

Atmos Energy Corporation
2013 Summary Annual Report

three on 30



A blue-tinted photograph of a snowy residential street. In the foreground, a person wearing a dark winter coat and hat is walking away from the camera. The street is covered in a thick layer of snow. In the background, there are snow-covered cars parked along the side of the road and bare trees with snow on their branches. The overall scene is quiet and serene.

30 years: A solid foundation.

A prosperous future.



three perspectives.

LEFT: In 1983, Charles K. Vaughan was named CEO of Energas Company, a newly independent natural gas utility serving West Texas. The company's former owner, Pioneer Corporation, had given the fledgling company few resources but had required it to pay its first dividend within 90 days after the spinoff. Charlie recalled, "We had no cash and no ability to pay that dividend." Then, the coldest West Texas winter in 50 years turned the Texas Panhandle as white as cotton, and Energas sold a record amount of gas. "We made more money than we knew what to do with," Charlie said. Nature's beneficence helped save the company and put it on the road to success.



ABOVE: Continuity and consistency of leadership have served Atmos Energy well. In 1997, newly named chairman, president and chief executive officer Robert W. Best (left) began meeting monthly for dinner with previous chairman Charles K. Vaughan (center) to discuss business, make plans and enjoy each other's company. Current CEO Kim R. Cocklin (right) joined the dinners in 2008 when he was named president and chief operating officer. Friends, colleagues and mentors, the three share a commitment to the heritage, the present and the future of Atmos Energy.

Atmos Energy was nurtured by the snows of the Texas Panhandle 30 eventful years ago. Among many people who have helped build the company's legacy, three leaders stand out for their dedication to its customers, shareholders and employees. The vision of growth and independence of Charles Vaughan ... the creation of lasting assets and a remarkable culture by Bob Best ... and today's strategic and sustainable leadership under Kim Cocklin ... endow Atmos Energy with a solid foundation and a prosperous future.

three perspectives.

CHARLES VAUGHAN: Establishing growth and independence

With grit and determination, Charles K. Vaughan bootstrapped Atmos Energy from a small West Texas natural gas utility into a nationally known gas distributor. His 56 years of service to the company have made him not only the company's guiding force, but also its moral compass. His passion for keeping the company independent and prosperous is matched by his heartfelt dedication to the company's employees.



When you were named CEO in 1983, many said the company wouldn't survive, but it did. How did you do it?

It was the result of a bit of luck and a lot of dedication. We had just been spun off in October from Pioneer Corporation, and our employees were being told by former colleagues that the company

couldn't survive the first year.

Then in late November, the coldest winter in half a century swept across West Texas, and the freezing temperatures lasted for weeks. We sold more natural gas than ever, and we made a lot of money that first year.

The employees who came with us were courageous, and I was dedicated to them. I was determined to do whatever we had to do to survive. I think that same dedication and courage and determination still exist at Atmos Energy today.

What is the most important characteristic of a strong organization?

Focus. You have to maintain the focus that will carry your vision forward.

In the past, our corporate vision was about growth and development through acquisitions. That strategy requires appropriate risk-taking, a bit of gambling and a lot of courage.

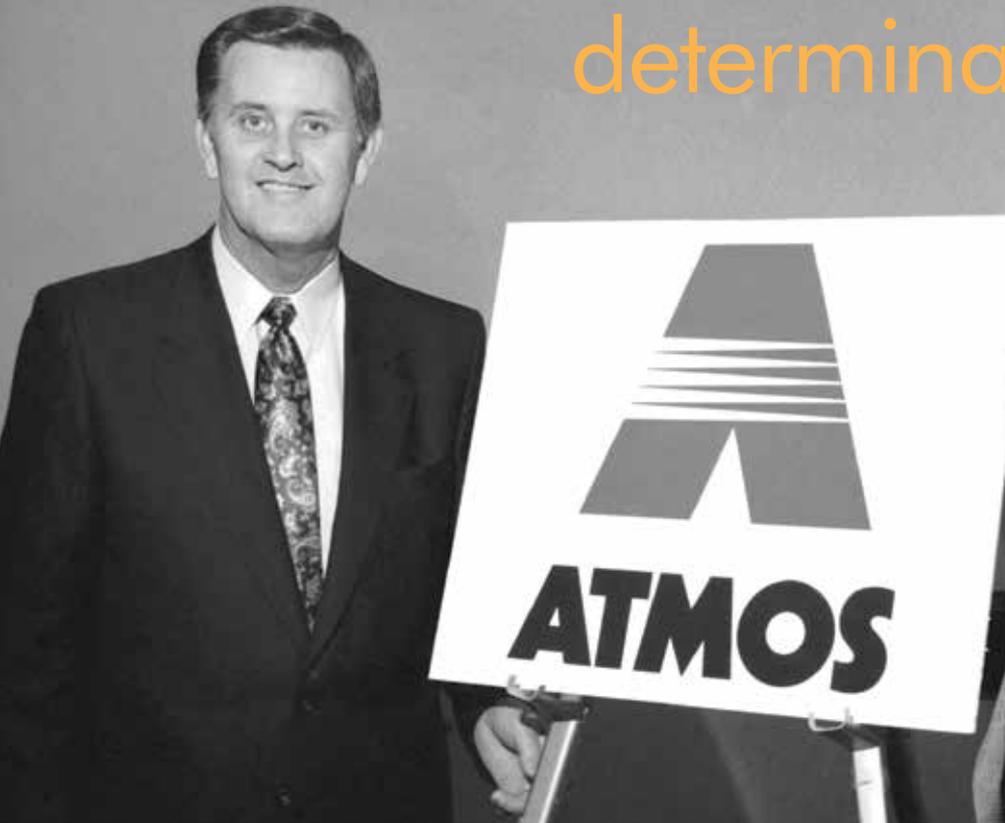
Bob Best was extremely courageous as CEO in taking steps that tripled the

BELOW: To raise capital for expansion, Charlie Vaughan worked to attract attention from the financial community. A major move was listing the company on the New York Stock Exchange.

On October 3, 1988, Charlie and his wife, Barbara, toured the NYSE, and Charlie bought share No. 1 of Atmos Energy Corporation common stock.



determination >>



“Together, we’re going to make this company grow.”

—CHARLES K. VAUGHAN

LEFT: Creating a strong, separate brand for the company was one of Charlie’s goals. “We wanted a new name that was distinctive and tied to the energy industry,” Charlie said. After considering more than 100 choices, he announced the winner, Atmos Energy. The corporation changed to its present name on October 1, 1988.

size of the company. Current CEO Kim Cocklin is showing a great deal of courage, too, by investing billions of dollars in the company’s infrastructure through strategic capital spending. Not to mention, he’s already made tough choices to divest operations when it made sense. It takes courage to sell profitable operations. But, it’s all based on your focus for the future.

was being deregulated. So, with support from the board, we devised a plan to expand and made a tender offer for Trans Louisiana Gas Company, which had recently been in play.

CEOs at other utilities and securities analysts told me I was crazy, that the deal would never close. But, in time, our negotiations turned friendly, and we completed the acquisition. Buying Trans La increased our number of customers by about 25 percent. We also added many large industrial users to our customer mix, and we diversified operations with a different economy, different customer demands and different state regulations.

Most important of all, we proved we could grow by acquiring utility assets. We could build on a bigger base, so that we could buy an even larger property the next time around. And, that’s what we did, again and again.

What kind of investments is Atmos Energy making today?

We’re investing in growth by putting pipe in the ground rather than by acquiring companies. Kim is focusing on



ABOVE: “At the time of the spinoff from Pioneer, we began thinking about a new vision for the company. We needed to change the direction to better reflect our intent to eventually become a nationally known utility company,” Charlie said. He personally recruited the highly respected former Dallas Cowboys Hall of Famer Bob Lilly, who appeared in television and newspaper advertising as the company’s spokesperson.

the company’s mission today, not what it was when Bob was CEO or when I was CEO. Kim is a brilliant thinker and financial strategist as well as a dedicated people person. He’s transitioning the company’s focus from acquiring assets to investing in existing assets; he’s reinforcing the infrastructure to seek stable earnings growth in the years ahead.



You became an industry maverick in late 1985 when you launched the first-ever hostile takeover of a utility.

We had to do something, or the company wouldn’t have survived. Our service territory was limited to West Texas, and it was not growing. What’s more, the natural gas business in this country



ABOVE: Acquiring Trans Louisiana Gas Company in 1986 diversified operations and added large industrial users. One of those long-time customers, Weyerhaeuser Company, uses natural gas at its plants for drying lumber and manufacturing wood products.



How do you invest in the long-term future when Wall Street is so interested in the present?

