

ATMOS ENERGY CORP

Form 424B2

June 13, 2007

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**Filed Pursuant to Rule 424(b)(2)  
Registration No. 333-139093**

**CALCULATION OF REGISTRATION FEE**

| <b>Title of each Class of Securities to be Registered</b> | <b>Proposed Maximum Aggregate Offering Price</b> | <b>Amount of Registration Fee (1)(2)</b> |
|---|--|--|
| 6.35% Senior Notes Due 2017                               | \$250,000,000                                    | \$7,675                                  |

- (1) Calculated in accordance with Rule 457(r) under the Securities Act.
- (2) The fee has been satisfied by applying, pursuant to Rule 457(p) under the Securities Act, \$7,675 of the previously paid filing fee of \$278,740 with respect to the initial offering price of securities that were previously registered pursuant to the registrant's prior registration statement on Form S-3 (SEC File No. 333-118706), initially filed on August 31, 2004, and that have not been sold thereunder, of which \$29,554 of the registration fee paid with respect to the prior registration statement remained unused prior to the offset of this \$7,675 fee. This Calculation of Registration Fee table shall be deemed to update the Calculation of Registration Fee table in the registrant's registration statement on Form S-3ASR (SEC File No. 333-139093).
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(To prospectus dated December 4, 2006)

**\$250,000,000****Atmos Energy Corporation****6.35% Senior Notes due 2017**

The notes will bear interest at the rate of 6.35% per year and will mature on June 15, 2017. We will pay interest on the notes on June 15 and December 15 of each year they are outstanding, beginning December 15, 2007. We may redeem the notes at any time prior to maturity, in whole or in part, at a redemption price described in this prospectus supplement. See Description of the Notes Optional Redemption.

All of the notes are unsecured and rank equally with all of our other existing and future unsubordinated debt. The notes will be issued only in registered form in denominations of \$1,000.

**Investing in the notes involves risks. See the Risk Factors section beginning on page 1 of the accompanying prospectus.**

|                                     | <b>Per Note</b> | <b>Total</b>  |
|-------------------------------------|-----------------|---------------|
| Public offering price(1)            | 99.729%         | \$249,322,500 |
| Underwriting discount               | .65%            | \$1,625,000   |
| Proceeds, before expenses, to Atmos | 99.079%         | \$247,697,500 |

(1) Plus accrued interest from June 14, 2007, if settlement occurs after that date

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

The notes will be delivered in book-entry form through The Depository Trust Company on or about June 14, 2007.

*Joint Book-Running Managers*

**Merrill Lynch & Co.**

**SunTrust Robinson Humphrey**

**Wachovia Securities**

**Banc of America Securities LLC  
JPMorgan**

**Citi  
Lehman Brothers**

**Goldman, Sachs & Co.  
RBS Greenwich Capital**

**BNY Capital Markets, Inc.  
Piper Jaffray**

**Comerica Securities  
SOCIETE GENERALE**

**Lazard Capital Markets  
UBS Investment Bank**

The date of this prospectus supplement is June 11, 2007.

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**You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell these securities. The information in this document may only be accurate on the date of this document.**

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

This document is in two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of the notes and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, dated December 4, 2006, which gives more general information, some of which does not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, the information contained in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recently dated document shall control.

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

We are offering to sell, and seeking offers to buy, the notes only in jurisdictions where offers and sales are permitted.

The information contained in or incorporated by reference in this document is accurate only as of the date of this prospectus supplement, regardless of the time of delivery of this prospectus supplement or of any sale of notes.

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**INCORPORATION BY REFERENCE**

The SEC allows us to incorporate by reference information in this prospectus supplement and the accompanying prospectus that we have filed with it. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus, except for any information that is superseded by information that is included directly in this prospectus supplement or the accompanying prospectus.

We incorporate by reference in this prospectus supplement and the accompanying prospectus the documents listed below and any future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the termination of this offering. These additional documents include periodic reports, such as annual reports on Form 10-K and quarterly reports on Form 10-Q and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01, which is deemed not to be incorporated by reference in this prospectus supplement or the accompanying prospectus), as well as proxy statements. You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus supplement. The information that we file later with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act and before the termination of this offering will automatically update and supersede previous information included or incorporated by reference in this prospectus supplement and the accompanying prospectus.

This prospectus supplement and the accompanying prospectus incorporate by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this document:

Our annual report on Form 10-K for the year ended September 30, 2006;

Our proxy statement dated December 26, 2006;

Our quarterly reports on Form 10-Q for the quarterly periods ended December 31, 2006 and March 31, 2007; and

Our current reports on Form 8-K filed with the SEC on October 20, 2006, November 13, 2006, December 4, 2006, December 12, 2006, December 19, 2006, February 9, 2007, April 3, 2007 and May 2, 2007 (only with respect to Items 5.03 and 8.01).

These documents contain important information about us and our financial condition.

You may obtain a copy of any of these filings, or any of our future filings, from us without charge by requesting it in writing or by telephone at the following address or telephone number:

**Atmos Energy Corporation**  
1800 Three Lincoln Centre  
5430 LBJ Freeway  
Dallas, Texas 75240  
Attention: Susan Kappes Giles  
(972) 934-9227



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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

Statements contained or incorporated by reference in this prospectus supplement that are not statements of historical fact are forward-looking statements within the meaning of Section 27A of the Securities Act of 1933.

Forward-looking statements are based on management's beliefs as well as assumptions made by, and information currently available to, management. Because such statements are based on expectations as to future results and are not statements of fact, actual results may differ materially from those stated. Important factors that could cause future results to differ include, but are not limited to:

regulatory trends and decisions, including deregulation initiatives and the impact of rate proceedings before various state regulatory commissions;

adverse weather conditions, such as warmer-than-normal weather in our utility service territories or colder-than-normal weather that could adversely affect our natural gas marketing activities;

the concentration of our distribution, pipeline and storage operations in one state;

the impact of environmental regulations on our business;

market risks beyond our control affecting our risk management activities, including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness;

our ability to continue to access the capital markets;

effects of inflation;

effects of changes in the availability and prices of natural gas, including the volatility of natural gas prices;

increased competition from other energy suppliers and alternative forms of energy;

increased costs of providing pension and post-retirement health care benefits;

the capital-intensive nature of our distribution business;

the inherent hazards and risks involved in operating a gas distribution business;

effects of natural disasters or terrorist activities; and

other factors discussed in this prospectus supplement, the accompanying prospectus and our other filings with the SEC.

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

forward-looking statements, whether as a result of new information, future events or otherwise.

For further factors you should consider, please refer to the Risk Factors sections beginning on page 1 of the accompanying prospectus and Sections Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the year ended September 30, 2006 and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in our quarterly reports on Form 10-Q for the three-month period ended December 31, 2006 and for the three and six-month periods ended March 31, 2007. See Incorporation by Reference.

The terms we, our, us and Atmos refer to Atmos Energy Corporation and its subsidiaries unless the context suggests otherwise. The term you refers to a prospective investor. The abbreviations Mcf and MMBtu mean thousand cubic feet and million British thermal units, respectively.

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**PROSPECTUS SUPPLEMENT SUMMARY**

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

**Atmos Energy Corporation**

Atmos Energy Corporation and its subsidiaries are engaged primarily in the natural gas utility business as well as other natural gas nonutility businesses. We are one of the country's largest natural gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe. As of March 31, 2007, we distributed natural gas through sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our six regulated utility divisions, which covered service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our gas distribution system.

Through our nonutility businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers in 22 states and natural gas transportation and storage services to some of our utility divisions and to third parties.

Our operations are divided into four segments:

- the utility segment, which includes our regulated natural gas distribution and related sales operations;
- the natural gas marketing segment, which includes a variety of nonregulated natural gas management services;
- the pipeline and storage segment, which includes our regulated and nonregulated natural gas transmission and storage services; and
- the other nonutility segment, which includes all of our other nonregulated nonutility operations.

Our overall strategy is to:

- deliver superior shareholder value;
- improve the quality and consistency of earnings growth, while operating our natural gas utility and nonutility businesses exceptionally well; and
- enhance and strengthen a culture built on our core values.

We have experienced over 20 consecutive years of increasing dividends and earnings growth after giving effect to our acquisitions. We have achieved this record of growth while operating our utility operations efficiently by managing our operating and maintenance expenses and leveraging our technology to achieve more efficient operations. In addition, we have focused on regulatory rate proceedings to increase revenue as our costs increase and to mitigate weather-related risks through weather-normalized rates. We have also strengthened our nonutility businesses by

increasing gross profit margins, actively pursuing opportunities to increase the amount of storage available to us and expanding commercial opportunities in our pipeline and storage segment.

Over the last five years, our operations have grown through two significant acquisitions, our acquisition in December 2002 of Mississippi Valley Gas Company (MVG) and our acquisition in October 2004 of the natural gas distribution and pipeline operations of TXU Gas Company (TXU Gas). The TXU Gas acquisition essentially doubled our number of utility customers, by adding approximately 1.5 million gas customers to our utility operations in Texas, including the Dallas-Fort Worth metropolitan area and the northern suburbs of Austin. The acquisition also added approximately 6,100 miles of gas transmission and gathering lines and five underground storage reservoirs, all within Texas.

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During the last two most recently completed fiscal years, we achieved the following:

*Integration of TXU Gas.* We completed the integration of the TXU Gas operations during fiscal 2005, incorporating the administrative functions of TXU Gas into our headquarters in Dallas and managing all meter reading, customer billing and call center functions internally.

*Regulatory Activities.* We pursued rate design changes and, as a result, we have mitigated the adverse impact of weather for over 90 percent of our residential and commercial customer meters, beginning with the 2006-2007 winter heating season. During fiscal 2005, we obtained improved rate design in Mississippi, including improved weather normalization. During fiscal 2006, our Mid-Tex Division received a weather normalization adjustment as a part of a rate case and our Louisiana Division obtained a new rate design that should essentially decouple our margins from all customer usage patterns. We were also permitted to implement new rates in our Louisiana Division in fiscal 2006 to cover customer losses in Hurricane Katrina-affected parishes and provide for increases in rate base and operating expenses.

*Completed Growth Projects.* We completed four new pipeline projects during fiscal 2006, the largest of which was a joint venture project to install a 45-mile 30-inch pipeline to serve the northern suburbs of the Dallas-Fort Worth metropolitan area. We believe that this pipeline will help us deliver gas to a growing consumer market while providing increased gas transmission capacity to serve the Texas intrastate wholesale gas market.

### ***Recent Developments***

*Results for Six Months ended March 31, 2007.* For the six months ended March 31, 2007, we earned \$187.8 million, or \$2.18 per diluted share, compared with net income of \$159.8 million, or \$1.98 per diluted share, during the six months ended March 31, 2006. The period-over-period increase in net income was primarily attributable to strong financial results in our natural gas marketing and pipeline and storage segments coupled with improved results in our utility segment. Our utility segment operations contributed \$108.2 million (\$1.26 per diluted share) or 58 percent to our results for the six months ended March 31, 2007. Our nonutility operations, comprised of our natural gas marketing, pipeline and storage and other nonutility segments, contributed \$79.6 million (\$0.92 per diluted share), or 42 percent to our results for the six months ended March 31, 2007. See Summary Financial and Operating Data on page S-3 and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations in our quarterly report on Form 10-Q for the quarterly period ended March 31, 2007, for more information on our results for the six months ended March 31, 2007 and comparisons to prior period results.

*Mid-Tex Division Rate Case Decision.* In March 2007, the Railroad Commission of Texas issued an order in our Mid-Tex Division rate case, which prospectively increased annual revenues by approximately \$4.8 million, beginning in April 2007, and established a permanent weather normalization adjustment based upon a 10-year average, effective for the months of November through April. However, the order also reduced our Mid-Tex Division's total return to 7.903 percent from 8.258 percent and required an immediate \$2.3 million refund under the Texas Gas Reliability Infrastructure Program, known as GRIP, which allows natural gas utilities the opportunity to include in their rate bases annually approved capital costs incurred in the prior calendar year. Motions for a rehearing with respect to the order are pending.

*Dividend Announcement.* On May 2, 2007, our Board of Directors declared a quarterly dividend on our common stock of \$0.32 per share. The dividend will be paid on June 11, 2007, to shareholders of record on May 25, 2007.

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

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**Summary Financial and Operating Data**  
**(in thousands, except per share data)**

The following table presents summary consolidated and segment financial and operating data of Atmos Energy Corporation for the periods and as of the dates indicated. We derived the summary financial data for the fiscal years ended September 30, 2006, 2005, 2004, 2003 and 2002 from our audited consolidated financial statements and the summary financial data for the six months ended March 31, 2007 and 2006 from our unaudited condensed consolidated financial statements. Please note that the results of operations for the six months ended March 31, 2007 presented below are not necessarily indicative of results for the entire fiscal year. The information is only a summary and does not provide all of the information contained in our financial statements. Therefore, you should read the information presented below in conjunction with Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included in our annual report on Form 10-K for the year ended September 30, 2006, and Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations and our condensed consolidated financial statements and related notes included in our quarterly reports on Form 10-Q for the three-month period ended December 31, 2006 and for the three and six-month periods ended March 31, 2007, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus. Over the periods presented below, we have primarily grown through two significant acquisitions, MVG in December 2002 and TXU Gas in October 2004. As a result, our consolidated financial and operating data presented below include results and data from operations of MVG and TXU Gas from the dates of the acquisitions; therefore, comparisons between periods may not be meaningful.

|  | <b>Six Months Ended</b> |              | <b>Year Ended September 30,</b> |                |                |                |              |
|--|-------------------------|--------------|---------------------------------|----------------|----------------|----------------|--------------|
|  | <b>2007</b>             | <b>2006</b>  | <b>2006(1)</b>                  | <b>2005(2)</b> | <b>2004(3)</b> | <b>2003(4)</b> | <b>2002</b>  |
| <b>Consolidated Financial Data</b>   |                         |              |                                 |                |                |                |              |
| Operating revenues   | \$ 3,678,215            | \$ 4,317,666 | \$ 6,152,363                    | \$ 4,961,873   | \$ 2,920,037   | \$ 2,799,916   | \$ 1,650,964 |
| Gross profit   | 804,278                 | 751,993      | 1,216,570                       | 1,117,637      | 562,191        | 534,976        | 431,140      |
| Operating expenses   | 424,106                 | 421,463      | 833,954                         | 768,982        | 368,496        | 347,136        | 275,809      |
| Operating income   | 380,172                 | 330,530      | 382,616                         | 348,655        | 193,695        | 187,840        | 155,331      |
| Cumulative effect of accounting change, net of income tax benefit                      |                         |              |                                 |                |                | (7,773)        |              |
| Net income   | 187,766                 | 159,823      | 147,737                         | 135,785        | 86,227         | 71,688         | 59,656       |
| Diluted net income per share before cumulative effect of accounting change, net of tax | \$ 2.18                 | \$ 1.98      | \$ 1.82                         | \$ 1.72        | \$ 1.58        | \$ 1.71        | \$ 1.45      |
| Diluted net income per share   | \$ 2.18                 | \$ 1.98      | \$ 1.82                         | \$ 1.72        | \$ 1.58        | \$ 1.54        | \$ 1.45      |
| Cash dividends paid per share  | \$ 0.64                 | \$ 0.63      | \$ 1.26                         | \$ 1.24        | \$ 1.22        | \$ 1.20        | \$ 1.18      |
| Cash flow from operating activities  | \$ 511,927              | \$ 148,391   | \$ 311,449                      | \$ 386,944     | \$ 270,734     | \$ 49,451      | \$ 297,395   |
| Capital expenditures   | \$ 172,792              | \$ 213,230   | \$ 425,324                      | \$ 333,183     | \$ 190,285     | \$ 159,439     | \$ 132,252   |

*See footnotes on following page.*

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|                           | As of March 31, |              |              | As of September 30, |              |              |              |
|---------------------------|-----------------|--------------|--------------|---------------------|--------------|--------------|--------------|
|                           | 2007            | 2006         | 2006         | 2005                | 2004         | 2003         | 2002         |
| <b>Consolidated</b>       |                 |              |              |                     |              |              |              |
| <b>Balance Sheet Data</b> |                 |              |              |                     |              |              |              |
| Total assets(5)           | \$ 6,109,098    | \$ 5,997,051 | \$ 5,719,547 | \$ 5,653,527        | \$ 2,912,627 | \$ 2,625,495 | \$ 2,059,631 |
| <b>Debt</b>               |                 |              |              |                     |              |              |              |
| Long-term debt(6)         | \$ 1,878,331    | \$ 2,181,120 | \$ 2,180,362 | \$ 2,183,104        | \$ 861,311   | \$ 862,500   | \$ 668,959   |
| Short-term debt(6)        | 303,232         | 265,623      | 385,602      | 148,073             | 5,908        | 127,940      | 167,771      |
| Total debt                | \$ 2,181,563    | \$ 2,446,743 | \$ 2,565,964 | \$ 2,331,177        | \$ 867,219   | \$ 990,440   | \$ 836,730   |
| Shareholders equity       | \$ 2,021,953    | \$ 1,706,291 | \$ 1,648,098 | \$ 1,602,422        | \$ 1,133,459 | \$ 857,517   | \$ 573,235   |

|                         | Six Months Ended |            |            | Year Ended September 30, |            |            |            |
|-------------------------|------------------|------------|------------|--------------------------|------------|------------|------------|
|                         | March 31,        |            |            | 2005                     | 2004       | 2003       | 2002(7)    |
|                         | 2007             | 2006       | 2006       |                          |            |            |            |
| <b>Segment</b>          |                  |            |            |                          |            |            |            |
| <b>Operating Income</b> |                  |            |            |                          |            |            |            |
| Utility                 | \$ 237,460       | \$ 224,013 | \$ 201,894 | \$ 236,365               | \$ 159,890 | \$ 161,134 | \$ 125,506 |
| Natural gas             |                  |            |            |                          |            |            |            |
| marketing               | 72,586           | 58,587     | 102,235    | 40,985                   | 27,726     | 13,569     | 20,610     |
| Pipeline and storage    | 69,997           | 47,638     | 77,858     | 70,286                   | 5,293      | 11,814     |            |
| Other nonutility        | (43)             | 208        | 392        | 818                      | 752        | 1,323      | 9,215      |
| Eliminations            | 172              | 84         | 237        | 201                      | 34         |            |            |
| Consolidated            | \$ 380,172       | \$ 330,530 | \$ 382,616 | \$ 348,655               | \$ 193,695 | \$ 187,840 | \$ 155,331 |

**Other Financial Data**

|                                       |      |      |      |      |      |      |      |
|---------------------------------------|------|------|------|------|------|------|------|
| Ratio of earnings to fixed charges(8) | 4.89 | 4.34 | 2.50 | 2.54 | 2.95 | 2.85 | 2.46 |
|---------------------------------------|------|------|------|------|------|------|------|

- (1) Financial results for fiscal 2006 include a \$22.9 million pre-tax loss for the impairment of the West Texas Division's irrigation assets.
- (2) Financial results and operating data for fiscal 2005 include the operations of our Mid-Tex and Atmos Pipeline Texas divisions, from October 1, 2004, the date of acquisition.
- (3) Financial results for fiscal 2004 include a \$5.9 million pre-tax gain on the sale of our interest in U.S. Propane, L.P. and Heritage Propane Partners, L.P.
- (4) Financial results and operating data for fiscal 2003 include the operations of MVG from December 3, 2002, the date of the acquisition.
- (5)

Beginning in fiscal 2004, we reclassified our regulatory cost of removal obligation from accumulated depreciation to a liability. The amounts presented above for property, plant and equipment, working capital and total assets reflect this reclassification for all periods presented. This reclassification did not impact our financial position, results of operations or cash flows as of and for the years ended September 30, 2003 and 2002.

