

Ensuring Safety
and Reliability



Voices for Safety



Graham Landell Perry
Senior Engineer

Dallas, TX

"I'm involved in the design of natural gas pipelines, measurement stations and regulator stations," explains Senior Engineer Landell Perry. "Our design of new state-of-the-art instrumentation and controls allows Atmos Energy to know immediately if there's a pressure spike and shut a line down remotely. Our goal as engineers is to find effective and efficient solutions to help protect our customers and deliver highly reliable natural gas transmission and distribution service."

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**s engineers, it's our duty
to design the most effective
solutions for our customers
and communities.**



Cover: Mid-Tex Division Senior Engineer Landell Perry (right), Field Construction Coordinator Robert Parker and Crew Leader Royce Sharp inspect the installation of an actuator on an existing remote control valve for an Atmos Pipeline-Texas transmission line.

Above: The work involves close cooperation among teams from engineering and pipeline operations.

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natural gas pipelines span 2.4 million miles across the United States—an extensive network that delivers the efficient, clean and abundant fuel we all rely on for

economic strength and national security. In the Atmos Energy system alone, our employees are responsible for about **77,000** miles of natural gas pipelines, serving more than 1,600 communities of all sizes in 12 states.

Ensuring safety and reliability of our gas transmission and distribution infrastructure stands as our highest goal.

Our team understands the requirements of pipeline safety, and they diligently carry out our policies and programs to maintain and modernize our pipeline network. They work to protect our customers, our employees, the public and our underground pipeline assets at all times.

In this report, 11 of our employees share how their attitudes and actions contribute to a culture of safety. These are our voices for safety—and they speak for the nearly **5,000** Atmos Energy team members who serve our customers and communities **every day**.

Danny Waguespack
Compliance Manager

Metairie, LA

"All states have pipeline safety requirements that go beyond the federal regulations," says Compliance Manager Danny Waguespack. "Compliance is responsible for making sure we meet or exceed the highest standard in each state we serve. Those codes include Operator Qualification, Pipeline Integrity Management, Public Awareness, Damage Prevention, Distribution Integrity Management, Control Room Management and more. The compliance world is always evolving and ever changing."

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**e don't just follow the letter of the law;
we follow the spirit of the law.**

**We're constantly reviewing every aspect
of our operations. If we see a better way
of doing things, we pursue it.**



Louisiana Division Compliance Manager Danny Waguespack (left) and Survey Specialist Billy Bentel check the placement of required warning signs along one of the company's rights of way to alert the public to a buried pipeline and help prevent damage to it from excavation.



Regan Hampton
Lead Controller

Dallas, TX

“My team and I keep a constant watch on approximately 6,000 miles of pipeline,” explains Regan Hampton, lead controller at Atmos Pipeline–Texas’ control center. “Ours is one of the largest natural gas pipelines in Texas, and on a peak day more than 3.5 billion cubic feet of gas flows through the system. Our team is here 24 hours a day, seven days a week, monitoring pipeline pressures and flow rates and working with the engineering and integrity groups to schedule maintenance outages, so that our pipeline is as safe as we can make it.”

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**ur goal is zero incidents
—and it has to be. In this type of
business, there’s no room for error, so
that our pipeline is safe and provides
reliable service.**

Regan Hampton, lead controller for Atmos Pipeline–Texas, heads a team of highly experienced pipeline controllers who monitor the system around the clock at the division’s Dallas control center.

Kenny Compton
Senior Service Technician

Radford, VA

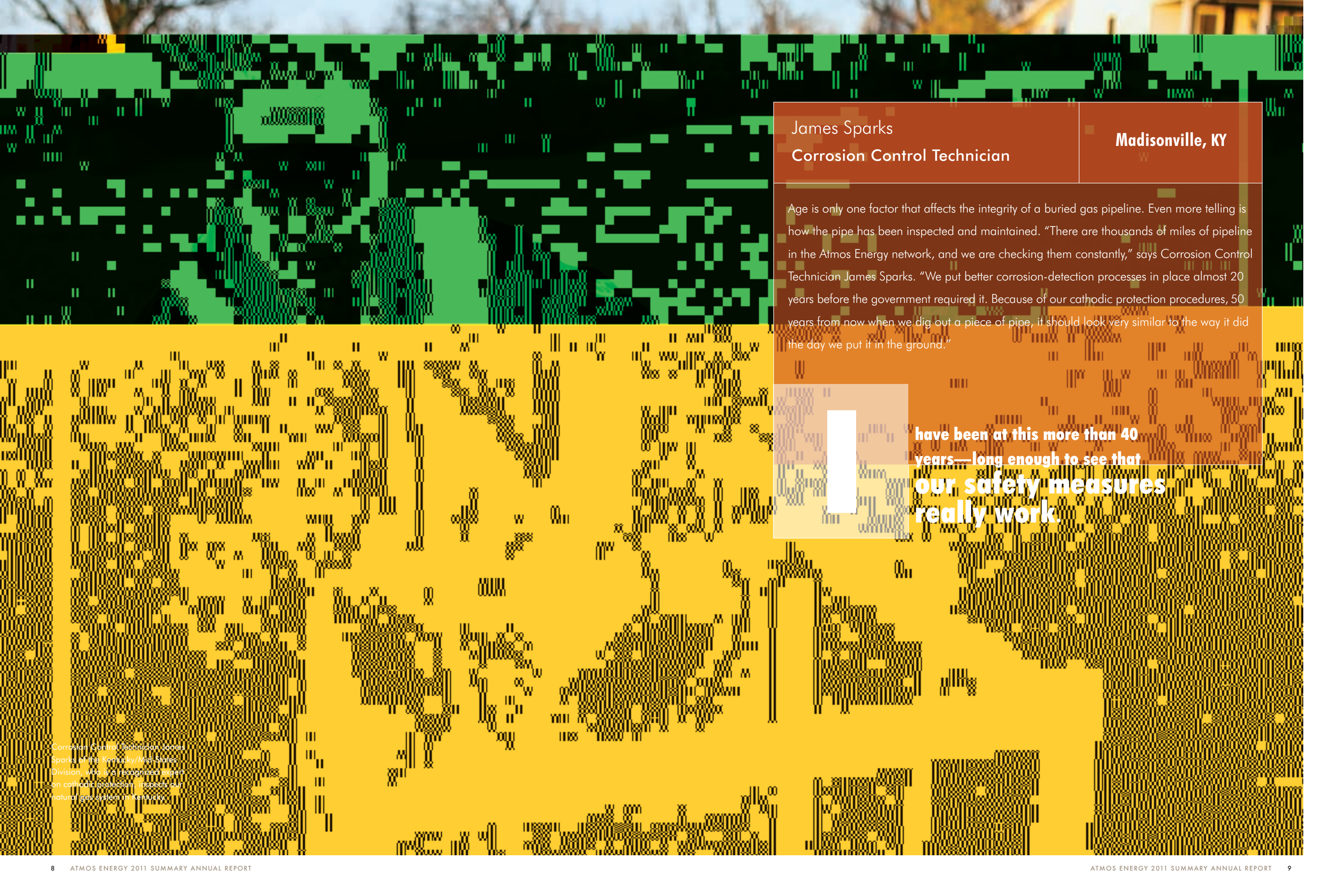
"We're the proactive guys," explains Senior Service Technician Kenny Compton. "We're out there clearly marking our buried gas lines, so that they don't get cut by homeowners or commercial excavators laying electric, water or sewer lines. Field employees are required to be qualified to meet federal Operator Qualification rules. We can't perform any task—marking a gas line, setting a gas meter, turning a customer's service on or off, responding to a gas or carbon monoxide leak, nothing—unless our training and OQ are up to date."

