

Our business
is all about safety.



- 1 **EXTENSIVE TECHNOLOGY** - Atmos Energy technicians are not very small holes in the street to do repairs. Holes are avoided using the pavement that was cut out, saving time and money.
- 2 **SECTIONS TO COVER** - After cutting a hole, a lift-truck truck uses pressure and water to clean around the pipes. It then vacuums up the water and soil for a cleaner and faster repair.
- 3 **PREVENTIVE MAINTENANCE** - In the case of fire, all Atmos Energy technicians are trained to respond appropriately to minimize potential harm to people and property.
- 4 **LABORATORY TESTS** - When pipelines are installed, cleaned or repaired, electronic and mechanical "pigs" are sent through them to detect anomalies or other conditions that need attention.
- 5 **SAFETY EQUIPMENT** - Technicians use protective equipment to repair holes in asphalt surfaces. These kits prevent spills and allow technicians to operate off a loading line to safely repair it.
- 6 **SMALL SPACES** - Using a special signal and personal protective equipment, Atmos Energy technicians are trained to perform work in very tight, confined spaces.
- 7 **REAL LIFE** - A working natural gas system is the ideal place for technicians to learn to serve customers in their homes—to find gas leaks, check appliances and detect carbon monoxide.
- 8 **EMERGENCY RESPONSE** - Our technicians learn to safely respond to gas fires in the regular and special maintenance without shutting off the gas and communicating the customer.
- 9 **WELCOME SERVICE** - We're there when customers need us. We visit to turn on the gas, light appliances and show customers how to safely use their natural gas appliances.



Gas City

is part of the company's new Charles K. Vaughan Center in Plano, Texas. The learning and service center is a tangible example of the company's commitment to pipeline safety, infrastructure modernization, technical standards and employee development. Along with our own employees, emergency responders, community officials and even school children come here to learn about natural gas—America's safest and most plentiful energy source.



Charles K. Vaughan, founding chairman and lead director (center), Robert W. Best, executive chairman of the board (left), and Kim R. Cocklin, president and chief executive officer (right), stand in front of our Charles K. Vaughan Center in Plano, Texas. Completed in 2010, the Vaughan Center is the premier technical training facility and customer service center in the natural gas utility industry. It reflects Atmos Energy's commitment to ensuring safety and reliability through superior employee development and service excellence.

To Our Shareholders

Atmos Energy places a top priority on providing safe and reliable natural gas service to its customers in the more than 1,600 communities we serve across 12 states.

No better evidence exists of our commitment to safety and reliability than our new Charles K. Vaughan Center, which opened in the fall of 2010. Honoring our founding chairman and lead director, the Vaughan Center is one of the natural gas distribution industry's finest facilities for training and development.

To enhance classroom instruction, the center includes a gas flow-control laboratory and a simulated community, named Gas City, where our service technicians apply their training to situations they can encounter when responding to service and emergency calls.

More than \$300 million of our annual capital budget goes to protect our communities and to deliver excellent service. We instill a "culture of safety" among our employees through continual training and safety awareness meetings. We constantly monitor our operations and are highly vigilant about the integrity of our 77,000-mile pipeline system. We offer around-the-clock service from our U.S. call centers with our technicians always on the job ready to respond to customers' needs. And, we promote awareness of gas pipeline safety by communicating with our customers, the public, residents living along our pipeline rights of way, firefighters and other first-responders, excavators and contractors, and state and local public officials.

Continual improvement, constant attention and professional expertise make this nation's natural gas transmission and distribution infrastructure among the world's best. In this report, you will see activities that we undertake because our business is all about safety.

2010 Results We are pleased to report that our operational and financial performance in fiscal 2010 resulted in us achieving our stated goal of increasing earnings per diluted share, on average, by 4 percent to 6 percent for the 10th consecutive year.

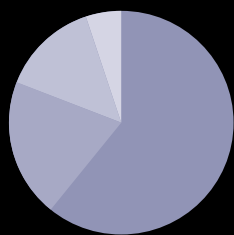
Our reported earnings per diluted share increased by 13 cents a share to \$2.20. Net income in fiscal 2010 rose 8 percent over that of fiscal 2009 to \$205.8 million. Return on average shareholders' equity was 9.1 percent.

Regulated operations, comprising our 12-state natural gas utility distribution system and our Texas intrastate gas transmission and storage division, provided more than four out of every five dollars of net income. Earnings from regulated operations improved by 6 percent over comparable earnings in fiscal 2009 to \$167.4 million. Net income from non-regulated operations increased by 16 percent year over year to \$38.4 million.

We paid cash dividends in fiscal 2010 of \$1.34 per share. In November 2010, the board of directors raised the dividend for the 27th consecutive year, making the current indicated annual rate \$1.36 per share.

FISCAL 2010 NET INCOME BY SEGMENT

Contributions from Regulated and Nonregulated Operations



61% Natural Gas Distribution

20% Regulated Transmission and Storage

14% Natural Gas Marketing

5% Pipeline, Storage and Other

Operational Highlights Our collaborative approach with regulators and customers provided settlements with “win-win” outcomes and acceptable rate changes in many jurisdictions. We received rate outcomes that increased operating income by a net \$56.8 million in fiscal 2010.

Our Mid-Tex Division, which serves the Dallas-Fort Worth Metroplex and more than 500 other Texas municipalities, reached a settlement with two coalitions of cities and the City of Dallas to recover our investment for a two-year steel service line replacement program. In this program, we are replacing aging steel service lines with corrosion-resistant polyethylene pipe. The lines run primarily from our mains to homes and businesses.

In addition, we reached agreement with the two coalitions of cities to renew until 2012 an existing rate review mechanism, or RRM, which was first negotiated in 2008. The RRM provides a transparent process for annually updating our rates by reviewing our costs and investments in those communities, thereby avoiding time-consuming and costly rate-case litigation that ultimately must be paid for by our customers.

