

ATMOS

CONTINUING OUR TRADITION OF GROWTH

VALUE CREATION

ENERGY

AGILITY

STRATEGY

TECHNOLOGY

CUSTOMER SERVICE

HTW
GROWTH

INNOVATION

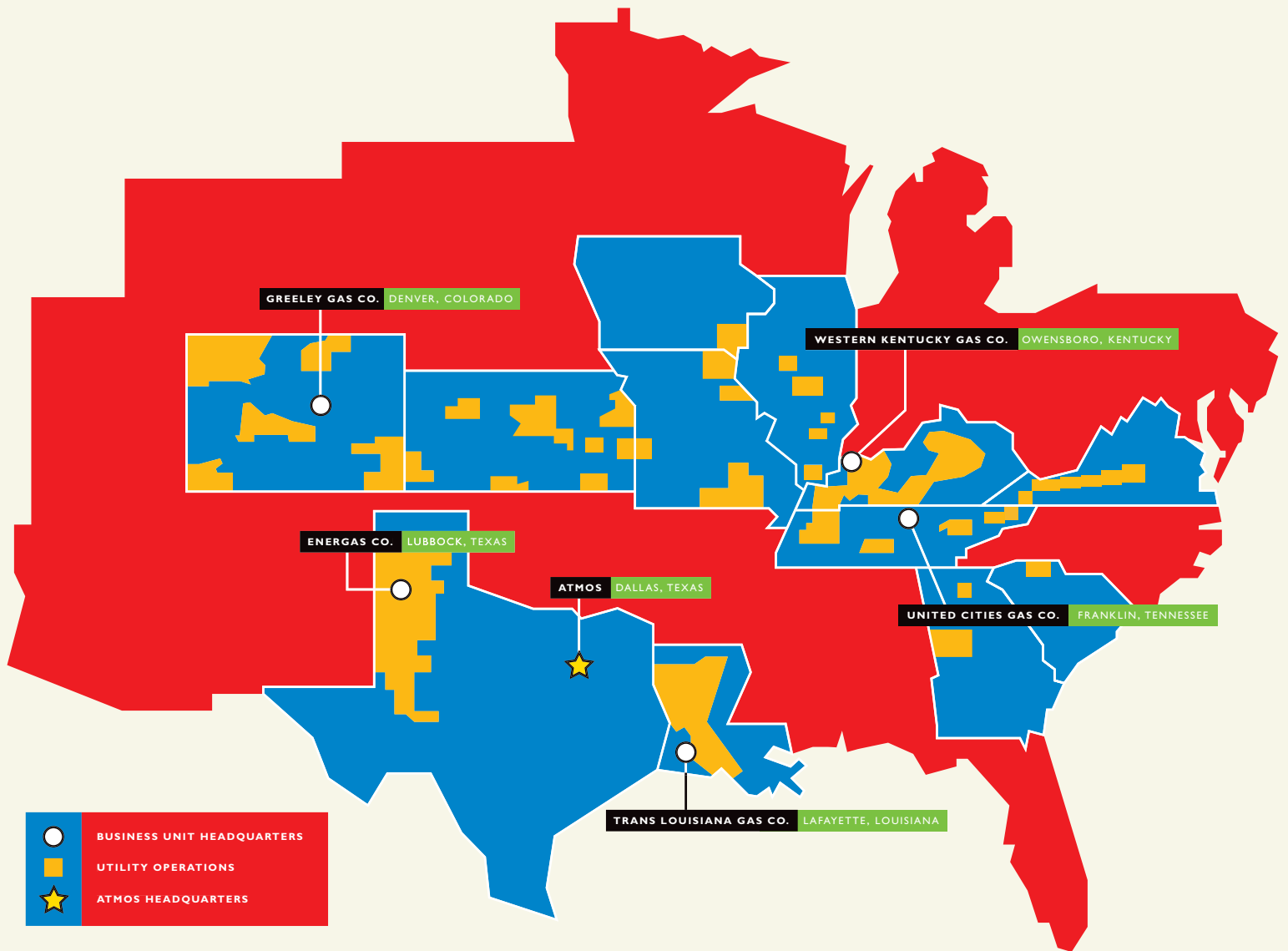
VISION
EXCELLENCE

ATMOS ENERGY CORPORATION
FINANCIAL HIGHLIGHTS

	Year Ended September 30,		
	2000	1999	% Change
	<i>(Dollars in thousands, except share data)</i>		
Operating revenues	\$ 850,152	\$ 690,196	23.2%
Gross profit	\$ 325,706	\$ 299,794	8.6%
Utility net income	\$ 22,459	\$ 10,800	108.0%
Non-utility net income	13,459	6,944	93.8%
Total	\$ 35,918	\$ 17,744	102.4%
Total assets	\$1,348,758	\$ 1,230,537	9.6%
Total capitalization	\$ 755,664	\$ 755,146	0.1%
Net income per share – diluted	\$ 1.14	\$.58	96.6%
Cash dividends per share	\$ 1.14	\$ 1.10	3.6%
Book value per share at end of year	\$ 12.28	\$ 12.09	1.6%
Total throughput (MMcf)	197,564	195,587	1.0%
Heating degree days	3,302	3,374	-2.1%
Degree days as a % of normal	82%	85%	-3.5%
Meters in service at end of year	1,096,599	1,037,995	5.6%
Return on average shareholders' equity	9.3%	4.7%	97.9%
Shareholders' equity as a % of total capitalization (including short-term debt) at end of year	38.4%	40.1%	-4.2%
Shareholders of record	32,394	35,179	-7.9%
Average shares outstanding – diluted (000's)	31,594	30,819	2.5%

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Headquartered in Dallas, Texas, Atmos Energy Corporation distributes natural gas to more than one million customers in Colorado, Georgia, Illinois, Iowa, Kansas, Kentucky, Louisiana, Missouri, South Carolina, Tennessee, Texas and Virginia through its operating divisions – Energas Company, Greeley Gas Company, Trans Louisiana Gas

Company, United Cities Gas Company and Western Kentucky Gas Company. Atmos owns an equity interest in Heritage Propane Partners, the nation's fifth largest retail propane marketer. Atmos also owns an equity interest in Woodward Marketing LLC, a natural gas services company located in Houston, Texas.



In 2000, Atmos Energy Corporation continued its tradition of growth which resulted in the creation of new customers, new markets and new sources of revenue.

Not only did Atmos experience significant growth in key financial areas such as revenues and net income, but we also put into place new rate structures, made acquisitions in important markets and implemented technology that will allow us to better serve our customers. As you will see in this year's Summary Annual Report, Atmos is growing in a variety of ways – from increasing our presence in the state of Missouri through growth in our utility operations to becoming an owner in one of the nation's largest propane companies. Just as importantly, steps taken in 2000 have put a solid foundation in place for continued growth in 2001 and beyond.

Letter to Shareholders

To Our Shareholders:
A year ago, I said that we would continue to aggressively focus on growing our utility and non-utility operations by making acquisitions to sustain our historical growth rate. In 2000, we did exactly that. In fact, the number of transactions that we have announced and completed this year is unparalleled in the history of the Company. We also took important steps to improve our profitability, despite the weather.

We were again challenged by weather in fiscal 2000, but we did not sit idly by as warm weather took its toll throughout our operating territories. We were proactive and innovative and grew our earnings despite weather that was 18 percent warmer than normal and two percent warmer than last year. As a result of the steps we took in 2000, net income more than doubled from \$17.7 million in 1999, to \$35.9 million in 2000. Similarly, earnings per share also grew from \$0.58 per diluted share in 1999 to \$1.14 in 2000.