There's more to success than just the bottom line and the latest quarterly financials. Kim, Bob and I share a common commitment to Atmos Energy's employees. That dedication to the employees has built a stronger base than anything else this company could ever have done.

You can talk to a company meter reader you see on the street—and I've literally done it—and he'll tell you how much he and his fellow employees love this company and how dedicated they are to its success. It's quite contagious.

Bob carries this enthusiasm for people forward, and Kim demonstrates the same passion, too. With such a spirit, it's

easier to see the longer-term, larger picture. That's what makes Atmos Energy enduring ... financially or otherwise.

The utility industry expects an exodus of employees during the next five years, as more than two out of five current workers reach retirement. What would you say to a new employee starting at Atmos Energy today?

One thing that should never change is what's inside you—honesty, good moral character, integrity and dedication to those around you. A selfish view of the world undercuts your own effort and career while it causes the company to start going downhill. I'm confident Atmos Energy is prepared for the future because of the strong character

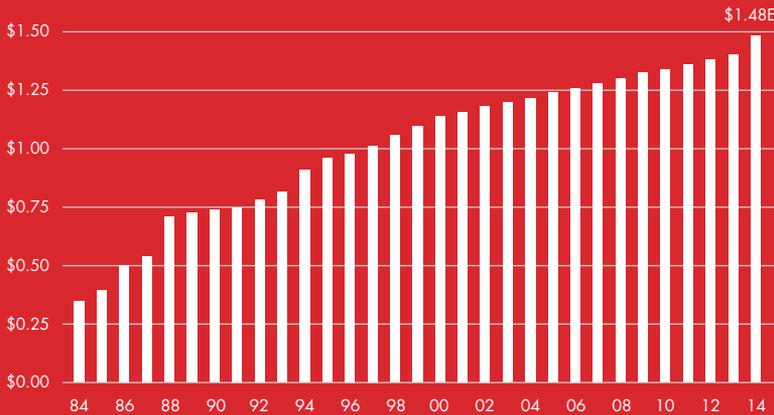
“One thing that should never change is what's inside you—honesty, good moral character, integrity and dedication to those around you.”

—CHARLES K. VAUGHAN

commitment >>

Atmos Energy Dividend History

In dollars, adjusted for mergers and acquisitions



Charlie Vaughan, Bob Best and Kim Cocklin concur that only a financially healthy utility can serve its customers and communities well. The company's 30-year history of consecutively raising its annual cash dividend is one of the best indicators of this financial strength.

BELOW: Charlie's management style was to meet every employee and to personally welcome those at the utilities Atmos Energy acquired. The lasting bond between company leaders and employees "has built a stronger base than anything else this company could ever have done," he said.



Their decision-making deteriorates from what's good for the company to what's exciting for them.

That kind of thinking wasn't for me. And, when I look at our company leaders today, it's the same. They're all working together, pulling for the team.

Why did you retire at an early age?

I knew it was time for a change. We needed a personality different from mine to run the company. We needed someone to succeed me who could take the company to the next level. It took me a while to find the right person, but I knew what qualities were needed, and the board agreed with me. After a few attempts, we were finally able to hire Bob Best, and he was truly the right leader. Selecting him gave me the physical and mental freedom to move on, because I knew the company would be in the right hands.

How do you feel, looking back at all you achieved?

I feel good; however, I often feel guilty about the management style I had to use. Needless to say, in looking at the company today, I feel good about where it is and where it's going. The future is so bright for Atmos Energy, with solid leadership, motivated employees, a sound business model and valuable contributions to the communities we serve.



of its employees. Our success is due to the individual integrity and morality of each employee.

As a young manager, you often challenged the status quo and constantly pushed for improvements.

In my case, I guess that's where ignorance came in. I was a thorn in the side of management. I was always looking for better ways to do things and was always curious. I roamed around all the departments after I was transferred to the company headquarters. I saw things that could be tied together to be improved. So, I was always in my boss's office, recommending how we could do things better.

I was nosy, and I wasn't afraid to speak up. When you speak up, it should never

be about you, but about all of us and the good of the company as a whole.

The 1980s and 1990s were years of egregious corporate excess. How did you steer clear of that?

We were building a company to last, not one to flip. I gave up raises and stock options, so employees could get them. I could have sold the company and made a lot of money personally and retired. But, I could never take advantage of the situation for personal gain. I had worked my way up from humble beginnings, and so had most of the company's employees. The trust among us would never have allowed me to betray their dedication to the company.

If you want a good, clean, high-quality company, you have to make decisions that are good, clean and high-quality.

How do you stay true to your promise? Again, it's focus. Many leaders begin to think they're untouchable. Once they get to the top, they get carried away and go off in selfish directions. They want to buy this company, expand into that territory, join the jet set, or whatever.

2

BOB BEST: Continuing growth and a strong culture

When Robert W. Best joined Atmos Energy as chairman, president and CEO in 1997, he was already a well-known industry leader. Best followed the visionary strategy set by Charles K. Vaughan, making major acquisitions that tripled the size of Atmos Energy. He also burnished a culture that is now the envy of other utilities and a major force driving the company's safety efforts, service excellence and financial performance.



As CEO, you led acquisitions that made Atmos Energy one of the country's largest natural gas distributors. You also came to epitomize the spirit of Atmos Energy by developing a strong organizational culture. What are you most proud of after more than 16 years with the company?

I'll tell you what I feel the best about: Atmos Energy is in really good shape. Like Charlie Vaughan, I left at the right time. I wanted the company to be not only financially strong, but culturally sound, as well.

We completed six major acquisitions. We improved customer service, put in new customer-support systems, built a world-class technical training center, set up a community foundation and forged supportive political alliances.

Most important, we developed an engaging culture. Our culture continues to bloom; our people are engaged. It's exciting to see the company progressing so well in so many ways.

Working at Atmos Energy has been the highlight of my career. I wouldn't have had that opportunity had Charlie not called me one Sunday morning at the urging of his wife, Barbara. I can't thank Charlie and Barbara enough for all their support and friendship for my family and me through the years. I deeply respect and love them both.

I am also proud of working with Charlie and the board to bring Kim Cocklin to Atmos Energy. Kim and I have been friends for more than 30 years. He is an excellent leader who cares deeply about our employees. He is doing an exceptional job as CEO.

How will Atmos Energy's culture continue to move the company forward?

I've always said, if you make business about business, it's hard to rally your employees. It really is. Instead, you've



ABOVE: Charlie Vaughan greeted Bob Best on his first day as Atmos Energy's chairman, president and chief executive officer. The two had known each other for years through industry associations and Bob's leadership of an interstate natural gas transmission company that supplied Atmos Energy.

"Hiring Bob Best was the 'best' decision I ever made."

—CHARLES K. VAUGHAN

community >>

BELOW: As new acquisitions caused Atmos Energy's workforce to grow, Bob launched quarterly satellite broadcasts in 2001 to personally stay in touch with all employees about company goals, new projects and financial results.

got to build a business on the foundation of a great culture.

To cultivate a great culture means a lot of things. It means picking the right people, promoting the right people and treating everyone fairly. What employees believe drives everything. Their attitude and spirit drive customer service, which is our reputation, safety practices, community service and financial performance. Culture drives *everything*.

You have to focus on financial performance, too, because we're measured by our results. But, to grow the financial performance, you have to create the right chemistry and the right environment.

Unlike most companies, Atmos Energy has had tremendous continuity with Charlie Vaughan, myself and now Kim Cocklin. Our genuine mutual respect, admiration and friendship show that we are like-minded about the value of creating a great culture.

What is so special about AtmoSpirit?

It's always intrigued me that companies spend millions of dollars on what I would call technical training. Yet, they don't spend much on what I call spiritual training to develop the individual in his or her career.

When I was first named CEO of another company at age 38, I thought you could tell people how to behave. But, everyone hears it differently if there's no common language. Without a defined culture that every employee can see and experience, there's no sense of community feeling or personal commitment.

So, when we embarked on our AtmoSpirit training, I felt strongly that culture isn't just something for the rank and file. It's for everyone—and our company's



leaders are required to participate as much, if not more, than everyone else.

AtmoSpirit is a hands-on experience. In group meetings, our employees discuss different situations and role-play concepts like, "What does teamwork mean? What does coaching mean?"