Our rate strategy is to continue to improve rate designs by eliminating regulatory lag in recovering our costs, streamlining the rate-review process and reducing volatility in our customers’ bills. An important protection that we seek in our rate designs is a weather normalization adjustment, or WNA. WNA protects approximately 94 percent of our gross

margins from the vagaries of weather, helps stabilize our earnings and reduces volatility in our customers’ bills. Having WNA in rates saved approximately \$52 million in fiscal 2010 for our utility customers by lowering their gas bills when colder-than-normal weather hit last winter.

Our average customer’s gas bills also remained relatively unchanged from fiscal 2009 because of our diligent management of natural gas supplies and taking advantage of declining gas costs on behalf of our customers. Our average cost of gas went down from \$6.95 per thousand cubic feet (Mcf) in fiscal 2009 to \$5.77 per Mcf in fiscal 2010.

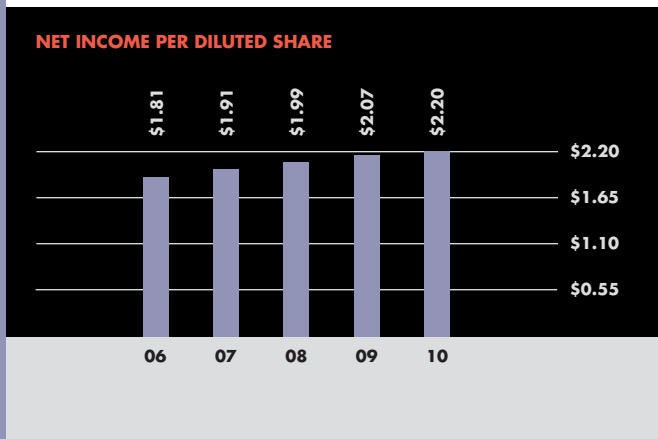
Consolidated natural gas distribution throughput rose 11 percent in fiscal 2010 to 454 billion cubic feet (Bcf) mainly due to colder weather and higher consumption. Although our customer growth remained flat because of the sluggish economy, the appeal of natural gas continued to grow because of stable prices and abundant supplies. In some areas, we started to see signs of economic improvement, such as proposals for large commercial housing projects that will use natural gas.

In September 2010, our Atmos Pipeline–Texas Division filed a rate request for a change in operating income of \$38.9 million. The division’s last increase in base rates took effect in 2004. This case will be decided in fiscal 2011.

Our regulated transmission and storage transportation volumes declined 19 percent from those in fiscal 2009 because of lower throughput for electricity generation and reduced shipments of natural gas, especially from the Barnett Shale production area.

Our nonregulated natural gas marketing business benefited from unrealized margins that contributed to the segment’s higher net income in fiscal 2010. However, Atmos Energy Marketing’s delivered gas margins declined from those in fiscal 2009. Lower per-unit margins and a 5 percent decline in consolidated sales volumes to 354 Bcf reflected the lower market demands of industrial users and power plants. Despite bearish conditions in gas markets, Atmos Energy Marketing attracted new customers and retained nearly all of its long-standing customers through its dedicated focus on high-quality customer service.

Financial Condition and Outlook Entering fiscal 2011, our balance sheet and financial position are in excellent condition. Our available liquidity at the end of fiscal 2010 was approximately \$1.2 billion. We have in place credit facilities to meet our working capital needs as well



as plans for refinancings that should lower our cost of debt in 2011.

During the past year, all three major credit-rating agencies upgraded or reaffirmed the company's debt ratings. This will help us access capital markets for future needs and obtain financing at reasonable costs.

Our capital expenditures in fiscal 2010 increased by \$33 million to \$542.6 million. A portion of this spending funded a new information technology data center, construction of two service centers and work on the Mid-Tex Division's steel service line replacement program.

For fiscal 2011, we expect capital spending to range from \$580 million to \$595 million. We will continue making significant investments in upgrading mains and service lines in all our utility operations, the largest being for the Mid-Tex Division's steel service line replacement program.

We also will be investing in two long-term improvements to our customer service: a new state-of-the-art customer call center in Amarillo to be completed in 2011 and a multi-year project to modernize our customer-information software system for better coordination of all aspects of our customer contacts, service dispatching and customer billing.

We have forecast that our fiscal 2011 earnings per diluted share will be between \$2.25 and \$2.35.

Board and Management Transitions In February 2010, two long-time members of the board of directors, Travis W. Bain II and Thomas J. Garland, retired as directors. Mr. Bain, whose distinguished career included management consulting, leading retailing and manufacturing companies and founding his own businesses, had served since 1988. Mr. Garland, a highly respected banker, former Tennessee state senator, state ethics-panel chairman and university educator, had served since 1997. We thank these outstanding directors for their years of dedicated service to Atmos Energy's shareholders, customers and employees.

Effective October 1, 2010, the board of directors named Robert W. Best to the new position of executive chairman of the board and promoted Kim R. Cocklin to be president and chief executive officer. This succession in the corporation's senior leadership had been planned for the past four years with the guidance and approval of the board.

Having worked together and known each other for nearly 30 years at Atmos Energy and at other companies, we have developed virtually the same business philosophy and have coordinated closely to make the ongoing transition seamless. Some management matters may change; however, Atmos Energy's vision and strategy will remain as they have since Charles K. Vaughan put forth our guiding principles during his 14 years as the company's senior leader.

During the past 13 years as chief executive officer, Bob Best refined these principles and adapted them to the much-larger company that Atmos Energy has become. In the future, we intend to continue the company's track record of creating shareholder value through

- **Consistent earnings-per-share growth, averaging 4 percent to 6 percent a year**
- **Consecutive annual increases in the shareholders' dividends**
- **Strategy focused on the company's core natural gas business**
- **Strong balance sheet and ample liquidity**
- **Maximized capability of regulated earnings**
- **Selected nonregulated operations to complement our regulated businesses**
- **Growth through prudent acquisitions**

Atmos Energy's management, working closely with the board of directors, will build on the past while staying focused on the future. This strategy serves all our stakeholders well. In essence, it reflects the same safety and reliability that underlie all our activities.