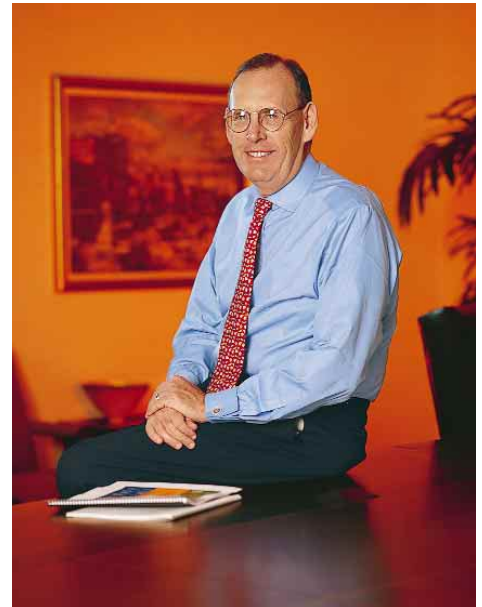
A Year of Unprecedented Growth – Utility Operations

Since 1986, Atmos' tradition of growth has

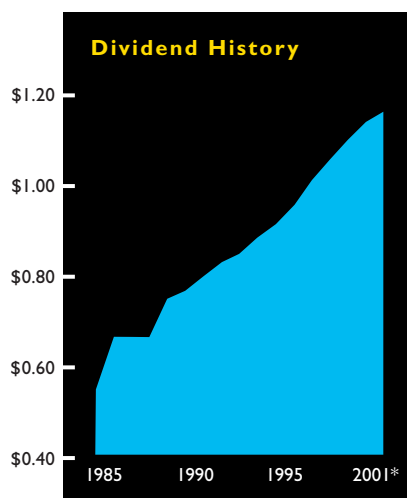
transformed it from a regional company with operations in the state of Texas and a customer base of 300,000 to a company with a multi-state presence, stretching east from the Rocky Mountains to the Atlantic Seaboard and serving more than one million customers. In 2000, we proved once again that Atmos is a successful acquirer and integrator of natural gas utility operations.

In April, we announced our largest acquisition since 1997 – the purchase of the assets of Louisiana Gas Service Company, a division of Citizens Communications Company, and LGS Natural Gas Company, a Citizens subsidiary, for \$365 million. When completed in fiscal 2001, this acquisition will add 279,000 meters to our current Louisiana operations and will make Atmos the largest natural gas distribution company in the state of Louisiana.

In May, we completed the acquisition of Associated Natural Gas' Missouri natural gas distribution properties at a cost of \$667 per customer;



Robert W. Best
Chairman of the Board, President and Chief Executive Officer



* Indicated Annual Dividend

a transaction cost much lower than the industry average. The ANG operations were effectively integrated into our United Cities operations and the acquisition increased our presence in the state of Missouri by 48,000 customers.

With these transactions, Atmos will have doubled its customer base in four years, becoming the fifth largest pure natural gas utility in the nation with approximately 1.4 million customers served.

Atmos has grown from a regional company with a customer base of approximately 300,000 to a company with a multi-state presence and more than one million customers.

In the future, we plan to continue our acquisition strategy. We also believe it makes sense to divest assets in states where the Company does not have a significant presence or opportunity for growth, such as South Carolina, where we have reached an agreement to sell our operations. Such selective divestitures will enable us to focus our time, attention and resources to more strategic operations.

A Year of Unprecedented Growth – Non-Utility Operations

We also took important steps in fiscal 2000 to grow and increase the profitability of our non-utility operations.

Propane Operations. Our strategy has been to increase the scale, scope and profitability of the propane operations we acquired through United Cities Gas Company in 1997. In February 2000, Atmos and three other gas utility companies announced they would combine their propane assets to create a regional company, US Propane. In August, Atmos and its partners merged US Propane with Heritage Propane Partners, L.P. The combined company, which retained the Heritage name, is the nation's fifth largest retail propane marketer. Atmos and its partners own, indirectly through their ownership of US Propane, all of the general partnership interest and a portion of the limited partnership interest of Heritage Propane Partners. Through this series of transactions, Atmos has leveraged its small and relatively unprofitable propane assets to gain an ownership interest in a highly respected and successful, NYSE listed, national propane company.

Woodward Marketing LLC. In August, we also announced that Atmos will acquire the remaining 55 percent equity interest in Woodward Marketing LLC, a natural gas services company. Atmos currently owns a 45 percent equity interest

in Woodward, and we see a significant opportunity to increase Woodward's profitability by acquiring the remaining interest in the Company.

Upon completion of the acquisition, J. D. Woodward, President of Woodward Marketing, will join our senior management team as Senior Vice President of Non-Utility Operations. J.D. and his team have made Woodward Marketing a highly successful company primarily due to the successful relationships they have established with their customers. We believe that Woodward Marketing's ability to prosper will be enhanced both as the core of Atmos' non-utility operations and through the continued leadership of J. D. Woodward and his Woodward Marketing team.

Sale of Retail Products and Services.

In 2000, we launched the sale of non-traditional retail products and services to a portion of our customer base. This venture seeks to increase our non-utility revenue by capitalizing on our local brand names and strong customer relationships. Atmos has not invested any capital in this venture but has instead partnered with successful national retail distribution companies. During 2000, we offered our customers home protection products and discount buying club memberships. Initial results are promising and indicate that our customers are interested in purchasing non-traditional products and services from us.

We will continue to look for ways to increase the profitability of our non-utility operations. We expect the earnings growth rate of our non-utility operations to exceed the growth rate of our utility operations, excluding acquisitions.

Taking Proactive Steps to Mitigate the Effects of Weather on Earnings

We were successful in improving our earnings in 2000 through a diligent regulatory strategy of making timely rate requests and redesigning our rate structures to mitigate the effects of weather. We completed three regulatory proceedings during the fiscal year and settled two others just after the close of the year that will result in more than \$16 million in additional annual revenues. Rate proceedings are also pending in Virginia and Colorado. In December, we placed \$2 million in new rates into effect under bond in Virginia while awaiting a final January 2001 hearing in that case. We anticipate the Colorado rate case will be resolved during the 2001 fiscal year.

During the 2000 fiscal year, Atmos successfully mitigated the effects of weather and established a floor for its earnings by redesigning rates and purchasing weather hedges. As a result of our success in redesigning our rate structures, approximately 34 percent of Atmos' customer base will have weather normalized rates during the 2000-2001 heating season compared to only 17 percent in 1999-2000. To further reduce the impact of weather on earnings, Atmos purchased weather hedges for its Texas and Louisiana operations for the 2000-2001 heating season. These hedges provide protection against weather that is at least seven percent warmer than normal while preserving any upside if the weather approaches normal, or even colder than normal,

5TH LARGEST PURE NATURAL GAS COMPANY IN THE U.S.

conditions. We believe these steps have positioned the Company to deliver strong earnings growth going forward, even when weather is warmer than normal.

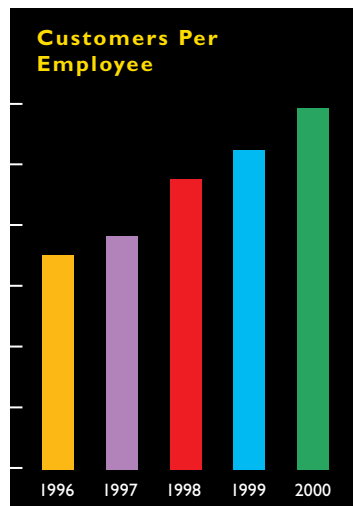
Striving for Exceptional Customer Service

In addition to increasing the numbers of customers we serve, we have also continued our efforts to deliver exceptional customer service at the lowest possible cost. By continually improving our technology systems and our business processes and training, we have remained among the most efficient operators in the industry. Our operating and maintenance costs of \$135 per meter highlights our efficiency and was once again lower than the industry average of \$220 per meter. In addition, we served 582 customers per employee, up significantly

from last year's average of 523 customers per employee, and again better than the average of 390 customers per employee for our peer companies.