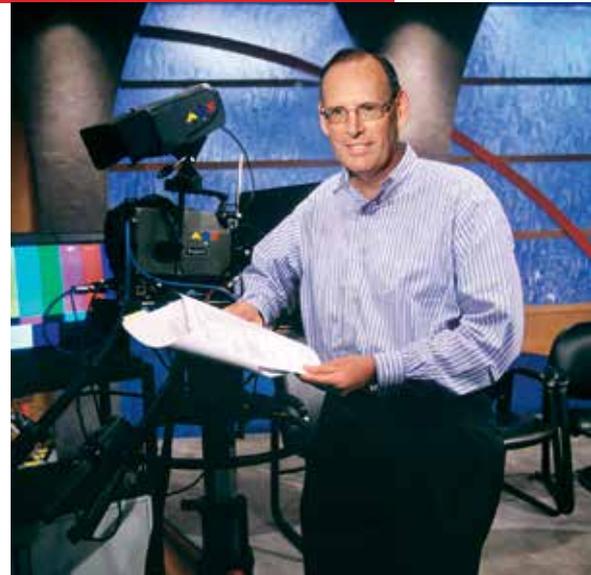
In one example, a participant is blindfolded and instructed to hit a bull's-eye on a target with a dart, which is almost impossible. Then, the group leader says, "Well, let's try harder!" It's obvious that kind of indirection is not coaching. But, once the group leader tells the employee that the target is 4 feet away and 6 feet high, the employee's chances of hitting the bull's-eye go up dramatically. That's coaching, and that's the essence of the culture we instill.

Is it more difficult for a CEO to make decisions today?

People talk about decisions as though they're right or wrong—black or white. Decisions aren't innately right or wrong; they are decisions, and they usually are colored with lots of grays.

You might decide differently than I would, yet somebody has to be the quarterback. Somebody's got to be the coach. Somebody's got to make critical decisions, and you can't disregard plays sent in from the sidelines.

So, you take everything into account, make the best decision you can at the time and then watch the results.



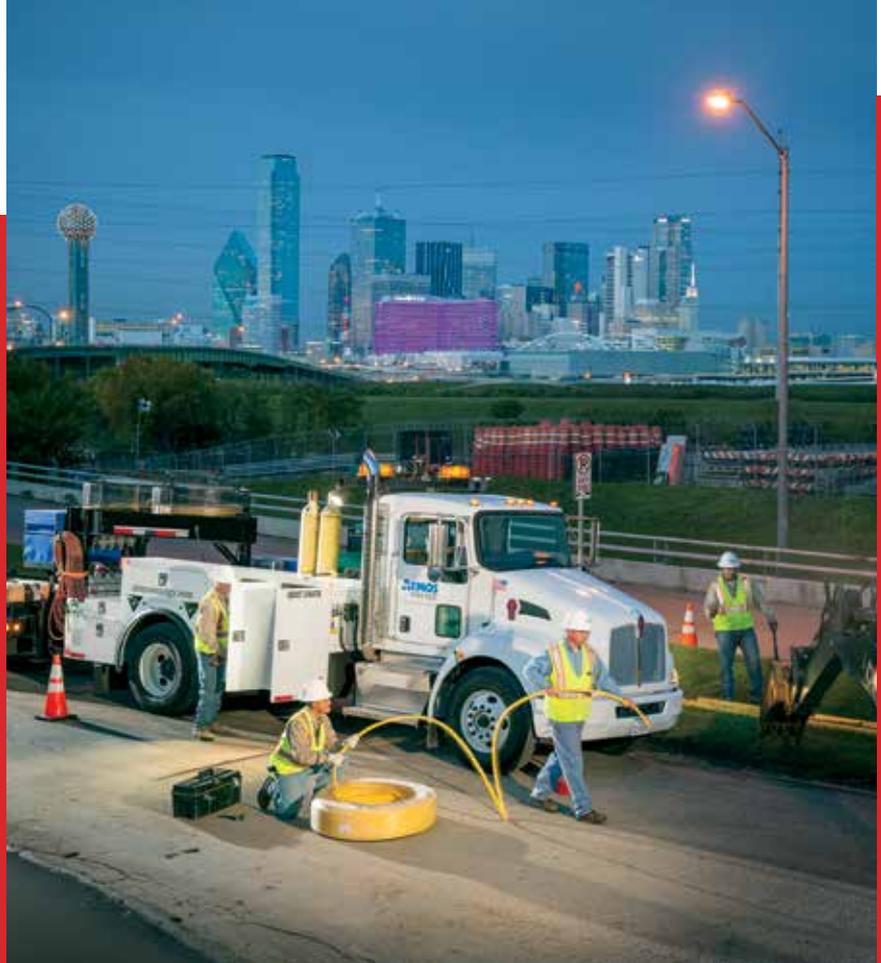
No one bats 1,000. So, I've always felt that you cannot let pride, ego or just plain stubbornness keep you from modifying a decision to make it better. CEOs are not omniscient or infallible; we're just human beings.

You've always considered yourself not just a manager, but a coach. What's the distinction?

My dad was a coach; so, I really thought I might become a coach one day, too. However, he passed away when I was a sophomore in high school, and I decided not to go that route. I feel though I have been a coach in a business setting.

Getting people to understand their roles. Creating the right environment. Picking the right people. Achieving the right chemistry. Expecting certain things of people. Asking people to work together and creating a common good. That's coaching, and winning in business is the financial score. I feel coaching has been my calling.

RIGHT: Charlie Vaughan moved the company's headquarters to Dallas in 1986, but it wasn't until 2004, when Atmos Energy acquired the distribution and transmission assets of TXU Gas, that it began serving the Dallas-Fort Worth Metroplex, the country's fourth-largest metropolitan area. The acquisition of TXU Gas assets made Atmos Energy one of the largest natural gas distributors in the United States.



Many companies develop complex, even overreaching, strategies. Why has Atmos Energy been so focused on the natural gas utility business?

We've stuck to our knitting. We've had a clear strategic and tactical path as to what we need to get done. We've stayed focused on what we know, with our eye on the ball. We've gotten very good at it, and we're improving our game all the time.

A highlight of your tenure was acquiring the distribution and pipeline assets of TXU Gas. That acquisition nearly doubled the size of Atmos Energy overnight. What gave you the confidence to do so big a deal?

The vision of Charlie and the board was a clear expectation that the company would grow through acquisitions. As a result, Atmos Energy made 10 major acquisitions. Each one added growth and diversity and expanded the foundation to make succeeding acquisitions. The company became very good at managing



infrastructure, transitioning systems and integrating new customers. It also had a reputation for a sound culture and a deep commitment to its employees.

Acquiring the TXU Gas assets in 2004 was the largest acquisition the company had made; it doubled our size. It was exciting because we acquired outstanding assets, extremely talented employees and the opportunity to serve 550 additional communities in Texas as well as Dallas, the city where we are headquartered.

You also were successful in achieving timely recovery in rates for major capital investments and decoupling the company's rates from its customers' throughput. Why were those goals so important?

"Americans finally are coming around to realize how energy efficient and environmentally beneficial natural gas is for the country."

—ROBERT W. BEST



ABOVE: Bob Best, one of the natural gas industry's leading advocates, testified in 2000 at a U.S. Senate hearing. As CEO of Atmos Energy, he distinguished himself by serving as chairman of the American Gas Association, American Gas Foundation and Southern Gas Association. Kim Cocklin has observed, "Bob is a missionary for natural gas."

prosperity >>

We have worked to improve our rate structure to help our customers and the company.

When you're investing billions of dollars in infrastructure improvements, the saying "time is money" is very true. We have sought to begin recovering in rates the investments we make in infrastructure as soon as possible as well as to start earning a return on those investments. Regulatory lag, as it's called, can hinder such a vigorous replacement and expansion program like ours. We want our pipelines, compressor stations and other facilities that deliver natural gas to be in top working order to ensure safe and reliable service for our customers and communities.

We also want our income to be independent from our customers' consumption. Weather patterns, more-efficient appliances, customer conservation, even high gas prices—none of which we can control—can dramatically affect total throughput. And, that same volatility can play havoc with the customers' bills or the company's earnings.

Therefore, we have put in place rate mechanisms based on the investments we've made in our system and a fair compensation for the utility service we



deliver. We earn our income from operating, maintaining and enhancing our infrastructure, not from the price of gas we deliver or the volumes of gas we deliver. That way our customers get the best deal from the natural gas they use, while promoting energy efficiency to help the environment.

It's a far more certain way to manage a gas distribution system while it provides the quality of service customers demand. Not surprisingly, our regulators have agreed with this approach, too.

Is natural gas an environmentally sustainable fuel?

Strictly defined, natural gas is a fossil fuel, having a finite volume locked within the Earth. The supply is not unending, like that of wind or solar energy. Nevertheless, for years, even energy experts tended to underestimate the gas resource base and the role technology

could play in obtaining more natural gas. Not that long ago, people in our own industry were warning that we'd have gas shortages or run out entirely.

Natural gas is an abundant and versatile fuel. It's the best fuel for cooking, heating, water heating and industrial manufacturing. One of the biggest challenges for our industry is to explain the enormous potential of gas. Coal always outflanked us in the past, but the claim of "clean coal" is an oxymoron. There's no such thing. Now Americans finally are coming around to realize how energy efficient and environmentally beneficial natural gas is for the country.