- (6) Long-term debt excludes current maturities. Short-term debt is comprised of current maturities of long-term debt and short-term debt.
- (7) Pipeline and storage operations were not reported as a segment prior to fiscal 2003.
- (8) For purposes of computing ratio of earnings to fixed charges, earnings consist of the sum of our pretax income from continuing operations and fixed charges. Fixed charges consist of interest expense, amortization of debt discount, premium and expense, capitalized interest and a portion of lease payments considered to represent an interest factor.

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**The Offering**

|                            |  |
|----------------------------|--|
| Issuer                     | Atmos Energy Corporation   |
| Notes Offered              | \$250,000,000 aggregate principal amount of 6.35% senior notes due 2017;   |
| Maturity                   | The notes will mature on June 15, 2017.  |
| Interest                   | The notes will bear interest at the rate of 6.35% per year.<br><br>Interest on the notes will be payable in arrears on June 15 and December 15 of each year they are outstanding, beginning on December 15, 2007.  |
| Ranking                    | The notes will be unsecured unsubordinated debt of Atmos and will rank equally with all of our existing and future unsubordinated debt. All our secured debt will have a prior claim with respect to the assets securing that debt.  |
| Optional Redemption        | We may redeem the notes at any time, in whole or in part, at a redemption price equal to the greater of the principal amount of the notes to be redeemed and the make-whole redemption price, plus, in each case, accrued and unpaid interest, if any, to the redemption date, as described in Description of the Notes Optional Redemption on page S-14.  |
| Covenants of the Indenture | We will issue the notes under an indenture which will, among other things, restrict our ability to create liens and to enter into sale and leaseback transactions. See Description of the Notes Covenants on page S-15.  |
| Ratings                    | The notes are rated Baa3 by Moody's Investors Services, BBB by Standard & Poor's Rating Services, a division of The McGraw-Hill Company, Inc., and BBB+ by Fitch IBCA, Inc. None of these ratings is a recommendation to buy, sell or hold the notes. Each rating is subject to revision or withdrawal at any time and should be evaluated independently of any other rating.  |
| Use of Proceeds            | We estimate that our net proceeds from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, will be approximately \$247 million. We intend to use the net proceeds of this offering, together with available cash, to redeem our \$300 million aggregate principal amount of unsecured floating rate senior notes due 2007. See Use of Proceeds on page S-6. |

*See Risk Factors beginning on page 1 of the accompanying prospectus and other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the factors you should consider carefully before deciding to invest in the notes.*

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**USE OF PROCEEDS**

We estimate that we will receive net proceeds from this offering of approximately \$247 million, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us. We intend to use the net proceeds from this offering, together with available cash, to redeem our \$300 million unsecured floating rate senior notes due 2007, which we refer to as the floating rate notes.

The terms of the floating rate notes permit us to redeem them on any interest payment date, at a price equal to 100% of their principal amount, plus accrued and unpaid interest. We have delivered a notice of redemption to holders of our floating rate notes, which set July 15, 2007 as the redemption date. The aggregate amount required to redeem the floating rates notes, including accrued and unpaid interest to July 15, 2007, will be approximately \$304 million. The interest rate on the floating rate notes is currently 5.73% per year.

In March 2007, we entered into an agreement to fix the Treasury yield component of \$100 million in principal amount of the notes to be issued in this offering, which we refer to as the Treasury lock agreement. We have terminated the Treasury lock agreement, the settlement of which will occur on June 12, 2007. We will receive approximately \$5 million in connection with the settlement of the Treasury lock agreement.

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The following table presents our cash and cash equivalents, short-term debt and capitalization as of March 31, 2007, on an actual basis and on an as adjusted basis to give effect to the application of approximately \$247 million of estimated net proceeds of this offering, together with approximately \$53 million of available cash, to redeem our floating rate notes as if it had occurred on such date. The table below assumes that approximately \$5 million had been received in connection with the Treasury lock settlement. You should read this table in conjunction with the section entitled "Use of Proceeds" and our consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the quarterly period ended March 31, 2007, which is incorporated by reference in this prospectus supplement.

|  | <b>As of March 31, 2007</b> |                    |
|--|-----------------------------|--------------------|
|  | <b>Actual</b>               | <b>As Adjusted</b> |
|  | <b>(in thousands)</b>       |                    |
| Cash and cash equivalents(1)   | \$ 176,280                  | \$ 128,427         |
| Short-term debt  |                             |                    |
| Current portion of long-term debt  | \$ 303,232                  | \$ 3,232           |
| Other short-term debt  |                             |                    |
| Total short-term debt  | \$ 303,232                  | \$ 3,232           |
| Long-term debt, less current portion   | \$ 1,878,331                | \$ 2,127,654       |
| Shareholders' equity   |                             |                    |
| Common stock, no par value (stated at \$.005 per share); 200,000,000 shares authorized; 88,764,353 shares issued and outstanding, actual and as adjusted | \$ 444                      | \$ 444             |
| Additional paid-in capital   | 1,679,228                   | 1,679,228          |
| Retained earnings  | 357,425                     | 357,425            |
| Accumulated other comprehensive loss   | (15,144)                    | (12,990)           |
| Shareholders' equity   | 2,021,953                   | 2,024,107          |
| Total capitalization(2)  | \$ 3,900,284                | \$ 4,151,761       |

(1) After reflecting the July 15, 2007 payment of accrued interest on the floating rate notes, cash and cash equivalents as adjusted would be approximately \$124 million.

(2) Excludes the current portion of long-term debt and other short-term debt.

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**BUSINESS**

**Overview**

Atmos Energy Corporation, headquartered in Dallas, Texas, is engaged primarily in the natural gas utility business as well as other natural gas nonutility businesses. We are one of the country's largest natural gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe. As of March 31, 2007, we distributed natural gas through sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our six regulated utility divisions, which covered service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our gas distribution system.

Through our nonutility businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers in 22 states and natural gas transportation and storage services to certain of our utility divisions and to third parties.

**Operating Segments**

Our operations are divided into four segments:

- the utility segment, which includes our regulated natural gas distribution and related sales operations;
- the natural gas marketing segment, which includes a variety of nonregulated natural gas management services;
- the pipeline and storage segment, which includes our regulated and nonregulated natural gas transmission and storage services; and
- the other nonutility segment, which includes all of our other nonregulated nonutility operations.

**Utility Segment**

We operated our utility segment through the following six regulated natural gas utility divisions during the six months ended March 31, 2007:

- Atmos Energy Colorado-Kansas Division;
- Atmos Energy Kentucky/Mid-States Division;
- Atmos Energy Louisiana Division;
- Atmos Energy Mid-Tex Division;
- Atmos Energy Mississippi Division; and
- Atmos Energy West Texas Division.

Effective October 1, 2006, the Kentucky and Mid-States divisions were combined.

The following is a brief description of our natural gas utility divisions. For more information, see Item 1. Business in our annual report on Form 10-K for the year ended September 30, 2006.

*Atmos Energy Colorado-Kansas Division.* Our Colorado-Kansas Division operates in Colorado, Kansas and the southwestern corner of Missouri and is regulated by each respective state's public service commission with respect to accounting, rates and charges, operating matters and the issuance of securities. We operate under terms of non-exclusive franchises granted by the various cities. Rates in our Kansas service area are subject to weather normalization adjustments known as WNA, which allow us to increase customers' bills to offset lower gas usage when weather is warmer than normal and decrease customers' bills to offset higher

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gas usage when weather is colder than normal. The principal transporters of the Colorado-Kansas Division's gas supply requirements are Colorado Interstate Gas Company, Northwest Pipeline, Public Service Company of Colorado and Southern Star Central Pipeline. Additionally, the Colorado-Kansas Division purchases substantial volumes from producers that are connected directly to its distribution system.

*Atmos Energy Kentucky/Mid-States Division.* Our Kentucky/Mid-States Division operates in Georgia, Illinois, Iowa, Kentucky, Missouri, Tennessee and Virginia. In each of these states, our rates, services and operations as a natural gas distribution company are subject to general regulation by each state's public service commission. We operate in each community, where necessary, under a franchise granted by the municipality for a fixed term of years. In Georgia, Kentucky and Tennessee, we have WNA and a performance-based rate program, which provides incentives for us to find ways to lower costs and share the cost savings with our customers. We have WNA in our Virginia service area that covers the entire year. Our Kentucky/Mid-States Division's gas supply is delivered primarily by Columbia Gulf, East Tennessee Pipeline, Midwestern Pipeline, Southern Natural Gas, Tennessee Gas Pipeline, Texas Gas Transmission, LLC and Trunkline Gas Company.

*Atmos Energy Louisiana Division.* Our Louisiana Division operates in Louisiana and serves the metropolitan area of Monroe, the suburban areas of New Orleans and western Louisiana. Our Louisiana Division is regulated by the Louisiana Public Service Commission, which regulates utility services, rates and other matters. We operate most of our service areas pursuant to a non-exclusive franchise granted by the governing authority of each area. Direct sales of natural gas to industrial customers in Louisiana, who use gas for fuel or in manufacturing processes, and sales of natural gas for vehicle fuel are exempt from regulation and are recognized in our natural gas marketing segment. Beginning with the 2006-2007 winter heating season, rates in our Louisiana service area have been subject to WNA. The principal transporters of the Louisiana Division's gas supply requirements are Acadian Pipeline, Gulf South, Louisiana Intrastate Gas Company, Texas Gas Transmission, LLC and Trans Louisiana Gas Pipeline, Inc., a subsidiary of Atmos Pipeline and Storage, LLC.

*Atmos Energy Mid-Tex Division.* Our Mid-Tex Division includes the natural gas distribution operations that operate in the north-central, eastern and western parts of Texas. The Mid-Tex Division purchases, distributes and sells natural gas in approximately 550 cities and towns, including the 11-county Dallas-Fort Worth metropolitan area. This division currently operates under a system-wide rate structure. The governing body of each municipality we serve has original jurisdiction over all utility rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. We operate pursuant to non-exclusive franchises granted by the municipalities we serve, which are subject to renewal from time to time. The Railroad Commission of Texas has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality. Beginning with the 2006-2007 winter heating season, rates in our Mid-Tex service area have been subject to WNA.

*Atmos Energy Mississippi Division.* Our Atmos Energy Mississippi Division operates in Mississippi and is regulated by the Mississippi Public Service Commission with respect to rates, services and operations. We operate under non-exclusive franchises granted by the municipalities we serve. Through fiscal 2005, we operated under a rate structure that allowed us, over a five-year period, to recover a portion of our integration costs associated with the MVG acquisition and operations and maintenance costs in excess of an agreed-upon benchmark. In addition, we were required to file for rate adjustments based on our expenses every six months. Effective October 1, 2005, our rate design was modified to substitute the original agreed-upon benchmark with a sharing mechanism to allow the sharing of cost savings above an allowed return on equity level. Further, beginning October 1, 2005, we moved from a semi-annual filing process to an annual filing process. We also have WNA in Mississippi. This division's gas supply is delivered primarily by Enbridge Marketing, LP, Gulf South Pipeline Company, Tennessee Gas Pipeline Company, Southern Natural Gas Company, Texas Eastern Transmission, Texas Gas Transmission, LLC and Trunkline Gas Co. LLC.



*Atmos Energy West Texas Division.* Our West Texas Division operates in Texas in three primary service areas: the Amarillo service area, the Lubbock service area and the West Texas service area. Similar to

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our Mid-Tex Division, the governing body of each municipality we serve has original jurisdiction over all utility rates, operations and services within its city limits, except with respect to sales of natural gas for vehicle fuel and agricultural use. We operate pursuant to non-exclusive franchises granted by the municipalities we serve, which are subject to renewal from time to time. The Railroad Commission of Texas has exclusive appellate jurisdiction over all rate and regulatory orders and ordinances of the municipalities and exclusive original jurisdiction over rates and services to customers not located within the limits of a municipality. We have WNA in each of our service areas. Our West Texas Division receives transportation service from ONEOK Pipeline. In addition, the West Texas Division purchases a significant portion of its natural gas supply from Pioneer Natural Resources, which is connected directly to our Amarillo, Texas distribution system.

### **Natural Gas Marketing Segment**

Our natural gas marketing operations are managed by Atmos Energy Marketing, LLC (AEM), which is wholly-owned by Atmos Energy Holdings, Inc. AEM provides a variety of natural gas management services to municipalities, natural gas utility systems and industrial natural gas consumers primarily in the southeastern and midwestern states and to our Kentucky/Mid-States and Louisiana divisions. These services primarily consist of furnishing natural gas supplies at fixed and market-based prices, contract negotiation and administration, load forecasting, gas storage acquisition and management services, transportation services, peaking sales and balancing services, capacity utilization strategies and gas price management through the use of derivative products. We use proprietary and customer-owned transportation and storage assets to provide the various services our customers request. As a result, our revenues arise from the types of commercial transactions we have structured with our customers and include the value we extract by optimizing the storage and transportation capacity we own or control, as well as revenues for services we deliver.

We participate in transactions in which we combine the natural gas commodity and transportation costs to minimize our costs incurred to serve our customers. Additionally, we participate in natural gas storage transactions in which we seek to capture the pricing differences that occur over time. We purchase physical natural gas and then sell financial contracts at favorable prices to lock in a gross profit margin. Through the use of transportation and storage services and derivatives, we are able to capture gross profit margin through the arbitrage of pricing differences in various locations and by recognizing pricing differences that occur over time.

AEM's management of natural gas requirements involves the sale of natural gas and the management of storage and transportation supplies under contracts with customers generally having terms of one to two years. AEM also sells natural gas to some of its industrial customers on a delivered burner tip basis under contract terms from 30 days to two years. At March 31, 2007, AEM had a total of 649 industrial, 62 municipal and 274 other customers.

### **Pipeline and Storage Segment**

Our pipeline and storage segment consists of the regulated pipeline and storage operations of the Atmos Pipeline Texas Division and the nonregulated pipeline and storage operations of Atmos Pipeline and Storage, LLC (APS). The Atmos Pipeline Texas Division transports natural gas to our Mid-Tex Division, transports natural gas for third parties and manages five underground storage reservoirs in Texas. We also provide ancillary services customary in the pipeline industry including parking arrangements, lending and sales of inventory on hand. Parking arrangements provide short-term interruptible storage of gas on our pipeline and lending services provide short-term interruptible loans of natural gas from our pipeline to meet market demands. Both of these services are primarily offered on our Atmos Pipeline Texas system. These operations represent one of the largest intrastate pipeline operations in Texas with a heavy concentration in the established natural gas-producing areas of central, northern and eastern Texas, extending into or near the major producing areas of the Texas Gulf Coast and the Delaware and Val Verde Basins of West Texas. Nine basins located in Texas are believed to contain a substantial portion of the nation's remaining

onshore natural gas reserves. This pipeline system provides access to all of these basins.

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APS owns or has an interest in underground storage fields in Kentucky and Louisiana. We also use these storage facilities to reduce the need to contract for additional pipeline capacity to meet customer demand during peak periods.

## **Other Nonutility Segment**

Our other nonutility segment consists primarily of the operations of Atmos Energy Services, LLC (AES), and Atmos Power Systems, Inc. which are wholly-owned by our subsidiary, Atmos Energy Holdings, Inc. Through December 31, 2006, AES provided natural gas management services to our utility operations, other than the Mid-Tex Division. These services included aggregating and purchasing gas supply, arranging transportation and storage logistics and ultimately delivering the gas to our utility service areas at competitive prices. Effective January 1, 2007, our shared services function began providing these services to our utility operations. AES continues to provide limited services to our utility divisions, and receives revenues equal to the costs incurred to provide these services. Through Atmos Power Systems, Inc., we have constructed electric peaking power-generating plants and associated facilities and lease these plants through lease agreements that are accounted for as sales under generally accepted accounting principles.

## **Regulation**

Each of our utility divisions is regulated by various state or local public utility authorities. We are also subject to regulation by the United States Department of Transportation with respect to safety requirements in the operation and maintenance of our gas distribution facilities. In addition, our distribution operations are subject to various state and federal laws regulating environmental matters. From time to time we receive inquiries regarding various environmental matters. We believe that our properties and operations substantially comply with and are operated in substantial conformity with applicable safety and environmental statutes and regulations. There are no administrative or judicial proceedings arising under environmental quality statutes pending or known to be contemplated by governmental agencies which would have a material adverse effect on us or our operations. Our environmental claims have arisen primarily from former manufactured gas plant sites in Tennessee, Iowa and Missouri. See Note 13 to our consolidated financial statements included in our annual report on Form 10-K for the year ended September 30, 2006, which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

The Federal Energy Regulatory Commission, or FERC, allows, pursuant to Section 311 of the Natural Gas Policy Act, gas transportation services provided through our Atmos Pipeline Texas assets on behalf of interstate pipelines or local distribution companies served by interstate pipelines, without subjecting these assets to the jurisdiction of the FERC.

## **Competition**

Although our utility operations are not currently in significant direct competition with any other distributors of natural gas to residential and commercial customers within our service areas, we do compete with other natural gas suppliers and suppliers of alternative fuels for sales to industrial and agricultural customers. We compete in all aspects of our business with alternative energy sources, including, in particular, electricity. Electric utilities offer electricity as a rival energy source and compete for the space heating, water heating and cooking markets. Promotional incentives, improved equipment efficiencies and promotional rates all contribute to the acceptability of electrical equipment and appliances. The principal means to compete against alternative fuels is lower prices, and natural gas historically has maintained its price advantage in the residential, commercial and industrial markets. However, higher gas prices, coupled with the electric utilities marketing efforts, have increased competition for residential and commercial customers. In addition, our natural gas marketing segment competes with other natural gas brokers in obtaining natural gas supplies for our customers.

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**Distribution, Transmission and Related Assets**

At September 30, 2006, our utility segment owned an aggregate of 75,869 miles of underground distribution and transmission mains throughout our gas distribution systems. These mains are located on easements or rights-of-way which generally provide for perpetual use. We maintain our mains through a program of continuous inspection and repair and believe that our system of mains is in good condition. At September 30, 2006, our pipeline and storage segment owned 6,127 miles of gas transmission and gathering lines.

Our utility segment also holds franchises granted by the incorporated cities and towns that we serve. At September 30, 2006, we held 1,103 franchises having terms generally ranging from five to 35 years. A significant number of our franchises expire each year, which require renewal prior to the end of their terms. We believe that we will be able to renew our franchises as they expire.

