospectus supplement, will constitute the same series of notes under the indenture.

The notes will be unsecured and unsubordinated obligations of Atmos Energy Corporation. Any secured debt that we may have from time to time will have a prior claim with respect to the assets securing that debt. As of December 31, 2008, we had no secured debt outstanding. The notes will rank equally with all of our other existing and future unsubordinated debt. As of December 31, 2008, after giving effect to the redemption of our 4.00% Senior Notes due 2009 on such date with the net proceeds of this offering, we had approximately \$ billion of unsecured and unsubordinated debt. Of such \$ billion, \$1 million represented debt of our subsidiaries. The notes are not guaranteed by, and are not the obligation of, any of our subsidiaries. The notes will not be listed on any securities exchange or included in any automated quotation system.

The notes will be issued in book-entry form as one or more global notes registered in the name of the nominee of The Depository Trust Company, or DTC, which will act as a depository, in minimum denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof. Beneficial interests in book-entry notes will be shown on, and transfers of the notes will be made only through, records maintained by DTC and its participants.

Payment of Principal and Interest

The notes will mature on , 2019 and bear interest at the rate of % per year.

We will pay interest on the notes semi-annually in arrears on and of each year they are outstanding, beginning , 2009. Interest will accrue from , 2009 or from the most recent interest payment date to which we have paid or provided for the payment of interest to the next interest payment date or the scheduled maturity date, as the case may be. We will pay interest computed on the basis of a 360-day year of twelve 30-day months.

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

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Optional Redemption

Each of the notes offered hereby will be redeemable prior to maturity at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of:

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

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

Definitions. Following are definitions of the terms used in the optional redemption provisions discussed above.

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

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

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

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

“Reference Treasury Dealer” means Banc of America Securities LLC and its successors; provided, however, if Banc of America Securities LLC ceases to be a primary U.S. government securities dealer in New York City, we will replace Banc of America Securities LLC as Reference Treasury Dealer with an entity that is a primary U.S. government securities dealer in New York City.

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

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

In the case of a partial redemption of the notes, the notes to be redeemed shall be selected by DTC. Notice of any redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed at its registered address. If any notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount of notes to be redeemed. A partial redemption will not reduce the portion of any note not being redeemed to a principal amount of less than \$2,000. A new note in a principal amount equal to the unredeemed portion of the note will be issued in the name of the holder of the note upon surrender for cancellation of the original note. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or the portions of the notes called for redemption.

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No Mandatory Redemption

We will not be required to redeem the notes before maturity.

No Sinking Fund

We will not be required to make any sinking fund payments with regard to the notes.

Restricted Subsidiaries

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

Governing Law

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

Book-Entry Delivery and Settlement

We will issue the notes in the form of one or more permanent global securities in definitive, fully registered, book-entry form. The global securities will be deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the trustee in accordance with arrangements between DTC and the trustee.

If you wish to hold securities through the DTC system, you must either be a direct participant in DTC or hold through a direct participant in DTC. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations that have accounts with DTC. For those holders of notes outside the United States, Euroclear and Clearstream (both described below) participate in DTC through their New York depositaries. Indirect participants are securities brokers and dealers, banks and trust companies that do not have an account with DTC, but that clear through or maintain a custodial relationship with a direct participant. Thus, indirect participants have access to the DTC system through direct participants or through other indirect participants that have access through a direct participant.

If you so choose, you may hold your beneficial interests in the global security through Euroclear or Clearstream, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold their participants' beneficial interests in the global security in their customers' securities accounts with their depositaries. These depositaries of Euroclear and Clearstream in turn will hold such interests in their customers' securities accounts with DTC.

In sum, you may elect to hold your beneficial interests in the notes:

- in the United States, through DTC;
- outside the United States, through Euroclear or Clearstream; or
- through organizations that participate in such systems.

DTC may grant proxies or authorize its participants (or persons holding beneficial interests in the global securities through these participants) to exercise any rights of a holder or take any other actions that a holder is entitled to take under the indenture or the notes. The ability of Euroclear or Clearstream to take actions as a holder of the notes under the indenture will be limited by the ability of their respective depositaries to carry out such actions for them through DTC. Euroclear and Clearstream will take such actions only in accordance with their respective rules and procedures.

The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources we believe to be reliable, but we make no representation or warranty with respect to this information. DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform the procedures described below, and they may modify or discontinue them at any time. We and the trustee will not be responsible for DTC's, Euroclear's or Clearstream's performance of their obligations under their rules and procedures, or for the performance by direct or indirect participants of their obligations under the rules and procedures of the clearance systems.

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Transfers within DTC, Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant system. Cross-market transfers between investors who hold or who will hold any notes through DTC and investors who hold or will hold any notes through Euroclear or Clearstream will be effected in DTC through the respective depositories of Euroclear and Clearstream.

The Clearing Systems

The Depository Trust Company. DTC has advised us as follows:

- DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934;
- DTC holds securities that its participants deposit with DTC and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants’ accounts, thereby eliminating the need for physical movement of securities certificates;
- direct participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and other organizations;
- DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.;
- access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly; and
- the rules applicable to DTC and its participants are on file with the SEC.

Euroclear. Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including U.S. dollars and euros. Euroclear includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries.

Euroclear is operated by Euroclear Bank S.A./N.V., which we refer to as the Euroclear Operator, under contract with Euroclear Clearance System, S.C., a Belgian cooperative corporation, or the Cooperative. The Euroclear Operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), the dealer manager, other securities brokers and dealers and other professional financial intermediaries.

Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Euroclear is an indirect participant in DTC. As the Euroclear Operator is a Belgian banking corporation, Euroclear is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law, collectively referred to as the Euroclear Terms and Conditions. The Euroclear Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

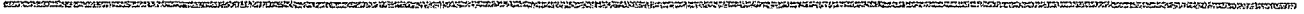


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Distributions with respect to notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the depository for Euroclear.

Clearstream. Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.

Clearstream interfaces with domestic markets in several countries. Clearstream has established an electronic bridge with Euroclear Bank S.A./N.V., the operator of the Euroclear system, to facilitate settlement of trades between Clearstream and Euroclear. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream participants are financial institutions around the world, other securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. In the United States, Clearstream participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the depository for Clearstream.

Initial Settlement

We expect that under procedures established by DTC:

- upon deposit of the global securities with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global securities; and
- ownership of the securities will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

Euroclear and Clearstream will hold omnibus positions on behalf of their participants through customers' securities accounts for Euroclear and Clearstream on the books of their respective depositories, which in turn will hold positions in customers' securities accounts in the depositories' names on the books of DTC.

The notes that we issue in this offering will be credited to the securities custody accounts of persons who hold those global securities through DTC (other than through accounts at Euroclear and Clearstream) on the closing date and to persons who hold those global securities through Euroclear or Clearstream on the business day following the closing date.

So long as DTC or its nominee is the registered owner of a global security, DTC or that nominee will be considered the sole owner or holder of the notes represented by that global security for all purposes under the indenture and under the notes. Except as provided below, owners of beneficial interests in a global security will not be entitled to have notes represented by that global security registered in their names, will not receive or be entitled to receive physical delivery of certificated notes and will not be considered the owners or holders thereof under the indenture or under the notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee. Accordingly, each holder owning a beneficial interest in a global security must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of notes under the indenture or the global security.

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Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of the notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to the notes.

Payments on the notes represented by the global securities will be made to DTC or its nominee, as the case may be, as the registered owner thereof. We expect that DTC or its nominee, upon receipt of any payment on the notes represented by a global security, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global security as shown in the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global security held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Payments on the notes represented by the global securities will be made in immediately available funds. Transfers between participants in DTC will be effected in accordance with DTC rules and will be settled in immediately available funds.

Transfers Within and Between DTC, Euroclear and Clearstream

Trading Between DTC Purchasers and Sellers. DTC participants will transfer interests in the securities among themselves in the ordinary way according to DTC rules governing global security issues. The laws of some states require certain purchasers of securities to take physical delivery of the securities in definitive form. These laws may impair your ability to transfer beneficial interests in the global security or securities to such purchasers. DTC can act only on behalf of its direct participants, who in turn act on behalf of indirect participants and certain banks. Thus, your ability to pledge a beneficial interest in the global security or securities to persons that do not participate in the DTC system, and to take other actions, may be limited because you will not possess a physical certificate that represents your interest.

Trading Between Euroclear and Clearstream Participants. Participants in Euroclear and Clearstream will transfer interests in the securities among themselves in the ordinary way according to the rules and operating procedures of Euroclear and Clearstream governing conventional eurobonds.

Trading Between a DTC Seller and a Euroclear or Clearstream Purchaser. When the securities are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the purchaser must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the closing date. Euroclear or Clearstream will then instruct its depository to receive the securities and make payment for them. On the closing date, the depository will make payment to the DTC participant's account and the securities will be credited to the depository's account. After settlement has been completed, DTC will credit the securities to Euroclear or Clearstream. Euroclear or Clearstream will credit the securities, in accordance with its usual procedures, to the participant's account, and the participant will then credit the purchaser's account. These securities credits will appear the next day (European time) after the closing date. The cash debit from the account of Euroclear or Clearstream will be back-valued to the value date (which will be the preceding day if settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.* , the trade fails), the cash debit will instead be valued at the actual closing date.

Participants in Euroclear and Clearstream will need to make funds available to Euroclear or Clearstream to pay for the securities by wire transfer on the value date. The most direct way of doing this is to preposition funds (*i.e.* , have funds in place at Euroclear or Clearstream before the value date), either from cash on hand or existing lines of credit. Under this approach, however, participants may take on credit exposure to Euroclear and Clearstream until the securities are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream has extended a line of credit to a participant, the participant may decide not to preposition funds, but to allow Euroclear or Clearstream to draw on the line of credit to finance settlement for the securities. Under this procedure, Euroclear or Clearstream would charge the participant *overdraft charges for one day*, assuming that the overdraft would be cleared when the securities were credited to the participant's account. However, interest on the

securities would accrue from the value

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date. Therefore, in these cases the interest income on securities that the participant earns during that one-day period will substantially reduce or offset the amount of the participant's overdraft charges. Of course, this result will depend on the cost of funds to (*i.e.* , the interest rate that Euroclear or Clearstream charges) each participant.

Since the settlement will occur during New York business hours, a DTC participant selling an interest in the security can use its usual procedures for transferring global securities to the depositaries of Euroclear or Clearstream for the benefit of Euroclear or Clearstream participants. The DTC seller will receive the sale proceeds on the closing date. Thus, to the DTC seller, a cross-market sale will settle no differently than a trade between two DTC participants.

Finally, day traders that use Euroclear or Clearstream to purchase interests in the notes from DTC accountholders for delivery to Euroclear or Clearstream participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

- borrowing through Euroclear or Clearstream for one day, until the purchase side of the day trade is reflected in their Euroclear or Clearstream accounts, in accordance with the clearing system's customary procedures;
- borrowing the interests in the United States from a DTC accountholder no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Euroclear or Clearstream account in order to settle the sale side of the trade; or
- staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC accountholder is at least one day prior to the value date for the sale to the Euroclear or Clearstream participant.

Trading Between a Euroclear or Clearstream Seller and DTC Purchaser. Due to time zone differences in their favor, Euroclear and Clearstream participants can use their usual procedures to transfer securities through their depositaries to a DTC participant. The seller must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the closing date. Euroclear or Clearstream will then instruct its depository to credit the securities to the DTC participant's account and receive payment. The payment will be credited in the account of the Euroclear or Clearstream participant on the following day, but the receipt of the cash proceeds will be back-valued to the value date (which will be the preceding day if settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.* , the trade fails), the receipt of the cash proceeds will instead be valued at the actual closing date.

If the Euroclear or Clearstream participant selling the securities has a line of credit with Euroclear or Clearstream and elects to be in debit for the securities until it receives the sale proceeds in its account, then the back-valuation may substantially reduce or offset any overdraft charges that the participant incurs over that one-day period.

Certificated Notes

We will issue certificated notes to each person that DTC identifies as the beneficial owner of the notes represented by the global securities upon surrender by DTC of the global securities only if:

- DTC notifies us that it is no longer willing or able to act as a depository for the global securities, and we have not appointed a successor depository within 60 days of that notice;
- we determine not to have the notes represented by a global security; or
- an event of default has occurred and is continuing.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the related notes. We and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the notes to be issued.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

Prospective investors should consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

The following summary discusses certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the applicable proposed or promulgated Treasury regulations, and the applicable judicial and administrative interpretations, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect, and to differing interpretations. This discussion is applicable only to holders of notes who purchase the notes in the initial offering at their original issue price and deals only with the notes held as capital assets for U.S. federal income tax purposes (generally, property held for investment) and not held as part of a straddle, a hedge, a conversion transaction or other integrated investment. This discussion is a summary intended for general information only, and does not address all of the tax consequences that may be relevant to holders of notes in light of their particular circumstances, or to certain types of holders (such as financial institutions, insurance companies, tax-exempt entities, partnerships and other pass-through entities for U.S. federal income tax purposes or investors who hold the notes through such pass-through entities, certain former citizens or residents of the United States, "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies," traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers in securities or currencies, or U.S. Holders (as defined below) whose functional currency is not the U.S. dollar). Moreover, this discussion does not describe any state, local or non-U.S. tax implications, or any aspect of U.S. federal tax law other than income taxation. We have not and will not seek any rulings or opinions from the Internal Revenue Service (IRS) or counsel regarding the matters discussed below. There can be no assurances that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the notes that are different from those discussed below.

As used herein, a "U.S. Holder" means a beneficial owner of notes that is, for U.S. federal income tax purposes, (a) a citizen or individual resident of the United States, (b) a corporation or other entity treated as a corporation created or organized in or under the laws of the United States, any State thereof or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust, if (1) a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of its substantial decisions or (2) a valid election to be treated as a U.S. person is in effect under the relevant Treasury regulations with respect to such trust. A "Non-U.S. Holder" means a beneficial owner of any notes that is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes. A Non-U.S. Holder who is an individual present in the United States for 183 days or more in the taxable year of disposition of a note and who is not otherwise a resident of the United States for U.S. federal income tax purposes may be subject to special tax provisions and is urged to consult his or her own tax advisor regarding the U.S. federal income tax consequences of the ownership and disposition of a note. The U.S. federal income tax treatment of partners in partnerships holding notes generally will depend on the activities of the partnership and the status of the partner. Prospective investors that are partnerships (or entities treated as partnerships for U.S. federal income tax purposes) should consult their own tax advisors regarding the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of the notes.

U.S. Federal Income Taxation of U.S. Holders

Payments of Interest. A U.S. Holder must include in gross income, as ordinary interest income, the stated interest on the notes at the time such interest accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Sale, Retirement or Other Taxable Disposition. Upon the sale, retirement or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or tax loss equal to the difference between (a) the sum of cash plus the fair market value of other property received on the sale, retirement or other taxable

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disposition (except to the extent such cash or property is attributable to accrued but unpaid interest, which will be treated in the manner described above under “Payments of Interest”) and (b) the U.S. Holder’s adjusted tax basis in the note. A U.S. Holder’s adjusted tax basis in a note generally will equal the amount paid for the note, reduced by any principal payments with respect to the note received by the U.S. Holder. Gain or loss recognized on the sale, retirement or other taxable disposition of a note generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of sale, retirement or other taxable disposition, the note has been held for more than one year. Certain U.S. Holders (including individuals) are currently eligible for preferential rates of U.S. federal income tax in respect of long-term capital gain (which preferential rates are currently scheduled to increase on January 1, 2011). The deductibility of capital losses by U.S. Holders is subject to substantial limitations under the Code.

U.S. Federal Income Taxation of Non-U.S. Holders

Payments of Interest. Subject to the discussion of backup withholding below and provided that a Non-U.S. Holder’s income and gains in respect of a note are not effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business (or, in the case of an applicable tax treaty, attributable to the Non-U.S. Holder’s permanent establishment in the United States), payments of interest on a note to the Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax, provided that (a) the Non-U.S. Holder does not own, directly or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(h)(3) of the Code and the Treasury regulations thereunder, (b) the Non-U.S. Holder is not, for U.S. federal income tax purposes, a “controlled foreign corporation” related, directly or constructively, to us through stock ownership, (c) the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Code and (d) certain certification requirements (as described below) are met.

Under the Code and the applicable Treasury regulations, in order to obtain an exemption from U.S. federal withholding tax, either (a) a Non-U.S. Holder must provide its name and address and certify, under penalties of perjury, that such Non-U.S. Holder is not a U.S. person or (b) a securities clearing organization, bank or other financial institution that holds customers’ securities in the ordinary course of its trade or business (a “Financial Institution”), and that holds the notes on behalf of the Non-U.S. Holder, must certify, under penalties of perjury, that such certificate has been received from such Non-U.S. Holder by such Financial Institution or by another Financial Institution between such Financial Institution and such Non-U.S. Holder and, if required, must furnish the payor with a copy thereof. Generally, the foregoing certification requirement may be met if a Non-U.S. Holder delivers a properly executed IRS Form W-8BEN or substitute Form W-8BEN or the appropriate successor form to the payor. Special rules apply to foreign partnerships, estates and trusts and other intermediaries, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the IRS.

Payments of interest on a note that do not satisfy all of the foregoing requirements generally will be subject to U.S. federal withholding tax at a rate of 30% (or a lower applicable treaty rate, provided certain certification requirements are met). A Non-U.S. Holder generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder with respect to interest on a note if such interest is effectively connected with a U.S. trade or business conducted by the Non-U.S. Holder (or, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States). Under certain circumstances, effectively connected interest income received by a corporate Non-U.S. Holder may be subject to an additional “branch profits tax” at a 30% rate (or a lower applicable treaty rate, provided certain certification requirements are met). Subject to the discussion of backup withholding below, such effectively connected interest income generally will be exempt from U.S. federal withholding tax if a Non-U.S. Holder delivers a properly executed IRS Form W-8ECI to the payor. Non-U.S. Holders should consult their tax advisors about any applicable income tax treaties, which may provide for an exemption from or a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above.

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Sale, Retirement or Other Disposition. Subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain recognized on the sale, retirement or other disposition of the notes so long as the holder provides us or the paying agent with the appropriate certification, unless (a) the Non-U.S. Holder is an individual who is present in the United States for 183 or more days in the taxable year of disposition and certain other conditions are met or (b) the gain is effectively connected with the conduct of a U.S. trade or business by the Non-U.S. Holder (or, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States).

Information Reporting and Backup Withholding

U.S. Holders. Generally, information reporting will apply to payments of principal and interest on the notes to a U.S. Holder and to the proceeds of sale or other disposition of the notes, unless the U.S. Holder is an exempt recipient (such as a corporation). Backup withholding generally will apply to such payments (currently at a rate of 28%), if a U.S. Holder fails to provide a correct taxpayer identification number or a certification of exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules generally will be allowed as a refund or credit against a U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders. Generally, payments of interest on the notes to a Non-U.S. Holder and the amount of any tax withheld from such payments must be reported annually to the IRS and to the Non-U.S. Holder. Copies of these information returns may be made available by the IRS to the tax authorities of the country in which the Non-U.S. Holder is a resident under the provisions of an applicable tax treaty. Under certain circumstances, information reporting also would apply to payments of principal on the notes, and backup withholding of U.S. federal income tax (currently at a rate of 28%) may apply to payments of principal and interest on the notes to a Non-U.S. Holder if the Non-U.S. Holder fails to certify under penalties of perjury that it is not a U.S. person.

Payments of the proceeds of the sale or other disposition of the notes by or through a foreign office of a U.S. broker or of a foreign broker with certain specified U.S. connections will be subject to information reporting requirements, but generally not backup withholding, unless the broker has evidence in its records that the payee is not a U.S. person and the broker has no actual knowledge or reason to know to the contrary. Payments of the proceeds of a sale or other disposition of the notes by or through the U.S. office of a broker will be subject to information reporting and backup withholding unless the payee certifies under penalties of perjury that it is not a U.S. person or otherwise establishes an exemption.

Any amount withheld under the backup withholding rules generally will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

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UNDERWRITING

We are offering the notes described in this prospectus supplement through a number of underwriters. Banc of America Securities LLC, Goldman, Sachs & Co., Greenwich Capital Markets, Inc. and SunTrust Robinson Humphrey, Inc. are the representatives of the underwriters. We have entered into a firm commitment underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, the aggregate principal amount of notes listed next to its name in the following table:

<u>Underwriter</u>	<u>Principal Amount of Note</u>
Banc of America Securities LLC	\$
Goldman, Sachs & Co.	
Greenwich Capital Markets, Inc.	
SunTrust Robinson Humphrey, Inc.	
Total	\$

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the notes if they buy any of them. The underwriters will sell the notes to the public when and if the underwriters buy the notes from us.

The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering prices set forth on the cover of this prospectus supplement, and to certain dealers at such price less a concession not in excess of % of the principal amount of the notes. The underwriters may allow, and such dealers may reallocate, a concession not in excess of % of the principal amount of the notes to certain other dealers. After the public offering of the notes, the public offering price and other selling terms may be changed.

We estimate that our share of the total expenses of the offering, excluding the underwriting discount, will be approximately \$575,000.

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

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriters may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering of the notes, certain of the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the underwriters may overallocate in connection with the offering, creating a short position. In addition, the underwriters may bid for, and purchase, the notes in the open market to cover short positions or to stabilize the price of the notes. Any of these activities may stabilize or maintain the market price of the notes above independent market levels, but no representation is made hereby of the magnitude of any effect that the transactions described above may have on the market price of the notes. The underwriters will not be required to engage in these activities, and may engage in these activities, and may end any of these activities, at any time without notice.

In the ordinary course of business, certain of the underwriters or their affiliates have provided and may in the future provide commercial, financial advisory or investment banking services for us and our subsidiaries for which they have received or will receive customary compensation. Certain of the

underwriters are lenders under our revolving credit facilities.

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Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- (d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each underwriter has also represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

LEGAL MATTERS

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams LLP, Richmond, Virginia, will opine for us as to the validity of the offered notes. The Underwriters are represented by Shearman & Sterling LLP, New York, New York.

EXPERTS

The consolidated financial statements of Atmos Energy appearing in Atmos Energy Corporation’s annual report (Form 10-K) for the fiscal year ended September 30, 2008 (including the schedule appearing therein) and the effectiveness of Atmos Energy Corporation’s internal control over financial reporting as of

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September 30, 2008 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of Atmos Energy for the three-month periods ended December 31, 2008 and 2007, incorporated herein by reference, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated February 3, 2009, included in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008, and incorporated herein by reference, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended, for their report on the unaudited interim financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Securities Act of 1933.

PROSPECTUS



Atmos Energy Corporation

**By this prospectus, we offer up to
\$900,000,000
of debt securities and common stock.**

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

Investing in these securities involves risks. See “Risk Factors” on page 1 of this prospectus, in the applicable prospectus supplement and in the documents incorporated by reference.

Our common stock is listed on the New York Stock Exchange under the symbol “ATO.”

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

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated March 23, 2009.

We have not authorized any other person to provide you with any information or to make any representation that is different from, or in addition to, the information and representations contained in this prospectus or in any of the documents that are incorporated by reference in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus, as well as the information contained in any document incorporated by reference, is accurate as of the date of each such document only, unless the information specifically indicates that another date applies.

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

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- our ability to continue to access the credit markets to satisfy our liquidity requirements;
- the impact of economic conditions on our customers;
- increased costs of providing pension and postretirement health care benefits and increased funding requirements;
- market risks beyond our control affecting our risk management activities, including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness;
- regulatory trends and decisions, including the impact of rate proceedings before various state regulatory commissions;
- increased federal regulatory oversight and potential penalties;
- the impact of environmental regulations on our business;
- the concentration of our distribution, pipeline and storage operations in Texas;
- adverse weather conditions;
- the effects of inflation and changes in the availability and prices of natural gas;
- the capital-intensive nature of our natural gas distribution business;
- increased competition from energy suppliers and alternative forms of energy;
- the inherent hazards and risks involved in operating our natural gas distribution business;
- natural disasters, terrorist activities or other events; and
- other risks and uncertainties discussed in this prospectus, any accompanying prospectus supplement and our other filings with the SEC.

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

For additional factors you should consider, please see “Risk Factors” on page 1 of this prospectus and “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the fiscal year ended September 30, 2008 and “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008. See “Incorporation of Certain Documents by Reference,” as well as the applicable prospectus supplement.

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RISK FACTORS

Investing in our debt securities or our common stock involves risks. Our business is influenced by many factors that are difficult to predict and beyond our control and that involve uncertainties that may materially affect our results of operations, financial condition or cash flows, or the value of these securities. These risks and uncertainties include those described in the risk factor and other sections of the documents that are incorporated by reference in this prospectus. Moreover, risks and uncertainties not presently known to us or currently deemed immaterial by us may also adversely affect our business, results of operations, financial condition or cash flows, or the value of the securities. Subsequent prospectus supplements may contain a discussion of additional risks applicable to an investment in us and the particular type of securities we are offering under the prospectus supplements. You should carefully consider all of the information contained in or incorporated by reference in this prospectus or in the applicable prospectus supplement before you invest in our debt securities or common stock.

ATMOS ENERGY CORPORATION

Atmos Energy Corporation, headquartered in Dallas, Texas, is engaged primarily in the regulated natural gas distribution and transmission and storage businesses, as well as other nonregulated natural gas businesses. We are one of the country's largest natural gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe.

We distribute natural gas through regulated sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our six regulated natural gas distribution divisions, which cover service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our distribution system.

Through our regulated transmission and storage business, we provide natural gas transportation and storage services to our Mid-Tex Division, our largest natural gas distribution division located in Texas, and for third parties. Additionally, we provide ancillary services customary to the pipeline industry, including parking arrangements, lending and sales of inventory on hand.

Through our nonregulated businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers primarily in the Midwest and Southeast. We also provide storage services to some of our natural gas distribution divisions and to third parties.

SECURITIES WE MAY OFFER

Types of Securities

The types of securities that we may offer and sell from time to time by this prospectus are:

- debt securities, which we may issue in one or more series; and
- common stock.

The aggregate initial offering price of all securities sold will not exceed \$900,000,000. We will determine when we sell securities, the amounts of securities we will sell and the prices and other terms on which we will sell them. We may sell securities to or through underwriters, through agents or dealers or directly to purchasers. The offer and sale of securities by this prospectus is subject to receipt of satisfactory regulatory approvals in five states, all of which have been received and are currently in effect. Under the most restrictive of these approvals, we are limited to issuing no more than \$450,000,000 of senior debt securities, \$150,000,000 of subordinated debt securities and \$300,000,000 of equity securities.

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Prospectus Supplements

This prospectus provides you with a general description of the debt securities and common stock we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to or change information contained in this prospectus. In that case, the prospectus supplement should be read as superseding this prospectus.

In each prospectus supplement, which will be attached to the front of this prospectus, we will include, among other things, the following information:

- the type and amount of securities which we propose to sell;
- the initial public offering price of the securities;
- the names of the underwriters, agents or dealers, if any, through or to which we will sell the securities;
- the compensation, if any, of those underwriters, agents or dealers;
- if applicable, information about the securities exchanges or automated quotation systems on which the securities will be listed or traded;
- material United States federal income tax considerations applicable to the securities, where necessary; and
- any other material information about the offering and sale of the securities.

For more details on the terms of the securities, you should read the exhibits filed with our registration statement, of which this prospectus is a part. You should also read both this prospectus and the applicable prospectus supplement, together with additional information described under the heading "Where You Can Find More Information."

USE OF PROCEEDS

Except as may otherwise be stated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities that we may offer and sell from time to time by this prospectus for general corporate purposes, including for working capital, repaying indebtedness and funding capital projects, acquisitions and other growth.

RATIO OF EARNINGS TO FIXED CHARGES

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

	Three Months Ended December 31,		Year Ended September 30,				
	2008	2007	2008	2007	2006	2005	2004
Ratio of earnings to fixed charges	3.97	4.09	2.96	2.69	2.50	2.54	2.95

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

DESCRIPTION OF DEBT SECURITIES

We may issue debt securities from time to time in one or more distinct series. This section summarizes the material terms of any debt securities that we anticipate will be common to all series. Please note that the terms of any series of debt securities that we may offer may differ significantly from the common terms described in this prospectus. Many of the other terms of any series of debt securities that we offer, and any



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differences from the common terms described in this prospectus, will be described in the prospectus supplement for such securities to be attached to the front of this prospectus.

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

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

As this section is a summary of some of the terms of the debt securities we may offer under this prospectus, it does not describe every aspect of the debt securities. We urge you to read the indenture and the other documents we file with the SEC relating to the debt securities because the indenture for those securities and those other documents, and not this description, will define your rights as a holder of our debt securities. We have filed a form of indenture with the SEC as an exhibit to the registration statement of which this prospectus forms a part, and we will file any such other documents as exhibits to an annual, quarterly or current report that we file with the SEC. The actual indenture we enter into in connection with an offering may differ from the form of indenture we have filed. See “Where You Can Find More Information” for information on how to obtain copies of the indenture and any such other documents. References to the “indenture” mean the indenture that will define your rights as a holder of debt securities. Capitalized terms used in this section and not otherwise defined have the meanings set forth in the form of indenture.

General

The debt securities will be our unsecured obligations. Senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. Subordinated debt securities will rank junior to our senior indebtedness, including our credit facilities.

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

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the ranking of the debt securities;
- if the debt securities are subordinated, the terms of subordination;
- the aggregate principal amount of the debt securities, the percentage of their principal amount at which the debt securities will be issued, and the date or dates when the principal of the debt securities will be payable or how those dates will be determined or extended;
- the interest rate or rates, which may be fixed or variable, that the debt securities will bear, if any, how the rate or rates will be determined, and the periods when the rate or rates will be in effect;
- the date or dates from which any interest will accrue or how the date or dates will be determined, the date or dates on which any interest will be payable, whether and the terms under which payment of interest may be deferred, any regular record dates for these payments or how these dates will be determined and the basis on which any interest will be calculated, if other than on the basis of a 360-day year of twelve 30-day months;

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- the place or places, if any, other than or in addition to New York City, of payment, transfer or exchange of the debt securities, and where notices or demands to or upon us in respect of the debt securities may be served;
- any optional redemption provisions and any restrictions on the sources of funds for redemption payments, which may benefit the holders of other securities;
- any sinking fund or other provisions that would obligate us to repurchase or redeem the debt securities;
- whether the amount of payments of principal of, any premium on, or interest on the debt securities will be determined with reference to an index, formula or other method, which could be based on one or more commodities, equity indices or other indices, and how these amounts will be determined;
- any modifications, deletions or additions to the events of default or covenants with respect to the debt securities described in this prospectus;
- if not the principal amount of the debt securities, the portion of the principal amount that will be payable upon acceleration of the maturity of the debt securities or how that portion will be determined;
- any modifications, deletions or additions to the provisions concerning defeasance and covenant defeasance contained in the indenture that will be applicable to the debt securities;
- any provisions granting special rights to the holders of the debt securities upon the occurrence of specified events;
- if other than the trustee, the name of the paying agent, security registrar or transfer agent for the debt securities;
- if we do not issue the debt securities in book-entry form only to be held by The Depository Trust Company, as depository, whether we will issue the debt securities in certificated form or the identity of any alternative depository;
- the person to whom any interest in a debt security will be payable, if other than the registered holder at the close of business on the regular record date;
- the denomination or denominations in which the debt securities will be issued, if other than denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof;
- any provisions requiring us to pay Additional Amounts on the debt securities to any holder who is not a United States person in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the Additional Amounts;
- whether the debt securities will be convertible into or exchangeable for other debt securities, common shares or other securities of any kind of ours or another obligor, and, if so, the terms and conditions upon which the debt securities will be so convertible or exchangeable, including the initial conversion or exchange price or rate or the method of calculation, how and when the conversion price or exchange ratio may be adjusted, whether conversion or exchange is mandatory, at the option of the holder or at our option, the conversion or exchange period and any other provision related to the debt securities; and
- any other material terms of the debt securities or the indenture, which may not be consistent with the terms set forth in this prospectus.

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

The indenture will not limit the amount of debt securities that we are authorized to issue from time to time. The indenture will also provide that there may be multiple series of debt securities issued thereunder and more than one trustee thereunder, each for one or more series of debt securities. If a trustee is acting under the indenture with respect to more than one series of debt securities, the debt

securities for which it is acting would be treated as if issued under separate indentures. If there is more than one trustee under the indenture,

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the powers and trust obligations of each trustee will apply only to the debt securities of the separate series for which it is trustee.

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

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

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

Holders of Debt Securities

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

Under the indenture, we will recognize as a holder only the person in whose name a debt security is registered. Consequently, for debt securities issued in global form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities. As a result, you will not own the debt securities directly. Instead, you will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository’s book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, you will be an indirect holder, and not a holder, of the debt securities.

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

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

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



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

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

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

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

Global Securities

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

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

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

Special Considerations for Global Securities. We do not recognize an indirect holder as a holder of debt securities and instead deal only with the depository that holds the global security. The account rules of your

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financial institution and of the depository, as well as general laws relating to securities transfers, will govern your rights relating to a global security.

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

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

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

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

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

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

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Covenants

This section summarizes the material covenants in the indenture. Please refer to the applicable prospectus supplement for information about any changes to our covenants, including any addition or deletion of a covenant, and to the indenture for information on other covenants not described in this prospectus or the applicable prospectus supplement.

Limitations on Liens. We will covenant in the indenture that we will not, and will not permit any of our Restricted Subsidiaries to, create, incur, issue or assume any Indebtedness secured by any Lien on any Principal Property, or on shares of stock or Indebtedness of any Restricted Subsidiary, known as Restricted Securities, without making effective provision for the Outstanding Securities, other than debt securities of any series not entitled to the benefit of this covenant, to be secured by a Lien equally and ratably with, or prior to (or in the case of debt securities of any series that are subordinated in right of payment to the Indebtedness secured by such Lien, by a Lien subordinated to), the Lien securing such Indebtedness for so long as the Indebtedness is so secured, except that the foregoing restriction does not apply to:

- any Lien existing on the date of the first issuance of debt securities of the relevant series under the indenture or existing on such other date as may be specified in any supplemental indenture, board resolution or officer's certificate with respect to such series;
- any Lien on any Principal Property or Restricted Securities of any person existing at the time that person is merged or consolidated with or into us or a Restricted Subsidiary, or this person becomes a Restricted Subsidiary, or arising thereafter otherwise than in connection with the borrowing of money arranged thereafter and pursuant to contractual commitments entered into prior to and not in contemplation of the person's becoming a Restricted Subsidiary;
- any Lien on any Principal Property or Restricted Securities existing at the time we or a Restricted Subsidiary acquire the Principal Property or Restricted Securities, whether or not the Lien is assumed by us or the Restricted Subsidiary, provided that this Lien may not extend to any other Principal Property or Restricted Securities of ours or any Restricted Subsidiary;
- any Lien on any Principal Property, including any improvements on any existing Principal Property, of ours or any Restricted Subsidiary, and any Lien on Restricted Securities of a Restricted Subsidiary that was formed or is held for the purpose of acquiring and holding the Principal Property, in each case to secure all or any part of the cost of acquisition, development, operation, construction, alteration, repair or improvement of all or any part of the Principal Property, or to secure Indebtedness incurred by us or a Restricted Subsidiary for the purpose of financing all or any part of that cost, provided that the Lien is created prior to, at the time of, or within 12 months after the latest of, the acquisition, completion of construction or improvement or commencement of commercial operation of that Principal Property and, provided further, that the Lien may not extend to any other Principal Property of ours or any Restricted Subsidiary, other than any currently unimproved real property on which the Principal Property has been constructed or developed or the improvement is located;
- any Lien on any Principal Property or Restricted Securities to secure Indebtedness owed to us or to a Restricted Subsidiary;
- any Lien in favor of a governmental body to secure advances or other payments under any contract or statute or to secure Indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to the Lien;
- any Lien created in connection with a project financed with, and created to secure, Non-Recourse Indebtedness;
- any extension, renewal, substitution or replacement, or successive extensions, renewals, substitutions or replacements, in whole or in part, of any Lien referred to in any of the bullet points above, provided that the Indebtedness secured may not exceed the principal amount of Indebtedness that is secured at the time of the renewal or refunding, plus any premium, cost or expense in connection with such extensions, renewals, substitutions or replacements, and that the renewal or refunding Lien must be



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limited to all or any part of the same property and improvements, shares of stock or Indebtedness that secured the Lien that was renewed or refunded; or

- any Lien not permitted above securing Indebtedness that, together with the aggregate outstanding principal amount of other secured Indebtedness that would otherwise be subject to the above restrictions, excluding Indebtedness secured by Liens permitted under the above exceptions, and the Attributable Debt in respect of all Sale and Leaseback Transactions, not including Attributable Debt in respect of any Sale and Leaseback Transactions described in the last two bullet points in the next succeeding paragraph, would not then exceed 15% of our Consolidated Net Tangible Assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“Restricted Subsidiary” means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 10% of the aggregate amount of Consolidated Net Tangible Assets of us and our Subsidiaries.

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

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



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

“*Subsidiary*” of ours means:

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

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

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

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

In the event that we engage in one of these transactions, the indenture provides that, if any Principal Property or Restricted Securities would thereupon become subject to any Lien securing the Indebtedness, the debt securities, other than debt securities not entitled to the benefits of specified covenants, must be secured, as to such Principal Property or Restricted Securities, equally and ratably with (or prior to or, in the case of debt securities that are subordinated in right of payment to the Indebtedness secured by such Lien or in the case of other Indebtedness of ours that is subordinated to the debt securities, on a subordinated basis to such Lien securing) the Indebtedness or obligations that upon the occurrence of such transaction would become secured by the Lien, unless the Lien could be created under the indenture without equally and ratably securing the debt securities (or, in the case of debt securities that are subordinated in right of payment to the Indebtedness secured by such Lien, on a subordinated basis to such Lien).

Modification or Waiver

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

Changes Requiring Approval. With the approval of the holders of at least a majority in principal amount of all outstanding debt securities of each series affected (including any such approvals obtained in connection with a tender or exchange offer for outstanding debt securities), we may make any changes, additions or deletions to any provisions of the indenture applicable to the affected series, or modify the rights of the holders of the debt securities of the affected series. However, without the consent of each holder affected, we cannot:

- change the stated maturity of the principal of, any premium on, or the interest on a debt security;
- reduce the principal amount, any premium on, or the rate of interest on a debt security;
- change any of our obligations to pay Additional Amounts;

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- reduce the amount payable upon acceleration of maturity following the default of a debt security whose principal amount payable at stated maturity may be more or less than its principal face amount at original issuance or an original issue discount security;
- adversely affect any right of repayment at the holder's option;
- change the place of payment of a debt security;
- impair the holder's right to sue for payment;
- adversely affect any right to convert or exchange a debt security;
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture; or
- modify certain provisions of the indenture dealing with suits for enforcement of payment by the trustee or modification and waiver, except to increase any percentage of consents required to amend the indenture or for any waiver, or to modify the provisions of the indenture dealing with the unconditional right of the holders of the debt securities to receive principal, premium, if any, and interest.

Changes Not Requiring Approval. The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. Additionally, we do not need any approval to make any change that affects only debt securities to be issued under the indenture after the changes take effect.

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

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

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

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

Events of Default

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

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

- we do not pay interest on a debt security of the series within 30 days of its due date;
- we do not pay the principal of or any premium, if any, on a debt security of the series on its due date;
- we do not deposit any sinking fund payment when and as due by the terms of any debt securities requiring such payment;

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

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

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

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

If the maturity of any series of debt securities is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities of that series may cancel the acceleration if all events of default other than the non-payment of principal or interest on the debt securities of that series that have become due solely by a declaration of acceleration are cured or waived, and we deposit with the trustee a sufficient sum of money to pay:

- all overdue interest on outstanding debt securities of that series;
- all unpaid principal and any premium, if any, of any outstanding debt securities of that series that has become due otherwise than by a declaration of acceleration, and interest on the unpaid principal and any premium, if any;
- all interest on the overdue interest; and
- all amounts paid or advanced by the trustee for that series and reasonable compensation of the trustee.

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

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Before a holder is allowed to bypass the trustee and bring his or her own lawsuit or other formal legal action or take other steps to enforce his or her rights or protect his or her interest relating to the debt securities, the following must occur:

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

However, a holder is entitled at any time to bring a lawsuit for the payment of money due on his or her debt securities on or after the due date without complying with the foregoing.