What do you hope will be the legacy of your tenure at Atmos Energy?

It was always my goal to retire when the company was in excellent shape and to leave with dignity. Equally important to me was to be viewed as one who had stayed true to his personal values and had made decisions based on a strong moral compass.

I hope to be remembered for creating a culture in which employees are respected, appreciated and developed, both personally and professionally. Also, I'm proud that, with the help of many others along the way, we were able to grow the company's asset base threefold and to develop a talented leadership team to guide the company into the future.

I am full of gratitude for the wonderful opportunity I was given to lead Atmos Energy Corporation for 15 years. With Kim in place as CEO and with the strong support of the board of directors and our enterprise leadership team, Atmos Energy's future is very bright indeed.



LEFT: Gas City at the company's Charles K. Vaughan Center simulates a mini-community with buildings, streets, pipelines and other utility infrastructure. Employees practice what they learn in the center's classrooms in hands-on situations. Called the finest facility of its kind, the center underscores Atmos Energy's commitment to advancing safe and reliable service.

3

KIM COCKLIN: Building shareholder value

Kim R. Cocklin leads Atmos Energy today, continuing the continuity from Charles K. Vaughan and Robert W. Best. Witty and warm, he is a respected strategist who is investing in the company's impressive portfolio of existing assets to modernize its distribution and transmission system. These significant infusions of capital help ensure safe and reliable customer service as they create a platform for steady earnings growth.



“There’s no better spot to be than in natural gas right now, especially if you’re delivering gas to residential and commercial users.”

—KIM R. COCKLIN

You are following in the footsteps of two successful leaders. What lessons have you learned from them?

Following Charles Vaughan and Bob Best is like taking over at quarterback for a team that had Tom Brady or Peyton Manning playing. The whole was always greater than the sum of the parts with Charlie and Bob. They always helped all the players on the team seek to reach their full potential. They made them better.

What I’ve learned from them is a tremendous recipe for success. They took a genuine interest in everybody they met. They built a great company by developing a great team.

What’s the future for natural gas?

The road to recovery in this economy is natural gas. We must have affordable energy, telecommunications, financial services and consumer products. Those are the four food groups necessary for a strong economy.

Natural gas is all-American. It’s affordable and abundant, and it’s going to remain abundant for decades into the future. It’s also environmentally clean and safe.

To President Obama’s credit, he has pushed for a national energy policy that takes advantage of natural gas. At the same time, the public is starting to understand the many benefits of natural gas. So, the future seems very bright.

What’s your view on investing today in natural gas distribution?

There’s no better spot to be than in natural gas right now, especially if you’re delivering gas to residential and commercial users. That’s primarily what we do for a living at Atmos Energy. We touch more than 3 million natural gas

RIGHT: Supporting economic development and new jobs is one way we build shareholder value. At West Point, Mississippi, Atmos Energy marketing and engineering representatives confer with officials of Yokohama Tire Company about plans to fuel a new multi-million-dollar tire manufacturing plant.



strength >>



LEFT: Our strategy today is to invest in our infrastructure to ensure safe and reliable service. A major transmission project during fiscal 2013 was our 24-inch Line WX, being installed west of Fort Worth, Texas. It will help Atmos Pipeline-Texas supply the needs of local gas distribution utilities in the state.

customers in a positive way, and we contribute to the economic well-being of the 1,406 communities we serve because of our continuing investments in infrastructure and people.

How does Atmos Energy's nonregulated business add to shareholder value?

Today, there's more pipe and more supply for natural gas than ever. Much of it is the result of shale-gas development. Therefore, our nonregulated business doesn't seek to make money from selling the gas itself, but from delivering it.

Our natural gas marketing group provides a value-added service to more than 1,000 steady customers, including municipalities, smaller commercial businesses and some industrial customers that do not have an energy manager.

For example, the City of Rising Star, Texas, hires our gas marketing company to provide the energy services that the



city needs to serve the community. Atmos Energy Marketing essentially contracts for transportation and storage. It buys the gas supply and nominates that supply at the wellhead. It schedules the delivery at the city gate. It bills the city and then allocates those bills for the residential, commercial and industrial customers.

Our nonregulated segment is generating about 10 cents of annual earnings per diluted share, which is a tremendous contribution. Many other natural gas marketing companies are struggling or out of business, but we have a lot of traction around how we're managing our gas marketing company. In fact,

our adoption of a delivered-gas energy services model was part of the reason that Standard & Poor's upgraded Atmos Energy in late 2013.

What does Atmos Energy's portfolio of businesses and territories look like today?

When I became CEO, Atmos Energy was distributing natural gas in 12 states. Our acquisitions had helped us to grow in size, but we also needed to grow smarter. After a healthy discussion and debate with Charlie and Bob and the board, we stepped back and evaluated the company's portfolio of assets, looking at it jurisdiction by jurisdiction.

The key question was: Were we getting too stretched out? Were there costly inefficiencies? For instance, we had 5,000 customers in Iowa. Did it make sense to serve only 5,000 customers in one state that requires the filings, taxes, licensing, fees and compliances as does a state where we have a significantly larger customer base?

Consequently, we elected to sell our operations in Iowa, Illinois, Missouri and Georgia when we were approached with an offer. It's a better situation for us, but more importantly, it's a better deal for our former employees, customers and communities there, too.



ABOVE AND RIGHT: Atmos Energy's leaders have long advocated using clean-burning and abundant natural gas to fuel fleet vehicles efficiently. In 1991, Charlie Vaughan demonstrated a compressed natural gas fueling station at a press conference in Lubbock, Texas. Today, a natural-gas-fueled bus of the Lafayette, Louisiana, Transit System reflects the growing public approval of this idea to save money and reduce air pollution.



Does Atmos Energy view ratemaking differently than other utilities do?

For a regulated utility, ratemaking is how rates of compensation are set for serving customers. A lot of technical know-how goes into the process. But, ultimately, the focus should be on win-win outcomes.

Ratemaking is all about balancing the economic interests of the consumer against the operational needs of the utility. The utility's needs are always to invest in assets to enhance safety and reliability—not necessarily to make money, but to modernize assets and ensure that they're rehabilitated or replaced or repaired sufficiently, so that you're continuing to serve customers safely and reliably.

You can never win a rate case at the expense of the customers. If you do, it's going to be very, very short-lived. That's why we've sought out negotiated solutions with our communities. We've developed rate mechanisms with fair compromises to avoid filing rate cases every year. And, we have opted for settlements whenever we can achieve them.

If you consider ratemaking not as an adversarial exercise, but as relationship



building, this otherwise mandatory process can help establish long-term partnerships.

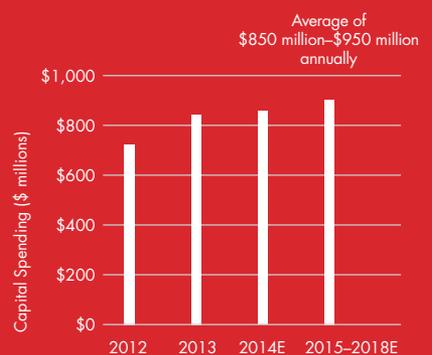
What is the state of Atmos Energy's infrastructure today?

We've invested more than \$1.4 billion during the past three years to improve safety and reliability while not increasing our customers' bills. About 85 percent of an average gas customer's bill is the cost of natural gas. Our customers have seen average winter gas-heating bills at or below what they experienced three years ago. The difference between today's lower cost of natural gas and our allowed rate allows us to invest more in our communities' natural gas infrastructure.

Unlike other entities that haven't paid attention to the state of their infrastructure, natural gas utilities have done a

Growth Fueled by Increased Capital Spend

Financed with a Blend of Cash Flow, Debt and Equity



Atmos Energy's capital spending has grown significantly as we invest more in our natural gas distribution and regulated transmission and storage infrastructure. These investments will modernize and improve operations for safety and reliability.

“Ratemaking is all about balancing the economic interests of the consumer against the operational needs of the utility.” —KIM R. COCKLIN

results >>



ABOVE: Atmos Energy emphasizes excellence in customer service. Foremost is the selection and training of our customer service representatives, who handle up to 2,000 calls an hour at our two domestic call centers in Amarillo and Waco, Texas. In fiscal 2011, the company opened a new state-of-the-art call center in Amarillo. In fiscal 2013, a team involving hundreds of employees completed installation of a new customer-service, billing and dispatch software system.



good job getting ahead of the need for modernization. Atmos Energy's own infrastructure is strong, safe and ready to support more natural gas customers.

Atmos Energy has a unique culture. How does culture play a role in the company's success?