**Storage Assets**

As of September 30, 2006, our utility and pipeline and storage segments owned underground gas storage facilities in several states to supplement the supply of natural gas in periods of peak demand. The underground gas storage facilities of our utility segment had a total usable capacity of 10,076,329 Mcf, with a maximum daily delivery capability of 242,100 Mcf. The underground gas storage facilities of our pipeline and storage segment had a total usable capacity of 43,059,958 Mcf, with a maximum daily delivery capability of 1,362,000 Mcf.

Additionally, we contract for storage service in underground storage facilities on many of the interstate pipelines serving us to supplement our proprietary storage capacity. At September 30, 2006, our contracted storage provided us with a maximum storage quantity of 27,372,082 MMBtu, with a maximum daily withdrawal quantity of 776,415 MMBtu, for our utility segment other than our Mid-Tex Division and a maximum storage quantity of 10,786,846 MMBtu, with a maximum daily quantity of 297,675 MMBtu, for our natural gas marketing and our storage and pipeline. Maximum daily withdrawal amounts fluctuate depending upon the season and the month.

For more information on our storage assets see Item 2. Properties in our annual report on Form 10-K for year ended September 30, 2006.

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**DESCRIPTION OF THE NOTES**

We have summarized the provisions of the notes below. The notes constitute a series of the debt securities described in the accompanying prospectus. The notes will be issued under an indenture to be entered into with U.S. Bank National Association, as trustee, dated as of the date of completion of this offering (the indenture).

The following description of certain terms of the notes and certain provisions of the indenture in this prospectus supplement supplements the description under Description of Debt Securities in the accompanying prospectus and, to the extent it is inconsistent with that description, replaces the description in the accompanying prospectus. This description is only a summary of the material terms and does not purport to be complete. We urge you to read the indenture because it, and not the description below and in the accompanying prospectus, will define your rights as a holder of the notes. We will file the indenture as an exhibit to a Current Report on Form 8-K following the completion of this offering, which will be incorporated by reference in this prospectus supplement and the accompanying prospectus. When available, you may obtain a copy of the indenture from us without charge. See the section in the accompanying prospectus entitled Where You Can Find More Information.

**General**

The notes will be initially limited to \$250,000,000 aggregate principal amount. We may, at any time, without the consent of the holders of these notes, issue additional notes having the same ranking, interest rate, maturity and other terms as the notes. Any such additional notes, together with the notes being offered by this prospectus supplement, will constitute the same series of notes under the indenture.

The notes will be unsecured and unsubordinated obligations of Atmos Energy Corporation. All our secured debt will have a prior claim with respect to the assets securing that debt. As of March 31, 2007, we had approximately \$27.5 million of secured debt outstanding. The notes will rank equally with all of our other existing and future unsubordinated debt. As of March 31, 2007, after giving effect to the repayment of unsecured debt with the net proceeds of this offering, we would have had approximately \$2.1 billion of unsecured and unsubordinated debt. The notes are not guaranteed by, and are not the obligation of, any of our subsidiaries. The notes will not be listed on any securities exchange or included in any automated quotation system.

The notes will be issued in book-entry form as one or more global notes registered in the name of the nominee of The Depository Trust Company, or DTC, which will act as a depository, in minimum denominations of \$1,000 and integral multiples of \$1,000. Beneficial interests in book-entry notes will be shown on, and transfers of the notes will be made only through, records maintained by DTC and its participants.

**Payment of Principal and Interest**

The notes will mature on June 15, 2017 and bear interest at the rate of 6.35% per year.

We will pay interest on the notes in arrears on June 15 and December 15 of each year they are outstanding, beginning December 15, 2007. Interest will accrue from June 14, 2007 or from the most recent interest payment date to which we have paid or provided for the payment of interest to the next interest payment date or the scheduled maturity date, as the case may be. We will pay interest computed on the basis of a 360-day year of twelve 30-day months.

We will pay interest on the notes in immediately available funds to the persons in whose names such notes are registered at the close of business on June 1 or December 1 preceding the respective interest payment date. At

maturity, we will pay the principal of the notes in immediately available funds upon delivery of such notes to the trustee.

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**Optional Redemption**

Each of the notes offered hereby will be redeemable, in whole or in part, at our option, at any time at a redemption price equal to the greater of:

100% of the principal amount of the notes to be redeemed; and

as determined by the Quotation Agent (defined below), the sum of the present values of the Remaining Scheduled Payments (defined below) of principal and interest on the notes to be redeemed discounted to the redemption date on a semi-annual basis assuming a 360-day year consisting of twelve 30-day months at the Adjusted Treasury Rate (defined below) plus 20 basis points;

plus, in each case, accrued and unpaid interest on the principal amount of the notes to be redeemed to the redemption date.

*Definitions.* Following are definitions of the terms used in the optional redemption provisions discussed above.

*Adjusted Treasury Rate* means, for any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity of the Comparable Treasury Issue, assuming a price of the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for that redemption date.

*Comparable Treasury Issue* means the United States treasury security selected by the Quotation Agent as having a maturity comparable to the remaining term of the notes to be redeemed that would be used, at the time of a selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the notes to be redeemed.

*Comparable Treasury Price* means, for any redemption date, the Reference Treasury Dealer Quotation for that redemption date.

*Quotation Agent* means the Reference Treasury Dealer appointed by us.

*Reference Treasury Dealer* means Merrill Lynch, Pierce, Fenner & Smith Incorporated and its successors; provided, however, if Merrill Lynch, Pierce, Fenner & Smith Incorporated ceases to be a primary U.S. government securities dealer in New York City, we will replace Merrill Lynch, Pierce, Fenner & Smith Incorporated as Reference Treasury Dealer with an entity that is a primary U.S. government securities dealer in New York City.

*Reference Treasury Dealer Quotation* means, with respect to any redemption date, the average, as determined by the trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed, in each case, as a percentage of its principal amount) quoted in writing to the trustee by the Reference Treasury Dealer by 5:00 p.m. on the third business day preceding the redemption date.

*Remaining Scheduled Payments* means, with respect to each note to be redeemed, the remaining scheduled payments of the principal and interest on such note that would be due after the related redemption date but for such redemption; provided, however, that if such redemption date is not an interest payment date, the amount of the next succeeding scheduled interest payment on such note will be reduced by the amount of interest accrued on such note to such redemption date.

In the case of a partial redemption of the notes, the notes to be redeemed shall be selected by DTC. No notes of a principal amount of \$1,000 or less will be redeemed in part. Notice of any redemption will be mailed by first class



mail at least 30 days but not more than 60 days before the redemption date to each holder of the notes to be redeemed at its registered address. If any notes are to be redeemed in part only, the notice of redemption will state the portion of the principal amount of notes to be redeemed. A new note in a principal amount equal to the unredeemed portion of the note will be issued in the name of the holder of the note upon surrender for cancellation of the original note. Unless we default in payment of the redemption

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price, on and after the redemption date, interest will cease to accrue on the notes or the portions of the notes called for redemption.

### **No Mandatory Redemption**

We will not be required to redeem the notes before maturity.

### **No Sinking Fund**

We will not be required to make any sinking fund payments with regard to the notes.

### **Covenants**

This section summarizes the material covenants in the indenture. Please refer to the indenture for more information on other covenants applicable to the notes.

*Limitations on Liens.* We will covenant in the indenture that we will not, and will not permit any of our Restricted Subsidiaries to, create, incur, issue or assume any Indebtedness secured by any Lien on any Principal Property, or on shares of stock or Indebtedness of any Restricted Subsidiary, known as Restricted Securities, without making effective provision for the notes, and any other debt securities under the indenture that will have the benefit of this covenant, to be secured by the Lien equally and ratably with, or prior to, the Indebtedness and obligations secured or to be secured thereby for so long as the Indebtedness or obligations are so secured, except that the foregoing restriction does not apply to:

any Lien existing on the date of the notes are issued, including the Liens on property or after-acquired property of ours or our Subsidiaries under the United Cities Indenture;

any Lien on any Principal Property or Restricted Securities of any person existing at the time that person is merged or consolidated with or into us or a Restricted Subsidiary, or this person becomes a Restricted Subsidiary, or arising thereafter otherwise than in connection with the borrowing of money arranged thereafter and pursuant to contractual commitments entered into prior to and not in contemplation of the person's becoming a Restricted Subsidiary;

any Lien on any Principal Property existing at the time we or a Restricted Subsidiary acquire the Principal Property, whether or not the Lien is assumed by us or the Restricted Subsidiary, provided that this Lien may not extend to any other Principal Property of ours or any Restricted Subsidiary;

any Lien on any Principal Property, including any improvements on any existing Principal Property, of ours or any Restricted Subsidiary, or any proceeds thereof or additions thereto, and any Lien on the shares of stock of a Restricted Subsidiary that was formed or is held for the purpose of acquiring and holding the Principal Property, in each case to secure all or any part of the cost of acquisition, development, operation, construction, alteration, repair or improvement of all or any part of the Principal Property, or to secure Indebtedness incurred by us or a Restricted Subsidiary for the purpose of financing all or any part of that cost, provided that the Lien is created prior to, at the time of, or within 12 months after the latest of, the acquisition, completion of construction or improvement or commencement of commercial operation of that Principal Property and, provided further, that the Lien may not extend to any other Principal Property of ours or any Restricted Subsidiary, other than any currently unimproved real property on which the Principal Property has been constructed or developed or the improvement is located;

any Lien on any Principal Property or Restricted Securities to secure Indebtedness owed to us or to a Restricted Subsidiary;

any Lien in favor of a governmental body to secure advances or other payments under any contract or statute or to secure Indebtedness incurred to finance the purchase price or cost of constructing or improving the property subject to the Lien;

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any lien created in connection with a project financed with, and created to secure Non-Recourse Indebtedness;

any Lien required to be placed on any of our property or any of the property of our Subsidiaries under the provisions of the United Cities Indenture;

any extension, renewal, substitution or replacement, or successive extensions, renewals, substitutions or replacements, in whole or in part, of any Lien referred to in any of the bullet points above, provided that the Indebtedness secured may not exceed the principal amount of Indebtedness that is secured at the time of the renewal or refunding, plus any premium, cost or expense in connection with such extensions, renewals, substitutions or replacements, and that the renewal or refunding Lien must be limited to all or any part of the same property and improvements, shares of stock or Indebtedness that secured the Lien that was renewed or refunded; or

any Lien not permitted above securing Indebtedness that, together with the aggregate outstanding principal amount of other secured Indebtedness that would otherwise be subject to the above restrictions, excluding Indebtedness secured by Liens permitted under the above exceptions, and the Attributable Debt in respect of all Sale and Leaseback Transactions, not including Attributable Debt in respect of any Sale and Leaseback Transactions described in the last two bullet points in the next succeeding paragraph, would not then exceed 15% of our Consolidated Net Tangible Assets.

*Limitation on Sale and Leaseback Transactions.* We will covenant in the indenture that we will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction unless:

we or a Restricted Subsidiary would be entitled, without securing the notes, to incur Indebtedness secured by a Lien on the Principal Property that is the subject of the Sale and Leaseback Transaction;

the Attributable Debt associated with the Sale and Leaseback Transaction would be in an amount permitted under the last bullet point of the preceding paragraph;

the proceeds received in respect of the Principal Property so sold and leased back at the time of entering into the Sale and Leaseback Transaction are to be used for our business and operations or the business and operations of any Subsidiary; or

within 12 months after the sale or transfer, an amount equal to the proceeds received in respect of the Principal Property sold and leased back at the time of entering into the Sale and Leaseback Transaction is applied to the prepayment, other than mandatory prepayment, of any notes or other debt securities that are outstanding under the indenture or any Funded Indebtedness owed by us or a Restricted Subsidiary, other than Funded Indebtedness that is held by us or any Restricted Subsidiary or our Funded Indebtedness that is subordinate in right of payment to the notes and any other debt securities that are outstanding under the indenture.

*Definitions.* Following are definitions of some of the terms used in the covenants described above.

*Attributable Debt* means, as to any lease under which a person is at the time liable for rent, at a date that liability is to be determined, the total net amount of rent required to be paid by that person under the lease during the remaining term, excluding amounts required to be paid on account of maintenance and repairs, services, insurance, taxes, assessments, water rates and similar charges and contingent rents, discounted from the respective due dates thereof at

the rate of interest borne by the notes, compounded monthly.

*Capital Stock* means any and all shares, interests, rights to purchase, warrants, options, participations or other equivalents of or interests, however designated, in stock issued by a corporation.

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*Consolidated Net Tangible Assets* means the aggregate amount of assets, less applicable reserves and other properly deductible items, after deducting:

all current liabilities, excluding any portion thereof constituting Funded Indebtedness; and

all goodwill, trade names, trademarks, patents, unamortized debt discount and expense and other like intangibles,

all as set forth on our most recent consolidated balance sheet contained in our latest quarterly or annual report filed with the SEC under the Securities Exchange Act of 1934, as amended, and computed in accordance with generally accepted accounting principles.

*Funded Indebtedness* means, as applied to any person, all Indebtedness of the person maturing after, or renewable or extendible at the option of the person beyond, 12 months from the date of determination.

*Indebtedness* means obligations for money borrowed, evidenced by notes, bonds, debentures or other similar evidences of indebtedness.

*Lien* means any lien, mortgage, pledge, encumbrance, charge or security interest securing Indebtedness; provided, however, that the following types of transactions will not be considered, for purposes of this definition, to result in a Lien:

any acquisition by us or any Restricted Subsidiary of any property or assets subject to any reservation or exception under the terms of which any vendor, lessor or assignor creates, reserves or excepts or has created, reserved or excepted an interest in oil, gas or any other mineral in place or the proceeds of that interest;

any conveyance or assignment whereby we or any Restricted Subsidiary conveys or assigns to any person or persons an interest in oil, gas or any other mineral in place or the proceeds of that interest;

any Lien upon any property or assets either owned or leased by us or a Restricted Subsidiary or in which we or any Restricted Subsidiary owns an interest that secures for the benefit of the person or persons paying the expenses of developing or conducting operations for the recovery, storage, transportation or sale of the mineral resources of the property or assets, or property or assets with which it is unitized, the payment to the person or persons of our proportionate part or the Restricted Subsidiary's proportionate part of the development or operating expenses;

any lease classified as an operating lease under generally accepted accounting principles;

any hedging arrangements entered into in the ordinary course of business, including any obligation to deliver any mineral, commodity or asset; or

any guarantees that we make for the repayment of Indebtedness of any Subsidiary or guarantees by any Subsidiary of the repayment of Indebtedness of any entity, including Indebtedness of Atmos Energy Marketing, LLC.

*Non-Recourse Indebtedness* means, at any time, Indebtedness incurred after the date of the indenture by us or a Restricted Subsidiary in connection with the acquisition of property or assets by us or a Restricted Subsidiary or the financing of the construction of or improvements on property, whenever acquired, provided that, under the terms of

this Indebtedness and under applicable law, the recourse at the time and thereafter of the lenders with respect to this Indebtedness is limited to the property or assets so acquired, or the construction or improvements, including Indebtedness as to which a performance or completion guarantee or similar undertaking was initially applicable to the Indebtedness or the related property or assets if the guarantee or similar undertaking has been satisfied and is no longer in effect. Indebtedness which is otherwise Non-Recourse Indebtedness will not lose its character as Non-Recourse Indebtedness because there is recourse to us, any subsidiary of ours or any other person for (a) environmental representations, warranties or indemnities or (b) indemnities for and liabilities arising from fraud, misrepresentation, misapplication or

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non-payment of rents, profits, insurance and condemnation proceeds and other sums actually received from secured assets to be paid to the lender, waste and mechanics liens or similar matters.

*Principal Property* means any natural gas distribution property located in the United States, except any property that in the opinion of our board of directors is not of material importance to the total business conducted by us and of our consolidated Subsidiaries.

*Restricted Subsidiary* means any Subsidiary the amount of Consolidated Net Tangible Assets of which constitutes more than 10% of the aggregate amount of Consolidated Net Tangible Assets of us and our Subsidiaries.

*Sale and Leaseback Transaction* means any arrangement with any person in which we or any Restricted Subsidiary leases any Principal Property that has been or is to be sold or transferred by us or the Restricted Subsidiary to that person, other than any such arrangement involving:

a lease for a term, including renewals at the option of the lessee, of not more than three years or classified as an operating lease under generally accepted accounting principles;

leases between us and a Restricted Subsidiary or between Restricted Subsidiaries; and

leases of a Principal Property executed by the time of, or within 12 months after the latest of, the acquisition, the completion of construction or improvement, or the commencement of commercial operation, of the Principal Property.

*Subsidiary* of ours means:

a corporation, a majority of whose Capital Stock with rights, under ordinary circumstances, to elect directors is owned, directly or indirectly, at the date of determination, by us, by one or more of our Subsidiaries or by us and one or more of our Subsidiaries; or

any other person, other than a corporation, in which at the date of determination we, one or more of our Subsidiaries or we and one or more of our Subsidiaries, directly or indirectly, have at least a majority ownership and power to direct the policies, management and affairs of that person.

*United Cities Indenture* means the Indenture of Mortgage, dated as of July 15, 1959, from United Cities Gas Company to U.S. Bank Trust National Association, formerly First Trust of Illinois, National Association, and M.J. Kruger, as Trustees, as amended, supplemented or otherwise modified from time to time, the Indenture of Mortgage through the Twenty-Second Supplemental Indenture by us to U.S. Bank Trust National Association, formerly First Trust National Association, and Russell C. Bergman, as Trustees, as amended, supplemented, or otherwise modified from time to time.

*Consolidation, Merger or Sale of Assets.* Under the terms of the indenture, we will be generally permitted to consolidate with or merge into another entity. We will also be permitted to sell or transfer our assets substantially as an entirety to another entity. However, we may not take any of these actions unless all of the following conditions are met:

the resulting entity must agree to be legally responsible for all our obligations relating to the notes and the indenture;

the transaction must not cause a default or an Event of Default, as described below;



the resulting entity must be organized under the laws of the United States or one of the states or the District of Columbia; and

we must deliver an officers certificate and legal opinion to the trustee with respect to the transaction.

In the event that we engage in one of these transactions and comply with the conditions listed above, we would be discharged from all our obligations and covenants under the indenture and all obligations under the notes, with the successor corporation or person succeeding to our obligations and covenants.

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In the event that we engage in one of these transactions, the indenture will provide that, if any Principal Property or Restricted Securities would thereupon become subject to any Lien, the notes and any other debt securities under the indenture entitled to the benefit of this covenant, must be secured, as to such Principal Property or Restricted Securities, equally and ratably with, or prior to, the indebtedness or obligations that upon the occurrence of such transaction would become secured by the Lien, unless the Lien could be created under the indenture without equally and ratably securing the notes and any other debt securities under the indenture entitled to the benefit of this covenant.

## **Modification or Waiver**

There are two types of changes that we can make to the indenture and the notes.