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e're out there to protect life and property. When we meet customers or go into their homes, safety is our No. 1 concern.



Senior Service Technician Kenny Compton in the Kentucky/Mid-States Division uses instruments to locate and mark a buried natural gas line to help prevent damage from excavation.



James Sparks
Corrosion Control Technician

Madisonville, KY

Age is only one factor that affects the integrity of a buried gas pipeline. Even more telling is how the pipe has been inspected and maintained. “There are thousands of miles of pipeline in the Atmos Energy network, and we are checking them constantly,” says Corrosion Control Technician James Sparks. “We put better corrosion-detection processes in place almost 20 years before the government required it. Because of our cathodic protection procedures, 50 years from now when we dig out a piece of pipe, it should look very similar to the way it did the day we put it in the ground.”

I have been at this more than 40 years—long enough to see that our safety measures really work.

Corrosion Control Technician James Sparks of the Kentucky/Mid-States Division, who is a recognized expert on cathodic protection, inspects our natural gas system in Kentucky.

Annie Stewart
Senior Financial Analyst

Flowood, MS

“Over the past years, we have spent more money, both operating expense and capital dollars, to improve the safety of our employees, customers and the general public,” says Senior Financial Analyst Annie Stewart. Atmos Energy has invested more than \$1.7 billion since 2007 to improve its pipeline and distribution system. “We’ve increased our allocations for pipeline replacements, technology upgrades, employee training, and safety advertising and bill inserts. Analysts like me help account for these projects correctly, to help keep them on budget and to assist others in making good decisions that support our commitment to safety.”

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ome safety activities are mandated,
but Atmos Energy invests to the
highest standards
of safety and compliance.

Mississippi Division Senior Financial Analyst Annie Stewart (standing) reviews safety expenditures with Safety Manager Ed Johnson, Financial Analyst II Carolyn Knight and Revenue Systems Analyst Earl Lee.



Francisco Javier Aguirre
Welder 1

Odessa, TX

“After I leave the house for work each morning, the first thing that comes to my mind is safety,” says Class I Welder Javier Aguirre. “The most important thing for me on a daily basis is to prevent any pipeline events that would endanger my life, the lives of my crew-mates or the community where we’re working. We check the system pressure maps and work closely with the engineering team and our supervisors to make sure we follow the safest procedures. We take great pride in our work.”

Besides welding safely, we clear the area of any flammable brush or debris that could catch fire. **Checking the conditions around a work site protects everyone.**

Welder Javier Aguirre of the West Texas Division measures a pipe joint on one of the division's natural gas pipelines near Odessa, Texas, before making a repair.



Annie Estrada
Customer Support Associate

Waco, TX

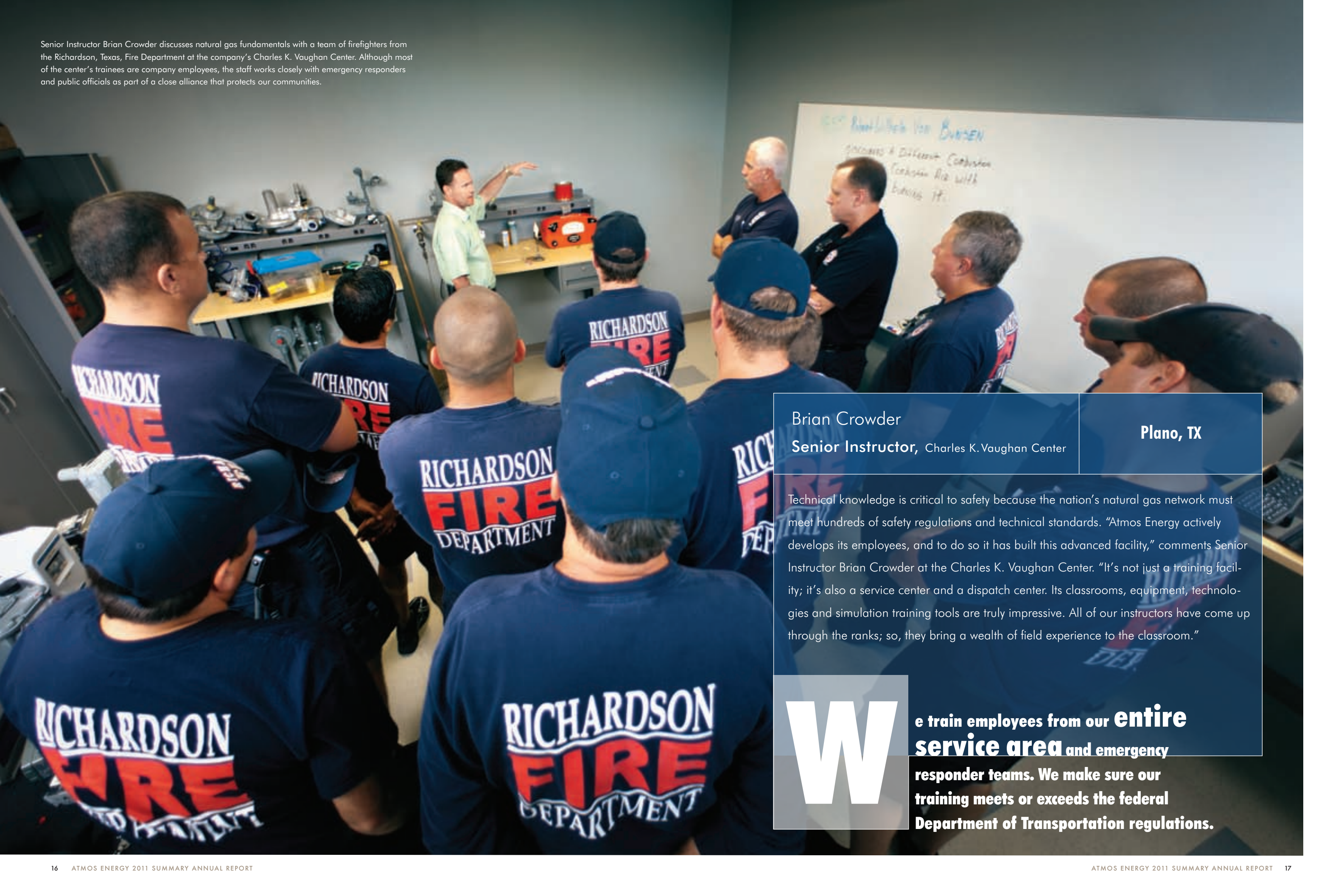
"We're trained in many areas of customer assistance but especially customer safety," says Annie Estrada, a customer support associate at Atmos Energy's Waco Customer Contact Center. "Emergency calls are definitely our top priority. When customers suspect a gas leak, we help them stay calm and ask questions to gather information for our responding technicians. Inside or outside? Backyard or front yard? Is it near the gas meter? We direct our customers where to go to be safe and dispatch crews immediately, using the information to help our technicians investigate the leak and make the area safe."