Culture is going to trump strategy every time. You have to give employees more than just a paycheck, because they're looking for more than money. We have a culture that is worth belonging to. Every company has a business plan or a financial plan, HR plan or strategic plan. But, most of them don't have a culture plan, because they don't know how to create it, live it and measure it. We do.

Central to the company's culture is AtmoSpirit. Why is it so important to success?

People are mystified by AtmoSpirit. They have absolutely no idea how we can invest in that program and take the time that we dedicate to it. You might think that's the soft stuff but, in reality, that's the gray matter. It is integral to our success, and our results prove it works. In 10-year stock returns, Atmos Energy ranks with Exxon Mobil, AT&T, Coca-Cola, Johnson & Johnson, the Dow, S&P, JPMorgan Chase and GE. Much of our success has to do with AtmoSpirit.

Atmos Energy seems to focus more on outcomes than on financials.

We do. If you get the right results the right way with the right people—because it's the right thing to do, then you're going to be successful, and the numbers usually take care of themselves. Now, that's not to say we don't maintain a keen eye on our financials. Nevertheless, we don't judge our performance by numbers alone. Real outcomes are much more about how we operate, the opportunities we create, the people we serve and the returns our shareholders earn from their investments.



LEFT: Supporting communities is another major point of continuity during the past 30 years. Atmos Energy generously supports the United Way, energy assistance programs, Habitat for Humanity, chambers of commerce, disease prevention and treatment campaigns, and many local appeals. An important area of support is public education and literacy. Inside Dallas' largest shopping mall, Atmos Energy sponsors the Dallas Public Library's Bookmarks branch, where children are entranced by librarians, storytellers and performers through the magic of reading.

To Our Shareholders

By all accounts, Atmos Energy's 2013 fiscal year was outstanding, and its prospects for future growth and prosperity are excellent.

Fiscal 2013 Highlights

\$2.64 earnings per diluted share, an 11% increase over fiscal 2012

\$1.40 per share annual dividend

23% total shareholder return

\$845.0 million in capital expenditures

\$122.3 million annual operating income increase from rate activities

Georgia distribution assets sold for \$153 million

Reduced weighted average cost of long-term debt to 6.23%

Standard & Poor's credit rating upgrade to A-

Earnings per diluted share went up 27 cents over fiscal 2012 results to \$2.64. Consolidated net income rose 12 percent, year over year, to \$243.2 million, marking our 11th consecutive year of increased earnings.

Return on average shareholders' equity was 9.7 percent, and total shareholder return was 23 percent.

Shareholders received annual dividends per share of \$1.40. In November 2013, the board of directors raised the dividend by 8 cents a share, or 5.7 percent, to an annual indicated rate of \$1.48 in fiscal 2014. Taking into account the effects of the company's mergers and acquisitions, our dividend has increased every year for the past 30 years.

Our results came from successfully executing our strategy of investing in our natural gas distribution system and seeking recovery of, and earnings on, such investments as soon as possible. We received approvals during fiscal 2013 for \$122.3 million in annualized operating income increases as a result of rate filings and the effects of efficient rate mechanisms.

We also recorded a net-of-tax gain of \$5.3 million, or 6 cents per diluted share,



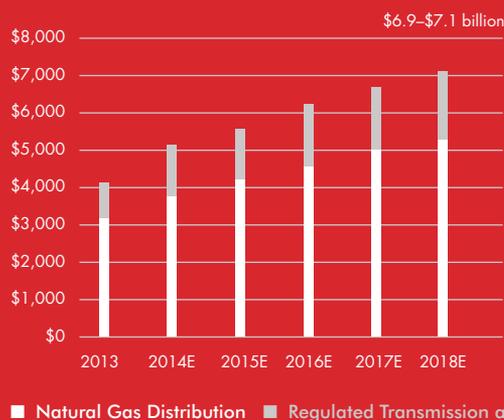
Kim R. Cocklin
President and Chief Executive Officer

from the sale of our natural gas distribution assets in Georgia. The sale proceeds of \$153 million were redeployed to fund growth opportunities in the remaining jurisdictions the company serves. By selling those assets, we streamlined our regulated operations to eight states and became more geographically efficient.

Regulated operations provided 95 percent of fiscal 2013 consolidated net income, with natural gas distribution contributing 67 percent and regulated transportation and storage providing 28 percent.

Capital Spending Results in Rate Base Growth

Dollars in millions



Our rate base of regulated assets is projected to grow to between \$6.9 billion and \$7.1 billion by the end of fiscal 2018. Our continuing investments in infrastructure improvements will be the primary driver for the growth in our future earnings.

Nonregulated operations contributed the remaining 5 percent of net income in fiscal 2013. The segment's \$11 million of earnings reflected strong performance from focusing on its core delivered-gas business. Our gas marketing business continues to score high ratings in customer satisfaction and to maintain the loyalty of our long-time gas customers.

Focused Strategy

About 95 percent of our consolidated net income today comes from predictable rate-base-driven earnings. Our focused strategy is to modernize our infrastructure and ensure safe and reliable operations.

We have invested more than \$1.4 billion during the past three years to repair, rehabilitate or replace aging segments of our pipeline network. We plan to accelerate our capital spending through the end of fiscal 2018 to advance our highest priorities of safety and reliability.

Investors are applauding natural gas utilities for making these critical infrastructure investments. The market recognizes the potential gains and reduced operational risks for innovative distribution companies like Atmos Energy that

increase safeguards for the public. This support was evident on November 14, 2013, when our share price set an all-time high of \$47.44.

In fiscal 2013, we invested a record \$845.0 million in capital expenditures primarily for system improvements. For nearly 93 percent of that investment, we expect to begin earning a return on it within one year. Approximately 70 percent, or \$589 million, of our fiscal 2013 capital spending was dedicated to safety and reliability projects.

The \$112.1 million year-over-year increase in our fiscal 2013 capital expenditures was due to major pipeline expansion projects and more spending on cathodic protection to prevent corrosion of pipelines in our regulated transmission and storage segment.

Atmos Pipeline-Texas (APT), our regulated intrastate transmission and storage unit, completed major pipeline expansions that added capacity and capability to serve local gas utility distribution systems, including our Mid-Tex Division. Of note was the installation of 69 miles of 24-inch Line WX west of Fort Worth.

APT also added two 1,590-horsepower compressors at the Waha Hub, which is a confluence of several large pipelines,

gas treatment plants and processors southwest of Monahans, Texas. These powerful compressors increase the opportunity to connect more natural gas supplies from the Permian Basin.

Solid Financial Foundation

Atmos Energy's solid financial foundation is reflected by its strong balance sheet. At fiscal year-end on September 30, 2013, our debt capitalization ratio was 52.2 percent, compared with 51.7 percent at September 30, 2012. At year-end, available liquidity of approximately \$715 million was sufficient to meet our anticipated needs.

In January 2013, we reduced the weighted average cost of our long-term debt to 6.23 percent when we issued \$500 million of 4.15 percent 30-year

"We have invested more than \$1.4 billion during the past three years to repair, rehabilitate or replace aging segments of our pipeline network."

—KIM R. COCKLIN

senior notes. Earlier, in October 2012, we executed forward starting interest-rate swaps. These swaps effectively fixed the treasury component of future debt issues at 3.13 percent for an expected \$500 million issuance in fiscal 2015 and at 3.37 percent for an expected \$250 million issuance in fiscal 2017.

The company's dividend payout ratio, which we expect to be between 53 percent and 55 percent in fiscal 2014, allows for continued dividend growth.

Recognizing the strength of the company's financial position, Standard & Poor's Corporation upgraded our senior secured debt rating from BBB+ to A- in October 2013. S&P cited an improved

growth >>

RIGHT: Modernization and expansion work is under way across our system to replace aging cast-iron and bare-steel pipelines with the latest technology.



business risk profile from an increasing contribution of earnings from our regulated operations and the focus of our nonregulated operations on its core delivered-gas business.

Creating Shareholder Value

We expect to invest between \$830 million and \$850 million in capital improvements in fiscal 2014. For the fiscal years 2015 to 2018, we estimate that our annual capital spending will average between \$850 million and \$950 million per year. We plan to finance our capital spending with cash flows, long-term debt and, to a lesser extent, equity.

We project that our rate base of regulatory assets will increase from approximately \$4.4 billion today to between \$6.9 billion and \$7.1 billion by the end of fiscal 2018.

Due to our growing rate base, we estimate that our earnings per diluted share will rise at a compounded average growth rate of between 6 percent and 8 percent annually from fiscal 2013 through fiscal 2018.

For fiscal 2014, we forecast that earnings per diluted share will be between \$2.66 and \$2.76, excluding unrealized margins. For fiscal 2018, we project earnings per diluted share could be between \$3.45 and \$3.65.