Sincerely,

Robert W. Best

Robert W. Best
Executive Chairman of the Board

Kim R. Cocklin

Kim R. Cocklin
President and Chief Executive Officer

November 30, 2010



Investing in Safety

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Smart investments are safe investments. In our case, there's no better investment than keeping our infrastructure modern, our communities safe and our employees up to date. From the start of development, we outfit new communities with the highest quality service lines. In mature neighborhoods, we are continually replacing legacy service lines with new, modern pipe. And, in every community, we inspect and monitor our pipelines and distribution lines to ensure a reliable system.

1 Polyethylene pipe is being used in many areas to replace our older steel service lines. In just the Mid-Tex Division alone, Atmos Energy will replace 100,000 steel service lines during the next two years.

2 To update older cast iron and steel mains, Atmos Energy is installing new, high-pressure lines next to existing lines, which can then be safely and efficiently removed or abandoned.

3 In many neighborhoods, new flexible polyethylene piping can be fitted through existing steel pipes to modernize our natural gas delivery system. This approach not only increases safety, but also allows us to efficiently install new piping with minimal disruption.



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4 Atmos Energy technicians use the latest fusing technology to join sections of polyethylene pipe to make strong and secure connections.

5 Natural gas in its raw state has no odor. To make it identifiable by the public, we add an odorant to the gas in precise concentrations, using highly accurate chemical instruments.

6 Atmos Energy chemists calibrate measuring equipment to continuously monitor the chemical components and Btu value of our product, ensuring that our natural gas meets the exact needs for home and industrial uses alike.

PROGRESS IN PIPELINES

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- Polyethylene – Late 1960s to present
- Coated Steel – 1950s to present
- Bare Steel – 1920s to early 1940s
- Cast Iron – 1900s to 1920s
- Wood – 1830s to 1910

Bamboo – First used by the Chinese around 900 BC to transport natural gas

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7 Wooden pipes were state-of-the-art pipelines in the early 19th century. Later, they were replaced with more reliable cast iron, steel and coated steel pipes. Today’s polyethylene pipe will stand the test of time for many decades to come.

8 To keep our pipelines in top condition, electronic and mechanical “pigs” are sent through our pipelines to inspect for anomalies, cracks or scratches and to keep the lines clean.

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Since 2004, Atmos Energy has spent more than \$1 billion to modernize its system.



9 We conduct periodic pipeline-integrity inspections, using a variety of structural, metallurgical and process tests, to prevent problems and safeguard the public.

The Vaughan Center

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From its inception, the Vaughan Center was designed as a place to teach, learn, innovate and practice the highest standards of professionalism, customer service and, most importantly, safety. When we named it, there was no question. Embedded in the heart and soul of our company and in this facility are the visionary leadership and moral compass of our first chairman and CEO, Charles K. Vaughan.

1 The Flow Lab inside the Vaughan Center is a high-tech teaching facility. Compressed air is used in the lab to simulate the pressures and situations our technicians encounter in the field. The lab allows us to set up multiple scenarios with a variety of meters, regulators and other devices to train and certify our service technicians and field operators.

2 Hands-on classroom training, guided by expert instructors, teaches our technicians to keep flow-control devices working accurately and communicating with our SCADA control system regarding gas flow and system availability.

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3 The Vaughan Center also houses our new Plano, Texas, service center, where technicians are dispatched to serve customers in a number of North Texas communities.



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The Vaughan Center is a training ground for Atmos Energy employees, firefighters, emergency responders, industry innovators and constituents who deal with natural gas systems. Inside are state-of-the-art classrooms and an advanced Flow Lab for ensuring safety and reliability in the way our natural gas facilities are installed, monitored and maintained. It's the industry's finest example of technical education and information transfer today as well as a resource for beta testing the latest technologies and processes for the future.



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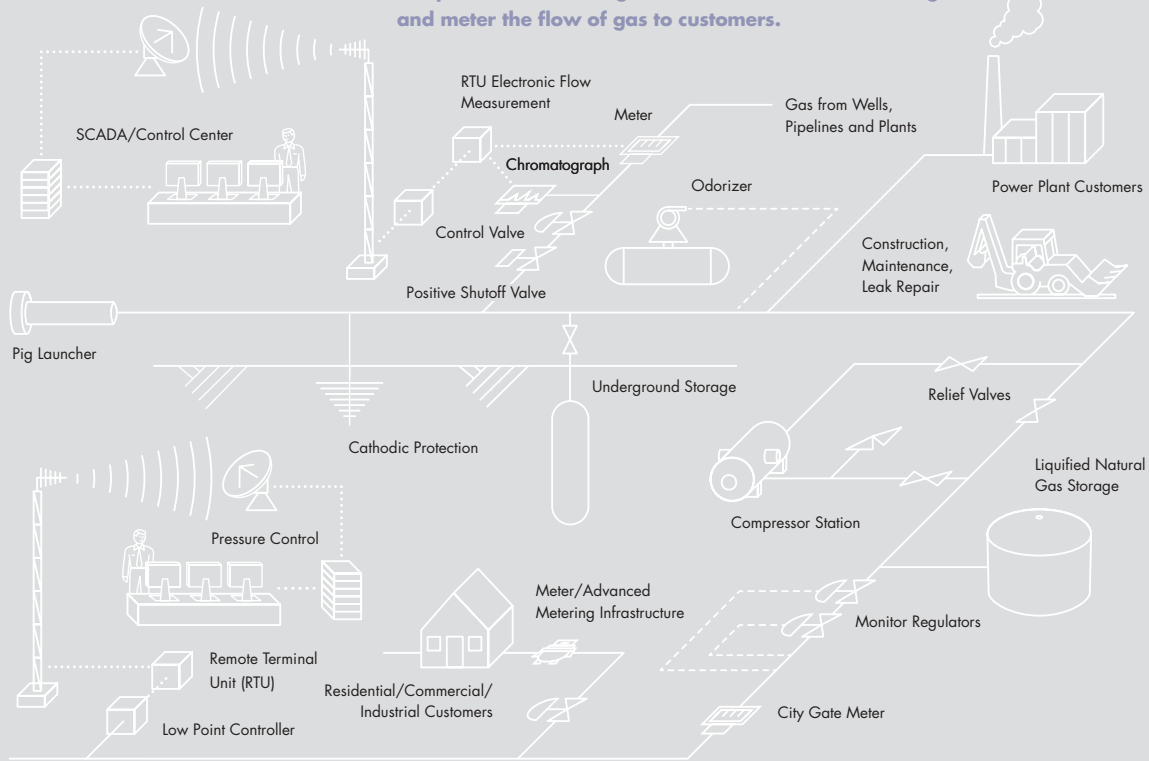
4 Solar-paneled field devices allow monitoring natural gas flow in remote areas of our system. Smart field devices, such as handheld digital assistants and laptop computers, interface with our SCADA system, so that we constantly know the condition and flow of our natural gas system.