*Changes Requiring Approval.* With the approval of the holders of at least a majority in principal amount of any outstanding notes (including any such approvals obtained in connection with a tender or exchange offer for outstanding notes), we may make any changes, additions or deletions to any provisions of the indenture applicable to the notes, or modify the rights of the holders of the notes. However, without the consent of each holder affected, we cannot:

change the stated maturity of the principal of or the interest on a note;

change the place of payment of a note;

impair the holder's right to sue for payment;

reduce the percentage of holders of notes whose consent is needed to modify or amend the indenture;

reduce the percentage of holders of notes whose consent is needed to waive compliance with any provisions of the indenture or to waive any defaults; or

modify any of the provisions of the indenture dealing with modification and waiver in any other respect, except to increase any percentage of consents required to amend the indenture or for any waiver or to add to the provisions that cannot be modified without the approval of each affected holder.

*Changes Not Requiring Approval.* The second type of change does not require any vote by the holders of the notes. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding notes in any material respect.

Notes will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Notes will also not be eligible to vote if they have been fully defeased as described later under **Defeasance and Covenant Defeasance**.

**Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the notes or request a waiver.**

## **Events of Default**

An Event of Default as to the notes means any of the following:

we do not pay interest on a note within 30 days of its due date;

we do not pay the principal of any note on its due date;

we remain in breach of a covenant or agreement in the indenture, other than a covenant or agreement that is not for the benefit of the holders of the notes, for 60 days after we receive written notice stating that we are in breach from the trustee or the holders of at least 25 percent of the principal amount of the notes;

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we or a Restricted Subsidiary is in default under any matured or accelerated agreement or instrument under which we or the Restricted Subsidiary has outstanding Indebtedness for borrowed money or guarantees, which individually is in excess of \$25,000,000, and we or the Restricted Subsidiary has not cured any acceleration within 30 days after we receive notice of this default from the trustee or the holders of at least 25 percent of the principal amount of the notes, unless prior to the entry of judgment for the trustee, we or the Restricted Subsidiary remedy the default or the default is waived by the holders of the indebtedness; or

we file for bankruptcy or other events of bankruptcy, insolvency or reorganization occur.

The trustee may withhold notice to the holders of the notes of any default if it considers its withholding of notice to be in the interest of the holders, except that the trustee may not withhold notice of a default in the payment of the principal or the interest on the notes.

*Remedies if an Event of Default Occurs.* If an Event of Default has occurred and is continuing, the trustee or the holders of at least 25 percent in principal amount of the notes may declare the entire principal amount of all the notes to be due and immediately payable by notifying us and the trustee, if the holders give notice, in writing. This is called a declaration of acceleration of maturity.

If the maturity of the notes is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the notes may cancel the acceleration if all events of default other than the non-payment of principal or interest on the notes that have become due solely by a declaration of acceleration are cured or waived, and we deposit with the trustee a sufficient sum of money to pay:

all overdue interest on the notes outstanding;

all unpaid principal of any note outstanding that has become due otherwise than by a declaration of acceleration, and interest on the unpaid principal;

all interest on the overdue interest; and

all amounts paid or advanced by the trustee for the notes and reasonable compensation of the trustee.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the notes outstanding may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions if the directions conflict with any law or the indenture or expose the trustee to personal liability. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before a holder is allowed to bypass the trustee and bring his or her own lawsuit or other formal legal action or take other steps to enforce his or her rights or protect his or her interest relating to the notes, the following must occur:

the holder must give the trustee written notice that an Event of Default has occurred and remains uncured;

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the holders of at least 25 percent in principal amount of all outstanding notes must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action;

the trustee must not have instituted a proceeding for 60 days after receipt of the above notice and offer of indemnity; and

the holders of a majority in principal amount of the notes must not have given the trustee a direction inconsistent with the above notice during the 60-day period.

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However, a holder is entitled at any time to bring a lawsuit for the payment of money due on his or her notes on or after the due date without complying with the foregoing.

Holders of a majority in principal amount of the notes may waive any past defaults other than the following:

the payment of principal of or interest on any note; or

in respect of a covenant that under the indenture cannot be modified or amended without the consent of each holder affected.

Each year, we will furnish the trustee with a written statement of two of our officers certifying that, to their knowledge, we are in compliance with the indenture and the notes, or else specifying any default.

**Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration.**

### **Defeasance and Covenant Defeasance**

*Full Defeasance.* If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the debt securities, called full defeasance, if we put in place the following arrangements for you to be repaid:

we must deposit in trust for the benefit of all holders of the notes a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the notes on their due date; and

we must deliver to the trustee a legal opinion confirming that there has been a change in current federal tax law or an IRS ruling that lets us make the above deposit without causing you to be taxed on the notes any differently than if we did not make the deposit and just repaid the notes ourselves at maturity.

If we ever did accomplish defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the notes. You could not look to us for repayment in the event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent. If we accomplish a defeasance, we would retain only the obligations to register the transfer or exchange of the notes, to maintain an office or agency in respect of the notes and to hold moneys for payment in trust.

*Covenant Defeasance.* Under current federal tax law, we can make the same type of deposit described above and be released from any restrictive covenants in the indenture. This is called covenant defeasance. In that event, you would lose the protection of any such covenants but would gain the protection of having money and obligations issued or guaranteed by the U.S. government set aside in trust to repay the notes. In order to achieve covenant defeasance, we must do the following:

deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the notes on their due date; and

deliver to the trustee a legal opinion of our counsel confirming that, under current federal income tax law, we may make the above deposit without causing you to be taxed on the notes any differently than if we

did not make the deposit and just repaid the notes ourselves at maturity.

If we accomplish covenant defeasance, you can still look to us for repayment of the notes if there were a shortfall in the trust deposit or the trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred, such as our bankruptcy, and the notes became immediately due and

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payable, there may be a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

## **Restricted Subsidiaries**

As of the date of this prospectus supplement, none of our subsidiaries would be considered a Restricted Subsidiary under the terms of the indenture.

## **Governing Law**

The notes will be governed by and construed in accordance with the laws of the State of New York.

## **Book-Entry Delivery and Settlement**

We will issue the notes in the form of one or more permanent global securities in definitive, fully registered, book-entry form. The global securities will be deposited with or on behalf of DTC and registered in the name of Cede & Co., as nominee of DTC, or will remain in the custody of the trustee in accordance with arrangements between DTC and the trustee.

If you wish to hold securities through the DTC system, you must either be a direct participant in DTC or hold through a direct participant in DTC. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations that have accounts with DTC. For those holders of notes outside the United States, Euroclear and Clearstream (both described below) participate in DTC through their New York depositories. Indirect participants are securities brokers and dealers, banks and trust companies that do not have an account with DTC, but that clear through or maintain a custodial relationship with a direct participant. Thus, indirect participants have access to the DTC system through direct participants or through other indirect participants that have access through a direct participant.

If you so choose, you may hold your beneficial interests in the global security through Euroclear or Clearstream, or indirectly through organizations that are participants in such systems. Euroclear and Clearstream will hold their participants' beneficial interests in the global security in their customers' securities accounts with their depositories. These depositories of Euroclear and Clearstream in turn will hold such interests in their customers' securities accounts with DTC.

In sum, you may elect to hold your beneficial interests in the notes:

in the United States, through DTC;

outside the United States, through Euroclear or Clearstream; or

through organizations that participate in such systems.

DTC may grant proxies or authorize its participants (or persons holding beneficial interests in the global securities through these participants) to exercise any rights of a holder or take any other actions that a holder is entitled to take under the indenture or the notes. The ability of Euroclear or Clearstream to take actions as a holder of the notes under the indenture will be limited by the ability of their respective depositories to carry out such actions for them through DTC. Euroclear and Clearstream will take such actions only in accordance with their respective rules and procedures.



The information in this section concerning DTC, Euroclear and Clearstream and their book-entry systems has been obtained from sources we believe to be reliable, but we make no representation or warranty with respect to this information. DTC, Euroclear and Clearstream are under no obligation to perform or continue to perform the procedures described below, and they may modify or discontinue them at any time. We and the trustee will not be responsible for DTC's, Euroclear's or Clearstream's performance of their obligations under their rules and procedures, or for the performance by direct or indirect participants of their obligations under the rules and procedures of the clearance systems.

Transfers within DTC, Euroclear and Clearstream will be in accordance with the usual rules and operating procedures of the relevant system. Cross-market transfers between investors who hold or who will

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hold any notes through DTC and investors who hold or will hold any notes through Euroclear or Clearstream will be effected in DTC through the respective depositaries of Euroclear and Clearstream.

***The Clearing Systems***

*The Depository Trust Company.* DTC has advised us as follows:

DTC is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered under Section 17A of the Securities Exchange Act of 1934;

DTC holds securities that its participants deposit with DTC and facilitates the settlement among participants of securities transactions, such as transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates;

direct participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and other organizations;

DTC is owned by a number of its direct participants and by the New York Stock Exchange, Inc., the American Stock Exchange, Inc. and the National Association of Securities Dealers, Inc.;

access to the DTC system is also available to others such as securities brokers and dealers, banks and trust companies that clear through or maintain a custodial relationship with a direct participant, either directly or indirectly; and

the rules applicable to DTC and its participants are on file with the SEC.

*Euroclear.* Euroclear was created in 1968 to hold securities for its participants and to clear and settle transactions between its participants through simultaneous electronic book-entry delivery against payment, thereby eliminating the need for physical movement of certificates and any risk from lack of simultaneous transfers of securities and cash. Transactions may now be settled in many currencies, including U.S. dollars and euros. Euroclear includes various other services, including securities lending and borrowing, and interfaces with domestic markets in several countries.

Euroclear is operated by Euroclear Bank S.A./N.V., which we refer to as the Euroclear Operator, under contract with Euroclear Clearance System, S.C., a Belgian cooperative corporation, or the Cooperative. The Euroclear Operator conducts all operations, and all Euroclear securities clearance accounts and Euroclear cash accounts are accounts with the Euroclear Operator, not the Cooperative. The Cooperative establishes policy for Euroclear on behalf of Euroclear participants. Euroclear participants include banks (including central banks), the dealer manager, other securities brokers and dealers and other professional financial intermediaries.

Indirect access to Euroclear is also available to others that clear through or maintain a custodial relationship with a Euroclear participant, either directly or indirectly. Euroclear is an indirect participant in DTC. As the Euroclear Operator is a Belgian banking corporation, Euroclear is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium.

Securities clearance accounts and cash accounts with the Euroclear Operator are governed by the Terms and Conditions Governing Use of Euroclear and the related Operating Procedures of the Euroclear System, and applicable

Belgian law, collectively referred to as the Euroclear Terms and Conditions. The Euroclear Terms and Conditions govern transfers of securities and cash within Euroclear, withdrawals of securities and cash from Euroclear, and receipts of payments with respect to securities in Euroclear. All securities in Euroclear are held on a fungible basis without attribution of specific securities clearance accounts. The Euroclear Operator acts under the terms and conditions only on behalf of Euroclear participants and has no record of or relationship with persons holding securities through Euroclear participants.

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Distributions with respect to notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the Euroclear Terms and Conditions, to the extent received by the depository for Euroclear.

*Clearstream.* Clearstream is incorporated under the laws of Luxembourg as a professional depository. Clearstream holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between its participants through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Clearstream provides to its participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing.

Clearstream interfaces with domestic markets in several countries. Clearstream has established an electronic bridge with Euroclear Bank S.A./N.V., the operator of the Euroclear system, to facilitate settlement of trades between Clearstream and Euroclear. As a professional depository, Clearstream is subject to regulation by the Luxembourg Commission for the Supervision of the Financial Sector. Clearstream participants are financial institutions around the world, other securities brokers and dealers, banks, trust companies and clearing corporations and certain other organizations. In the United States, Clearstream participants are limited to securities brokers and dealers and banks. Indirect access to Clearstream is also available to others that clear through or maintain a custodial relationship with a Clearstream participant, either directly or indirectly.

Distributions with respect to notes held beneficially through Clearstream will be credited to cash accounts of Clearstream participants in accordance with its rules and procedures, to the extent received by the depository for Clearstream.

***Initial Settlement***

We expect that under procedures established by DTC:

upon deposit of the global securities with DTC or its custodian, DTC will credit on its internal system the accounts of direct participants designated by the underwriters with portions of the principal amounts of the global securities; and

ownership of the securities will be shown on, and the transfer of ownership thereof will be effected only through, records maintained by DTC or its nominee, with respect to interests of direct participants, and the records of direct and indirect participants, with respect to interests of persons other than participants.

Euroclear and Clearstream will hold omnibus positions on behalf of their participants through customers' securities accounts for Euroclear and Clearstream on the books of their respective depositories, which in turn will hold positions in customers' securities accounts in the depositories' names on the books of DTC.

The notes that we issue in this offering will be credited to the securities custody accounts of persons who hold those global securities through DTC (other than through accounts at Euroclear and Clearstream) on the closing date and to persons who hold those global securities through Euroclear or Clearstream on the business day following the closing date.

So long as DTC or its nominee is the registered owner of a global security, DTC or that nominee will be considered the sole owner or holder of the notes represented by that global security for all purposes under the indenture and under the notes. Except as provided below, owners of beneficial interests in a global security will not be entitled to have notes represented by that global security registered in their names, will not receive or be entitled to receive physical

delivery of certificated notes and will not be considered the owners or holders thereof under the indenture or under the notes for any purpose, including with respect to the giving of any direction, instruction or approval to the trustee. Accordingly, each holder owning a beneficial interest in a global security must rely on the procedures of DTC and, if that holder is not a direct or indirect participant, on the procedures of the participant through which that holder owns its interest, to exercise any rights of a holder of notes under the indenture or the global security.

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Neither we nor the trustee will have any responsibility or liability for any aspect of the records relating to or payments made on account of the notes by DTC, or for maintaining, supervising or reviewing any records of DTC relating to the notes.

Payments on the notes represented by the global securities will be made to DTC or its nominee, as the case may be, as the registered owner thereof. We expect that DTC or its nominee, upon receipt of any payment on the notes represented by a global security, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the global security as shown in the records of DTC or its nominee. We also expect that payments by participants to owners of beneficial interests in the global security held through such participants will be governed by standing instructions and customary practice as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. The participants will be responsible for those payments.

Payments on the notes represented by the global securities will be made in immediately available funds. Transfers between participants in DTC will be effected in accordance with DTC rules and will be settled in immediately available funds.

### ***Transfers Within and Between DTC, Euroclear and Clearstream***

*Trading Between DTC Purchasers and Sellers.* DTC participants will transfer interests in the securities among themselves in the ordinary way according to DTC rules governing global security issues. The laws of some states require certain purchasers of securities to take physical delivery of the securities in definitive form. These laws may impair your ability to transfer beneficial interests in the global security or securities to such purchasers. DTC can act only on behalf of its direct participants, who in turn act on behalf of indirect participants and certain banks. Thus, your ability to pledge a beneficial interest in the global security or securities to persons that do not participate in the DTC system, and to take other actions, may be limited because you will not possess a physical certificate that represents your interest.

*Trading Between Euroclear and/or Clearstream Participants.* Participants in Euroclear and Clearstream will transfer interests in the securities among themselves in the ordinary way according to the rules and operating procedures of Euroclear and Clearstream governing conventional eurobonds.

*Trading Between a DTC Seller and a Euroclear or Clearstream Purchaser.* When the securities are to be transferred from the account of a DTC participant to the account of a Euroclear or Clearstream participant, the purchaser must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the closing date. Euroclear or Clearstream will then instruct its depository to receive the securities and make payment for them. On the closing date, the depository will make payment to the DTC participant's account and the securities will be credited to the depository's account. After settlement has been completed, DTC will credit the securities to Euroclear or Clearstream. Euroclear or Clearstream will credit the securities, in accordance with its usual procedures, to the participant's account, and the participant will then credit the purchaser's account. These securities credits will appear the next day (European time) after the closing date. The cash debit from the account of Euroclear or Clearstream will be back-valued to the value date (which will be the preceding day if settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.*, the trade fails), the cash debit will instead be valued at the actual closing date.

Participants in Euroclear and Clearstream will need to make funds available to Euroclear or Clearstream to pay for the securities by wire transfer on the value date. The most direct way of doing this is to preposition funds (*i.e.*, have funds in place at Euroclear or Clearstream before the value date), either from cash on hand or existing lines of credit. Under this approach, however, participants may take on credit exposure to Euroclear and Clearstream until the securities are

credited to their accounts one day later.

As an alternative, if Euroclear or Clearstream has extended a line of credit to a participant, the participant may decide not to preposition funds, but to allow Euroclear or Clearstream to draw on the line of credit to finance settlement for the securities. Under this procedure, Euroclear or Clearstream would charge the participant overdraft charges for one day, assuming that the overdraft would be cleared when the securities were credited to the participant's account. However, interest on the securities would accrue from the value date. Therefore, in these

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cases the interest income on securities that the participant earns during that one-day period will substantially reduce or offset the amount of the participant's overdraft charges. Of course, this result will depend on the cost of funds to (*i.e.*, the interest rate that Euroclear or Clearstream charges) each participant.

Since the settlement will occur during New York business hours, a DTC participant selling an interest in the security can use its usual procedures for transferring global securities to the depositaries of Euroclear or Clearstream for the benefit of Euroclear or Clearstream participants. The DTC seller will receive the sale proceeds on the closing date. Thus, to the DTC seller, a cross-market sale will settle no differently than a trade between two DTC participants.

Finally, day traders that use Euroclear or Clearstream to purchase interests in the notes from DTC accountholders for delivery to Euroclear or Clearstream participants should note that these trades will automatically fail on the sale side unless affirmative action is taken. At least three techniques should be readily available to eliminate this potential problem:

borrowing through Euroclear or Clearstream for one day, until the purchase side of the day trade is reflected in their Euroclear or Clearstream accounts, in accordance with the clearing system's customary procedures;

borrowing the interests in the United States from a DTC accountholder no later than one day prior to settlement, which would give the interests sufficient time to be reflected in their Euroclear or Clearstream account in order to settle the sale side of the trade; or

staggering the value date for the buy and sell sides of the trade so that the value date for the purchase from the DTC accountholder is at least one day prior to the value date for the sale to the Euroclear or Clearstream participant.

*Trading Between a Euroclear or Clearstream Seller and DTC Purchaser.* Due to time zone differences in their favor, Euroclear and Clearstream participants can use their usual procedures to transfer securities through their depositaries to a DTC participant. The seller must first send instructions to Euroclear or Clearstream through a participant at least one business day prior to the closing date. Euroclear or Clearstream will then instruct its depository to credit the securities to the DTC participant's account and receive payment. The payment will be credited in the account of the Euroclear or Clearstream participant on the following day, but the receipt of the cash proceeds will be back-valued to the value date (which will be the preceding day if settlement occurs in New York). If settlement is not completed on the intended value date (*i.e.*, the trade fails), the receipt of the cash proceeds will instead be valued at the actual closing date.

