ATMOS ENERGY CORP
Form 424B2
February 12, 2014

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CALCULATION OF REGISTRATION FEE

Title of each class of securities to be registered	Amount to be registered(1)	Maximum offering price per unit	Maximum aggregate offering price	Amount of registration fee(2)
Common stock (no par value per share)	9,200,000	$44.00	$404,800,000	$52,138.24

(1) Assumes that the underwriters exercise their option to purchase 1,200,000 additional shares of our common stock.

(2) Calculated in accordance with Rule 457(r) under the Securities Act of 1933.

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Prospectus supplement

February 11, 2014

(To Prospectus dated March 28, 2013)

8,000,000 shares

Atmos Energy Corporation

Common stock

This is an offering of 8,000,000 shares of the common stock of Atmos Energy Corporation.

Our common stock is listed on the New York Stock Exchange under the symbol ATO. The last reported sales price of our common stock on February 11, 2014 was $45.47.

Investing in our common stock involves risks. See Risk Factors beginning on page S-5 of this prospectus supplement and page 1 of the accompanying prospectus.

	Per share	Total
Public offering price	$ 44.00	$ 352,000,000
Underwriting discounts and commissions	$ 1.54	$ 12,320,000
Proceeds to Atmos Energy Corporation (before expenses)	$ 42.46	$ 339,680,000

We also have granted to the underwriters a 30 day option to purchase up to 1,200,000 additional shares of our common stock on the same terms and conditions set forth above.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement. Any representation to the contrary is a criminal offense.

The underwriters expect to deliver the shares on or about February 18, 2014.

Joint Book-Running Managers

J.P. Morgan **Goldman, Sachs & Co.** **Morgan Stanley**

Senior Co-Managers

BofA Merrill Lynch **Wells Fargo Securities**

Co-Managers

BB&T Capital Markets **Credit Agricole CIB**

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IMPORTANT NOTICE ABOUT INFORMATION IN THIS

PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS

This document consists of two parts. The first part is this prospectus supplement, which describes the specific terms of this offering of our common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference in this prospectus supplement and the accompanying prospectus. The second part is the accompanying prospectus, dated March 28, 2013, which gives more general information, some of which does not apply to this offering. To the extent there is a conflict between the information contained in this prospectus supplement, the information contained in the accompanying prospectus or the information contained in any document incorporated by reference herein or therein, the information contained in the most recent document shall control. This prospectus supplement and the accompanying prospectus are a part of a registration statement that we filed with the Securities and Exchange Commission (the SEC) using the SEC s shelf registration rules.

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

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

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

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

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

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

- our ability to continue to access the credit markets to satisfy our liquidity requirements;
- regulatory trends and decisions, including the impact of rate proceedings before various state regulatory commissions;
- the impact of adverse economic conditions on our customers;
- the effects of inflation and changes in the availability and price of natural gas;
- market risks beyond our control affecting our risk management activities including market liquidity, commodity price volatility, increasing interest rates and counterparty creditworthiness;
- the concentration of our distribution, pipeline and storage operations in Texas;
- increased competition from energy suppliers and alternative forms of energy;
- adverse weather conditions;
- the capital-intensive nature of our gas distribution business;
- increased costs of providing health care benefits, pension and post-retirement health care benefits and increased funding requirements;
- possible increased federal, state and local regulation of the safety of our operations;
- increased federal regulatory oversight and potential penalties;

- the impact of environmental regulations on our business;

- the impact of possible future additional regulatory and financial risks associated with global warming and climate change on our business;

- risks of accidents and additional operating costs associated with distributing, transporting and storing natural gas;

- the threat of cyber-attacks or acts of cyber-terrorism that could disrupt our business operations and information technology systems;

- natural disasters, terrorist activities or other events could adversely affect our operations or financial results: and

- other risks and uncertainties discussed in this prospectus supplement, any accompanying prospectus and our other filings with the SEC.

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

For additional factors you should consider, please see Risk Factors on page S-5 of this prospectus supplement, Item 1A. Risk Factors and Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013, 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 December 31, 2013. See also Incorporation of Certain Documents by Reference in the accompanying prospectus.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary does not contain all of the information that you should consider before investing in our common stock. 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. Unless the context otherwise indicates, the information included in this prospectus supplement assumes that the underwriters do not exercise their option to purchase additional shares of common stock.