5 As one of the country's largest natural gas utilities, we work with manufacturers to beta test their newest equipment, such as this highly complex natural gas meter designed for energy-demanding industrial environments.

6 New technicians and veterans alike train at the Vaughan Center to be certified and recertified on a regular basis. Virtually our entire technical workforce must be recertified at least every four years to meet federal and state operator qualification requirements.

DELIVERING YOUR NATURAL GAS

Natural gas transmission and distribution systems involve thousands of interconnected components to ensure safety and reliability. Our equipment and facilities, ranging from gas meters to giant compressors and storage fields, allow us to monitor, regulate and meter the flow of gas to customers.



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7 Most natural gas systems today rely on digital electronics for data collection, flow control and continuous monitoring. The Vaughan Center teaches our technicians how to install, calibrate, operate and maintain our field data systems.

8 The entire Vaughan Center, including Gas City, the Flow Lab and the Plano service center, is registered to be LEED certified. Standing for Leadership in Energy and Environmental Design, this green-building certification program encourages using sustainable building and development practices and recognizes projects that are designed for energy efficiency and environmental betterment.



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Our Culture of Safety

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They walk among us: heroes who unassumingly do a good job every day. Some, in the course of their daily routine, suddenly find themselves at the center of extraordinary events in which they humbly demonstrate their spirit and courage to safeguard others.

1 Best friends Michael Rangel and Tucker Redden, both 6 years old, were doing what boys do—playing on Michael’s backyard swing set. Across the fence, Richard Herrera was doing what Atmos Energy technicians do—advising Michael’s dad, Mike, about an issue with his water heater. Suddenly, Tucker came racing from the backyard in a panic with blood on his hands. Little Michael was caught in a tube slide with a cord tightening around his neck. Bleeding from his mouth and unconscious, Michael’s situation was dire. Quickly, Mike and Richard went into action. As Mike pushed his son up from the bottom of the slide, Richard pulled him out from the top. Richard cut the rope around Michael’s neck and administered CPR until paramedics came. Today Michael is fine. He and Tucker are buddies for life, and in their eyes, Richard Herrera is an Atmos Energy superhero.

2 Partners in safety, Brian Martens, a former fire chief and now Atmos Energy’s manager of public affairs in Colorado, and Chief Mark Quick of the Durango Fire & Rescue Authority share the same number-one priority of keeping the community safe. Atmos Energy maintains close relationships with first-responders in our communities to keep them informed about our natural gas system and to coordinate response plans if an emergency arises.

3 Dressed for success and personal safety, Atmos Energy technicians are ready for any situation. Whether it’s working in closed, confined, underground spaces or dealing with heavy equipment and busy thoroughfares, our service technicians can suit up and create a safe environment for themselves, their fellow employees and everyone around them.



A Safe Journey

Most consumers take for granted that their natural gas is always there, ready to use. But, there's more to delivering natural gas than meets the eye. From managing hundreds of billions of cubic feet of gas supplies annually, to monitoring pipelines and inspecting our physical infrastructure, to always being available to respond to our customers' needs, we take every measure to ensure natural gas flows to our customers safely and reliably.