We continually work to improve our efficiency and customer service at our Customer Support Center which provides customer call support 24 hours a day, seven days a week. The center now handles more than 7,000 calls per day collectively for our five utility business units.

As we move into the future, technology will



continue to transform our business. More sophisticated technology has already made it possible to read our customers' meters using hand-held electronic meter reading equipment and to dispatch service orders directly to the field

through laptop computers located in our service technicians' vehicles.

DELIVERING

Letter to Shareholders continued

Our investment in technology will drive and accommodate our future growth and, at the same time, enable us to maintain and enhance our reputation as one of the most efficient companies in the natural gas industry. This technology should further serve as a platform for web-based customer account information and service requests, which we expect to add to our technology infrastructure in the near future.

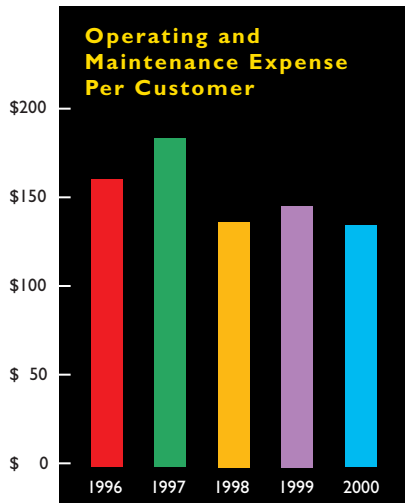
A Bright Future for Natural Gas and for Atmos

The strong demand for natural gas and the recent dramatic increases in the price of natural gas have made headlines. We are sensitive to the impact of higher commodity prices on our customers. However, we believe that the unregulated price of natural gas at the wellhead and the strong resource base will eventually balance supply and demand.

The outlook for natural gas demand is very bright. A recent study by Washington Policy and Analysis, with the support of the American Gas Foundation, forecasts that U.S. consumption of natural gas could rise by as much as 20 percent over the next 20 years. The study states that increased use of natural gas could improve air quality, conserve energy and reduce U.S. reliance on imported oil.

As for Atmos, our fundamental strengths will drive our future growth: our ability to complete and capitalize on acquisitions, the strong relationships we have developed with our customers, our success in growing our non-utility operations and our use of technology to increase efficiency, lower costs and serve more customers in each of our markets.

OUR CUSTOMER BASE



Our 2000 fiscal year accomplishments would not have been possible without the contributions of many important people. First, I would like to express my thanks to our employees for their dedication and commitment and for

managing company operating expenses at 1998 levels. Their many accomplishments during fiscal 2000 are even more impressive when you consider the challenges they faced as the result of one of the warmest winters on record. I also want our customers to know how much we appreciate them and their loyalty and support of our business. They are the reason we are in business and we know that we must continue to earn their trust and respect every day. I also want to thank our Board of Directors for their unwavering commitment to Atmos' long-term growth and for their guidance and support. Finally, and most importantly, I would like to offer my special thanks to our shareholders for their investment and for their continued confidence in our long-term strategy.

In closing, I want to emphasize that although the past year was extremely challenging, we have accomplished a great deal. We have continued Atmos' tradition of growth by acquiring both utility and non-utility operations. We have stabilized our utility earnings by redesigning rates, achieving rate increases and purchasing weather hedges. We

moved our propane operation into a structure in which it can grow and prosper; and we are enhancing Woodward's profitability and growth potential by purchasing the remaining equity interest in the Company. We remain one of the most efficient natural gas distribution companies in the nation by virtue of our ability to leverage technology to aggressively manage our operating costs, accommodate future growth and provide exceptional customer service.

With these accomplishments, we have gained strong momentum and have put the infrastructure in place to deliver solid earnings growth in 2001 and beyond. Our vision and strategy for continuing our tradition of growth are clear, and we have a passion for achieving them. We intend to deliver results that fulfill the great promise of our company.

Sincerely,

Robert W. Best

Robert W. Best

*Chairman, President and Chief Executive Officer
November 8, 2000*

Running Our Utilities Exceptionally Well

Natural gas may be the energy success story for the next 20 years. The American Gas Foundation and other organizations project average annual U.S. natural gas consumption will increase from the current level of 22 quadrillion Btus to 30 – 35 quadrillion Btus by 2020. Atmos is positioned to benefit from the bright future of natural gas.

Atmos' core business remains the distribution of natural gas through its five operating divisions: Energas Company, Greeley Gas Company, Trans Louisiana Gas Company, United Cities Gas Company and Western Kentucky Gas Company. We intend to increase earnings by profitably growing our residential, commercial and industrial customer bases, improving our efficiency and earning our allowed rates of return in each

2000, or about 63 percent of total net income. This compares with utility net income of \$10.8 million on revenues of \$621.2 million in 1999. Utility net income was higher in 2000 primarily due to the positive impact of new rate designs and revenue increases approved in recent regulatory proceedings, as well as the addition of approximately 48,000 customers as the result of the closing of the ANG Missouri acquisition. Reduced operating costs in fiscal 2000 also contributed to improved net income.

Enhancing Efficiency and Convenience

A major part of Atmos' strategy for increasing its earnings is managing costs through efficient operations. Atmos is one of the most efficient operators in the industry, with operating and maintenance costs of \$135 per meter compared to an average

CUSTOMER SUPPORT CENTER

state in which we operate. We will continue to strengthen our utility business by providing superior customer service and reliability, by providing competitive gas rates and by effective cost management.