Atmos Energy Corporation

We are engaged primarily in the regulated natural gas distribution and transmission and storage businesses, as well as other nonregulated natural gas businesses. We are one of the country s largest natural-gas-only distributors based on number of customers and one of the largest intrastate pipeline operators in Texas based upon miles of pipe.

Our natural gas distribution business currently distributes natural gas through regulated sales and transportation arrangements to over three million residential, commercial, public authority and industrial customers in eight states.

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

Our nonregulated businesses primarily provide natural gas management, marketing, transportation and storage services to municipalities, local gas distribution companies, including certain of our natural gas distribution divisions, and industrial customers primarily in the Midwest and Southeast.

We operate through the following three segments:

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

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

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

Recent Developments

On February 4, 2014, our Board of Directors declared a dividend of $0.37 per share payable on March 10, 2014 to shareholders of record on February 24, 2014.

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

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Summary Financial Data

The following table presents summary consolidated and segment financial data of Atmos Energy Corporation for the periods and as of the dates indicated. We derived the summary financial data for the fiscal years ended September 30, 2013, 2012, 2011, 2010 and 2009 from our audited consolidated financial statements and the summary financial data for the three months ended December 31, 2013 and 2012 from our unaudited condensed consolidated financial statements. Our unaudited condensed consolidated financial statements have been prepared on the same basis as our audited consolidated financial statements, except as stated in the related notes thereto and, in the opinion of management, include all normal recurring adjustments considered necessary for a fair presentation of our financial condition and result of operations for such periods. Please note that, given the inherent seasonality in our business, the results of operations for the three months ended December 31, 2013 presented below are not necessarily indicative of results for the entire fiscal year.

The information is only a summary and does not provide all of the information contained in our financial statements. Therefore, you should read the information presented below in conjunction with Item 7. Management s Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes included in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013, and Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations and our unaudited condensed consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the quarterly period ended December 31, 2013, each of which is incorporated by reference in this prospectus supplement and the accompanying prospectus.

	Three Months Ended December 31,		Year Ended September 30,				
	2013	2012	2013	2012	2011	2010	2009
	(In thousands, except per share data)						
Consolidated Financial Data							
Operating revenues	$ 1,255,148	$ 1,034,155	$ 3,886,257	$ 3,438,483	$ 4,286,435	$ 4,661,060	$ 4,793,248
Gross profit	388,957	362,362	1,412,050	1,323,739	1,300,820	1,314,136	1,297,682
Operating expenses(1)	218,237	207,440	910,171	877,499	874,834	850,303	872,938
Operating income	170,720	154,922	501,879	446,240	425,986	463,833	424,744
Income from continuing operations	87,016	77,348	230,698	192,196	189,588	189,851	175,026
Net income	87,016	80,465	243,194	216,717	207,601	205,839	190,978
Diluted net income per share from continuing operations	$ 0.95	$ 0.85	$ 2.50	$ 2.10	$ 2.07	$ 2.03	$ 1.90
Diluted net income per share	$ 0.95	$ 0.88	$ 2.64	$ 2.37	$ 2.27	$ 2.20	$ 2.07
Cash dividends declared per share	$ 0.37	$ 0.35	$ 1.40	$ 1.38	$ 1.36	$ 1.34	$ 1.32

Cash flows from operating activities	$ 34,300	$ 29,858	$ 613,127	$ 586,917	$ 582,844	$ 726,476	$ 919,233
Capital expenditures	$ 180,567	$ 190,027	$ 845,033	$ 732,858	$ 622,965	$ 542,636	$ 509,494

	Three Months Ended December 31,		Year Ended September 30,				
	2013	**2012**	**2013**	**2012**	**2011**	**2010**	**2009**
Selected Operating Data							
Utility meters in service, end of year	3,042,931	3,137,298	3,011,980	3,116,589	3,213,191	3,186,040	3,178,844
Total natural gas distribution throughput (MMcf) from continuing operations[(2)]	133,702	112,775	405,519	377,061	405,806	434,425	389,773
Nonregulated delivered gas sales volumes (MMcf)[(2)]	107,579	99,009	396,561	400,512	446,903	420,203	441,081
Pipeline transportation volumes (MMcf)[(2)]	189,176	161,484	649,740	640,732	620,904	634,885	706,132

See footnotes on following page.