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hen it comes to safety, we are **highly trained** to keep our customers safe, identify where a leak might be and send trained technicians quickly to investigate.

Annie Estrada, customer support associate at Atmos Energy's Waco Customer Support Center, and Melissa Hutyra, senior administrative assistant, review the company's online information about safety.

Senior Instructor Brian Crowder discusses natural gas fundamentals with a team of firefighters from the Richardson, Texas, Fire Department at the company's Charles K. Vaughan Center. Although most of the center's trainees are company employees, the staff works closely with emergency responders and public officials as part of a close alliance that protects our communities.



Brian Crowder

Senior Instructor, Charles K. Vaughan Center

Plano, TX

Technical knowledge is critical to safety because the nation's natural gas network must meet hundreds of safety regulations and technical standards. "Atmos Energy actively develops its employees, and to do so it has built this advanced facility," comments Senior Instructor Brian Crowder at the Charles K. Vaughan Center. "It's not just a training facility; it's also a service center and a dispatch center. Its classrooms, equipment, technologies and simulation training tools are truly impressive. All of our instructors have come up through the ranks; so, they bring a wealth of field experience to the classroom."

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e train employees from our entire service area and emergency responder teams. We make sure our training meets or exceeds the federal Department of Transportation regulations.

Brian Martens, Colorado manager of public affairs in the Colorado-Kansas Division, talks with enthusiastic sixth-graders at Mountain View Core Knowledge Charter School in Cañon City, Colorado. The students recently were recognized by Atmos Energy for their presentation about energy efficiency and natural gas safety.



Brian Martens
Manager of Public Affairs

Greeley, CO

“Besides working with public officials and the media, we visit schools to help students learn what this invisible thing, natural gas, is all about,” says Manager of Public Affairs Brian Martens. “On the Internet, we have lesson plans for teachers, fun experiments and a challenge to create a project about energy efficiency and safety. The sixth-graders at Mountain View Core Knowledge Charter School in Cañon City, Colorado, wrote and filmed a skit showing energy traveling through a pipe, into a home and heating the house, water and food. It was terrific.”

We help kids at school understand how natural gas works, what it smells like and what to do if they smell it.

Kim Cocklin, president and CEO of Atmos Energy Corporation, and Marvin Sweetin, senior vice president, utility operations, are joined by Virginia employees after one of the company's quarterly employee broadcasts. The broadcasts, transmitted by satellite to company locations, provide an effective way to communicate with virtually every employee about Atmos Energy's commitment to safety.

Kim R. Cocklin
President and CEO

Dallas, TX

"Staying incident-free every day is critically important to all of our employees, our customers and the communities we serve," says Atmos Energy President and CEO Kim Cocklin. "The media generally define safety as "pipeline integrity," but it's so much more than that. It entails customers' safety in their homes, consumer education, employee training, best-in-class engineering and the most reliable technologies. We expect our employees not only to work safely, but also to help their team members do so, as well."

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e train employees to "coach in the moment" both to point out when something could be done in a better way and to praise work done safely.

To Our Shareholders

Atmos Energy Corporation achieved substantial results in fiscal 2011. Our track record of creating shareholder value continued through consistent earnings-per-share growth. We also marked 28 years of consecutive annual dividend increases, after including all mergers and acquisitions.

Our strategy is focused on maximizing the value of our regulated assets. It seeks to

- maximize our regulated earnings capability from our utility and pipeline operations,
- complement our regulated operations with energy services provided by our nonregulated business unit, and
- enhance shareholder value through prudent acquisitions and growing the rate base of our regulated companies.

In fiscal 2011, we achieved the following highlights.

- We enhanced the safety and reliability of our distribution system by replacing or adding more than 450 miles of natural gas pipelines.
- With our customers, we successfully resolved 19 rate filings, which are expected to increase annual operating income by more than \$72 million.
- We strengthened our balance sheet going forward by impairing two natural gas gathering systems and a proposed natural gas storage project.
- We moved to become more geographically efficient by agreeing to sell our Missouri, Illinois and Iowa distribution assets for approximately \$124 million.
- We benefited financially from unwinding two interest-rate agreements called Treasury locks, which we no longer needed, and from upgrades by two of the three major credit rating agencies.

Financial Results

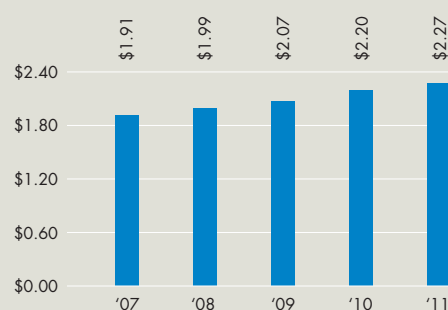
Earnings per diluted share increased by 7 cents over the \$2.20 earned in fiscal 2010 to \$2.27, marking our ninth consecutive year of higher annual earnings.

Consolidated net income rose from \$205.8 million in fiscal 2010 to \$207.6 million in fiscal 2011. Operating revenues for the fiscal year were \$4.3 billion.

We paid cash dividends of \$1.36 per share, and in November 2011 the board of directors raised the dividend by 2 cents a share for an annual indicated rate in fiscal 2012 of \$1.38 per share. Our dividend payout ratio is 60 percent currently, as compared to 67 percent five years ago.

Our capital expenditures increased by \$80.4 million, year

Net Income per Diluted Share



Earnings per diluted share have increased steadily during the past five years due to our commitment to invest in system modernization, which has added to our utility rate base.

over year, to \$623.0 million. Approximately 70 percent of that spending was invested to modernize our gas distribution infrastructure and to enhance the safety and reliability of our pipeline system.

We continued to improve our rate designs and to seek rate settlements to avoid costly litigation.

Regulatory authorities approved approximately \$72 million in annual operating income increases from rate filings. In one of the settlements, the Railroad Commission of Texas decided a base rate case filed in 2010 by our Atmos Pipeline-Texas Division, resulting in an increase in annual operating income of about \$20 million.

In our nonregulated operations, we recorded noncash charges of \$30.3 million for operations that no longer offered reasonable prospects to meet our investment objectives. The cumulative adjustments lowered fiscal 2011 diluted earnings per share by about 21 cents.