If the Euroclear or Clearstream participant selling the securities has a line of credit with Euroclear or Clearstream and elects to be in debit for the securities until it receives the sale proceeds in its account, then the back-valuation may substantially reduce or offset any overdraft charges that the participant incurs over that one-day period.

## ***Certificated Notes***

We will issue certificated notes to each person that DTC identifies as the beneficial owner of the notes represented by the global securities upon surrender by DTC of the global securities only if:

DTC notifies us that it is no longer willing or able to act as a depository for the global securities, and we have not appointed a successor depository within 60 days of that notice;

we determine not to have the notes represented by a global security; or



an event of default has occurred and is continuing.

Neither we nor the trustee will be liable for any delay by DTC, its nominee or any direct or indirect participant in identifying the beneficial owners of the related notes. We and the trustee may conclusively rely on, and will be protected in relying on, instructions from DTC or its nominee for all purposes, including with respect to the registration and delivery, and the respective principal amounts, of the notes to be issued.

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**Table of Contents****MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS**

The following summary discusses certain material U.S. federal income tax consequences of the acquisition, ownership and disposition of the notes. This discussion is based upon the Internal Revenue Code of 1986, as amended (the Code), the applicable proposed or promulgated Treasury regulations, and the applicable judicial and administrative interpretations, all as in effect as of the date hereof and all of which are subject to change, possibly with retroactive effect, and to differing interpretations. This discussion is applicable only to holders of notes who purchase the notes in the initial offering at their original issue price and deals only with the notes held as capital assets for U.S. federal income tax purposes (generally, property held for investment) and not held as part of a straddle, a hedge, a conversion transaction or other integrated investment. This discussion is a summary intended for general information only, and does not address all of the tax consequences that may be relevant to holders of notes in light of their particular circumstances, or to certain types of holders (such as financial institutions, insurance companies, tax-exempt entities, partnerships and other pass-through entities for U.S. federal income tax purposes or investors who hold the notes through such pass-through entities, certain former citizens or residents of the United States, controlled foreign corporations, passive foreign investment companies, foreign personal holding companies, traders in securities that elect to use a mark-to-market method of accounting for their securities holdings, dealers in securities or currencies, or U.S. Holders (as defined below) whose functional currency is not the U.S. dollar). Moreover, this discussion does not describe any state, local or non-U.S. tax implications, or any aspect of U.S. federal tax law other than income taxation. We have not and will not seek any rulings or opinions from the Internal Revenue Service (IRS) or counsel regarding the matters discussed below. There can be no assurances that the IRS will not take positions concerning the tax consequences of the purchase, ownership or disposition of the notes that are different from those discussed below. Prospective investors should consult their tax advisors with regard to the application of the U.S. federal income tax laws to their particular situations, as well as any tax consequences arising under the laws of any state, local, or non-U.S. taxing jurisdiction.

As used herein, a U.S. Holder means a beneficial owner of notes that is, for U.S. federal income tax purposes, (a) a citizen or individual resident of the United States, (b) a corporation created or organized in or under the laws of the United States, any State thereof or the District of Columbia, (c) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (d) a trust, if (1) a court within the United States is able to exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of its substantial decisions or (2) a valid election to be treated as a U.S. person is in effect with respect to such trust. A Non-U.S. Holder means a beneficial owner of any notes that is neither a U.S. Holder nor a partnership for U.S. federal income tax purposes. The U.S. federal income tax treatment of partners in partnerships holding notes generally will depend on the activities of the partnership and the status of the partner. Prospective investors that are partnerships (or entities treated as partnerships for U.S. federal income tax purposes) should consult their own tax advisors regarding the U.S. federal income tax consequences to them and their partners of the acquisition, ownership and disposition of the notes.

**U.S. Federal Income Taxation of U.S. Holders**

*Payments of Interest.* A U.S. Holder must include in gross income, as ordinary interest income, the stated interest on the notes at the time such interest accrues or is received in accordance with the U.S. Holder's regular method of accounting for U.S. federal income tax purposes.

*Sale, Retirement or Other Taxable Disposition.* Upon the sale, retirement or other taxable disposition of a note, a U.S. Holder generally will recognize taxable gain or tax loss equal to the difference between (a) the sum of cash plus the fair market value of other property received on the sale, retirement or other taxable disposition (except to the

extent such cash or property is attributable to accrued but unpaid interest, which will be treated in the manner described above under (a) Payments of Interest ) and (b) the U.S. Holder's adjusted tax basis in the note. A U.S. Holder's adjusted tax basis in a note generally will equal the amount paid for the note, reduced by any principal payments with respect to the note received by the U.S. Holder. Gain or loss recognized on the sale, retirement or other taxable disposition of a note generally

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will be capital gain or loss and will be long-term capital gain or loss if, at the time of sale, retirement or other taxable disposition, the note has been held for more than one year. Certain U.S. Holders (including individuals) are eligible for preferential rates of U.S. federal income tax in respect of long-term capital gain. The deductibility of capital losses by U.S. Holders is subject to limitations under the Code.

**U.S. Federal Income Taxation of Non-U.S. Holders**

*Payments of Interest.* Subject to the discussion of backup withholding below and provided that a Non-U.S. Holder's income and gains in respect of a note are not effectively connected with the conduct by the Non-U.S. Holder of a U.S. trade or business, payments of interest on a note to the Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax, provided that (a) the Non-U.S. Holder does not own, directly or constructively, 10% or more of the total combined voting power of all classes of our stock entitled to vote, (b) the Non-U.S. Holder is not, for U.S. federal income tax purposes, a controlled foreign corporation related, directly or constructively, to us through stock ownership, (c) the Non-U.S. Holder is not a bank receiving interest described in Section 881(c)(3)(A) of the Code and (d) certain certification requirements (as described below) are met.

Under the Code and the applicable Treasury regulations, in order to obtain an exemption from U.S. federal withholding tax, either (a) a Non-U.S. Holder must provide its name and address and certify, under penalties of perjury, that such Non-U.S. Holder is not a U.S. person or (b) a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business (a Financial Institution), and that holds the notes on behalf of the Non-U.S. Holder, must certify, under penalties of perjury, that such certificate has been received from such Non-U.S. Holder by such Financial Institution or by another Financial Institution between such Financial Institution and such Non-U.S. Holder and, if required, must furnish the payor with a copy thereof. Generally, the foregoing certification requirement may be met if a Non-U.S. Holder delivers a properly executed IRS Form W-8BEN or substitute Form W-8BEN or the appropriate successor form to the payor.

Payments of interest on a note that do not satisfy all of the foregoing requirements generally will be subject to U.S. federal withholding tax at a rate of 30% (or a lower applicable treaty rate, provided certain certification requirements are met). A Non-U.S. Holder generally will be subject to U.S. federal income tax in the same manner as a U.S. Holder with respect to interest on a note if such interest is effectively connected with a U.S. trade or business conducted by the Non-U.S. Holder (or, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States). Under certain circumstances, effectively connected interest income received by a corporate Non-U.S. Holder may be subject to an additional branch profits tax at a 30% rate (or a lower applicable treaty rate, provided certain certification requirements are met). Subject to the discussion of backup withholding below, such effectively connected interest income generally will be exempt from U.S. federal withholding tax if a Non-U.S. Holder delivers a properly executed IRS Form W-8ECI to the payor. Non-U.S. holders should consult their tax advisors about any applicable income tax treaties, which may provide for an exemption from or a lower rate of withholding tax, exemption from or reduction of branch profits tax, or other rules different from those described above.

*Sale, Retirement or Other Disposition.* In general, subject to the discussion of backup withholding below, a Non-U.S. Holder generally will not be subject to U.S. federal income or withholding tax on any gain recognized on the sale, retirement or other disposition of the notes so long as the holder provides us or the paying agent with the appropriate certification, unless (a) the Non-U.S. Holder is an individual who is present in the United States for 183 or more days in the taxable year of disposition and certain other conditions are met or (b) the gain is effectively connected with the conduct of a U.S. trade or business by the Non-U.S. Holder (or, if an income tax treaty applies, is attributable to a permanent establishment or fixed base maintained by the Non-U.S. Holder in the United States).



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**Information Reporting and Backup Withholding**

*U.S. Holders.* Generally, information reporting will apply to payments of principal and interest on the notes to a U.S. Holder and to the proceeds of sale or other disposition of the notes, unless the U.S. Holder is an exempt recipient (such as a corporation). Backup withholding generally will apply to such payments (currently at a rate of 28%), if a U.S. Holder fails to provide a correct taxpayer identification number or a certification of exempt status or fails to report in full dividend and interest income. Any amount withheld under the backup withholding rules generally will be allowed as a refund or credit against a U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

*Non-U.S. Holders.* Generally, payments of interest on the notes to a Non-U.S. Holder and the amount of any tax withheld from such payments must be reported annually to the IRS and to the Non-U.S. Holder. Copies of these information returns may be made available by the IRS to the tax authorities of the country in which the Non-U.S. Holder is a resident under the provisions of an applicable tax treaty. Under certain circumstances, information reporting also would apply to payments of principal on the notes, and backup withholding of U.S. federal income tax (currently at a rate of 28%) may apply to payments of principal and interest on the notes to a Non-U.S. Holder if the Non-U.S. Holder fails to certify under penalties of perjury that it is not a U.S. person.

Payments of the proceeds of the sale or other disposition of the notes by or through a foreign office of a U.S. broker or of a foreign broker with certain specified U.S. connections will be subject to information reporting requirements, but generally not backup withholding, unless the broker has evidence in its records that the payee is not a U.S. person and the broker has no actual knowledge or reason to know to the contrary. Payments of the proceeds of a sale or other disposition of the notes by or through the U.S. office of a broker will be subject to information reporting and backup withholding unless the payee certifies under penalties of perjury that it is not a U.S. person or otherwise establishes an exemption.

Any amount withheld under the backup withholding rules generally will be allowed as a refund or credit against a Non-U.S. Holder's U.S. federal income tax liability, provided that the required information is timely furnished to the IRS.

**Table of Contents****UNDERWRITING**

We intend to offer the notes through the underwriters named below, for whom Merrill Lynch, Pierce, Fenner & Smith Incorporated is acting as the representative. Subject to the terms and conditions described in a purchase agreement between us and the underwriters, we have agreed to sell to the underwriters, and the underwriters severally have agreed to purchase from us, the principal amounts of the notes listed opposite their names below.

| <b><u>Underwriter</u></b>                             | <b>Principal<br/>Amount</b> |
|---|-----------------------------|
| Merrill Lynch, Pierce, Fenner & Smith<br>Incorporated | \$ 37,500,000               |
| SunTrust Capital Markets, Inc.                        | 37,500,000                  |
| Wachovia Capital Markets, LLC                         | 37,500,000                  |
| Banc of America Securities LLC                        | 14,584,000                  |
| Citigroup Global Markets Inc.                         | 14,584,000                  |
| Goldman, Sachs & Co.                                  | 14,583,000                  |
| J.P. Morgan Securities Inc.                           | 14,583,000                  |
| Lehman Brothers Inc.                                  | 14,583,000                  |
| Greenwich Capital Markets, Inc.                       | 14,583,000                  |
| BNY Capital Markets, Inc.                             | 8,334,000                   |
| Comerica Securities, Inc.                             | 8,334,000                   |
| Lazard Capital Markets LLC                            | 8,333,000                   |
| Piper Jaffray & Co.                                   | 8,333,000                   |
| SG Americas Securities, LLC                           | 8,333,000                   |
| UBS Securities LLC                                    | 8,333,000                   |
| <br>Total   | <br>\$ 250,000,000          |

The underwriters have agreed to purchase all of the notes sold under the purchase agreement if any of these notes are purchased. If an underwriter defaults, the purchase agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the purchase agreement may be terminated.

We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make with respect to those liabilities.

The underwriters are offering the notes, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the notes, and other conditions contained in the purchase agreement, such as the receipt by the underwriters of officers' certificates and legal opinions. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

**Commissions and Discounts**

The underwriters have advised us that they propose initially to offer the notes to the public at the public offering prices on the cover page of this prospectus supplement and to dealers at that price less a concession not in excess of .4% of the principal amount of the notes. The underwriters may allow, and the dealers may reallow, a discount not in excess of .28% of the principal amount of the notes to other dealers. After the initial public offering, the public offering price, concession and discount may be changed.

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The following table shows the public offering price, underwriting discount and proceeds before expenses to us for the notes.

|                                     | <b>Per Note</b> | <b>Total</b>  |
|-------------------------------------|-----------------|---------------|
| Public offering price               | 99.729%         | \$249,322,500 |
| Underwriting discount               | .65%            | \$1,625,000   |
| Proceeds, before expenses, to Atmos | 99.079%         | \$247,697,500 |

The expenses of the offering, not including the underwriting discount, are estimated to be \$300,000 and are payable by us.

**New Issues of Notes**

The notes are a new issue of securities with no established trading market. We do not intend to apply for listing of the notes on any national securities exchange or for quotation of the notes on any automated dealer quotation system. We have been advised by the representative of the underwriters that the underwriters presently intend to make a market in the notes after completion of the offering. However, they are under no obligation to do so and may discontinue any market-making activities at any time without any notice. We cannot assure the liquidity of the trading market for the notes or that an active public market for the notes will develop. If an active public trading market for the notes does not develop, the market price and liquidity of the notes may be adversely affected.

**NASD Regulations**

As more than 10% of the net proceeds of this offering, not including underwriting compensation, may be received by entities who are affiliated with the underwriters, each of whom are National Association of Securities Dealers, Inc., or NASD, members, this offering is being conducted in compliance with the NASD Conduct Rule 2710(h). Pursuant to that rule, the appointment of a qualified independent underwriter is not necessary in connection with this offering because the notes are rated Baa or better by Moody's Investors Service or BBB or better by Standard & Poor's Rating Services.

**Price Stabilization and Short Positions**

In connection with the offering, the underwriters may engage in transactions that stabilize the price of the notes, such as bids or purchases that peg, fix or maintain that price. If the underwriters create a short position in the notes in connection with the offering, i.e., if they sell more notes than are on the cover page of this prospectus supplement, the underwriters may reduce that short position by purchasing notes in the open market. Purchases of a security to stabilize the price or to reduce a short position could cause the price of the security to be higher than it might be in the absence of such purchases.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of the notes. In addition, neither we nor any of the underwriters makes any representation that the underwriters will engage in these transactions or that these transactions, once commenced, will not be discontinued without notice.

**Other Relationships**

Each of the underwriters and certain of their affiliates have provided, and may in the future provide, certain investment banking, financial advisory and commercial banking services for us, for which they have received, and will receive, customary fees and commissions.

Lazard Capital Markets LLC has entered into an agreement with Mitsubishi UFJ Securities (USA), Inc. pursuant to which Mitsubishi UFJ Securities (USA), Inc. provides certain advisory and/or other services to Lazard Capital Markets LLC, including in respect of this offering. In return for the provision of such services by Mitsubishi UFJ Securities (USA), Inc. to Lazard Capital Markets LLC, Lazard Capital Markets LLC will pay to Mitsubishi UFJ Securities (USA), Inc. a mutually agreed upon fee.

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Additionally, U.S. Bancorp Investments, Inc., an NASD member and an affiliate of U.S. Bancorp, is being paid a referral fee by Piper Jaffray & Co. U.S. Bancorp is an affiliate of U.S. Bank National Association, the trustee under the indenture under which the notes will be issued.

**LEGAL MATTERS**

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams LLP, Richmond, Virginia, will opine for us as to the validity of the offered notes. Shearman & Sterling LLP, New York, New York, will pass upon certain legal matters related to the offered notes for the underwriters.

**EXPERTS**

The consolidated financial statements of Atmos Energy Corporation appearing in Atmos Energy Corporation's annual report on Form 10-K for the year ended September 30, 2006 (including the schedule appearing therein), and Atmos Energy Corporation management's assessment of the effectiveness of internal control over financial reporting as of September 30, 2006 included therein, have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment have been incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.

With respect to the unaudited condensed consolidated interim financial information of Atmos Energy Corporation for the three-month and six-month periods ended March 31, 2007 and 2006 and the three-month periods ended December 31, 2006 and 2005, incorporated by reference in this prospectus supplement, Ernst & Young LLP reported that they have applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports dated May 2, 2007, included in our quarterly report on Form 10-Q for the quarter ended March 31, 2007, and dated February 5, 2007 included in our quarterly report on Form 10-Q for the quarter ended December 31, 2006, and incorporated in this prospectus supplement by reference, state that they did not audit and they do not express an opinion on that interim financial information. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied. Ernst & Young LLP is not subject to the liability provisions of Section 11 of the Securities Act of 1933, as amended, for their reports on the unaudited interim financial information because each report is not a report or a part of the registration statement prepared or certified by Ernst & Young LLP within the meaning of Sections 7 and 11 of the Securities Act.

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**PROSPECTUS**

**Atmos Energy Corporation**

**By this prospectus, we offer up to**

**\$900,000,000**

**of debt securities and common stock.**

We will provide specific terms of these securities in supplements to this prospectus. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement. You should read this prospectus and the applicable prospectus supplement carefully before you invest.

**Investing in these securities involves risks that are described in the Risk Factors section beginning on page 1 of this prospectus.**

Our common stock is listed on the New York Stock Exchange under the symbol ATO.

Our address is 1800 Three Lincoln Centre, 5430 LBJ Freeway, Dallas, Texas 75240, and our telephone number is (972) 934-9227.

**The Securities and Exchange Commission and state securities regulators have not approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

This prospectus is dated December 4, 2006

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We have not authorized any other person to provide you with any information or to make any representations that is different from, or in addition to, the information and representations contained in this prospectus or in any of the documents that are incorporated by reference in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. You should assume that the information appearing in this prospectus, as well as the information contained in any document incorporated by reference, is accurate as of the date of each such document only, unless the information specifically indicates that another date applies.

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The distribution of this prospectus may be restricted by law in certain jurisdictions. You should inform yourself about and observe any of these restrictions. This prospectus does not constitute, and may not be used in connection with, an offer or solicitation by anyone in any jurisdiction in which the offer or solicitation is not authorized, or in which the person making the offer or solicitation is not qualified to do so, or to any person to whom it is unlawful to make the offer or solicitation.

*The terms we, our, us and Atmos refer to Atmos Energy Corporation and its subsidiaries unless the context suggests otherwise. The term you refers to a prospective investor.*

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**CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS**

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

regulatory trends and decisions, including deregulation initiatives and the impact of rate proceedings before various state regulatory commissions;

adverse weather conditions, such as warmer-than-normal weather in our utility service territories or colder-than-normal weather that could adversely affect our natural gas marketing activities;

the concentration of our distribution, pipeline and storage operations in one state;

impact of environmental regulations on our business;

market risks beyond our control affecting our risk management activities, including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness;

our ability to continue to access the capital markets;

effects of inflation;

effects of changes in the availability and prices of natural gas, including the volatility of natural gas prices;

increased competition from other energy suppliers and alternative forms of energy;

increased costs of providing pension and post-retirement health care benefits;

the capital-intensive nature of our distribution business;

the inherent hazards and risks involved in operating a distribution business;

effects of natural disasters or terrorist activities; and

other factors discussed in this prospectus and our other filings with the SEC.