Board and Management Changes

Charles K. Vaughan, who retired from the board of directors and as lead director on December 27, 2012, was named by the board to serve as honorary director.

After becoming chairman, president and chief executive office in 1983, Charlie virtually saved the company from imminent failure and likely acquisition by a much larger utility. His watchwords of independence and prosperity led to

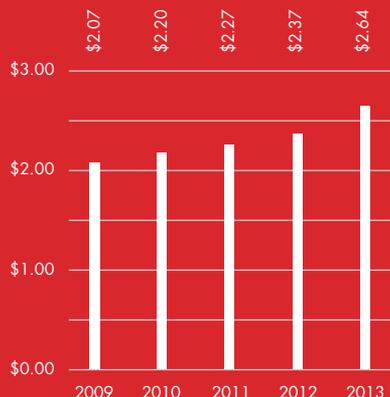
his devising an innovative strategy to expand and diversify operations. As a result, he built Atmos Energy into a leader in the natural gas distribution industry.

With more than 56 years of service to the company, Charlie continues to provide his wise counsel and strength of character to help guide and encourage our progress. We thank him for his willingness to continue serving our shareholders, customers and employees with the deep dedication that he has demonstrated throughout his career.

On April 1, 2013, Robert W. Best retired as executive chairman and as an employee of the company. Subsequent to his retirement, the board of directors appointed him to be chairman of the board.



Earnings per Diluted Share



Contributions to Fiscal 2013 Net Income

Natural gas distribution **67%**
 Regulated transmission and storage **28%**
 Nonregulated operations **5%**



“Due to our growing rate base, we estimate that our earnings per diluted share will rise at a compounded average growth rate of between 6 percent and 8 percent annually from fiscal 2013 through fiscal 2018.” —**KIM R. COCKLIN**

Bob joined Atmos Energy in 1997 as chairman, president and chief executive officer. He was responsible for completing six major acquisitions that tripled the size of the company. Also, under his leadership, the company added non-regulated operations, modernized its customer-service facilities and technology systems, rebranded under the Atmos Energy® trademark in all states where it had operations, built the Charles K. Vaughan Center for training employees and put heightened emphasis on excellence in customer service.

Bob also stressed community service. He has long been active in national and local civic, charitable, educational and industry organizations, having served as chairman of the American Gas Association,

American Gas Foundation, Southern Gas Association, the Dallas Regional Chamber, United Way of Greater Dallas, The Senior Source and many other organizations.

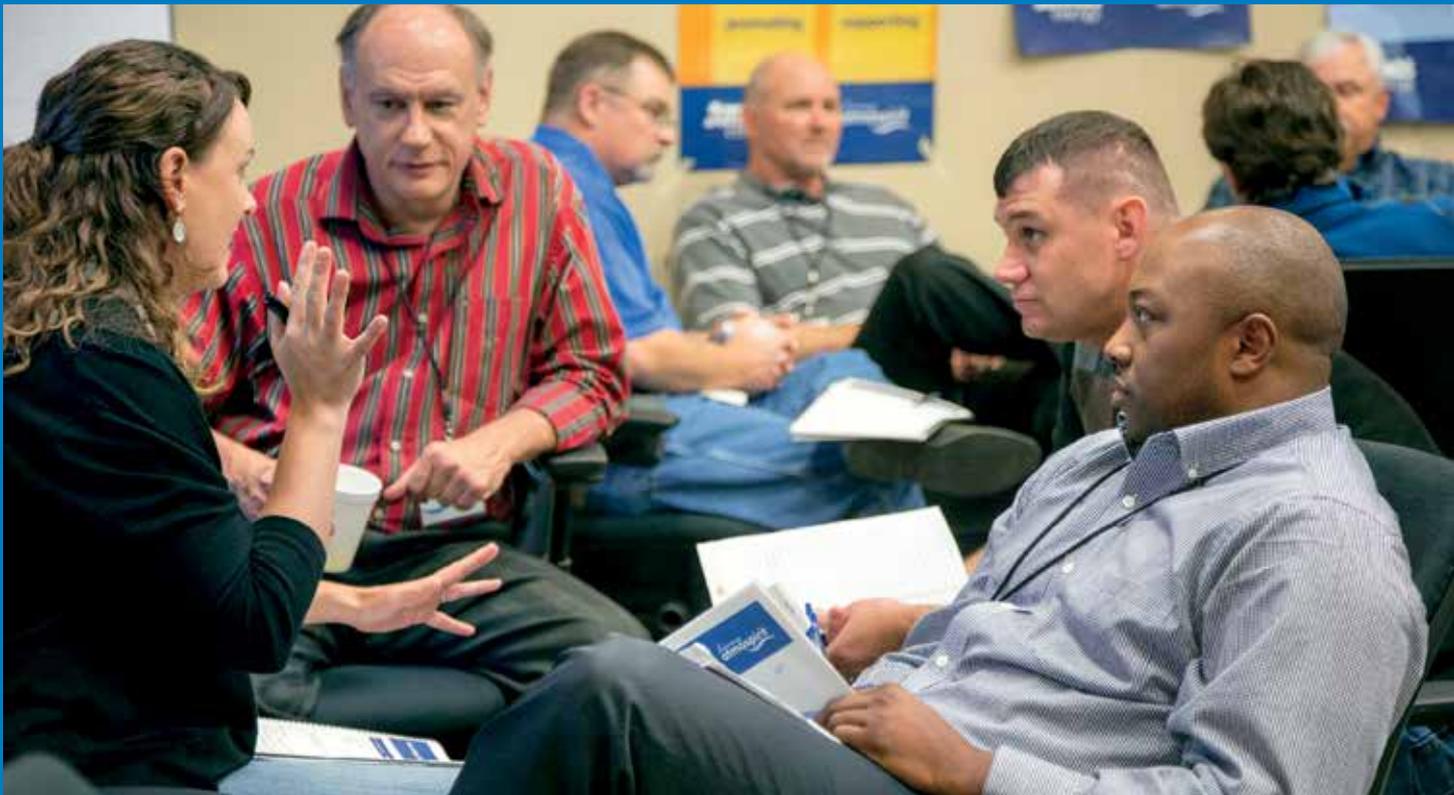
His foremost achievement, though, was developing our AtmoSpirit culture—which reflects in so many ways his own genuine respect for everyone and his gift as a coach who brings out the best in people. We thank Bob for all that he has contributed during the past 16 years and wish him the best in retirement—even though he still devotes many hours in the office, working to make Atmos Energy even better.

All of us at Atmos Energy appreciate your ownership of the company. Investing in a natural gas distribution company is a wise choice today because

gas is an exceptional fuel. Natural gas provides comfort and convenience, an abundance of supply, energy efficiency, environmental benefits and the security of an all-American energy source. Atmos Energy is proud to deliver natural gas to its 3 million customers in 1,406 communities.

We pledge, as we continue to invest for safety and to build for the future, always to seek the right things for the right reasons with the right people.

Kim R. Cocklin
 President and Chief Executive Officer
 December 4, 2013



ABOVE: The importance of a common culture to the success of Atmos Energy's strategy led to the launch of AtmoSpirit for Leaders. The program provides selected employees with advanced training, so that they can serve as facilitators of the culture. By developing highly capable leaders, strengthening team results, solving enterprise problems and engaging employees to perform at their best, the program increases shareholder value.

Financial Highlights

Year Ended September 30 — Dollars in thousands, except per share data	2013	2012	Change
Operating revenues	\$ 3,886,257	\$ 3,438,483	13.0%
Gross profit	\$ 1,412,050	\$ 1,323,739	6.7%
Natural gas distribution net income — continuing operations	\$ 150,856	\$ 123,848	21.8%
Natural gas distribution net income — discontinued operations	12,851	24,521	(47.6)%
Regulated transmission and storage net income	68,260	63,059	8.2%
Nonregulated net income — continuing operations	11,582	5,289	119.0%
Nonregulated net loss — discontinued operations	(355)	—	(100.0)%
Total	\$ 243,194	\$ 216,717	12.2%
Total assets	\$ 7,940,401	\$ 7,495,675	5.9%
Total capitalization*	\$ 5,036,080	\$ 4,315,548	16.7%
Net income per share from continuing operations — diluted	\$ 2.50	\$ 2.10	19.0%
Net income per share from discontinued operations — diluted	\$ 0.14	\$ 0.27	(48.1)%
Net income per share — diluted	\$ 2.64	\$ 2.37	11.4%
Cash dividends per share	\$ 1.40	\$ 1.38	1.4%
Book value per share at end of year	\$ 28.47	\$ 26.14	8.9%
Natural gas distribution throughput — continuing operations (MMcf)	392,306	372,688	5.3%
Natural gas distribution throughput — discontinued operations (MMcf)	4,731	18,295	(74.1)%
Consolidated natural gas distribution throughput (MMcf)	397,037	390,983	1.5%
Consolidated regulated transmission and storage transportation volumes (MMcf)	467,178	466,527	0.1%
Consolidated nonregulated delivered gas sales volumes (MMcf)	343,669	351,628	(2.3)%
Meters in service at end of year	3,011,980	3,116,589	(3.4)%
Return on average shareholders' equity	9.7%	9.3%	4.3%
Shareholders' equity as a percentage of total capitalization (including short-term debt) at end of year	47.8%	48.3%	(1.0)%
Shareholders of record	16,662	17,775	(6.3)%
Weighted average shares outstanding — diluted (000s)	91,711	91,172	0.6%

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

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, 2013, 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 31 and 32 of this report.