Offsetting these impairment charges was a one-time \$27.8 million pre-tax cash gain from unwinding two Treasury lock agreements with a cumulative notional value of \$250 million. The Treasury locks, which are financial agreements for locking in interest rates for future debt issuances, were no longer needed after we cancelled an anticipated debt offering. In addition, we recorded a \$5 million one-time benefit from an administrative settlement of various income tax positions. These gains improved earnings per diluted share by about 24 cents.

Shareholder value was further enhanced through our repu-

chase in fiscal 2011 and fiscal 2010 of more than 3.3 million shares of Atmos Energy common stock at an effective price of \$29.99. The repurchased stock improved fiscal 2011 earnings per diluted share by about 8 cents a share. In addition, we plan to retire up to 5 million more shares over the next five years through our new share repurchase program.

During fiscal 2011, we strengthened our credit profile by reducing the company's number of credit facilities, interest costs and weighted average cost of debt. We received credit rating upgrades by Moody's Investors Service to Baa1 and by Fitch to A-, and Standard & Poor's reaffirmed its rating of BBB+.

Operational Developments

Our focus on modernizing our distribution system to ensure continued safety and reliability included many projects in all divisions to replace cast iron, steel mains and vintage distribution pipelines.

The largest of these projects is a steel service line replacement program in the Mid-Tex Division. The division made steady progress on its plan to make 100,000 line replacements by September 2012. Steel service lines installed from the 1940s through the 1960s are being converted to ½-inch-to-2-inch polyethylene pipe in more than 40 cities throughout the division.

Along with safety, we invested in major projects to provide excellent customer service. Development advanced from the design phase to the build phase on a new customer service software system that will improve the handling of our customer relationships, billing and communication. About 250 employees are involved in the project, with conversion to the new system expected in May 2013.

We also dedicated an \$18.5 million customer contact center in Amarillo, Texas. The 52,500-square-foot facility replaced the company's original Amarillo call center, which opened in 1998. The new center features advanced telecommunications and information technologies to help handle a peak of approximately 1,900 calls an hour, ergonomic workstations for the center's 150 agents, a new dispatch arena and design features to increase energy performance and reduce waste. Atmos Energy is seeking LEED® silver certification* for the facility.

In May 2011, we entered into a definitive agreement to sell all of our Missouri, Illinois and Iowa gas distribution assets for a cash price of approximately \$124 million. These operations, which serve some 84,000 meters in 189 communities, are being purchased by Liberty Energy (Midstates) Corp., an affiliate of Algonquin Power & Utilities Corp. The sale is expected to close in 2012 after regulatory approvals are granted. Selling these assets will allow us to better focus our distribution operations in



In September, we opened Atmos Energy's new Amarillo Customer Contact Center to help ensure excellence in serving our customers.

our remaining nine states. Today about three-fourths of our utility operations are located in Texas, Louisiana and Mississippi.

In January and February 2011, hundreds of company employees dealt with frigid cold and record snowfall. Many spent days away from home keeping regulator stations operating and assisting customers. We appreciate our employees' dedication and concern for ensuring the safety and comfort of our customers.

As a testament to its operations, engineering and foresighted improvements, Atmos Pipeline-Texas successfully handled one of the largest peak-day demands in its history. Transmission volumes on February 2 exceeded 3.6 billion cubic feet (Bcf), which equaled the previous historical high in 1996, as temperatures remained below freezing for nearly 10 days across North Texas.

The pipeline, which is a primary transporter of natural gas to our Mid-Tex Division, met all its firm service obligations to human-needs gas customers during the cold wave. That same day, it also set a record of 2.5 Bcf in gas deliveries to our Mid-Tex Division and other North Texas local distribution companies.

During 2011, our nonregulated operations experienced declines in margins caused by weak natural gas market fundamentals, which provided fewer opportunities for favorable trading and asset optimization.

Although nonregulated gas sales volumes increased in fiscal 2011 by 9 percent to 384.8 Bcf over fiscal 2010 volumes, unit margins trended lower due to increased competition, lower basis spreads and continued depressed conditions of the economy. Atmos Energy Marketing remains a strong, regional leader in gas marketing and large-user services, and its results typically supplement earnings from our regulated distribution operations. AEM markets gas through physical delivery and maintains a conservative trading portfolio.

Employees in these operations worked diligently during the year to grow their customer base and sales volumes. We believe

that Atmos Energy Marketing is stronger today than most of its competitors because it has successfully retained customers and won new business even under difficult conditions.

Board and Management Changes

We express our deep appreciation to Richard W. Cardin and Phillip E. Nichol who both retired from the board of directors in February 2011. Mr. Cardin, with 14 years of service as a director, also retired as chairman of the board's Audit Committee, and Mr. Nichol, with nearly 26 years of service, also retired as chairman of the Nominating and Corporate Governance Committee. These two directors contributed significantly to the company's growth and success, and we thank them for their dedication and service to our shareholders, customers and employees.

In November 2011, Marvin L. Sweetin was promoted to senior vice president, utility operations. Marvin joined Atmos Energy in 2000 after working for 13 years in the oil and gas industry. He has led our procurement, technical training and customer-service organizations as well as our enterprisewide Utility Operations Council. He has demonstrated a proven ability to control costs, improve operations and serve our customers well. In his new position, he serves on the company's Management Committee.

Favorable Future Outlook

The predictable and stable contributions from our regulated operations remain the cornerstone of our earnings framework. Although our nonregulated operations suffered because of tight market conditions this past year, Atmos Energy Marketing retained virtually all of its major gas marketing customers and added new ones. Its future prospects continue to complement the company's base earnings.

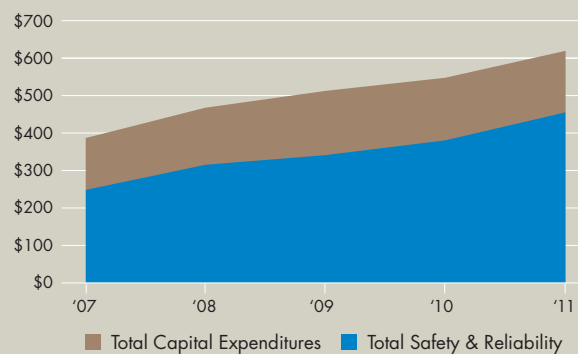
We intend to continue to invest—and our regulators have long approved of this goal—large amounts of capital needed to continually modernize our gas delivery system and safeguard our communities. We expect our capital expenditures in fiscal 2012 will range between \$630 million and \$650 million.

Our regulated utility rate base at the end of fiscal 2011 totaled about \$4 billion. We expect the rate base will grow at a compound annual rate between 6.0 percent and 6.5 percent during the next five years. On average, this could add \$50 million to \$60 million annually in operating income.

Investing in our Texas intrastate transmission and storage operations promises not only to benefit our regulated distribution customers, but also to aid the state's natural gas producers in bringing more gas to market in Texas and elsewhere. Atmos Pipeline—Texas' approximately 6,000-mile system crosses the state from far West Texas to near the Louisiana border and from the Oklahoma border south to near Houston. It is strategically located to transport Barnett shale gas as well as more production from other shale gas basins now under development in the state.