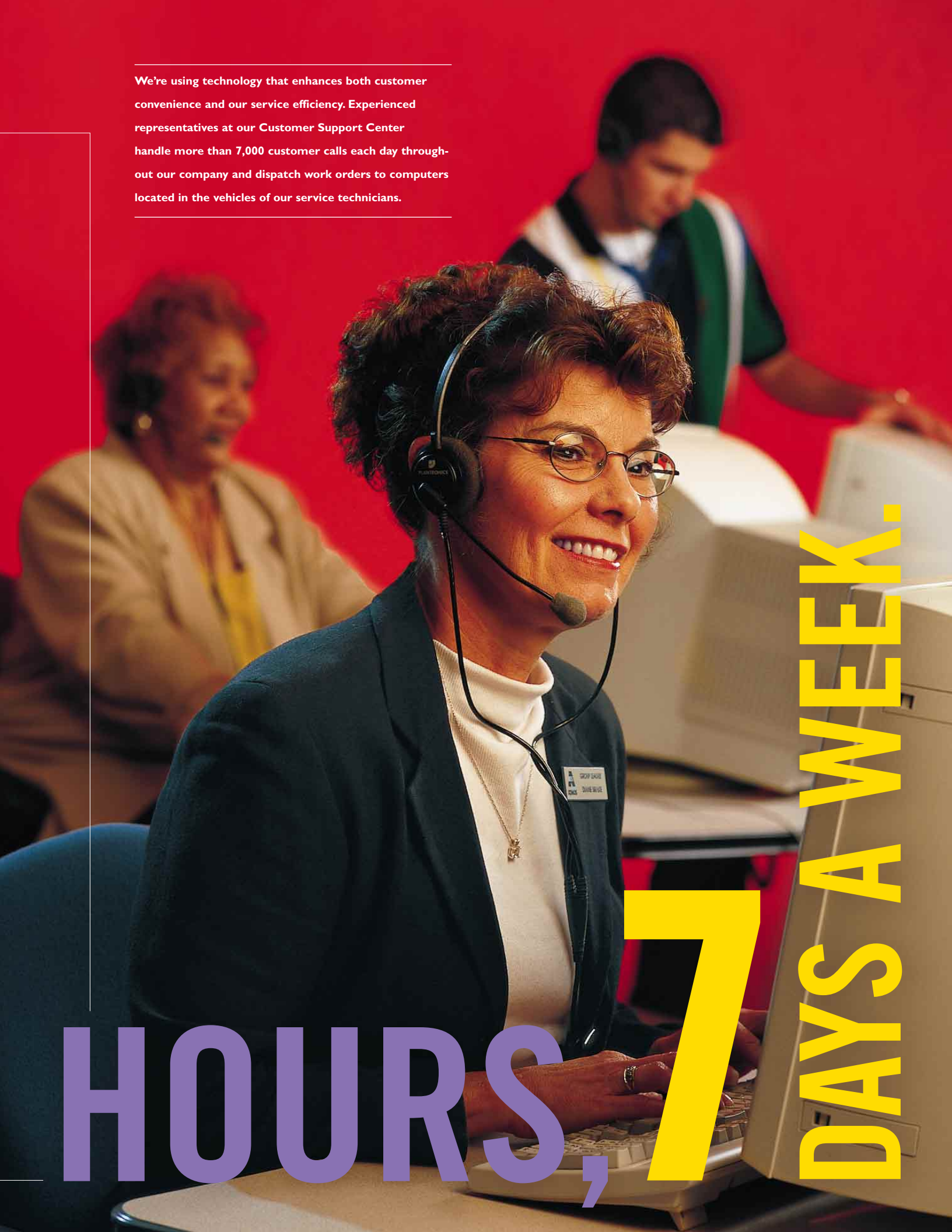
Financial Performance

Utility operations reported net income of \$22.4 million on revenues of \$740 million in

of \$220 per meter for our peer group. We are ahead of many companies in having the technology that provides Atmos the foundation for delivering exceptional customer service while

24

We're using technology that enhances both customer convenience and our service efficiency. Experienced representatives at our Customer Support Center handle more than 7,000 customer calls each day throughout our company and dispatch work orders to computers located in the vehicles of our service technicians.



HOURS,

7

DAYS A WEEK.

improving our efficiency. In 2000, we continued to develop new ways to utilize the customer information system that was implemented in 1999. The customer information system integrates our Customer Support Center with other technology used in the field, including automated dispatching and the automated transmission of service orders to in-truck terminals and electronic meter reading devices.

Atmos' commitment to customer service is important because customers are being presented with more choices and have come to expect high quality service from all types of businesses, including natural gas utilities. To make it easy for customers to do business with Atmos, the Customer Support Center, now in its second full year of operation, handles customer calls from all five utility business units 24 hours a day, seven days a week. The Customer Support Center now handles an average of 7,000 calls each day.

In addition, a network of nearly 300 payment centers, located in convenient retail locations, offers extended hours to customers. A new bill format provides more information to our customers while also making more information available at the fingertips of our customer support associates to enable them to handle customer inquiries more efficiently.

In the near future, we plan to expand the Atmos website and enable our customers to access account information and schedule service online.

Customer Additions

In 2000, Atmos added new meters through internal growth, with the greatest increases occurring in its Kansas City, Western Colorado, and Middle and East Tennessee service areas. Atmos has aggressive programs to make natural gas the fuel of choice for residential and commercial new construction, to convert existing customers from other sources of energy and to market other products and appliances such as gas logs and gas lights to residential customers and builders. During the past year, our marketing team successfully promoted the use of new natural gas applications such as gas-powered chilling technology for cooling large commercial buildings and dehumidification technology that reduces humidity and improves indoor air quality. Atmos added a total of almost 60,000 new meters to its operations in fiscal 2000, including the acquisition of Associated Natural Gas.

Earning Our Allowed Rates of Return

Atmos has confronted the challenge of warmer weather by successfully executing a regulatory strategy that includes filing for additional revenue

increases, seeking weather normalization where appropriate, implementing performance-based regulation (PBR) and redesigning rate structures to mitigate the effects of warm weather.

In fiscal 2000, Atmos concluded three rate proceedings for its Western Kentucky Gas, Amarillo, and Trans La operations and received approval for more than \$12 million in additional annual revenue increases. In addition to approving a revenue increase for Western Kentucky Gas, the Kentucky Public Service Commission also agreed to a five-year pilot program for weather normalization which was implemented in November 2000. Atmos was also successful in redesigning its rate structures in Louisiana, Western Kentucky and Amarillo to mitigate the impact of warm weather on future earnings.

In November 2000, the Railroad Commission of Texas approved a settlement in our Energas West Texas rate case which will result in an increase in annual revenues of approximately \$3 million. In addition to the revenue increase, the Railroad Commission approved a new rate design which provides more protection from warmer than normal weather. The new rates went into effect December 1, 2000 and affect approximately 217,000 Energas customers in West Texas.

Atmos also filed rate proceedings in Illinois and Virginia during the 2000 fiscal year and filed a

rate case in Colorado in November 2000, shortly after the close of the fiscal year. The Illinois rate case was settled for \$1.37 million in October 2000, and \$2 million in new rates were put into effect in Virginia under bond effective December 2000 pending a final January 2001 hearing. Assuming these new rates are approved for Virginia, Atmos' 2001 revenues will include more than \$18 million in additional annual revenue.

With the addition of weather normalized rates in Western Kentucky, combined with existing weather normalized customers in Tennessee and Georgia, approximately 34 percent of Atmos' customer base will be weather normalized in fiscal 2001, compared with 17 percent in 2000.

Performance-based regulation (PBR) is in effect for our Kentucky, Tennessee and Georgia operations. PBRs permit the Company and its customers to share in purchased gas cost savings when Atmos can obtain gas supplies below certain benchmark indices.

In addition to pursuing an aggressive regulatory strategy, the Company has purchased weather hedges for its Texas and Louisiana operations. The hedges are effective for the 2000-2001 heating season and provide protection against weather that is at least seven percent warmer than normal in both states, while preserving any upside opportunities.

Expanding Our Non-Utility Operations

The natural gas industry has never been more competitive. To continue to prosper during these competitive times, Atmos is developing new non-utility businesses that will increase revenues from our existing customer base. In fiscal 2000, we reported non-utility net income of \$13.5 million or 37 percent of consolidated net income.

Our non-utility operations included propane, the sale of natural gas for agricultural and industrial customers in West Texas, a 45 percent equity interest in Woodward Marketing LLC, the sale of retail products and services, and natural gas storage.

Propane Operations

Net income for our propane operations increased in 2000 despite weather that was 18 percent warmer than normal and two percent warmer than a year ago. In February, Atmos announced a joint venture with three other gas utilities to combine its propane assets with the propane operations of those companies to form a limited partnership, US Propane. In June, Atmos and its US Propane partners announced they would merge operations with Heritage Propane Partners, L.P., to create the fifth largest retail propane marketer in the United States. The Heritage and US Propane transactions were completed in August and the combined company serves more than 480,000 customers in 28 states. Atmos' ownership interest in

**THE
LARGEST
PROPANE
MARKETER
IN THE U.S.**



A propane limited partnership formed by Atmos and three other gas utilities merged with Heritage Propane Partners, L.P., and now serves more than 480,000 customers in 28 states, including luxury homes in the Jacksonville Beach area of Florida.

this partnership should result in increased quarterly cash flow, a decrease in our dependency on weather and allow us to maximize the value of our propane assets by becoming part of a larger national organization.