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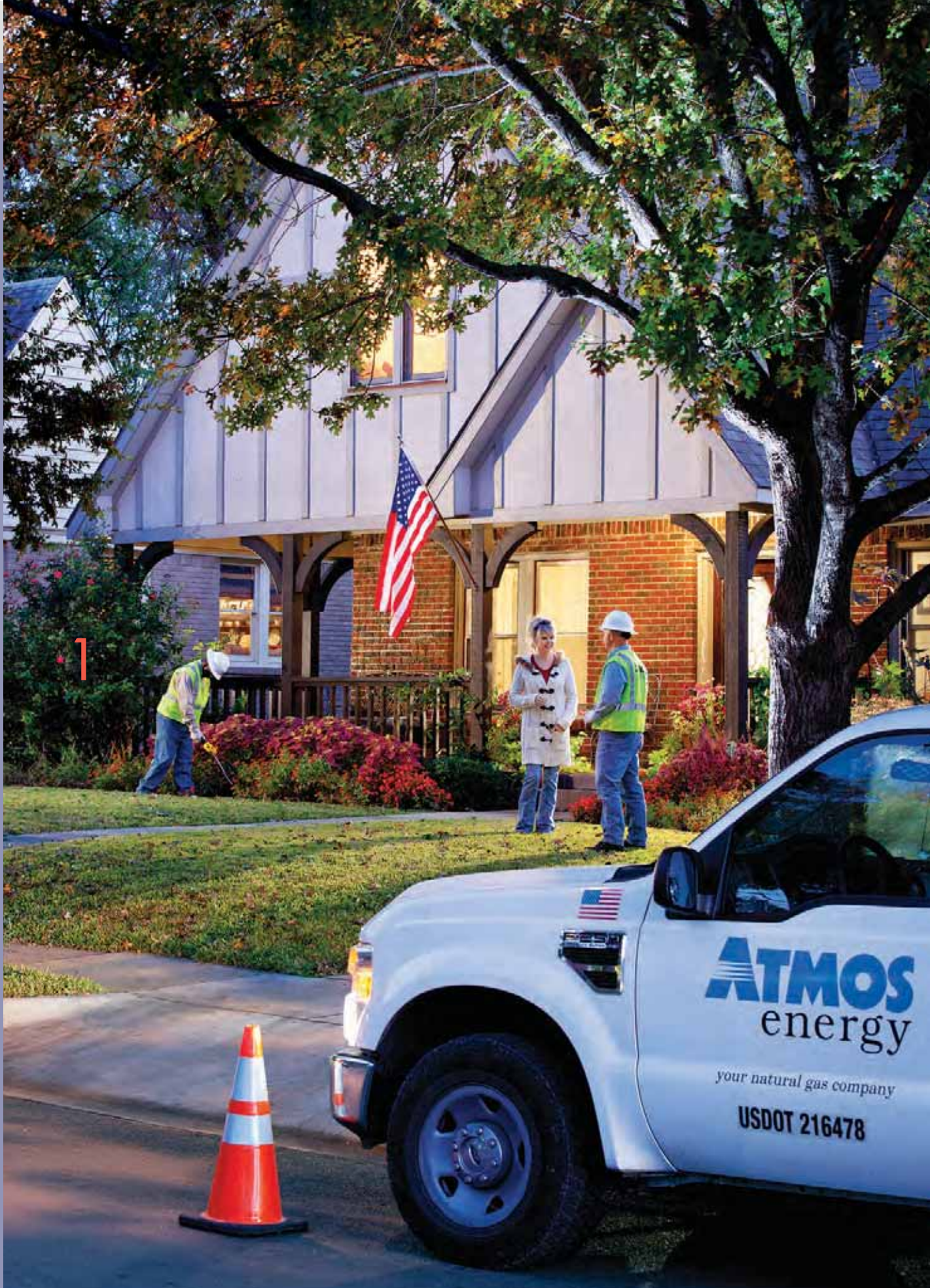


Our call centers are available at all hours, every day, to dispatch technicians to resolve natural gas issues at homes and businesses.

- 1** If you smell gas, whether it's day or night, immediately leave the area and from a safe distance call Atmos Energy. Our service technicians will respond promptly and will use sensitive devices for detecting a leak inside or outside.
- 2** We regularly inspect our natural gas distribution and pipeline system with state-of-the-art equipment. This service technician uses a remote methane leak detector that can sense minute gas particles of methane.
- 3** Atmos Energy's "sniffer" trucks patrol streets in cities and towns and along rights of way. These vehicles have highly sensitive detection devices to find natural gas seepages from underground distribution lines or pipelines.



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4 SCADA, or supervisory control and data acquisition, equipment remotely monitors pipelines, compressor stations, city gates and other major facilities for operational integrity and community safety.

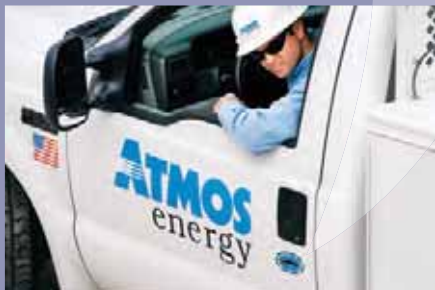
5 To patrol our pipelines buried underground, airplanes fly our rights of way using infrared technologies that can detect leaks from in the air.

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6 “Walk the Safety Circle” is our safety mantra every time an employee approaches a company vehicle. All drivers are required to walk a complete 360° circle, making sure that no children, pets, toys, tools, other vehicles or nearby objects might pose a hazard.

7 Whether to initiate service, answer a billing question or respond to an emergency, staff members at our call centers are always available to care for our customers.

8 In Houston, Atmos Energy Marketing’s trading floor purchases large volumes of natural gas daily to ensure reliable supplies and economical prices for its many industrial, municipal and power-generation customers.

9 Keeping our customers warm and safe in the winter means keeping natural gas meters clear of snow and debris and the rest of our system in excellent repair to endure frigid temperatures.



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Supporting Safe, Strong Communities

Atmos Energy is part of the community. By the nature of our operations, our service technicians are invited into homes and businesses to check natural gas appliances and our infrastructure. In turn, we encourage natural gas safety through school programs, public meetings and community celebrations. We believe that supporting gas safety awareness helps build stronger communities and provides our customers with the safest and most reliable energy available.

1 Jim Bartling, left, Atmos Energy's manager of public affairs in Kansas, enjoys the fun at the annual open house of the City of Olathe Fire Department. The company has supported this family event for years to help firefighters teach safety awareness especially among children.

2 Atmos Energy's employees say "thanks" to their neighbors in communities across the country by grilling thousands of hot dogs and hamburgers every year at civic get-togethers, local fairs and charity events.

3 Call before you dig! We constantly remind the public to ALWAYS call 811 to have utility lines marked before beginning any digging. By calling 811 just once, all underground utility lines will be marked by Atmos Energy, the electric utility, the telephone company and the water department to protect both the caller and the community.



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4 Our company runs on natural gas...literally. New natural gas vehicles in Atmos Energy's fleet demonstrate the clean-burning benefits of natural gas as well as its reliability as an all-American fuel.

5 Bill stuffers in English and Spanish give our customers safety information on natural gas topics and encourage them to watch out for household hazards.

6 Mayor John Shaddinger Jr. of Westwego, Louisiana, discusses safety needs in his community with Atmos Energy employees as part of our ongoing program to communicate with public officials about pipeline safety awareness.