The competitive price of natural gas and its many other benefits—it's clean, abundant, efficient and domestic—make our product the most likely fuel to meet the United States' energy needs for decades to come. As the economy improves, we be-

Investments for Safety and Reliability (\$ in millions)



On average during the past five years, 68 percent of Atmos Energy's total capital expenditures have been dedicated to system modernization and expansion to provide safe and reliable distribution operations.

lieve natural gas will become the fuel of choice for new housing, factories, power plants and alternative transportation.

Growing through acquisitions will continue to be part of our future strategy. We have an enviable record of acquiring utility properties with little dilution and integrating them successfully. For example, during the past decade, most natural gas distribution merger or acquisition transactions cost their acquirers about 10 times EBITDA[†], but ours averaged 7 to 8.5 times EBITDA.

We are a patient acquirer; we have made 10 major acquisitions since 1986. We also are one of the most efficient utility operators in the country, compared to our peers. We plan to pursue the acquisition of operations that we can run successfully and that make sense financially.

Our balance sheet is strong, with 48 percent equity at September 30, 2011. At fiscal year-end, we had \$1.1 billion of total borrowing capacity, giving us ample liquidity for future needs and growth.

Taken altogether, we believe these strong, positive factors signify a favorable future outlook for Atmos Energy. For fiscal 2012, we expect our earnings will increase to between \$2.30 and \$2.40 per diluted share, excluding unrealized margins.

We appreciate the confidence shown by you, our investors, as well as by our 5,000 employees and our more than 3 million natural gas distribution customers. As Executive Chairman Robert W. Best has noted in previous annual reports, our purpose in business is to serve all our stakeholders—and to serve you well. That always stands as our No. 1 "blue chip" goal.

Kim R. Cocklin
President and Chief Executive Officer
November 22, 2011

* LEED® stands for Leadership in Energy and Environmental Design and is a registered trademark of the nonprofit U.S. Green Building Council.

† EBITDA, a common financial measure, stands for earnings before interest, taxes, depreciation and amortization.

Financial Highlights

Year Ended September 30

Dollars in thousands, except per share data

	2011	2010	Change
Operating revenues	\$ 4,347,634	\$ 4,719,835	(7.9)%
Gross profit	\$ 1,327,241	\$ 1,337,505	(0.8)%
Natural gas distribution net income — continuing operations	\$ 154,001	\$ 118,383	30.1%
Natural gas distribution net income — discontinued operations	8,717	7,566	15.2%
Regulated transmission and storage net income	52,415	41,486	26.3%
Nonregulated net income (loss)	<u>(7,532)</u>	<u>38,404</u>	(119.6)%
Total	\$ 207,601	\$ 205,839	0.9%
Total assets	\$ 7,282,871	\$ 6,763,791	7.7%
Total capitalization*	\$ 4,461,538	\$ 3,987,899	11.9%
Net income per share from continuing operations — diluted	\$ 2.17	\$ 2.12	2.4%
Net income per share from discontinued operations — diluted	\$ 0.10	\$ 0.08	25.0%
Net income per share — diluted	\$ 2.27	\$ 2.20	3.2%
Cash dividends per share	\$ 1.36	\$ 1.34	1.5%
Book value per share at end of year	\$ 24.98	\$ 24.16	3.4%
Natural gas distribution throughput — continuing operations (MMcf)	409,369	438,535	(6.7)%
Natural gas distribution throughput — discontinued operations (MMcf)	14,651	15,640	(6.3)%
Consolidated natural gas distribution throughput (MMcf)	424,020	454,175	(6.6)%
Consolidated regulated transmission and storage transportation volumes (MMcf)	435,012	428,599	1.5%
Consolidated nonregulated delivered gas sales volumes (MMcf)	384,799	353,853	8.7%
Heating degree days [†]	2,733	2,780	(1.7)%
Degree days as a percentage of normal [†]	99%	102%	(2.9)%
Meters in service at end of year	3,213,191	3,186,040	0.9%
Return on average shareholders' equity	9.1%	9.1%	—
Shareholders' equity as a percentage of total capitalization (including short-term debt) at end of year	48.3%	48.7%	(0.8)%
Shareholders of record	18,680	19,738	(5.4)%
Weighted average shares outstanding — diluted (000s)	90,652	92,422	(1.9)%

* Total capitalization represents the sum of shareholders' equity and long-term debt, excluding current maturities.

[†] Heating degree days are adjusted for service areas with weather-normalized operations.

Summary Annual Report

The financial information presented in this report about 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*. Atmos Energy's chief executive officer and its chief financial officer have executed all certifications with respect to the financial statements contained therein and have completed management's report on internal control over financial reporting, which are required under the Sarbanes-Oxley Act of 2002 and all related rules and regulations of the Securities and Exchange Commission. Investors may request, without charge, our *Annual Report on Form 10-K* for the fiscal year ended September 30, 2011, by calling Investor Relations at 972-855-3729 between 8 a.m. and 5 p.m. Central time. Our *Annual Report on Form 10-K* also is available on Atmos Energy's website at www.atmosenergy.com. Additional investor information is presented on pages 35 and 36 of this report.

Year Ended September 30	2011	2010
Meters in service		
Residential	2,929,814	2,910,672
Commercial	270,774	262,778
Industrial	2,069	2,090
Public authority and other	10,534	10,500
Total meters	<u>3,213,191</u>	<u>3,186,040</u>
Heating degree days*		
Actual (weighted average)	2,733	2,780
Percent of normal	99%	102%
Natural gas distribution sales volumes — continuing operations (MMcf)		
Residential	161,012	185,143
Commercial	91,215	99,924
Industrial	18,757	18,714
Public authority and other	10,482	10,107
Total	<u>281,466</u>	<u>313,888</u>
Natural gas distribution transportation volumes — continuing operations (MMcf)	<u>132,357</u>	<u>128,965</u>
Total natural gas distribution throughput — continuing operations (MMcf)	413,823	442,853
Natural gas distribution sales volumes — discontinued operations (MMcf)	8,461	8,740
Natural gas distribution transportation volumes — discontinued operations (MMcf)	6,190	6,900
Intersegment activity (MMcf)	<u>(4,454)</u>	<u>(4,318)</u>
Consolidated natural gas distribution throughput (MMcf)	<u>424,020</u>	<u>454,175</u>
Consolidated regulated transmission and storage transportation volumes (MMcf)	<u>435,012</u>	<u>428,599</u>
Consolidated nonregulated delivered gas sales volumes (MMcf)	<u>384,799</u>	<u>353,853</u>
Operating revenues (000s)		
Natural gas distribution sales revenues		
Residential	\$ 1,570,723	\$ 1,784,051
Commercial	698,366	787,433
Industrial	106,569	110,280
Public authority and other	69,176	70,402
Total gas distribution sales revenues	<u>2,444,834</u>	<u>2,752,166</u>
Transportation revenues	59,547	58,511
Other gas revenues	26,599	31,091
Total natural gas distribution revenues	<u>2,530,980</u>	<u>2,841,768</u>
Regulated transmission and storage revenues	87,141	97,023
Nonregulated revenues	<u>1,729,513</u>	<u>1,781,044</u>
Total operating revenues (000s)	<u>\$ 4,347,634</u>	<u>\$ 4,719,835</u>
Other statistics		
Gross plant (000s)	\$ 6,816,794	\$ 6,542,318
Net plant (000s)	\$ 5,147,918	\$ 4,793,075
Miles of pipe	76,835	77,157
Employees	4,949	4,913

* Heating degree days are adjusted for service areas with weather-normalized operations.