Woodward Marketing LLC

Woodward Marketing LLC's contribution to Atmos pre-tax earnings was \$7.3 million in 2000, compared to \$7.2 million in 1999. Atmos currently owns a 45 percent equity interest in Woodward and announced in August 2000 that it will acquire the remaining 55 percent equity interest. In addition to Atmos, the natural gas services company, headquartered in Houston, Texas, serves industrial customers, municipalities and natural gas utilities in the Southeast, Midwest and in California.

Enermart Energy Services Trust

The seasonal nature of natural gas sales for heating usually makes warm weather months unprofitable for most natural gas utilities. However, through Enermart Energy Services, Atmos serves agricultural and industrial customers in West Texas during the spring and summer months. Enermart's revenues increased by approximately 76 percent in 2000 and were \$67.2 million compared to \$38.2 million in 1999.

Industrial customers include feedlots and cotton gins, as well as other non-agricultural large natural gas users. Enermart's agricultural operations include

supplying natural gas to West Texas farmers for powering irrigation pumps. Enermart also promotes new natural gas technologies, such as gas-powered electric generators.

Atmos Energy Services, Inc.

Each day, more than one million customers rely on Atmos to provide them with safe and dependable natural gas service. As an extension of that service, Atmos is offering its customers an array of optional services and products through Atmos Energy Services, Inc.

Atmos is partnering with mass-marketing experts to offer customers home protection services and memberships in a discount buying club. Customers who purchase products through the Company receive the added convenience of paying only one bill since the cost of selected products and services is included with the monthly gas bill.

Natural Gas Storage

Atmos owns 11 non-regulated underground gas storage facilities in Kansas and Kentucky with a total storage capacity of approximately 21 Bcf. In fiscal 2000, storage contributed \$1.4 million to net income, compared to \$1.3 million in 1999.

**WOODWARD
MARKETING**



TOTAL

OWNERSHIP

Woodward Marketing has grown by providing natural gas services to industrial customers, natural gas utilities and municipalities, such as Loudon, Tennessee, known for its many recreational and historic attractions. This lovely Civil War era home is a Loudon landmark. Atmos currently owns 45 percent equity interest in Woodward.

Atmos' track record of growth through acquisitions continued in 2000. The geographic, economic and regulatory diversity created through acquisitions is a strength that sets Atmos apart from other natural gas utilities. Following the closing of the LGS acquisition, Atmos will be the fifth largest

ASSOCIATED NATURAL GAS

pure natural gas utility in the U.S. with 1.4 million customers.

Associated Natural Gas - Missouri

In October 1999, Atmos announced that it would acquire from Southwestern Energy its Associated Natural Gas' Missouri natural gas distribution properties, at a cost per customer of \$667. The transaction closed on June 1, adding 48,000 customers in Missouri and significantly increasing Atmos' presence in the state.

48,



000

NEW CUSTOMERS

We increased our presence in Missouri, gaining new customers like Noranda Aluminum in New Madrid which employs 1,130 people and has produced more than 10 billion pounds of aluminum used in everything from window frames to automotive wheels and electrical wire.

Acquisition of Louisiana Gas Service Company Announced


In April 2000, Atmos announced that it would acquire the assets of Louisiana Gas Service

LOUISIANA GAS SERVICE

Company, or LGS, and Louisiana Natural Gas Company, or LGSN, from Citizens Communications Company. The acquisition will make Atmos the largest natural gas distribution company in Louisiana. The transaction is expected to be completed in 2001, subject to regulatory approval.

LGS serves approximately 279,000 meters and its service territories include two of the fastest growing parishes in the state. The acquisition of LGS is a positive one for Atmos for a number of reasons including the existence of a successful and profitable non-utility business operation, the opportunity to increase efficiency through the use of technology and the proximity of the LGS operations to Atmos' existing Trans Louisiana operations.



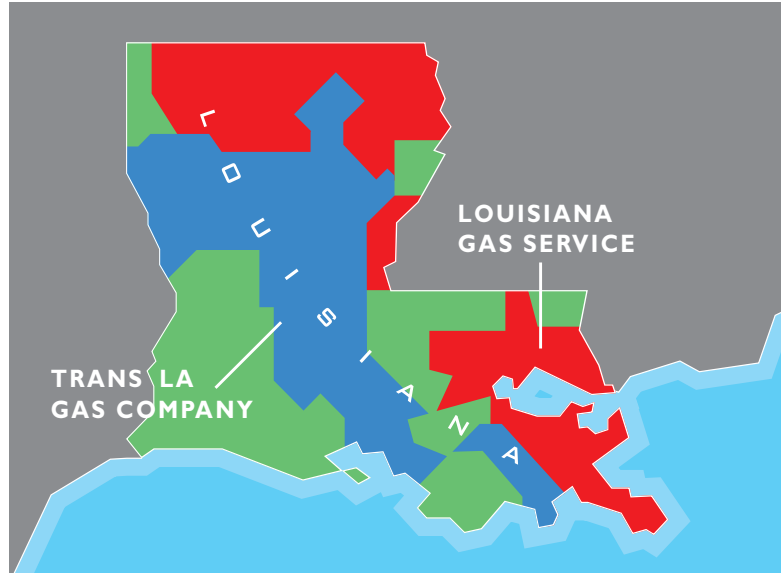


We'll be the biggest fish in Louisiana, serving more than 360,000 total meters when we complete the acquisition of Louisiana Gas Service Company. The acquisition will make us the fifth largest pure natural gas utility in the U.S., with 1.4 million customers.

NEW METERS

As part of the acquisition, Atmos will also acquire LGSN, an intrastate pipeline company that provides natural gas transportation service to about 200 industrial customers.

LGSN also owns a 25 percent undivided interest in Acadian Gas Pipeline's Napoleonville storage facility and a 19 percent undivided interest in Pine Pipeline in Northern Louisiana.



The acquisition of LGS will make Atmos the largest natural gas distribution company in the state of Louisiana.

Propane Merger

Early in 2000, Atmos and three other gas utility companies announced a plan to combine their propane assets and create a regional company, US Propane. In June 2000, the partners announced that they would combine the assets of US Propane with Heritage Propane Partners, L.P. In August 2000, the transaction was completed and Atmos is now an owner in the nation's fifth largest retail propane marketer.

Acquisition of Remaining Interest in Woodward Marketing LLC

In August 2000, the Company announced that it would acquire the remaining 55 percent equity interest in Woodward Marketing LLC in exchange for approximately 1.4 million restricted shares of Atmos common stock. Atmos currently owns a 45 percent equity interest in Woodward which it acquired through its acquisition of United Cities Gas Company in 1997. Woodward has a track record of strong growth accompanied by some of the highest customer satisfaction ratings in the industry. The purchase of the remaining equity interest in Woodward should increase the profitability, scale and scope of our non-utility operations.

Growth through acquisitions is a key component of Atmos' strategy for increasing earnings and building value for the Company. As a larger company, Atmos will have an even greater competitive advantage as the natural gas industry continues toward unbundling of service and becomes even more competitive.

Divestiture Opportunities

We also believe it makes sense to divest the Company of assets in those states where Atmos has a small number of customers with little opportunity for future growth. In October 2000, Atmos announced the sale of its Gaffney, South Carolina operations for approximately \$5.8 million. The sale is expected to be completed in December 2000.

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S u m m a r y A n n u a l R e p o r t

The financial information presented in this report regarding Atmos Energy Corporation is condensed. Our complete financial statements (including notes) as well as management's discussion and analysis of financial condition and results of operations are presented in our Annual Report on Form 10-K. Investors may request, without charge, our Annual Report on Form 10-K for the year ended September 30, 2000, by calling Investor Relations at 1-800-382-8667 7:30 a.m. – 4:30 p.m. CST. Form 10-K may also be viewed on Atmos' website: <http://www.atmosenergy.com>. Additional investor information can be found on the inside back cover of this report.