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- 7** Atmos Energy works with schools and community groups to teach children and their parents to “smell, listen, look and leave” if they suspect a natural gas leak in their homes or yards.
- 8** Ray Granado, a manager of public affairs in the Dallas-Fort Worth area, is a big hit in the classroom when he brings our “scratch and sniff” cards so that kids learn what natural gas odorant smells like.
- 9** Atmos Energy displays the nationwide Call 811 logo on all its service vehicles, customers’ bills and printed materials as a reminder to always call before digging.
- 10** Brightly colored yellow markers along natural gas pipeline rights of way warn the public to call before digging and not to build structures or pile debris on the ground above a pipeline.



Year Ended September 30

Dollars in thousands, except per share data

	2010	2009	Change
Operating revenues	\$ 4,789,690	\$ 4,969,080	(3.6)%
Gross profit	\$ 1,364,941	\$ 1,346,702	1.4%
Natural gas distribution net income	\$ 125,949	\$ 116,807	7.8%
Regulated transmission and storage net income	41,486	41,056	1.0%
Natural gas marketing net income	27,729	20,194	37.3%
Pipeline, storage and other net income	10,675	12,921	(17.4)%
Total	\$ 205,839	\$ 190,978	7.8%
Total assets	\$ 6,763,791	\$ 6,367,083	6.2%
Total capitalization*	\$ 3,987,899	\$ 4,346,161	(8.2)%
Net income per share — diluted	\$ 2.20	\$ 2.07	6.3%
Cash dividends per share	\$ 1.34	\$ 1.32	1.5%
Book value per share at end of year	\$ 24.16	\$ 23.52	2.7%
Consolidated natural gas distribution throughput (MMcf)	454,175	408,885	11.1%
Consolidated regulated transmission and storage transportation volumes (MMcf)	428,599	528,689	(18.9)%
Consolidated natural gas marketing throughput (MMcf)	353,853	370,569	(4.5)%
Heating degree days [†]	2,780	2,713	2.5%
Degree days as a percentage of normal [†]	102%	100%	2.0%
Meters in service at end of year	3,186,040	3,178,844	0.2%
Return on average shareholders' equity	9.1%	8.9%	2.2%
Shareholders' equity as a percentage of total capitalization (including short-term debt) at end of year	48.7%	49.3%	(1.2)%
Shareholders of record	19,738	20,790	(5.1)%
Weighted average shares outstanding — diluted (000s)	92,422	91,620	0.9%

* 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, 2010, 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.

In the Flow Lab of the Charles K. Vaughan Center, Atmos Energy technicians work with some of the most advanced natural gas metering technology available in the industry today.

Year Ended September 30

	2010	2009
Meters in service		
Residential	2,910,672	2,901,577
Commercial	262,778	265,843
Industrial	2,090	2,193
Public authority and other	10,500	9,231
Total meters	<u>3,186,040</u>	<u>3,178,844</u>
Heating degree days*		
Actual (weighted average)	2,780	2,713
Percent of normal	102%	100%
Natural gas distribution sales volumes (MMcf)		
Residential	190,424	159,762
Commercial	103,028	91,379
Industrial	19,047	18,563
Public authority and other	10,129	12,413
Total	<u>322,628</u>	<u>282,117</u>
Natural gas distribution transportation volumes (MMcf)	<u>135,865</u>	<u>130,691</u>
Total natural gas distribution throughput (MMcf)	458,493	412,808
Intersegment activity (MMcf)	<u>(4,318)</u>	<u>(3,923)</u>
Consolidated natural gas distribution throughput (MMcf)	<u>454,175</u>	<u>408,885</u>
Consolidated regulated transmission and storage transportation volumes (MMcf)	<u>428,599</u>	<u>528,689</u>
Consolidated natural gas marketing throughput (MMcf)	<u>353,853</u>	<u>370,569</u>
Operating revenues (000s)		
Natural gas distribution sales revenues		
Residential	\$ 1,826,752	\$ 1,830,140
Commercial	808,981	838,184
Industrial	112,366	135,633
Public authority and other	70,580	89,183
Total gas distribution sales revenues	<u>2,818,679</u>	<u>2,893,140</u>
Transportation revenues	61,384	59,115
Other gas revenues	<u>31,560</u>	<u>31,711</u>
Total natural gas distribution revenues	2,911,623	2,983,966
Regulated transmission and storage revenues	97,023	119,427
Natural gas marketing revenues	1,754,523	1,832,912
Pipeline, storage and other revenues	<u>26,521</u>	<u>32,775</u>
Total operating revenues (000s)	<u>\$ 4,789,690</u>	<u>\$ 4,969,080</u>
Other statistics		
Gross plant (000s)	\$ 6,542,318	\$ 6,086,618
Net plant (000s)	\$ 4,793,075	\$ 4,439,103
Miles of pipe	77,157	76,942
Employees	4,913	4,891

* 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

	2010	2009
Assets		
Property, plant and equipment	\$ 6,384,396	\$ 5,981,420
Construction in progress	<u>157,922</u>	<u>105,198</u>
	6,542,318	6,086,618
Less accumulated depreciation and amortization	<u>1,749,243</u>	<u>1,647,515</u>
Net property, plant and equipment	4,793,075	4,439,103
Current assets		
Cash and cash equivalents	131,952	111,203
Accounts receivable, less allowance for doubtful accounts of \$12,701 in 2010 and \$11,478 in 2009	273,207	232,806
Gas stored underground	319,038	352,728
Other current assets	<u>150,995</u>	<u>132,203</u>
Total current assets	875,192	828,940
Goodwill and intangible assets	740,148	740,064
Deferred charges and other assets	<u>355,376</u>	<u>358,976</u>
	<u>\$ 6,763,791</u>	<u>\$ 6,367,083</u>
Capitalization and Liabilities		
Shareholders' equity		
Common stock, no par value (stated at \$.005 per share); 200,000,000 shares authorized; issued and outstanding: 2010 – 90,164,103 shares, 2009 – 92,551,709 shares	\$ 451	\$ 463
Additional paid-in capital	1,714,364	1,791,129
Accumulated other comprehensive loss	(23,372)	(20,184)
Retained earnings	<u>486,905</u>	<u>405,353</u>
Shareholders' equity	2,178,348	2,176,761
Long-term debt	<u>1,809,551</u>	<u>2,169,400</u>
Total capitalization	3,987,899	4,346,161
Current liabilities		
Accounts payable and accrued liabilities	266,208	207,421
Other current liabilities	413,640	457,319
Short-term debt	126,100	72,550
Current maturities of long-term debt	<u>360,131</u>	<u>131</u>
Total current liabilities	1,166,079	737,421
Deferred income taxes	829,128	570,940
Regulatory cost of removal obligation	350,521	344,403
Deferred credits and other liabilities	<u>430,164</u>	<u>368,158</u>
	<u>\$ 6,763,791</u>	<u>\$ 6,367,083</u>