Condensed Consolidated Balance Sheets

Year Ended September 30

Dollars in thousands, except share data

2011

2010

Assets

Property, plant and equipment

Construction in progress

Less accumulated depreciation and amortization

Net property, plant and equipment

Current assets

Cash and cash equivalents

Accounts receivable, less allowance for doubtful accounts of
\$7,440 in 2011 and \$12,701 in 2010

Gas stored underground

Other current assets

Total current assets

Goodwill and intangible assets

Deferred charges and other assets

Capitalization and Liabilities

Shareholders' equity

Common stock, no par value (stated at \$.005 per share);
200,000,000 shares authorized; issued and outstanding:
2011 – 90,296,482 shares, 2010 – 90,164,103 shares

Additional paid-in capital

Accumulated other comprehensive loss

Retained earnings

Shareholders' equity

Long-term debt

Total capitalization

Current liabilities

Accounts payable and accrued liabilities

Other current liabilities

Short-term debt

Current maturities of long-term debt

Total current liabilities

Deferred income taxes

Regulatory cost of removal obligation

Deferred credits and other liabilities

\$ 6,607,552	\$ 6,384,396
209,242	157,922
6,816,794	6,542,318
1,668,876	1,749,243
5,147,918	4,793,075
131,419	131,952
273,303	273,207
289,760	319,038
316,471	150,995
1,010,953	875,192
740,207	740,148
383,793	355,376
<u>\$ 7,282,871</u>	<u>\$ 6,763,791</u>
\$ 451	\$ 451
1,732,935	1,714,364
(48,460)	(23,372)
570,495	486,905
2,255,421	2,178,348
2,206,117	1,809,551
4,461,538	3,987,899
291,205	266,208
367,563	413,640
206,396	126,100
2,434	360,131
867,598	1,166,079
960,093	829,128
428,947	350,521
564,695	430,164
<u>\$ 7,282,871</u>	<u>\$ 6,763,791</u>

Condensed Consolidated Statements of Income

Year Ended September 30 Dollars in thousands, except per share data	2011	2010	2009
Operating revenues			
Natural gas distribution segment	\$ 2,531,863	\$ 2,842,638	\$ 2,884,796
Regulated transmission and storage segment	219,373	203,013	209,658
Nonregulated segment	2,024,893	2,146,658	2,283,988
Intersegment eliminations	<u>(428,495)</u>	<u>(472,474)</u>	<u>(509,331)</u>
	4,347,634	4,719,835	4,869,111
Purchased gas cost			
Natural gas distribution segment	1,487,499	1,820,627	1,887,192
Regulated transmission and storage segment	—	—	—
Nonregulated segment	1,959,893	2,032,567	2,169,880
Intersegment eliminations	<u>(426,999)</u>	<u>(470,864)</u>	<u>(507,639)</u>
	3,020,393	3,382,330	3,549,433
	1,327,241	1,337,505	1,319,678
Gross profit			
Operating expenses			
Operation and maintenance	449,290	460,513	485,704
Depreciation and amortization	227,099	211,589	211,984
Taxes, other than income	178,683	188,252	180,242
Asset impairments	30,270	—	5,382
Total operating expenses	<u>885,342</u>	<u>860,354</u>	<u>883,312</u>
Operating income	441,899	477,151	436,366
Miscellaneous income (expense), net	21,499	(156)	(3,067)
Interest charges	<u>150,825</u>	<u>154,360</u>	<u>152,638</u>
Income from continuing operations before income taxes	312,573	322,635	280,661
Income tax expense	<u>113,689</u>	<u>124,362</u>	<u>97,362</u>
Income from continuing operations	198,884	198,273	183,299
Income from discontinued operations, net of tax (\$5,502, \$4,425 and \$2,929)	8,717	7,566	7,679
Net income	<u>\$ 207,601</u>	<u>\$ 205,839</u>	<u>\$ 190,978</u>
Basic earnings per share			
Income per share from continuing operations	\$ 2.18	\$ 2.14	\$ 1.99
Income per share from discontinued operations	0.10	0.08	0.09
Net income per share — basic	<u>\$ 2.28</u>	<u>\$ 2.22</u>	<u>\$ 2.08</u>
Diluted earnings per share			
Income per share from continuing operations	\$ 2.17	\$ 2.12	\$ 1.98
Income per share from discontinued operations	0.10	0.08	0.09
Net income per share — diluted	<u>\$ 2.27</u>	<u>\$ 2.20</u>	<u>\$ 2.07</u>
Weighted average shares outstanding:			
Basic	90,201	91,852	91,117
Diluted	90,652	92,422	91,620

Condensed Consolidated Statements of Cash Flows

Year Ended September 30

Dollars in thousands

2011

2010

2009

Cash Flows from Operating Activities

Net income

\$ 207,601 \$ 205,839 \$ 190,978

Adjustments to reconcile net income to net cash

provided by operating activities:

Asset impairments	30,270	—	5,382
Depreciation and amortization:			
Charged to depreciation and amortization	233,155	216,960	217,208
Charged to other accounts	228	173	94
Deferred income taxes	117,353	196,731	129,759
Stock-based compensation	11,586	12,655	14,494
Debt financing costs	9,438	11,908	10,364
Other	(961)	(1,245)	(1,177)
Changes in assets and liabilities	(25,826)	83,455	352,131
Net cash provided by operating activities	582,844	726,476	919,233

Cash Flows Used in Investing Activities

Capital expenditures	(622,965)	(542,636)	(509,494)
Other, net	(4,421)	(66)	(7,707)
Net cash used in investing activities	(627,386)	(542,702)	(517,201)

Cash Flows from Financing Activities

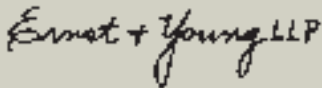
Net increase (decrease) in short-term debt	83,306	54,268	(283,981)
Net proceeds from issuance of long-term debt	394,466	—	445,623
Settlement of Treasury lock agreements	20,079	—	1,938
Unwinding of Treasury lock agreements	27,803	—	—
Repayment of long-term debt	(360,131)	(131)	(407,353)
Cash dividends paid	(124,011)	(124,287)	(121,460)
Repurchase of common stock	—	(100,450)	—
Repurchase of equity awards	(5,299)	(1,191)	—
Issuance of common stock	7,796	8,766	27,687
Net cash provided by (used in) financing activities	44,009	(163,025)	(337,546)
Net increase (decrease) in cash and cash equivalents	(533)	20,749	64,486
Cash and cash equivalents at beginning of year	<u>131,952</u>	<u>111,203</u>	<u>46,717</u>
Cash and cash equivalents at end of year	<u>\$ 131,419</u>	<u>\$ 131,952</u>	<u>\$ 111,203</u>

The Board of Directors and Shareholders of Atmos Energy Corporation

We have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Atmos Energy Corporation at September 30, 2011 and 2010, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2011 (not presented separately herein); and in our report dated November 22, 2011, we expressed an unqualified opinion on those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated financial statements is fairly stated in all material respects in relation to the consolidated financial statements from which it has been derived.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Atmos Energy Corporation's internal control over financial reporting as of September 30, 2011, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated November 22, 2011 (not presented separately herein) expressed an unqualified opinion thereon.



