ATMOS ENERGY CORP
Form 424B2
June 08, 2011

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File No. 333-165818

CALCULATION OF REGISTRATION FEE

Title of each Class of Securities to be Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(1)
5.50% Senior Notes Due 2041	$400,000,000	$46,440

(1) Calculated in accordance with Rule 457(r) under the Securities Act.

Prospectus Supplement
June 7, 2011
(To Prospectus dated March 31, 2010)

$400,000,000

Atmos Energy Corporation
5.50% Senior Notes due 2041

The notes will bear interest at the rate of 5.50% per year and will mature on June 15, 2041. We will pay interest on the notes semi-annually in arrears on June 15 and December 15 of each year they are outstanding, beginning December 15, 2011. We may redeem the notes prior to maturity at our option, at any time in whole or from time to time in part, at the redemption prices described in this prospectus supplement. See Description of the Notes Optional Redemption.

All of the notes are unsecured and rank equally with all of our other existing and future unsubordinated debt. The notes will be issued only in registered form in minimum denominations of $2,000 and any integral multiple of $1,000 in excess thereof. The notes are a new issue of securities with no established trading market. The notes will not be listed on any securities exchange or on any automated dealer quotation system.

Investing in the notes involves risks. See Risk Factors on page S-7 of this prospectus supplement.

	Per Note	Total
Public offering price(1)	99.678%	$ 398,712,000
Underwriting discount	0.875%	$ 3,500,000

Proceeds, before expenses, to Atmos Energy	98.803%	$ 395,212,000

(1) Plus accrued interest from June 10, 2011, if settlement occurs after that date.

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

The underwriters expect to deliver the notes to investors in book-entry form only through the facilities of The Depository Trust Company for the accounts of its participants, including Clearstream Banking, société anonyme, Luxembourg and/or Euroclear Bank S.A./N.V., on or about June 10, 2011.

Joint Book-Running Managers

BNP PARIBAS **Morgan Stanley** **UBS Investment Bank** **Wells Fargo Securities**

Senior Co-Managers

Credit Agricole CIB

Deutsche Bank Securities

Goldman, Sachs & Co.

RBS

US Bancorp

Co-Managers

BOSC, Inc.

BB&T Capital Markets

J.P. Morgan

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

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, dated March 31, 2010, which gives more general information, some of which does not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, the information contained in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recent document shall control. This prospectus supplement and the accompanying prospectus are a part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) using the SEC s shelf registration rules.

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

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

The information contained in or incorporated by reference in this document is accurate only as of the date of this prospectus supplement or the date of such incorporated documents, regardless of the time of delivery of this prospectus supplement or of any sale of notes. Our business, financial condition, results of operations and prospects may have changed since those respective dates.

The terms we, our, us, and Atmos Energy refer to Atmos Energy Corporation and its subsidiaries unless the contex suggests otherwise. The term the Company refers to Atmos Energy Corporation and not its subsidiaries. The term you refers to a prospective investor. The abbreviations Mcf and MMBtu mean thousand cubic feet and million British thermal units, respectively.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

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

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

For additional factors you should consider, please see Risk Factors on page S-7 of this prospectus supplement, Item 1A. Risk Factors and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the fiscal year ended September 30, 2010 and Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations in our quarterly report on Form 10-Q for the quarterly period ended March 31, 2011. See Incorporation of Certain Documents by Reference in the accompanying prospectus.

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PROSPECTUS SUPPLEMENT SUMMARY

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

Atmos Energy Corporation

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

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

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

We operate through the following three segments:

- the natural gas distribution segment, which includes our regulated natural gas distribution and related sales operations;

- the regulated transmission and storage segment, which includes the regulated pipeline and storage operations of our Atmos Pipeline Texas Division; and

- the nonregulated segment, which includes our nonregulated natural gas management, nonregulated natural gas transmission, storage and other services.

We have experienced 27 consecutive years of increasing dividends and earnings growth after giving effect to our acquisitions. Historically, we achieved this record of growth through acquisitions while efficiently managing our operating and maintenance expenses and leveraging our technology, such as our call centers, to achieve more efficient operations. Our last significant acquisition occurred in October 2004 with the purchase of the natural gas distribution and pipeline operations of TXU Gas Company (TXU Gas). The TXU Gas acquisition essentially doubled our number of natural gas distribution customers, by adding approximately 1.5 million gas customers in Texas, including the Dallas-Fort Worth metropolitan area and the northern suburbs of Austin. The acquisition also added approximately 6,100 miles of gas transmission and gathering lines and five underground storage reservoirs, all within Texas. In recent years, we have also achieved growth by implementing rate designs that reduce or eliminate regulatory lag and separate the recovery of our approved margins from customer usage patterns. In addition, we have developed various commercial opportunities within our regulated transmission and storage operations.