ATMOS ENERGY CORPORATION
ATMOS AT A GLANCE

	Year Ended September 30,	
	2000	1999
Meters in Service		
Residential	970,873	919,012
Commercial	104,019	98,268
Industrial (including agricultural)	14,259	14,329
Public authority and other	7,448	6,386
	<hr/>	<hr/>
Total meters	1,096,599	1,037,995
Propane customers	—	39,539
	<hr/>	<hr/>
Total	1,096,599	1,077,534
	<hr/>	<hr/>
Heating Degree Days		
Actual (weighted average)	3,302	3,374
Percent of normal	82%	85%
Sales Volumes (MMcf)		
Residential	63,285	67,128
Commercial	30,707	31,457
Industrial (including agricultural)	38,687	35,741
Public authority and other	5,520	5,793
	<hr/>	<hr/>
Total	138,199	140,119
Transportation Volumes (MMcf)	59,365	55,468
	<hr/>	<hr/>
Total Throughput (MMcf)	197,564	195,587
	<hr/>	<hr/>
Propane – Gallons (000's)	19,329	22,291
	<hr/>	<hr/>
Operating Revenues (000's)		
Gas Revenues		
Residential	\$ 405,552	\$ 349,691
Commercial	176,712	144,836
Industrial (including agricultural)	171,447	117,382
Public authority and other	27,198	22,330
	<hr/>	<hr/>
Total	780,909	634,239
Transportation revenues	23,610	23,101
Other gas revenues	4,674	4,500
	<hr/>	<hr/>
Total gas revenues	809,193	661,840
Propane revenues	22,550	22,944
Other revenues	18,409	5,412
	<hr/>	<hr/>
Total Operating Revenues (000's)	\$ 850,152	\$ 690,196
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Other Statistics		
Gross plant (000's)	\$1,579,803	\$1,549,258
Net plant (000's)	\$ 982,346	\$ 965,782
Miles of pipe	30,029	30,670
Employees	1,885	2,062

ATMOS ENERGY CORPORATION
CONDENSED CONSOLIDATED BALANCE SHEETS

	September 30,	
	2000	1999
	<i>(Dollars in thousands)</i>	
ASSETS		
Property, plant and equipment	\$ 1,546,569	\$ 1,526,834
Construction in progress	33,234	22,424
	<u>1,579,803</u>	<u>1,549,258</u>
Less accumulated depreciation and amortization	597,457	583,476
Net property, plant and equipment	982,346	965,782
Current assets		
Cash and cash equivalents	7,379	8,585
Accounts receivable, net	114,448	70,564
Inventories	6,456	8,209
Gas stored underground	64,222	44,653
Prepayments	8,101	3,142
Total current assets	<u>200,606</u>	<u>135,153</u>
Deferred charges and other assets	165,806	129,602
	<u>\$ 1,348,758</u>	<u>\$ 1,230,537</u>
CAPITALIZATION AND LIABILITIES		
Shareholders' equity		
Common stock, no par value (stated at \$.005 per share); issued and outstanding: 2000 – 31,952,340 shares, 1999 – 31,247,800 shares	\$ 160	\$ 156
Additional paid-in capital	306,887	293,359
Retained earnings	83,154	83,231
Accumulated other comprehensive income	2,265	917
Shareholders' equity	<u>392,466</u>	<u>377,663</u>
Long-term debt	363,198	377,483
Total capitalization	755,664	755,146
Current liabilities		
Current maturities of long-term debt	17,566	17,848
Short-term debt	250,047	168,304
Accounts payable	73,031	64,167
Taxes payable	10,844	848
Customers' deposits	9,923	9,657
Other current liabilities	21,085	25,951
Total current liabilities	<u>382,496</u>	<u>286,775</u>
Deferred income taxes	131,619	112,610
Deferred credits and other liabilities	78,979	76,006
	<u>\$ 1,348,758</u>	<u>\$ 1,230,537</u>

ATMOS ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF INCOME

	Year Ended September 30,	
	2000	1999
	<i>(Dollars in thousands, except per share data)</i>	
Operating revenues	\$ 850,152	\$ 690,196
Purchased gas cost	524,446	390,402
	325,706	299,794
Gross profit		
Operating expenses		
Operation	140,249	148,065
Maintenance	7,648	9,141
Depreciation and amortization	63,855	56,874
Taxes, other than income	28,638	31,475
	240,390	245,555
Total operating expenses		
Operating income	85,316	54,239
Other income		
Equity in earnings of unconsolidated investment	7,307	7,156
Other, net	7,437	2,967
	14,744	10,123
Total other income		
Interest charges, net	43,823	37,063
	56,237	27,299
Income before income taxes		
Income taxes	20,319	9,555
	35,918	17,744
Net income		
Basic net income per share	\$ 1.14	\$.58
Diluted net income per share	\$ 1.14	\$.58
Cash dividends per share	\$ 1.14	\$ 1.10
Weighted average shares outstanding:		
Basic	31,461	30,566
Diluted	31,594	30,819

ATMOS ENERGY CORPORATION
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year Ended September 30,	
	2000	1999
	<i>(Dollars in thousands)</i>	
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income	\$ 35,918	\$ 17,744
Adjustments to reconcile net income to net cash provided		
by operating activities:		
Depreciation and amortization:		
Charged to depreciation and amortization	63,855	56,874
Charged to other accounts	3,065	4,800
Deferred income taxes	18,251	31,874
Gain on sale of non-utility assets	(5,831)	—
Changes in assets and liabilities	(61,062)	(26,594)
	<hr/>	<hr/>
Net cash provided by operating activities	54,196	84,698
CASH FLOWS USED IN INVESTING ACTIVITIES		
Capital expenditures	(75,557)	(110,353)
Acquisition of Missouri assets of ANG	(32,000)	—
Retirements of property, plant and equipment, net	957	757
Proceeds from sale of assets, net	6,467	—
	<hr/>	<hr/>
Net cash used in investing activities	(100,133)	(109,596)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase in short-term debt	81,743	101,904
Repayment of long-term debt	(14,567)	(61,000)
Cash dividends paid	(35,995)	(33,882)
Issuance of common stock	13,550	21,726
	<hr/>	<hr/>
Net cash provided by financing activities	44,731	28,748
	<hr/>	<hr/>
Net increase (decrease) in cash and cash equivalents	(1,206)	3,850
Cash and cash equivalents at beginning of year	8,585	4,735
	<hr/>	<hr/>
Cash and cash equivalents at end of year	\$ 7,379	\$ 8,585
	<hr/>	<hr/>

Report of Independent Auditors

To Shareholders of Atmos Energy Corporation:

We have audited the consolidated balance sheets of Atmos Energy Corporation at September 30, 2000 and 1999, and the related consolidated statements of income, shareholders' equity and cash flows for each of the three years in the period ended September 30, 2000 (not presented separately herein) and in our report dated November 8, 2000, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets and statements of income and cash flows are fairly stated in all material respects in relation to the basic consolidated financial statements from which they have been derived.