Dallas, Texas
November 22, 2011

Year Ended September 30					
	2011	2010	2009	2008	2007
Balance Sheet Data at September 30 (000s)					
Capital expenditures	\$ 622,965	\$ 542,636	\$ 509,494	\$ 472,273	\$ 392,435
Net property, plant and equipment	5,147,918	4,793,075	4,439,103	4,136,859	3,836,836
Working capital	143,355	(290,887)	91,519	78,017	149,217
Total assets	7,282,871	6,763,791	6,367,083	6,386,699	5,895,197
Shareholders' equity	2,255,421	2,178,348	2,176,761	2,052,492	1,965,754
Long-term debt, excluding current maturities	2,206,117	1,809,551	2,169,400	2,119,792	2,126,315
Total capitalization	4,461,538	3,987,899	4,346,161	4,172,284	4,092,069
Income Statement Data					
Operating revenues (000s)	\$ 4,347,634	\$ 4,719,835	\$ 4,869,111	\$ 7,117,837	\$ 5,803,177
Gross profit (000s)	1,327,241	1,337,505	1,319,678	1,293,922	1,221,078
Income from continuing operations (000s)	198,884	198,273	183,299	173,485	160,828
Income from discontinued operations, net of tax (000s)	8,717	7,566	7,679	6,846	7,664
Net income (000s)	207,601	205,839	190,978	180,331	168,492
Income per share from continuing operations—diluted	2.17	2.12	1.98	1.91	1.82
Income per share from discontinued operations—diluted	0.10	0.08	0.09	0.08	0.09
Net income per diluted share	2.27	2.20	2.07	1.99	1.91
Common Stock Data					
Shares outstanding (000s)					
End of year	90,296	90,164	92,552	90,815	89,327
Weighted average	90,652	92,422	91,620	89,941	87,486
Cash dividends per share	\$ 1.36	\$ 1.34	\$ 1.32	\$ 1.30	\$ 1.28
Shareholders of record	18,680	19,738	20,790	21,756	22,829
Market price—High	\$ 34.98	\$ 30.06	\$ 28.80	\$ 29.46	\$ 33.11
Low	\$ 28.87	\$ 26.41	\$ 20.20	\$ 25.09	\$ 26.47
End of year	\$ 32.45	\$ 29.25	\$ 28.18	\$ 26.62	\$ 28.32
Book value per share at end of year	\$ 24.98	\$ 24.16	\$ 23.52	\$ 22.60	\$ 22.01
Price/Earnings ratio at end of year	14.30	13.30	13.61	13.38	14.83
Market/Book ratio at end of year	1.30	1.21	1.20	1.18	1.29
Annualized dividend yield at end of year	4.2%	4.6%	4.7%	4.9%	4.5%
Customers and Volumes (as metered)					
Consolidated distribution gas sales volumes (MMcf)	289,927	322,628	282,117	292,676	297,327
Consolidated distribution gas transportation volumes (MMcf)	134,093	131,547	126,768	136,678	130,542
Consolidated distribution throughput (MMcf)	424,020	454,175	408,885	429,354	427,869
Consolidated transmission and storage transportation volumes (MMcf)	435,012	428,599	528,689	595,542	505,493
Consolidated nonregulated delivered gas sales volumes (MMcf)	384,799	353,853	370,569	389,392	370,668
Meters in service at end of year	3,213,191	3,186,040	3,178,844	3,191,779	3,187,127
Heating degree days*	2,733	2,780	2,713	2,820	2,879
Degree days as a percentage of normal*	99%	102%	100%	100%	100%
Gas distribution average cost of gas per Mcf sold	\$ 5.30	\$ 5.77	\$ 6.95	\$ 9.05	\$ 8.09
Gas distribution average transportation fee per Mcf	\$.46	\$.46	\$.46	\$.43	\$.44
Statistics					
Return on average shareholders' equity	9.1%	9.1%	8.9%	8.8%	8.8%
Number of employees	4,949	4,913	4,891	4,750	4,653
Net gas distribution plant per meter	\$ 1,362	\$ 1,243	\$ 1,165	\$ 1,091	\$ 1,020
Gas distribution operation and maintenance expense per meter	\$ 111	\$ 114	\$ 116	\$ 122	\$ 119
Meters per employee—gas distribution	676	676	678	700	713
Times interest earned before income taxes	3.13	3.09	2.82	3.06	2.75

* Heating degree days are adjusted for service areas with weather-normalized operations.

Senior Management Team



Robert W. Best
Executive Chairman
of the Board



Kim R. Cocklin
President and
Chief Executive Officer



Fred E. Meisenheimer
Senior Vice President and
Chief Financial Officer



Louis P. Gregory
Senior Vice President and
General Counsel

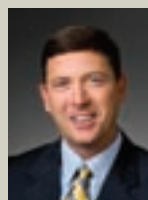


Michael E. Haefner
Senior Vice President,
Human Resources



Marvin L. Sweetin
Senior Vice President,
Utility Operations

Regulated Divisions



J. Kevin Akers
President,
Kentucky/Mid-States Division



Richard A. Erskine
President,
Atmos Pipeline–Texas Division



David E. Gates
President,
Mississippi Division



Gary W. Gregory
President,
West Texas Division



Tom S. Hawkins, Jr.
President,
Louisiana Division



John A. Paris
President,
Mid-Tex Division



Gary L. Schlessman
President,
Colorado-Kansas Division

Atmos Energy Officers

Nonregulated Operations



Mark S. Bergeron
President,
Atmos Energy Holdings, Inc.