Condensed Consolidated Statements of Income

Year Ended September 30

Dollars in thousands, except per share data

	2010	2009	2008
Operating revenues			
Natural gas distribution segment	\$ 2,912,493	\$ 2,984,765	\$ 3,655,130
Regulated transmission and storage segment	203,013	209,658	195,917
Natural gas marketing segment	2,151,264	2,336,847	4,287,862
Pipeline, storage and other segment	35,318	41,924	31,709
Intersegment eliminations	(512,398)	(604,114)	(949,313)
	<u>4,789,690</u>	<u>4,969,080</u>	<u>7,221,305</u>
Purchased gas cost			
Natural gas distribution segment	1,863,046	1,960,137	2,649,064
Regulated transmission and storage segment	—	—	—
Natural gas marketing segment	2,065,313	2,252,235	4,194,841
Pipeline, storage and other segment	7,178	12,428	3,396
Intersegment eliminations	(510,788)	(602,422)	(947,322)
	<u>3,424,749</u>	<u>3,622,378</u>	<u>5,899,979</u>
Gross profit	<u>1,364,941</u>	<u>1,346,702</u>	<u>1,321,326</u>
Operating expenses			
Operation and maintenance	468,038	494,010	500,234
Depreciation and amortization	216,960	217,208	200,442
Taxes, other than income	190,507	182,700	192,755
Asset impairments	—	5,382	—
Total operating expenses	<u>875,505</u>	<u>899,300</u>	<u>893,431</u>
Operating income	489,436	447,402	427,895
Miscellaneous income (expense), net	(339)	(3,303)	2,731
Interest charges	<u>154,471</u>	<u>152,830</u>	<u>137,922</u>
Income before income taxes	334,626	291,269	292,704
Income tax expense	<u>128,787</u>	<u>100,291</u>	<u>112,373</u>
Net income	<u>\$ 205,839</u>	<u>\$ 190,978</u>	<u>\$ 180,331</u>
Per share data			
Basic net income per share	<u>\$ 2.22</u>	<u>\$ 2.08</u>	<u>\$ 2.00</u>
Diluted net income per share	<u>\$ 2.20</u>	<u>\$ 2.07</u>	<u>\$ 1.99</u>
Weighted average shares outstanding:			
Basic	<u>91,852</u>	<u>91,117</u>	<u>89,385</u>
Diluted	<u>92,422</u>	<u>91,620</u>	<u>89,941</u>

Condensed Consolidated Statements of Cash Flows

Year Ended September 30

Dollars in thousands

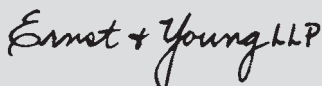
	2010	2009	2008
Cash Flows from Operating Activities			
Net income	\$ 205,839	\$ 190,978	\$ 180,331
Adjustments to reconcile net income to net cash provided by operating activities:			
Asset impairments	—	5,382	—
Depreciation and amortization:			
Charged to depreciation and amortization	216,960	217,208	200,442
Charged to other accounts	173	94	147
Deferred income taxes	196,731	129,759	97,940
Stock-based compensation	12,655	14,494	14,032
Debt financing costs	11,908	10,364	10,665
Other	(1,245)	(1,177)	(5,492)
Changes in assets and liabilities	83,455	352,131	(127,132)
Net cash provided by operating activities	726,476	919,233	370,933
Cash Flows Used in Investing Activities			
Capital expenditures	(542,636)	(509,494)	(472,273)
Other, net	(66)	(7,707)	(10,736)
Net cash used in investing activities	(542,702)	(517,201)	(483,009)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term debt	54,268	(283,981)	200,174
Net proceeds from issuance of long-term debt	—	445,623	—
Settlement of Treasury lock agreement	—	1,938	—
Repayment of long-term debt	(131)	(407,353)	(10,284)
Cash dividends paid	(124,287)	(121,460)	(117,288)
Repurchase of common stock	(100,450)	—	—
Repurchase of equity rewards	(1,191)	—	—
Issuance of common stock	8,766	27,687	25,466
Net cash provided by (used in) financing activities	(163,025)	(337,546)	98,068
Net increase (decrease) in cash and cash equivalents	20,749	64,486	(14,008)
Cash and cash equivalents at beginning of year	111,203	46,717	60,725
Cash and cash equivalents at end of year	\$ 131,952	\$ 111,203	\$ 46,717

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, 2010 and 2009, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2010 (not presented separately herein); and in our report dated November 12, 2010, 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, 2010, 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 12, 2010 (not presented separately herein) expressed an unqualified opinion thereon.

The signature of Ernst & Young LLP is written in a cursive, handwritten style.