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

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

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

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

Defeasance and Covenant Defeasance

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

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

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

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



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

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

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

Debt Securities Issued in Non-Global Form

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

- only in fully registered form;
- without interest coupons; and
- unless we indicate otherwise in the prospectus supplement, in denominations of \$2,000 and amounts that are integral multiples of \$1,000 in excess thereof.

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

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

Holders will not be required to pay a service charge to transfer or exchange their debt securities, but they may be required to pay for any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder’s proof of legal ownership.

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

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

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

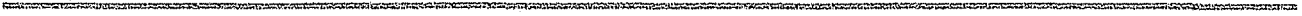


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Payment Mechanics

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

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

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

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

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

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

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

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

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The Trustee Under the Indenture

U.S. Bank National Association is the trustee under the indenture for our debt securities. We will identify any other entity acting as the trustee for a series of debt securities that we may offer in the prospectus supplement for the offering of such debt securities.

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

DESCRIPTION OF COMMON STOCK

General

Our authorized capital stock consists of 200,000,000 shares of common stock, of which 91,914,143 shares were outstanding on March 17, 2009. Each of our shares of common stock is entitled to one vote on all matters voted upon by shareholders. Our shareholders do not have cumulative voting rights. Our issued and outstanding shares of common stock are fully paid and nonassessable. There are no redemption or sinking fund provisions applicable to the shares of our common stock, and such shares are not entitled to any preemptive rights. Since we are incorporated in both Texas and Virginia, we must comply with the laws of both states when issuing shares of our common stock.

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

American Stock Transfer & Trust Company is the registrar and transfer agent for our common stock.

Charter and Bylaws Provisions

Some provisions of our articles of incorporation and bylaws may be deemed to have an “anti-takeover” effect. The following description of these provisions is only a summary, and we refer you to our articles of incorporation and bylaws for more information. Our articles of incorporation and bylaws are included as exhibits to our annual reports on Form 10-K filed with the SEC. See “Where You Can Find More Information.”

Classification of the Board. Our board of directors is divided into three classes, each of which consists, as nearly as may be possible, of one-third of the total number of directors constituting the entire board. There are currently 13 directors serving on the board. Each class of directors serves a three-year term. At each annual meeting of our shareholders, successors to the class of directors whose term expires at the annual meeting are elected for three-year terms. Our articles of incorporation prohibit cumulative voting. In general, in the absence of cumulative voting, one or more persons who hold a majority of our outstanding shares can elect all of the directors who are subject to election at any meeting of shareholders.

The classification of directors could have the effect of making it more difficult for shareholders, including those holding a majority of the outstanding shares, to force an immediate change in the composition of the board. Two shareholder meetings, instead of one, generally will be required to effect a change in the control of our board.

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

Fair Price Provisions. Article VII of our articles of incorporation provides certain “Fair Price Provisions” for our shareholders. Under Article VII, a merger, consolidation, sale of assets, share exchange, recapitalization or other similar transaction, between us or a company controlled by or under common control with us and any individual, corporation or other entity which owns or controls 10 percent or more of our voting capital stock, would be required to satisfy the condition that the

aggregate consideration per share to be

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received in the transaction for each class of our voting capital stock be at least equal to the highest per share price, or equivalent price for any different classes or series of stock, paid by the 10 percent shareholder in acquiring any of its holdings of our stock. If a proposed transaction with a 10 percent shareholder does not meet this condition, then the transaction must be approved by the holders of at least 75 percent of the outstanding shares of voting capital stock held by our shareholders other than the 10 percent shareholder, unless a majority of the directors who were members of our board immediately prior to the time the 10 percent shareholder involved in the proposed transaction became a 10 percent shareholder have either:

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

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

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

Shareholder proposals (other than those sought to be included in our proxy statement) must be submitted to our corporate secretary at least 60 days, but not more than 85 days, before the annual meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, notice by the shareholder to be timely must be received by our corporate secretary no later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was provided or such public disclosure was made. The notice must include a description of the proposal, the shareholder's name and address and the number of shares held, and all other information which would be required to be included in a proxy statement filed with the SEC if the shareholder were a participant in a solicitation subject to the SEC's proxy rules. To be included in our proxy statement for an annual meeting, our corporate secretary must receive the proposal at least 120 days prior to the anniversary of the date we mailed the proxy statement for the prior year's annual meeting.

To nominate directors, shareholders must submit a written notice to our corporate secretary at least 60 days, but not more than 85 days, before a scheduled meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, such nomination shall have been received by our corporate secretary no later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. The notice must include the name and address of the shareholder and of the shareholder's nominee, the number of shares held by the shareholder, a representation that the shareholder is a holder of record of common stock entitled to vote at the meeting, and that the shareholder intends to appear in person or by proxy to nominate the persons specified in the notice, a description of any arrangements between the shareholder and the shareholder's nominee, information about the shareholder's nominee required by the SEC and the written consent of the shareholder's nominee to serve as a director.

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

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PLAN OF DISTRIBUTION

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

- through agents;
- to or through underwriters;
- through dealers;
- directly by us to purchasers; or
- through a combination of any such methods of sale.

We, directly or through agents or dealers, may sell, and the underwriters may resell, the securities in one or more transactions, including:

- transactions on the New York Stock Exchange or any other organized market where the securities may be traded;
- in the over-the-counter market;
- in negotiated transactions; or
- through a combination of any such methods of sale.

The securities may be sold at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Agents designated by us from time to time may solicit offers to purchase the securities. We will name any such agent involved in the offer or sale of the securities and set forth any commissions payable by us to such agent in a prospectus supplement relating to any such offer and sale of securities. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter of the securities, as that term is defined in the Securities Act.

If underwriters are used in the sale of securities, securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions. Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. If an underwriter or underwriters are used in the sale of securities, we will execute an underwriting agreement with such underwriter or underwriters at the time an agreement for such sale is reached. We will set forth in the prospectus supplement the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including compensation of the underwriters and dealers. Such compensation may be in the form of discounts, concessions or commissions. Underwriters and others participating in any offering of securities may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. We will describe any such activities in the prospectus supplement.

We may elect to list any class or series of securities on any exchange, but we are not currently obligated to do so. It is possible that one or more underwriters, if any, may make a market in a class or series of securities, but the underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We cannot give any assurance as to the liquidity of the trading market for any of the securities we may offer.

If a dealer is used in the sale of the securities, we or an underwriter will sell such securities to the dealer, as principal. The dealer may then resell such securities to the public at varying prices to be determined by such dealer at the time of resale. The prospectus supplement will set forth the name of the dealer and the terms of the transactions.

We may directly solicit offers to purchase the securities, and we may sell directly to institutional investors or others. These persons may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale of the securities. The prospectus supplement will describe the terms of any such sales, including the terms of any bidding, auction or other process, if used.

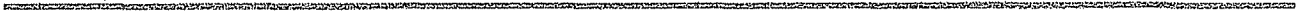


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Agents, underwriters and dealers may be entitled under agreements which may be entered into with us to indemnification by us against specified liabilities, including liabilities under the Securities Act, or to contribution by us to payments they may be required to make in respect of such liabilities. The prospectus supplement will describe the terms and conditions of such indemnification or contribution. Some of the agents, underwriters or dealers, or their affiliates, may engage in transactions with or perform services for us and our subsidiaries in the ordinary course of their business.

LEGAL MATTERS

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams LLP, Richmond, Virginia, have each rendered an opinion with respect to the validity of the securities that may be offered under this prospectus. We filed these opinions as exhibits to the registration statement of which this prospectus is a part. If counsel for any underwriters passes on legal matters in connection with an offering made under this prospectus, we will name that counsel in the prospectus supplement relating to that offering.

EXPERTS

The consolidated financial statements of Atmos Energy appearing in Atmos Energy Corporation's annual report (Form 10-K) for the fiscal year ended September 30, 2008 (including the schedule appearing therein) and the effectiveness of Atmos Energy Corporation's internal control over financial reporting as of September 30, 2008 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of Atmos Energy for the three-month periods ended December 31, 2008 and 2007, incorporated herein by reference, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated February 3, 2009, included in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008, and incorporated herein by reference, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended, for their report on the unaudited interim financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Securities Act of 1933.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330.

The SEC also maintains an internet Web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is www.sec.gov.

You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

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

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INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to “incorporate by reference” information in this prospectus that we have filed with it. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by information that is included directly in this prospectus or the applicable prospectus supplement relating to an offering of our securities.

We incorporate by reference into this prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the termination of our offering of securities. These additional documents include periodic reports, such as annual reports on Form 10-K and quarterly reports on Form 10-Q, and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01, which is deemed not to be incorporated by reference in this prospectus), as well as proxy statements (other than information identified in them as not incorporated by reference). You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus.

This prospectus incorporates by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this document:

- Our annual report on Form 10-K for the year ended September 30, 2008;
- Our quarterly report on Form 10-Q for the three-month period ended December 31, 2008;
- Our current reports on Form 8-K filed with the SEC on November 3, 2008, November 21, 2008, December 3, 2008, January 5, 2009 and February 6, 2009; and
- The following pages and captioned text contained in our definitive proxy statement for the annual meeting of shareholders on February 4, 2009 and incorporated into our annual report on Form 10-K: pages 3 through 5 under the caption “*Beneficial Ownership of Common Stock*,” pages 6 through 9 under the captions “*Election of Directors — Nominees for Director*” and “*— Directors Continuing in Office*,” pages 10 to 11 under the captions “*Corporate Governance and Other Board Matters — Independence of Directors*” and “*— Related Person Transactions*,” pages 13 to 14 under the captions “*Corporate Governance and Other Board Matters — Committees of the Board of Directors*” and “*— Other Board and Committee Matters — Human Resources Committee Interlocks and Insider Participation*,” pages 15 through 18 under the captions “*Director Compensation*” through to the end of “*Audit Committee-Related Matters — Independence of Audit Committee Members, Financial Literacy and Audit Committee Financial Experts*,” page 20 under the caption “*Audit-Committee Related Matters — Audit Committee Pre-Approval Policy*,” pages 20 through 30 under the caption “*Compensation Discussion and Analysis*,” and pages 31 through 45 under the caption “*Named Executive Officer Compensation*” through to the end of the caption “*Ratification of Appointment of Independent Registered Public Accounting Firm*.”

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

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

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

Our internet Web site address is www.atmosenergy.com. Information on or connected to our internet Web site is not part of this prospectus.

\$



Atmos Energy Corporation

% Senior Notes due 2019

**Prospectus Supplement
March , 2009**

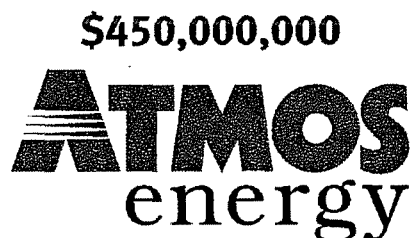
Joint Book-Running Managers

Banc of America Securities LLC

Goldman, Sachs & Co.

RBS Greenwich Capital

SunTrust Robinson Humphrey



Atmos Energy Corporation
8.50% Senior Notes due 2019

The notes will bear interest at the rate of 8.50% per year and will mature on March 15, 2019. We will pay interest on the notes on March 15 and September 15 of each year they are outstanding, beginning September 15, 2009. We may redeem the notes prior to maturity at our option, at any time in whole or from time to time in part, at a redemption price described in this prospectus supplement. See "Description of the Notes — Optional Redemption."

All of the notes are unsecured and rank equally with all of our other existing and future unsubordinated debt. The notes will be issued only in registered form in minimum denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof.

Investing in the notes involves risks. See "Risk Factors" on page S-6 of this prospectus supplement.

	<u>Per Note</u>	<u>Total</u>
Public offering price(1)	99.813%	\$449,158,500
Underwriting discount	0.650%	\$ 2,925,000
Proceeds, before expenses, to Atmos Energy	99.163%	\$446,233,500

(1) Plus accrued interest from March 26, 2009, if settlement occurs after that date.

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

The underwriters expect to deliver the notes to investors in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, Luxembourg and/or Euroclear Bank S.A./N.V., on or about March 26, 2009.

Joint Book-Running Managers

Banc of America Securities LLC

Goldman, Sachs & Co.

RBS Greenwich Capital

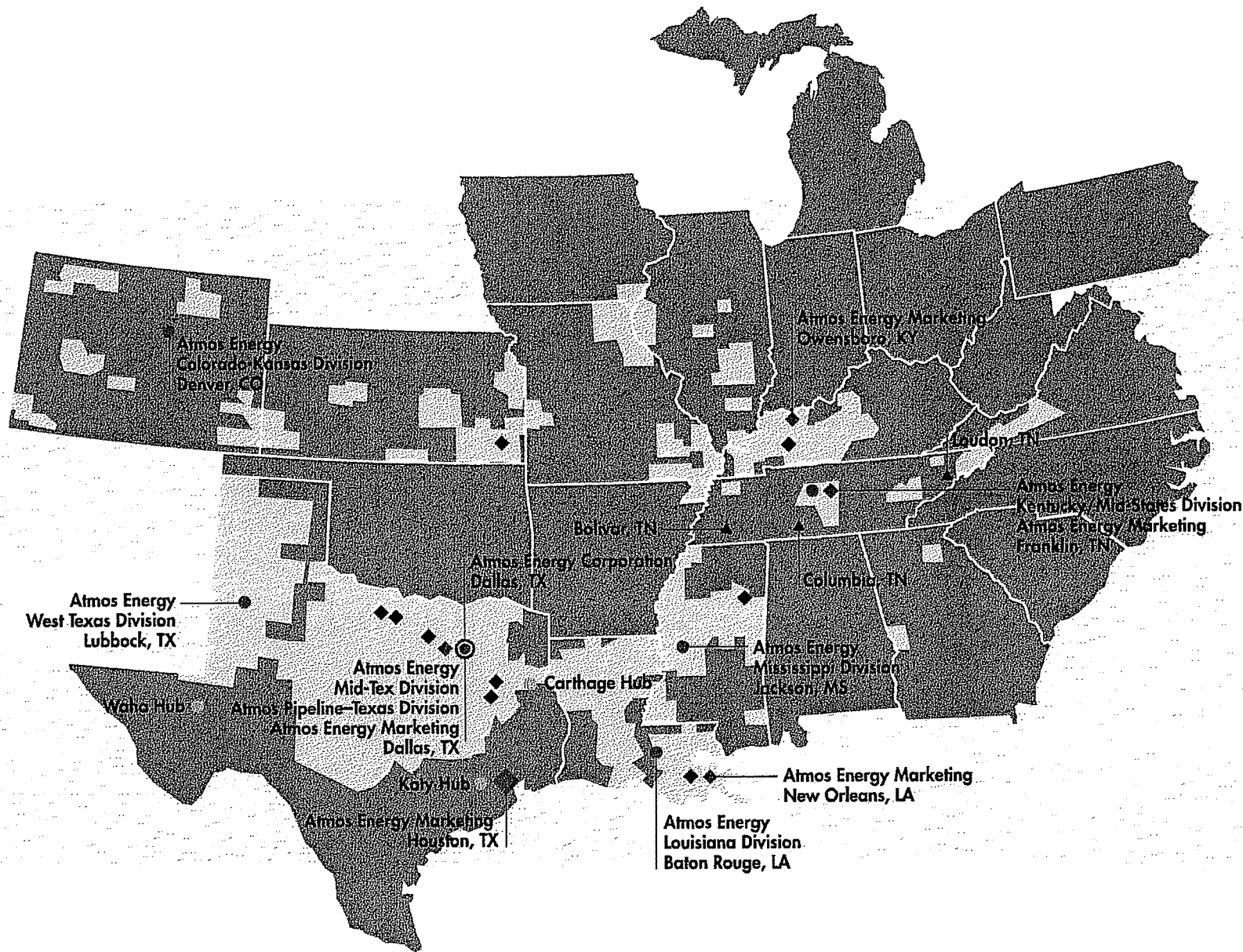
SunTrust Robinson Humphrey

Senior Co-Managers

BNP PARIBAS Morgan Stanley U.S. Bancorp Investments, Inc. UBS Investment Bank Wachovia Securities

Co-Managers

CALYON Comerica Securities Commerzbank Corporates & Markets Lloyds TSB Corporate Markets
Mitsubishi UFJ Securities Natixis Bleichroeder Inc. The Williams Capital Group, L.P.



- Atmos Energy Corporation headquarters
- ◆ Atmos Energy Marketing headquarters
- Atmos Energy states of operation
- Natural gas distribution division headquarters
- ◆ Atmos Energy Marketing regional offices
- Major gas delivery hub
- Natural gas distribution service area
- ◆ Proprietary natural gas storage
- ▲ Distributed generation

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**IMPORTANT NOTICE ABOUT INFORMATION IN THIS
PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS**

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, dated March 23, 2009, which gives more general information, some of which does not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, the information contained in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recent document shall control. This prospectus supplement and the accompanying prospectus are a part of a registration statement that we filed with the Securities and Exchange Commission using the SEC's shelf registration rules.

You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and any free writing prospectus. We have not, and the underwriters have not, authorized any other person to provide you with information that is different. If anyone provides you with different or inconsistent information, you should not rely on it. See "Incorporation of Certain Documents by Reference" in this prospectus supplement and "Where You Can Find More Information" in the accompanying prospectus.

Neither Atmos Energy Corporation nor the underwriters are making an offer of these notes in any jurisdiction where the offer is not permitted.

The information contained in or incorporated by reference in this document is accurate only as of the date of this prospectus supplement or the date of such incorporated documents, regardless of the time of delivery of this prospectus supplement or of any sale of notes.

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

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to “incorporate by reference” information in this prospectus supplement and the accompanying prospectus that we have filed with it. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, except for any information that is superseded by information that is included directly in this prospectus supplement or the accompanying prospectus.

We incorporate by reference in this prospectus supplement and the accompanying prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934, as amended, prior to the termination of this offering. These additional documents include periodic reports, such as annual reports on Form 10-K and quarterly reports on Form 10-Q, and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01, which is deemed not to be incorporated by reference in this prospectus supplement or the accompanying prospectus), as well as proxy statements (other than information identified in them as not incorporated by reference). You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus supplement. The information that we file later with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act and before the termination of this offering will automatically update and supersede previous information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

This prospectus supplement and the accompanying prospectus incorporate by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this document:

- Our annual report on Form 10-K for the year ended September 30, 2008;
- Our quarterly report on Form 10-Q for the three-month period ended December 31, 2008;
- Our current reports on Form 8-K filed with the SEC on November 3, 2008, November 21, 2008, December 3, 2008, January 5, 2009 and February 6, 2009; and
- The following pages and captioned text contained in our definitive proxy statement for the annual meeting of shareholders on February 4, 2009 and incorporated into our annual report on Form 10-K: pages 3 through 5 under the caption “*Beneficial Ownership of Common Stock*,” pages 6 through 9 under the captions “*Election of Directors — Nominees for Director*” and “*— Directors Continuing in Office*,” pages 10 to 11 under the captions “*Corporate Governance and Other Board Matters — Independence of Directors*” and “*— Related Person Transactions*,” pages 13 to 14 under the captions “*Corporate Governance and Other Board Matters — Committees of the Board of Directors*” and “*— Other Board and Committee Matters — Human Resources Committee Interlocks and Insider Participation*,” pages 15 through 18 under the captions “*Director Compensation*” through to the end of “*Audit Committee-Related Matters — Independence of Audit Committee Members, Financial Literacy and Audit Committee Financial Experts*,” page 20 under the caption “*Audit-Committee Related Matters — Audit Committee Pre-Approval Policy*,” pages 20 through 30 under the caption “*Compensation Discussion and Analysis*,” and pages 31 through 45 under the caption “*Named Executive Officer Compensation*” through to the end of the caption “*Ratification of Appointment of Independent Registered Public Accounting Firm*.”

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

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- our ability to continue to access the credit markets to satisfy our liquidity requirements;
- the impact of economic conditions on our customers;
- increased costs of providing pension and post-retirement health care benefits and increased funding requirements;
- market risks beyond our control affecting our risk management activities, including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness;
- regulatory trends and decisions, including the impact of rate proceedings before various state regulatory commissions;
- increased federal regulatory oversight and potential penalties;
- the impact of environmental regulations on our business;
- the concentration of our distribution, pipeline and storage operations in Texas;
- adverse weather conditions;
- the effects of inflation and changes in the availability and prices of natural gas;
- the capital-intensive nature of our natural gas distribution business;
- increased competition from energy suppliers and alternative forms of energy;
- the inherent hazards and risks involved in operating our natural gas distribution business;
- natural disasters, terrorist activities or other events; and
- other risks and uncertainties discussed in this prospectus supplement, any accompanying prospectus and our other filings with the SEC.

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

For additional factors you should consider, please see “Risk Factors” on page S-6 of this prospectus supplement and Sections “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the fiscal year ended September 30, 2008 and “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008. See “Incorporation of Certain Documents by Reference.”

PROSPECTUS SUPPLEMENT SUMMARY

You should read the following summary in conjunction with the more detailed information contained elsewhere in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

Atmos Energy Corporation

Atmos Energy Corporation is engaged primarily in the regulated natural gas distribution and transmission and storage businesses, as well as other nonregulated natural gas businesses. We are one of the country's largest natural gas-only distributors based on number of customers. We distribute natural gas through sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers in 12 states. We also operate one of the largest intrastate pipelines in Texas based upon miles of pipe.

Through our regulated transmission and storage business, we provide natural gas transportation and storage services to our Mid-Tex Division, our largest natural gas distribution division located in Texas, and for third parties. Additionally, we provide ancillary services customary to the pipeline industry, including parking arrangements, lending and sales of inventory on hand.

Through our nonregulated businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers primarily in the Midwest and Southeast. We also provide storage services to some of our natural gas distribution divisions and to third parties.

We operate Atmos Energy through the following four 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;
- the *natural gas marketing segment*, which includes a variety of nonregulated natural gas management services; and
- the *pipeline, storage and other segment*, which is comprised of our nonregulated natural gas gathering, transmission and storage services.

We have experienced more than 20 consecutive years of increasing dividends and earnings growth after giving effect to our acquisitions. Historically, we achieved this record of growth through acquisitions while efficiently managing our operating and maintenance expenses and leveraging our technology, such as our 24-hour call centers, to achieve more efficient operations. Our last significant acquisition occurred in October 2004 with the purchase of the natural gas distribution and pipeline operations of TXU Gas Company (TXU Gas). The TXU Gas acquisition essentially doubled our number of natural gas distribution customers, by adding approximately 1.5 million gas customers in Texas, including the Dallas-Fort Worth metropolitan area and the northern suburbs of Austin. The acquisition also added approximately 6,100 miles of gas transmission and gathering lines and five underground storage reservoirs, all within Texas. In recent years, we have also 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. Finally, we have strengthened our nonregulated businesses by increasing sales volumes and actively pursuing opportunities to increase the amount of storage available to us.

Recent Developments

Declaration of Dividends. On February 3, 2009, our Board of Directors declared a quarterly dividend on our common stock of \$0.33 per share. The dividend was paid on March 10, 2009 to shareholders of record on February 25, 2009.

Appointment of Senior Vice President and Chief Financial Officer. On February 3, 2009, Fred E. Meisenheimer was appointed Senior Vice President and Chief Financial Officer of Atmos Energy, effective February 4, 2009. Mr. Meisenheimer also continues to serve as Controller, a position he has held since July 2000.

Annual Meeting Results. We held our annual shareholders meeting on February 4, 2009. At the meeting, our shareholders took the following actions: (i) elected Ruben E. Esquivel as a Class I director whose term will expire in 2011 and Richard W. Cardin, Thomas C. Meredith, Ed.D., Nancy K. Quinn, Stephen R. Springer and Richard Ware II as Class II directors whose terms will expire in 2012 and (ii) approved a shareholder proposal regarding declassification of our Board of Directors.

Our address is 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, and our telephone number is (972) 934-9227. Our internet Web site address is www.atmosenergy.com. Information on or connected to our internet Web site is not part of this prospectus supplement or the accompanying prospectus.

Summary Financial Data

The following table presents summary consolidated and segment financial data of Atmos Energy Corporation for the periods and as of the dates indicated. We derived the summary financial data for the fiscal years ended September 30, 2008, 2007, 2006, 2005 and 2004 from our audited consolidated financial statements and the summary financial data for the three months ended December 31, 2008 and 2007 from our unaudited condensed consolidated financial statements. Please note that, given the inherent seasonality in our business, the results of operations for the three months ended December 31, 2008 presented below are not necessarily indicative of results for the entire fiscal year. The information is only a summary and does not provide all of the information contained in our financial statements. Therefore, you should read the information presented below in conjunction with "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and related notes included in our annual report on Form 10-K for the fiscal year ended September 30, 2008, and "Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations" and our condensed consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus. Our operating results include the impact of the acquisition of TXU Gas in October 2004. As a result, our consolidated financial data presented below include results from operations of TXU Gas from October 2004; therefore, comparisons with the fiscal year ended September 30, 2004 may not be meaningful.

	Three Months Ended		Year Ended September 30,				
	December 31,						
	2008	2007	2008	2007(1)	2006(1)	2005(2)	2004(3)
(in thousands, except per share data)							
Consolidated Financial Data							
Operating revenues	\$1,716,332	\$1,657,510	\$7,221,305	\$5,898,431	\$6,152,363	\$4,961,873	\$2,920,037
Gross profit	395,212	369,638	1,321,326	1,250,082	1,216,570	1,117,637	562,191
Operating expenses	232,018	211,129	893,431	851,446	833,954	768,982	368,496
Operating income	163,194	158,509	427,895	398,636	382,616	348,655	193,695
Net income	75,963	73,803	180,331	168,492	147,737	135,785	86,227
Diluted net income per share . . .	\$ 0.83	\$ 0.82	\$ 2.00	\$ 1.92	\$ 1.82	\$ 1.72	\$ 1.58
Cash dividends paid per share . .	\$ 0.330	\$ 0.325	\$ 1.30	\$ 1.28	\$ 1.26	\$ 1.24	\$ 1.22
Cash flows from operating activities	\$ 150,715	\$ 61,437	\$ 370,933	\$ 547,095	\$ 311,449	\$ 386,944	\$ 270,734
Capital expenditures	\$ 107,367	\$ 94,155	\$ 472,273	\$ 392,435	\$ 425,324	\$ 333,183	\$ 190,285

	As of December 31,		As of September 30,				
	2008	2007	2008	2007	2006	2005(2)	2004
(in thousands)							
Consolidated Balance Sheet Data							
Total assets(4)	\$6,818,899	\$6,369,574	\$6,386,699	\$5,895,197	\$5,719,547	\$5,610,547	\$2,902,658
Debt							
Long-term debt(5)	\$1,719,920	\$2,124,915	\$2,119,792	\$2,126,315	\$2,180,362	\$2,183,104	\$ 861,311
Short-term debt(5)	761,340	205,862	351,327	154,430	385,602	148,073	5,908
Total debt	\$2,481,260	\$2,330,777	\$2,471,119	\$2,280,745	\$2,565,964	\$2,331,177	\$ 867,219
Shareholders' equity	\$2,078,076	\$2,032,483	\$2,052,492	\$1,965,754	\$1,648,098	\$1,602,422	\$1,133,459

See footnotes on following page.

	Three Months Ended		Year Ended September 30,				
	December 31,						
	2008	2007	2008	2007(1)	2006(1)	2005(2)	2004(6)
(in thousands, except ratios)							
Segment Operating Income							
Natural gas distribution	\$112,505	\$ 97,503	\$261,165	\$221,187	\$201,894	\$236,365	\$159,890
Regulated transmission and storage	19,370	22,254	89,745	79,830	63,326	65,840	—
Natural gas marketing	20,513	34,699	56,392	75,040	102,235	40,985	27,726
Pipeline, storage and other	10,720	3,967	20,249	22,235	14,924	5,264	6,045
Eliminations	86	86	344	344	237	201	34
Consolidated	<u>\$163,194</u>	<u>\$158,509</u>	<u>\$427,895</u>	<u>\$398,636</u>	<u>\$382,616</u>	<u>\$348,655</u>	<u>\$193,695</u>
Other Financial Data							
Ratio of earnings to fixed charges(7)	3.97	4.09	2.96	2.69	2.50	2.54	2.95
Pro forma ratio of earnings to fixed charges(8)	3.48	—	2.56	—	—	—	—

- (1) Financial results for fiscal 2007 and 2006 include a \$6.3 million and a \$22.9 million pre-tax loss for the impairment of certain assets.
- (2) Financial results for fiscal 2005 include the operations of our Mid-Tex and Atmos Pipeline — Texas divisions, from October 1, 2004, the date of acquisition.
- (3) Financial results for fiscal 2004 include a \$5.9 million pre-tax gain on the sale of our interest in U.S. Propane, L.P. and Heritage Propane Partners, L.P.
- (4) Effective September 30, 2008, we classified our cash collateral or the obligation to return cash into risk management assets and/or liabilities, as appropriate, in accordance with FSP FIN 39-1. Total assets as of December 31, 2007 and September 30, 2007, 2005 and 2004 also reflect this new classification. This reclassification had no impact on total assets as of September 30, 2006 and it did not impact our financial position, results of operations or cash flows for any of the periods presented above.
- (5) Long-term debt excludes current maturities. Short-term debt is comprised of current maturities of long-term debt and short-term debt.
- (6) Restated to conform to current segment reporting.
- (7) For purposes of computing ratio of earnings to fixed charges, earnings consist of the sum of our pretax income from continuing operations and fixed charges. Fixed charges consist of interest expense, amortization of debt discount, premium and expense, capitalized interest and a portion of lease payments considered to represent an interest factor.
- (8) The pro forma ratio of earnings to fixed charges gives effect to the issuance of the notes, the redemption of our \$400 million 4.00% Senior Notes due 2009 (assuming a redemption date of May 1, 2009) and the settlement of the Treasury lock agreement described in "Use of Proceeds" as of the beginning of the periods indicated.

The Offering

Issuer	Atmos Energy Corporation
Notes Offered	\$450,000,000 aggregate principal amount of 8.50% senior notes due 2019.
Maturity	The notes will mature on March 15, 2019.
Interest	The notes will bear interest at the rate of 8.50% per year. Interest on the notes will be payable semi-annually in arrears on March 15 and September 15 of each year they are outstanding, beginning on September 15, 2009.
Ranking	The notes will be our unsecured senior obligations. The notes will rank equally in right of payment with all our existing and future unsubordinated indebtedness and will rank senior in right of payment to any future indebtedness that is subordinated to the notes. The notes will be effectively subordinated to all our existing and future secured indebtedness to the extent of the assets securing such indebtedness and to the indebtedness and liabilities of our subsidiaries.
Optional Redemption	We may redeem the notes prior to maturity at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of the principal amount of the notes to be redeemed and the “make-whole” redemption price, plus, in each case, accrued and unpaid interest, if any, to the redemption date, as described in “Description of the Notes — Optional Redemption” on page S-14.
Covenants of the Indenture	We will issue the notes under an indenture which will, among other things, restrict our ability to create liens and to enter into sale and leaseback transactions. See “Description of Debt Securities — Covenants” beginning on page 8 of the accompanying prospectus.
Ratings	The notes will be rated “Baa3” by Moody’s Investors Services, “BBB+” by Standard & Poor’s Rating Services, a division of The McGraw-Hill Company, Inc., and “BBB+” by Fitch IBCA, Inc. None of these ratings is a recommendation to buy, sell or hold the notes. Each rating is subject to revision or withdrawal at any time and should be evaluated independently of any other rating.
Use of Proceeds	We estimate that our net proceeds from this offering, after deducting the underwriting discount and estimated offering expenses payable by us, will be approximately \$446 million. We intend to use the net proceeds of this offering to redeem our \$400 million 4.00% Senior Notes due 2009 and for general corporate purposes. See “Use of Proceeds” on page S-6.

See “Risk Factors” on page S-6 of this prospectus supplement and other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the factors you should consider carefully before deciding to invest in the notes.

RISK FACTORS

Investing in the notes involves risks. Our business is influenced by many factors that are difficult to predict and beyond our control and that involve uncertainties that may materially affect our results of operations, financial condition or cash flows, or the value of the notes. These risks and uncertainties include those described in the risk factor and other sections of the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, including “Item 1A. Risk Factors” in our annual report on Form 10-K for the fiscal year ended September 30, 2008. The risks and uncertainties incorporated by reference are not the only risks and uncertainties we may confront. Moreover, risks and uncertainties not presently known to us or currently deemed immaterial by us may also adversely affect our business, results of operations, financial condition or cash flows, or the value of the notes. You should carefully consider these risks and uncertainties and all of the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before you invest in the notes.

USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately \$446 million, after deducting the underwriting discount and estimated offering expenses payable by us.

We intend to use the majority of the net proceeds from this offering to redeem our \$400 million 4.00% Senior Notes due 2009, which we refer to as the 2009 notes. The 2009 notes mature on October 15, 2009 and the interest rate on the 2009 notes is 4% per year. The terms of the 2009 notes permit us to redeem the 2009 notes in full, at a price equal to the greater of (i) the aggregate principal amount of the 2009 notes and (ii) the present values of the remaining scheduled payments of principal and interest on the 2009 notes discounted to the redemption date at an adjusted treasury rate plus 15 basis points, plus accrued and unpaid interest to the redemption date, upon 30 days notice. If we deliver a notice of redemption to the holders of our 2009 notes with a redemption date of May 1, 2009, the aggregate amount required to redeem the 2009 notes, including accrued and unpaid interest, will be approximately \$407 million.

We intend to use the balance of the net proceeds for general corporate purposes, including the repayment of short-term debt outstanding under our revolving credit facilities. We have been using the proceeds of borrowings under our revolving credit facilities for working capital and other general corporate purposes.

In March 2009, we entered into an agreement to fix the Treasury yield component of a notional principal amount of \$450 million in notes, which we refer to as the Treasury lock agreement. We have terminated the Treasury lock agreement and have received approximately \$2 million in connection with the settlement.

CAPITALIZATION

The following table presents our cash and cash equivalents, short-term debt and capitalization as of December 31, 2008, on an actual basis and as adjusted to reflect the issuance of notes in this offering, the redemption of our 2009 notes (assuming a redemption date of May 1, 2009) and the settlement of the Treasury lock agreement. The table below assumes that approximately \$2 million had been received in connection with the Treasury lock agreement. You should read this table in conjunction with the section entitled "Use of Proceeds" and our condensed consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	<u>As of December 31, 2008</u>	
	<u>Actual</u>	<u>As Adjusted</u>
	<u>(in thousands)</u>	
Cash and cash equivalents	<u>\$ 69,799</u>	<u>\$ 69,799</u>
Short-term debt		
Current portion of long-term debt	\$ 400,507	\$ 507
Other short-term debt	360,833	319,483
Total short-term debt	<u>\$ 761,340</u>	<u>\$ 319,990</u>
Long-term debt, less current portion	<u>\$1,719,920</u>	<u>\$2,169,079</u>
Shareholders' equity		
Common stock, no par value (stated at \$.005 per share); 200,000,000 shares authorized; 91,599,495 shares issued and outstanding, actual and as adjusted	458	458
Additional paid-in capital	1,757,834	1,757,834
Retained earnings	381,633	381,633
Accumulated other comprehensive loss	<u>(61,849)</u>	<u>(60,675)</u>
Shareholders' equity	<u>2,078,076</u>	<u>2,079,250</u>
Total capitalization(1)	<u>\$3,797,996</u>	<u>\$4,248,329</u>

(1) Total capitalization excludes the current portion of long-term debt and other short-term debt.

BUSINESS

Overview

Atmos Energy Corporation, headquartered in Dallas, Texas, is engaged primarily in the regulated natural gas distribution and transmission and storage businesses, as well as other nonregulated natural gas businesses. We are one of the country's largest natural gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe.

We distribute natural gas through regulated sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our six regulated natural gas distribution divisions, which cover service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our distribution system.

Through our regulated transmission and storage business, we provide natural gas transportation and storage services to our Mid-Tex Division, our largest natural gas distribution division located in Texas, and for third parties. Additionally, we provide ancillary services customary to the pipeline industry, including parking arrangements, lending and sales of inventory on hand.

Through our nonregulated businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers primarily in the Midwest and Southeast. We also provide storage services to some of our natural gas distribution divisions and to third parties.

Operating Segments

We operate Atmos Energy through the following four 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;
- the *natural gas marketing segment*, which includes a variety of nonregulated natural gas management services; and
- the *pipeline, storage and other segment*, which is comprised of our nonregulated natural gas gathering, transmission and storage services.

Natural Gas Distribution Segment

We operate our natural gas distribution segment through the following six regulated divisions, which are presented below in order of total customers served:

- Atmos Energy Mid-Tex Division;
- Atmos Energy Kentucky/Mid-States Division;
- Atmos Energy Louisiana Division;
- Atmos Energy West Texas Division;
- Atmos Energy Mississippi Division; and
- Atmos Energy Colorado-Kansas Division.

The following is a brief description of our natural gas distribution divisions. 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, 2008, we held 1,107 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. For more information, see “Item 1. Business” in our annual report on Form 10-K for the fiscal year ended September 30, 2008.

Atmos Energy Mid-Tex Division. Our Mid-Tex Division serves approximately 550 incorporated and unincorporated communities in the north-central, eastern and western parts of Texas, including the Dallas/Fort Worth Metroplex. The governing body of each municipality we serve has original jurisdiction over all gas distribution rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. The Railroad Commission of Texas (RRC) has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality.

Prior to fiscal 2008, this division operated under one system-wide rate structure. However, in the second quarter of 2008, we reached a settlement with cities representing approximately 80 percent of this division’s customers that will allow us to update rates for customers in these cities through an annual rate review mechanism. Rates for the remaining 20 percent of this division’s customers, including the City of Dallas, continue to be 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 Energy Kentucky/Mid-States Division. Our Kentucky/Mid-States Division operates in more than 420 communities across Georgia, Illinois, Iowa, Kentucky, Missouri, Tennessee and Virginia. The service areas in these states are primarily rural; however, this division serves Franklin, Tennessee and other suburban areas of Nashville. We update our rates in this division through periodic formal rate filings made with each state’s public service commission.

Atmos Energy Louisiana Division. In Louisiana, we serve nearly 300 communities, including the suburban areas of New Orleans, the metropolitan area of Monroe and western Louisiana. Direct sales of natural gas to industrial customers in Louisiana who use gas for fuel or in manufacturing processes and sales of natural gas for vehicle fuel are exempt from regulation and are recognized in our natural gas marketing segment. Our rates in this division are updated annually through a stable rate filing without filing a formal rate case.

Atmos Energy West Texas Division. Our West Texas Division serves approximately 80 communities in West Texas, including the Amarillo, Lubbock and Midland areas. Like our Mid-Tex Division, each municipality we serve has original jurisdiction over all gas distribution rates, operations and services within its city limits, with the RRC having exclusive appellate jurisdiction over the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality. Prior to fiscal 2008, rates were updated in this division through formal rate proceedings. However, during 2008, the West Texas Division entered into agreements with its Lubbock and West Texas service areas to update rates for customers in these service areas through an annual rate review mechanism. Rates for the division’s Amarillo service area continue to be updated through periodic formal rate proceedings and filings made under GRIP.

Atmos Energy Mississippi Division. In Mississippi, we serve about 110 communities throughout the northern half of the state, including the Jackson metropolitan area. Our rates in the Mississippi Division are updated annually through a stable rate filing without filing a formal rate case.

Atmos Energy Colorado-Kansas Division. Our Colorado-Kansas Division serves approximately 170 communities throughout Colorado and Kansas and portions of Missouri, including the cities of Olathe, Kansas, a suburb of Kansas City and Greeley, Colorado, located near Denver. We update our rates in this division through periodic formal rate filings made with each state’s public service commission.

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. 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 in the pipeline industry including parking arrangements, lending and sales of inventory on hand. Parking arrangements provide short-term interruptible storage of gas on our pipeline. Lending services provide short-term interruptible loans of natural gas from our pipeline to meet market demands. These operations represent 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. Nine basins located in Texas are believed to contain a substantial portion of the nation's remaining onshore natural gas reserves. This pipeline system provides access to all of these basins. 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. However, Atmos Pipeline — Texas' existing regulatory mechanisms allow certain transportation and storage services to be provided under market-based rates with minimal regulation.