Shared Services (continued)

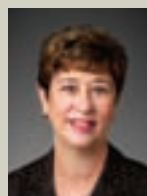


Conrad E. Gruber
Vice President,
Strategic Planning

Shared Services



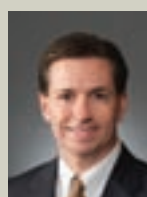
Verlon R. Aston, Jr.
Vice President,
Governmental and
Public Affairs



Dwala J. Kuhn
Corporate Secretary



Christopher T. Forsythe
Vice President and Controller



Kenneth M. Malter
Vice President,
Gas Supply and Services



Susan K. Giles
Vice President,
Investor Relations



Edward Pace McDonald IV
Vice President, Tax



Richard J. Gius
Vice President and
Chief Information Officer



Daniel M. Meziere
Vice President and Treasurer

Board of Directors



Robert W. Best
Executive Chairman
of the Board,
Atmos Energy Corporation
Dallas, Texas
Board member since 1997



Kim R. Cocklin
President and
Chief Executive Officer,
Atmos Energy Corporation
Dallas, Texas
Board member since 2009



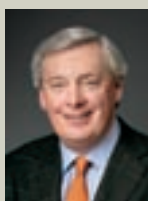
Richard W. Douglas
Executive Vice President,
Jones Lang LaSalle LLC
Dallas, Texas
Board member since 2007
Committees: Human
Resources, Work Session/
Annual Meeting



Ruben E. Esquivel
Vice President for
Community and Corporate
Relations, The University
of Texas Southwestern
Medical Center at Dallas
Dallas, Texas
Board member since 2008
Committees: Audit,
Human Resources



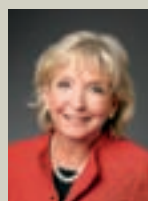
Richard K. Gordon
General Partner, Juniper
Energy LP, Juniper Capital LP
and Juniper Advisory LP
Houston, Texas
Board member since 2001
Committees: Human
Resources (Chairman),
Executive, Nominating and
Corporate Governance



Robert C. Grable
Partner, Kelly Hart &
Hallman LLP
Fort Worth, Texas
Board member since 2009
Committees: Audit,
Human Resources



**Dr. Thomas C.
Meredith**
Retired, formerly
Commissioner of Mississippi
Institutions of Higher Learning
Jackson, Mississippi
Board member since 1995
Committees: Work Session/
Annual Meeting (Chairman),
Audit, Executive, Nominating
and Corporate Governance



Nancy K. Quinn
Principal, Hanover
Capital, LLC
East Hampton, New York
Board member since 2004
Committees: Audit (Chair),
Executive, Nominating and
Corporate Governance



Stephen R. Springer
Retired Senior Vice President
and General Manager,
Midstream Division,
The Williams Companies, Inc.
Fort Myers Beach, Florida
Board member since 2005
Committee: Work Session/
Annual Meeting



Charles K. Vaughan
Retired Chairman
of the Board,
Atmos Energy Corporation
Dallas, Texas
Board member since 1983
Lead Director since 2003
Committee: Executive
(Chairman)



Richard Ware II
President, Amarillo
National Bank
Amarillo, Texas
Board member since 1994
Committees: Nominating and
Corporate Governance
(Chairman), Audit,
Executive, Work Session/
Annual Meeting



Lee E. Schlessman
Honorary Director
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

American Stock Transfer & Trust Company, LLC
Operations Center
6201 15th Avenue
Brooklyn, New York 11219
800-543-3038

To inquire about your Atmos Energy common stock, please call AST at the telephone number above. You may use the agent's interactive voice response system 24 hours a day to learn about transferring stock or to check your recent account activity, all without the assistance of a customer service representative. Please have available your Atmos Energy shareholder account number and your Social Security or federal taxpayer ID number.

To speak to an AST customer service representative, please call the same number between 8 a.m. and 7 p.m. Eastern time, Monday through Thursday, or 8 a.m. to 5 p.m. Eastern time on Friday.

You also may send an email message on our agent's website at www.amstock.com. Please refer to Atmos Energy in your email message and include your Atmos Energy shareholder account number.

Independent Registered Public Accounting Firm

Ernst & Young LLP
One Victory Park
Suite 2000
2323 Victory Avenue
Dallas, Texas 75219
214-969-8000

Form 10-K

Atmos Energy Corporation's *Annual Report on Form 10-K* is available at no charge from Investor Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205 or by calling 972-855-3729 between 8 a.m. and 5 p.m. Central time. Atmos Energy's Form 10-K also may be viewed on Atmos Energy's website at www.atmosenergy.com.

Annual Meeting of Shareholders

The 2012 Annual Meeting of Shareholders will be held in the Lincoln Ballroom at the Hilton Hotel Lincoln Centre, 5410 LBJ Freeway, Dallas, Texas 75240 on Wednesday, February 8, 2012, at 9:30 a.m. Central time.

Direct Stock Purchase Plan

Atmos Energy Corporation has a Direct Stock Purchase Plan that is available to all investors. For an Enrollment Application Form and a Plan Prospectus, please call AST at 800-543-3038. The Prospectus is also available at www.atmosenergy.com. You may also obtain information by writing to Investor Relations, Atmos Energy Corporation, P.O. Box 650205, Dallas, Texas 75265-0205.

This is not an offer to sell, or a solicitation to buy, any securities of Atmos Energy Corporation. Shares of Atmos Energy common stock purchased through the Direct Stock Purchase Plan will be offered only by Prospectus.

Atmos Energy on the Internet

Information about Atmos Energy is available on the Internet at www.atmosenergy.com. Our website includes news releases, current and historical financial reports, other investor data, corporate governance documents, management biographies, customer information and facts about Atmos Energy's operations.

Atmos Energy Corporation Contacts

To contact Atmos Energy's Investor Relations, call 972-855-3729 between 8 a.m. and 5 p.m. Central time or send an email message to InvestorRelations@atmosenergy.com.

Securities analysts and investment managers, please contact:

Susan K. Giles
Vice President, Investor Relations
972-855-3729 (voice) 972-855-3040 (fax)
InvestorRelations@atmosenergy.com

Forward-looking Statements

The matters discussed or incorporated by reference in this *Summary Annual Report* may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this report are forward-looking statements made in good faith by 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 report or any other of the Company’s 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 report. These risks and uncertainties are discussed in the Company’s *Annual Report on Form 10-K* for the fiscal year ended September 30, 2011. Although the Company believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, the Company undertakes no obligation to update or revise any of its forward-looking statements, whether as a result of new information, future events or otherwise.

Other Information

You can view this *Summary Annual Report*, our *Annual Report on Form 10-K* and other financial documents for fiscal 2011 and previous years at www.atmosenergy.com.

If you are a shareholder who would like to receive our *Summary Annual Report* and other company documents electronically in the future, please sign up for electronic distribution. It’s convenient and easy, and it saves the costs to produce and distribute these materials.

To receive these documents over the Internet next year, please visit www.amstock.com and access your account to give your consent. Please remember that accessing our *Summary Annual Report* and other company documents over the Internet may result in charges to you from your Internet service provider or telephone company.

Atmos Energy vehicles display the national Call 811 logo to remind the public to always call 811 before digging to have natural gas pipelines and other buried utility lines marked at no charge.



**Know what's below.
Call before you dig.**



Atmos Energy Corporation
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Dallas, Texas 75265-0205
atmosenergy.com