Ernst & Young LLP

Dallas, Texas

November 8, 2000

ATMOS ENERGY CORPORATION
CONSOLIDATED FINANCIAL AND STATISTICAL SUMMARY (2000-1996)

	Year Ended September 30,				
	2000	1999	1998	1997*	1996*
<i>(Dollars in thousands, except per share data)</i>					
BALANCE SHEET DATA AT SEPTEMBER 30					
Capital expenditures	\$ 75,557	\$ 110,353	\$ 134,989	\$ 122,312	\$ 117,589
Net property, plant and equipment	982,346	965,782	917,860	849,127	770,211
Working capital	(181,890)	(151,622)	(116,679)	(169,518)	(102,764)
Total assets	1,348,758	1,230,537	1,141,390	1,088,311	1,010,610
Shareholders' equity	392,466	377,663	371,158	327,260	329,582
Long-term debt, excluding current maturities	363,198	377,483	398,548	302,981	276,162
Total capitalization	755,664	755,146	769,706	630,241	605,744
INCOME STATEMENT DATA					
Operating revenues	\$ 850,152	\$ 690,196	\$ 848,208	\$ 906,835	\$ 886,691
Gross profit	325,706	299,794	331,836	329,654	324,412
Net income	35,918	17,744	55,265	23,838	41,151
Net income per share – diluted	1.14	.58	1.84	.81	1.42
COMMON STOCK DATA					
Shares outstanding (in thousands)					
End of year	31,952	31,248	30,398	29,642	29,242
Average	31,594	30,819	30,031	29,422	28,994
Cash dividends per share	\$ 1.14	\$ 1.10	\$ 1.06	\$ 1.01	\$.98
Shareholders of record	32,394	35,179	36,949	29,867	36,472
Market price – High	\$ 25	\$ 32 ¹ / ₁₆	\$ 31 ¹ / ₁₆	\$ 27 ⁷ / ₈	\$ 31
Low	\$ 14 ³ / ₄	\$ 23 ¹ / ₁₆	\$ 24 ⁵ / ₁₆	\$ 22 ¹ / ₈	\$ 18
End of year	\$ 20 ⁵ / ₈	\$ 24 ¹ / ₈	\$ 28 ³ / ₈	\$ 24 ⁷ / ₈	\$ 23 ³ / ₈
Book value per share at end of year	\$ 12.28	\$ 12.09	\$ 12.21	\$ 11.04	\$ 11.27
Price/Earnings ratio at end of year	18.09	41.59	15.52	30.71	16.46
Market/Book ratio at end of year	1.68	2.00	2.34	2.25	2.07
Annualized dividend yield at end of year	5.5%	4.6%	3.7%	4.1%	4.2%
CUSTOMERS AND VOLUMES (AS METERED)					
Gas sales volumes (MMcf)	138,199	140,119	159,373	164,208	178,293
Gas transportation volumes (MMcf)	59,365	55,468	56,224	48,800	44,146
Total throughput (MMcf)	197,564	195,587	215,597	213,008	222,439
Meters in service at end of year	1,096,599	1,037,995	1,004,532	985,448	976,308
Total meters and propane customers	1,096,599	1,077,534	1,041,932	1,014,545	1,002,416
Heating degree days	3,302	3,374	3,799	3,909	4,043
Degree days as a % of normal	82%	85%	95%	98%	101%
Average gas sales price per Mcf sold	\$ 5.65	\$ 4.53	\$ 4.87	\$ 5.11	\$ 4.51
Average purchased gas cost per Mcf sold	\$ 3.79	\$ 2.79	\$ 3.24	\$ 3.51	\$ 3.15
Average transportation fee per Mcf	\$.40	\$.42	\$.43	\$.41	\$.43
STATISTICS					
Return on average shareholders' equity	9.3%	4.7%	15.8%	7.3%	13.0%
Number of employees	1,885	2,062	2,193	2,679	2,863
Net plant per meter	\$ 896	\$ 930	\$ 914	\$ 862	\$ 789
Operating, maintenance and administrative expense per meter	\$ 135	\$ 146	\$ 136	\$ 183	\$ 160
Customers per employee	582	523	475	379	350
Times interest earned before income taxes	2.28	1.56	3.09	2.04	3.00

* Amounts for 1997 and 1996 have been restated for pooling of interests with United Cities in July 1997.

ATMOS ENERGY CORPORATION
CONSOLIDATED FINANCIAL AND STATISTICAL SUMMARY (1995-1991) ⁽¹⁾

	Year Ended September 30,				
	1995	1994	1993	1992	1991
<i>(Dollars in thousands, except per share data)</i>					
BALANCE SHEET DATA AT SEPTEMBER 30					
Capital expenditures	\$ 103,904	\$ 85,471	\$ 74,110	\$ 71,056	\$ 69,247
Net property, plant and equipment	697,287	638,787	592,887	552,599	522,234
Working capital	(41,980)	(32,340)	(31,830)	(16,398)	(39,349)
Total assets	900,948	829,385	786,739	723,632	701,185
Shareholders' equity	304,349	267,584	251,317	223,984	197,582
Long-term debt, excluding current maturities	294,463	282,647	257,696	269,887	243,891
Total capitalization	598,812	550,231	509,013	493,871	441,473
INCOME STATEMENT DATA					
Operating revenues	\$ 749,555	\$ 826,302	\$ 794,893	\$ 708,968	\$ 672,265
Gross profit	300,158	297,020	289,394	264,098	243,211
Net income	28,808	26,772	29,694	21,216	17,487
Net income per share – diluted	1.06	1.05	1.21	.91	.81
COMMON STOCK DATA					
Shares outstanding (in thousands)					
End of year	28,246	25,911	25,183	24,100	22,277
Average	27,208	25,604	24,535	23,324	21,582
Cash dividends per share	\$.96	\$.91	\$.82	\$.79	\$.75
Shareholders of record	31,782	27,005	24,649	12,989	11,064
Market price – High	\$ 20 ³ / ₈	\$ 21 ¹ / ₈	\$ 20 ³ / ₈	\$ 15 ¹ / ₄	\$ 14 ¹ / ₈
Low	\$ 15 ⁷ / ₈	\$ 16 ³ / ₈	\$ 13 ¹ / ₂	\$ 12 ³ / ₈	\$ 10 ³ / ₈
End of year	\$ 19 ³ / ₈	\$ 17 ³ / ₄	\$ 20 ¹ / ₄	\$ 14 ⁷ / ₈	\$ 14
Book value per share at end of year	\$ 10.77	\$ 10.33	\$ 9.98	\$ 9.29	\$ 8.87
Price/Earnings ratio at end of year	18.28	16.90	16.74	16.35	17.28
Market/Book ratio at end of year	1.80	1.72	2.03	1.60	1.58
Annualized dividend yield at end of year	5.0%	5.1%	4.1%	5.3%	5.4%
CUSTOMERS AND VOLUMES (AS METERED)					
Gas sales volumes (MMcf)	166,656	170,691	166,065	151,316	151,060
Gas transportation volumes (MMcf)	47,647	47,882	51,665	43,320	44,685
Total throughput (MMcf)	214,303	218,573	217,730	194,636	195,745
Meters in service at end of year	949,213	943,728	888,315	876,142	863,089
Total meters and propane customers	972,572	965,421	908,813	897,262	887,569
Heating degree days	3,706	3,855	4,080	3,676	3,583
Degree days as a % of normal	93%	97%	102%	92%	90%
Average gas sales price per Mcf sold	\$ 4.07	\$ 4.41	\$ 4.32	\$ 4.20	\$ 4.03
Average purchased gas cost per Mcf sold	\$ 2.70	\$ 3.10	\$ 3.04	\$ 2.94	\$ 2.84
Average transportation fee per Mcf	\$.42	\$.45	\$.42	\$.50	\$.52
STATISTICS					
Return on average shareholders' equity	10.1%	10.3%	12.5%	10.1%	9.4%
Number of employees	2,944	3,052	3,105	3,102	3,139
Net plant per meter	\$ 735	\$ 677	\$ 645	\$ 611	\$ 589
Operating, maintenance and administrative expense per meter	\$ 163	\$ 169	\$ 169	\$ 163	\$ 152
Customers per employee	330	316	293	289	283
Times interest earned before income taxes	2.44	2.45	2.47	2.07	1.82

⁽¹⁾ Amounts have been restated for poolings of interests with United Cities Gas Company in July 1997 and Greeley Gas Company in December 1993, and share data have been adjusted for a 3-for-2 stock split in May 1994.