Recent Developments

Declaration of Dividends. On May 4, 2011, we announced that our Board of Directors declared a quarterly dividend on our common stock of $0.34 per share. The dividend will be paid on June 10, 2011 to shareholders of record on May 25, 2011.

Sale of Natural Gas Distribution Assets to Liberty Energy. On May 12, 2011, we entered into a definitive agreement to sell our natural gas distribution operations in Missouri, Illinois and Iowa, representing approximately 84,000 customers, to Liberty Energy (Midstates) Corp., an affiliate of Algonquin Power &

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Utilities Corp., for a purchase price of approximately $124 million. The agreement contains the usual terms and conditions customary for transactions of this type, including adjustments to the purchase price at closing, if applicable, and indemnification by us related to certain representations and warranties regarding the transferred assets. The closing of the transaction is subject to the satisfaction of customary conditions including the receipt of applicable regulatory approvals.

Maturity of Senior Notes. On May 15, 2011, our $350 million unsecured 73/8% Senior Notes matured. We repaid these notes through the issuance of $350 million of commercial paper. We intend to use the net proceeds from this offering to repay a substantial portion of such commercial paper borrowings.

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

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Summary Financial Data

The following table presents summary consolidated and segment financial data of Atmos Energy Corporation for the periods and as of the dates indicated. We derived the summary financial data for the fiscal years ended September 30, 2010, 2009, 2008, 2007 and 2006 from our audited consolidated financial statements and the summary financial data for the six months ended March 31, 2011 and 2010 from our unaudited condensed consolidated financial statements. Our unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements, except as stated in the related notes thereto and, in the opinion of management, include all normal recurring adjustments considered necessary for a fair presentation of our financial condition and result of operations for such periods. Please note that, given the inherent seasonality in our business, the results of operations for the six months ended March 31, 2011 presented below are not necessarily indicative of results for the entire fiscal year.

The information is only a summary and does not provide all of the information contained in our financial statements. Therefore, you should read the information presented below in conjunction with Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included in our annual report on Form 10-K for the fiscal year ended September 30, 2010, and Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations and our condensed consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the quarterly period ended March 31, 2011, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Six Months Ended March 31,		Year Ended September 30,				
	2011(1)	2010	2010	2009(1)	2008	2007(1)	2006(1)
	(In thousands, except per share data)						
Consolidated Financial Data							
Operating revenues	$ 2,774,282	$ 3,233,118	$ 4,789,690	$ 4,969,080	$ 7,221,305	$ 5,898,431	$ 6,152,363
Gross profit	838,382	865,170	1,364,941	1,346,702	1,321,326	1,250,082	1,216,570
Operating expenses(1)	460,351	450,034	875,505	899,300	893,431	851,446	833,954
Operating income	378,031	415,136	489,436	447,402	427,895	398,636	382,616
Net income	206,206	207,456	205,839	190,978	180,331	168,492	147,737
Diluted net income per share	$ 2.26	$ 2.22	$ 2.20	$ 2.07	$ 1.99	$ 1.91	$ 1.81
Cash dividends paid per share	$ 0.680	$ 0.670	$ 1.34	$ 1.32	$ 1.30	$ 1.28	$ 1.26
Cash flows from operating activities	$ 438,471	$ 483,458	$ 726,476	$ 919,233	$ 370,933	$ 547,095	$ 311,449
Capital expenditures	$ 246,663	$ 232,629	$ 542,636	$ 509,494	$ 472,273	$ 392,435	$ 425,324

	As of March 31,		As of September 30,				
	2011	2010	2010	2009	2008	2007	2006
	(In thousands)						
Consolidated Balance Sheet Data							

Total assets	$ 6,995,824	$ 6,753,190	$ 6,763,791	$ 6,367,083	$ 6,386,699	$ 5,895,197	$ 5,719,547
Debt							
Long-term debt(2)	$ 1,807,323	$ 2,159,475	$ 1,809,551	$ 2,169,400	$ 2,119,792	$ 2,126,315	$ 2,180,362
Short-term debt(2)	352,434	10,131	486,231	72,681	351,327	154,430	385,602
Total debt	$ 2,159,757	$ 2,169,606	$ 2,295,782	$ 2,242,081	$ 2,471,119	$ 2,280,745	$ 2,565,964
Shareholders equity	$ 2,373,979	$ 2,338,843	$ 2,178,348	$ 2,176,761	$ 2,052,492	$ 1,965,754	$ 1,648,098

See footnotes on following page.