Natural Gas Marketing Segment Overview

Our natural gas marketing activities are conducted through Atmos Energy Marketing (AEM), which is wholly-owned by Atmos Energy Holdings, Inc. (AEH). AEH is a wholly-owned subsidiary of Atmos Energy and operates primarily in the Midwest and Southeast areas of the United States. AEM aggregates and purchases gas supply, arranges transportation and storage logistics and ultimately delivers gas to customers at competitive prices. To facilitate this process, we utilize proprietary and customer-owned transportation and storage assets to provide various services our customers request, including furnishing natural gas supplies at fixed and market-based prices, contract negotiation and administration, load forecasting, gas storage acquisition and management services, transportation services, peaking sales and balancing services, capacity utilization strategies and gas price hedging through the use of financial instruments. As a result, our revenues arise from the types of commercial transactions we have structured with our customers and include the value we extract by optimizing the storage and transportation capacity we own or control as well as revenues for services we deliver.

Our asset optimization activities seek to maximize the economic value associated with the storage and transportation capacity we own or control. We attempt to meet this objective by engaging in natural gas storage transactions in which we seek to find and profit from the pricing differences that occur over time. We purchase physical natural gas and then sell financial instruments at advantageous prices to lock in a gross profit margin. We also seek to participate in transactions in which we combine the natural gas commodity and transportation costs to minimize our costs incurred to serve our customers by identifying the lowest cost alternative within the natural gas supplies, transportation and markets to which we have access. Through the use of transportation and storage services and financial instruments, we are able to capture gross profit margin through the arbitrage of pricing differences in various locations and by recognizing pricing differences that occur over time.

AEM's management of natural gas requirements involves the sale of natural gas and the management of storage and transportation supplies under contracts with customers generally having one- to two-year terms. AEM also sells natural gas to some of its industrial customers on a delivered burner tip basis under contract terms ranging from 30 days to two years.

Pipeline, Storage and Other Segment Overview

Our pipeline, storage and other segment primarily consists of the operations of Atmos Pipeline and Storage, LLC (APS) and Atmos Power Systems, Inc., which are each wholly-owned by AEH.

APS owns and operates a 21-mile pipeline located in New Orleans, Louisiana. This pipeline is primarily used to aggregate gas supply for our regulated natural gas distribution division in Louisiana and for AEM. However, it also provides limited third party transportation services. APS also owns or has an interest in underground storage fields in Kentucky and Louisiana. We use these storage facilities to reduce the need to contract for additional pipeline capacity to meet customer demand during peak periods. Finally, beginning in

fiscal 2006, APS initiated activities in the natural gas gathering business. As of September 30, 2008, these activities were limited in nature.

APS also engages in limited asset optimization activities whereby it seeks to maximize the economic value associated with the storage and transportation capacity it owns or controls. Most of these arrangements are with our regulated affiliates and have been approved by applicable state regulatory commissions. Generally, these arrangements require APS to share with our regulated customers a portion of the profits earned from these arrangements.

Through Atmos Power Systems, Inc., we have constructed electric peaking power-generating plants and associated facilities and lease these plants through lease agreements that are accounted for as sales under generally accepted accounting principles.

Other Regulation

Each of our natural gas distribution divisions is regulated by various state or local public utility authorities. We are also subject to regulation by the United States Department of Transportation with respect to safety requirements in the operation and maintenance of our gas distribution facilities. 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 in Tennessee, Iowa and Missouri.

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 FERC. FERC also has jurisdiction over some of the types of transactions engaged in by our two nonregulated operations segments, 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, fraud and market manipulation by companies engaged in the sale, purchase, transportation or storage of natural gas in interstate commerce. We are currently under investigation by FERC for possible violations of its posting and competitive bidding regulations for pre-arranged released firm capacity on interstate natural gas pipelines. We are cooperating with the investigation, are conducting our own investigation of this matter and are taking action to structure current and future transactions to comply with applicable FERC regulations. Although we believe that our reserves are appropriate for the potential penalties, we are currently unable to provide assurance as to the ultimate outcome of this matter.

The RRC has issued a final rule requiring the replacement of known compression couplings at pre-bent gas meter risers by November 2009. This rule affects the operations of the Mid-Tex Division but is presently not anticipated to have a significant impact on our West Texas Division. This rule requires us to expend significant amounts of capital in the Mid-Tex Division, but these prudent and mandatory expenditures should be recoverable through our rates.

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. However, higher gas prices, coupled with the electric utilities' marketing efforts, have increased competition for residential and commercial customers. In addition, AEM competes with other natural gas marketers to provide natural gas management and other related services to customers.

Our regulated transmission and storage operations currently face limited competition from other existing intrastate pipelines and gas marketers seeking to provide or arrange transportation, storage and other services for customers.

Distribution, Transmission and Related Assets

At September 30, 2008, our natural gas distribution segment owned an aggregate of 77,462 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. Our regulated transmission and storage segment owned 6,069 miles of gas transmission and gathering lines and our pipeline, storage and other segment owned 114 miles of gas transmission and gathering lines.

Storage Assets

As of September 30, 2008, we owned underground gas storage facilities in several states to supplement the supply of natural gas in periods of peak demand. The underground gas storage facilities of our natural gas distribution segment had a total usable capacity of 10,343,590 Mcf, with a maximum daily delivery capacity of 232,100 Mcf. The underground gas storage facilities of our regulated transmission and storage segment had a total usable capacity of 39,243,226 Mcf, with a maximum daily delivery capacity of 1,235,000 Mcf. The underground gas storage facilities of our pipeline, storage and other segment had a total usable capacity of 3,931,483 Mcf, with a maximum daily delivery capacity of 127,000 Mcf.

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 amount of our contracted storage capacity can vary from time to time. At September 30, 2008, our contracted storage provided us with a maximum storage quantity of 27,371,388 MMBtu, with a maximum daily withdrawal quantity of 778,800 MMBtu, for our natural gas distribution segment, a maximum storage quantity of 7,879,724 MMBtu, with a maximum daily withdrawal quantity of 202,586 MMBtu, for our natural gas marketing segment, and a maximum storage quantity of 1,200,000 MMBtu, with a maximum daily withdrawal quantity of 55,720 MMBtu, for our pipeline, storage and other segment.

For more information on our storage assets see "Item 2. Properties" in our annual report on Form 10-K for the fiscal year ended September 30, 2008.

DESCRIPTION OF THE NOTES

We have summarized certain provisions of the notes below. The notes constitute a series of the debt securities described in the accompanying prospectus. The notes will be issued under an indenture to be entered into with U.S. Bank National Association, as trustee (the "indenture").

The following description of certain terms of the notes and certain provisions of the indenture in this prospectus supplement supplements the description under "Description of Debt Securities" in the accompanying prospectus and, to the extent it is inconsistent with that description, replaces the description in the accompanying prospectus. This description is only a summary of the material terms and does not purport to be complete. We urge you to read the indenture, a form of which we have filed with the SEC, because it, and not the description below and in the accompanying prospectus, will define your rights as a holder of the notes. We will file the indenture as an exhibit to a current report on Form 8-K at the completion of this offering. You may obtain a copy of the indenture from us without charge. See "Where You Can Find More Information" in the accompanying prospectus.

General

The notes will be initially limited to \$450,000,000 aggregate principal amount. We may, at any time, without the consent of the holders of these notes, issue additional notes having the same ranking, interest rate, maturity and other terms as the notes. Any such additional notes, together with the notes being offered by this prospectus supplement, will constitute the same series of notes under the indenture.

The notes will be unsecured and unsubordinated obligations of Atmos Energy Corporation. Any secured debt that we may have from time to time will have a prior claim with respect to the assets securing that debt. As of December 31, 2008, we had no secured debt outstanding. The notes will rank equally with all of our other existing and future unsubordinated debt. As of December 31, 2008, after giving effect to the redemption of our 4.00% Senior Notes due 2009 on such date with the net proceeds of this offering, we had approximately \$2.2 billion of unsecured and unsubordinated debt. Of such \$2.2 billion, \$1 million represented debt of our subsidiaries. The notes are not guaranteed by, and are not the obligation of, any of our subsidiaries. The notes will not be listed on any securities exchange or included in any automated quotation system.

The notes will be issued in book-entry form as one or more global notes registered in the name of the nominee of The Depository Trust Company, or DTC, which will act as a depository, in minimum denominations of \$2,000 and any integral multiple of \$1,000 in excess thereof. Beneficial interests in book-entry notes will be shown on, and transfers of the notes will be made only through, records maintained by DTC and its participants.

Payment of Principal and Interest

The notes will mature on March 15, 2019 and bear interest at the rate of 8.50% per year.

We will pay interest on the notes semi-annually in arrears on March 15 and September 15 of each year they are outstanding, beginning September 15, 2009. Interest will accrue from March 26, 2009 or from the most recent interest payment date to which we have paid or provided for the payment of interest to the next interest payment date or the scheduled maturity date, as the case may be. We will pay interest computed on the basis of a 360-day year of twelve 30-day months.

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

Optional Redemption

Each of the notes offered hereby will be redeemable prior to maturity at our option, at any time in whole or from time to time in part, at a redemption price equal to the greater of:

- 100% of the principal amount of the notes to be redeemed; and
- as determined by the Quotation Agent (defined below), the sum of the present values of the Remaining Scheduled Payments (defined below) of principal and interest on the notes to be redeemed discounted to the redemption date on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the Adjusted Treasury Rate (defined below) plus 50 basis points;

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

Definitions. Following are definitions of the terms used in the optional redemption provisions discussed above.

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

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

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

"Quotation Agent" means the Reference Treasury Dealer appointed by us.

"Reference Treasury Dealer" means Banc of America Securities LLC and its successors; provided, however, if Banc of America Securities LLC ceases to be a primary U.S. government securities dealer in New York City, we will replace Banc of America Securities LLC as Reference Treasury Dealer with an entity that is a primary U.S. government securities dealer in New York City.

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

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

In the case of a partial redemption of the notes, the notes to be redeemed shall be selected by DTC. Notice of any redemption will be mailed by first class mail at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed at its registered address. If any notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount of notes to be redeemed. A partial redemption will not reduce the portion of any note not being redeemed to a principal amount of less than \$2,000. A new note in a principal amount equal to the unredeemed portion of the note will be issued in the name of the holder of the note upon surrender for cancellation of the original note. Unless we default in payment of the redemption price, on and after the redemption date, interest will cease to accrue on the notes or the portions of the notes called for redemption.

No Mandatory Redemption

We will not be required to redeem the notes before maturity.

No Sinking Fund

We will not be required to make any sinking fund payments with regard to the notes.

Restricted Subsidiaries

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

Governing Law

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

Book-Entry Delivery and Settlement

We will issue the notes in the form of one or more permanent global securities in definitive, fully registered, book-entry form. The global securities will be deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the trustee in accordance with arrangements between DTC and the trustee.

If you wish to hold securities through the DTC system, you must either be a direct participant in DTC or hold through a direct participant in DTC. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations that have accounts with DTC. For those holders of notes outside the United States, Euroclear and Clearstream (both described below) participate in DTC through their New York depositories. Indirect participants are securities brokers and dealers, banks and trust companies that do not have an account with DTC, but that clear through or maintain a custodial relationship with a direct participant. Thus, indirect participants have access to the DTC system through direct participants or through other indirect participants that have access through a direct participant.

If you so choose, you may hold your beneficial interests in the global security through Euroclear or Clearstream, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold their participants' beneficial interests in the global security in their customers' securities accounts with their depositories. These depositories of Euroclear and Clearstream in turn will hold such interests in their customers' securities accounts with DTC.

In sum, you may elect to hold your beneficial interests in the notes:

- in the United States, through DTC;
- outside the United States, through Euroclear or Clearstream; or
- through organizations that participate in such systems.

DTC may grant proxies or authorize its participants (or persons holding beneficial interests in the global securities through these participants) to exercise any rights of a holder or take any other actions that a holder is entitled to take under the indenture or the notes. The ability of Euroclear or Clearstream to take actions as a holder of the notes under the indenture will be limited by the ability of their respective depositories to carry out such actions for them through DTC. Euroclear and Clearstream will take such actions only in accordance with their respective rules and procedures.

The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources we believe to be reliable, but we make no representation or warranty with respect to this information. DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform the procedures described below, and they may modify or discontinue them at any time. We and the trustee will not be responsible for DTC's, Euroclear's or Clearstream's performance of their obligations under their rules and procedures, or for the performance by direct or indirect participants of their obligations under the rules and procedures of the clearance systems.

Transfers within DTC, Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant system. Cross-market transfers between investors who hold or who will hold any notes through DTC and investors who hold or will hold any notes through Euroclear or Clearstream will be effected in DTC through the respective depositaries of Euroclear and Clearstream.

The Clearing Systems

The Depository Trust Company. DTC has advised us as follows:

- DTC is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered under Section 17A of the Securities Exchange Act of 1934;
- DTC holds securities that its participants deposit with DTC and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants’ accounts, thereby eliminating the need for physical movement of securities certificates;
- direct participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and other organizations;
- DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.;
- access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly; and
- the rules applicable to DTC and its participants are on file with the SEC.

Euroclear. Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including U.S. dollars and euros. Euroclear includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries.

Euroclear is operated by Euroclear Bank S.A./N.V., which we refer to as the Euroclear Operator, under contract with Euroclear Clearance System, S.C., a Belgian cooperative corporation, or the Cooperative. The Euroclear Operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), the dealer manager, other securities brokers and dealers and other professional financial intermediaries.

Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Euroclear is an indirect participant in DTC. As the Euroclear Operator is a Belgian banking corporation, Euroclear is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable Belgian law, collectively referred to as the Euroclear Terms and Conditions. The Euroclear Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

Distributions with respect to notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the depository for Euroclear.

Clearstream. Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.

Clearstream interfaces with domestic markets in several countries. Clearstream has established an electronic bridge with Euroclear Bank S.A./N.V., the operator of the Euroclear system, to facilitate settlement of trades between Clearstream and Euroclear. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream participants are financial institutions around the world, other securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. In the United States, Clearstream participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the depository for Clearstream.

Initial Settlement

We expect that under procedures established by DTC:

- upon deposit of the global securities with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global securities; and
- ownership of the securities will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

Euroclear and Clearstream will hold omnibus positions on behalf of their participants through customers' securities accounts for Euroclear and Clearstream on the books of their respective depositories, which in turn will hold positions in customers' securities accounts in the depositories' names on the books of DTC.

The notes that we issue in this offering will be credited to the securities custody accounts of persons who hold those global securities through DTC (other than through accounts at Euroclear and Clearstream) on the closing date and to persons who hold those global securities through Euroclear or Clearstream on the business day following the closing date.

So long as DTC or its nominee is the registered owner of a global security, DTC or that nominee will be considered the sole owner or holder of the notes represented by that global security for all purposes under the indenture and under the notes. Except as provided below, owners of beneficial interests in a global security will not be entitled to have notes represented by that global security registered in their names, will not receive or be entitled to receive physical delivery of certificated notes and will not be considered the owners or holders thereof under the indenture or under the notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee. Accordingly, each holder owning a beneficial interest in a global security must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of notes under the indenture or the global security.

Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of the notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to the notes.

Payments on the notes represented by the global securities will be made to DTC or its nominee, as the case may be, as the registered owner thereof. We expect that DTC or its nominee, upon receipt of any payment on the notes represented by a global security, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global security as shown in the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global security held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Payments on the notes represented by the global securities will be made in immediately available funds. Transfers between participants in DTC will be effected in accordance with DTC rules and will be settled in immediately available funds.

Transfers Within and Between DTC, Euroclear and Clearstream

Trading Between DTC Purchasers and Sellers. DTC participants will transfer interests in the securities among themselves in the ordinary way according to DTC rules governing global security issues. The laws of some states require certain purchasers of securities to take physical delivery of the securities in definitive form. These laws may impair your ability to transfer beneficial interests in the global security or securities to such purchasers. DTC can act only on behalf of its direct participants, who in turn act on behalf of indirect participants and certain banks. Thus, your ability to pledge a beneficial interest in the global security or securities to persons that do not participate in the DTC system, and to take other actions, may be limited because you will not possess a physical certificate that represents your interest.

Trading Between Euroclear and Clearstream Participants. Participants in Euroclear and Clearstream will transfer interests in the securities among themselves in the ordinary way according to the rules and operating procedures of Euroclear and Clearstream governing conventional eurobonds.

Trading Between a DTC Seller and a Euroclear or Clearstream Purchaser. When the securities are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the purchaser must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the closing date. Euroclear or Clearstream will then instruct its depository to receive the securities and make payment for them. On the closing date, the depository will make payment to the DTC participant's account and the securities will be credited to the depository's account. After settlement has been completed, DTC will credit the securities to Euroclear or Clearstream. Euroclear or Clearstream will credit the securities, in accordance with its usual procedures, to the participant's account, and the participant will then credit the purchaser's account. These securities credits will appear the next day (European time) after the closing date. The cash debit from the account of Euroclear or Clearstream will be back-valued to the value date (which will be the preceding day if settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.*, the trade fails), the cash debit will instead be valued at the actual closing date.

Participants in Euroclear and Clearstream will need to make funds available to Euroclear or Clearstream to pay for the securities by wire transfer on the value date. The most direct way of doing this is to preposition funds (*i.e.*, have funds in place at Euroclear or Clearstream before the value date), either from cash on hand or existing lines of credit. Under this approach, however, participants may take on credit exposure to Euroclear and Clearstream until the securities are credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream has extended a line of credit to a participant, the participant may decide not to preposition funds, but to allow Euroclear or Clearstream to draw on the line of credit to finance settlement for the securities. Under this procedure, Euroclear or Clearstream would charge the participant overdraft charges for one day, assuming that the overdraft would be cleared when the securities were credited to the participant's account. However, interest on the securities would accrue from the value

date. Therefore, in these cases the interest income on securities that the participant earns during that one-day period will substantially reduce or offset the amount of the participant's overdraft charges. Of course, this result will depend on the cost of funds to (*i.e.*, the interest rate that Euroclear or Clearstream charges) each participant.

Since the settlement will occur during New York business hours, a DTC participant selling an interest in the security can use its usual procedures for transferring global securities to the depositaries of Euroclear or Clearstream for the benefit of Euroclear or Clearstream participants. The DTC seller will receive the sale proceeds on the closing date. Thus, to the DTC seller, a cross-market sale will settle no differently than a trade between two DTC participants.

Finally, day traders that use Euroclear or Clearstream to purchase interests in the notes from DTC accountholders for delivery to Euroclear or Clearstream participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

- borrowing through Euroclear or Clearstream for one day, until the purchase side of the day trade is reflected in their Euroclear or Clearstream accounts, in accordance with the clearing system's customary procedures;
- borrowing the interests in the United States from a DTC accountholder no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Euroclear or Clearstream account in order to settle the sale side of the trade; or
- staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC accountholder is at least one day prior to the value date for the sale to the Euroclear or Clearstream participant.

Trading Between a Euroclear or Clearstream Seller and DTC Purchaser. Due to time zone differences in their favor, Euroclear and Clearstream participants can use their usual procedures to transfer securities through their depositaries to a DTC participant. The seller must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the closing date. Euroclear or Clearstream will then instruct its depository to credit the securities to the DTC participant's account and receive payment. The payment will be credited in the account of the Euroclear or Clearstream participant on the following day, but the receipt of the cash proceeds will be back-valued to the value date (which will be the preceding day if settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.*, the trade fails), the receipt of the cash proceeds will instead be valued at the actual closing date.

If the Euroclear or Clearstream participant selling the securities has a line of credit with Euroclear or Clearstream and elects to be in debit for the securities until it receives the sale proceeds in its account, then the back-valuation may substantially reduce or offset any overdraft charges that the participant incurs over that one-day period.

Certificated Notes

We will issue certificated notes to each person that DTC identifies as the beneficial owner of the notes represented by the global securities upon surrender by DTC of the global securities only if:

- DTC notifies us that it is no longer willing or able to act as a depository for the global securities, and we have not appointed a successor depository *within 60 days of that notice*;
- we determine not to have the notes represented by a global security; or
- an event of default has occurred and is continuing.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the related notes. We and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the notes to be issued.

MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

Prospective investors should consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

The following summary discusses certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes. This discussion is based upon the Internal Revenue Code of 1986, as amended (the "Code"), the applicable proposed or promulgated Treasury regulations, and the applicable judicial and administrative interpretations, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect, and to differing interpretations. This discussion is applicable only to holders of notes who purchase the notes in the initial offering at their original issue price and deals only with the notes held as capital assets for U.S. federal income tax purposes (generally, property held for investment) and not held as part of a straddle, a hedge, a conversion transaction or other integrated investment. This discussion is a summary intended for general information only, and does not address all of the tax consequences that may be relevant to holders of notes in light of their particular circumstances, or to certain types of holders (such as financial institutions, insurance companies, tax-exempt entities, partnerships and other pass-through entities for U.S. federal income tax purposes or investors who hold the notes through such pass-through entities, certain former citizens or residents of the United States, "controlled foreign corporations," "passive foreign investment companies," "foreign personal holding companies," traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers in securities or currencies, or U.S. Holders (as defined below) whose functional currency is not the U.S. dollar). Moreover, this discussion does not describe any state, local or non-U.S. tax implications, or any aspect of U.S. federal tax law other than income taxation. We have not and will not seek any rulings or opinions from the Internal Revenue Service (IRS) or counsel regarding the matters discussed below. There can be no assurances that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the notes that are different from those discussed below.

As used herein, a "U.S. Holder" means a beneficial owner of notes that is, for U.S. federal income tax purposes, (a) a citizen or individual resident of the United States, (b) a corporation or other entity treated as a corporation created or organized in or under the laws of the United States, any State thereof or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust, if (1) a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of its substantial decisions or (2) a valid election to be treated as a U.S. person is in effect under the relevant Treasury regulations with respect to such trust. A "Non-U.S. Holder" means a beneficial owner of any notes that is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes. A Non-U.S. Holder who is an individual present in the United States for 183 days or more in the taxable year of disposition of a note and who is not otherwise a resident of the United States for U.S. federal income tax purposes may be subject to special tax provisions and is urged to consult his or her own tax advisor regarding the U.S. federal income tax consequences of the ownership and disposition of a note. The U.S. federal income tax treatment of partners in partnerships holding notes generally will depend on the activities of the partnership and the status of the partner. Prospective investors that are partnerships (or entities treated as partnerships for U.S. federal income tax purposes) should consult their own tax advisors regarding the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of the notes.

U.S. Federal Income Taxation of U.S. Holders

Payments of Interest. A U.S. Holder must include in gross income, as ordinary interest income, the stated interest on the notes at the time such interest accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

Sale, Retirement or Other Taxable Disposition. Upon the sale, retirement or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or tax loss equal to the difference between (a) the sum of cash plus the fair market value of other property received on the sale, retirement or other taxable

disposition (except to the extent such cash or property is attributable to accrued but unpaid interest, which will be treated in the manner described above under "Payments of Interest") and (b) the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the amount paid for the note, reduced by any principal payments with respect to the note received by the U.S. Holder. Gain or loss recognized on the sale, retirement or other taxable disposition of a note generally will be capital gain or loss and will be long-term capital gain or loss if, at the time of sale, retirement or other taxable disposition, the note has been held for more than one year. Certain U.S. Holders (including individuals) are currently eligible for preferential rates of U.S. federal income tax in respect of long-term capital gain (which preferential rates are currently scheduled to increase on January 1, 2011). The deductibility of capital losses by U.S. Holders is subject to substantial limitations under the Code.

U.S. Federal Income Taxation of Non-U.S. Holders

Payments of Interest. Subject to the discussion of backup withholding below and provided that a Non-U.S. Holder's income and gains in respect of a note are not effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business (or, in the case of an applicable tax treaty, attributable to the Non-U.S. Holder's permanent establishment in the United States), payments of interest on a note to the Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax, provided that (a) the Non-U.S. Holder does not own, directly or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote within the meaning of section 871(b)(3) of the Code and the Treasury regulations thereunder, (b) the Non-U.S. Holder is not, for U.S. federal income tax purposes, a "controlled foreign corporation" related, directly or constructively, to us through stock ownership, (c) the Non-U.S. Holder is not a bank receiving interest described in section 881(c)(3)(A) of the Code and (d) certain certification requirements (as described below) are met.

Under the Code and the applicable Treasury regulations, in order to obtain an exemption from U.S. federal withholding tax, either (a) a Non-U.S. Holder must provide its name and address and certify, under penalties of perjury, that such Non-U.S. Holder is not a U.S. person or (b) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a "Financial Institution"), and that holds the notes on behalf of the Non-U.S. Holder, must certify, under penalties of perjury, that such certificate has been received from such Non-U.S. Holder by such Financial Institution or by another Financial Institution between such Financial Institution and such Non-U.S. Holder and, if required, must furnish the payor with a copy thereof. Generally, the foregoing certification requirement may be met if a Non-U.S. Holder delivers a properly executed IRS Form W-8BEN or substitute Form W-8BEN or the appropriate successor form to the payor. Special rules apply to foreign partnerships, estates and trusts and other intermediaries, and in certain circumstances certifications as to foreign status of partners, trust owners or beneficiaries may have to be provided. In addition, special rules apply to qualified intermediaries that enter into withholding agreements with the IRS.

Payments of interest on a note that do not satisfy all of the foregoing requirements generally will be subject to U.S. federal withholding tax at a rate of 30% (or a lower applicable treaty rate, provided certain certification requirements are met). A Non-U.S. Holder generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder with respect to interest on a note if such interest is effectively connected with a U.S. trade or business conducted by the Non-U.S. Holder (or, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States). Under certain circumstances, effectively connected interest income received by a corporate Non-U.S. Holder may be subject to an additional "branch profits tax" at a 30% rate (or a lower applicable treaty rate, provided certain certification requirements are met). Subject to the discussion of backup withholding below, such effectively connected interest income generally will be exempt from U.S. federal withholding tax if a Non-U.S. Holder delivers a properly executed IRS Form W-8ECI to the payor. Non-U.S. Holders should consult their tax advisors about any applicable income tax treaties, which may provide for an exemption from or a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above.

Sale, Retirement or Other Disposition. Subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain recognized on the sale, retirement or other disposition of the notes so long as the holder provides us or the paying agent with the appropriate certification, unless (a) the Non-U.S. Holder is an individual who is present in the United States for 183 or more days in the taxable year of disposition and certain other conditions are met or (b) the gain is effectively connected with the conduct of a U.S. trade or business by the Non-U.S. Holder (or, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States).

Information Reporting and Backup Withholding

U.S. Holders. Generally, information reporting will apply to payments of principal and interest on the notes to a U.S. Holder and to the proceeds of sale or other disposition of the notes, unless the U.S. Holder is an exempt recipient (such as a corporation). Backup withholding generally will apply to such payments (currently at a rate of 28%), if a U.S. Holder fails to provide a correct taxpayer identification number or a certification of exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules generally will be allowed as a refund or credit against a U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

Non-U.S. Holders. Generally, payments of interest on the notes to a Non-U.S. Holder and the amount of any tax withheld from such payments must be reported annually to the IRS and to the Non-U.S. Holder. Copies of these information returns may be made available by the IRS to the tax authorities of the country in which the Non-U.S. Holder is a resident under the provisions of an applicable tax treaty. Under certain circumstances, information reporting also would apply to payments of principal on the notes, and backup withholding of U.S. federal income tax (currently at a rate of 28%) may apply to payments of principal and interest on the notes to a Non-U.S. Holder if the Non-U.S. Holder fails to certify under penalties of perjury that it is not a U.S. person.

Payments of the proceeds of the sale or other disposition of the notes by or through a foreign office of a U.S. broker or of a foreign broker with certain specified U.S. connections will be subject to information reporting requirements, but generally not backup withholding, unless the broker has evidence in its records that the payee is not a U.S. person and the broker has no actual knowledge or reason to know to the contrary. Payments of the proceeds of a sale or other disposition of the notes by or through the U.S. office of a broker will be subject to information reporting and backup withholding unless the payee certifies under penalties of perjury that it is not a U.S. person or otherwise establishes an exemption.

Any amount withheld under the backup withholding rules generally will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

UNDERWRITING

We are offering the notes described in this prospectus supplement through a number of underwriters. Banc of America Securities LLC, Goldman, Sachs & Co., Greenwich Capital Markets, Inc. and SunTrust Robinson Humphrey, Inc. are the representatives of the underwriters. We have entered into a firm commitment underwriting agreement with the representatives. Subject to the terms and conditions of the underwriting agreement, we have agreed to sell to the underwriters, and each underwriter has severally agreed to purchase, the aggregate principal amount of notes listed next to its name in the following table:

<u>Underwriter</u>	<u>Principal Amount of Note</u>
Banc of America Securities LLC	\$ 90,000,000
Goldman, Sachs & Co.	67,500,000
Greenwich Capital Markets, Inc.	67,500,000
SunTrust Robinson Humphrey, Inc.	67,500,000
BNP Paribas Securities Corp.	22,500,000
Morgan Stanley & Co. Incorporated.	22,500,000
U.S. Bancorp Investments, Inc.	22,500,000
UBS Securities LLC	22,500,000
Wachovia Capital Markets, LLC.	22,500,000
Calyon Securities (USA) Inc.	6,444,000
Comerica Securities, Inc.	6,426,000
Commerzbank Capital Markets Corp.	6,426,000
Lloyds TSB Bank plc.	6,426,000
Mitsubishi UFJ Securities (USA), Inc.	6,426,000
Natixis Bleichroeder Inc.	6,426,000
The Williams Capital Group, L.P.	6,426,000
Total	<u>\$450,000,000</u>

The underwriting agreement is subject to a number of terms and conditions and provides that the underwriters must buy all of the notes if they buy any of them. The underwriters will sell the notes to the public when and if the underwriters buy the notes from us.

The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering prices set forth on the cover of this prospectus supplement, and to certain dealers at such price less a concession not in excess of 0.400% of the principal amount of the notes. The underwriters may allow, and such dealers may reallow, a concession not in excess of 0.250% of the principal amount of the notes to certain other dealers. After the public offering of the notes, the public offering price and other selling terms may be changed.

We estimate that our share of the total expenses of the offering, excluding the underwriting discount, will be approximately \$575,000.

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

The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system. The underwriters may make a market in the notes after completion of the offering, but will not be obligated to do so and may discontinue any market-making activities at any time without notice. No assurance can be given as to the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

In connection with the offering of the notes, certain of the underwriters may engage in transactions that stabilize, maintain or otherwise affect the price of the notes. Specifically, the underwriters may overallocate in connection with the offering, creating a short position. In addition, the underwriters may bid for, and purchase, the notes in the open market to cover short positions or to stabilize the price of the notes. Any of these activities may stabilize or maintain the market price of the notes above independent market levels, but no representation is made hereby of the magnitude of any effect that the transactions described above may have on the market price of the notes. The underwriters will not be required to engage in these activities, and may engage in these activities, and may end any of these activities, at any time without notice.

In the ordinary course of business, certain of the underwriters or their affiliates have provided and may in the future provide commercial, financial advisory or investment banking services for us and our subsidiaries for which they have received or will receive customary compensation. Certain of the underwriters are lenders under our revolving credit facilities.

Lloyds TSB Bank plc is not a U.S. registered broker-dealer and, therefore, to the extent that it intends to effect any sales in the United States, it will do so through one or more U.S. registered broker-dealers as permitted by applicable regulations.

Selling Restrictions

European Economic Area

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), each underwriter has represented and agreed that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) it has not made and will not make an offer of notes to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that it may, with effect from and including the Relevant Implementation Date, make an offer of notes to the public in that Relevant Member State at any time:

- (a) to legal entities which are authorised or regulated to operate in the financial markets or, if not so authorised or regulated, whose corporate purpose is solely to invest in securities;
- (b) to any legal entity which has two or more of (1) an average of at least 250 employees during the last financial year; (2) a total balance sheet of more than €43 million and (3) an annual net turnover of more than €50 million, as shown in its last annual or consolidated accounts;
- (c) to fewer than 100 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the representatives for any such offer; or
- (d) in any other circumstances which do not require the publication by the Issuer of a prospectus pursuant to Article 3 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of notes to the public” in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe the notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State and the expression Prospectus Directive means Directive 2003/71/EC and includes any relevant implementing measure in each Relevant Member State.

United Kingdom

Each underwriter has also represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of

Section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of the notes in circumstances in which Section 21(1) of the FSMA would not apply to the Issuer; and

(b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

LEGAL MATTERS

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams LLP, Richmond, Virginia, will opine for us as to the validity of the offered notes. The Underwriters are represented by Shearman & Sterling LLP, New York, New York.

EXPERTS

The consolidated financial statements of Atmos Energy appearing in Atmos Energy Corporation’s annual report (Form 10-K) for the fiscal year ended September 30, 2008 (including the schedule appearing therein) and the effectiveness of Atmos Energy Corporation’s internal control over financial reporting as of September 30, 2008 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of Atmos Energy for the three-month periods ended December 31, 2008 and 2007, incorporated herein by reference, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated February 3, 2009, included in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008, and incorporated herein by reference, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended, for their report on the unaudited interim financial information because that report is not a “report” or a “part” of the registration statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Securities Act of 1933.

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PROSPECTUS



Atmos Energy Corporation

**By this prospectus, we offer up to
\$900,000,000
of debt securities and common stock.**

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

Investing in these securities involves risks. See “Risk Factors” on page 1 of this prospectus, in the applicable prospectus supplement and in the documents incorporated by reference.

Our common stock is listed on the New York Stock Exchange under the symbol “ATO.”

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

The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

This prospectus is dated March 23, 2009.

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We have not authorized any other person to provide you with any information or to make any representation that is different from, or in addition to, the information and representations contained in this prospectus or in any of the documents that are incorporated by reference in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus, as well as the information contained in any document incorporated by reference, is accurate as of the date of each such document only, unless the information specifically indicates that another date applies.

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

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

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- our ability to continue to access the credit markets to satisfy our liquidity requirements;
- the impact of economic conditions on our customers;
- increased costs of providing pension and postretirement health care benefits and increased funding requirements;
- market risks beyond our control affecting our risk management activities, including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness;
- regulatory trends and decisions, including the impact of rate proceedings before various state regulatory commissions;
- increased federal regulatory oversight and potential penalties;
- the impact of environmental regulations on our business;
- the concentration of our distribution, pipeline and storage operations in Texas;
- adverse weather conditions;
- the effects of inflation and changes in the availability and prices of natural gas;
- the capital-intensive nature of our natural gas distribution business;
- increased competition from energy suppliers and alternative forms of energy;
- the inherent hazards and risks involved in operating our natural gas distribution business;
- natural disasters, terrorist activities or other events; and
- other risks and uncertainties discussed in this prospectus, any accompanying prospectus supplement and our other filings with the SEC.

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

For additional factors you should consider, please see “Risk Factors” on page 1 of this prospectus and “Item 1A. Risk Factors” and “Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our annual report on Form 10-K for the fiscal year ended September 30, 2008 and “Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations” in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008. See “Incorporation of Certain Documents by Reference,” as well as the applicable prospectus supplement.

RISK FACTORS

Investing in our debt securities or our common stock involves risks. Our business is influenced by many factors that are difficult to predict and beyond our control and that involve uncertainties that may materially affect our results of operations, financial condition or cash flows, or the value of these securities. These risks and uncertainties include those described in the risk factor and other sections of the documents that are incorporated by reference in this prospectus. Moreover, risks and uncertainties not presently known to us or currently deemed immaterial by us may also adversely affect our business, results of operations, financial condition or cash flows, or the value of the securities. Subsequent prospectus supplements may contain a discussion of additional risks applicable to an investment in us and the particular type of securities we are offering under the prospectus supplements. You should carefully consider all of the information contained in or incorporated by reference in this prospectus or in the applicable prospectus supplement before you invest in our debt securities or common stock.

ATMOS ENERGY CORPORATION

Atmos Energy Corporation, headquartered in Dallas, Texas, is engaged primarily in the regulated natural gas distribution and transmission and storage businesses, as well as other nonregulated natural gas businesses. We are one of the country's largest natural gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe.

We distribute natural gas through regulated sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our six regulated natural gas distribution divisions, which cover service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our distribution system.

Through our regulated transmission and storage business, we provide natural gas transportation and storage services to our Mid-Tex Division, our largest natural gas distribution division located in Texas, and for third parties. Additionally, we provide ancillary services customary to the pipeline industry, including parking arrangements, lending and sales of inventory on hand.

Through our nonregulated businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers primarily in the Midwest and Southeast. We also provide storage services to some of our natural gas distribution divisions and to third parties.

SECURITIES WE MAY OFFER

Types of Securities

The types of securities that we may offer and sell from time to time by this prospectus are:

- debt securities, which we may issue in one or more series; and
- common stock.

The aggregate initial offering price of all securities sold will not exceed \$900,000,000. We will determine when we sell securities, the amounts of securities we will sell and the prices and other terms on which we will sell them. We may sell securities to or through underwriters, through agents or dealers or directly to purchasers. The offer and sale of securities by this prospectus is subject to receipt of satisfactory regulatory approvals in five states, all of which have been received and are currently in effect. Under the most restrictive of these approvals, we are limited to issuing no more than \$450,000,000 of senior debt securities, \$150,000,000 of subordinated debt securities and \$300,000,000 of equity securities.

Prospectus Supplements

This prospectus provides you with a general description of the debt securities and common stock we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to or change information contained in this prospectus. In that case, the prospectus supplement should be read as superseding this prospectus.

In each prospectus supplement, which will be attached to the front of this prospectus, we will include, among other things, the following information:

- the type and amount of securities which we propose to sell;
- the initial public offering price of the securities;
- the names of the underwriters, agents or dealers, if any, through or to which we will sell the securities;
- the compensation, if any, of those underwriters, agents or dealers;
- if applicable, information about the securities exchanges or automated quotation systems on which the securities will be listed or traded;
- material United States federal income tax considerations applicable to the securities, where necessary; and
- any other material information about the offering and sale of the securities.

For more details on the terms of the securities, you should read the exhibits filed with our registration statement, of which this prospectus is a part. You should also read both this prospectus and the applicable prospectus supplement, together with additional information described under the heading "Where You Can Find More Information."

USE OF PROCEEDS

Except as may otherwise be stated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities that we may offer and sell from time to time by this prospectus for general corporate purposes, including for working capital, repaying indebtedness and funding capital projects, acquisitions and other growth.

RATIO OF EARNINGS TO FIXED CHARGES

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

	Three Months Ended		Year Ended				
	December 31,		September 30,				
	2008	2007	2008	2007	2006	2005	2004
Ratio of earnings to fixed charges	3.97	4.09	2.96	2.69	2.50	2.54	2.95

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

DESCRIPTION OF DEBT SECURITIES

We may issue debt securities from time to time in one or more distinct series. This section summarizes the material terms of any debt securities that we anticipate will be common to all series. Please note that the terms of any series of debt securities that we may offer may differ significantly from the common terms described in this prospectus. Many of the other terms of any series of debt securities that we offer, and any

differences from the common terms described in this prospectus, will be described in the prospectus supplement for such securities to be attached to the front of this prospectus.

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

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

As this section is a summary of some of the terms of the debt securities we may offer under this prospectus, it does not describe every aspect of the debt securities. We urge you to read the indenture and the other documents we file with the SEC relating to the debt securities because the indenture for those securities and those other documents, and not this description, will define your rights as a holder of our debt securities. We have filed a form of indenture with the SEC as an exhibit to the registration statement of which this prospectus forms a part, and we will file any such other documents as exhibits to an annual, quarterly or current report that we file with the SEC. The actual indenture we enter into in connection with an offering may differ from the form of indenture we have filed. See "Where You Can Find More Information" for information on how to obtain copies of the indenture and any such other documents. References to the "indenture" mean the indenture that will define your rights as a holder of debt securities. Capitalized terms used in this section and not otherwise defined have the meanings set forth in the form of indenture.

General

The debt securities will be our unsecured obligations. Senior debt securities will rank equally with all of our other unsecured and unsubordinated indebtedness. Subordinated debt securities will rank junior to our senior indebtedness, including our credit facilities.