Dallas, Texas
November 12, 2010

Year Ended September 30

	2010	2009	2008	2007	2006
Balance Sheet Data at September 30 (000s)					
Capital expenditures	\$ 542,636	\$ 509,494	\$ 472,273	\$ 392,435	\$ 425,324
Net property, plant and equipment	4,793,075	4,439,103	4,136,859	3,836,836	3,629,156
Working capital	(290,887)	91,519	78,017	149,217	(1,616)
Total assets	6,763,791	6,367,083	6,386,699	5,895,197	5,719,547
Shareholders' equity	2,178,348	2,176,761	2,052,492	1,965,754	1,648,098
Long-term debt, excluding current maturities	1,809,551	2,169,400	2,119,792	2,126,315	2,180,362
Total capitalization	3,987,899	4,346,161	4,172,284	4,092,069	3,828,460
Income Statement Data					
Operating revenues (000s)	\$ 4,789,690	\$ 4,969,080	\$ 7,221,305	\$ 5,898,431	\$ 6,152,363
Gross profit (000s)	1,364,941	1,346,702	1,321,326	1,250,082	1,216,570
Net income (000s)	205,839	190,978	180,331	168,492	147,737
Net income per diluted share	2.20	2.07	1.99	1.91	1.81
Common Stock Data					
Shares outstanding (000s)					
End of year	90,164	92,552	90,815	89,327	81,740
Weighted average	92,422	91,620	89,941	87,486	81,173
Cash dividends per share	\$ 1.34	\$ 1.32	\$ 1.30	\$ 1.28	\$ 1.26
Shareholders of record	19,738	20,790	21,756	22,829	24,690
Market price—High	\$ 30.06	\$ 28.80	\$ 29.46	\$ 33.11	\$ 29.11
Low	\$ 26.41	\$ 20.20	\$ 25.09	\$ 26.47	\$ 25.79
End of year	\$ 29.25	\$ 28.18	\$ 26.62	\$ 28.32	\$ 28.55
Book value per share at end of year	\$ 24.16	\$ 23.52	\$ 22.60	\$ 22.01	\$ 20.16
Price/Earnings ratio at end of year	13.30	13.61	13.38	14.83	15.77
Market/Book ratio at end of year	1.21	1.20	1.18	1.29	1.42
Annualized dividend yield at end of year	4.6%	4.7%	4.9%	4.5%	4.4%
Customers and Volumes (as metered)					
Consolidated distribution gas sales volumes (MMcf)	322,628	282,117	292,676	297,327	272,033
Consolidated distribution gas transportation volumes (MMcf)	131,547	126,768	136,678	130,542	121,962
Consolidated distribution throughput (MMcf)	454,175	408,885	429,354	427,869	393,995
Consolidated transmission and storage transportation volumes (MMcf)	428,599	528,689	595,542	505,493	410,505
Consolidated natural gas marketing throughput (MMcf)	353,853	370,569	389,392	370,668	283,962
Meters in service at end of year	3,186,040	3,178,844	3,191,779	3,187,127	3,181,199
Heating degree days*	2,780	2,713	2,820	2,879	2,527
Degree days as a percentage of normal*	102%	100%	100%	100%	87%
Gas distribution average cost of gas per Mcf sold	\$ 5.77	\$ 6.95	\$ 9.05	\$ 8.09	\$ 10.02
Gas distribution average transportation fee per Mcf	\$.46	\$.46	\$.43	\$.44	\$.49
Statistics					
Return on average shareholders' equity	9.1%	8.9%	8.8%	8.8%	8.9%
Number of employees	4,913	4,891	4,750	4,653	4,632
Net gas distribution plant per meter	\$ 1,243	\$ 1,165	\$ 1,091	\$ 1,020	\$ 969
Gas distribution operation and maintenance expense per meter	\$ 114	\$ 116	\$ 122	\$ 119	\$ 112
Meters per employee—gas distribution	676	678	700	713	723
Times interest earned before income taxes	3.09	2.82	3.06	2.75	2.55

* 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,
Chief Financial Officer and Treasurer



Louis P. Gregory
Senior Vice President and
General Counsel



Michael E. Haefner
Senior Vice President,
Human Resources

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

Nonregulated Operations



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

Shared Services (continued)



Richard J. Gius
Vice President and
Chief Information Officer

Shared Services



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



Conrad E. Gruber
Vice President,
Strategic Planning



Christopher T. Forsythe
Vice President and Controller



Dwala J. Kuhn
Corporate Secretary



Susan K. Giles
Vice President,
Investor Relations



Kenneth M. Malter
Vice President,
Gas Supply and Services



Marvin L. Sweetin
Vice President,
Customer Service



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



Richard W. Cardin
Retired partner of Arthur
Andersen LLP
Nashville, Tennessee
Board member since 1997
Committees: Audit (Chairman),
Executive, Nominating and
Corporate Governance



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



Phillip E. Nichol
Retired Senior Vice
President of Central
Division Staff, UBS
PaineWebber Incorporated
Dallas, Texas
Board member since 1985
Committees: Nominating
and Corporate Governance
(Chairman), Executive, Human
Resources, Work Session/
Annual Meeting



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



Stephen R. Springer
Retired Senior Vice President
and General Manager,
Midstream Division, The
Williams Companies, Inc.
Syracuse, Indiana
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: Audit,
Nominating and Corporate
Governance, 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 and Trust Company
59 Maiden Lane
Plaza Level
New York, New York 10038
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 e-mail message on our agent's website at www.amstock.com. Please refer to Atmos Energy in your e-mail 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 2011 Annual Meeting of Shareholders will be held in the Pavilion Ballroom at the Belo Mansion, 2101 Ross Avenue, Dallas, Texas 75201 on Wednesday, February 9, 2011, 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 e-mail 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, 2010. 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 2010 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.

Inside back cover: An Atmos Energy technician uses specialized protective equipment for working in underground confined spaces. Atmos Energy’s culture of safety emphasizes taking all precautions to work safely and protect fellow employees as well as the public.

Front cover: In Gas City at Atmos Energy’s new Charles K. Vaughan Center in Plano, Texas, service technicians learn and practice skills with the coaching and guidance of highly expert instructors.

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