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

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For factors you should consider, please refer to Risk Factors beginning on page 1 of this prospectus and Item 1A. Risk Factors and Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in our annual report on Form 10-K for the year ended September 30, 2006 and the other documents incorporated herein by reference, as well as any applicable prospectus supplements.

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**RISK FACTORS**

*You should consider carefully all of the information that is included or incorporated by reference in this prospectus before investing in our debt securities or our common stock. In particular, you should evaluate the uncertainties and risks referred to or described below, which may adversely affect our business, financial condition or results of operations. Additional uncertainties and risks that are not presently known to us or that we currently deem immaterial may also adversely affect our business, financial condition or results of operations. Additional risk factors may be included in a prospectus supplement relating to a particular offering of securities.*

***We are subject to regulation by each state in which we operate that affect our operations and financial results.***

Our natural gas utility business is subject to various regulated returns on its rate base in each of the 12 states in which we operate. We monitor the allowed rates of return and our effectiveness in earning such rates and initiate rate proceedings or operating changes as we believe are needed. In addition, in the normal course of the regulatory environment, assets may be placed in service and historical test periods established before rate cases that could adjust our returns can be filed. Once rate cases are filed, regulatory bodies have the authority to suspend implementation of the new rates while studying the cases. Because of this process, we must suffer the negative financial effects of having placed assets in service without the benefit of rate relief, which is commonly referred to as regulatory lag. In addition, rate cases involve a risk of rate reduction, and once rates have been approved, they are still subject to challenge for their reasonableness by appropriate regulatory authorities. Our debt and equity financings are also subject to approval by regulatory bodies in several states which could limit our ability to take advantage of favorable market conditions.

Our business could also be affected by deregulation initiatives, including the development of unbundling initiatives in the natural gas industry. Unbundling is the separation of the provision and pricing of local distribution gas services into discrete components. It typically focuses on the separation of the distribution and gas supply components and the resulting opening of the regulated components of sales services to alternative unregulated suppliers of those services. Although we believe that our enhanced technology and distribution system infrastructures have positively positioned us, we cannot provide assurance that there would be no significant adverse effect on our business should unbundling or further deregulation of the natural gas distribution service business occur.

***Our operations are weather sensitive.***

Our natural gas utility sales volumes and related revenues are correlated with heating requirements that result from cold winter weather. Although beginning in the 2006-2007 winter heating season, we will have weather-normalized rates for over 90 percent of our residential and commercial meters that should substantially eliminate the adverse effects of warmer-than-normal weather for meters in those service areas, our utility operating results will continue to vary with the temperatures during the winter heating season. In addition, sustained cold weather could adversely affect our natural gas marketing operations as we may be required to purchase gas at spot rates in a rising market to obtain sufficient volumes to fulfill some customer contracts.

***The concentration of our distribution, pipeline and storage operations in the State of Texas has increased the exposure of our operations and financial results to adverse weather, economic conditions or regulatory decisions in Texas.***

As a result of our acquisition of the distribution, pipeline and storage operations of TXU Gas in October 2004, over 50 percent of our natural gas distribution customers and most of our pipeline and storage assets and operations are now located in the State of Texas. This concentration of our business in Texas means that our operations and financial



results are subject to greater impact than before from changes in the Texas economy in general as well as the weather in our service areas of the state during the winter heating season. Our financial results in fiscal 2006 were adversely affected by warm weather in Texas. In addition, the impact of any adverse rate or other regulatory decisions by state or local regulatory authorities in Texas will also be

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greater. The hearing in the Mid-Tex Division's first rate case since the TXU Gas acquisition has just concluded. In the proceeding, we are seeking additional revenue and several rate design changes. A rate reduction or other significant, adverse decision by the Texas Railroad Commission in the proceeding could materially affect our financial results.

***We are subject to environmental regulation which could adversely affect our operations or financial results.***

We are subject to laws, regulations and other legal requirements enacted or adopted by federal, state and local governmental authorities relating to protection of the environment and health and safety matters, including those legal requirements that govern discharges of substances into the air and water, the management and disposal of hazardous substances and waste, the clean-up of contaminated sites, groundwater quality and availability, plant and wildlife protection, as well as work practices related to employee health and safety. Environmental legislation also requires that our facilities, sites and other properties associated with our operations be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Failure to comply with these laws, regulations, permits and licenses may expose us to fines, penalties or interruptions in our operations that could be significant to our financial results. In addition, existing environmental regulations may be revised or our operations may become subject to new regulations. Such revised or new regulations could result in increased compliance costs or additional operating restrictions which could adversely affect our business, financial condition and results of operations.

***Our operations are exposed to market risks that are beyond our control which could adversely affect our financial results.***

Our risk management operations are subject to market risks beyond our control including market liquidity, commodity price volatility and counterparty creditworthiness.

Although we maintain a risk management policy, we may not be able to completely offset the price risk associated with volatile gas prices or the risk in our natural gas marketing and pipeline and storage segments which could lead to volatility in our earnings. Physical trading also introduces price risk on any net open positions at the end of each trading day, as well as volatility resulting from intra-day fluctuations of gas prices and the potential for daily price movements between the time natural gas is purchased or sold for future delivery and the time the related purchase or sale is hedged. Although we manage our business to maintain no open positions, there are times when limited net open positions related to our physical storage may occur on a short-term basis. The determination of our net open position as of any day requires us to make assumptions as to future circumstances, including the use of gas by our customers in relation to our anticipated storage and market positions. Because the price risk associated with any net open position at the end of each day may increase if the assumptions are not realized, we review these assumptions as part of our daily monitoring activities. Net open positions may increase volatility in our financial condition or results of operations if market prices move in a significantly favorable or unfavorable manner because the timing of the recognition of profits or losses on the hedges for financial accounting purposes does not always match up with the timing of the economic profits or losses on the item being hedged. This volatility may occur with a resulting increase or decrease in earnings or losses, even though the expected profit margin is essentially unchanged from the date the transactions were consummated. Further, if the local physical markets in which we trade do not move consistently with the New York Mercantile Exchange (NYMEX) futures market, we could experience increased volatility in the financial results of our natural gas marketing and pipeline and storage segments.

Our natural gas marketing and pipeline and storage segments manage margins and limit risk exposure on the sale of natural gas inventory or the offsetting fixed-price purchase or sale commitments for physical quantities of natural gas through the use of a variety of financial derivatives. However, contractual limitations could adversely affect our ability to withdraw gas from storage which could cause us to purchase gas at spot prices in a rising market to obtain sufficient volumes to fulfill customer contracts. We could also realize financial losses on our efforts to limit risk as a result of volatility in the market prices of the underlying commodities or if a counterparty fails to perform under a

contract. In addition, adverse changes in the

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creditworthiness of our counterparties could limit the level of trading activities with these parties and increase the risk that these parties may not perform under a contract.

We are also subject to interest rate risk on our commercial paper borrowings and floating rate debt. In the past few years, we have been operating in a relatively low interest-rate environment with both short and long-term interest rates being relatively low compared to past interest rates. However, in the past two years, the Federal Reserve has taken actions that have resulted in increases in short-term interest rates. Future increases in interest rates could adversely affect our future financial results.

***The execution of our business plan could be affected by an inability to access financial markets.***

We rely upon access to both short-term and long-term capital markets to satisfy our liquidity requirements. Adverse changes in the economy or these markets, the overall health of the industries in which we operate and changes to our credit ratings could limit access to these markets, increase our cost of capital or restrict the execution of our business plan.

Our long-term debt is currently rated as investment grade by Standard & Poor's Corporation, Moody's Investors Services, Inc. and Fitch Ratings, Ltd., the three credit rating agencies that rate our long-term debt securities. There can be no assurance that these rating agencies will maintain investment grade ratings for our long-term debt. If we were to lose our investment-grade rating, the commercial paper markets and the commodity derivatives markets could become unavailable to us. This would increase our borrowing costs for working capital and reduce the borrowing capacity of our gas marketing affiliate. If our commercial paper ratings were lowered, it would also increase the cost of commercial paper financing and could reduce or eliminate our ability to access the commercial paper markets. If we are unable to issue commercial paper, we intend to borrow under our bank credit facilities to meet our working capital needs. This would increase the cost of our working capital financing. In addition, one of our regulatory approvals for the offer and sale of debt securities covered by the registration statement of which this prospectus is a part is conditioned upon our continued investment grade rating from at least one of the credit rating agencies named above.

***Inflation and increased gas costs could adversely impact our customer base and customer collections and increase our level of indebtedness.***

Inflation has caused increases in some of our operating expenses and has required assets to be replaced at higher costs. We have a process in place to continually review the adequacy of our utility gas rates in relation to the increasing cost of providing service and the inherent regulatory lag in adjusting those gas rates. Historically, we have been able to budget and control operating expenses and investments within the amounts authorized to be collected in rates and intend to continue to do so. However, the ability to control expenses is an important factor that could influence future results.

Rapid increases in the price of purchased gas, which occurred recently and in some prior years, cause us to experience a significant increase in short-term debt because we must pay suppliers for gas when it is purchased, which can be significantly in advance of when these costs may be recovered through the collection of monthly customer bills for gas delivered. Increases in purchased gas costs also slow our utility collection efforts as customers are more likely to delay the payment of their gas bills, leading to higher than normal accounts receivable. This could result in higher short-term debt levels, greater collection efforts and increased bad debt expense.

***Our operations are subject to increased competition.***

In the residential and commercial customer markets, our regulated utility operations compete with other energy products, such as electricity and propane. Our primary product competition is with electricity for heating, water

heating and cooking. Increases in the price of natural gas could negatively impact our competitive position by decreasing the price benefits of natural gas to the consumer. This could adversely impact our business if as a result, our customer growth slows, resulting in reduced ability to make capital expenditures, or if our customers further conserve their use of gas, resulting in reduced gas purchases and customer billings.

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In the case of industrial customers, such as manufacturing plants, and agricultural customers, adverse economic conditions, including higher gas costs, could cause these customers to use alternative sources of energy, such as electricity, or bypass our systems in favor of special competitive contracts with lower per-unit costs. Our pipeline and storage operations currently face limited competition from other existing intrastate pipelines and gas marketers seeking to provide or arrange transportation, storage and other services for customers. However, competition may increase if new intrastate pipelines are constructed near our existing facilities.

***The cost of providing pension and postretirement health care benefits is subject to changes in pension fund values and changing demographics and may have a material adverse effect on our financial results.***

We provide a cash-balance pension plan for the benefit of eligible full-time employees as well as postretirement health care benefits to eligible full-time employees. Our costs of providing such benefits is subject to changes in the market value of our pension fund assets, changing demographics, including longer life expectancy of beneficiaries and an expected increase in the number of eligible former employees over the next five to ten years, and various actuarial calculations and assumptions. The actuarial assumptions used may differ materially from actual results due to changing market and economic conditions, higher or lower withdrawal rates and other factors. These differences may result in a significant impact on the amount of pension expense or other postretirement benefit costs recorded in future periods.

***Our growth in the future may be limited by the nature of our business, which requires extensive capital spending.***

We must continually build additional capacity in our natural gas distribution system to maintain the growth in the number of our customers. The cost of adding this capacity may be affected by a number of factors, including the general state of the economy and weather. Our cash flows from operations are generally not sufficient to supply funding for all our capital expenditures including the financing of the costs of this new construction along with capital expenditures necessary to maintain our existing natural gas system. As a result, we must fund at least a portion of these costs through borrowing funds from third party lenders, the cost of which is dependent on the interest rates at the time. This in turn may limit our ability to connect new customers to our system due to constraints on the amount of funds we can invest in our infrastructure.

***Distributing and storing natural gas involve risks that may result in accidents and additional operating costs.***

Our natural gas distribution business involves a number of hazards and operating risks that cannot be completely avoided, such as leaks, accidents and operational problems, which could cause loss of human life, as well as substantial financial losses resulting from property damage, damage to the environment and to our operations. We do have liability and property insurance coverage in place for many of these hazards and risks. However, because our pipeline, storage and distribution facilities are near or are in populated areas, any loss of human life or adverse financial results resulting from such events could be large. If these events were not fully covered by insurance, our financial position and results of operations could be adversely affected.

***Natural disasters and terrorist activities and other actions could adversely affect our operations or financial results.***

Natural disasters are always a threat to our assets and operations. In addition, the threat of terrorist activities could lead to increased economic instability and volatility in the price of natural gas that could affect our operations. Also, companies in our industry may face a heightened risk of exposure to actual acts of terrorism, which could subject our operations to increased risks. As a result, the availability of insurance covering such risks may be more limited, which could increase the risk that an event could adversely affect future financial results.



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**ATMOS ENERGY CORPORATION**

Atmos Energy Corporation and its subsidiaries are engaged primarily in the natural gas utility business as well as other natural gas nonutility businesses. We are one of the country's largest natural-gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe. As of September 30, 2006, we distributed natural gas through sales and transportation arrangements to approximately 3.2 million residential, commercial, public authority and industrial customers through our seven regulated utility divisions, which covered service areas in 12 states. Our primary service areas are located in Colorado, Kansas, Kentucky, Louisiana, Mississippi, Tennessee and Texas. We have more limited service areas in Georgia, Illinois, Iowa, Missouri and Virginia. In addition, we transport natural gas for others through our distribution system.

Through our nonutility businesses, we primarily provide natural gas management and marketing services to municipalities, other local gas distribution companies and industrial customers in 22 states and natural gas transportation and storage services to some of our utility divisions and to third parties.

Our operations are divided into four segments:

- the utility segment, which includes our regulated natural gas distribution and related sales operations,
- the natural gas marketing segment, which includes a variety of nonregulated natural gas management services,
- the pipeline and storage segment, which includes our regulated and nonregulated natural gas transmission and storage services, and
- the other nonutility segment, which includes all of our other nonregulated nonutility operations.

Our overall strategy is to:

- deliver superior shareholder value,
- improve the quality and consistency of earnings growth, while operating our natural gas utility and nonutility businesses exceptionally well, and
- enhance and strengthen a culture built on our core values.

Over the last five years, we have primarily grown through two significant acquisitions, our acquisition in December 2002 of Mississippi Valley Gas Company (MVG) and our acquisition in October 2004 of the natural gas distribution and pipeline operations of TXU Gas Company (TXU Gas).

We have experienced over 20 consecutive years of increasing dividends and earnings growth after giving effect to our acquisitions. We have achieved this record of growth while operating our utility operations efficiently by managing our operating and maintenance expenses and leveraging our technology, such as our 24-hour call centers, to achieve more efficient operations. In addition, we have focused on regulatory rate proceedings to increase revenue as our costs increase and mitigated weather-related risks through weather-normalized rates that now apply to most of our service areas. We have also strengthened our nonutility businesses by increasing gross profit margins, actively pursuing opportunities to increase the amount of storage available to us and expanding commercial opportunities in our pipeline and storage segment.



Our core values include focusing on our employees and customers while conducting our business with honesty and integrity. We continue to strengthen our culture through ongoing communications with our employees and enhanced employee training.

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**SECURITIES WE MAY OFFER**

**Types of Securities**

The types of securities that we may offer and sell from time to time by this prospectus are:

- debt securities, which we may issue in one or more series; and
- common stock.

The aggregate initial offering price of all securities sold will not exceed \$900,000,000. We will determine when we sell securities, the amounts of securities we will sell and the prices and other terms on which we will sell them. We may sell securities to or through underwriters, through agents or dealers or directly to purchasers. The offer and sale of securities by this prospectus is subject to receipt of satisfactory regulatory approvals in five states, all of which have been received.

**Prospectus Supplements**

This prospectus provides you with a general description of the debt securities and common stock we may offer. Each time we offer securities, we will provide a prospectus supplement that will contain specific information about the terms of the offering. The prospectus supplement may also add to or change information contained in this prospectus. In that case, the prospectus supplement should be read as superseding this prospectus.

In each prospectus supplement, which will be attached to the front of this prospectus, we will include, among other things, the following information:

- the type and amount of securities which we propose to sell;
- the initial public offering price of the securities;
- the names of the underwriters, agents or dealers, if any, through or to which we will sell the securities;
- the compensation, if any, of those underwriters, agents or dealers;
- if applicable, information about the securities exchanges or automated quotation systems on which the securities will be listed or traded;
- material United States federal income tax considerations applicable to the securities, where necessary; and
- any other material information about the offering and sale of the securities.

For more details on the terms of the securities, you should read the exhibits filed with our registration statement, of which this prospectus is a part. You should also read both this prospectus and any prospectus supplement, together with additional information described under the heading **Where You Can Find More Information**.

**USE OF PROCEEDS**

Except as may otherwise be stated in the applicable prospectus supplement, we intend to use the net proceeds from the sale of the securities that we may offer and sell from time to time by this prospectus for general corporate purposes, including for working capital, repaying indebtedness and funding capital projects, acquisitions and other growth.

**Table of Contents****RATIO OF EARNINGS TO FIXED CHARGES**

The following table sets forth our ratio of earnings to fixed charges for the periods indicated:

|       | <b>Year Ended September 30,</b> |             |             |             |             |
|-------|---------------------------------|-------------|-------------|-------------|-------------|
|       | <b>2006</b>                     | <b>2005</b> | <b>2004</b> | <b>2003</b> | <b>2002</b> |
| Ratio | 2.50                            | 2.54        | 2.95        | 2.85        | 2.46        |

For purposes of computing the ratio of earnings to fixed charges, earnings consists of the sum of our income from continuing operations, before income taxes and cumulative effect of accounting changes, and fixed charges. Fixed charges consist of interest expense, amortization of debt discount, premium and expense, capitalized interest and a portion of lease payments considered to represent an interest factor.

**DESCRIPTION OF DEBT SECURITIES**

We may issue debt securities from time to time in one or more distinct series. This section summarizes the material terms of any debt securities that we anticipate will be common to all series. Please note that the terms of any series of debt securities that we may offer may differ significantly from the common terms described in this prospectus. Most of the specific terms of any series of debt securities that we offer, and any differences from the common terms described in this prospectus, will be described in the prospectus supplement for such securities to be attached to the front of this prospectus.

As required by U.S. federal law for all bonds and notes of companies that are publicly offered, a document called an indenture will govern any debt securities that we issue. An indenture is a contract between us and a financial institution acting as trustee on your behalf. We will enter into an indenture with an institution having corporate trust powers, which will act as trustee, relating to any debt securities that are offered by this prospectus. The indenture will be subject to the Trust Indenture Act of 1939. The trustee under an indenture has the following two main roles:

the trustee can enforce your rights against us if we default; there are some limitations on the extent to which the trustee acts on your behalf, which are described later in this prospectus; and

the trustee will perform certain administrative duties for us, which include sending you interest payments and notices.