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

- the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;
- the ranking of the debt securities;
- if the debt securities are subordinated, the terms of subordination;
- the aggregate principal amount of the debt securities, the percentage of their principal amount at which the debt securities will be issued, and the date or dates when the principal of the debt securities will be payable or how those dates will be determined or extended;
- the interest rate or rates, which may be fixed or variable, that the debt securities will bear, if any, how the rate or rates will be determined, and the periods when the rate or rates will be in effect;
- the date or dates from which any interest will accrue or how the date or dates will be determined, the date or dates on which any interest will be payable, whether and the terms under which payment of interest may be deferred, any regular record dates for these payments or how these dates will be determined and the basis on which any interest will be calculated, if other than on the basis of a 360-day year of twelve 30-day months;

- the place or places, if any, other than or in addition to New York City, of payment, transfer or exchange of the debt securities, and where notices or demands to or upon us in respect of the debt securities may be served;
- any optional redemption provisions and any restrictions on the sources of funds for redemption payments, which may benefit the holders of other securities;
- any sinking fund or other provisions that would obligate us to repurchase or redeem the debt securities;
- whether the amount of payments of principal of, any premium on, or interest on the debt securities will be determined with reference to an index, formula or other method, which could be based on one or more commodities, equity indices or other indices, and how these amounts will be determined;
- any modifications, deletions or additions to the events of default or covenants with respect to the debt securities described in this prospectus;
- if not the principal amount of the debt securities, the portion of the principal amount that will be payable upon acceleration of the maturity of the debt securities or how that portion will be determined;
- any modifications, deletions or additions to the provisions concerning defeasance and covenant defeasance contained in the indenture that will be applicable to the debt securities;
- any provisions granting special rights to the holders of the debt securities upon the occurrence of specified events;
- if other than the trustee, the name of the paying agent, security registrar or transfer agent for the debt securities;
- if we do not issue the debt securities in book-entry form only to be held by The Depository Trust Company, as depository, whether we will issue the debt securities in certificated form or the identity of any alternative depository;
- the person to whom any interest in a debt security will be payable, if other than the registered holder at the close of business on the regular record date;
- the denomination or denominations in which the debt securities will be issued, if other than denominations of \$2,000 or any integral multiple of \$1,000 in excess thereof;
- any provisions requiring us to pay Additional Amounts on the debt securities to any holder who is not a United States person in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the Additional Amounts;
- whether the debt securities will be convertible into or exchangeable for other debt securities, common shares or other securities of any kind of ours or another obligor, and, if so, the terms and conditions upon which the debt securities will be so convertible or exchangeable, including the initial conversion or exchange price or rate or the method of calculation, how and when the conversion price or exchange ratio may be adjusted, whether conversion or exchange is mandatory, at the option of the holder or at our option, the conversion or exchange period and any other provision related to the debt securities; and
- any other material terms of the debt securities or the indenture, which may not be consistent with the terms set forth in this prospectus.

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

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

the powers and trust obligations of each trustee will apply only to the debt securities of the separate series for which it is trustee.

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

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

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

Holders of Debt Securities

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

Under the indenture, we will recognize as a holder only the person in whose name a debt security is registered. Consequently, for debt securities issued in global form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities. As a result, you will not own the debt securities directly. Instead, you will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository’s book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, you will be an indirect holder, and not a holder, of the debt securities.

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

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

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

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

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

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

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

Global Securities

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

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

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

Special Considerations for Global Securities. We do not recognize an indirect holder as a holder of debt securities and instead deal only with the depository that holds the global security. The account rules of your

financial institution and of the depository, as well as general laws relating to securities transfers, will govern your rights relating to a global security.

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

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

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

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

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

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

Covenants

This section summarizes the material covenants in the indenture. Please refer to the applicable prospectus supplement for information about any changes to our covenants, including any addition or deletion of a covenant, and to the indenture for information on other covenants not described in this prospectus or the applicable prospectus supplement.

Limitations on Liens. We will covenant in the indenture that we will not, and will not permit any of our Restricted Subsidiaries to, create, incur, issue or assume any Indebtedness secured by any Lien on any Principal Property, or on shares of stock or Indebtedness of any Restricted Subsidiary, known as Restricted Securities, without making effective provision for the Outstanding Securities, other than debt securities of any series not entitled to the benefit of this covenant, to be secured by a Lien equally and ratably with, or prior to (or in the case of debt securities of any series that are subordinated in right of payment to the Indebtedness secured by such Lien, by a Lien subordinated to), the Lien securing such Indebtedness for so long as the Indebtedness is so secured, except that the foregoing restriction does not apply to:

- any Lien existing on the date of the first issuance of debt securities of the relevant series under the indenture or existing on such other date as may be specified in any supplemental indenture, board resolution or officer's certificate with respect to such series;
- any Lien on any Principal Property or Restricted Securities of any person existing at the time that person is merged or consolidated with or into us or a Restricted Subsidiary, or this person becomes a Restricted Subsidiary, or arising thereafter otherwise than in connection with the borrowing of money arranged thereafter and pursuant to contractual commitments entered into prior to and not in contemplation of the person's becoming a Restricted Subsidiary;
- any Lien on any Principal Property or Restricted Securities existing at the time we or a Restricted Subsidiary acquire the Principal Property or Restricted Securities, whether or not the Lien is assumed by us or the Restricted Subsidiary, provided that this Lien may not extend to any other Principal Property or Restricted Securities of ours or any Restricted Subsidiary;
- any Lien on any Principal Property, including any improvements on any existing Principal Property, of ours or any Restricted Subsidiary, and any Lien on Restricted Securities of a Restricted Subsidiary that was formed or is held for the purpose of acquiring and holding the Principal Property, in each case to secure all or any part of the cost of acquisition, development, operation, construction, alteration, repair or improvement of all or any part of the Principal Property, or to secure Indebtedness incurred by us or a Restricted Subsidiary for the purpose of financing all or any part of that cost, provided that the Lien is created prior to, at the time of, or within 12 months after the latest of, the acquisition, completion of construction or improvement or commencement of commercial operation of that Principal Property and, provided further, that the Lien may not extend to any other Principal Property of ours or any Restricted Subsidiary, other than any currently unimproved real property on which the Principal Property has been constructed or developed or the improvement is located;
- any Lien on any Principal Property or Restricted Securities to secure Indebtedness owed to us or to a Restricted Subsidiary;
- any Lien in favor of a governmental body to secure advances or other payments under any contract or statute or to secure Indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to the Lien;
- any Lien created in connection with a project financed with, and created to secure, Non-Recourse Indebtedness;
- any extension, renewal, substitution or replacement, or successive extensions, renewals, substitutions or replacements, in whole or in part, of any Lien referred to in any of the bullet points above, provided that the Indebtedness secured may not exceed the principal amount of Indebtedness that is secured at the time of the renewal or refunding, plus any premium, cost or expense in connection with such extensions, renewals, substitutions or replacements, and that the renewal or refunding Lien must be

limited to all or any part of the same property and improvements, shares of stock or Indebtedness that secured the Lien that was renewed or refunded; or

- any Lien not permitted above securing Indebtedness that, together with the aggregate outstanding principal amount of other secured Indebtedness that would otherwise be subject to the above restrictions, excluding Indebtedness secured by Liens permitted under the above exceptions, and the Attributable Debt in respect of all Sale and Leaseback Transactions, not including Attributable Debt in respect of any Sale and Leaseback Transactions described in the last two bullet points in the next succeeding paragraph, would not then exceed 15% of our Consolidated Net Tangible Assets.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

“*Restricted Subsidiary*” means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 10% of the aggregate amount of Consolidated Net Tangible Assets of us and our Subsidiaries.

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

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

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

“*Subsidiary*” of ours means:

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

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

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

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

In the event that we engage in one of these transactions, the indenture provides that, if any Principal Property or Restricted Securities would thereupon become subject to any Lien securing the Indebtedness, the debt securities, other than debt securities not entitled to the benefits of specified covenants, must be secured, as to such Principal Property or Restricted Securities, equally and ratably with (or prior to or, in the case of debt securities that are subordinated in right of payment to the Indebtedness secured by such Lien or in the case of other Indebtedness of ours that is subordinated to the debt securities, on a subordinated basis to such Lien securing) the Indebtedness or obligations that upon the occurrence of such transaction would become secured by the Lien, unless the Lien could be created under the indenture without equally and ratably securing the debt securities (or, in the case of debt securities that are subordinated in right of payment to the Indebtedness secured by such Lien, on a subordinated basis to such Lien).

Modification or Waiver

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

Changes Requiring Approval. With the approval of the holders of at least a majority in principal amount of all outstanding debt securities of each series affected (including any such approvals obtained in connection with a tender or exchange offer for outstanding debt securities), we may make any changes, additions or deletions to any provisions of the indenture applicable to the affected series, or modify the rights of the holders of the debt securities of the affected series. However, without the consent of each holder affected, we cannot:

- change the stated maturity of the principal of, any premium on, or the interest on a debt security;
- reduce the principal amount, any premium on, or the rate of interest on a debt security;
- change any of our obligations to pay Additional Amounts;

- reduce the amount payable upon acceleration of maturity following the default of a debt security whose principal amount payable at stated maturity may be more or less than its principal face amount at original issuance or an original issue discount security;
- adversely affect any right of repayment at the holder's option;
- change the place of payment of a debt security;
- impair the holder's right to sue for payment;
- adversely affect any right to convert or exchange a debt security;
- reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture; or
- modify certain provisions of the indenture dealing with suits for enforcement of payment by the trustee or modification and waiver, except to increase any percentage of consents required to amend the indenture or for any waiver, or to modify the provisions of the indenture dealing with the unconditional right of the holders of the debt securities to receive principal, premium, if any, and interest.

Changes Not Requiring Approval. The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. Additionally, we do not need any approval to make any change that affects only debt securities to be issued under the indenture after the changes take effect.

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

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

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

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

Events of Default

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

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

- we do not pay interest on a debt security of the series within 30 days of its due date;
- we do not pay the principal of or any premium, if any, on a debt security of the series on its due date;
- we do not deposit any sinking fund payment when and as due by the terms of any debt securities requiring such payment;

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

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

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

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

If the maturity of any series of debt securities is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities of that series may cancel the acceleration if all events of default other than the non-payment of principal or interest on the debt securities of that series that have become due solely by a declaration of acceleration are cured or waived, and we deposit with the trustee a sufficient sum of money to pay:

- all overdue interest on outstanding debt securities of that series;
- all unpaid principal and any premium, if any, of any outstanding debt securities of that series that has become due otherwise than by a declaration of acceleration, and interest on the unpaid principal and any premium, if any;
- all interest on the overdue interest; and
- all amounts paid or advanced by the trustee for that series and reasonable compensation of the trustee.

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

Before a holder is allowed to bypass the trustee and bring his or her own lawsuit or other formal legal action or take other steps to enforce his or her rights or protect his or her interest relating to the debt securities, the following must occur:

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

However, a holder is entitled at any time to bring a lawsuit for the payment of money due on his or her debt securities on or after the due date without complying with the foregoing.

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

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

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

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

Defeasance and Covenant Defeasance

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

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

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

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

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

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

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

Debt Securities Issued in Non-Global Form

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

- only in fully registered form;
- without interest coupons; and
- unless we indicate otherwise in the prospectus supplement, in denominations of \$2,000 and amounts that are integral multiples of \$1,000 in excess thereof.

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

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

Holders will not be required to pay a service charge to transfer or exchange their debt securities, but they may be required to pay for any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder’s proof of legal ownership.

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

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

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

Payment Mechanics

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

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

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

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

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

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

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

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

The Trustee Under the Indenture

U.S. Bank National Association is the trustee under the indenture for our debt securities. We will identify any other entity acting as the trustee for a series of debt securities that we may offer in the prospectus supplement for the offering of such debt securities.

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

DESCRIPTION OF COMMON STOCK

General

Our authorized capital stock consists of 200,000,000 shares of common stock, of which 91,914,143 shares were outstanding on March 17, 2009. Each of our shares of common stock is entitled to one vote on all matters voted upon by shareholders. Our shareholders do not have cumulative voting rights. Our issued and outstanding shares of common stock are fully paid and nonassessable. There are no redemption or sinking fund provisions applicable to the shares of our common stock, and such shares are not entitled to any preemptive rights. Since we are incorporated in both Texas and Virginia, we must comply with the laws of both states when issuing shares of our common stock.

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

American Stock Transfer & Trust Company is the registrar and transfer agent for our common stock.

Charter and Bylaws Provisions

Some provisions of our articles of incorporation and bylaws may be deemed to have an “anti-takeover” effect. The following description of these provisions is only a summary, and we refer you to our articles of incorporation and bylaws for more information. Our articles of incorporation and bylaws are included as exhibits to our annual reports on Form 10-K filed with the SEC. See “Where You Can Find More Information.”

Classification of the Board. Our board of directors is divided into three classes, each of which consists, as nearly as may be possible, of one-third of the total number of directors constituting the entire board. There are currently 13 directors serving on the board. Each class of directors serves a three-year term. At each annual meeting of our shareholders, successors to the class of directors whose term expires at the annual meeting are elected for three-year terms. Our articles of incorporation prohibit cumulative voting. In general, in the absence of cumulative voting, one or more persons who hold a majority of our outstanding shares can elect all of the directors who are subject to election at any meeting of shareholders.

The classification of directors could have the effect of making it more difficult for shareholders, including those holding a majority of the outstanding shares, to force an immediate change in the composition of the board. Two shareholder meetings, instead of one, generally will be required to effect a change in the control of our board.

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

Fair Price Provisions. Article VII of our articles of incorporation provides certain “Fair Price Provisions” for our shareholders. Under Article VII, a merger, consolidation, sale of assets, share exchange, recapitalization or other similar transaction, between us or a company controlled by or under common control with us and any individual, corporation or other entity which owns or controls 10 percent or more of our voting capital stock, would be required to satisfy the condition that the aggregate consideration per share to be

received in the transaction for each class of our voting capital stock be at least equal to the highest per share price, or equivalent price for any different classes or series of stock, paid by the 10 percent shareholder in acquiring any of its holdings of our stock. If a proposed transaction with a 10 percent shareholder does not meet this condition, then the transaction must be approved by the holders of at least 75 percent of the outstanding shares of voting capital stock held by our shareholders other than the 10 percent shareholder, unless a majority of the directors who were members of our board immediately prior to the time the 10 percent shareholder involved in the proposed transaction became a 10 percent shareholder have either:

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

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

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

Shareholder proposals (other than those sought to be included in our proxy statement) must be submitted to our corporate secretary at least 60 days, but not more than 85 days, before the annual meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, notice by the shareholder to be timely must be received by our corporate secretary no later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was provided or such public disclosure was made. The notice must include a description of the proposal, the shareholder's name and address and the number of shares held, and all other information which would be required to be included in a proxy statement filed with the SEC if the shareholder were a participant in a solicitation subject to the SEC's proxy rules. To be included in our proxy statement for an annual meeting, our corporate secretary must receive the proposal at least 120 days prior to the anniversary of the date we mailed the proxy statement for the prior year's annual meeting.

To nominate directors, shareholders must submit a written notice to our corporate secretary at least 60 days, but not more than 85 days, before a scheduled meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, such nomination shall have been received by our corporate secretary no later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. The notice must include the name and address of the shareholder and of the shareholder's nominee, the number of shares held by the shareholder, a representation that the shareholder is a holder of record of common stock entitled to vote at the meeting, and that the shareholder intends to appear in person or by proxy to nominate the persons specified in the notice, a description of any arrangements between the shareholder and the shareholder's nominee, information about the shareholder's nominee required by the SEC and the written consent of the shareholder's nominee to serve as a director.

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

PLAN OF DISTRIBUTION

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

- through agents;
- to or through underwriters;
- through dealers;
- directly by us to purchasers; or
- through a combination of any such methods of sale.

We, directly or through agents or dealers, may sell, and the underwriters may resell, the securities in one or more transactions, including:

- transactions on the New York Stock Exchange or any other organized market where the securities may be traded;
- in the over-the-counter market;
- in negotiated transactions; or
- through a combination of any such methods of sale.

The securities may be sold at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Agents designated by us from time to time may solicit offers to purchase the securities. We will name any such agent involved in the offer or sale of the securities and set forth any commissions payable by us to such agent in a prospectus supplement relating to any such offer and sale of securities. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter of the securities, as that term is defined in the Securities Act.

If underwriters are used in the sale of securities, securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions. Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. If an underwriter or underwriters are used in the sale of securities, we will execute an underwriting agreement with such underwriter or underwriters at the time an agreement for such sale is reached. We will set forth in the prospectus supplement the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including compensation of the underwriters and dealers. Such compensation may be in the form of discounts, concessions or commissions. Underwriters and others participating in any offering of securities may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. We will describe any such activities in the prospectus supplement.

We may elect to list any class or series of securities on any exchange, but we are not currently obligated to do so. It is possible that one or more underwriters, if any, may make a market in a class or series of securities, but the underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We cannot give any assurance as to the liquidity of the trading market for any of the securities we may offer.

If a dealer is used in the sale of the securities, we or an underwriter will sell such securities to the dealer, as principal. The dealer may then resell such securities to the public at varying prices to be determined by such dealer at the time of resale. The prospectus supplement will set forth the name of the dealer and the terms of the transactions.

We may directly solicit offers to purchase the securities, and we may sell directly to institutional investors or others. These persons may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale of the securities. The prospectus supplement will describe the terms of any such sales, including the terms of any bidding, auction or other process, if used.

Agents, underwriters and dealers may be entitled under agreements which may be entered into with us to indemnification by us against specified liabilities, including liabilities under the Securities Act, or to contribution by us to payments they may be required to make in respect of such liabilities. The prospectus supplement will describe the terms and conditions of such indemnification or contribution. Some of the agents, underwriters or dealers, or their affiliates, may engage in transactions with or perform services for us and our subsidiaries in the ordinary course of their business.

LEGAL MATTERS

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams LLP, Richmond, Virginia, have each rendered an opinion with respect to the validity of the securities that may be offered under this prospectus. We filed these opinions as exhibits to the registration statement of which this prospectus is a part. If counsel for any underwriters passes on legal matters in connection with an offering made under this prospectus, we will name that counsel in the prospectus supplement relating to that offering.

EXPERTS

The consolidated financial statements of Atmos Energy appearing in Atmos Energy Corporation's annual report (Form 10-K) for the fiscal year ended September 30, 2008 (including the schedule appearing therein) and the effectiveness of Atmos Energy Corporation's internal control over financial reporting as of September 30, 2008 have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon, included therein, and incorporated herein by reference. Such consolidated financial statements are incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of Atmos Energy for the three-month periods ended December 31, 2008 and 2007, incorporated herein by reference, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate report dated February 3, 2009, included in our quarterly report on Form 10-Q for the three-month period ended December 31, 2008, and incorporated herein by reference, states that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their report on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended, for their report on the unaudited interim financial information because that report is not a "report" or a "part" of the registration statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Securities Act of 1933.

WHERE YOU CAN FIND MORE INFORMATION

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330.

The SEC also maintains an internet Web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is www.sec.gov.

You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

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

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to “incorporate by reference” information in this prospectus that we have filed with it. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by information that is included directly in this prospectus or the applicable prospectus supplement relating to an offering of our securities.

We incorporate by reference into this prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the termination of our offering of securities. These additional documents include periodic reports, such as annual reports on Form 10-K and quarterly reports on Form 10-Q, and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01, which is deemed not to be incorporated by reference in this prospectus), as well as proxy statements (other than information identified in them as not incorporated by reference). You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus.

This prospectus incorporates by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this document:

- Our annual report on Form 10-K for the year ended September 30, 2008;
- Our quarterly report on Form 10-Q for the three-month period ended December 31, 2008;
- Our current reports on Form 8-K filed with the SEC on November 3, 2008, November 21, 2008, December 3, 2008, January 5, 2009 and February 6, 2009; and
- The following pages and captioned text contained in our definitive proxy statement for the annual meeting of shareholders on February 4, 2009 and incorporated into our annual report on Form 10-K: pages 3 through 5 under the caption “*Beneficial Ownership of Common Stock*,” pages 6 through 9 under the captions “*Election of Directors — Nominees for Director*” and “*— Directors Continuing in Office*,” pages 10 to 11 under the captions “*Corporate Governance and Other Board Matters — Independence of Directors*” and “*— Related Person Transactions*,” pages 13 to 14 under the captions “*Corporate Governance and Other Board Matters — Committees of the Board of Directors*” and “*— Other Board and Committee Matters — Human Resources Committee Interlocks and Insider Participation*,” pages 15 through 18 under the captions “*Director Compensation*” through to the end of “*Audit Committee-Related Matters — Independence of Audit Committee Members, Financial Literacy and Audit Committee Financial Experts*,” page 20 under the caption “*Audit-Committee Related Matters — Audit Committee Pre-Approval Policy*,” pages 20 through 30 under the caption “*Compensation Discussion and Analysis*,” and pages 31 through 45 under the caption “*Named Executive Officer Compensation*” through to the end of the caption “*Ratification of Appointment of Independent Registered Public Accounting Firm*.”

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

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

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

Our internet Web site address is www.atmosenergy.com. Information on or connected to our internet Web site is not part of this prospectus.

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\$450,000,000



Atmos Energy Corporation

8.50% Senior Notes due 2019

Prospectus Supplement
March 23, 2009

Joint Book-Running Managers

Banc of America Securities LLC
Goldman, Sachs & Co.
RBS Greenwich Capital
SunTrust Robinson Humphrey

Senior Co-Managers

BNP PARIBAS
Morgan Stanley
U.S. Bancorp Investments, Inc.
UBS Investment Bank
Wachovia Securities

Co-Managers

CALYON
Comerica Securities
Commerzbank Corporates & Markets
Lloyds TSB Corporate Markets
Mitsubishi UFJ Securities
Natixis Bleichroeder Inc.
The Williams Capital Group, L.P.

Case No. 2009-00354
Atmos Energy Corporation, Kentucky/Mid-States Division
AG DR Set No. 1
Question No. 1-065
Page 1 of 1

REQUEST:

[Rate of Return] - Please provide copies of all studies performed by Atmos Energy Corporation and/or by consultants or investment firms hired by Atmos Energy Corporation to assess (1) Atmos Energy Corporation's financial performance, (2) the performance of Atmos Energy Corporation relative to other utilities, or (3) the adequacy of Atmos Energy Corporation's return on equity or overall rate of return.

RESPONSE:

The Company interprets this request to seek responsive information since the forecasted test period in the last rate case. There is no data responsive to this request.

Respondent: Robert J. Smith

REQUEST:

[Rate of Return] - Please provide copies of credit reports for Atmos Energy Corporation from the major credit rating agencies published since January 1, 2005.

RESPONSE:

Please see Attachment 1 through Attachment 20 for credit reports for Atmos Energy from the major credit rating agencies published since January 1, 2005.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, 12-05 Moody's, 8 Pages.

ATTACHMENT 2 - Atmos Energy Corporation, 12-21-05 S&P, 13 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, 01-13-06 Fitch, 2 Pages.

ATTACHMENT 4 - Atmos Energy Corporation, 03-20-06 S&P, 4 Pages.

ATTACHMENT 5 - Atmos Energy Corporation, 03-22-06 Moody's, 3 Pages.

ATTACHMENT 6 - Atmos Energy Corporation, 06-09-06 S&P, 4 Pages.

ATTACHMENT 7 - Atmos Energy Corporation, 02-12-07 Moody's, 2 Pages.

ATTACHMENT 8 - Atmos Energy Corporation, 06-01-07 Moody's, 6 Pages.

ATTACHMENT 9 - Atmos Energy Corporation, 06-07-07 Fitch, 5 Pages.

ATTACHMENT 10 - Atmos Energy Corporation, 06-11-07 S&P, 6 Pages.

ATTACHMENT 11 - Atmos Energy Corporation, 06-18-07 Fitch, 4 Pages.

ATTACHMENT 12 - Atmos Energy Corporation, 07-09-08 Moody's, 4 Pages.

ATTACHMENT 13 - Atmos Energy Corporation, 08-07-08 Fitch, 1 Pages.

ATTACHMENT 14 - Atmos Energy Corporation, 08-22-08 S&P, 4 Pages.

ATTACHMENT 15 - Atmos Energy Corporation, 12-23-08 S&P, 6 Pages.

Case No. 2009-00354
Atmos Energy Corporation, Kentucky/Mid-States Division
AG DR Set No. 1
Question No. 1-066
Page 2 of 2

ATTACHMENT 16 - Atmos Energy Corporation, 01-09-09 Moody's, 4 Pages.

ATTACHMENT 17 - Atmos Energy Corporation, 03-23-09 Fitch, 2 Pages.

ATTACHMENT 18 - Atmos Energy Corporation, 03-23-09 Moody's, 3 Pages.

ATTACHMENT 19 - Atmos Energy Corporation, 03-24-09 S&P, 4 Pages.

ATTACHMENT 20 - Atmos Energy Corporation, 05-19-09 Moody's, 4 Pages.

Respondent: Robert J. Smith

This Analysis provides a discussion of the factors underpinning the credit ratings and should be read in conjunction with our Credit Opinion. The most recent ratings, opinion, and other research specific to this issuer are provided on Moody's.com. Click here to link.

CASE NO. 2009-00354
 ATTACHMENT 1
 TO AG DR SET NO. 1
 QUESTION NO. 1-66

Analysis

UNITED STATES
 Americas

December 2005

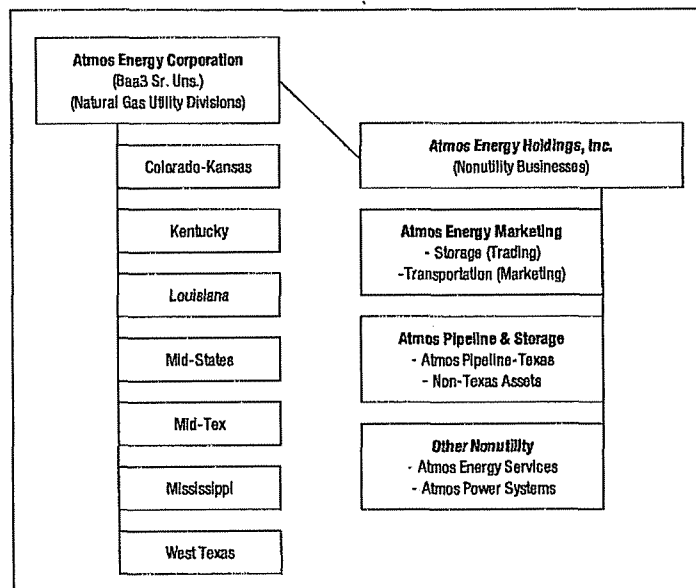
Contact Phone

New York

Mihoko Manabe/New York 1.212.553.1653
 John Diaz/New York

Atmos Energy Corporation

Atmos Energy Corporation is the largest natural gas distribution-only company in the United States in terms of number of customers. The company is comprised of three main operating segments: Utility (67% of 2005 EBIT), Pipeline and Storage (Pipeline, 20% of EBIT), Natural Gas Marketing (Marketing, 12%), and Other Non-Utility (1%). The rated issuer is the parent company, comprised of LDCs in 12 states and pipelines and storage in Texas. The other operations are housed in subsidiaries.



RATING RATIONALE

Atmos's ratings reflect the company's the low-risk, non-cyclical earnings from its gas utility and pipeline operations (about 90% of EBIT and assets); geographic and jurisdictional diversity afforded by its twelve-state service territory; and a good record of operating efficiently and integrating acquired assets. Although Atmos's results are seasonal and vary with the weather, this risk is allayed by having some form of weather mitigation in most of its jurisdictions, whether with weather normalization adjustments or rate structures that are based more on recovery of fixed costs than on volume.

The debt incurred in the TXU Gas acquisition (now known as the Mid-Tex division) at the beginning of FY05 has resulted in Atmos's leverage being high relative to its peers'. Atmos has successfully completed the integration of Mid-Tex's operations and realized cost savings in line with its original plan. However, it now expects that debt reduction will take longer than expected while it applies its free cash flow toward pipeline growth projects rather than debt reduction. The company intends to meet its book leverage target of 50%– 55% over a three-year timeframe. It has publicly committed not to make another acquisition until it reaches that target.

Regulatory lag is a persistent issue that Atmos needs to continually address. The company also suffered damage by hurricane Katrina, though future impacts appear manageable. Atmos Energy Marketing (AEM), the marketing subsidiary, is the riskiest element of the company. AEM is exposed to commodity price, counterparty, and other risks, and it is difficult to predict its financial results with accuracy. It also places a demand on working capital, which has increased recently because of higher gas prices.

RATING OUTLOOK

The stable outlook for Atmos reflects the expectation that its debt will not likely be reduced in the near term because of its increased capital budget. Credit metrics incorporated into its ratings include retained cash flow-to-debt at around 10% and leverage in the high 60% range, adjusted for leases and goodwill.

WHAT COULD CHANGE THE RATING-UP

Moody's could consider a positive outlook or an upgrade over the next 12 months if the company makes progress toward improving its modest credit metrics from: executing on its pipeline projects, obtaining rate recovery and margin stabilization (most importantly in Texas), and containing margin loss from the hurricane at around budgeted levels. Credit metrics that would cause us to consider an upgrade include retained cash flow-to-debt in the low teens, adjusted leverage trending toward the low-60% range, and ROE on a GAAP basis above 9%. Any positive rating action would be conditioned on our comfort with the potential risks posed by AEM, including its liquidity resources particularly in this time of high gas prices.

WHAT COULD CHANGE THE RATING-DOWN

Unlikely, given the low business risk of Atmos's asset base and its stated commitment to remain investment grade.

Credit Challenges

- **Slower de-leveraging likely in the near term than previously expected**

One significant change from the expectations incorporated in Atmos's current Baa3 ratings is the likelihood that Atmos will apply its free cash flows toward an expanded capital program rather than debt reduction. Moody's will monitor the near-term financial and execution risks related to Atmos's capital program, while considering the longer term enhancement of the company's business profile from the development of its pipeline business.

Atmos expects to use the \$60-\$70 million of free cash flow (cash flow from operations minus maintenance capex and dividends) that it expects to generate in fiscal 2006 toward an increased capital expenditure program. The increase is primarily in Pipelines, where it expects to spend roughly \$80 million next year (see "Credit Strengths -- Mid-Tex Intrastate Pipelines"). Management has stated its intention to return to its long-term target range of 50%-55% unadjusted leverage (debt/debt+equity) over a three-year timeframe. The company expects that incremental debt it will incur would be mitigated to a small degree by \$40-\$45 million of equity that it expects to issue through its DRIP and other stock programs. About 40-50% of the dividends paid have historically returned to the company under these programs.

- **Regulatory risk in efforts to mitigate regulatory lag, weather risk, and volume sensitivity**

Being a primarily regulated company with operations in 12 regulatory jurisdictions, regulatory risk a key concern for Atmos. Every year, the company files for \$10-\$20 million of rate increases to offset the effects of regulatory lag. It has long fought for improvement in its rate designs to protect its margins from the impacts of weather. It is seeking de-coupling and other mechanisms that would help to immunize the company from the impacts of declining per-customer usage and conservation.

The addition of the Mid-Tex Utility division (roughly a quarter of its 2005 operating income) increased Atmos's sensitivity to weather, because its rates contain no weather normalization adjustment mechanisms. Weather lowered net income by \$23 million (14%) in 2005. Atmos plans to request WNA in Mid-Tex and Louisiana (7% of operating income), the divisions that lack any type of weather normalization adjustment mechanism.

The company budgets a \$5 million decline in margin every year as a result of declining use per customer. To stanch this margin erosion, Atmos is seeking rate mechanisms that shift greater percentages of margin from volumetric to a fixed customer charge. It is also pursuing mechanisms that accelerate the recovery of capital spent and is allocating capital toward jurisdictions where more timely recovery is allowed. In addition, the company is requesting mechanisms that would allow it to recover the gas cost portion of bad debt expense. Although natural gas prices at historic highs present a risk, Atmos has a good track record of keeping bad debt expense in check.

- **Commodity price, counterparty, and liquidity risks related to Marketing**

Marketing is subject to natural gas price movements, counterparty credit risk, and liquidity risk associated with fluctuations in natural gas prices. As 12% of total 2005 EBIT, Moody's considers Marketing as the riskiest element of the company.

- **Relatively modest returns**

Atmos's nominal ROEs in the 9% range are noticeably lower than most of its LDC peers. This weakness results from its equity reflecting the \$490 million of goodwill incurred in the Mid-Tex acquisition. Atmos paid a full price (11x the assets' 2003 unadjusted EBITDA) for Mid-Tex and is not earning a regulated return on the acquisition premium. In monitoring the company, Moody's will assess the prospect of Atmos's improving its returns, much of which will depend on the company's executing on the above-mentioned pipeline projects and obtaining rate relief in some of its jurisdictions

- **Hurricane Katrina impacts**

Hurricane Katrina affected about 11% of Atmos's total customers. The company estimates that 2% of its customers could be lost for an extended period or permanently. The company forecasts damages and expenses of about \$13-\$15 million plus lost margin of \$10-\$12 million in fiscal 2006. Atmos is in discussions with the Louisiana Public Service Commission to recover the incremental O&M, the lost gas and lost margins incurred because of the hurricane. Atmos also has insurance coverage for property damage. In monitoring the company, Moody's will consider the near term impact of the hurricane on Atmos's results, although the company's estimated impacts appear manageable.

Credit Strengths

- **Stability of cash flow, predominantly generated by regulated assets**

Atmos's regulated Utility and Pipeline segments provide a sound foundation for its credit. These regulated segments accounted for approximately 87% of total EBIT in fiscal 2005 (67% from Utility and 20% from Pipeline).

- **Record of operating efficiently**

Atmos has a good track record in improving the operating efficiency of its legacy assets and in bringing those efficiencies to the utilities it acquires. The successful integration of Mid-Tex within its projected time frame upholds this record. The company accelerated \$20 million of operational expense savings into fiscal 2005 that were originally budgeted in fiscal 2006.

- **Geographic and jurisdictional diversity**

Atmos has good scale compared to many other LDCs, with 3.2 million customers and operations in twelve states. Its geographic diversity helps to mitigate negative impacts from weather, local economic conditions, and regulation.

- **Mid-Tex's intrastate pipelines – an additional source of regulated, stable cash flows**

The Mid-Tex intrastate pipeline system is a valuable franchise that has a higher growth potential than Atmos's legacy Utility business. The Pipeline generates stable cash flows that are less seasonal than its primary Utility segment. Management has some identified growth projects for these assets. The increased gas production in the Barnett Shale and Bossier Sands, located within Mid-Texas' service territory, has raised the need for additional pipeline take-away capacity. The Pipeline connects to the Mid-Tex Utility division that serves the fast growing Dallas/FortWorth market. These expansion projects not only solve some deliverability issues for the Utility, but also create commercial opportunities for the Pipeline.

The company has allocated \$80 million of capex among four growth projects between calendar 2005 and 2006. These expenditures are fully recoverable through Gas Reliability Infrastructure Program (GRIP) filings that are allowed by Texas state statute. Through this program, distribution and pipeline capital expenditures can be recovered from customers through a monthly charge.

The incremental annual revenues from these projects are estimated at around \$15 million, of which \$7 million is expected to be generated in fiscal 2006. Capital expenditures can be included in a GRIP filing when the project becomes operational. The following table shows the four planned projects and the timing of the related GRIP filings.

Project	Description	Estimated On-line Date	CAPEX		GRIP Filings	
			Actual 2005	Estimated 2006	2005	2006
Northside Loop JV with Energy Transfer	JV with Energy Transfer Fuel to construct and operate approx. 45 miles of 30" pipeline extending from Justin to Frisco, in the northern part of the DFW Metroplex, creating incremental capacity of 225 MMcf/d.	March-06	\$1.6	\$43.4	\$13.0	\$32.0
Enbridge Line/Corridor Compression	Executed agreement in May 2005 to install compression to enhance re-injection capabilities at Bethal.	Calendar 2006	\$4.0	\$16.0	\$-	\$20.0
Devon Line/Corridor Compression	Executed agreement in July 2005 to transport up to 50 MMcf/d into Enbridge.	Calendar 2006	\$-	\$-	\$-	\$-
Katy Capacity Expansion/Compression	Signed Agreements in July 2005 with three shippers to transport an additional 50 MMcf/d of capacity to the Katy area (suburb of Houston)	June-06	\$1.3	\$13.7	\$0.0	\$15.0
		Total:	\$6.9	\$73.1	\$13.0	\$67.0

Financial Analysis

PROFITABILITY

With rate-regulated tariffs supporting the majority of its margins, Atmos's earnings are generally stable and reliable, with some sensitivity to weather. The Pipeline segment has added a significant new source of earnings. Rate base increases also provide margin growth. Marketing's earnings contributions fluctuate from year to year, depending on arbitrage opportunities caused by locational and seasonal gas price differentials.

CASH FLOW GENERATION

According to Atmos's 12/05 analyst guidance, the company expects to generate roughly \$400 million of cash flow from operations and to spend about \$220 million on maintenance capex and about \$100 million in dividends. The resulting roughly \$60-\$70 million of free cash flow will go toward financing roughly \$180 million of growth capex. External funds are expected to come from about \$40 million in stock issued as part of the company's various stock plans and the remaining \$70-\$80 from short-term borrowings.

An important financial goal of the company is for it to maintain minimal annual dividend increases of a couple of cents/share a year, and a dividend payout of around 65%. Historically, Atmos's payouts have been higher than its target, with a 73% dividend payout in fiscal 2005, which is higher than many of its industry peers.

LEVERAGE

The \$1.3 billion dollars of debt incurred in the TXU Gas acquisition still weighs on Atmos' balance sheet. Both Atmos' book leverage of 58% and adjusted leverage of 71% are high among investment grade LDCs. The company intends to meet its book leverage target of 50%- 55% over a three-year timeframe. The company has publicly committed not to make another acquisition until it reaches that target.

Related Research

Special Comment:

[Impact Of Conservation On Gas Margins And Financial Stability In The Gas LDC Sector, June 2005 \(92787\)](#)

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Atmos Energy Corp. (BBB/Stable/A-2)

Maturities

2006	\$3 million
2007	\$3 million
2008	\$304 million
2009	\$2 million
2010	\$401 million
Thereafter	\$1,476 million

Rationale

On Dec. 21, 2005 Standard & Poor's affirmed its BBB rating on Atmos Energy Corp. and raised the rating on its first mortgage bonds to A- from BBB. A recovery rating of "1+" was also assigned to the first mortgage bonds, indicating the highest expectation of full recovery of principal in the event of default. The outlook remains stable. The ratings on Atmos Energy Corp. reflect the company's strong business profile (a "4" on a scale of 1-10, where 1 is excellent and 10 is vulnerable), its current market position as one of the largest natural gas local distribution company (LDC) in the U.S., as well as its reasonably stable revenues and customer base from its gas distribution operations and geographic and regulatory diversity. These factors are offset by integration challenges associated with its TXU Gas acquisition, weak credit measures, and exposure to weather-related risk. Dallas, Texas-based Atmos has about \$2.3 billion of rated debt.

The acquisition of TXU Gas in late 2004 effectively doubled Atmos' size, making it the largest LDC in the U.S. After the acquisition, Atmos increased the number of customers served in 12 states to 3.2 million. Standard & Poor's Ratings Services continues to be concerned about the integration challenges facing Atmos after the acquisition and will monitor the company's operational performance as it transitions to a much larger LDC.

These challenges include managing new business segments such as TXU Gas' pipeline assets, improving TXU Gas' historically subpar regulatory relationships, and integrating TXU Gas' operations with Atmos' operations. With the acquisition of TXU Gas, about 60% of Atmos' customer base is not covered by weather-normalization clauses or weather insurance. However, management has achieved considerable cost savings through overhead reduction, in 2005. In addition, Standard & Poor's is concerned with the business risk associated with Atmos' nonregulated marketing company, Atmos Energy Marketing (AEM).

However, by acquiring TXU Gas, Atmos increased its operating income from regulated operations to about 87% from 75% of total operating income. The company derives some modest benefit from the geographic and regulatory diversity of its operations, which are spread over 12 states, mitigating adverse conditions relating to regulatory or economic circumstances. Atmos has worked toward easing the effects of weather and protecting utility margins by adding weather-normalization adjustments to several rate filings and hopes to achieve weather normalization in TXU Gas' operating area over time.

Atmos' financial strength will depend in part on management's ability to continue to realize cost savings and improve TXU Gas' profitability over the next several years. In the near term, however, credit measures are weaker following the acquisition. The debt financing constrains cash measures, with funds from operations (FFO) to average total debt at 14% and FFO interest coverage at 3.2x for the fiscal year ended Sept. 30, 2005. Furthermore, the company's adjusted debt leverage has increased to 60% from 45% at the end of fiscal years 2005 and 2004, respectively.