Senior Management Team

Robert W. Best

Chairman, President and Chief Executive Officer

J. Patrick Reddy

Senior Vice President and Chief Financial Officer

R. Earl Fischer

Senior Vice President, Utility Operations

Louis P. Gregory

Senior Vice President and General Counsel

Wynn D. McGregor

Vice President, Human Resources

Utility Business Units

Thomas R. Blose, Jr.

President, United Cities Gas Company

Conrad E. Gruber

President, Western Kentucky Gas Company

B. J. Hackler

President, Trans Louisiana Gas Company

Tom S. Hawkins, Jr.

President, Energas Company

Gary L. Schlessman

President, Greeley Gas Company

Non-Utility Business Units

Jack L. Mars

President, Enermart Energy Trust

Robert E. Mattingly

Vice President, New Business Ventures –
Retail Services

Ron W. McDowell

Vice President, New Business Ventures

Shared Services

Donald P. Burman

Assistant Controller

Cleburne H. Fritz

Vice President, Information Technology

Shirley A. Hines

Corporate Secretary

Lynn L. Hord

Vice President, Investor Relations and
Corporate Communications

Fred E. Meisenheimer

Vice President and Controller

Thomas J. Pearson

Vice President, Customer Information
and Technology

Gordon J. Roy

Vice President, Gas Supply

Laurie M. Sherwood

Vice President and Treasurer

Travis W. Bain II

Chairman, Texas Custom Pools, Inc.
President, Bain Enterprises, Inc.
Plano, Texas
Board member since 1988
Committees: Work Session/Annual Meeting (Chairman), Audit, Human Resources

Robert W. Best

Chairman of the Board, President and Chief Executive Officer
Atmos Energy Corporation
Dallas, Texas
Board member since 1997
Committee: Executive

Dan Busbee

Attorney
Dallas, Texas
Board member since 1988
Committees: Audit (Chairman), Human Resources

Richard W. Cardin

Consultant, and retired partner of Arthur Andersen LLP
Nashville, Tennessee
Board member since 1997
Committees: Audit, Nominating

Thomas J. Garland

Chairman of the Tusculum Institute for Public Leadership and Policy
Greeneville, Tennessee
Board member since 1997
Committees: Human Resources, Work Session/Annual Meeting

Gene C. Koonce

Formerly Chairman of the Board, President and Chief Executive Officer
United Cities Gas Company
Nashville, Tennessee
Board member since 1997
Committees: Executive, Human Resources (Vice Chairman), Work Session/Annual Meeting

Vincent J. Lewis

Senior Vice President
Legg Mason Wood Walker, Inc.
Rutherford, New Jersey
Board member since 1997
Committees: Audit, Nominating

Dr. Thomas C. Meredith

Chancellor of the University of Alabama System
Tuscaloosa, Alabama
Board member since 1995
Committees: Audit, Nominating

Top:

Seated, from left

Carl Quinn, Lee Schlessman
(Honorary Director)

Standing, from left

Gene Koonce, Phillip Nichol,
Richard Cardin, Thomas
Meredith, Richard Ware

Bottom:

Seated

Dan Busbee

Standing, from left

Vincent Lewis
Travis Bain
Charles Vaughan
Thomas Garland
Robert Best



Phillip E. Nichol

Senior Vice President and Branch Manager
PaineWebber Incorporated
Dallas, Texas
Board member since 1985
Committees: Nominating (Chairman), Human Resources, Work Session/Annual Meeting

Carl S. Quinn

General Partner, Quinn Oil Company, Ltd.
East Hampton, New York
Board member since 1994
Committees: Human Resources (Chairman), Executive

Charles K. Vaughan

Formerly Chairman of the Board
Atmos Energy Corporation
Dallas, Texas
Board member since 1983
Committee: Executive (Chairman)

Richard Ware II

President, Amarillo National Bank
Amarillo, Texas
Board member since 1994
Committees: Work Session/Annual Meeting, Nominating
Honorary Director

Lee E. Schlessman

President, Dolo Investment Company
Denver, Colorado
Retired from Board in 1998

Common Stock Listing

New York Stock Exchange

Trading Symbol

ATO

Stock Transfer Agent and Registrar

Shareholder inquiries on stock transfers may be directed to Fleet National Bank, c/o EquiServe, P.O. Box 43010, Providence, RI 02940-3010. You may also call the interactive voice response system 24 hours a day at 1-800-543-3038, or to speak to a customer service representative, call between 9 a.m. and 6 p.m. EST, Monday through Friday. You may also send an e-mail through our agent's website at <http://www.equiserve.com> and reference Atmos in your e-mail.

Independent Auditors

Ernst & Young LLP
2121 San Jacinto, Suite 1500
Dallas, Texas 75201
(214) 969-8000

Form 10-K

The Atmos Energy Corporation Annual Report on Form 10-K is available upon request from Investor Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205, or by calling 1-800-38-ATMOS (382-8667) 7:30 a.m. – 4:30 p.m. CST. Form 10-K may also be viewed on Atmos' website: <http://www.atmosenergy.com>.

Annual Meeting of Shareholders

The Annual Meeting of Shareholders will be held at the Lafayette Hilton and Towers, 1521 Pinhook Road, Lafayette, Louisiana, 70505, at 11 a.m. CST on February 14, 2001.

Direct Stock Purchase Plan

Atmos Energy Corporation has a Direct Stock Purchase Plan that is available to all investors.

For an initial Investment Form or Enrollment Authorization Form and a Plan Prospectus, please call Atmos Shareholder Relations at 1-800-38-ATMOS (382-8667) 7:30 a.m. – 4:30 p.m. CST; or EquiServe at 1-800-543-3038. The Prospectus is also available on the Internet at <http://www.atmosenergy.com>. You may also obtain information by writing to Shareholder Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205.

This is not an offer to sell nor a solicitation to buy any securities of Atmos. Shares of Atmos common stock purchased through the Direct Stock Purchase Plan will be offered only by Prospectus.

Atmos Information by Phone

Atmos Energy Corporation shareholder information is available by phone seven days a week, 24 hours a day through EquiServe, L.P.'s interactive voice response system. To perform stock transfers, listen to current company information and access daily stock quotes without the assistance of a customer service representative, call 1-800-543-3038 and have your Atmos Energy shareholder account number and Social Security or taxpayer ID number ready.

Atmos on the Internet

Information about Atmos and its business units may be accessed over the Internet. The Atmos home page, located at <http://atmosenergy.com>, includes current and historical financial reports and other investor information, management biographies, employment opportunities and information about the Company's operations and service areas. Each business unit has its own home page, with details about products and services. You can reach the business units directly at the following web addresses:

<http://www.energas.com>

<http://www.greeleygas.com>

<http://www.transla.com>

<http://www.westernkentuckygas.com>

<http://www.unitedcitiesgas.com>

Please visit us on the worldwide web.

**Atmos Energy Corporation Contacts:
Shareholder and Direct Stock Purchase Plan
Information:**

1-800-38-ATMOS (382-8667), 7:30 a.m. – 4:30 p.m. CST

**Financial Information for Securities Analysts,
Investment Managers and General Information:**

Lynn Hord
Vice President, Investor Relations and Corporate
Communications

(972) 855-3729 (office)

(972) 855-3040 (fax)

lynn.hord@atmosenergy.com



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