As this section is a summary of some of the terms of the debt securities we may offer under this prospectus, it does not describe every aspect of the debt securities. We urge you to read the indenture and the other documents we file with the SEC relating to the debt securities because the indenture for those securities and those other documents, and not this description, will define your rights as a holder of our debt securities. We have filed the indenture as an exhibit to the registration statement that we have filed with the SEC, and we will file any such other documents as exhibits to an annual, quarterly or other report that we file with the SEC. See **Where You Can Find More Information**, for information on how to obtain copies of the indenture and any such other documents. References to the indenture mean the indenture that will define your rights as a holder of debt securities, a form of which we have filed as an exhibit to the registration statement of which this prospectus forms a part. The actual indenture we enter into in connection with an offering of debt securities may differ significantly from the form of indenture we have filed.

**General**

The debt securities will be our unsecured obligations. Senior debt securities will rank equally with all of our other unsecured and unsubordinated Indebtedness. Subordinated debt securities will rank junior to our senior indebtedness, including our credit facilities.

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You should read the prospectus supplement for the following terms of the series of debt securities offered by the prospectus supplement. Our board of directors will establish the following terms before issuance of the series:

the title of the debt securities and whether the debt securities will be senior debt securities or subordinated debt securities;

the ranking of the debt securities;

if the debt securities are subordinated, the terms of subordination;

the aggregate principal amount of the debt securities, the percentage of their principal amount at which the debt securities will be issued, and the date or dates when the principal of the debt securities will be payable or how those dates will be determined or extended;

the interest rate or rates, which may be fixed or variable, that the debt securities will bear, if any, how the rate or rates will be determined, and the periods when the rate or rates will be in effect;

the date or dates from which any interest will accrue or how the date or dates will be determined, the date or dates on which any interest will be payable, whether and the terms under which payment of interest may be deferred, any regular record dates for these payments or how these dates will be determined and the basis on which any interest will be calculated, if other than on the basis of a 360-day year of twelve 30-day months;

the place or places, if any, other than or in addition to New York City, of payment, transfer or exchange of the debt securities, and where notices or demands to or upon us in respect of the debt securities may be served;

any optional redemption provisions and any restrictions on the sources of funds for redemption payments, which may benefit the holders of other securities;

any sinking fund or other provisions that would obligate us to repurchase or redeem the debt securities;

whether the amount of payments of principal of, any premium on, or interest on the debt securities will be determined with reference to an index, formula or other method, which could be based on one or more commodities, equity indices or other indices, and how these amounts will be determined;

any covenants with respect to the debt securities and any changes or additions to the events of default described in this prospectus;

if not the principal amount of the debt securities, the portion of the principal amount that will be payable upon acceleration of the maturity of the debt securities or how that portion will be determined;

any changes or additions to the provisions concerning defeasance and covenant defeasance contained in the applicable indenture that will be applicable to the debt securities;

any provisions granting special rights to the holders of the debt securities upon the occurrence of specified events;

if other than the trustee, the name of the paying agent, security registrar or transfer agent for the debt securities;

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if we do not issue the debt securities in book-entry form only to be held by The Depository Trust Company, as depository, whether we will issue the debt securities in certificated form or the identity of any alternative depository;

the person to whom any interest in a debt security will be payable, if other than the registered holder at the close of business on the regular record date;

the denomination or denominations in which the debt securities will be issued, if other than denominations of \$1,000 or any integral multiples;

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any provisions requiring us to pay additional amounts on the debt securities to any holder who is not a United States person in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities rather than pay the additional amounts; and

any other material terms of the debt securities or the indenture, which may not be consistent with the terms set forth in this prospectus.

For purposes of this prospectus, any reference to the payment of principal of, any premium on, or interest on the debt securities will include additional amounts if required by the terms of the debt securities.

The indenture will not limit the amount of debt securities that we are authorized to issue from time to time. The indenture will also provide that there may be more than one trustee thereunder, each for one or more series of debt securities. If a trustee is acting under the indenture with respect to more than one series of debt securities, the debt securities for which it is acting would be treated as if issued under separate indentures. If there is more than one trustee under the indenture, the powers and trust obligations of each trustee will apply only to the debt securities of the separate series for which it is trustee.

We may issue debt securities with terms different from those of debt securities already issued. Without the consent of the holders of the outstanding debt securities, we may reopen a previous issue of a series of debt securities and issue additional debt securities of that series unless the reopening was restricted when we created that series.

There is no requirement that we issue debt securities in the future under the indenture, and we may use other indentures or documentation, containing different provisions in connection with future issues of other debt securities.

We may issue the debt securities as original issue discount securities, which are debt securities, including any zero-coupon debt securities, that are issued and sold at a discount from their stated principal amount. Original issue discount securities provide that, upon acceleration of their maturity, an amount less than their principal amount will become due and payable. We will describe the U.S. federal income tax consequences and other considerations applicable to original issue discount securities in any prospectus supplement relating to them.

## **Holders of Debt Securities**

*Book-Entry Holders.* We will issue debt securities in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. This means the debt securities will be represented by one or more global securities registered in the name of a financial institution that holds them as depository on behalf of other financial institutions that participate in the depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities on behalf of themselves or their customers.

Under the indenture, we will recognize as a holder only the person in whose name a debt security is registered. Consequently, for debt securities issued in global form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners.

The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities.



As a result, you will not own the debt securities directly. Instead, you will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, you will be an indirect holder, and not a holder, of the debt securities.

*Street Name Holders.* In the future we may terminate a global security or issue debt securities initially in non-global form. In these cases, you may choose to hold your debt securities in your own name or in street name. Debt securities held in street name would be registered in the name of a bank, broker or other financial

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institution that you choose, and you would hold only a beneficial interest in those debt securities through an account you maintain at that institution.

For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities, and we will make all payments on those debt securities to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. If you hold debt securities in street name you will be an indirect holder, and not a holder, of those debt securities.

*Legal Holders.* Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to the legal holders of the debt securities. We do not have obligations to you if you hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether you choose to be an indirect holder of a debt security or have no choice because we are issuing the debt securities only in global form.

For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depository participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose (for example, to amend the indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the indenture) we would seek the approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders.

When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

*Special Considerations for Indirect Holders.* If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out:

how it handles securities payments and notices;

whether it imposes fees or charges;

how it would handle a request for the holders' consent, if ever required;

whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future;

how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests; and

if the debt securities are in book-entry form, how the depository's rules and procedures will affect these matters.

## **Global Securities**

*What is a Global Security?* We will issue each debt security under the indenture in book-entry form only, unless we specify otherwise in the applicable prospectus supplement. A global security represents one or any other number of

individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms. We may, however, issue a global security that represents multiple debt securities that have different terms and are issued at different times. We call this kind of global security a master global security.

Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable

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prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form.

A global security may not be transferred to or registered in the name of anyone other than the depository or its nominee, unless special termination situations arise. We describe those situations below under *Special Situations When a Global Security Will Be Terminated*. As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that does. Thus, if your security is represented by a global security, you will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security.

*Special Considerations for Global Securities.* We do not recognize an indirect holder as a holder of debt securities and instead deal only with the depository that holds the global security. The account rules of your financial institution and of the depository, as well as general laws relating to securities transfers, will govern your rights relating to a global security.

If we issue debt securities only in the form of a global security, you should be aware of the following:

you cannot cause the debt securities to be registered in your name, and cannot obtain non-global certificates for your interest in the debt securities, except in the special situations that we describe below;

you will be an indirect holder and must look to your own bank or broker for payments on the debt securities and protection of your legal rights relating to the debt securities, as we describe under *Holders of Debt Securities* above;

you may not be able to sell interests in the debt securities to some insurance companies and to other institutions that are required by law to own their securities in non-book-entry form;

you may not be able to pledge your interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective;

the depository's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to your interest in a global security. We and the trustee have no responsibility for any aspect of the depository's actions or for its records of ownership interests in a global security. We and the trustee also do not supervise the depository in any way;

DTC requires, and other depositories may require, that those who purchase and sell interests in a global security within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and

financial institutions that participate in the depository's book-entry system, and through which you hold your interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt security. Your chain of ownership may contain more than one financial intermediary. We do not monitor and are not responsible for the actions of any of those intermediaries.

*Special Situations When a Global Security Will Be Terminated.* In a few special situations described below, a global security will be terminated and interests in it will be exchanged for certificates in non-global form representing the

debt securities it represented. After that exchange, you will be able to choose whether to hold the debt securities directly or in street name. You must consult your own bank or broker to find out how to have your interests in a global security transferred on termination to your own name, so that you will be a holder. We have described the rights of holders and street name investors above under  **Holders of Debt Securities**.

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The special situations for termination of a global security are as follows:

if the depository notifies us that it is unwilling, unable or no longer qualified to continue as depository for that global security and we do not appoint another institution to act as depository within 60 days;

if we notify the trustee that we wish to terminate that global security; or

if an event of default has occurred with regard to debt securities represented by that global security and has not been cured or waived; we discuss defaults later under Events of Default.

If a global security is terminated, only the depository, and not we or the trustee, is responsible for deciding the names of the intermediary banks, brokers and other financial institutions in whose names the debt securities represented by the global security are registered, and, therefore, who will be the holders of those debt securities.

## **Covenants**

Please refer to the prospectus supplement for information about the covenants that will be applicable to the debt securities offered thereby.

## **Modification or Waiver**

There are two types of changes that we can make to the indenture and the debt securities.

*Changes Requiring Approval.* With the approval of the holders of at least a majority in principal amount of all outstanding debt securities of each series affected (including any such approvals obtained in connection with a tender or exchange offer for outstanding debt securities), we may make any changes, additions or deletions to any provisions of the indenture applicable to the affected series, or modify the rights of the holders of the debt securities of the affected series. However, without the consent of each holder affected, we cannot:

change the stated maturity of the principal of, any premium on, or the interest on a debt security;

change any of our obligations to pay additional amounts;

reduce the amount payable upon acceleration of maturity following the default of a debt security whose principal amount payable at stated maturity may be more or less than its principal face amount at original issuance or an original issue discount security;

adversely affect any right of repayment at the holder's option;

change the place of payment of a debt security;

impair the holder's right to sue for payment;

adversely affect any right to convert or exchange a debt security;

reduce the percentage of holders of debt securities whose consent is needed to modify or amend the indenture;

reduce the percentage of holders of debt securities whose consent is needed to waive compliance with any provisions of the indenture or to waive any defaults; or

modify any of the provisions of the indenture dealing with modification and waiver in any other respect, except to increase any percentage of consents required to amend the indenture or for any waiver or to add to the provisions that cannot be modified without the approval of each affected holder.

*Changes Not Requiring Approval.* The second type of change does not require any vote by the holders of the debt securities. This type is limited to clarifications and certain other changes that would not adversely affect holders of the outstanding debt securities in any material respect. Nor do we need any approval to make any change that affects only debt securities to be issued under the indenture after the changes take effect.

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*Further Details Concerning Voting.* When taking a vote, we will use the following rules to decide how much principal amount to attribute to a debt security:

for original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of the debt securities were accelerated to that date because of a default; and

for debt securities whose principal amount is not known (for example, because it is based on an index) we will use a special rule for that debt security described in the prospectus supplement.

Debt securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust money for their payment or redemption. Debt securities will also not be eligible to vote if they have been fully defeased as described later under **Defeasance and Covenant Defeasance**.

**Book-entry and other indirect holders should consult their banks or brokers for information on how approval may be granted or denied if we seek to change the indenture or the debt securities or request a waiver.**

## **Events of Default**

Holders of debt securities will have special rights if an Event of Default occurs as to the debt securities of their series that is not cured, as described later in this subsection. Please refer to the prospectus supplement for information about any changes to the Events of Default, including any addition of a provision providing event risk or similar protection.

*What is an Event of Default?* The term **Event of Default** as to the debt securities of a series means any of the following:

we do not pay interest on a debt security of the series within 30 days of its due date;

we do not pay the principal of or any premium, if any, on a debt security of the series on its due date;

we do not deposit any sinking fund payment when and as due by the terms of any debt securities requiring such payment;

we remain in breach of a covenant or agreement in the indenture, other than a covenant or agreement for the benefit of less than all of the holders of the debt securities, for 60 days after we receive written notice stating that we are in breach from the trustee or the holders of at least 25 percent of the principal amount of the debt securities of the series;

we or a restricted subsidiary of ours is in default under any matured or accelerated agreement or instrument under which we have outstanding Indebtedness for borrowed money or guarantees, which individually is in excess of \$25,000,000, and we have not cured any acceleration within 30 days after we receive notice of this default from the trustee or the holders of at least 25 percent of the principal amount of the debt securities of the series, unless prior to the entry of judgment for the trustee, we or the restricted subsidiary remedy the default or the default is waived by the holders of the indebtedness;

we file for bankruptcy or other events of bankruptcy, insolvency or reorganization occur; or

any other Event of Default provided for the benefit of debt securities of the series.



An Event of Default for a particular series of debt securities will not necessarily constitute an Event of Default for any other series of debt securities issued under the indenture.

The trustee may withhold notice to the holders of debt securities of a particular series of any default if it considers its withholding of notice to be in the interest of the holders of that series, except that the trustee may not withhold notice of a default in the payment of the principal of, any premium on, or the interest on the debt securities.

*Remedies if an Event of Default Occurs.* If an event of default has occurred and is continuing, the trustee or the holders of at least 25 percent in principal amount of the debt securities of the affected series

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may declare the entire principal amount of all the debt securities of that series to be due and immediately payable by notifying us, and the trustee, if the holders give notice, in writing. This is called a declaration of acceleration of maturity.

If the maturity of any series of debt securities is accelerated and a judgment for payment has not yet been obtained, the holders of a majority in principal amount of the debt securities of that series may cancel the acceleration if all events of default other than the non-payment of principal or interest on the debt securities of that series that have become due solely by a declaration of acceleration are cured or waived, and we deposit with the trustee a sufficient sum of money to pay:

all overdue interest on outstanding debt securities of that series;

all unpaid principal of any outstanding debt securities of that series that has become due otherwise than by a declaration of acceleration, and interest on the unpaid principal;

all interest on the overdue interest; and

all amounts paid or advanced by the trustee for that series and reasonable compensation of the trustee.

Except in cases of default, where the trustee has some special duties, the trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an indemnity. If reasonable indemnity is provided, the holders of a majority in principal amount of the outstanding debt securities of the relevant series may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. The trustee may refuse to follow those directions if the directions conflict with any law or the indenture or expose the trustee to personal liability. No delay or omission in exercising any right or remedy will be treated as a waiver of that right, remedy or Event of Default.

Before a holder is allowed to bypass the trustee and bring his or her own lawsuit or other formal legal action or take other steps to enforce his or her rights or protect his or her interest relating to the debt securities, the following must occur:

the holder must give the trustee written notice that an Event of Default has occurred and remains uncured;

the holders of at least 25 percent in principal amount of all outstanding debt securities of the relevant series must make a written request that the trustee take action because of the default and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action;

the trustee must not have instituted a proceeding for 60 days after receipt of the above notice and offer of indemnity; and

the holders of a majority in principal amount of the debt securities must not have given the trustee a direction inconsistent with the above notice during the 60-day period.

However, a holder is entitled at any time to bring a lawsuit for the payment of money due on his or her debt securities on or after the due date without complying with the foregoing.

Holders of a majority in principal amount of the debt securities of the affected series may waive any past defaults other than the following:

the payment of principal, any premium, interest or additional amounts on any debt security; or

in respect of a covenant that under the indenture cannot be modified or amended without the consent of each holder affected.

Each year, we will furnish the trustee with a written statement of two of our officers certifying that, to their knowledge, we are in compliance with the indenture and the debt securities, or else specifying any default.

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**Book-entry and other indirect holders should consult their banks or brokers for information on how to give notice or direction to or make a request of the trustee and how to declare or cancel an acceleration.**

**Defeasance and Covenant Defeasance**

Unless we provide otherwise in the applicable prospectus supplement, the provisions for full defeasance and covenant defeasance described below apply to each series of debt securities. In general, we expect these provisions to apply to each debt security that is not a floating rate or indexed debt security.

*Full Defeasance.* If there is a change in U.S. federal tax law, as described below, we can legally release ourselves from all payment and other obligations on the debt securities, called full defeasance, if we put in place the following arrangements for you to be repaid:

we must deposit in trust for the benefit of all holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates; and

we must deliver to the trustee a legal opinion confirming that there has been a change in current federal tax law or an IRS ruling that lets us make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity. Under current federal tax law, the deposit and our legal release from the debt securities would be treated as though we paid you your share of the cash and notes or bonds at the time the cash and notes or bonds are deposited in trust in exchange for your debt securities, and you would recognize gain or loss on the debt securities at the time of the deposit.

If we ever did accomplish defeasance, as described above, you would have to rely solely on the trust deposit for repayment of the debt securities. You could not look to us for repayment in the event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent. If we accomplish a defeasance, we would retain only the obligations to register the transfer or exchange of the debt securities, to maintain an office or agency in respect of the debt securities and to hold moneys for payment in trust.

*Covenant Defeasance.* Under current federal tax law, we can make the same type of deposit described above and be released from any restrictive covenants in the indenture specified in a prospectus supplement. This is called covenant defeasance. In that event, you would lose the protection of any such covenants but would gain the protection of having money and obligations issued or guaranteed by the U.S. government set aside in trust to repay the debt securities. In order to achieve covenant defeasance, we must do the following:

deposit in trust for your benefit and the benefit of all other direct holders of the debt securities a combination of money and obligations issued or guaranteed by the U.S. government that will generate enough cash to make interest, principal and any other payments on the debt securities on their various due dates; and

deliver to the trustee a legal opinion of our counsel confirming that, under current federal income tax law, we may make the above deposit without causing you to be taxed on the debt securities any differently than if we did not make the deposit and just repaid the debt securities ourselves at maturity.

If we accomplish covenant defeasance, you can still look to us for repayment of the debt securities if there were a shortfall in the trust deposit or the trustee is prevented from making payment. In fact, if one of the remaining Events of Default occurred, such as our bankruptcy, and the debt securities became immediately due and payable, there may be

a shortfall. Depending on the event causing the default, you may not be able to obtain payment of the shortfall.

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### **Debt Securities Issued in Non-Global Form**

If any debt securities cease to be issued in global form, they will be issued:

only in fully registered form;

without interest coupons; and

unless we indicate otherwise in the prospectus supplement, in denominations of \$1,000 and amounts that are integral multiples of \$1,000.

Holders may exchange their debt securities that are not in global form for debt securities of smaller denominations or combined into fewer debt securities of larger denominations, as long as the total principal amount is not changed.

Holders may exchange or transfer their debt securities at the office of the trustee. We may appoint the trustee to act as our agent for registering debt securities in the names of holders transferring debt securities, or we may appoint another entity to perform these functions or perform them ourselves.

Holders will not be required to pay a service charge to transfer or exchange their debt securities, but they may be required to pay for any tax or other governmental charge associated with the transfer or exchange. The transfer or exchange will be made only if our transfer agent is satisfied with the holder's proof of legal ownership.

If we have designated additional transfer agents for a holder's debt security, they will be named in any prospectus supplement. We may appoint additional transfer agents or cancel the appointment of any particular transfer agent. We may also approve a change in the office through which any transfer agent acts.