Short Term Credit Factors

The short-term rating on Atmos is 'A-2'. For the fiscal year ended Sept. 30, 2005, Atmos generated cash from operations of about \$387 million. Atmos working capital needs can vary significantly due to changes in the price of natural gas charged by suppliers and the increased gas supplies required to meet customers' needs during periods of cold weather. Atmos has reacted to the recent increase in natural gas prices by increasing the size of its credit facilities. As of Sept. 30, 2005, Atmos had about \$40 million of cash on hand and credit facilities totaling \$968 million. \$618 million of the \$968 million were committed facilities, including a \$600 million facility that matures in October 2008. In addition to these facilities, Atmos recently added a \$300 million committed facility that matures November 2006. At Sept. 30, 2005, there was \$129.9 million outstanding under Atmos' commercial paper program and \$14.9 million outstanding under its bank credit facilities. The financial covenants in the revolving credit facilities require Atmos to maintain a ratio of total debt to total capitalization of no greater than 70%. At September 30, 2005, Atmos' total-debt-to-total-capitalization ratio was 61%.

In addition, nonregulated marketing company, AEM, has a \$250 million uncommitted demand working-capital credit facility that expires in March, 2006. The size of this facility was increased to \$580 million in November 2005. AEM is the borrower under this credit facility and Atmos Energy Holdings, Atmos' nonutility subsidiary, is the sole guarantor of the facility. Atmos also has an unsecured short-term uncommitted bank credit line for \$25 million. While there were no borrowings under either of the two uncommitted credit facilities as of Sept. 30, 2005, Atmos' LOCs and various financial covenants reduced the amount available to about \$131 million.

AEM is required by the financial covenants in its uncommitted demand working capital facility to maintain a maximum ratio of total liabilities to tangible net worth of 5 to 1, along with minimum levels of net working capital ranging from \$20 million to \$50 million. At September 30, 2005, AEM's ratio of total liabilities to tangible net worth was 2.18 to 1. In addition, AEM's credit agreement contains a cross-default provision whereby AEM would be in default if it defaults on other indebtedness, as defined, by at least \$250 thousand in the aggregate. Additionally, this agreement contains a provision that would limit the amount of credit available if Atmos were downgraded below BBB.

Capital expenditures were approximately \$330 million for the fiscal year ended Sept 30, 2005. Standard & Poor's expects capital expenditures for fiscal 2006 at about \$400 million to \$415 million, 70% of this capital should be internally funded. About \$224 million is for maintenance capital. Atmos forecasts meeting the shortfall through

company stock plans and potentially, equity offerings. These expenditures include additional mains, services, meters, and equipment. Debt maturities are minimal with only about \$6 million due in 2006 and 2007 combined.

Outlook

The outlook on Atmos is stable. FFO to debt, FFO interest coverage, and debt to capital are in line with the current rating. Standard & Poor's could raise the rating over time if Atmos improves its financial condition. Conversely, the ratings could be lowered if expected free cash flow from the combined company is insufficient to significantly reduce leverage or management experiences significant operational difficulties that cause credit measures to deteriorate.

Business Description

Atmos Energy Corporation, (AEC), headquartered in Dallas, Texas, is engaged primarily in the natural gas utility business as well as other natural gas nonutility businesses. Atmos local distribution company (LDC) utility businesses made up about 68% of operating income in fiscal 2005. Atmos is one of the country's largest natural-gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe. Atmos' service territory includes 12 states, with primary service areas located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. Atmos has more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, Atmos transports natural gas for others through its distribution system. Pipeline and storage accounted for 20% of operating income in 2005. Through its unregulated businesses, Atmos provides natural gas management and marketing services to municipalities, local gas distribution companies and industrial customers in 22 states and natural gas transportation and storage services to certain utility divisions and to third parties. Atmos nonregulated businesses made up about 12% of operating income in fiscal 2005.

Ratings Methodology

Atmos' first mortgage bonds are rated two notches higher than the firm's corporate credit rating. These bonds are collateralized by utility property and Standard & Poor's concludes that first mortgage bondholders would receive their principal in a bankruptcy scenario. The company's senior unsecured debt is rated the same as the corporate credit rating because these bondholders are not materially disadvantaged by the \$10 million in outstanding first mortgage bonds.

Business Profile

Regulation

Atmos' operates in 12 different jurisdictions, which gives the company some regulatory diversity. Regulatory diversity can be a moderating factor against adverse rate outcomes or a time lag within a particular jurisdiction. In general, Atmos has average relationships with its regulators. Some jurisdictions are more supportive to credit, as evidenced by timely rate recovery, weather normalization clauses and minimal prudence review. Atmos is attempting to improve its relationships with the regulators of its largest division, Mid-Tex, which suffered from sub-par regulatory relations prior to the acquisition in

2004. Atmos' rate strategy focuses on addressing rate design and regulatory lag issues. Atmos seeks rate designs that decouple the recovery of approved margins from customer usage patterns due to weather related variability, declining use per customer and energy conservation. Rates established by regulatory authorities are adjusted for increases and decreases in purchased gas cost through purchased gas adjustment mechanisms. Although substantially all utility sales fluctuate with the cost of gas, utility gross profit is generally not affected by fluctuations in the cost of gas due to the purchased gas adjustment mechanism. Additionally, certain jurisdictions have introduced performance-based ratemaking adjustments to provide incentives to natural gas utilities to minimize purchased gas costs through improved storage management and use of financial hedges to lock in gas costs. Under the performance-based ratemaking adjustment, purchased gas costs savings are shared between the utility and its customers.

The effect of weather that is above or below normal is partially offset through weather normalization adjustments (WNA) as approved by the regulators in certain service areas. WNA allows Atmos to increase customers' bills to offset lower gas usage when weather is warmer than normal and decrease customers' bills to offset higher gas usage when weather is colder than normal. As of September 30, 2005 Atmos had WNA for approximately 1.0 million meters. However, Atmos' largest division, Mid-Tex, does not have WNA. Yet, their operations benefit from a rate structure that combines a monthly customer charge with a declining block rate schedule to partially mitigate the impact of warmer-than-normal weather on revenue. The combination of the monthly customer charge and the customer billing under the first block of the declining block rate schedule provides for the recovery of most fixed costs for such operations under a variety of weather conditions. However, this rate structure is not as beneficial during periods where weather is significantly warmer than normal

Atmos attempts to address regulatory lag issues by directing discretionary capital spending to jurisdictions that permit more timely recovery and filing rate cases on a more frequent basis to keep actual returns more closely aligned with allowed returns. Net annual revenue increases resulting from ratemaking activity totaling \$6.3 million, \$16.2 million and \$18.6 million became effective in fiscal 2005, 2004 and 2003.

Table 1 – Regulation Summary

Division	Jurisdiction	Last Rate Action	Rate Base (\$000)	Authorized ROE (%)	WNA
Atmos Pipeline	Texas	5/24/04	417,111	10.00	N/A
Colorado-Kansas	Colorado	7/1/05	84,711	11.25	No
	Kansas	3/1/04	(1)	(1)	Yes
Kentucky	Kentucky	12/21/99	(1)	(1)	Yes
Louisiana	Trans LA	10/1/04	81,645	10.50-11.50	No
	LGS	10/1/04	170,358	10.88-11.50	No
Mid-States	Georgia	11/25/96	38,451	11.50	Yes
	Illinois	11/1/00	24,564	11.56	No
	Iowa	3/1/01	5,000	11.00	No
	Missouri	10/14/95	(1)	12.15	No
	Tennessee	11/15/95	111,970	(1)	Yes
	Virginia	8/1/04	30,672	9.50-10.50	Yes
Mid-Tex	Texas	5/24/04	769,721	10.00	No
Mississippi	Mississippi	1/1/05	196,801	9.80	Yes
West Texas	Amarillo	9/1/03	36,844	12.00	Yes
	Lubbock	3/1/04	43,400	11.25	Yes
	West Texas	5/1/04	87,500	10.50	Yes

Some of Atmos' recent material regulatory filings are illustrated below:

Atmos Pipeline-Texas. In December 2004, Atmos Pipeline — Texas made a Gas Reliability Infrastructure Program (GRIP) filing to include in \$12.0 million of pipeline capital expenditures made by TXU Gas in rate base, which should increase revenues by \$1.8 million. The Railroad Commission of Texas (RRC) approved this filing in March 2005 and the costs are being recovered through a monthly customer charge that began in April 2005. Also, In September, 2005, Atmos Pipeline — Texas made a GRIP filing to include \$10.6 million of pipeline capital expenditures in rate base. About \$1.9 million in additional annual revenue should be authorized through this filing. A decision on this filing must be made by the RRC before January 4, 2006.

Atmos Energy Mid-Tex Division. In December 2004, the Mid-Tex Division made a GRIP filing to include \$32.0 million of distribution capital expenditures made by TXU Gas in rate base, which should result in additional revenues of approximately \$6.7 million. These capital costs will be recovered through a monthly customer charge that began in October 2005. Also, in September 2005, the Mid-Tex Division made a GRIP filing to include \$29.4 million of distribution capital costs in rate base. About \$6.7 million in additional annual revenue should be authorized through this filing. The cities in this division's service area and the RRC must rule on this filing before January 4, 2006. If

necessary, the RRC will rule on an appeal of any cities actions in the first quarter of calendar year 2006.

On September 1, 2005, the Mid-Tex Division filed its annual gas cost reconciliation with the RRC. The filing involves approximately \$14.0 million in refunds of amounts overcollected from customers between July 1, 2004 and June 30, 2005. The Mid-Tex Division has proposed to accelerate the refunds to December through March rather than during the usual refund period of October through June to help offset higher gas costs for residential, commercial and industrial customers during the 2005 — 2006 heating season. The proposal is still under consideration.

In September 2004, the Mid-Tex Division filed its 36-Month Gas Contract Review with the RRC. This proceeding involves a prudency review of gas purchases totaling \$2.2 billion made by the Mid-Tex Division from November 1, 2000 through October 31, 2003. A hearing on this matter was held before the RRC in late June. No decision is expected from the RRC until the end of December 2005 or January 2006.

In August 2005, the company received a “show cause” order from the City of Dallas, which requires it to provide information that demonstrates good cause for showing that the existing distribution rates charged to customers in the city of Dallas should not be reduced. Atmos filed its response by the November 22, 2005 due date.

Atmos Energy West Texas Division. In September 2005, the West Texas Division made a GRIP filing to include \$22.6 million of distribution capital costs in rate base, which should result in additional annual revenues of approximately \$3.8 million. These capital costs should be recovered through a monthly customer charge beginning in December 2005.

Atmos Energy Mississippi Division. Through the first quarter of fiscal 2005, the Mississippi PSC required that Atmos file for rate adjustments every six months. Rate filings were made in May and November of each year and the rate adjustments typically became effective in the following July and January. Effective October 1, 2005, Atmos rate design was modified to substitute the original agreed-upon benchmark with a sharing mechanism to allow the sharing of cost savings above an allowed return on equity level and the semi-annual filing process was changed to an annual process. Atmos now includes a fixed monthly customer base charge, which makes a portion of its earnings less susceptible to usage. The company will make its first annual filing under this new structure in September 2006.

Atmos filed its second semiannual filing for 2004 in November 2004, requesting rate adjustments of \$6.0 million in annualized revenue. The MPSC allowed Atmos to include \$3.0 million in annualized revenue in its rates effective January 1, 2005. In February 2005, the company entered into an agreement with the Mississippi Public Utilities Staff that provides for an additional \$1.3 million in annualized revenue that was retroactive to January 2005, which was approved by the MPSC during the second quarter of fiscal 2005.

Markets

Although Atmos operates its gas utility business in 12 states, Texas, Mississippi, and Louisiana, made up 74% of 2005 operating margin. The company benefits from some geographic diversity, which mitigates economic downturns in any particular region. Also, as evidenced by the recent Hurricane Katrina disaster in Mississippi and Louisiana, Atmos' regional diversity reduces its exposure to natural disasters within a particular region. Overall the forecast includes growth assumptions of about 1-2% at the LDCs and about 3-4% for the regulated pipeline.

Texas. The diversification of the Texas economy continues with less dependence on energy-related industries; with the shift away from these industries, Texas' economy now resembles the national economy. With a population now estimated at about 23 million, Texas ranks second among states. Officials are projecting labor force and employment to increase by about 2% annually over the next five years. Texas added 299,400 jobs over the 12 months from August 2004-2005. Overall, the services sector accounted for 24% of employment while the trade and manufacturing sectors accounted for 20% and 9%, respectively. Construction activity continues its strong growth at 1.7% over the previous year. Economic forecasts show Texas continuing to outperform the nation over the next few years. The military's strong presence in the state will continue because the latest Base Realignment and Closure Committee recommendations include additional personnel at Fort Bliss in El Paso, Texas and Fort Sam Houston in San Antonio, Texas.

Mississippi. The development of the gaming sector drove solid employment growth from 1992-1998. Unemployment averaged 5.8% in 2004, which was slightly above the nation's 5.5% rate. Between 1995 and 2002, service sector employment had increased by 14% to 31% of total employment. Service employment grew by an average of 8.0% annually, almost double the nation's 4.2% growth rate, due mostly to casino- and hotel-related employment. Leisure and tourism employment accounted for 123,600 jobs in 2005, or 10.9% of total state employment. Mississippi now has the nation's third-largest gaming industry behind Nevada and New Jersey. Gaming-related activities account for almost 10% of the state's total tax revenues. The industry's future in Mississippi, however, is uncertain due to the extensive damage caused by Hurricane Katrina and competition from other states. During the special session called by Gov. Barbour that began on Sept. 27, the state Legislature adopted legislation that would permit casinos to be built on land. Legislative changes to the current law are likely to influence casino owners deciding whether to rebuild damaged and destroyed gaming facilities.

Spillover effects of the gaming industry have included housing starts and construction employment. Despite the success of gaming in the state, losses in the manufacturing sector have slowed Mississippi's overall economic growth. Between 1995 and 2002, manufacturing employment declined by 18% to nearly 17% of total state employment. The underlying economy remains somewhat weak since Mississippi's educational attainment remains low. At 76% of the national average, the state's per capita income levels are the nation's lowest levels. State officials, however, have made efforts to use some of the gaming receipts to improve the state's educational system and attract new businesses seeking skilled, educated workers.

Louisiana. As a result of Hurricane Katrina, the state experienced significant economic effects. The storm caused unprecedented damage to the state, particularly to its largest city, New Orleans, which remains economically devastated. Reduced economic activity throughout the state and the associated financial pressures are likely to continue over the intermediate term. On a long-term basis, Louisiana will be challenged to rebuild its economy. Most of the state's key industries suffered damage from the storm, including tourism, seafood production, oil and gas, and chemicals. Unknown at this time, and critical to the state's well being, is how quickly, and to what extent, these industries can recover; of more certainty is the oil and gas industry, whose restoration of capacity continues at a rapid pace. Emergency assistance and rebuilding of critical infrastructure is providing an inflow of revenues, and should positively affect the state with some multiplier effect. Furthermore, as residents return to damaged property and begin to rebuild, reconstruction and refurnishing expenditures will provide a further boost, all of which will result in revenues to the state in the form of hotel, sales, and fuel taxes. The federal government has recently enacted several measures aimed at giving the damaged Gulf Coast region's economy a shot in the arm, including federal loan guarantees for economic development. However, while incentives such as these are useful, their affects on the state are not measurable at this time.

Operations

Although Hurricane Katrina significantly affected Atmos' Louisiana operations, it is not expected to have a material affect on Atmos' financial results. The affected customers represent about 7% of total customer base and about 40% of these were restored to service within 3 months. Atmos expects to have restored 70% of the affected customers to service within six months and 90% within a year. Atmos expects about \$8 million in lost margin due to Katrina in 2006. Damages to the system should be covered by insurance proceeds. Total Louisiana operations, including those not affected by Katrina contributed about 7% of operating income in 2005. Atmos Mississippi operations (about 5% of operating income) were not significantly affected by Katrina because its service territories are primarily located in northern Mississippi.

Atmos natural gas supply comes from a variety of third party providers and from gas held in storage. The natural gas supply for the upcoming winter heating season will be provided by a variety of suppliers, including independent producers, marketers and pipeline companies, in addition to withdrawals of gas from storage. Additionally, the natural gas supply the Mid-Tex Division includes peaking and spot purchase agreements. Atmos also contracts for storage service in underground storage facilities on interstate pipelines. The peak-day availability of natural gas supply from long-term contracts, short-term contracts and withdrawals from underground storage is about 4.2 Bcf. The peak-day demand for utility operations in fiscal 2005 was on December 23, 2004, when sales to customers reached approximately 3.5 Bcf.

Atmos receives gas deliveries for its utility divisions, except for Mid-Tex, through 37 pipeline transportation companies, both interstate and intrastate. 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 a right of first refusal. The natural gas supply for Mid-Tex is delivered by Atmos Pipeline — Texas Division, which was formed from the natural gas transmission and storage operations that Atmos acquired in the TXU Gas acquisition.

Atmos conducts its business under seven natural gas utility divisions.

Atmos Energy Mid-Tex Division. This division represents the distribution assets and operations that Atmos acquired from TXU Gas on October 1, 2004 and contributed 24% of operating income in 2005. It includes natural gas distribution operations that operate in the north-central, eastern and western parts of Texas. The Mid-Tex Division purchases, distributes and sells natural gas to approximately 1.5 million residential and business customers in approximately 550 cities and towns, including the 11-county Dallas/Fort Worth metropolitan area. Under a May 2004 rate filing, this division operates under a system-wide rate structure along with the pipeline operations acquired in the acquisition. The governing body of each municipality has original jurisdiction over all utility rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. Mid-Tex operates under non-exclusive franchises granted by the municipalities it serves, which are subject to renewal from time to time. The RRC has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality.

At closing of the acquisition, TXU Gas and some of its affiliates entered into transitional services agreements with Atmos to provide call center, meter reading, customer billing, collections, information reporting, software, accounting, treasury, administrative and other services to the Mid-Tex Division. Some of these services were outsourced by TXU Gas to Capgemini Energy L.P. However, Atmos took over the operations of the Waco, Texas call center on April 1, 2005 and purchased from Capgemini Energy L.P. all of the related call center assets on October 1, 2005. The remaining transitional services agreements expired on September 30, 2005 and were not renewed as Atmos in-sourced all of these functions, effective October 1, 2005.

Atmos Energy West Texas Division. This division operates in Texas in three primary service areas: Amarillo, Lubbock and West Texas. The West Texas division contributed 8% of operating income in 2005. Similar to the Mid-Tex Division, the governing body of each municipality served has original jurisdiction over all utility rates, operations and services within its city limits. Atmos operates under non-exclusive franchises granted by the municipalities, which are subject to renewal from time to time. The RRC has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality. During 2004, the West Texas Division received approval from the City of Lubbock, Texas and the 66 cities in the West Texas system, for WNA in these service areas, which is effective October through May of each

year, beginning with the 2004-2005 winter heating season. Atmos also has WNA in its Amarillo service area.

Atmos Energy Mid-States Division. This division operates in Georgia, Illinois, Iowa, Missouri, Tennessee and Virginia. The Mid-States division contributed 10% of operating income in 2005. In each of these states, rates, services and operations as a natural gas distribution company are subject to general regulation by each state's public service commission. Atmos operates in each community under a franchise granted by the municipality for a fixed term of years.

Atmos Energy Louisiana Division. This division operates in Louisiana and includes the operations of the Louisiana Gas Service Company, which serves the metropolitan area of Monroe and the suburban areas of New Orleans, and the Trans La Division, which serves western Louisiana. The Louisiana division contributed 7% of operating income in 2005. The Louisiana Division is regulated by the Louisiana Public Service Commission (LPSC) under a non-exclusive franchise granted by the governing authority of each area.

Atmos Energy Mississippi Division. This division is regulated by the Mississippi Public Service Commission (MPSC) with respect to rates, services and operations and operates under non-exclusive franchises granted by the municipalities served. The Mississippi division contributed 5% of operating income in 2005.

Atmos Energy Colorado-Kansas Division. This division operates in Colorado, Kansas and the southwestern corner of Missouri and is regulated by each respective state's public service commission under non-exclusive franchises granted by the various cities. The Colorado-Kansas division contributed 7% of operating income in 2005.

Atmos Energy Kentucky Division. This division operates in Kentucky and is regulated by the Kentucky Public Service Commission and operates in various incorporated cities under non-exclusive franchises granted by these cities. The Kentucky division contributed 5% of operating income in 2005. Atmos will operate under a performance-based rate program through March 2006.

In addition to its LDC utility divisions, Atmos' pipeline and storage segment consists of the regulated pipeline and storage operations of the Atmos Pipeline — Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC. The natural gas transmission and storage operations that were acquired in the TXU Gas acquisition represent one of the largest intrastate pipeline operations in Texas and provided 20% of operating income in 2005. These operations include interconnected natural gas transmission lines, five underground storage reservoirs (including a salt dome facility) and 24 compressor stations and related properties, all within Texas.

Competitiveness

Although Atmos' utility operations are not in significant direct competition with any other distributors of natural gas to residential and commercial customers within its service areas, they do compete with other natural gas suppliers and suppliers of

alternative fuels for sales to industrial and agricultural customers. Atmos also competes with alternative energy sources, including 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. However, higher gas prices, coupled with the electric utilities' marketing efforts, have increased competition for residential and commercial customers. In addition, Atmos' natural gas marketing segment competes with other natural gas brokers in obtaining natural gas supplies for its customers.

Deregulated Operations

Atmos deregulated operations provided about 13% of 2005 operating income and are significantly riskier than the regulated LDC and pipeline businesses. The operating margins are more volatile and the collateral requirements can be high. Atmos' natural gas marketing and other nonutility segments are organized under Atmos Energy Holdings, Inc. (AEH) and have operations in 22 states. Atmos Energy Marketing, LLC (AEM) provides a variety of natural gas management services to municipalities, natural gas utility systems and industrial natural gas consumers primarily in the southeastern and midwestern states and to Atmos' Kentucky, Louisiana and Mid-States divisions. These services primarily consist of furnishing natural gas supplies at fixed and market-based prices, contract negotiation and administration, load forecasting, gas storage acquisition and management services, transportation services, peaking sales and balancing services, capacity utilization strategies and gas price management through the use of derivative products. The company uses proprietary and customer-owned transportation and storage assets to provide the various services. As a result, margins are based on Atmos' ability to extract value by optimizing the storage and transportation capacity. The company purchases or sells physical natural gas and then sells or purchases financial contracts at a price sufficient to cover carrying costs and provide a profit margin. AEM's management of natural gas requirements involves the sale of natural gas and the management of storage and transportation supplies under contracts with customers generally having one to two year terms. AEM also sells natural gas to some of its industrial customers on a delivered burner tip basis under contract terms from 30 days to two years. At September 30, 2005, AEM had a total of 558 industrial, 69 municipal and 210 other customers.

Atmos other nonutility segment consists primarily of the operations of Atmos Energy Services, LLC (AES), and Atmos Power Systems, Inc. Through AES, the company provides natural gas management services to its utility operations, other than the Mid-Tex Division. These services, which began on April 1, 2004, include aggregating and purchasing gas supply, arranging transportation and storage logistics and ultimately delivering the gas to the utility service areas. Atmos Power Systems, Inc., constructs gas-fired electric peaking power-generating plants and associated facilities and enters into agreements to either lease or sell these plants.

Financial Profile

Accounting

Standard & Poor's calculates an off-balance-sheet (OBS) amount for debt, interest expense, and depreciation and includes these amounts in the calculation of its adjusted ratios. The present value of the company's operating leases is determined using the average cost of debt as a discount rate and is treated as a debt equivalent. Operating lease interest expense is also computed in credit metrics. The amounts included in Atmos' adjusted ratios for fiscal year end 2005 were \$100 million for OBS debt and \$6.6 million for OBS interest. Pensions and other post-retirement benefits were under funded by about \$62 million at fiscal year end (on a projected benefit obligation basis), however OBS ratio adjustments due to this under funding was not material to the rating.

AEM is exposed to risks associated with changes in the market price of natural gas, which are managed through a combination of storage and financial derivatives, including futures, over-the-counter and exchange-traded options and swap contracts with counterparties. Under SFAS 133, natural gas inventory is the hedged item in a fair-value hedge and is marked to market monthly using the inside FERC (iFERC) price at the end of each month. Changes in fair value are recognized as unrealized gains and losses in the period of change. Costs to store the gas are recognized in the period the costs are incurred. Derivatives associated with natural gas inventory are marked to market each month based upon the NYMEX price with changes in fair value recognized as unrealized gains and losses in the period of change. The difference in the indices used to mark to market physical inventory (iFERC) and the related fair-value hedge (NYMEX) is reported as a component of revenue and can result in volatility in reported net income. Over time, gains and losses on the sale of storage gas inventory should be offset by gains and losses on the fair-value hedges, resulting in the realization of the economic gross profit margin anticipated at the time the original transaction was structured.

Effective April 1, 2004, Atmos began treating its fixed-price forward contracts as normal purchases and sales. As a result, the company ceased marking the fixed-price forward contracts to market. The offsetting derivative contracts are designated as cash flow hedges of anticipated transactions. As a result of this change, unrealized gains and losses on these open derivative contracts are now 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. Hedge ineffectiveness, to the extent incurred, is reported as a component of revenue.

Financial Policy & Risk Tolerance

Atmos' financial policy is characterized by projected improvement in the financial ratios over the forecast period. The ratios for 2005 are on the weak side, but consistent with the current rating. However, the ratios are expected to improve as Atmos grows its equity base through capital projects, while maintaining debt at current levels. Atmos' stated strategy is to maintain investment grade ratings and improve its credit rating over time. No new large acquisitions are expected in the near term.

Cash Flow Adequacy

Cash flow protection measures at Atmos are adequate for the rating, but are expected to improve, especially over the near term. Improvements are primarily due to the implementation of new rate agreements and the addition of regulated capital projects into ratebase. Average adjusted FFO to interest coverage was solid at 3.2x for fiscal 2005, and is projected to average about 3.6x in 2006-2010. Adjusted FFO to total debt was weak for the rating at 14% in 2005, but is expected to improve to about 16% over the next two years. Capital expenditures were approximately \$330 million for the fiscal year ended Sept 30, 2005. Standard & Poor's expects capital expenditures for fiscal 2006 at about \$400 million to \$415 million, 70% of this capital should be internally funded. About \$224 million is for maintenance capital. Atmos forecasts meeting the shortfall through company stock plans and potentially, equity offerings. These expenditures include additional mains, services, meters, and equipment. Debt maturities are minimal with only about \$6 million due in 2006 and 2007 combined.

Capital Structure

Adjusted total debt to total capital was high for the rating category at 60% at fiscal year-end 2005. The adjustment includes the capitalization of operating leases. Standard & Poor's expects the average total debt to total capital ratio to improve to about 57% by 2008, which would be in line with the current rating. The change in capital structure should be achieved through level debt amounts and higher level of equity through capital additions.

Press Release

Source: Fitch Ratings

Fitch Affirms Atmos Unsecured Debt at 'BBB+'

Friday January 13, 11:49 am ET

Outlook Stable

NEW YORK--(BUSINESS WIRE)--Jan. 13, 2006--Atmos Energy Corp.'s (Atmos) senior unsecured debt rating applying to approximately \$2.17 billion of outstanding notes and debentures is affirmed at 'BBB+'. In addition, Atmos' short-term debt rating relating to its \$600 million commercial paper program is affirmed at 'F2'. Atmos' issuer default rating (IDR) has been lowered to 'BBB' from 'BBB+'. IDRs were initially assigned to corporate issuers by Fitch during 2005 and reflect the ability of issuers to meet financial commitments on a timely basis, compared with individual security ratings which also consider recovery prospects and may be higher or lower than an issuer's IDR.

The Rating Outlook for Atmos is revised to Stable from Negative. Fitch also withdraws at this time the 'BBB+' indicative rating assigned to Atmos' secured debt given the relative immateriality of the debt. Only \$10 million principal amount of private secured debt remains outstanding and no future secured debt financings are anticipated.

The rating actions follow a comprehensive review of Atmos' financial condition and a reassessment of its ratings utilizing Fitch's new IDR methodology. The one-notch separation between the 'BBB' IDR and the 'BBB+' senior unsecured debt is typical for low risk, predominantly regulated entities.

Current ratings recognize the increased debt leverage that Atmos incurred with the TXU Gas purchase and Fitch's expectation that leverage-related credit measures will be weak for the rating category over the near term. In this regard, the recovery in credit measures is now expected to be slower than originally anticipated due to an increase of growth capital expenditures. Debt-to-EBITDA was 4.4 times (x) at the end of fiscal 2005 but should improve to the 4.0x to 3.5x range as pipeline expansion projects are completed and regulatory filings are made to capture incremental cash flows. Given steadily increasing cash flow from operations and the ongoing issuance of new equity through direct purchase and internal stock issue plans, Atmos should be positioned to finance its growth initiatives with minimal need to access debt capital markets.

Atmos' ratings and Rating Outlook are supported by the scale, quality, and geographic and regulatory diversity of its operations. Fitch also favorably recognizes Atmos' 20-year track record in acquiring and managing regulatory assets. Most notably, Atmos has fully integrated ahead of target the TXU Gas Company assets it acquired on Oct. 1, 2004 in a transaction that nearly doubled the size of the company. The ratings also consider Atmos efficient operations and effective practices in dealing with regulators across its multi-state service territory. In particular, management has been diligent in reducing regulatory lag with timely rate filings and in limiting earnings volatility by adopting weather normalization provisions and implementing rate design changes. Also, considered in the ratings and of moderate concern is the higher level of business risk associated with its unregulated activities. For fiscal 2005, unregulated operations generated 13% of operating income. A material increase in the relative size of the unregulated operations could contribute to a negative rating action.

Atmos is the largest natural-gas-only utility in the U.S. serving over 3.1 million customers in 12 states across the South and Midwest. Utility operations were built through a series of acquisitions over the past 20 years. The \$1.905 billion purchase of TXU Gas nearly doubled the size of the company and resulted in a rating downgrade reflecting a weakened post-acquisition credit profile and near term integration risk. On balance, Fitch considers the TXU Gas distribution operations, which primarily serve the Dallas-Fort Worth area and its 6,800-mile Texas intrastate pipeline and storage system, as a good fit with Atmos' other operations. Atmos Energy Holdings, Inc., through Atmos Energy Marketing, LLC and other subsidiaries, provides gas supply management, marketing, and pipeline and storage

services for a range of customers, including, municipals, industrials, power generators, gas utilities, and utility affiliates of Atmos.

Fitch's rating definitions and the terms of use of such ratings are available on the agency's public site, www.fitchratings.com. Published ratings, criteria and methodologies are available from this site, at all times. Fitch's code of conduct, confidentiality, conflicts of interest, affiliate firewall, compliance and other relevant policies and procedures are also available from the 'Code of Conduct' section of this site.

Contact:

Fitch Ratings

Ralph Pellecchia, 212-9087-0586

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Source: Fitch Ratings

**STANDARD
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RATINGS DIRECT[®]

March 20, 2006

Summary: Atmos Energy Corp.

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Summary: Atmos Energy Corp.

Credit Rating: BBB/Stable/A-2

Rationale

The ratings on natural gas distributor Atmos Energy Corp. reflect the company's strong business profile of '4' (business profiles are categorized from '1' (excellent) to '10' (vulnerable)), its current market position as the largest natural gas local distribution company in the U.S., and its reasonably stable revenues and customer base from its gas distribution operations and geographic and regulatory diversity. These factors are offset by integration challenges associated with its TXU Gas acquisition, weak credit measures, and exposure to weather-related risk. Dallas, Texas-based Atmos has about \$2.7 billion of rated debt.

The acquisition of TXU Gas in late 2004 effectively doubled Atmos' size, making it the largest LDC in the U.S. After the acquisition, Atmos increased the number of customers served in 12 states to 3.2 million. Standard & Poor's continues to be concerned about the integration challenges facing Atmos after the acquisition and will monitor the company's operational performance as it transitions to a much larger LDC.

These challenges include managing new business segments such as TXU Gas' pipeline assets, improving TXU Gas' historically subpar regulatory relationships, and integrating TXU Gas' operations with Atmos' operations. With the acquisition of TXU Gas, about 60% of Atmos' customer base is not covered by weather-normalization clauses or weather insurance. However, management achieved considerable cost savings through overhead reduction in 2005. In addition, Standard & Poor's is concerned with the business risk associated with Atmos' nonregulated marketing company, Atmos Energy Marketing (AEM).

However, by acquiring TXU Gas, Atmos increased its operating income from regulated operations to about 81% from 75% of total operating income. The company derives some modest benefit from the geographic and regulatory diversity of its operations, which are spread over 12 states, mitigating adverse conditions relating to regulatory or economic circumstances. Atmos has worked toward easing the effects of weather and protecting utility margins by adding weather-normalization adjustments to several rate filings and hopes to achieve weather normalization in TXU Gas' operating area over time.

Atmos' financial strength will depend in part on management's ability to continue to realize cost savings and improve TXU Gas' profitability over the next several years. In the near term, however, credit measures are weaker following the acquisition. The debt financing constrains cash measures, with funds from operations (FFO) to average total debt at 14% and FFO interest coverage at 3.4x for the 12 months ended Dec. 31, 2005. Furthermore, the company's adjusted debt leverage was 63%.

Short-term credit factors

The short-term rating on Atmos is 'A-2'. For the 12 months ended Dec. 31, 2005, Atmos generated funds from operations of about \$364 million. Atmos working capital needs can vary significantly due to changes in the price of natural gas charged by suppliers and the increased gas supplies required to meet customers' needs during periods of cold weather. Atmos has reacted to the recent increase in natural gas prices by increasing the size of its credit facilities.

As of Dec. 31, 2005, Atmos had about \$49 million of cash on hand and three committed credit facilities totaling \$918 million. The \$918 million amount consists of a \$600 million facility that backstops Atmos' commercial paper program and matures in October 2008, a \$300 million committed facility that matures November 2006, and an \$18 million committed facility that expires on March 31, 2006. As of Dec. 31, 2005, there was \$381.7 million outstanding under Atmos' commercial paper program and \$17.4 million outstanding under its bank credit facilities, leaving \$518.9 of availability under the three facilities. The financial covenants in the revolving credit facilities require Atmos to maintain a ratio of total debt to total capitalization of no greater than 70%. As of Dec. 31, 2005, Atmos' total debt to total capitalization ratio was 61%.

In addition, nonregulated marketing company, AEM, has a \$580 million uncommitted demand working-capital credit facility that expires March 31, 2006. AEM is the borrower under this credit facility and Atmos Energy Holdings, Atmos' nonutility subsidiary, is the sole guarantor of the facility. As of Dec. 31, 2005, \$75 million was outstanding under this facility and Atmos' LOCs and various financial covenants reduced the amount available to about \$48.1 million. Atmos also has an unsecured short-term uncommitted bank credit line for \$25 million and LOCs reduced the amount available by \$4.4 million.

AEM is required by the financial covenants in its uncommitted demand working capital facility to maintain a maximum ratio of total liabilities to tangible net worth of 5x, along with minimum levels of net working capital ranging from \$20 million to \$120 million. As of Dec. 31, 2005, AEM's ratio of total liabilities to tangible net worth was 2.68x. In addition, AEM's credit agreement contains a cross-default provision whereby AEM would be in default if it defaults on other debt, as defined by at least \$250,000 in aggregate. In addition, this agreement contains a provision that would limit the amount of credit available if Atmos were downgraded below 'BBB'.

Atmos had approximately \$330 million in capital expenditures for the fiscal year ended Sept 30, 2005. Standard & Poor's expects capital expenditures for fiscal 2006 to be about \$400 million to \$415 million, and 70% of this should be internally funded. About \$224 million is for maintenance capital. Atmos forecasts meeting the shortfall through company stock plans and, potentially, equity offerings. These expenditures include additional mains, services, meters, and equipment. Debt maturities are minimal with only about \$6 million due in 2006 and 2007 combined.

Outlook

The outlook on Atmos is stable. FFO to debt, FFO interest coverage, and debt to capital are in line with the current rating. Standard & Poor's could raise the rating over time if Atmos improves its financial condition. Conversely, the ratings could be lowered if expected free cash flow from the combined company is insufficient to significantly reduce leverage or management experiences significant operational difficulties that cause credit measures to deteriorate.

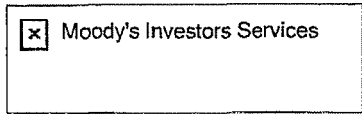
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Global Credit Research
Credit Opinion
22 MAR 2006

Credit Opinion: Atmos Energy Corporation

Atmos Energy Corporation



Dallas, Texas, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	Baa3
Bkd Commercial Paper	P-3

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Key Indicators

Atmos Energy Corporation

	9/30/2005	9/30/2004	9/30/2003	9/30/2002	9/30/2001	9/30/2000
Net Income to Average Common Equity	9.9%	8.7%	10.0%	10.3%	11.5%	9.3%
Fixed Charge Coverage	2.59	2.88	2.86	2.55	2.70	1.89
Retained Cash Flow to Adjusted Debt	10.0%	15.7%	15.2%	10.7%	11.8%	11.3%
Adjusted Debt to Adjusted Capital [1]	68%	45%	57%	63%	59%	57%
Funds from Operations to Fixed Charges	3.5	4.1	4.2	3.3	4.2	3.5
Dividends/Net Income	73%	77%	77%	82%	79%	100%

[1] Adjusted capital includes: + deferred taxes - goodwill

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Credit Challenges

- Slower de-leveraging likely in the near term than previously expected
- Regulatory risk in efforts to mitigate regulatory lag, weather risk, and volume sensitivity
- Commodity price, counterparty, and liquidity risks related to its energy marketing business

Credit Strengths

- Stability of cash flow, predominantly generated by regulated assets
- Record of operating efficiently
- Conservative management

Rating Rationale

Atmos Energy Corporation's ratings reflect the company's the low-risk, non-cyclical earnings from its gas utility and pipeline operations (about 90% of EBIT and assets) and a good record of operating efficiently and integrating acquired assets. Although Atmos's results are seasonal and vary with the weather, this risk is allayed by having some form of weather mitigation in most of its jurisdictions, whether with weather normalization adjustments or rate structures that are based more on recovery of fixed costs than on volume.

The debt incurred in the TXU Gas acquisition (now known as the Mid-Tex division) at the beginning of FY05 has resulted in Atmos's leverage being high relative to its peers'. Atmos has successfully completed the integration of Mid-Tex's operations and realized cost savings in line with its original plan. However, it now expects that debt reduction will take longer than expected while it applies its free cash flow toward pipeline growth projects rather than debt reduction. The company intends to meet its book leverage target of 50% - 55% over the next 3 to 5 years. It intends not to make a significant leveraged acquisition until it reaches that target.

Regulatory lag is a persistent issue that Atmos needs to continually address. The company also suffered damage by hurricane Katrina, though future impacts appear manageable. Atmos Energy Marketing (AEM), the marketing subsidiary, is the riskiest element of the company. AEM is exposed to commodity price, counterparty, and other risks, and it is difficult to predict its financial results with accuracy. It also places a demand on working capital, which has increased recently because of higher gas prices.

Rating Outlook

The stable outlook for Atmos reflects the expectation that its debt will not likely be reduced in the near term because of its increased capital budget. Credit metrics incorporated into its ratings include retained cash flow-to-debt at around 10% and leverage in the high 60% range, adjusted for leases and goodwill.

What Could Change the Rating - UP

Atmos intends to de-leverage over the next 3-5 years. Moody's could consider a positive outlook when the company's modest credit metrics begin to improve from executing on its pipeline projects, obtaining rate recovery and margin stabilization (most importantly in Texas), and containing margin loss from the hurricane at around budgeted levels. Credit metrics that would cause us to consider an upgrade include retained cash flow-to-debt in the low teens, adjusted leverage trending toward the low-60% range, and ROE on a GAAP basis above 9%. Any positive rating action would be conditioned on our comfort with the potential risks posed by AEM, including its liquidity resources particularly in this time of volatile gas prices. The uncommitted nature of AEM's large working capital facility is a rating restraint.

What Could Change the Rating - DOWN

Unlikely, given the low business risk of Atmos's asset base and its stated commitment to remain investment grade.

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**STANDARD
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RATINGS DIRECT[®]

June 9, 2006

Summary: Atmos Energy Corp.

Primary Credit Analyst:

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Summary: Atmos Energy Corp.