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	Six Months Ended March 31,		Year Ended September 30,				
	2011(1)	2010	2010	2009(1)	2008	2007(1)	2006(1)
	(In thousands, except ratios)						
Segment Operating Income							
Natural gas distribution	$ 319,003	$ 308,311	$ 322,454	$ 289,014	$ 261,165	$ 221,187	$ 201,894
Regulated transmission and storage	53,915	47,774	97,038	93,163	89,745	79,830	63,326
Nonregulated(3)	5,113	59,051	69,944	64,881	76,641	97,275	117,159
Eliminations				344	344	344	237
Consolidated	$ 378,031	$ 415,136	$ 489,436	$ 447,402	$ 427,895	$ 398,636	$ 382,616
Other Financial Data							
Ratio of earnings to fixed charges(4)	5.01	4.98	2.99	2.74	2.96	2.69	2.50

(1) Financial results for the six months ended March 31, 2011 and for fiscal 2009, 2007 and 2006 include a $19.3 million, $5.4 million, $6.3 million and a $22.9 million pre-tax loss for the impairment of certain assets.

(2) Long-term debt excludes current maturities. Short-term debt is comprised of current maturities of long-term debt and short-term debt.

(3) As a result of the appointment of a new Chief Executive Officer effective October 1, 2010, during the first quarter of fiscal 2011, we revised the information used by the chief operating decision maker to manage Atmos Energy. As a result of this change, effective December 1, 2010, we combined our former natural gas marketing and pipeline, storage and other segments into one nonregulated segment. Financial information for all prior periods has been restated to conform to the new segment presentation.

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

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The Offering

Issuer	Atmos Energy Corporation
Notes Offered	$400,000,000 aggregate principal amount of 5.50% senior notes due 2041.
Maturity	The notes will mature on June 15, 2041.
Interest	The notes will bear interest at the rate of 5.50% per year. Interest on the notes will be payable semi-annually in arrears on June 15 and December 15 of each year they are outstanding, beginning December 15, 2011.
Ranking	The notes will be our unsecured senior obligations. The notes will rank equally in right of payment with all our existing and future unsubordinated indebtedness and will rank senior in right of payment to any future indebtedness that is subordinated to the notes. The notes will be effectively subordinated to all our existing and future secured indebtedness to the extent of the assets securing such indebtedness and to the indebtedness and liabilities of our subsidiaries.
Optional Redemption	We may redeem the notes prior to maturity at our option, at any time in whole or from time to time in part. Prior to December 15, 2040, the redemption price will be equal to the greater of the principal amount of the notes to be redeemed and the make-whole redemption price, plus, in each case, accrued and unpaid interest, if any, to the redemption date. At any time on or after December 15, 2040, the redemption price will be equal to 100% of the principal amount of the notes to be redeemed plus accrued and unpaid interest, if any, to the redemption date. See Description of the Notes Optional Redemption beginning on page S-14.
Covenants of the Indenture	We will issue the notes under an indenture which will, among other things, restrict our ability to create liens and to enter into sale and leaseback transactions. See Description of Debt Securities Covenants beginning on page 8 of the accompanying prospectus.
Use of Proceeds	We estimate that our net proceeds from this offering, after deducting the underwriting discount and estimated offering expenses payable by us, will be approximately $394 million. We intend to use the net proceeds of this offering to repay a substantial portion of our outstanding commercial paper borrowings. Any excess net proceeds will be used to fund capital expenditures and for general corporate purposes. See Use of Proceeds on page S-7.

Conflicts of Interest	As described in Use of Proceeds, the net proceeds from this offering will be used to repay a substantial portion of our outstanding commercial paper borrowings. Because certain affiliates of the underwriters own our commercial paper and because more than 5% of the proceeds from this offering, not including underwriting compensation, may be received by such parties in connection with the repayment of such commercial paper borrowings, this offering is being conducted in compliance with Financial Regulatory Authority, Inc. (FINRA) Rule 5121. Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering, as this offering is of a class of securities rated investment grade by a rating service acceptable to FINRA.
Risk Factors	Investing in the notes involves risks. See Risk Factors on page S-7 of this prospectus supplement and other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the factors you should consider carefully before deciding to invest in the notes.

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RISK FACTORS

Investing in the notes involves risks. Our business is influenced by many factors that are difficult to predict and beyond our control and that involve uncertainties that may materially affect our results of operations, financial condition or cash flows, or the value of the notes. These risks and uncertainties include those described in the risk factor and other sections of the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, including Item 1A. Risk Factors in