Atmos Energy at a Glance

Year Ended September 30	2013	2012
Meters in service		
Residential	2,755,831	2,846,134
Commercial	244,652	258,386
Industrial	1,500	1,891
Public authority and other	9,997	10,178
Total meters	<u>3,011,980</u>	<u>3,116,589</u>
Heating degree days*		
Actual (weighted average)	2,729	2,692
Percent of normal	103%	97%
Natural gas distribution sales volumes — continuing operations (MMcf)		
Residential	154,823	137,049
Commercial	88,850	82,516
Industrial	15,678	15,673
Public authority and other	9,811	9,228
Total	<u>269,162</u>	<u>244,466</u>
Natural gas distribution transportation volumes — continuing operations (MMcf)		
	<u>136,357</u>	<u>132,595</u>
Total natural gas distribution throughput — continuing operations (MMcf)		
	405,519	377,061
Natural gas distribution sales volumes — discontinued operations (MMcf)		
	3,611	11,259
Natural gas distribution transportation volumes — discontinued operations (MMcf)		
	1,120	7,036
Intersegment activity (MMcf)		
	<u>(13,213)</u>	<u>(4,373)</u>
Consolidated natural gas distribution throughput (MMcf)		
	<u>397,037</u>	<u>390,983</u>
Consolidated regulated transmission and storage transportation volumes (MMcf)		
	<u>467,178</u>	<u>466,527</u>
Consolidated nonregulated delivered gas sales volumes (MMcf)		
	<u>343,669</u>	<u>351,628</u>
Operating revenues (000s)		
Natural gas distribution sales revenues		
Residential	\$ 1,512,495	\$ 1,351,479
Commercial	661,930	587,651
Industrial	81,155	71,960
Public authority and other	60,557	54,334
Total gas distribution sales revenues	<u>2,316,137</u>	<u>2,065,424</u>
Transportation revenues	55,938	53,924
Other gas revenues	<u>22,343</u>	<u>25,028</u>
Total natural gas distribution revenues	2,394,418	2,144,376
Regulated transmission and storage revenues	89,011	92,604
Nonregulated revenues	<u>1,402,828</u>	<u>1,201,503</u>
Total operating revenues (000s)	<u>\$ 3,886,257</u>	<u>\$ 3,438,483</u>
Other statistics		
Gross plant (000s)	\$ 7,722,019	\$ 7,134,470
Net plant (000s)	\$ 6,030,655	\$ 5,475,604
Miles of pipe	72,884	73,875
Employees	4,720	4,759

* 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	2013	2012
Assets		
Property, plant and equipment	\$ 7,446,272	\$ 6,860,358
Construction in progress	<u>275,747</u>	<u>274,112</u>
	7,722,019	7,134,470
Less accumulated depreciation and amortization	<u>1,691,364</u>	<u>1,658,866</u>
Net property, plant and equipment	6,030,655	5,475,604
Current assets		
Cash and cash equivalents	66,199	64,239
Accounts receivable, less allowance for doubtful accounts of \$20,624 in 2013 and \$9,425 in 2012	301,992	234,526
Gas stored underground	244,741	256,415
Other current assets	<u>70,334</u>	<u>272,782</u>
Total current assets	683,266	827,962
Goodwill and intangible assets	741,484	740,847
Deferred charges and other assets	<u>484,996</u>	<u>451,262</u>
	<u>\$ 7,940,401</u>	<u>\$ 7,495,675</u>
Capitalization and Liabilities		
Shareholders' equity		
Common stock, no par value (stated at \$.005 per share); 200,000,000 shares authorized; issued and outstanding: 2013 – 90,640,211 shares, 2012 – 90,239,900 shares	\$ 453	\$ 451
Additional paid-in capital	1,765,811	1,745,467
Accumulated other comprehensive income (loss)	38,878	(47,607)
Retained earnings	<u>775,267</u>	<u>660,932</u>
Shareholders' equity	2,580,409	2,359,243
Long-term debt	<u>2,455,671</u>	<u>1,956,305</u>
Total capitalization	5,036,080	4,315,548
Current liabilities		
Accounts payable and accrued liabilities	241,611	215,229
Other current liabilities	368,891	489,665
Short-term debt	367,984	570,929
Current maturities of long-term debt	—	131
Total current liabilities	<u>978,486</u>	<u>1,275,954</u>
Deferred income taxes	1,164,053	1,015,083
Regulatory cost of removal obligation	359,299	381,164
Pension and postretirement liabilities	358,787	457,196
Deferred credits and other liabilities	<u>43,696</u>	<u>50,730</u>
	<u>\$ 7,940,401</u>	<u>\$ 7,495,675</u>

Condensed Consolidated Statements of Income

Year Ended September 30 — Dollars in thousands, except per share data	2013	2012	2011
Operating revenues			
Natural gas distribution segment	\$ 2,399,493	\$ 2,145,330	\$ 2,470,664
Regulated transmission and storage segment	268,900	247,351	219,373
Nonregulated segment	1,598,711	1,351,303	2,024,893
Intersegment eliminations	<u>(380,847)</u>	<u>(305,501)</u>	<u>(428,495)</u>
	3,886,257	3,438,483	4,286,435
Purchased gas cost			
Natural gas distribution segment	1,318,257	1,122,587	1,452,721
Regulated transmission and storage segment	—	—	—
Nonregulated segment	1,535,380	1,296,179	1,959,893
Intersegment eliminations	<u>(379,430)</u>	<u>(304,022)</u>	<u>(426,999)</u>
	2,474,207	2,114,744	2,985,615
	1,412,050	1,323,739	1,300,820
Gross profit			
Operating expenses			
Operation and maintenance	488,020	453,613	442,965
Depreciation and amortization	235,079	237,525	223,832
Taxes, other than income	187,072	181,073	177,767
Asset impairments	—	5,288	30,270
Total operating expenses	<u>910,171</u>	<u>877,499</u>	<u>874,834</u>
Operating income	501,879	446,240	425,986
Miscellaneous income (expense), net	(197)	(14,644)	21,184
Interest charges	<u>128,385</u>	<u>141,174</u>	<u>150,763</u>
Income from continuing operations before income taxes	373,297	290,422	296,407
Income tax expense	<u>142,599</u>	<u>98,226</u>	<u>106,819</u>
Income from continuing operations	230,698	192,196	189,588
Income from discontinued operations, net of tax (\$3,986, \$10,066 and \$12,372)	7,202	18,172	18,013
Gain on sale of discontinued operations, net of tax (\$2,909, \$3,519 and \$0)	<u>5,294</u>	<u>6,349</u>	<u>—</u>
Net income	<u>\$ 243,194</u>	<u>\$ 216,717</u>	<u>\$ 207,601</u>
Basic earnings per share			
Income per share from continuing operations	\$ 2.54	\$ 2.12	\$ 2.08
Income per share from discontinued operations	0.14	0.27	0.20
Net income per share — basic	<u>\$ 2.68</u>	<u>\$ 2.39</u>	<u>\$ 2.28</u>
Diluted earnings per share			
Income per share from continuing operations	\$ 2.50	\$ 2.10	\$ 2.07
Income per share from discontinued operations	0.14	0.27	0.20
Net income per share — diluted	<u>\$ 2.64</u>	<u>\$ 2.37</u>	<u>\$ 2.27</u>
Weighted average shares outstanding:			
Basic	90,533	90,150	90,201
Diluted	91,711	91,172	90,652