Credit Rating: BBB/Stable/A-2

Rationale

The ratings on natural gas distributor Atmos Energy Corp. reflect the company's strong business profile of '4' (business profiles are categorized from '1' (excellent) to '10' (vulnerable)), its current market position as the largest natural gas local distribution company in the U.S., and its reasonably stable revenues and customer base from its gas distribution operations and geographic and regulatory diversity. These factors are offset by integration challenges associated with its TXU Gas acquisition, weak credit measures, and exposure to weather-related risk. Dallas, Texas-based Atmos has about \$2.4 billion of debt.

The acquisition of TXU Gas in late 2004 effectively doubled Atmos' size, making it the largest local gas distribution company (LDC) in the U.S. After the acquisition, Atmos increased the number of customers served in 12 states to 3.2 million. Standard & Poor's continues to be concerned about the integration challenges facing Atmos after the acquisition and will monitor the company's operational performance as it transitions to a much larger LDC.

These challenges include managing new business segments such as TXU Gas' pipeline assets, improving TXU Gas' historically subpar regulatory relationships, and integrating TXU Gas' operations with Atmos' operations. With the acquisition of TXU Gas, about 60% of Atmos' customer base is not covered by weather-normalization clauses or weather insurance. However, management achieved considerable cost savings through overhead reduction in 2005. In addition, Standard & Poor's is concerned with the business risk associated with Atmos' nonregulated marketing company, Atmos Energy Marketing (AEM).

However, by acquiring TXU Gas, Atmos increased its operating income from regulated operations to about 81% from 75% of total operating income. The company derives some modest benefit from the geographic and regulatory diversity of its operations, which are spread over 12 states, mitigating adverse conditions relating to regulatory or economic circumstances. Atmos has worked toward easing the effects of weather and protecting utility margins by adding weather-normalization adjustments to several rate filings and hopes to achieve weather normalization in TXU Gas' operating area over time.

Atmos' financial strength will depend in part on management's ability to continue to realize cost savings and improve TXU Gas' profitability over the next several years. In the near term, however, credit measures are weaker following the acquisition. The debt financing constrains cash measures, with funds from operations (FFO) to average total debt at 15% and FFO interest coverage at 3.4x for the 12 months ended March 31, 2006. Furthermore, the company's adjusted debt leverage was 60%.

Short-term credit factors

The short-term rating on Atmos is 'A-2'. For the 12 months ended March 31, 2006, Atmos generated funds from operations of about \$371 million. Atmos working capital needs can vary significantly due to changes in the price of natural gas charged by suppliers and the increased gas supplies required to meet customers' needs during periods of cold weather. Atmos has reacted to the recent increase in natural gas prices by increasing the size of its credit facilities.

As of March 31, 2006, Atmos had about \$48 million of cash on hand and three committed credit facilities totaling \$918 million. The \$918 million amount consists of a \$600 million facility that backstops Atmos' commercial paper program and matures in October 2008, a \$300 million committed facility that matures November 2006, and an \$18 million committed facility that expires on March 31, 2007. As of March 31, 2006, there was \$262.3 million outstanding under Atmos' commercial paper program, leaving \$655.7 million of availability under the three facilities. The financial covenants in the revolving credit facilities require Atmos to maintain a ratio of total debt to total capitalization of no greater than 70%. As of March 31, 2006, Atmos' total debt to total capitalization ratio was 62%.

In addition, nonregulated marketing company, AEM, has a \$580 million uncommitted demand working-capital credit facility that expires March 31, 2007. AEM is the borrower under this credit facility and Atmos Energy Holdings, Atmos' nonutility subsidiary, is the sole guarantor of the facility. As of March 31, 2006, no borrowings were outstanding under this facility, but Atmos' LOCs and various financial covenants reduced the amount available to about \$174.2 million. Atmos also has an unsecured short-term uncommitted bank credit line for \$25 million and LOCs reduced the amount available by \$4.5 million.

AEM is required by the financial covenants in its uncommitted demand working capital facility to maintain a maximum ratio of total liabilities to tangible net worth of 5x, along with minimum levels of net working capital ranging from \$20 million to \$120 million. As of March 31, 2006, AEM's ratio of total liabilities to tangible net worth was 1.21x. In addition, AEM's credit agreement contains a cross-default provision whereby AEM would be in default if it defaults on other debt, as defined by at least \$250,000 in aggregate. In addition, this agreement contains a provision that would limit the amount of credit available if Atmos were downgraded below 'BBB'.

Atmos had about \$400 million in capital expenditures for the 12 months ended March 31, 2006. Standard & Poor's expects capital expenditures for fiscal 2006 to be about \$400 million to \$415 million, and 70% of this should be internally funded. About \$224 million is for maintenance capital. Atmos forecasts meeting the shortfall through company stock plans and, potentially, equity offerings. These expenditures include additional mains, services, meters, and equipment. Debt maturities are minimal with only about \$6 million due in 2006 and 2007 combined.

Outlook

The outlook on Atmos is stable. FFO to debt, FFO interest coverage, and debt to capital are in line with the current rating. Standard & Poor's could raise the rating over time if Atmos improves its financial condition. Conversely, the ratings could be lowered if expected free cash flow from the combined company is insufficient to significantly reduce leverage or management experiences significant operational difficulties that cause credit measures to deteriorate.

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Moody's Investors Services

Global Credit Research
Liquidity Risk Assessment
12 FEB 2007

Liquidity Risk Assessment: Atmos Energy Corporation

Atmos Energy Corporation

Dallas, Texas, United States

Broad Industry:	Public Utility
Specific Industry:	Gas Distribution
Short Term Rating:	P-3 (Backed)

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John Diaz/New York	

Opinion

Atmos Energy Corporation (AEC) is a utility parent company with divisions engaged in regulated gas distribution and transmission (Utility). AEC has an intermediate holding company Atmos Energy Holdings, Inc. (AEH), which holds non-utility subsidiaries including Atmos Energy Marketing, LLC (AEM), a gas marketing subsidiary. Atmos maintains separate liquidity facilities for AEC, AEH, and AEM in order to avoid commingling the financing activities of the utility and non-utility businesses and to comply with regulatory restrictions.

The company has acceptable liquidity to cover its operating requirements and to meet unexpected payments. AEC's Prime-3 commercial paper rating reflects the stable financial profile of its substantially regulated assets. The company has the potential to generate free cash flow, though that is not expected in the near term. AEC has a high-quality credit facility that should be sufficient to meet the foreseeable needs of its Utility. However, Moody's considers the lack of committed facilities for AEM as a weakness in its alternate liquidity and a rating restraint for AEC.

Seasonality and gas supply costs add an element of unpredictability to Atmos's internal cash sources and working capital needs. Borrowings typically peak at about January at the peak of the heating season. Peak commercial paper borrowing during the last twelve months ending September 30, 2006 was \$479 million, which was within AEC's commercial paper program of \$600 million. The average commercial paper borrowing for the same time period was \$206 MM. The \$600 million commercial paper program is backed by a \$600 million 5-year facility terminating in December 2011. This 5-year facility replaces the \$600 million 3-year committed credit facility entered into in October 2005. AEC also renewed its \$300 million 364-day facility, which will terminate in

November 2008. AEC will only utilize the 364-day facility if the capacity on the 5-year facility is reached. Both renewed facilities have substantially similar terms to the respective prior facilities except for the maturity date.

The terms of the facilities provide high-quality liquidity insurance, including no requirement to represent and warrant on the MAC clause after closing. The sole financial covenant is maximum leverage of 70%. AEC is well in compliance with that calculation in the low 60% range as of fiscal year-end September 2006. AEC also has a committed \$18 million 364-day revolving credit facility with a local bank that is used for general corporate purposes. Moody's does not consider AEC's \$25 million uncommitted line to be a reliable source of liquidity.

AEM relies on an uncommitted \$580 million demand working capital facility that is unconditionally guaranteed by AEH. Moody's ascribes no "liquidity insurance" value to this line, as any draw on it is payable on demand by the issuing bank. Liquidity support for AEM from AEC is limited by regulators to \$100 million from the inter-company uncommitted demand facility between AEC and AEH. Regulators recently approved an increase in the total amount of the facility between AEC and AEH to \$200 million.

AEC's next long-term debt maturity is on October 15, 2007, when \$300 million of senior notes come due. Other maturing debt obligations coming due over the next 3 fiscal years include \$4 MM, \$2 MM and \$401 MM in 2008, 2009, and 2010, respectively. Additionally, capital expenditures for fiscal 2007 are projected to be approximately \$434 million.

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 Moody's Investors Services

Global Credit Research
Credit Opinion
1 JUN 2007

Credit Opinion: Atmos Energy Corporation

Atmos Energy Corporation



Dallas, Texas, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	Baa3
Bkd Commercial Paper	P-3

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John Diaz/New York	

Key Indicators

[1]

Atmos Energy Corporation

	LTM	[2]FY	FY	FY	FY
	3/31/2007	2006	2005	2004	2003
EBIT to Interest Expense	2.92	2.59	2.53	2.96	2.78
Debt to Book Capitalization (Excluding Goodwill)	59%	69%	70%	46%	60%
Retained Cash Flow to Debt	20.9%	13.4%	9.7%	15.6%	14.7%
Return on Equity	9.8%	9.4%	9.9%	8.7%	10.3%

[1] Ratios defined in "Moody's Approach to Global Standard Adjustments in the Analysis of Financial Statements for Non-Financial Corporations- Part I (US/Canadian GAAP, February 2006)" [2] Fiscal year end is September 30.

Note: For definitions of Moody's most common ratio terms please see the accompanying User's Guide.

Opinion

Company Profile

Atmos Energy Corporation (AEC or Atmos) is a diversified utility parent company with divisions engaged in regulated gas distribution and transmission to over 3.2 million customers. AEC's six regulated natural gas utility divisions cover Colorado-Kansas Division, Kentucky/Mid-States Division, Louisiana Division, Mid-Tex Division, Mississippi Division and the West Texas Division.

Atmos has an intermediate holding company Atmos Energy Holdings, Inc. (AEH), which holds non-utility subsidiaries including Atmos Energy Marketing, LLC (AEM)-a gas marketing subsidiary, pipeline and storage operations, natural gas management services and the leasing of electric power-generating plants.

Atmos maintains separate liquidity facilities for AEC, AEH, and AEM in order to avoid commingling the financing activities of the utility and non-utility businesses and to comply with regulatory restrictions. The parent company extends an uncommitted credit facility on an intercompany basis to AEH, which in turn extends an uncommitted facility to AEM with any outstandings being subordinated to any usage by AEM under its \$580 million uncommitted bank facility.

Recent Developments

RECENT RATE DEVELOPMENTS:

1. Weather Normalization Adjustments (WNA) for Mid-Tex and Louisiana Divisions went into effect for the 2006-2007 winter heating season. The settlement order in the Mid-Tex Division increases revenues by approximately \$4.8 million and also establishes a permanent WNA based on 10-year average weather effective for the months of November through April of each year. The settlement order in the Louisiana Division will help to mitigate regulatory lag and weather exposure risk.
2. In March 2007, the Missouri Commission approved a rate settlement agreement with rate design changes which includes WNA and revenue decoupling through the recovery of all non-gas costs revenues through fixed monthly charges.
3. In December 2006, AEC filed for a base rate increase in the state of Kentucky for approximately \$10.4 million. Additionally, AEC propose to implement a process to review rates annually and to collect the bad debt portion of gas costs directly rather than through the base rate. Decision is expected in July 2007.

DEBT REFINANCING

1. AEC is in the process of refinancing their \$300 million senior unsecured debt, due October 2007.

Rating Rationale

Atmos Energy Corporation's ratings reflect the company's low-risk, non-cyclical earnings from its gas utility and pipeline operations (averages 82% of Operating Income for the past 3 years) and a good record of operating efficiently and integrating acquired assets. Although Atmos results are seasonal and vary with the weather, this risk is allayed by having some form of weather mitigation in most of its jurisdictions, whether with weather

normalization adjustments or rate structures that are based more on recovery of fixed costs than on volume. As of March 31, 2007, Atmos had WNA in areas covering over 90% of its customer base.

Regulatory lag is a persistent issue that Atmos needs to continually address. The company also suffered damage by hurricane Katrina, though future impacts appear manageable. Atmos Energy Marketing (AEM), the marketing subsidiary, is the riskiest element of the company. AEM is exposed to commodity price, counterparty, and other risks, and it is difficult to predict its financial results with accuracy. It also places a demand on working capital, which has increased recently because of higher gas prices.

Drivers of Rating Change

FACTOR 1: SCALE

1. Net Income - AEC's scale as measured by net income is in line with those of the Baa rated diversified peer group. Since the TXU Gas acquisition (now known as the Mid-Tex division) in 2004, AEC's net income has been steadily increasing. The company's annual net income for the past 3 years (2005 to LTM 3/07) averages around \$156 million. The company continues to have a consistent growth strategy with the implementation of weather mitigation mechanisms in most of its jurisdictions. AEC's Baa3 rated diversified peers average \$124 million.

2. Total Assets - AEC benefits from a large asset base. It rates high among the diversified peers in terms of total assets, falling in line with those of the A rated diversified peer group. Aided by its latest acquisition of the TXU Gas Company in 2004, the company has more than doubled its asset base from close to \$3.0 billion in 2004 to over \$6.0 billion as of LTM 3/07. Approximately 82% of AEC's assets are related to assets in the utility operations. AEC's Baa3 rated diversified peers average \$5.8 billion in 2006.

FACTOR 2: QUALITY OF DIVERSIFICATION

1. Scale of Diversification - This sub-factor quantifies the degree of exposure to unregulated businesses. AEC's scale of diversification as measured by the higher of unregulated operating income as a percentage of total operating income, or alternatively, unregulated assets as a percentage of total assets, results in the former criteria falling in line with those of the Aa rated diversified peer group. The company's non-regulated operations include Atmos Energy Marketing, LLC (AEM)- a gas marketing subsidiary, storage operations and natural gas management services.

2. Diversification of Business Risk - Atmos scores within the A range in this category. The company's business risk is related to its energy marketing operations which is the riskiest element of Atmos. AEM is exposed to commodity price, counterparty, and other risks, and it is difficult to predict its financial results with accuracy. It also places a demand on working capital, which has increased recently because of higher gas prices.

FACTOR 3: MANAGEMENT STRATEGY & FINANCIAL POLICY - Atmos manages its management strategy and financial policy within the A range category. The company has had a history of successful acquisitions, the latest being the TXU Gas Company acquisition in 2004. Atmos has also proven its commitment to high ring-fencing standards by maintaining separate liquidity facilities for Atmos Energy Corporation, Atmos Energy Holdings, and Atmos Energy Marketing in order to avoid commingling the financing activities of the utility and non-utility businesses and to comply with regulatory restrictions.

FACTOR 4: FINANCIAL STRENGTH

1. EBIT to Interest - AEC's EBIT/Interest Expense measure scores within the Ba range, with the average from 2005 to LTM 3/07 measuring 2.7 times. The Baa3 rated diversified peer group averages 3.0. In years past, coverage was negatively impacted by warm weather in some of its jurisdictions that were not protected by weather normalization mechanisms. However, as Atmos continues to get weather normalization protection in its various jurisdictions and as the company continues to successfully manage its debt expense brought on primarily by the TXU acquisition, this ratio should continue to see a gradual improvement.

2. Debt to Capitalization (excluding goodwill) - AEC's debt to capitalization (excluding goodwill) scores within the Ba, with the average from 2005 to LTM 3/07 measuring 66%, utilizing Moody's standardized adjustments. The debt incurred in the TXU Gas acquisition at the beginning of 2005 had resulted in the company's leverage being high relative to its peers. Atmos has successfully completed the integration of the Mid-Tex's operations and realized cost savings in line with its original plan. As evidenced by the latest LTM 3/07 financials, the company is managing to bring down its debt to capitalization ratio from a high of 70% in 2005 to 59% as of LTM 3/07. The Baa3 rated diversified peer group averages 57%.

3. Retained Cash Flow to Debt- AEC's retained cash flow to debt scores within the Baa range, with the average from 2005 to LTM 3/07 measuring 14.6%. As with EBIT/Interest, the company should see gradual improvement as the company continues to achieve weather normalization protection in its various jurisdictions and implementation of provisions to reduce regulatory lag. AEC's Baa3 rated diversified peers average 10.6%.

4. Return on Equity (ROE) - AEC's ROE scores within the Ba range, with the average from 2005 to LTM 3/07 measuring 9.7%. This measurement is also starting to see gradual improvement as the company's various jurisdictions attain weather normalization protection or rate structures that are based more on recovery of fixed costs than on volume. AEC's Baa3 diversified peers average 11.0%.

Rating Outlook

The stable outlook reflects AEC's stable earnings and cash flows and improving regulatory environment where the company has managed to achieve WNA protection in areas covering over 90% of its customer base. The outlook also considers the issuer family relationship and the company's ability to maintain separate liquidity facilities for AEC, AEH, and AEM in order to avoid commingling the financing activities of the utility and non-utility businesses and to comply with regulatory restrictions.

What Could Change the Rating - Up

AEC's ratings could improve with a gradual strengthening in its financial metrics. Credit metrics that would cause us to consider an upgrade include Ebit/Interest in 3-4 % range, Debt to Book Capitalization (excluding goodwill) trending toward the mid-50% range utilizing Moody's standardized adjustments, Retained Cash Flow to Debt in the low teens, and ROE above 10%. Moody's could also consider a positive outlook as the company continues to obtain rate recovery and margin stabilization (most importantly in Texas).

However, any positive rating action would be conditioned on our comfort with the new gas gathering investments of the Atmos group and the potential risks posed by AEM, including its liquidity resources particularly in this time of volatile gas prices. The uncommitted

nature of AEM's large working capital facility is a rating restraint.

What Could Change the Rating - Down

Unlikely, given the low business risk of AEC's asset base and its stated commitment to remain investment grade.

Rating Factors

Atmos Energy Corporation

Diversified Natural Gas Transmission and Distribution	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Scale (10% weighting)							
a) Net Profit After-Tax Before Unusual Items (US\$MM) (5%)				\$156.2			
b) Total Assets (US\$B) (5%)			\$5.9				
Factor 2: Quality of Diversification (20% weighting)							
a) Scale of Unregulated Exposure (10%)		X					
b) Degree of Business Risk (10%)			X				
Factor 3: Management Strategy & Financial Policy (10% weighting)							
a) Management Strategy & Financial Policy (10%)			X				
Factor 4: Financial Strength (60% weighting)							
a) EBIT/Interest Expense (15%)					2.7		
b) Debt to Book Capitalization (excluding goodwill) (15%)					65.9%		
c) Retained Cash Flow/Debt (15%)				14.6%			
d) Return on Equity (15%)					9.7%		
Rating:							
a) Methodology Model Implied Senior Unsecured Rating				Baa2			
b) Actual Senior Unsecured Rating				Baa3			

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Global Power/North America
Credit Analysis

Atmos Energy Corp.

Ratings

Security Class	Current Rating	Previous Rating	Date Changed
IDR	BBB	BBB+	1/13/06
Sr. Unsecured Debt	BBB+	A-	9/30/04
Commercial Paper	F2	D1-	6/16/00
Rating WatchNone
Rating Outlook		Stable

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Profile

Atmos serves nearly 3.2 million customers in 12 states across the South and Midwest. Atmos also operates a 6,162-mile Texas pipeline system and related storage fields with 39 bcf of capacity. AEM and other unregulated subsidiaries provide gas supply management, marketing, and pipeline and storage services for municipals, industrials, power generators, and affiliated and non-affiliated utilities.

Related Research

- Press Release, June 7, 2007

Key Credit Strengths

- Geographic and regulatory diversity of operations.
- Cost-efficient operations.
- Favorable record on integrating acquisitions.

Key Credit Concerns

- Increased execution or financial risk related to future acquisitions.
- Higher risk for unregulated activities, including planned midstream

Rating Rationale

On June 7, 2007, Fitch affirmed Atmos Energy Corp.'s (Atmos) Issuer Default Rating (IDR) at 'BBB' and its senior unsecured debt rating at 'BBB+'. Approximately \$2.17 billion of notes and debentures were affected by the rating action. In addition, Atmos' short-term debt rating relating to its \$600 million commercial paper program was affirmed at 'F2'. The Rating Outlook for Atmos remains Stable.

Current ratings recognize the recent reduction in debt leverage resulting from the December 2006 issuance of \$192 million of common stock and the pay down of seasonal borrowings. Debt to EBITDA was approximately 3.5 times (x) for the twelve months ended March 31, 2007, which is down materially from 4.3x at the end of fiscal 2006 and is now in the range anticipated for the company following the October 2004 leveraged purchase of TXU Gas Co. Fitch believes Atmos' current credit measures are generally appropriate for the rating category.

The ratings and Stable Outlook are also supported by the scale, quality, and geographic and regulatory diversity of its operations. The ratings also favorably consider Atmos' efficient operations and effective practices in dealing with regulators across its multi-state service territory. Most notably over 90% of customers are now covered under weather normalization mechanisms lessening earnings volatility. Of moderate concern is the higher level of business risk associated with unregulated activities and the uncertainty related to the development and operation of ongoing natural gas midstream projects.

Recent Developments

In March 2007, Atmos received a rate order from the Texas Railroad Commission increasing annual revenues for the company's Mid-Tex division by \$4.8 million. The amount of the increase was somewhat disappointing since the company had originally filed for an additional \$57 million. The order also reduced the Mid-Tex division's total return to 7.903 percent from 8.258 percent and required a \$2.3 million refund. On a favorable note, the order established a permanent weather normalization mechanism based on a 10-year average.

In March 2007, Atmos received a rate order from the Missouri Commission approving a settlement with favorable rate design changes, including recovery of non-gas costs revenues through non-volume sensitive fixed monthly charges (straight fixed/variable rates).

Operations

{Date}

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Atmos is the largest natural-gas-only utility in the U.S. serving nearly 3.2 million customers in 12 states across the South and Midwest. It utilizes a divisional structure with seven separate utility divisions. Atmos has been built through a series of acquisitions: Trans Louisiana Gas in 1986; Western Kentucky Gas in 1987; Greeley Gas in 1993; United Cities Gas in 1997; Associated Natural Gas in 2000; Louisiana Gas Service in 2001; Mississippi Valley Gas in 2002; and TXU Gas in 2004.

In a company transforming transaction, Atmos completed its cash purchase of the TXU Gas Co. assets on Oct. 1, 2004. Permanent funding for the transaction was done with \$1.3 billion of senior unsecured notes with a weighted average interest rate of 4.76% and \$600 million of new equity.

The acquired assets included a gas distribution system serving 1.3 million customers in the Dallas-Fort Worth area and an integrated Texas intrastate pipeline and storage system. Fitch believes the assets have been a good functional fit with Atmos' other regional natural gas operations. They serve attractive markets, generate stable cash flows and provide a platform for organic growth. The integration plan was completed on schedule with cost savings exceeding expectations. However, as a result of the substantial debt financing required for the purchase, Atmos' debt leverage increased resulting in a one notch downgrade to its unsecured debt rating.

Atmos also has complementary non-utility operations in 22 states including the regulated Atmos Pipeline (acquired as part of TXU Gas). Atmos Energy Holdings, Inc. (AEH), through Atmos Energy Marketing, LLC (AEM) and other subsidiaries, provides gas supply management, marketing, and pipeline and storage services for a range of customers, including municipals, industrials, power generators, gas utilities, and utility

affiliates of Atmos. The breakdown of fiscal 2006 operating income was: 53% gas utility, 20% regulated pipeline, and 27% non-regulated.

Utility Regulatory Strategy: Atmos' regulatory strategy over the past several years has primarily been focused on lessening volatility of earnings. Atmos has been active in getting weather normalization in key jurisdictions. Other ongoing efforts include, instituting margin decoupling (recently received in Missouri), shifting revenue from the commodity charge to base rates, mitigating declining use per customer, and recovering the gas portion of bad debt expense. To address regulatory lag Atmos' strategy is to shift capital spending to jurisdictions with more timely recovery, to seek mechanisms to reduce regulatory lag on recovering capital expenditures, and to make timely filing of rate cases to maintain actual returns close to allowed returns. On balance Fitch believes Atmos has been appropriately aggressive in dealing with regulatory issues while maintaining reasonable working relationships with regulators.

Weather and Commodity Exposure: Atmos has been particularly effective in getting weather normalizations adjustments (WNAs) approved in key jurisdictions. WNAs went into effect for its Mid-Tex and Louisiana divisions for the 2006-2007 winter heating season. In total, WNAs now cover over 90% of Atmos' customer meters.

Of Atmos' 2006-2007 winter gas supply, approximately 22% came from owned and contracted storage that was filled at blended prices, 27% was hedged through financial instruments, and 51% purchased at market. The utility weighted cost of gas for the winter was \$--- a million cubic feet (mcf), compared to \$9.06 for the same period last year. Since a large percentage of Atmos' customers are in the southern tier of the U.S., winter heating bills usually result in less "rate-shock" than for customers in cold weather states. Also, customers are less exposed to geographic basis widening due to transportation bottlenecks that are common on peak days in northern markets, such as Chicago, New York, and New England, resulting in regional peak pricing well in excess of Henry Hub. While high prices have led to increased bad debt expense for many utilities, Atmos' bad debt expense has stayed steady at approximately one-half of one percent of revenues for the past few years. Most importantly from a financial perspective, gas costs are fully covered under purchase gas adjustment mechanisms in each of its jurisdictions.

Intrastate Pipelines: Atmos' pipeline operations are mostly comprised of assets it purchased from TXU Gas, which includes a 6,162-mile intrastate pipeline and 39 billion cubic feet (bcf) of working gas storage capacity in Texas. The pipeline system connects with the three major Texas hubs located in Waha, Katy, and Carthage. It had an average volume during fiscal 2006 of 2.0 bcf/d, with over 75% of the system deliveries made to its low-risk, local gas utility affiliates. In 2006, Atmos completed several regional midstream expansions, the largest being a \$56 million joint venture pipeline loop around Dallas/Fort Worth. Fitch believes that natural gas supply/demand

dynamics in Texas, particularly in the northern and eastern parts of the state where Atmos is well-positioned, are favorable. In addition to demand driven volumes generated from regional population growth, rapidly increasing natural gas production out of the Barnett Shale Basin north of Fort Worth should further stimulate volumes.

Expanding outside the Gulf region, in mid-2006, Atmos announced plans to build a gathering system in eastern Kentucky. The original project plans have been downsized and are being redesigned, with a current in-service date expected for the 2nd half of fiscal 2008.

Non-regulated Operations:

Atmos subsidiary, AEH is an intermediate holding company for its non-regulated operations. It primarily functions as an energy marketer through AEM specializing in providing gas supply management, marketing, and pipeline and storage services for Atmos' utility operations, municipal utilities and cooperatives, and industrials. On balance, these services are moderate-to-low risk. Typically, AEM will sell physical gas supply for forward delivery and manage price risk through physical hedges. For fiscal 2007, marketing is currently estimated to generate \$50 to \$53 million in gross operating margin, approximately one-half of total AEM margin.

AEM also manages storage and transportation capacity that it owns or leases to capture time and location prices differentials in the marketplace. Asset optimization margins are more variable than the cost-plus margins it gets from marketing transactions. For fiscal 2007, asset optimization activities are expected to generate \$50 to \$57 million of total operating margin.

Liquidity and Debt Structure

Atmos has a five-year, \$600 million committed credit facility that matures in Dec. 2011. The facility is primarily used to back up the company's commercial paper program. In addition, Atmos has a \$300 million 364-day committed facility to provide additional liquidity for gas supply purchases for the winter heating season. At March 31, 2007, Atmos had no short-term debt outstanding. Atmos also has separate smaller facilities totaling \$43 million.

AEM has a standalone \$580 million working capital credit facility secured by receivables and gas inventory that matures on March 31, 2008. The primary purpose of the facility is to provide letters of credit (LCs) to AEM's suppliers. At March 31, 2007, \$130.9 million of LCs had been issued under the facility. AEM also has access to a subordinated \$120 million inter-company credit facility with AEH and AEH has a \$100 million inter-company facility with Atmos. At Dec. 31, 2006, there were no borrowings under the intercompany facilities. AEM debt is consolidated with Atmos for accounting purposes, however, the debt is non-recourse to Atmos.

Financial

Atmos' debt leverage has reached levels targeted by the company following the Oct. 2004 purchase of the TXU gas assets. Debt-to-EBITDA was 4.3 times (x) at the end of fiscal 2006, high for the rating category. Leverage improved to under 3.5x for the twelve months ended March 31, 2007, reflecting the debt reduction associated with the issue of \$192 million of new common stock in Dec. 2006 and the pay down of seasonal borrowings. Future credit measures should generally be maintained or modestly improve as the full financial effect from pipeline expansion projects are recognized and periodic regulatory filings are made to capture incremental cash flows.

For fiscal 2007, Atmos expects to have between \$365 to \$385 million in capital expenditures, of which approximately 70% will be for maintenance and the remainder for growth. The 2007 estimates are lower than the \$425 million spent in fiscal 2006 and below earlier estimates, due to the delay and downsizing of non-utility growth initiatives. Given steadily increasing cash flow from operations and the ongoing issuance of new common equity through direct purchase and internal stock issue plans in the range of \$33 - \$36 million annually, Atmos should be positioned to finance growth initiatives with minimal need to access debt capital markets. An Oct. 2007, \$300 million debt maturity is likely to be refinanced in full or in part with new permanent debt.

Outlook rationale

The current Stable Outlook incorporates expected consistency of its regulated operations.

What Could Lead to Positive Rating Action?

- Material improvement in credit measures.

What Could Lead to Negative Rating Action?

- Increased consolidated business risk from non-regulated growth initiatives.
- Increased execution or financial risk related to future acquisitions.

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Atmos Energy Corp.

Atmos Energy Corp.

\$ Millions; Year End: September

Financial Summary	LTM 31-Mar-07	September 2006	September 2005	September 2004	September 2003	September 2002
Fundamental Ratios						
FFO/Interest Expense (x)	5.0	4.2	3.7	4.6	4.4	3.3
CFO/Interest Expense (x)	5.4	3.1	3.9	5.1	1.8	5.9
Debt/FFO (x)	3.6	5.3	6.5	3.7	4.5	6.0
Operating EBIT/Interest Expense (x)	3.0	2.7	2.6	2.9	2.9	2.6
Operating EBITDA/Interest Expense (x)	4.3	3.9	3.9	4.4	4.3	3.9
Debt/Operating EBITDA (x)	3.4	4.3	4.4	3.0	3.6	3.6
Common Dividend Payout (%)	60.3	69.2	72.9	77.4	77.1	81.5
Internal Cash/Cap. Ex. (%)	147.8	49.2	86.4	107.2	(3.7)	188.1
Cap. Ex./Depreciation (%)	197.1	229.2	187.2	196.9	183.3	162.3
Profitability						
Revenues	5,513	6,152	4,962	2,920	2,800	1,651
Net Revenues	1,269	1,217	1,118	562	535	431
Operating and Maintenance Expense	440	433	416	214	205	158
Operating EBITDA	651	591	527	290	275	237
Depreciation and Amortization Exp.	195	186	178	97	87	81
Operating EBIT	455	406	349	194	188	155
Gross Interest Expense	153	150	135	67	64	60
Net Income for Common	176	148	136	86	72	60
Oper. Maint. Exp. % of Net Revenues	34.7	35.6	37.2	38.1	38.3	36.7
Operating EBIT % of Net Revenues	35.9	33.3	31.2	34.5	35.1	36.0
Cash Flow						
Cash Flow from Operations	675	311	387	271	49	297
Change in Working Capital	66	(169)	26	33	(170)	157
Funds from Operations	609	481	361	237	219	141
Dividends	(106)	(102)	(99)	(67)	(55)	(49)
Capital Expenditures	(365)	(425)	(333)	(190)	(159)	(132)
Free Cash Flow	184	(216)	(45)	14	(165)	116
Net Other Investment Cash Flow	(7)	(6)	(2)	(1)	1	(10)
Net Change in Debt	(266)	234	1,427	(123)	153	(76)
Net Change in Equity	216	23	419	270	125	18
Capital Structure						
Short-Term Debt	0	382	145	0	119	146
Long-Term Debt	2,182	2,185	2,188	870	875	695
Total Debt	2,182	2,568	2,333	870	993	841
Preferred and Minority Equity	0	0	0	0	0	0
Common Equity	2,022	1,648	1,602	1,133	858	573
Total Capital	4,204	4,216	3,936	2,003	1,851	1,415
Total Debt/Total Capital (%)	51.9	60.9	59.3	43.4	53.7	59.5
Preferred and Minority Eq./Total Capital (%)	0.0	0.0	0.0	0.0	0.0	0.0
Common Equity/Total Capital (%)	48.1	39.1	40.7	56.6	46.3	40.5

LTM - Latest 12 months. Operating EBIT - Operating income plus total reported state and federal income tax expense. Operating EBITDA - Operating income plus total reported state and federal income tax expense plus depreciation and amortization expense. 0

Source: Financial data obtained from SNL Energy Information System, provided under license by SNL Financial, LC of Charlottesville, VA.

June 11, 2007

Research Update:

**Atmos Energy 'BBB' Rating
Affirmed, Outlook Revised To
Positive; \$250 Mil Notes Rated
'BBB'**

Primary Credit Analyst:

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Research Update:

Atmos Energy 'BBB' Rating Affirmed, Outlook Revised To Positive; \$250 Mil Notes Rated 'BBB'

Rationale

On June 11, 2007, Standard & Poor's Ratings Services affirmed its 'BBB' corporate credit rating on natural gas distributor Atmos Energy Corp., revised its outlook to positive from stable, and revised its business profile score to '3' from '4'. The revisions reflect the company's successful integration of the TXU Gas Co. acquisition, reductions in debt leverage, and increased regulatory support through enhanced weather-normalization clauses. The positive outlook also reflects the expectations for greater earnings and cash flow stability resulting from incremental regulatory cost recovery protections, and sustained strong oversight of the risks related to Atmos's marketing operations.

At the same time, Standard & Poor's assigned its 'BBB' rating to Atmos's \$250 million unsecured notes due 2017. The notes will be issued under Atmos's Rule 415 shelf registration. Atmos will use the proceeds and cash balances to redeem its \$300 million unsecured floating rate notes due Oct. 15, 2007. The redemption date for the existing notes is scheduled for July 15, 2007.

The ratings on Atmos reflect the company's position as one of the largest natural gas local distribution companies in the U.S., reasonably stable revenues, favorable treatment in recent rate cases regarding weather-related risks, and diversity of regulated operations. These factors are offset by elevated debt leverage since the TXU Gas acquisition and higher risk nonregulated activities. Atmos's business risk profile is now a '3' (satisfactory). (Utility business risk profiles are ranked from '1' (excellent) to '10' (vulnerable)).

Atmos's regulated utility segment serves 3.2 million customers in 12 states. This segment and the predominately regulated pipeline and storage segment contributed 60% of revenues and 60% of net income in 2006. Historically, this segment has contributed 65% to 85% of consolidated net income, with 2006 results negatively affected by warmer-than-normal weather, Hurricane Katrina, and an impairment charge. We expect this segment's net income contribution to benefit from recent ratemaking activities and to return to the upper half of company's historical range. Atmos Energy Holdings Inc. (AEH; 48% of revenues and 64% of gross margin in 2006) contains the company's other businesses--natural gas marketing (nonregulated), pipeline and storage (mostly regulated), and other nonutility (nonregulated) segments. AEM provides natural gas management and marketing services, transportation, and storage in 22 states.

Since acquiring TXU Gas in late 2004, Atmos has integrated and developed its pipeline and storage assets to serve its utility customers and third-party marketing activities; increased its regulatory approval for a

weather-normalization clause (WNC) for the Mid-Tex Division (formerly TXU Gas), bringing total WNC to over 90% of Atmos' residential and commercial meters; and achieved considerable cost savings through overhead reductions since the acquisition. Atmos' WNC mitigates the affect of above- or below-normal weather conditions by adjusting ratepayers' base rates, resulting in stable gross profit margins. The company has a number of rate cases in progress, requesting recovery of capital and costs and further decoupling of rates.

Atmos's nonregulated activities are significantly riskier than the regulated natural gas distribution and pipeline businesses, resulting in higher volatility in earnings and cyclical, high collateral requirements. Performance in this segment depends on the company's ability to balance physical and financial contracts, which provide adequate profits, and development of transportation, supply, and storage contracts.

Credit metrics in fiscal 2005 were depressed as a result of the TXU Gas acquisition, but have since improved, resulting in funds from operations (FFO) interest coverage approaching 4x and FFO to total debt of about 20% for the 12 months ended March 31, 2007. Total debt, including capitalized operating leases and tax-effected pension and postretirement obligations, was about \$2.5 billion, with adjusted debt to capital of 56%. Current leverage is materially lower than the 65% reported at year-end 2006 due to the seasonal high working capital requirements and recent equity issuances. With minimal debt maturities in fiscal 2007 and 2009, equity issuance, and the refinancing of its \$300 million maturity in fiscal 2008, leverage should gradually decline as total capitalization grows from retained earnings.

Although Atmos recovers its underfunded pension and post-retirement benefit obligations through regulatory deferrals, the utility's combined pension and other post-retirement obligations were underfunded by \$109 million as of Sept. 30, 2006, the last reported date.

Short-term credit factors

The short-term rating on Atmos is 'A-2'. For the 12 months ended March 31, 2007, Atmos generated FFO of \$502 million. Atmos's working capital needs vary significantly based on natural gas prices and customer demand, which is influenced primarily by weather.

As of March 31, 2007, Atmos had unrestricted cash balances of \$176 million and \$957 million available under committed and uncommitted facilities, which total three committed credit facilities totaling \$1.5 billion. Atmos's committed facilities total \$918 million and consist of a \$600 million facility, which matures in December 2011 and supports the company's commercial paper program, a \$300 million 364-day facility that matures November 2007, and an \$18 million facility, which matures on March 31, 2008. Atmos also maintains an uncommitted \$25 million facility for short-term working-capital and LOC purposes. The financial covenants in the company's \$300 million and \$600 million revolving credit facilities require Atmos to maintain total debt to capital below 70%. As of March 31, 2007, Atmos was comfortably in compliance with this covenant as total debt to capital (as defined) was 55%.

In addition to intercompany credit facilities, Atmos's nonregulated marketing company, AEH, has a \$580 million uncommitted demand working-capital

credit facility, which matures March 31, 2008 and is guaranteed by AEH. Borrowings under this facility are secured by substantially all assets of AEH. As of March 31, 2007, only \$19 million was available under this facility, due to \$131 million of LOCs and various covenant limitations. The financial covenants in AEH's credit facility require total liabilities to tangible net worth to be below 5x in addition to minimum levels of net working capital, minimum tangible net worth, and maximum cumulative losses. As of March 31, 2007, AEH reported total liabilities to tangible net worth (as defined) of 1.6x and was in compliance with its other financial covenants.

Other significant uses of cash flow include capital expenditures and dividends. Atmos's forecast for 2007 capital expenditures is \$365 million to \$385 million, compared with 2006 spending of \$425 million. The reduction in spending is due to the completion of various pipeline compression projects in 2006. Dividends will increase modestly from the \$102 million paid in 2006 due to a small increase in the dividend rate and additional shares issued through the company's equity offering.

Outlook

The outlook on Atmos is positive. To achieve a higher rating, we expect additional improvement in Atmos's credit measures over the next one to two years, greater stability in earnings and cash flow measures through incremental regulatory cost-recovery protections, and containment of the risks associated with Atmos's marketing operations. The outlook also assumes that the company will manage its working capital and liquidity needs if adverse market or credit scenarios arise. Conversely, we could revise the outlook to stable if Atmos significantly expands its unregulated activities, pursues sizable debt-financed acquisitions, or experiences a deterioration in financial performance in the current regulatory environment.

Ratings List

Ratings Affirmed; Outlook Revised To Positive

Atmos Energy Corp.	To	From
Corporate credit rating	BBB/Positive/A-2	BBB/Stable/A-2
Senior secured debt	A-	A-
Senior unsecured debt	BBB	BBB

Rating Assigned

\$250 million unsecured notes due 2017 BBB

Complete ratings information is available to subscribers of RatingsDirect, the real-time Web-based source for Standard & Poor's credit ratings, research, and risk analysis, at www.ratingsdirect.com. All ratings affected by this rating action can be found on Standard & Poor's public Web site at www.standardandpoors.com; under Credit Ratings in the left navigation bar,

Research Update: Atmos Energy 'BBB' Rating Affirmed, Outlook Revised To Positive; \$250 Mil Notes Rated 'BBB'

select Find a Rating, then Credit Ratings Search.