If any debt securities are redeemable and we redeem less than all those debt securities, we may stop the transfer or exchange of those debt securities during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders to prepare the mailing. We may also refuse to register transfers or exchanges of any debt securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any debt security that will be partially redeemed.

If a debt security is issued as a global security, only the depository will be entitled to transfer and exchange the debt security as described in this section, since it will be the sole holder of the debt security.

### **Payment Mechanics**

*Who Receives Payment?* If interest is due on a debt security on an interest payment date, we will pay the interest to the person or entity in whose name the debt security is registered at the close of business on the regular record date, discussed below, relating to the interest payment date. If interest is due at maturity but on a day that is not an interest payment date, we will pay the interest to the person or entity entitled to receive the principal of the debt security. If principal or another amount besides interest is due on a debt security at maturity, we will pay the amount to the holder of the debt security against surrender of the debt security at a proper place of payment, or, in the case of a global security, in accordance with the applicable policies of the depository.

*Payments on Global Securities.* We will make payments on a global security in accordance with the applicable policies of the depository as in effect from time to time. Under those policies, we will pay directly to the depository, or its nominee, and not to any indirect holders who own beneficial interests in the global security. An indirect holder's right to those payments will be governed by the rules and practices of the depository and its participants, as described

under What Is a Global Security? .

*Payments on Non-Global Securities.* For a debt security in non-global form, we will pay interest that is due on an interest payment date by check mailed on the interest payment date to the holder at his or her address shown on the trustee's records as of the close of business on the regular record date. We will make all other payments by check, at the paying agent described below, against surrender of the debt security. We will

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make all payments by check in next-day funds; for example, funds that become available on the day after the check is cashed.

Alternatively, if a non-global security has a face amount of at least \$1,000,000 and the holder asks us to do so, we will pay any amount that becomes due on the debt security by wire transfer of immediately available funds to an account at a bank in New York City on the due date. To request wire payment, the holder must give the paying agent appropriate transfer instructions at least five business days before the requested wire payment is due. In the case of any interest payment due on an interest payment date, the instructions must be given by the person who is the holder on the relevant regular record date. In the case of any other payment, we will make payment only after the debt security is surrendered to the paying agent. Any wire instructions, once properly given, will remain in effect unless and until new instructions are given in the manner described above.

*Regular Record Dates.* We will pay interest to the holders listed in the trustee's records as the owners of the debt securities at the close of business on a particular day in advance of each interest payment date. We will pay interest to these holders if they are listed as the owner even if they no longer own the debt security on the interest payment date. That particular day, usually about two weeks in advance of the interest payment date, is called the regular record date and will be identified in the prospectus supplement.

*Payment When Offices Are Closed.* If any payment is due on a debt security on a day that is not a business day, we will make the payment on the next business day. Payments postponed to the next business day in this situation will be treated under the indenture as if they were made on the original due date. A postponement of this kind will not result in a default under any debt security or the indenture, and no interest will accrue on the postponed amount from the original due date to the next business day.

*Paying Agents.* We may appoint one or more financial institutions to act as our paying agents, at whose designated offices debt securities in non-global form may be surrendered for payment at their maturity. We call each of those offices a paying agent. We may add, replace or terminate paying agents from time to time. We may also choose to act as our own paying agent. Initially, we have appointed the trustee, at its corporate trust office in New York City, as the paying agent. We must notify you of changes in the paying agents.

**Book-entry and other indirect holders should consult their banks or brokers for information on how they will receive payments on their debt securities.**

## **The Trustee Under the Indenture**

We will identify the trustee under the indenture for our debt securities in the prospectus supplement for such securities.

The trustee may resign or be removed with respect to one or more series of debt securities and a successor trustee may be appointed to act with respect to these series.

## **DESCRIPTION OF COMMON STOCK**

Our authorized capital stock consists of 200,000,000 shares of common stock, of which 82,077,463 shares were outstanding on November 30, 2006. Each of our shares of common stock is entitled to one vote on all matters voted upon by shareholders. Our shareholders do not have cumulative voting rights. Our issued and outstanding shares of common stock are fully paid and nonassessable. There are no redemption or sinking fund provisions applicable to the shares of our common stock, and such shares are not entitled to any preemptive rights. Since we are incorporated in both Texas and Virginia, we must comply with the laws of both states when issuing shares of our common stock.



Holders of our shares of common stock are entitled to receive such dividends as may be declared from time to time by our board of directors from our assets legally available for the payment of dividends and, upon our liquidation, a pro rata share of all of our assets available for distribution to our shareholders.

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Under the provisions of some of our debt agreements, we have agreed to restrictions on the payment of cash dividends. Under these restrictions, our cumulative cash dividends paid after December 31, 1985 may not exceed the sum of our accumulated consolidated net income for periods after December 31, 1985 plus approximately \$9.0 million. As of September 30, 2006, approximately \$203.3 million was available for the declaration of dividends under these restrictions.

American Stock Transfer & Trust Company is the registrar and transfer agent for our common stock.

## **Charter and Bylaw Provisions**

Some provisions of our articles of incorporation and bylaws may be deemed to have an anti-takeover effect. The following description of these provisions is only a summary, and we refer you to our restated articles of incorporation and bylaws for more information since their terms affect your rights as a shareholder.

*Classification of the Board.* Our board of directors is divided into three classes, each of which consists, as nearly as may be possible, of one-third of the total number of directors constituting the entire board. There are currently 13 directors serving on the board. Each class of directors serves a three-year term. At each annual meeting of our shareholders, successors to the class of directors whose term expires at the annual meeting are elected for three-year terms. Our restated articles of incorporation prohibit cumulative voting. In general, in the absence of cumulative voting, one or more persons who hold a majority of our outstanding shares can elect all of the directors who are subject to election at any meeting of shareholders.

The classification of directors could have the effect of making it more difficult for shareholders, including those holding a majority of the outstanding shares, to force an immediate change in the composition of our board. Two shareholder meetings, instead of one, generally will be required to effect a change in the control of our board. Our board believes that the longer time required to elect a majority of a classified board will help to ensure the continuity and stability of our management and policies since a majority of the directors at any given time will have had prior experience as our directors.

*Removal of Directors.* Our restated articles of incorporation and bylaws also provide that our directors may be removed only for cause and upon the affirmative vote of the holders of at least 75 percent of the shares then entitled to vote at an election of directors.

*Fair Price Provisions.* Article VII of our articles of incorporation provides certain Fair Price Provisions for our shareholders. Under Article VII, a merger, consolidation, sale of assets, share exchange, recapitalization or other similar transaction, between us or a company controlled by or under common control with us and any individual, corporation or other entity which owns or controls 10 percent or more of our voting capital stock, would be required to satisfy the condition that the aggregate consideration per share to be received in the transaction for each class of our voting capital stock be at least equal to the highest per share price, or equivalent price for any different classes or series of stock, paid by the 10 percent shareholder in acquiring any of its holdings of our stock. If a proposed transaction with a 10 percent shareholder does not meet this condition, then the transaction must be approved by the holders of at least 75 percent of the outstanding shares of voting capital stock held by our shareholders other than the 10 percent shareholder unless a majority of the directors who were members of our board immediately prior to the time the 10 percent shareholder involved in the proposed transaction became a 10 percent shareholder have either:

expressly approved in advance the acquisition of the outstanding shares of our voting capital stock that caused the 10 percent shareholder to become a 10 percent shareholder, or

approved the transaction either in advance of or subsequent to the 10 percent shareholder becoming a 10 percent shareholder.

The provisions of Article VII may not be amended, altered, changed, or repealed except by the affirmative vote of at least 75 percent of the votes entitled to be cast thereon at a meeting of our shareholders duly called for consideration of such amendment, alteration, change, or repeal. In addition, if there is a 10 percent shareholder, such action must also be approved by the affirmative vote of at least 75 percent of the outstanding shares of our voting capital stock held by the shareholders other than the 10 percent shareholder.

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*Shareholder Proposals and Director Nominations.* Our shareholders can submit shareholder proposals and nominate candidates for the board of directors if the shareholders follow the advance notice procedures described in our bylaws.

Shareholder proposals must be submitted to our corporate secretary at least 60 days, but not more than 85 days, before the annual meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, notice by the shareholder to be timely must be received by our Secretary not later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. The notice must include a description of the proposal, the shareholder's name and address and the number of shares held, and all other information which would be required to be included in a proxy statement filed with the SEC if the shareholder were a participant in a solicitation subject to the SEC proxy rules. To be included in our proxy statement for an annual meeting, we must receive the proposal at least 120 days prior to the anniversary of the date we mailed the proxy statement for the prior year's annual meeting.

To nominate directors, shareholders must submit a written notice to our corporate secretary at least 60 days, but not more than 85 days, before a scheduled meeting; provided, however, that if less than 75 days' notice or prior public disclosure of the date of the annual meeting is given or made to shareholders, such nomination shall have been received by our Secretary not later than the close of business on the 25th day following the day on which such notice of the date of the annual meeting was mailed or such public disclosure was made. The notice must include the name and address of the shareholder and of the shareholder's nominee, the number of shares held by the shareholder, a representation that the shareholder is a holder of record of common stock entitled to vote at the meeting, and that the shareholder intends to appear in person or by proxy to nominate the persons specified in the notice, a description of any arrangements between the shareholder and the shareholder's nominee, information about the shareholder's nominee required by the SEC, and the written consent of the shareholder's nominee to serve as a director.

Shareholder proposals and director nominations that are late or that do not include all required information may be rejected. This could prevent shareholders from bringing certain matters before an annual or special meeting or making nominations for directors.

## **Shareholder Rights Plan**

On November 12, 1997, our board of directors declared a dividend distribution of one right for each outstanding share of our common stock to shareholders of record at the close of business on May 10, 1998. Each right entitles the registered holder to purchase from us one-tenth share of our common stock at a purchase price of \$8.00 per share, subject to adjustment. The description and terms of the rights are set forth in a rights agreement between us and the rights agent.

Subject to exceptions specified in the rights agreement, the rights will separate from our common stock and a distribution date will occur upon the earlier of:

ten business days following a public announcement that a person or group of affiliated or associated persons has acquired, or obtained the right to acquire, beneficial ownership of 15 percent or more of the outstanding shares of our common stock, other than as a result of repurchases of stock by us or specified inadvertent actions by institutional or other shareholders;

ten business days, or such later date as our board of directors shall determine, following the commencement of a tender offer or exchange offer that would result in a person or group having acquired, or obtained the right to acquire, beneficial ownership of 15 percent or more of the outstanding shares of our common stock; or

ten business days after our board of directors shall declare any person to be an adverse person within the meaning of the rights plan.

The rights expire at 5:00 P.M., Eastern time, on May 10, 2008, unless extended prior thereto by our board or earlier if redeemed by us.

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The rights will not have any voting rights. The exercise price payable and the number of shares of our common stock or other securities or property issuable upon exercise of the rights are subject to adjustment from time to time to prevent dilution. We issue rights when we issue our common stock until the rights have separated from the common stock. After the rights have separated from the common stock, we may issue additional rights if the board of directors deems such issuance to be necessary or appropriate.

The rights have anti-takeover effects and may cause substantial dilution to a person or entity that attempts to acquire us on terms not approved by our board of directors except pursuant to an offer conditioned upon a substantial number of rights being acquired. The rights should not interfere with any merger or other business combination approved by our board of directors because, prior to the time that the rights become exercisable or transferable, we can redeem the rights at \$.01 per right.

***Other***

As part of the consideration for our MVG acquisition in December 2002, we issued shares of common stock to the owners of that company for a portion of the purchase price. In connection with the acquisition, these parties agreed, for up to five years from the closing of the acquisition, and with some exceptions, not to sell or transfer shares representing more than 1 percent of our total outstanding voting securities to any person or group or any shares to a person or group who would hold more than 9.9 percent of our total outstanding voting securities after the sale or transfer. This restriction, and other agreed restrictions on the ability of these shareholders to acquire additional shares, participate in proxy solicitations or act to seek control, may be deemed to have an anti-takeover effect.

**PLAN OF DISTRIBUTION**

We may sell the securities offered by this prospectus and a prospectus supplement as follows:

through agents;

to or through underwriters;

through dealers;

directly by us to purchasers; or

through a combination of any such methods of sale.

We, directly or through agents or dealers, may sell, and the underwriters may resell, the securities in one or more transactions, including:

transactions on the New York Stock Exchange or any other organized market where the securities may be traded;

in the over-the-counter market;

in negotiated transactions; or

through a combination of any such methods of sale.

The securities may be sold at a fixed price or prices which may be changed, at market prices prevailing at the time of sale, at prices related to such prevailing market prices or at negotiated prices.

Agents designated by us from time to time may solicit offers to purchase the securities. We will name any such agent involved in the offer or sale of the securities and set forth any commissions payable by us to such agent in a prospectus supplement relating to any such offer and sale of securities. Unless otherwise indicated in the prospectus supplement, any such agent will be acting on a best efforts basis for the period of its appointment. Any such agent may be deemed to be an underwriter of the securities, as that term is defined in the Securities Act.

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If underwriters are used in the sale of securities, securities will be acquired by the underwriters for their own account and may be resold from time to time in one or more transactions. Securities may be offered to the public either through underwriting syndicates represented by one or more managing underwriters or directly by one or more firms acting as underwriters. If an underwriter or underwriters are used in the sale of securities, we will execute an underwriting agreement with such underwriter or underwriters at the time an agreement for such sale is reached. We will set forth in the prospectus supplement the names of the specific managing underwriter or underwriters, as well as any other underwriters, and the terms of the transactions, including compensation of the underwriters and dealers. Such compensation may be in the form of discounts, concessions or commissions. Underwriters and others participating in any offering of securities may engage in transactions that stabilize, maintain or otherwise affect the price of such securities. We will describe any such activities in the prospectus supplement.

We may elect to list any class or series of securities on any exchange, but we are not currently obligated to do so. It is possible that one or more underwriters, if any, may make a market in a class or series of securities, but the underwriters will not be obligated to do so and may discontinue any market making at any time without notice. We cannot give any assurance as to the liquidity of the trading market for any of the securities we may offer.

If a dealer is used in the sale of the securities, we or an underwriter will sell such securities to the dealer, as principal. The dealer may then resell such securities to the public at varying prices to be determined by such dealer at the time of resale. The prospectus supplement will set forth the name of the dealer and the terms of the transactions.

We may directly solicit offers to purchase the securities, and we may sell directly to institutional investors or others. These persons may be deemed to be underwriters within the meaning of the Securities Act with respect to any resale of the securities. The prospectus supplement will describe the terms of any such sales, including the terms of any bidding, auction or other process, if used.

Agents, underwriters and dealers may be entitled under agreements which may be entered into with us to indemnification by us against specified liabilities, including liabilities under the Securities Act, or to contribution by us to payments they may be required to make in respect of such liabilities. The prospectus supplement will describe the terms and conditions of such indemnification or contribution. Some of the agents, underwriters or dealers, or their affiliates, may engage in transactions with or perform services for us and our subsidiaries in the ordinary course of their business.

## **LEGAL MATTERS**

Gibson, Dunn & Crutcher LLP, Dallas, Texas, and Hunton & Williams LLP, Richmond, Virginia, have each rendered an opinion with respect to the validity of the securities that may be offered under this prospectus. We filed these opinions as exhibits to the registration statement of which this prospectus is a part. If counsel for any underwriters passes on legal matters in connection with an offering made under this prospectus, we will name that counsel in the prospectus supplement relating to that offering.

## **EXPERTS**

The consolidated financial statements of Atmos Energy Corporation appearing in Atmos Energy Corporation's Annual Report (Form 10-K) for the year ended September 30, 2006 and Atmos Energy Corporation management's assessment of the effectiveness of internal control over financial reporting as of September 30, 2006 included therein have been audited by Ernst & Young LLP, independent registered public accounting firm, as set forth in their reports thereon included therein, and incorporated herein by reference. Such consolidated financial statements and management's assessment have been incorporated herein by reference in reliance upon such reports given on the authority of such firm as experts in accounting and auditing.





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**WHERE YOU CAN FIND MORE INFORMATION**

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission under the Securities Exchange Act of 1934. You may read and copy this information at the Public Reference Room of the SEC, 100 F Street, N.E., Washington, D.C. 20549, at prescribed rates. You may obtain information on the operation of the Public Reference Room by calling the SEC at (800) SEC-0330.

The SEC also maintains an internet Web site that contains reports, proxy statements and other information about issuers, like us, who file electronically with the SEC. The address of that site is *www.sec.gov*.

You can also inspect reports, proxy statements and other information about us at the offices of the New York Stock Exchange, Inc., 20 Broad Street, New York, New York 10005.

We have filed with the SEC a registration statement on Form S-3 that registers the securities we are offering. The registration statement, including the attached exhibits and schedules, contains additional relevant information about us and the securities offered. The rules and regulations of the SEC allow us to omit certain information included in the registration statement from this prospectus.

**INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE**

The SEC allows us to incorporate by reference information in this prospectus that we have filed with it. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be part of this prospectus, except for any information that is superseded by information that is included directly in this prospectus or any prospectus supplement relating to an offering of our securities.

We incorporate by reference into this prospectus the documents listed below and any future filings we make with the SEC under sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 prior to the termination of our offering of securities. These additional documents include periodic reports, such as annual reports on Form 10-K, quarterly reports on Form 10-Q and current reports on Form 8-K (other than information furnished under Items 2.02 and 7.01, which is deemed not to be incorporated by reference in this prospectus), as well as proxy statements. You should review these filings as they may disclose a change in our business, prospects, financial condition or other affairs after the date of this prospectus.

This prospectus incorporates by reference the documents listed below that we have filed with the SEC but have not been included or delivered with this document:

Our annual report on Form 10-K for the year ended September 30, 2006; and

Our current reports on Form 8-K filed with the SEC on October 20, 2006, November 13, 2006 and December 4, 2006.

These documents contain important information about us and our financial condition.

You may obtain a copy of any of these filings, or any of our future filings, from us without charge by requesting it in writing or by telephone at the following address or telephone number:

**Atmos Energy Corporation**  
1800 Three Lincoln Centre  
5430 LBJ Freeway  
Dallas, Texas 75240  
Attention: Susan Kappes Giles  
(972) 934-9227

Our internet Web site address is *www.atmosenergy.com*. Information on or connected to our internet Web site is not part of this prospectus.

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**\$250,000,000**

**Atmos Energy Corporation**

**6.35% Senior Notes due 2017**

**PROSPECTUS SUPPLEMENT**

**Merrill Lynch & Co.  
SunTrust Robinson Humphrey  
Wachovia Securities  
Banc of America Securities LLC  
Citi  
Goldman, Sachs & Co.  
JPMorgan  
Lehman Brothers  
RBS Greenwich Capital  
BNY Capital Markets, Inc.  
Comerica Securities  
Lazard Capital Markets  
Piper Jaffray  
SOCIETE GENERALE  
UBS Investment Bank**

**June 11, 2007**