Condensed Consolidated Statements of Cash Flows

Year Ended September 30 — Dollars in thousands	2013	2012	2011
Cash Flows from Operating Activities			
Net income	\$ 243,194	\$ 216,717	\$ 207,601
Adjustments to reconcile net income to net cash provided by operating activities:			
Asset impairments	—	5,288	30,270
Gain on sale of discontinued operations	(8,203)	(9,868)	—
Depreciation and amortization:			
Charged to depreciation and amortization	236,928	246,093	233,155
Charged to other accounts	679	484	228
Deferred income taxes	141,336	104,319	117,353
Stock-based compensation	17,814	19,222	11,586
Debt financing costs	8,480	8,147	9,438
Other	(2,887)	(493)	(961)
Changes in assets and liabilities	(24,214)	(2,992)	(25,826)
Net cash provided by operating activities	613,127	586,917	582,844
Cash Flows Used in Investing Activities			
Capital expenditures	(845,033)	(732,858)	(622,965)
Proceeds from the sale of discontinued operations	153,023	128,223	—
Other, net	(4,904)	(4,625)	(4,421)
Net cash used in investing activities	(696,914)	(609,260)	(627,386)
Cash Flows from Financing Activities			
Net increase (decrease) in short-term debt	(208,070)	354,141	83,306
Net proceeds from issuance of long-term debt	493,793	—	394,466
Settlement of Treasury lock agreements	(66,626)	—	20,079
Unwinding of Treasury lock agreements	—	—	27,803
Repayment of long-term debt	(131)	(257,034)	(360,131)
Cash dividends paid	(128,115)	(125,796)	(124,011)
Repurchase of common stock	—	(12,535)	—
Repurchase of equity awards	(5,150)	(5,219)	(5,299)
Issuance of common stock	46	1,606	7,796
Net cash provided by (used in) financing activities	85,747	(44,837)	44,009
Net increase (decrease) in cash and cash equivalents	1,960	(67,180)	(533)
Cash and cash equivalents at beginning of year	<u>64,239</u>	<u>131,419</u>	<u>131,952</u>
Cash and cash equivalents at end of year	<u>\$ 66,199</u>	<u>\$ 64,239</u>	<u>\$ 131,419</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, 2013 and 2012, and the related consolidated statements of income, comprehensive income, shareholders' equity, and cash flows for each of the three years in the period ended September 30, 2013 (not presented separately herein); and in our report dated November 13, 2013, 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, 2013, based on criteria established in Internal Control—Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (1992 framework) and our report dated November 13, 2013 (not presented separately herein) expressed an unqualified opinion thereon.

Ernst + Young LLP

Dallas, Texas

November 13, 2013

Condensed Financial and Statistical Summary 2009-2013

Year Ended September 30	2013	2012	2011	2010	2009
Balance Sheet Data at September 30 (000s)					
Capital expenditures	\$ 845,033	\$ 732,858	\$ 622,965	\$ 542,636	\$ 509,494
Net property, plant and equipment	6,030,655	5,475,604	5,147,918	4,793,075	4,439,103
Working capital	(295,220)	(447,992)	143,355	(290,887)	91,519
Total assets	7,940,401	7,495,675	7,282,871	6,763,791	6,367,083
Shareholders' equity	2,580,409	2,359,243	2,255,421	2,178,348	2,176,761
Long-term debt, excluding current maturities	2,455,671	1,956,305	2,206,117	1,809,551	2,169,400
Total capitalization	5,036,080	4,315,548	4,461,538	3,987,899	4,346,161
Income Statement Data					
Operating revenues (000s)	\$ 3,886,257	\$ 3,438,483	\$ 4,286,435	\$ 4,661,060	\$ 4,793,248
Gross profit (000s)	1,412,050	1,323,739	1,300,820	1,314,136	1,297,682
Income from continuing operations (000s)	230,698	192,196	189,588	189,851	175,026
Income from discontinued operations, net of tax (000s)	12,496	24,521	18,013	15,988	15,952
Net income (000s)	243,194	216,717	207,601	205,839	190,978
Income per share from continuing operations—diluted	2.50	2.10	2.07	2.03	1.90
Income per share from discontinued operations—diluted	0.14	0.27	0.20	0.17	0.17
Net income per diluted share	2.64	2.37	2.27	2.20	2.07
Common Stock Data					
Shares outstanding (000s)					
End of year	90,640	90,240	90,296	90,164	92,552
Weighted average — diluted	91,711	91,172	90,652	92,422	91,620
Cash dividends per share	\$ 1.40	\$ 1.38	\$ 1.36	\$ 1.34	\$ 1.32
Shareholders of record	16,662	17,775	18,680	19,738	20,790
Market price— High	\$ 45.19	\$ 36.94	\$ 34.98	\$ 30.06	\$ 28.80
Low	\$ 33.20	\$ 30.60	\$ 28.87	\$ 26.41	\$ 20.20
End of year	\$ 42.59	\$ 35.79	\$ 32.45	\$ 29.25	\$ 28.18
Book value per share at end of year	\$ 28.47	\$ 26.14	\$ 24.98	\$ 24.16	\$ 23.52
Price/Earnings ratio at end of year	16.13	15.10	14.30	13.30	13.61
Market/Book ratio at end of year	1.50	1.37	1.30	1.21	1.20
Annualized dividend yield at end of year	3.3%	3.9%	4.2%	4.6%	4.7%
Customers and Volumes (as metered)					
Consolidated distribution gas sales volumes (MMcf)	272,773	255,725	289,927	322,628	282,117
Consolidated distribution gas transportation volumes (MMcf)	124,264	135,258	134,093	131,547	126,768
Consolidated distribution throughput (MMcf)	397,037	390,983	424,020	454,175	408,885
Consolidated transmission and storage transportation volumes (MMcf)	467,178	466,527	435,012	428,599	528,689
Consolidated nonregulated delivered gas sales volumes (MMcf)	343,669	351,628	384,799	353,853	370,569
Meters in service at end of year	3,011,980	3,116,589	3,213,191	3,186,040	3,178,844
Gas distribution average cost of gas per Mcf sold	\$ 4.91	\$ 4.64	\$ 5.30	\$ 5.77	\$ 6.95
Gas distribution average transportation fee per Mcf	\$.45	\$.43	\$.46	\$.46	\$.46
Statistics					
Return on average shareholders' equity	9.7%	9.3%	9.1%	9.1%	8.9%
Number of employees	4,720	4,759	4,949	4,913	4,891
Net gas distribution plant per meter	\$ 1,567	\$ 1,468	\$ 1,362	\$ 1,243	\$ 1,165
Gas distribution operation and maintenance expense per meter	\$ 126	\$ 118	\$ 111	\$ 114	\$ 116
Meters per employee—gas distribution	662	680	676	676	678
Times interest earned before income taxes	4.01	3.27	3.13	3.09	2.82

Atmos Energy Officers

Senior Management Team



Kim R. Cocklin
President and
Chief Executive Officer



Bret J. Eckert
Senior Vice President and
Chief Financial Officer



Louis P. Gregory
Senior Vice President,
General Counsel and
Corporate Secretary



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,
Colorado-Kansas Division



Tom S. Hawkins, Jr.
President,
Louisiana Division



John A. Paris
President,
Mid-Tex Division



David J. Park
President,
West Texas Division

Atmos Energy Officers

Nonregulated Operations



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

Shared Services (continued)



Conrad E. Gruber
Vice President,
Strategic Planning



Kenneth M. Malter
Vice President,
Gas Supply and Services

Shared Services



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



John S. McDill
Vice President,
Pipeline Safety



Clay C. Cash
Vice President,
Customer Service



Edward Pace McDonald IV
Vice President, Tax



Christopher T. Forsythe
Vice President and Controller



Daniel M. Meziere
Vice President and Treasurer



Susan K. Giles
Vice President,
Investor Relations



Richard J. Gius
Vice President and
Chief Information Officer

Board of Directors



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



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, Nominating and
Corporate Governance,
Work Session/Annual Meeting



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



Richard K. Gordon
General Partner,
Juniper Capital LP and
Juniper Energy 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,
Work Session/Annual Meeting



Dr. Thomas C. Meredith
President, Effective
Leadership LLC
Oxford, Mississippi
Board member since 1995
Committees: Work Session/
Annual Meeting (Chairman),
Executive, Human Resources,
Nominating and Corporate
Governance



Nancy K. Quinn
Independent Energy
Consultant
East Hampton, New York,
and Key Biscayne, Florida
Board member since 2004
Lead Director since 2013
Committees: Audit (Chair),
Executive, Nominating and
Corporate Governance



Richard A. Sampson
Retired Managing Director
and Client Adviser,
JPMorgan Chase & Co.
Denver, Colorado
Board member since 2012
Committees: Audit, Human
Resources



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



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



Charles K. Vaughan
Honorary Director,
Retired Chairman
of the Board and Lead Director,
Atmos Energy Corporation
Dallas, Texas
Board member from
1983 to 2012

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 8 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 transfer 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 2014 Annual Meeting of Shareholders will be held at the Charles K. Vaughan Center, 3697 Mapleshade Lane, Plano, Texas 75075 on Wednesday, February 5, 2014, at 9:00 a.m. Central time.

Direct Stock Purchase Plan

Atmos Energy 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, 2013. 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 2013 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.

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