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Global Power/North America
Credit Analysis

Atmos Energy Corp.

Ratings

Security Class	Current Rating	Previous Rating	Date Changed
Issuer Default Rating	BBB	BBB+	1/13/06
Sr. Unsecured Debt	BBB+	A-	9/30/04
Commercial Paper	F2	D1-	6/16/00

Rating Watch..... None
Rating Outlook..... Stable

Analysts

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Profile

Atmos serves nearly 3.2 million customers in 12 states across the South and Midwest. Atmos also operates a 6,162-mile Texas pipeline system and related storage fields with 39 bcf of capacity. AEM and other unregulated subsidiaries provide gas supply management, marketing, and pipeline and storage services for municipals, industrials, power generators, and affiliated and nonaffiliated utilities.

Related Research

- Press Release, June 7, 2007.

Key Credit Strengths

- Geographic and regulatory diversity of operations.
- Cost-efficient operations.
- Favorable record on integrating acquisitions.

Key Credit Concerns

- Increased execution or financial risk related to future acquisitions.
- Higher risk for unregulated activities, including planned midstream projects.

Rating Rationale

On June 7, 2007, Fitch Ratings affirmed Atmos Energy Corp.'s (Atmos) issuer default rating (IDR) at 'BBB' and its senior unsecured debt rating at 'BBB+'. Approximately \$2.17 billion of notes and debentures were affected by the rating action. In addition, Atmos' short-term debt rating relating to its \$600 million commercial paper program was affirmed at 'F2'. The Rating Outlook for Atmos remains Stable.

Current ratings recognize the recent reduction in debt leverage resulting from the December 2006 issuance of \$192 million of common stock and the pay down of seasonal borrowings. Debt-to-EBITDA was approximately 3.5 times (x) for the 12 months ended March 31, 2007, which is down materially from 4.3x at the end of fiscal-year 2006 and is now in the range anticipated for the company following the October 2004 leveraged purchase of TXU Gas Co. (TXU Gas). Fitch believes Atmos' current credit measures are generally appropriate for the rating category.

The ratings and Stable Rating Outlook are also supported by the scale, quality, and geographic and regulatory diversity of its operations. The ratings also favorably consider Atmos' efficient operations and effective practices in dealing with regulators across its multistate service territory. Most notably, more than 90% of customers are now covered under weather-normalization mechanisms, lessening earnings volatility. Of moderate concern is the higher level of business risk associated with unregulated activities and the uncertainty related to the development and operation of ongoing natural gas midstream projects.

Recent Developments

In March 2007, Atmos received a rate order from the Texas Railroad Commission increasing annual revenues for the company's Mid-Tex division by \$4.8 million. The amount of the increase was somewhat disappointing since the company had originally filed for an additional \$57 million. The order also reduced the Mid-Tex division's total return to 7.903% from 8.258% and required a \$2.3 million refund. On a favorable note, the order established a permanent weather-normalization mechanism based on a 10-year average.

In March 2007, Atmos received a rate order from the Missouri Commission approving a settlement with favorable rate design changes, including recovery of nongas costs revenues through nonvolume-sensitive fixed monthly charges (straight fixed/variable rates).

Operations

Atmos is the largest natural gas-only utility in the United States, serving nearly 3.2 million customers in 12 states across the South and Midwest. It utilizes a divisional structure with seven separate utility

June 18, 2007

divisions. Atmos has been built through a series of acquisitions: Trans Louisiana Gas in 1986, Western Kentucky Gas in 1987, Greely Gas in 1993, United Cities Gas in 1997, Associated Natural Gas in 2000, Louisiana Gas Service in 2001, Mississippi Valley Gas in 2002 and TXU Gas in 2004.

In a company-transforming transaction, Atmos completed its cash purchase of the TXU Gas assets on Oct. 1, 2004. Permanent funding for the transaction was done with \$1.3 billion of senior unsecured notes with a weighted-average interest rate of 4.76% and \$600 million of new equity.

The acquired assets included a gas distribution system serving 1.3 million customers in the Dallas-Fort Worth area and an integrated Texas intrastate pipeline and storage system. Fitch believes the assets have been a good functional fit with Atmos' other regional natural gas operations. They serve attractive markets, generate stable cash flows and provide a platform for organic growth. The integration plan was completed on schedule with cost savings exceeding expectations. However, as a result of the substantial debt financing required for the purchase, Atmos' debt leverage increased, resulting in a one-notch downgrade to its unsecured debt rating.

Atmos also has complementary nonutility operations in 22 states, including the regulated Atmos Pipeline (acquired as part of TXU Gas). Atmos Energy Holdings, Inc. (AEH), through Atmos Energy Marketing, LLC (AEM) and other subsidiaries, provides gas supply management, marketing, and pipeline and storage services for a range of customers, including municipals, industrials, power generators, gas utilities and utility affiliates of Atmos. The breakdown of fiscal-year 2006 operating income was 53% gas utility, 20% regulated pipeline and 27% nonregulated.

Utility Regulatory Strategy

Atmos' regulatory strategy over the past several years has primarily been focused on lessening the volatility of earnings. Atmos has been active in getting weather normalization in key jurisdictions. Other ongoing efforts include instituting margin decoupling (recently received in Missouri), shifting revenue from the commodity charge to base rates, mitigating declining use per customer and recovering the gas portion of bad debt expense. To address regulatory lag, Atmos' strategy is to shift capital spending to jurisdictions with more timely recovery, seek mechanisms to reduce regulatory lag on recovering capital expenditures and make timely filing of rate

cases to maintain actual returns close to allowed returns. On balance, Fitch believes Atmos has been appropriately aggressive in dealing with regulatory issues while maintaining reasonable working relationships with regulators.

Weather and Commodity Exposure

Atmos has been particularly effective in getting weather-normalizations adjustments (WNAs) approved in key jurisdictions. WNAs went into effect for its Mid-Tex and Louisiana divisions for the 2006–2007 winter heating season. In total, WNAs now cover more than 90% of Atmos' customer meters.

Of Atmos' 2006–2007 winter gas supply, approximately 22% came from owned and contracted storage that was filled at blended prices, 27% was hedged through financial instruments and 51% purchased at market. The utility weighted cost of gas for the three months ended March 31, 2007, was \$8.33 per million cubic feet (mmcf), compared to \$10.13 per mmcf for the same period last year. Since a large percentage of Atmos' customers are in the southern tier of the United States, winter heating bills usually result in less "rate-shock" than for customers in cold weather states. Also, customers are less exposed to geographic basis widening due to transportation bottlenecks that are common on peak days in northern markets, such as Chicago, New York and New England, resulting in regional peak pricing well in excess of Henry Hub. While high prices have led to increased bad debt expense for many utilities, Atmos' bad debt expense has stayed steady at approximately one-half of 1% of revenues for the past few years. Most importantly, from a financial perspective, gas costs are fully covered under purchase gas adjustment mechanisms in each of its jurisdictions.

Intrastate Pipelines

Atmos' pipeline operations are mostly composed of assets it purchased from TXU Gas, which includes a 6,162-mile intrastate pipeline and 39 billion cubic feet (bcf) of working gas storage capacity in Texas. The pipeline system connects with the three major Texas hubs located in Waha, Katy and Carthage, Texas. It had an average volume during fiscal-year 2006 of 2.0 bcf/day, with more than 75% of the system deliveries made to its low-risk, local gas utility affiliates. In 2006, Atmos completed several regional midstream expansions, the largest being a \$56 million joint-venture pipeline loop around Dallas/Fort Worth. Fitch believes that natural gas supply/demand dynamics in Texas, particularly in the northern and eastern parts of the state where Atmos is

well-positioned, are favorable. In addition to demand-driven volumes generated from regional population growth, rapidly increasing natural gas production out of the Barnett Shale Basin north of Fort Worth should further stimulate volumes.

Expanding outside the Gulf of Mexico region, in mid-2006, Atmos announced plans to build a gathering system in eastern Kentucky. The original project plans have been downsized and are being redesigned, with a current in-service date expected for the second half of fiscal-year 2008.

Nonregulated Operations

Atmos subsidiary AEH is an intermediate holding company for its nonregulated operations. It primarily functions as an energy marketer through AEM, specializing in providing gas supply management, marketing, and pipeline and storage services for Atmos' utility operations, municipal utilities and cooperatives, and industrials. On balance, these services are moderate to low risk. Typically, AEM will sell physical gas supply for forward delivery and manage price risk through physical hedges. For fiscal-year 2007, marketing is currently estimated to generate \$50 million–\$53 million in gross operating margin, approximately one-half of total AEM margin.

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Atmos has a five-year, \$600 million committed credit facility that matures in December 2011. The facility is primarily used to back up the company's commercial paper program. In addition, Atmos has a \$300 million 364-day committed facility to provide additional liquidity for gas supply purchases for the winter heating season. At March 31, 2007, Atmos had no short-term debt outstanding. Atmos also has separate smaller facilities totaling \$43 million.

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subordinated \$120 million intercompany credit facility with AEH, and AEH has a \$100 million intercompany facility with Atmos. At Dec. 31, 2006, there were no borrowings under the intercompany facilities. AEM debt is consolidated with Atmos for accounting purposes. However, the debt is nonrecourse to Atmos.

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Atmos' debt leverage has reached levels targeted by the company following the October 2004 purchase of the TXU Gas assets. Debt-to-EBITDA was 4.3x at the end of fiscal-year 2006, high for the rating category. Leverage improved to less than 3.5x for the 12 months ended March 31, 2007, reflecting the debt reduction associated with the issue of \$192 million of new common stock in December 2006 and the paydown of seasonal borrowings. Future credit measures should generally be maintained or modestly improve as the full financial effect from pipeline expansion projects are recognized and periodic regulatory filings are made to capture incremental cash flows.

For fiscal-year 2007, Atmos expects to have between \$365 million–\$385 million in capital expenditures, of which approximately 70% will be for maintenance and the remainder for growth. The 2007 estimates are lower than the \$425 million spent in fiscal-year 2006 and below earlier estimates due to the delay and downsizing of nonutility growth initiatives. Given steadily increasing cash flow from operations and the ongoing issuance of new common equity through direct purchase and internal stock issue plans in the range of \$33 million–\$36 million annually, Atmos should be positioned to finance growth initiatives with minimal need to access debt capital markets. On June 11, 2007, Atmos issued \$250 million of 6.35% senior notes due 2017. Proceeds will be applied to the redemption of an October 2007, \$300 million debt maturity.

Rating Outlook Rationale

The current Stable Rating Outlook incorporates expected consistency of its regulated operations.

What Could Lead to Positive Rating Action?

- Material improvement in credit measures.

What Could Lead to Negative Rating Action?

- Increased consolidated business risk from nonregulated growth initiatives.
- Increased execution or financial risk related to future acquisitions.

Financial Summary — Atmos Energy Corp.

(\$ Mil., Years Ended Sept. 30)

	LTM 3/31/07	2006	2005	2004	2003	2002
Fundamental Ratios (x)						
Funds from Operations/Interest Expense	5.0	4.2	3.7	4.6	4.4	3.3
Cash from Operations/Interest Expense	5.4	3.1	3.9	5.1	1.8	5.9
Debt/Funds from Operations	3.6	5.3	6.5	3.7	4.5	6.0
Operating EBIT/Interest Expense	3.0	2.7	2.6	2.9	2.9	2.6
Operating EBITDA/Interest Expense	4.3	3.9	3.9	4.4	4.3	3.9
Debt/Operating EBITDA	3.4	4.3	4.4	3.0	3.6	3.6
Common Dividend Payout (%)	60.3	69.2	72.9	77.4	77.1	81.5
Internal Cash/Capital Expenditures (%)	147.8	49.2	86.4	107.2	(3.7)	188.1
Capital Expenditures/Depreciation (%)	197.1	229.2	187.2	196.9	183.3	162.3
Profitability						
Revenues	5,513	6,152	4,962	2,920	2,800	1,651
Net Revenues	1,269	1,217	1,118	562	535	431
O&M Expense	440	433	416	214	205	158
Operating EBITDA	651	591	527	290	275	237
Depreciation and Amortization Expense	195	186	178	97	87	81
Operating EBIT	455	406	349	194	188	155
Interest Expense	153	150	135	67	64	60
Net Income for Common	176	148	136	86	72	60
O&M % of Net Revenues	34.7	35.6	37.2	38.1	38.3	36.7
Operating EBIT % of Net Revenues	35.9	33.3	31.2	34.5	35.1	36.0
Cash Flow						
Cash Flow from Operations	675	311	387	271	49	297
Change in Working Capital	66	(169)	26	33	(170)	157
Funds from Operations	609	481	361	237	219	141
Dividends	(106)	(102)	(99)	(67)	(55)	(49)
Capital Expenditures	(385)	(425)	(333)	(190)	(159)	(132)
Free Cash Flow	184	(216)	(45)	14	(165)	116
Net Other Investment Cash Flow	(7)	(6)	(2)	(1)	1	(10)
Net Change in Debt	(266)	234	1,427	(123)	153	(76)
Net Change in Equity	216	23	419	270	125	18
Capital Structure						
Short-Term Debt	0	382	145	0	119	146
Long-Term Debt	2,182	2,185	2,188	870	875	695
Total Debt	2,182	2,568	2,333	870	993	841
Preferred and Minority Equity	0	0	0	0	0	0
Common Equity	2,022	1,648	1,602	1,133	858	573
Total Capital	4,204	4,216	3,936	2,003	1,851	1,415
Total Debt/Total Capital (%)	51.9	60.9	59.3	43.4	53.7	59.5
Preferred and Minority Equity/Total Capital (%)	0.0	0.0	0.0	0.0	0.0	0.0
Common Equity/Total Capital (%)	48.1	39.1	40.7	56.6	46.3	40.5

LTM – Latest 12 months. Operating EBIT – Operating income before nonrecurring items. Operating EBITDA – Operating income before nonrecurring items plus depreciation and amortization expense. O&M – Operations and maintenance. Note: Numbers may not add due to rounding and are adjusted for interest and principal payments on transition property securitization certificates. Long-term debt includes trust preferred securities. Source: Financial data obtained from SNL Energy Information System, provided under license by SNL Financial, LC of Charlottesville, Va.

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Moody's Investors Service

Global Credit Research
Credit Opinion
9 JUL 2008

CASE NO. 2009-00354
ATTACHMENT 12
TO AG DR SET NO. 1
QUESTION NO. 1-66

Credit Opinion: Atmos Energy Corporation

Atmos Energy Corporation

Dallas, Texas, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	Baa3
Subordinate Shelf	(P)Ba1
Bkd Commercial Paper	P-3

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Opinion

Corporate Profile

Atmos Energy Corporation (AEC or Atmos, the rated issuer) is a natural gas distribution parent company principally engaged in regulated natural gas distribution in twelve states (56% of fiscal 2007 operating income) and transmission and storage in Texas (20% of operating income).

These regulated distribution, transmission and storage segments (combined, the Utility business) are divisions of the parent company. The distribution operations serve 3.2 million distribution customers in Texas (by far the largest jurisdiction with 58% of distribution customers), Louisiana (12%), Mississippi (9%), Tennessee (4%), Colorado (3%), Kansas (4%), Kentucky (6%), Georgia (2%), Missouri (2%), Illinois, Iowa, and Virginia (the last three states all under 1%).

Atmos has an intermediate holding company Atmos Energy Holdings, Inc. (AEH), which owns non-utility subsidiaries engaged principally in gas marketing (housed in its Atmos Energy Marketing, LLC (AEM) subsidiary, 19% of fiscal 2007 operating income) and also pipeline and storage operations in Louisiana and Kentucky and a minor electric peaking facility leasing business. These non-marketing non-utility businesses altogether accounted for 5% of fiscal 2007 operating income.

Throughout its history, Atmos has grown through a series of generally modest-sized acquisitions of gas distribution assets. Its largest acquisition by far was that of TXU Gas Company's gas assets (now known as the Mid-Tex distribution division and the regulated transmission and storage segment) in October 2004 for \$1.9 billion. Mid-Tex was a transforming transaction that about doubled the company's assets and diversified it into the regulated transmission and storage business in Texas. It also more than doubled Atmos's debt and caused Moody's to downgrade the company at the time from A3 senior unsecured to its current rating of Baa3.

Rating Rationale

Atmos Energy Corporation's ratings reflect the Moody's methodology for diversified natural gas companies. AEC's ratings are supported by the low risk of its rate-regulated Utility businesses (roughly 80% of operating income, with some fluctuation from the marketing segment), a good record as a gas distributor, and a conservative management approach. Marketing is the riskiest segment of the company and its most significant unregulated exposure, but it has been consistently profitable. Its other unregulated businesses are small currently, though the company is interested in growing it.

Since the 2004 Mid-Tex acquisition and the subsequent downgrade, Atmos has steadily improved its financial performance, so that the company results in a Baa2 rating according to the methodology model. However, its ratings are restrained by the uncommitted nature of AEM's credit facility, which is a weakness in the quality of Atmos's overall liquidity and credit profile.

Rating Drivers

FACTOR 1: SCALE

1. *Net Income* - AEC's scale as measured by net income maps to Baa according to Moody's rating methodology. Since the Mid-Tex acquisition in the fiscal year ended September 30, 2005, AEC's net income has steadily increased from \$135 million (after Moody's standard adjustments) in 2005 to \$168 million in the last twelve months (LTM) ended March 2008.

2. *Total Assets* - AEC's total assets (after Moody's standard adjustments) is \$6 billion, mapping to A. This is the result of the Mid-Tex acquisition, which more than doubled its assets.

FACTOR 2: QUALITY OF DIVERSIFICATION

1. *Scale of Unregulated Exposure* - In terms of the percentage of unregulated operating income, AEC has a relatively low exposure to unregulated businesses, which Moody's considers to have a higher business risk generally than regulated businesses. In the three years ended fiscal 2007, AEC's unregulated operating income was 22% of total operating income, mapping to Aa. This ratio will vary with the results of AEM, AEC's largest unregulated business by far. AEM's financial results are a function of the level of natural gas prices and volumes due to market conditions. Unrealized gains and losses related to mark-to-market accounting for hedges also contribute to volatility in AEM's reported earnings.

2. *Degree of Business Risk* - Atmos scores within the A range in this category. AEM is Atmos's riskiest business. AEM is exposed to commodity price, counterparty, and other risks, and it is difficult to predict its financial results with accuracy. However, it does not pose the degree of risk related to long-term capital reinvestment and natural volume declines related to some of its peers' E&P and gathering & processing businesses. AEM has a profitable track record, and roughly half of its margins related to marketing bundled and peaking services to longstanding customers has proven to be fairly durable.

FACTOR 3: MANAGEMENT STRATEGY & FINANCIAL POLICY

Atmos maps to single-A under this factor. The company has long, successful track record of acquiring and integrating gas distribution businesses, most of which have tended to be small. Remaining investment grade is key to its financial policies. This is underscored by regulatory orders that limit debt issuances if its ratings fall to non-investment grade.

Atmos has cited unregulated gas gathering and storage as a new area for potential growth. These are riskier businesses than the Utilities, but exposure to them is currently minor, and the company has been proceeding in a deliberate, cautious manner. The only project executed to date is a \$10 million gathering system in Kentucky. The company is also considering a larger gas storage project in Louisiana.

FACTOR 4: FINANCIAL STRENGTH

Under this factor, Atmos's three-year average key credit metrics map to Ba overall, but increases in margins and equity, together with the implementation of some form of weather normalization for the vast majority of its gas distribution customers have resulted in a positive trend in Atmos's credit metrics over the past few years.

Numerous rate increases in its various jurisdictions, much of it from Gas Reliability Infrastructure Program filings in its Mid-Tex distribution and pipeline divisions, will have increased pro forma annualized margins by about 10% since the company's fiscal year ending September 30, 2005, the first fiscal year including the Mid-Tex acquisition.

Furthermore, the \$192 million public stock offering in fiscal 2007 helped to accelerate Atmos's de-leveraging process. Including the equity added under the company's various stock plans, shareholders' equity has been increased by roughly 15% from these sources since fiscal 2005.

After Moody's standard adjustments, Retained Cash Flow/Debt ratios have improved from just under 10% at fiscal year-end 2005 to 14% at fiscal year-end 2007 and for the last twelve months ended March 2008. Interest coverages have also shown improvement: EBIT/interest from 2.5 times in fiscal 2005 to 2.7 times in the last twelve months ended March 2008, funds flow from operations plus interest/interest from 3.4 to 3.9 times in the same period. The rate increases that Atmos has obtained over the course of this year should help to strengthen these ratios further.

Liquidity Profile

Atmos has acceptable liquidity to cover its foreseeable near-term cash requirements. The company has the potential to generate free cash flow, though that is not expected in the near term. AEC has credit facilities that should be sufficient for the Utility's needs. However, Moody's considers the lack of committed facilities for AEM as a weakness in its alternate liquidity and a rating restraint for AEC.

Seasonality of space heating demand and natural gas costs cause fluctuations in Atmos's internal cash sources and working capital needs. Borrowings typically peak at about January at the height of the heating season. Peak commercial paper outstanding during fiscal 2007 was \$246 million, which was within AEC's commercial paper program of \$600 million. The average commercial paper outstanding for the same time period was \$63 million.

Atmos maintains separate external liquidity facilities for AEC and AEM in order to avoid commingling the financing activities of the Utility and non-utility businesses and to comply with regulatory restrictions. AEC also extends an uncommitted credit line of \$200 million to AEH, which in turn extends an uncommitted \$175 million line to AEM.

AEC's \$600 million commercial paper program is backed by a committed \$600 million five-year facility terminating in December 2011. AEC also has a \$300 million 364-day facility, which will terminate on October 30, 2008. AEC has never drawn on its 364-day facility, which intends to do only if the five-year facility is fully utilized. AEC also has a committed \$18 million 364-day revolving credit facility with a local bank that is used for general corporate purposes.

AEC's credit agreements require the company to represent and warrant at each credit event as to the accuracy and completeness of its financial statements and customary material adverse event clauses relating to legal compliance and ERISA. The sole financial covenant is a maximum debt-to-capitalization ratio of 70%. AEC has adequate headroom, with that ratio at 56% at the seasonal peak on December 31, 2007.

AEM has an uncommitted \$580 million demand working capital facility, maturing June 30, 2009, that is unconditionally guaranteed by AEH. Actual availability is limited to a borrowing base, which is currently \$200 million. Moody's ascribes no "liquidity insurance" value to this line, as any draw on it is payable on demand by the issuing bank. Any liquidity support from AEC to AEM is limited by regulators to \$200 million from the inter-company uncommitted demand facility between AEC and AEH.

AEC's next material long-term debt maturity is on October 15, 2009, when \$400 million of senior notes come due. The company estimates capital expenditures for fiscal 2008 to range between \$450 to \$465 million, well above maintenance levels in the \$300 million range.

Rating Outlook

The stable outlook is supported by AEC's steady Utility earnings, reasonable financial leverage, conservative management approach, and current liquidity resources. Assuming the company's current business risk profile, the ratings accommodate Retained Cash Flow/Debt in the low to mid-teens and EBIT/Interest in the upper 2 times range.

What Could Change the Rating - Up

All else the same, if the company obtains sufficient committed credit capacity for AEM; continues to strengthen its financial metrics (EBIT/Interest sustained above 3 times, Retained Cash Flow/Debt in the mid-teens), assuming its current business risk profile; and any new midstream asset investments remain minor, well executed, conservatively financed, and of low business risk.

What Could Change the Rating - Down

Unlikely, given the low business risk of AEC's Utility assets, its conservative management approach, and the strategic importance of investment grade ratings to its capital-intensive Utility and confidence-sensitive marketing businesses. A sustained weakening in its credit metrics (Retained Cash Flow/Debt below 10%, EBIT/Interest in the low 2 times range) and a riskier business mix could result in a downgrade.

Rating Factors

Atmos Energy Corporation

Diversified Natural Gas Transmission and Distribution	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Scale (10% weighting)							
a) Net Profit After-Tax Before Unusual Items (US\$MM) (5%)				X			
b) Total Assets (US\$B) (5%)			X				
Factor 2: Quality of Diversification (20% weighting)							
a) Scale of Unregulated Exposure (10%)		X					
b) Degree of Business Risk (10%)			X				
Factor 3: Management Strategy & Financial Policy (10%)							

weighting)							
a) Management Strategy & Financial Policy (10%)			X				
Factor 4: Financial Strength (60% weighting)							
a) EBIT/Interest Expense (15%)					X		
b) Debt to Book Capitalization (excluding goodwill) (15%)					X		
c) Retained Cash Flow/Debt (15%)				X			
d) Return on Equity (15%)					X		
Rating:							
a) Methodology Model Implied Senior Unsecured Rating					Baa2		
b) Actual Senior Unsecured Equivalent Rating					Baa3		

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Fitch Affirms Atmos Energy Corp.'s IDR at 'BBB'

Fitch Ratings-New York-August 7, 2008: Fitch Ratings has affirmed Atmos Energy Corp.'s (Atmos) Issuer Default Rating (IDR) at 'BBB' and its senior unsecured debt rating at 'BBB+'. Approximately \$2.12 billion of notes and debentures are affected by the rating action. In addition, Atmos' short-term IDR and debt rating relating to its \$600 million commercial paper program are affirmed at 'F2'. The Rating Outlook remains Stable.

The ratings and Stable Outlook reflect the scale, quality, and geographic and regulatory diversity of Atmos' operations. The ratings also recognize Atmos' efficient operations and effective practices in dealing with regulators across its multi-state service territory. Notably, over 90% of its utility customers are now covered under weather normalization mechanisms lessening earnings volatility. Increased utility profits are supported by recently resolved rate filings across several state jurisdictions that in total will result in approximately \$67 million of incremental margin for fiscal 2008. The adoption this year of a rate review mechanism that allows for annual cost of service and rate base adjustments for a large portion of the company's Mid-Tex Division should limit regulatory lag.

In addition, Fitch believes that favorable natural gas supply/demand dynamics in Texas, particularly in the northern and eastern parts of the state will benefit its intrastate pipeline and storage assets. Demand driven volumes generated from regional population growth and increased use of natural gas for electric generation, along with increasing natural gas production out of the Barnett Shale Basin north of Fort Worth should stimulate volumes for the next several years. Supply driven pipeline volume growth experienced during the most recent quarter ended June 30, 2008, was particularly strong.

Of moderate concern is the higher level of business risk associated with gas supply management, marketing, and pipeline and storage services performed by its unregulated subsidiary, Atmos Energy Holdings, Inc. (AEM) and the uncertainty related to the development and operation of planned natural gas midstream projects, including the proposed Ft. Necessity Gas Storage project in Louisiana which has a total cost to completion in excess of \$200 million and will likely be subject to ongoing inflationary pressures now common to the industry. An additional uncertainty is the effect high commodity prices would have on liquidity, both at the utility to fund seasonal inventory borrowing and at AEM to provide supplier collateral to support its activities.

Atmos serves nearly 3.2 million utility customers in twelve states and operates a 6,300-mile Texas pipeline system. AEM and other unregulated subsidiaries provide gas supply management, marketing, and pipeline and storage services for municipals, industrials, power generators, and affiliated and non-affiliated utilities.

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August 22, 2008

Summary:

Atmos Energy Corp.

Primary Credit Analyst:

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Rationale

Outlook

Summary:

Atmos Energy Corp.

Credit Rating: BBB/Positive/A-2

Rationale

The rating on Atmos Energy Corp. reflects the company's position as one of the largest natural gas local distribution companies (LDC) in the U.S., its reasonably stable revenues, favorable treatment in recent rate cases regarding weather-related risks, and diverse, regulated operations. These factors are offset by elevated debt leverage and the higher risks associated with the company's nonregulated activities.

The strength and stability of Atmos's regulated LDC segment, which serves 3.2 million customers in 12 states, supports the company's excellent business profile. The LDC operations, combined with the predominately regulated pipeline and storage segment, contributed about 60% of revenues and 90% of net income to date in fiscal 2008. The regulated operations typically contribute 65% to 85% of consolidated net income. However, the reduced volatility of the natural gas market in 2008 has resulted in a reduction in asset optimization margins. Over the intermediate term, we expect the regulated operations' net income contribution to be around 75%, as it benefits from recent positive ratemaking decisions, which include increased revenues and reduced exposure to fluctuations in weather conditions. Atmos Energy Holdings Inc. (AEH; about 40% of revenues and 10% of net income) contains the company's other businesses, natural gas marketing and other nonutility segments. Atmos Energy Management provides natural gas management and marketing services, transportation, and storage in 22 states.

Atmos's weather-normalization clauses (WNC) mitigate the affects of above- or below-normal weather conditions by adjusting ratepayers' base rates, resulting in stable gross profit margins. WNC currently covers more than 90% of Atmos's residential and commercial meters. The company has a number of rate cases in progress, requesting recovery of capital, costs, and further rate decoupling. Atmos has integrated and developed its pipeline and storage assets to serve its utility customers and third-party marketing activities.

Atmos's nonregulated activities are significantly riskier than the regulated natural gas distribution and pipeline businesses, resulting in higher volatility in earnings and cyclical, high collateral requirements. Performance in this segment depends on the company's ability to balance physical and financial contracts, which provide adequate profits, as well as transportation, supply, and storage contract development.

Atmos's aggressive financial profile is characterized by relatively high leverage and the increased risks associated with its nonregulated marketing operations. These operations have less cash flow predictability and greater competitive risks. Notwithstanding the reduced performance at AEH in the current fiscal year, bondholder protection measures have improved since the fiscal 2005 acquisition of TXU Gas Co. and are currently strong for the rating, which supports the positive outlook. Funds from operations (FFO) interest coverage of 4.1x and FFO to total debt of about 22% for the past 12 months were up from 2.6x and 11%, respectively, for fiscal 2005. With minimal near-term debt maturities and continued operating performance, leverage should continue to gradually decline as total capitalization grows from retained earnings. At June 30, 2008, total debt, including capitalized operating leases and tax-effected pension and postretirement obligations, was about \$2.4 billion, with adjusted debt to capital of 53%. This figure was materially lower than the 64% reported at year-end 2006 due to reduced debt

levels and a \$192 million equity issuance in 2007.

Short-term credit factors

The short-term rating on Atmos is 'A-2'. In the 12 months ended June 30, 2008, the company generated FFO of about \$580 million. Atmos's working-capital needs vary significantly based on natural gas prices and customer demand. Throughout the year, the weather primarily affects customer demand.

As of June 30, 2008, Atmos had cash balances of \$47 million. Excluding the AEH credit facility, Atmos had \$805 million available under its various committed facilities, which total \$918 million. The facilities consist of a \$600 million facility that matures in December 2011 and supports the company's commercial paper program, a \$300 million, 364-day facility that matures November 2008, and an \$18 million facility that matures on March 31, 2009. We expect the company to renew these facilities before maturity to maintain its current adequate liquidity. The financial covenants in the company's \$300 million and \$600 million revolving credit facilities require Atmos to maintain total debt to capital below 70%. As of June 30, 2008, Atmos was comfortably in compliance with this covenant as total debt to capital (as defined) was 55%.

In addition to intercompany credit facilities, Atmos's nonregulated marketing company, AEH, has a \$580 million uncommitted working-capital credit facility that matures March 31, 2009. AEH guarantees and secures borrowings under this facility. As of June 30, 2008, only \$88 million was available under this facility, due to \$162 million of LOCs and various covenant limitations. The financial covenants in AEH's credit facility require total liabilities to tangible net worth to be below 5x, in addition to minimum levels of net working capital, minimum tangible net worth, and maximum cumulative losses. As of June 30, 2008, AEH reported total liabilities to tangible net worth (as defined) of 1.97x and was in compliance with its other financial covenants.

Over the past 12 months, Atmos generated \$412 million of cash from operations, which, in addition to the company's debt and equity offerings, remains sufficient to meet operating needs. Cash flow after capital spending and dividends should be positive in 2008, with forecast cash from operations of \$540 million to \$560 million. Atmos's significant uses of cash flow include capital expenditures and dividends. Atmos's forecast for 2008 capital expenditures is \$455 million to \$465 million, compared with 2007 spending of \$392 million. The increased capital spending in 2008 includes increased pipeline replacement and automated metering equipment. Dividends are forecast at about \$117 million in 2008, compared with \$102 million in 2007, and will likely continue to increase gradually over time.

Outlook

The outlook on Atmos is positive. The positive outlook reflects Standard & Poor's Ratings Services' expectation that the company will maintain its current level of improved financial performance, with adjusted FFO to debt in the mid-20% area and interest coverage above 4x, coupled with continued management of working-capital and liquidity needs, which could lead to a higher rating over the near term. We could revise the outlook to stable if adjusted FFO to debt falls below 20% and interest coverage is below 4x consistently. This would most likely occur if Atmos's business risk increases significantly through a major expansion of AEH, coupled with losses at that segment and reduced sales volumes due to customer conservation at levels that exceed forecast levels.

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December 23, 2008

Research Update:

**Ratings On Atmos Energy Corp.
Raised To 'BBB+'; Outlook Stable**

Primary Credit Analyst:

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Rationale

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Ratings List

Research Update:

Ratings On Atmos Energy Corp. Raised To 'BBB+'; Outlook Stable

Rationale

On Dec. 23, 2008, Standard & Poor's Ratings Services raised its corporate credit rating on Atmos Energy Corp. to 'BBB+' from 'BBB'. The outlook is stable. At Sept. 30, 2008, Atmos had total debt, including capitalized operating leases and tax-effected pension and postretirement obligations, of about \$2.5 billion.

The upgrade reflects improved financial performance and favorable treatment in recent rate cases regarding weather-related risks over the past several years, which helps to increase cash flow predictability. The upgrade also reflects management's track record of successfully integrating the TXU Gas Co. acquisition and executing its overall business strategy. We expect financial performance to remain appropriate for the rating, with FFO to debt of at least 20%, supported by additional rate case filings and cost-recovery mechanisms.

The rating on Atmos reflects an excellent business risk profile and aggressive financial risk profile. The ratings also reflect the company's position as one of the largest natural gas local distribution companies (LDC) in the U.S., its reasonably stable revenues, operations in supportive regulatory jurisdictions, and diverse (albeit 57% of total customers are based in Texas), regulated operations with strong gas supply sources. These factors are offset by elevated debt leverage and the higher risks associated with the company's nonregulated activities.

The LDC operations, combined with the predominately regulated pipeline and storage segment, contributed about 60% of revenues and 90% of net income to date in fiscal 2008. The regulated operations typically contribute 65% to 85% of consolidated net income. Over the intermediate term, we expect the regulated operations' net income contribution to be around 75%, as it benefits from recent positive ratemaking decisions, which include increased revenues and reduced exposure to fluctuations in weather conditions. In the summer and fall of 2008, the reduced volatility of the natural gas market in 2008 has resulted in a reduction in asset optimization margins and related cash flows. The strength and stability of Atmos' regulated LDC segment, which serves 3.2 million customers in 12 states, supports the company's excellent business profile.

Atmos' weather-normalization clauses (WNC) mitigate the affects of above- or below-normal weather conditions by adjusting ratepayers' base rates, resulting in stable gross profit margins. WNC currently covers more than 95% of Atmos's residential and commercial meters. The company has a number of rate cases in progress, requesting recovery of capital, costs, and further rate decoupling. Atmos has integrated and developed its pipeline and storage assets to serve its utility customers and third-party marketing activities.

Atmos Energy Holdings Inc. (AEH; about 40% of revenues and 10% of net

Research Update: Ratings On Atmos Energy Corp. Raised To 'BBB+'; Outlook Stable

income) contains the company's other businesses, natural gas marketing, and other nonutility segments. Atmos Energy Management provides natural gas management and marketing services, transportation, and storage in 22 states. Atmos' nonregulated activities are significantly riskier than the regulated natural gas distribution and pipeline businesses, resulting in higher volatility in earnings and cyclical, high-collateral requirements. Performance in this segment depends on the company's ability to balance physical and financial contracts, which provide adequate profits, as well as transportation, supply, and storage contract development.

The company's proposed investment in the Fort Necessity gas storage project represents incremental risks. In general, gas storage projects have been identified as a high-risk investment given recent projects that have experienced substantial cost overruns. These risks are somewhat amplified as Fort Necessity is a salt-dome facility, which has higher geologic risks than depleted reservoir storage.

Atmos' aggressive financial profile is characterized by strong regulated cash flows, relatively high leverage, and the increased risks associated with its nonregulated marketing operations. The nonregulated operations have less cash flow predictability and greater competitive risks. Notwithstanding the reduced performance at AEH in the current fiscal year, bondholder protection measures have improved since the fiscal 2005 acquisition of TXU Gas and are currently adequate for the rating. Funds from operations (FFO) interest coverage of 4.1x and FFO to total debt of about 22% for the past 12 months show a continued gradual trend of improvement. With minimal near-term debt maturities and continued operating performance, leverage should continue to gradually decline as total capitalization grows from retained earnings. At Sept. 30, 2008, total debt, including capitalized operating leases and tax-effected pension and postretirement obligations, was about \$2.5 billion, with adjusted debt to capital of 55%. Leverage has improved from above 60% at year-end 2006 due to strong earnings, modestly reduced debt levels, and an equity issuance of about \$200 million in 2007.

Liquidity

The short-term rating on Atmos is 'A-2'. Atmos's working-capital needs vary significantly based on natural gas prices and customer demand, which is primarily affected by weather.

Over the past 12 months, Atmos reported cash from operations of \$371 million, which, in addition to capital market activities or borrowings under existing revolving credit facilities, remains sufficient to meet operating needs. Cash flow after capital spending and dividends should be positive in 2009, with forecast cash from operations of \$480 million to \$490 million. Atmos's significant uses of cash flow include maintenance capital expenditures (about \$335 million), discretionary capital spending (up to \$187 million), and dividends (\$121 million). Atmos has sufficient capacity under its credit facilities to fully fund all of the discretionary capital projects if needed.

As of Sept. 30, 2008, Atmos had cash balances of \$47 million and \$216 million available under its \$600 million facility that matures in December 2011. Maximum borrowings under this facility were reduced by about \$32 million (5.6%) related to commitments provided by a subsidiary of Lehman Brothers

Research Update: Ratings On Atmos Energy Corp. Raised To 'BBB+'; Outlook Stable

Holdings Inc. Atmos also has access to the full amounts under its \$212.5 million 364-day facility that matures November 2009 and its \$18 million facility that matures on March 31, 2009. We expect the company to maintain its current liquidity and access to the capital markets. The financial covenants in Atmos's revolving credit facilities require it to maintain total debt to capital below 70%. As of Sept. 30, 2008, Atmos was comfortably in compliance with this covenant as total debt to capital (as defined) was 57%.

In addition to intercompany credit facilities, Atmos's nonregulated marketing company, AEH, has a \$580 million uncommitted working-capital credit facility that matures March 31, 2009. AEH guarantees and secures borrowings under this facility. As of Sept. 30, 2008, 212.1 million was available under this facility, due to \$88 million of LOCs and various covenant limitations. The financial covenants in AEH's credit facility require total liabilities to tangible net worth to be below 5x, in addition to minimum levels of net working capital, minimum tangible net worth, and maximum cumulative losses. As of Sept. 30, 2008, AEH reported total liabilities to tangible net worth (as defined) of 1.58x and was in compliance with its other financial covenants.

Outlook

The outlook on Atmos is stable and reflects our expectation that the company will maintain its current level of financial performance, with adjusted FFO to debt of 20% to 25% and interest coverage above 4x, coupled with continued management of working-capital and liquidity needs. We could revise the outlook to negative if adjusted FFO to debt falls below 20% and interest coverage is below 4x on a sustained basis. A deterioration in financial performance would most likely occur if Atmos pursues a major expansion of AEH or could be due to underperformance at that segment. A material increase in the proportion of cash flow derived from nonregulated businesses without an associated increase in financial metrics could also lead to a lower rating. An outlook revision to positive would require FFO to debt to be sustained in the upper 20% range or a reduction in the company's business risk profile.

Ratings List

Upgraded; CreditWatch/Outlook Action

	To	From
Atmos Energy Corp.		
Corporate Credit Rating	BBB+/Stable/A-2	BBB/Positive/A-2
Senior Unsecured	BBB+	BBB

Rating Affirmed

Atmos Energy Corp.	
Commercial Paper (1 issue)	A-2

Research Update: Ratings On Atmos Energy Corp. Raised To 'BBB+'; Outlook Stable

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Moody's Investors Service

Global Credit Research
Credit Opinion
9 JAN 2009

CASE NO. 2009-00354
ATTACHMENT 16
TO AG DR SET NO. 1
QUESTION NO. 1-66

Credit Opinion: Atmos Energy Corporation

Atmos Energy Corporation

Texas, United States

Ratings

Category	Moody's Rating
Outlook	Positive
Senior Unsecured	Baa3
Subordinate Shelf	(P)Ba1
Bkd Commercial Paper	P-3

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Opinion

Corporate Profile

Atmos Energy Corporation (AEC or Atmos, the rated issuer) is a natural gas distribution parent company principally engaged in regulated natural gas distribution in twelve states (61% of fiscal 2008 operating income before eliminations) and transmission and storage in Texas (21% of operating income).

These regulated distribution, transmission and storage segments (combined, the Utility business) are divisions of the parent company. The distribution operations serve 3.2 million distribution customers in Texas (by far the largest jurisdiction with 58% of distribution customers), Louisiana (12%), Mississippi (9%), Tennessee (4%), Colorado (3%), Kansas (4%), Kentucky (6%), Georgia (2%), Missouri (2%), Illinois, Iowa, and Virginia (the last three states all under 1%).

Atmos has an intermediate holding company Atmos Energy Holdings, Inc. (AEH), which owns non-utility subsidiaries engaged principally in gas marketing (housed in its Atmos Energy Marketing, LLC (AEM) subsidiary, 13% of fiscal 2008 operating income) and also pipeline and storage operations in Louisiana and Kentucky and a minor electric peaking facility leasing business. These non-marketing non-utility businesses altogether accounted for 5% of fiscal 2008 operating income.

Throughout its history, Atmos has grown through a series of generally modest-sized acquisitions of gas distribution assets. Its largest acquisition by far was that of TXU Gas Company's gas assets (now known as the Mid-Tex distribution division and the regulated transmission and storage segment) in October 2004 for \$1.9 billion. Mid-Tex was a transforming transaction that about doubled the company's assets and diversified it into the regulated transmission and storage business in Texas. It also more than doubled Atmos's debt and caused Moody's to downgrade the company at the time from A3 senior unsecured to its current rating of Baa3.

Recent Events

In January 2009, Moody's changed Atmos's rating outlook to positive following the company putting in place a committed credit facility for AEM, addressing a liquidity risk and eliminating a principal restraining factor for its ratings.

Rating Rationale

Atmos Energy Corporation's ratings reflect the Moody's rating framework for diversified natural gas companies. AEC's ratings are supported by the low risk of its rate-regulated Utility businesses (roughly 80% of operating income, with some fluctuation from the marketing segment), a good record as a gas distributor, reasonable leverage, and a conservative management approach. Although Atmos' results are seasonal and vary with the weather, this risk is allayed by having some form of weather mitigation -- whether by weather normalization

adjustments or rate structures that are based more on recovery of fixed costs than on volume – in most of its jurisdictions covering over 90% of its distribution customers. Given its disparate operations and rising costs, regulatory lag is an issue that Atmos needs to address through continual rate case activity.

Marketing is the riskiest element of the company. Marketing is exposed to commodity price, counterparty, and other risks, and it is difficult to predict its financial results with accuracy. It also places a demand on working capital, which has increased in recent years due to high natural gas prices.

Drivers of Rating Change

FACTOR 1: SCALE

1. Net Income - AEC's scale as measured by net income maps to Baa according to Moody's rating framework. Since the Mid-Tex acquisition at the start of the fiscal year ended September 30, 2005, AEC's reported net income has steadily increased from \$136 million in 2005 to \$180 million in fiscal 2008.

2. Total Assets - AEC's total assets is \$6 billion, mapping to A. This is the result of the Mid-Tex acquisition, which more than doubled the company's assets.

FACTOR 2: QUALITY OF DIVERSIFICATION

1. Scale of Unregulated Exposure - In terms of the percentage of unregulated operating income, AEC has a relatively low exposure to unregulated businesses, which Moody's considers to have a higher business risk generally than regulated businesses. AEC's unregulated operating income is about a fifth of total operating income, mapping to Aa. This ratio will vary with the results of AEM, AEC's largest unregulated business by far. AEM's financial results are a function of the level of natural gas prices and volumes due to market conditions. Unrealized gains and losses related to mark-to-market accounting for hedges also contribute to volatility in AEM's reported earnings.

2. Degree of Business Risk - Atmos scores within the A range in this category. AEM is Atmos's riskiest business. AEM is exposed to commodity price, counterparty, and other risks, and it is difficult to predict its financial results with accuracy; however, it does not pose the degree of risk related to long-term capital reinvestment and natural volume declines related to some of its peers' E&P and gathering & processing businesses. AEM has a profitable track record, and roughly half of its margins related to marketing bundled and peaking services to longstanding customers has proven to be fairly durable. Investments in gas gathering and storage have been minor to-date and are expected to have little credit impact in the near term.

FACTOR 3: MANAGEMENT STRATEGY & FINANCIAL POLICY

Atmos maps to single-A under this factor. The company has a long, successful track record of acquiring and integrating gas distribution businesses, most of which have tended to be small. Remaining investment grade is central to its financial policies, since the company is subject to regulatory orders that limit debt issuances if its ratings fall to non-investment grade.

Atmos has cited unregulated gas gathering and storage as a new area for potential growth. These are new business lines for Atmos as an institution and are riskier businesses than the Utilities. So far, the company has kept such investments small and has proceeded in a deliberate, cautious manner. As the company pursues its larger Fort Necessity gas storage project, however, Moody's will be monitoring its implementation and financing for potential credit implications.

FACTOR 4: FINANCIAL STRENGTH

Under this factor, Atmos's three-year average key credit metrics map to Ba overall, but increases in margins and equity, together with the implementation of some form of weather normalization for the vast majority of its gas distribution customers have resulted in a positive trend in Atmos's credit metrics over the past few years.

Numerous rate increases in its various jurisdictions, much of it from Gas Reliability Infrastructure Program filings in its Mid-Tex distribution and pipeline divisions, will have increased pro forma annualized margins by about 13% since the company's fiscal year ending September 30, 2005, the first fiscal year including the Mid-Tex acquisition.

Furthermore, the \$192 million public stock offering in fiscal 2007 helped to accelerate Atmos's de-leveraging process. Including the equity added under the company's various stock plans, shareholders' equity has been increased by roughly 28% from these sources since fiscal 2005.

After Moody's standard adjustments, Retained Cash Flow/Debt ratios have improved from just under 10% at fiscal year-end 2005 to roughly 15% at fiscal year-end 2008. Interest coverages have also shown improvement: EBIT/interest from 2.5 times in fiscal 2005 to 3.0 times in 2008, funds flow from operations plus interest/interest from 3.4 to 4.4 times in the same period. The rate increases that Atmos has obtained over the course of 2008

should help to strengthen these ratios further.

Liquidity Profile

Atmos has adequate liquidity to cover its foreseeable near-term cash requirements. The company has the potential to generate free cash flow, though that is not expected in the near term as the company continues its larger than historical capital program.

Seasonality of space heating demand and natural gas costs cause fluctuations in Atmos's internal cash sources and working capital needs. Borrowings typically peak at about January at the height of the heating season. Peak commercial paper outstanding has been roughly \$200 million, well within AEC's commercial paper program of \$567 million. Typically, it has no short-term debt by the end of the March quarter.

Atmos maintains separate liquidity facilities for AEC, AEH, and AEM in order to avoid commingling the financing activities of the Utility and non-utility businesses and to comply with regulatory restrictions. AEC extends an uncommitted credit line of \$200 million to AEH, which in turn extends an uncommitted \$200 million line to AEM. Any liquidity support from AEC to AEM is limited by regulators to \$200 million from the inter-company uncommitted demand facility between AEC and AEH.

AEC's \$567 million commercial paper program is backed by a committed \$567 million five-year facility terminating in December 2011. AEC also has a \$212.5 million 364-day facility, which will terminate on October 27, 2009. AEC has never drawn on its 364-day facility, which it intends to do only if the five-year facility is fully utilized. AEC also has a committed \$18 million 364-day revolving credit facility, due on March 31, 2009, with a local bank that is used for general corporate purposes.

AEC's five-year credit agreement requires the company to represent and warrant at each credit event as to the accuracy and completeness of its financial statements and customary material adverse event clauses relating to legal compliance and ERISA. Borrowings under the new 364-day and AEM facilities are subject to a general material adverse event clause relating to the borrower's financial condition.

The sole financial covenant under Atmos's base revolver is a maximum debt-to-capitalization ratio of 70%. AEC has adequate headroom, with that ratio reaching the mid-50% range at the seasonal peak in December.

AEM has a committed \$375 million 364-day credit facility, maturing December 30, 2009, that is unconditionally guaranteed by AEH. The effective availability under the facility is the lower of the \$375 million committed and a range of \$300 to \$450 million based on a borrowing base determined by tangible net worth and net working capital.

AEC's next material long-term debt maturity is on October 15, 2009, when \$400 million of senior notes come due. Capital expenditures for fiscal 2009 are projected to be between \$510 and \$525 million, well above maintenance levels in the \$300 million range.

Rating Outlook

The positive outlook reflects the possibility that Atmos's ratings could be upgraded in the next twelve months if the company sustains its good financial performance and adequate liquidity.

What Could Change the Rating - Up

If the company sustains financial metrics at at least current levels (Retained Cash Flow/Debt sustained in the mid-teens, EBIT/Interest above 3 times); maintains adequate liquidity, including refinancing its \$400 million debt maturity, renewing its 364-day credit facilities, and managing its capital expenditures, particularly on midstream investments.

What Could Change the Rating - Down

A sustained weakening in its credit metrics (Retained Cash Flow/Debt below 10%, EBIT/interest in the low 2 times range); M&A activity that results in higher financial and business risks.

Rating Factors

Atmos Energy Corporation

Diversified Natural Gas Transmission and Distribution	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Scale (10% weighting)							
a) Net Profit After-Tax Before Unusual Items (US\$MM)				X			

(5%)							
b) Total Assets (US\$B) (5%)			X				
Factor 2: Quality of Diversification (20% weighting)							
a) Scale of Unregulated Exposure (10%)			X				
b) Degree of Business Risk (10%)			X				
Factor 3: Management Strategy & Financial Policy (10% weighting)							
a) Management Strategy & Financial Policy (10%)			X				
Factor 4: Financial Strength (60% weighting)							
a) EBIT/Interest Expense (15%)					X		
b) Debt to Book Capitalization (excluding goodwill) (15%)					X		
c) Retained Cash Flow/Debt (15%)				X			
d) Return on Equity (15%)					X		
Rating:							
a) Methodology Model Implied Senior Unsecured Rating					Baa2		
b) Actual Senior Unsecured Equivalent Rating					Baa3		

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FITCH TO RATE ATMOS ENERGY NOTES 'BBB+'; OUTLOOK STABLE

Fitch Ratings-New York-23 March 2009: Fitch to Rate Atmos Energy Notes 'BBB+'; Outlook Stable

Fitch Ratings-New York-23 March 2009: Fitch Ratings expects to assign a 'BBB+' rating to Atmos Energy Corp.'s (Atmos) proposed issuance of \$400 million senior unsecured notes due March 15, 2019. The transaction is expected to close on March 26, 2009. Note proceeds will be used for an early redemption of Atmos' \$400 million, 4.00% senior unsecured notes due Oct. 15, 2009. In addition Fitch has affirmed the Issuer Default Rating (IDR) and outstanding debt ratings for Atmos as listed below. The Rating Outlook is Stable. Approximately \$2.12 billion of notes and debentures are affected by the affirmation.

- IDR at 'BBB';
- Senior unsecured debt at 'BBB+';
- Short-term IDR at 'F2';
- Commercial paper at 'F2'.

The ratings and Stable Outlook primarily reflect the consistent performance and low-risk nature of Atmos' large and geographically diverse regulated operations. Fitch also notes that Atmos has been effective in managing the regulatory process throughout its multi-state service territory. About 97% of Atmos' utility customers are now covered under weather normalization mechanisms, mitigating earnings volatility, and in most of its Texas service territory Atmos has been able to implement trackers to cover the gas portion of its customer bad-debt expense.

Atmos also benefits from favorable natural gas supply/demand dynamics in Texas, with natural gas production from the Barnett Shale Basin available to provide for regional population growth and increased use of natural gas for electric generation. Although the recent drop in natural gas prices has decreased the rig count in the Barnett Shale area, throughput in the company's intrastate pipeline system has remained firm and is supported by the system's connection to three of the major Texas hubs in Waha, Katy, and Carthage.

Slightly offsetting these strengths are the company's nonregulated operations, which include gas supply management, marketing, and pipeline and storage services and are mainly conducted at the company's Atmos Energy Marketing, LLC (AEM) subsidiary. These operations have a higher level of business risk than the company's regulated gas distribution and pipeline operations, albeit AEM manages its price risk through physical hedges and takes few net open positions. AEM's operations can require a significant amount of liquidity during periods of natural gas price volatility, but Fitch considers the company's committed credit facilities and general access to liquidity adequate to meet these needs.

Atmos is the largest natural gas-only distributor in the U.S., serving about 3.2 million natural gas distribution customers in 12 states in the South and Midwest. Atmos also operates a 6,300-mile intrastate pipeline in Texas. AEM, along with Atmos' nonregulated pipeline and storage business, provides natural gas supply management, marketing, and pipeline and storage services to industrial, commercial, and municipal customers.

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Moody's Investors Service

Global Credit Research
 Rating Action
 23 MAR 2009

CASE NO. 2009-00354
 ATTACHMENT 18
 TO AG DR SET NO. 1
 QUESTION NO. 1-66

Rating Action: Atmos Energy Corporation

Moody's puts Atmos Energy on review-up

Over \$2 billion of debt rated

New York, March 23, 2009 -- Moody's Investors Service placed Atmos Energy Corporation's ratings (Atmos, Baa3 senior unsecured, Prime-3 commercial paper) under review for possible upgrade. The action follows the company announcing an offering of \$400 million of debt, which will pre-fund the \$400 million of existing notes due in October. The successful placement of this issue would address a major refinancing risk and a key hurdle to a rating upgrade, as cited in Moody's January 8, 2009 press release when Atmos's rating outlook was changed to positive.

In its review, Moody's will assess Atmos's refinancing plan and its current financial performance, including results from the most recent heating season during a weakening economy.

"Atmos's ratings could be upgraded in the next few months if the company successfully refinances this large debt maturity while sustaining its solid financial performance and liquidity," says Moody's Vice President Mihoko Manabe.

The refinancing of Atmos's \$400 million of 4% notes due in October is a significant event, as the notes represent about a fifth of Atmos's long-term debt and the financial markets remain highly unsettled.

Atmos sustained its positive financial performance trend in its fiscal year ended September 2008. A continuing round of rate increases -- notably in its largest Mid-Tex division -- and equity issuances have contributed to a steady improvement in Atmos's credit metrics over the past few years. After Moody's standard adjustments, retained cash flow-to-debt ratios are up from just under 10% at fiscal year-end 2005 to roughly 15% at fiscal year-end 2008. EBIT-to-interest ratios have risen from 2.5 times in fiscal 2005 to 3.0 times in 2008. The company has also made progress in obtaining rate design changes that mitigate earnings volatility from weather, lower consumption, and bad debt all of which help to reduce the lag in recovering its capital investments.

Concurrent with the above rating actions, Moody's rated Atmos's new shelf registration ((P)Baa3 for senior unsecured debt securities) and withdrew the ratings on its prior shelf.

The last rating action with respect to Atmos was on January 8, 2009 when its outlook was changed to positive from stable.

The principal methodology used in rating this issuer was North American Diversified Natural Gas Transmission and Distribution Companies, which can be found at www.moodys.com in the Credit Policy & Methodologies directory, in the Ratings Methodologies subdirectory. Other methodologies and factors that may have been considered in the process of rating this issuer can also be found in the Credit Policy & Methodologies directory.

On Review for Possible Upgrade:

..Issuer: Atmos Energy Corporation

....Multiple Seniority Shelf, Placed on Review for Possible Upgrade, currently (P)Ba1

....Senior Unsecured Commercial Paper, Placed on Review for Possible Upgrade, currently P-3

....Senior Unsecured Regular Bond/Debenture, Placed on Review for Possible Upgrade, currently Baa3

....Senior Unsecured Shelf, Placed on Review for Possible Upgrade, currently (P)Baa3

Assignments:

..Issuer: Atmos Energy Corporation

....Multiple Seniority Shelf, Assigned a range of (P)Ba1 to (P)Baa3

....Senior Unsecured Regular Bond/Debenture, Assigned Baa3

Outlook Actions:

..Issuer: Atmos Energy Corporation

....Outlook, Changed To Rating Under Review From Positive

Withdrawals:

..Issuer: Atmos Energy Corporation

....Senior Unsecured Shelf, Withdrawn, previously rated (P)Baa3

Headquartered in Dallas, Texas, Atmos Energy Corporation engages in the distribution, transmission, and marketing of natural gas.

New York
Mihoko Manabe
VP - Senior Credit Officer
Global Infrastructure Finance
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

New York
William L. Hess
Managing Director
Global Infrastructure Finance
Moody's Investors Service
JOURNALISTS: 212-553-0376
SUBSCRIBERS: 212-553-1653

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March 24, 2009

Mr. Fred E. Meisenheimer
Senior Vice President & Chief Financial Officer
Atmos Energy Corp.
3 Lincoln Centre, Ste 1800
5430 LBJ Freeway
Dallas, TX 75240

Re: **ATMOS ENERGY CORP.**
\$450 million of 8.50% senior unsecured notes due March 15, 2019

Dear Mr. Meisenheimer:

Pursuant to your request for a Standard & Poor's rating on the above-referenced obligations, we have reviewed the information submitted to us and, subject to the enclosed *Terms and Conditions*, have assigned a rating of "BBB+".

The rating is not investment, financial, or other advice and you should not and cannot rely upon the rating as such. The rating is based on information supplied to us by you or by your agents but does not represent an audit. We undertake no duty of due diligence or independent verification of any information. The assignment of a rating does not create a fiduciary relationship between us and you or between us and other recipients of the rating. We have not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933. The rating is not a "market rating" nor is it a recommendation to buy, hold, or sell the obligations.

This letter constitutes Standard & Poor's permission to you to disseminate the above-assigned rating to interested parties. Standard & Poor's reserves the right to inform its own clients, subscribers, and the public of the rating.

Standard & Poor's relies on the issuer and its counsel, accountants, and other experts for the accuracy and completeness of the information submitted in connection with the rating. This rating is based on financial information and documents we received prior to the issuance of this letter. Standard & Poor's assumes that the documents you have provided to us are final. If any subsequent changes were made in the final documents, you must notify us of such changes by sending us the revised final documents with the changes clearly marked.

To maintain the rating, Standard & Poor's must receive all relevant financial information as soon as such information is available. Placing us on a distribution list for this information would facilitate the process. You must promptly notify us of all material changes in the financial information and the documents. Standard & Poor's may change, suspend, withdraw, or place on CreditWatch the rating as a result of changes in, or unavailability of, such information. Standard & Poor's reserves the right to request additional information, if necessary, to maintain the rating. Please send all information to Kenneth Farer at Standard & Poor's Corporate Ratings, 55 Water Street, New York, NY 10041.

Standard & Poor's is pleased to have the opportunity to be of service to you. For more information please visit our website at www.standardandpoors.com. If we can be of help in any other way, please contact us. Thank you for choosing Standard & Poor's and we look forward to working with you again.

Very truly yours,

Standard & Poor's Ratings Services,
a division of The McGraw-Hill Companies, Inc.

A handwritten signature in black ink, appearing to read 'Standard & Poers' followed by a stylized signature, is written over a horizontal line.

Analytical Contact: Kenneth Farer
Phone: 212-438-1679

STANDARD & POOR'S

Standard & Poor's Ratings Services Terms and Conditions Applicable To U.S. Corporate Ratings

Scope of Rating. The Company understands and agrees that (i) an issuer rating reflects Standard & Poor's current opinion of the Company's overall financial capacity to pay its financial obligations as they come due, (ii) an issue rating reflects Standard & Poor's current opinion of the likelihood that the Company will make payments of principal and interest on a timely basis in accordance with the terms of the obligation, (iii) a rating is an opinion and is not a verifiable statement of fact, (iv) ratings are based on information supplied to Standard & Poor's by the Company or by its agents and upon other information obtained by Standard & Poor's from other sources it considers reliable, (v) Standard & Poor's does not perform an audit in connection with any rating and a rating does not represent an audit by Standard & Poor's, (vi) Standard & Poor's relies on the Company, its accountants, counsel, and other experts for the accuracy and completeness of the information submitted in connection with the rating and surveillance process, (vii) Standard & Poor's undertakes no duty of due diligence or independent verification of any information, (viii) Standard & Poor's does not and cannot guarantee the accuracy, completeness, or timeliness of the information relied on in connection with a rating or the results obtained from the use of such information, (ix) Standard & Poor's may raise, lower, suspend, place on CreditWatch, or withdraw a rating at any time, in Standard & Poor's sole discretion, and (x) a rating is not a "market" rating nor a recommendation to buy, hold, or sell any financial obligation.

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Information to be Provided by the Company. The Company shall meet with Standard & Poor's for an analytic review at any reasonable time Standard & Poor's requests. The Company also agrees to provide Standard & Poor's promptly with all information relevant to the rating and surveillance of the rating including information on material changes to information previously supplied to Standard & Poor's. The rating may be affected by Standard & Poor's opinion of the accuracy, completeness, timeliness, and reliability of information received from the Company or its agents. Standard & Poor's undertakes no duty of due diligence or independent verification of information provided by the Company or its agents. Standard & Poor's reserves the right to withdraw the rating if the Company or its agents fails to provide Standard & Poor's with accurate, complete, timely, or reliable information.

Confidential Information. For purposes of this Agreement, "Confidential Information" shall mean information received by Standard & Poor's from the Company which has been marked "Proprietary and Confidential" or in respect of which Standard & Poor's has received from the Company specific written notice of its proprietary and confidential nature. Notwithstanding the foregoing, information disclosed by the Company shall not be deemed to be Confidential Information, and Standard & Poor's shall have no obligation to treat such information as Confidential Information, if such information (i) was substantially known by Standard & Poor's at the time of such disclosure, (ii) was known to the public at the time of such disclosure, (iii) becomes known to the public (other than by Standard & Poor's act) subsequent to such disclosure, (iv) is disclosed lawfully to Standard & Poor's by a third party subsequent to such disclosure, (v) is developed independently by Standard & Poor's without reference to the Confidential Information, (vi) is approved in

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Standard & Poor's Not an Advisor, Fiduciary, or Expert. The Company understands and agrees that Standard & Poor's is not acting as an investment, financial, or other advisor to the Company and that the Company should not and cannot rely upon the rating or any other information provided by Standard & Poor's as investment or financial advice. Nothing in this Agreement is intended to or should be construed as creating a fiduciary relationship between Standard & Poor's and the Company or between Standard & Poor's and recipients of the rating. The Company understands and agrees that Standard & Poor's has not consented to and will not consent to being named an "expert" under the applicable securities laws, including without limitation, Section 7 of the U.S. Securities Act of 1933.

Limitation on Damages. The Company agrees that Standard & Poor's, its officers, directors, shareholders, and employees shall not be liable to the Company or any other person for any actions, damages, claims, liabilities, costs, expenses, or losses in any way arising out of or relating to the rating or the related analytic services provided for in an aggregate amount in excess of the aggregate fees paid to Standard & Poor's for the rating, except for Standard & Poor's gross negligence or willful misconduct. In no event shall Standard & Poor's, its officers, directors, shareholders, or employees be liable for consequential, special, indirect, incidental, punitive or exemplary damages, costs, expenses, legal fees, or losses (including, without limitation, lost profits and opportunity costs). In furtherance and not in limitation of the foregoing, Standard & Poor's will not be liable in respect of any decisions made by the Company or any other person as a result of the issuance of the rating or the related analytic services provided by Standard & Poor's hereunder or based on anything that appears to be advice or recommendations. The provisions of this paragraph shall apply regardless of the form of action, damage, claim, liability, cost, expense, or loss, whether in contract, statute, tort (including, without limitation, negligence), or otherwise. The Company acknowledges and agrees that Standard & Poor's does not waive any protections, privileges, or defenses it may have under law, including but not limited to, the First Amendment of the Constitution of the United States of America.

Term. This Agreement shall terminate when the ratings are withdrawn. Notwithstanding the foregoing, the paragraphs above, "Confidential Information", "Standard & Poor's Not an Advisor, Fiduciary, or Expert", and "Limitation on Damages", shall survive the termination of this Agreement or any withdrawal of a rating.

Third Parties. Nothing in this Agreement, or the rating when issued, is intended or should be construed as creating any rights on behalf of any third parties, including, without limitation, any recipient of the rating. No person is intended as a third party beneficiary to this Agreement or to the rating when issued.

Binding Effect. This Agreement shall be binding on, and inure to the benefit of, the parties hereto and their successors and assigns.

Severability. In the event that any term or provision of this Agreement shall be held to be invalid, void, or unenforceable, then the remainder of this Agreement shall not be affected, impaired, or invalidated, and each such term and provision shall be valid and enforceable to the fullest extent permitted by law.

Complete Agreement. This Agreement constitutes the complete agreement between the parties with respect to its subject matter. This Agreement may not be modified except in a writing signed by authorized representatives of both parties.

Governing Law. This Agreement and the rating letter shall be governed by the internal laws of the State of New York. The parties agree that the state and federal courts of New York shall be the exclusive forums for any dispute arising out of this Agreement and the parties hereby consent to the personal jurisdiction of such courts.



Moody's Investors Service

Global Credit Research
Credit Opinion
19 MAY 2009

CASE NO. 2009-00354
ATTACHMENT 20
TO AG DR SET NO. 1
QUESTION NO. 1-66

Credit Opinion: Atmos Energy Corporation

Atmos Energy Corporation

Dallas, Texas, United States

Ratings

Category	Moody's Rating
Outlook	Stable
Senior Unsecured	Baa2
Subordinate Shelf	(P)Baa3
Bkd Commercial Paper	P-2

Contacts

Analyst	Phone
Mihoko Manabe/New York	212.553.1942
William L. Hess/New York	212.553.3837

Opinion

Rating Drivers

- Sustained strengthening in financial performance due to rate increases and improved rate design
- Deliberate management strategy that has led to consistent growth
- Relatively low exposure to unregulated businesses

Corporate Profile

Atmos Energy Corporation (Atmos; Baa2 senior unsecured, stable outlook) is a natural gas distribution company primarily engaged in regulated natural gas distribution in twelve states and transmission and storage in Texas. Atmos has an intermediate holding company Atmos Energy Holdings, Inc. (AEH) that owns non-utility subsidiaries engaged principally in gas marketing housed at its Atmos Energy Marketing, LLC (AEM) subsidiary, and pipeline and storage operations in Louisiana and Kentucky.

SUMMARY RATING RATIONALE

Atmos's ratings are supported by the low risk of its rate-regulated Utility businesses, a good record as a gas distributor, reasonable leverage, and a conservative management approach. Although Atmos' results are seasonal and vary with the weather, this risk is allayed by having some form of weather mitigation – whether by weather normalization adjustments or rate structures that are based more on recovery of fixed costs than on volume – in most of its jurisdictions covering over 90% of its distribution customers. Given its disparate operations and rising costs, regulatory lag is an issue that Atmos needs to address through continual rate case activity.

Marketing is the riskiest element of the company. Marketing is exposed to commodity price, counterparty, and other risks, and it is difficult to predict its financial results with accuracy. It also places a demand on working capital, which has increased in recent years due to high natural gas prices.

DETAILED RATING CONSIDERATIONS

- Sustained strengthening in financial performance due to rate increases and improved rate design

Increases in margins and equity, together with the implementation of some form of weather normalization for the vast majority of Atmos's gas distribution customers have resulted in a positive trend in its credit metrics over the past few years. Numerous rate increases in its various jurisdictions, much of it from Gas Reliability Infrastructure Program filings in its Mid-Tex distribution and pipeline divisions, will have increased pro forma annualized margins

by about 13% since the company's fiscal year ending September 30, 2005, the first fiscal year including the Mid-Tex acquisition.

Furthermore, the \$192 million public stock offering in fiscal 2007 helped to accelerate Atmos's de-leveraging process. Including the equity added under the company's various stock plans, shareholders' equity has increased by roughly 28% from these sources since fiscal 2005.

After Moody's standard adjustments, Retained Cash Flow/Debt ratios have improved from just under 10% at fiscal year-end 2005 to roughly 15% at fiscal year-end 2008. Interest coverages have also shown improvement: EBIT/interest from 2.5 times in fiscal 2005 to 3.0 times in 2008, funds flow from operations plus interest/interest from 3.4 to 4.4 times in the same period. The rate increases that Atmos has obtained over the course of 2008 should help to strengthen these ratios further.

- Deliberate management strategy that has led to consistent growth

Atmos has a long, successful track record of acquiring and integrating gas distribution businesses, most of which have tended to be small. Remaining investment grade is central to its financial policies, since the company is subject to regulatory orders that limit debt issuances if its ratings fall to non-investment grade.

Atmos has cited unregulated gas gathering and storage as a new area for potential growth. These are new business lines for Atmos as an institution and are riskier businesses than its existing gas distribution utilities. So far, the company has kept such investments small and has proceeded in a deliberate, cautious manner. As the company pursues its larger Fort Necessity gas storage project, Moody's will be monitoring its implementation and related financing for potential credit implications.

- Relatively low exposure to unregulated businesses

AEC currently has a relatively low exposure to unregulated businesses, which Moody's considers to have a higher business risk generally than regulated businesses. AEC's unregulated operating income is about a fifth of total operating income. This ratio varies with the results of AEM, AEC's largest unregulated business by far. AEM's financial results are a function of the level of natural gas prices and volumes due to market conditions. Unrealized gains and losses related to mark-to-market accounting for hedges also contributes to volatility in AEM's reported earnings.

As Atmos's riskiest business, AEM is exposed to commodity price, counterparty, and other risks, and it is difficult to predict its financial results with accuracy; however, it does not pose the degree of risk related to long-term capital reinvestment and natural volume declines related to some of its peers' E&P and gathering & processing businesses. AEM has a profitable track record, and roughly half of its margins related to marketing bundled and peaking services to longstanding customers has proven to be fairly durable. Investments in gas gathering and storage have been minor to-date and are expected to have little credit impact in the near term.

Liquidity Profile

Atmos has adequate liquidity to cover its foreseeable near-term cash requirements. The company has the potential to generate free cash flow, though that is not expected in the near term as the company continues its larger than historical capital program.

Seasonality of space heating demand and natural gas costs cause fluctuations in Atmos's internal cash sources and working capital needs. Borrowings typically peak at about January at the height of the heating season. Peak commercial paper outstanding has been roughly \$200 million, well within AEC's commercial paper program of \$567 million. Typically, it has no short-term debt by the end of the March quarter.

Atmos maintains separate liquidity facilities for AEC, AEH, and AEM in order to avoid commingling the financing activities of the Utility and non-utility businesses and to comply with regulatory restrictions. AEC extends an uncommitted credit line of \$200 million to AEH, which in turn extends an uncommitted \$200 million line to AEM. Any liquidity support from AEC to AEM is limited by regulators to \$200 million from the inter-company uncommitted demand facility between AEC and AEH.

AEC's \$567 million commercial paper program is backed by a committed \$567 million five-year facility terminating in December 2011. AEC also has a \$212.5 million 364-day facility, which will terminate on October 27, 2009. AEC has never drawn on its 364-day facility, which would happen only if the five-year facility was fully utilized. AEC also has a committed \$25 million 364-day revolving credit facility which expires on April 1, 2010, with a local bank that is used for general corporate purposes.

The sole financial covenant under Atmos's base revolver is a maximum debt-to-capitalization ratio of 70%. AEC has adequate headroom, with that ratio reaching the mid-50% range at the seasonal peak in December.

AEM has a committed \$450 million 364-day credit facility, maturing December 30, 2009, that is unconditionally

guaranteed by AEH. The effective availability under the facility is the lower of the \$450 million commitment and a range of \$300 to \$450 million based on a borrowing base determined by tangible net worth and net working capital, and the value of the collateral.

AEC's next material long-term debt maturity is not until May 2011, when \$350 million of senior notes come due. Capital expenditures for fiscal 2009 are projected to be between \$510 and \$525 million, well above normal maintenance levels in the \$300 million range.

Rating Outlook

The stable outlook reflects Atmos's consistent financial performance, adequate liquidity position, and deliberate management strategy.

What Could Change the Rating - Up

If the company sustains improvement financial metrics (including Retained Cash Flow/Debt above 18%, EBIT/Interest above 3.7 times); maintains adequate liquidity, including renewing its 364-day credit facilities, and manages its capital expenditures midstream investments in an appropriate and deliberate manner.

What Could Change the Rating - Down

A sustained weakening in its credit metrics (including Retained Cash Flow/Debt below 13%, EBIT/interest below 2.7 times); M&A activity that results in higher financial and business risks.

Rating Factors

Atmos Energy Corporation

Diversified Natural Gas Transmission and Distribution	Aaa	Aa	A	Baa	Ba	B	Caa
Factor 1: Scale (10% weighting)							
a) Net Profit After-Tax Before Unusual Items (US\$MM) (5%)				X			
b) Total Assets (US\$B) (5%)			X				
Factor 2: Quality of Diversification (20% weighting)							
a) Scale of Unregulated Exposure (10%)		X					
b) Degree of Business Risk (10%)			X				
Factor 3: Management Strategy & Financial Policy (10% weighting)							
a) Management Strategy & Financial Policy (10%)			X				
Factor 4: Financial Strength (60% weighting)							
a) EBIT/Interest Expense (15%)					X		
b) Debt to Book Capitalization (excluding goodwill) (15%)					X		
c) Retained Cash Flow/Debt (15%)				X			
d) Return on Equity (15%)					X		
Rating:							
a) Methodology Model Implied Senior Unsecured Rating				Baa2			
b) Actual Senior Unsecured Equivalent Rating				Baa2			

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WITH THE EXPECTATION AND UNDERSTANDING THAT EACH INVESTOR WILL MAKE ITS OWN STUDY AND EVALUATION OF EACH SECURITY THAT IS UNDER CONSIDERATION FOR PURCHASE, HOLDING, OR SALE.

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MOODY'S hereby discloses that most issuers of debt securities (including corporate and municipal bonds, debentures, notes and commercial paper) and preferred stock rated by MOODY'S have, prior to assignment of any rating, agreed to pay to MOODY'S for appraisal and rating services rendered by it fees ranging from \$1,500 to approximately \$2,400,000. Moody's Corporation (MCO) and its wholly-owned credit rating agency subsidiary, Moody's Investors Service (MIS), also maintain policies and procedures to address the independence of MIS's ratings and rating processes. Information regarding certain affiliations that may exist between directors of MCO and rated entities, and between entities who hold ratings from MIS and have also publicly reported to the SEC an ownership interest in MCO of more than 5%, is posted annually on Moody's website at www.moody's.com under the heading "Shareholder Relations - Corporate Governance - Director and Shareholder Affiliation Policy."

REQUEST:

[Rate of Return] - Please provide copies of all correspondence between Atmos Energy Corporation and any of the three major bond rating agencies (S&P, Moody's, and Fitch) from January 1, 2005 to the present. These include copies of letters, reports, presentations, emails, and notes from telephone conversations.

RESPONSE:

Attachment 1 through Attachment 4 provide readily available information responsive to the request. This information is considered Highly Confidential.

ATTACHMENTS:

ATTACHMENT 1 - Atmos Energy Corporation, Rating Agency Update Dated October 2005 (CONFIDENTIAL), 55 Pages

ATTACHMENT 2 - Atmos Energy Corporation, Rating Agency Update Dated March 2007 (CONFIDENTIAL), 53 Pages.

ATTACHMENT 3 - Atmos Energy Corporation, Rating Agency Update Dated May 2007 (CONFIDENTIAL), 44 Pages.

ATTACHMENT 4 - Atmos Energy Corporation, Correspondence with Rating Agencies (CONFIDENTIAL), 154 Pages.

Respondent: Robert J. Smith

Case No. 2009-00354
Atmos Energy Corporation, Kentucky/Mid-States Division
AG DR Set No. 1
Question No. 1-068
Page 1 of 1

REQUEST:

[Rate of Return] - Please provide the corporate credit and bond ratings assigned to Atmos Energy Corporation since the year 2005 by S&P, Moody's, and Fitch). For any change in the credit and/or bond rating, please provide a copy of the associated report.

RESPONSE:

Please see Attachment 1 for the corporate credit and bond ratings assigned to Atmos Energy Corporation. Please see Attachment 15 and Attachment 20 to the Company's response to AG DR Set No. 1, Question No. 1-66 for the reports on changes in the credit and/or bond rating.

ATTACHMENT:

ATTACHMENT 1 - Atmos Energy Corporation, Corporate Credit and Bond Rating History, 2 Pages.

Respondent: Robert J. Smith

Atmos Energy Corporation, Kentucky Division
Corporate Credit and Bond Ratings Assigned to Atmos Energy Corporation

As reported in the Company's Form 10-Q for the quarter ended 03/31/05:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 06/30/05:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-K for the quarter ended 09/30/05:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 12/31/05:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 03/31/06:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 06/30/06:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-K for the quarter ended 09/30/06:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 12/31/06:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 03/31/07:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 06/30/07:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-K for the quarter ended 09/30/07:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 12/31/07:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 03/31/08:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 06/30/08:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-K for the quarter ended 09/30/08:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 12/31/08:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB+	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 03/31/09:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB+	Baa3	BBB+
Commercial Paper	A-2	P-3	F-2

As reported in the Company's Form 10-Q for the quarter ended 06/30/09:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB+	Baa2	BBB+
Commercial Paper	A-2	P-2	F-2

As reported in the Company's Form 10-K for the quarter ended 09/30/09:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB+	Baa2	BBB+
Commercial Paper	A-2	P-2	F-2

As reported in the Company's Form 10-Q for the quarter ended 12/31/09:

	S&P	Moody's	Fitch
Unsecured Senior Long-Term Debt	BBB+	Baa2	BBB+
Commercial Paper	A-2	P-2	F-2

REQUEST:

[Rate of Return] - Please provide the breakdown in the expected return on pension plan assets. Specifically, please provide the expected return on different assets classes (bonds, US stocks, international stocks, etc.) used in determining the expected return on plan assets. Please provide all associated source documents and workpapers.

RESPONSE:

The expected long term return on pension plan assets is set with consideration of expected bond returns, equity risk premiums, asset allocation, effects of active management, and the impact of periodic rebalancing. At September 30, 2009, the expected long term return on pension plan assets was set at 8.25% for purposes of measuring net periodic pension cost for FY 2010.

To aid in determining the expected return on pension plan assets, Atmos Energy utilizes the services of a third-party actuary, Towers Watson (formerly Towers Perrin). As of September 30, 2009, the asset allocation in the pension account plan was approximately 70% equity securities and 30% debt securities. Using capital market conditions as of September 30, 2009, our current asset allocation and our asset allocation policy, Towers Watson simulated compound returns over a 10-year time horizon and found that our 8.25% assumption was between the 50th and 60th percentiles of simulated portfolio returns.

Respondent: Dan Meziere

REQUEST:

[Rate of Return] - Please provide Atmos Energy Corporation's authorized and earned return on common equity over the past five years. Please show the figures used in calculating the earned return on common equity for each year, including all adjustments to net income and/or common equity. Please provide copies of all associated workpapers and source documents. Please provide copies of the source documents, workpapers, and data in both hard copy and electronic (Microsoft Excel) formats, with all data and formulae intact.

RESPONSE:

No authorized return on equity was established in the Company's last rate proceeding (Case No. 2006-00464), since the matter was resolved through a "black-box" settlement approved by the Commission. Please see the Company's response to Staff DR Set No. 2, Question No. 2-08 for earned returns over the past five years.

Respondent: Gary Smith

REQUEST:

[Rate of Return] - Please provide copies of the financial statements (balance sheet, income statement, statement of cash flows, and the notes to the financial statements) for Atmos Energy Corporation and Atmos Energy Corporation, Kentucky/Mid-States Division for the past five years. Please provide copies of the financial statements in both hard copy and electronic (Microsoft Excel) formats, with all data and formulae intact.

RESPONSE:

Please refer to MFR 10(9)(P) in Volumes 4 and 5 in the Company's original filing.

Respondent: Daniel Meziere