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	As of December 31,		As of September 30,				
	2013	2012	2013	2012	2011	2010	2009
				(In thousands)			
Consolidated Balance Sheet Data							
Total assets	$ 8,616,091	$ 7,964,218	$ 7,934,268	$ 7,495,675	$ 7,282,871	$ 6,763,791	$ 6,367,083
Debt							
Long-term debt(3)(4)	$ 1,955,750	$ 1,956,376	$ 2,455,671	$ 1,956,305	$ 2,206,117	$ 1,809,551	$ 2,169,400
Short-term debt(3)(4)	$ 1,189,795	$ 831,022	$ 367,984	$ 571,060	$ 208,830	$ 486,231	$ 72,681
Total debt	$ 3,145,545	$ 2,787,398	$ 2,823,655	$ 2,527,365	$ 2,414,947	$ 2,295,782	$ 2,242,081
Shareholders equity	$ 2,661,314	$ 2,424,005	$ 2,580,409	$ 2,359,243	$ 2,255,421	$ 2,178,348	$ 2,176,761

	Three Months Ended December 31,		Year Ended September 30,				
	2013	2012	2013	2012(1)	2011(1)	2010	2009(1)
				(In thousands)			
Segment Operating Income (Loss)							
Natural gas distribution	$ 122,873	$ 109,084	$ 343,093	$ 304,461	$ 322,088	$ 296,851	$ 266,356
Regulated transmission and storage	39,592	32,022	139,853	128,824	108,275	97,038	93,163
Nonregulated(5)	8,255	13,814	18,927	12,950	(4,383)	69,944	64,881
Eliminations		2	6	5	6		344
Consolidated	$ 170,720	$ 154,922	$ 501,879	$ 446,240	$ 425,986	$ 463,833	$ 424,744

(1) Operating expenses for fiscal 2012, 2011 and 2009 include a $5.3 million, $30.3 million and $5.4 million pre-tax loss, respectively, for the impairment of certain assets.

(2) Throughput and sales volumes reflect segment operations, including intercompany sales and transportation amounts.

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

(4) We plan to issue new senior notes to replace $500 million of debt that is maturing in October 2014 and currently shown as short-term. We have executed forward starting interest rate swaps to fix the treasury yield component associated with this anticipated issuance at 3.129%.

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

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The Offering

Common stock offered by us	8,000,000 shares
Common stock to be outstanding after this offering	98,958,751 shares(1)
Use of proceeds	We estimate that our net proceeds from this offering, without exercise of the underwriters option to purchase additional shares of common stock and after deducting the underwriting discount and commissions and estimated offering expenses payable by us, will be approximately $339.3 million. We intend to use the net proceeds from this offering to repay short-term debt under our commercial paper program, to fund infrastructure spending primarily to enhance the safety and reliability of our system and for general corporate purposes. See Use of Proceeds.
Listing	Our common stock is listed on the New York Stock Exchange under the symbol ATO.
Risk Factors	Investing in our common stock involves risks. See Risk Factors on page S-5 of this prospectus supplement and other information included and incorporated by reference in this prospectus supplement and the accompanying prospectus for a discussion of the factors you should consider carefully before deciding to invest in our common stock.

(1) The number of shares outstanding after the offering is based on the total number of shares of our common stock outstanding on February 7, 2014, excluding 1,453,108 shares reserved for issuance under outstanding options and share unit awards as of such date and assumes that the underwriters do not exercise their option to purchase additional shares of our common stock. If the underwriters exercise their option in full, we will issue and sell an additional 1,200,000 shares.

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RISK FACTORS

Investing in our common stock involves risks. Our business is influenced by many factors that are difficult to predict and beyond our control and that involve uncertainties that may materially affect our results of operations, financial condition or cash flows, or the value of our common stock. These risks and uncertainties include those described below, as well as in the risk factors and other sections of the documents that are incorporated by reference in this prospectus supplement and the accompanying prospectus, including Item 1A. Risk Factors in our Annual Report on Form 10-K for the fiscal year ended September 30, 2013. You should carefully consider these risks and uncertainties and all of the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus before you invest in our common stock.

This offering may cause the price of our common stock to fall.

The issuance of new shares of common stock in this offering could have the effect of depressing the market price for shares of our common stock.

There may be future sales or other dilution of our equity, which may materially adversely affect the market price for shares of our common stock.

We are generally not restricted from issuing additional shares of common stock, including any securities that are convertible into or exchangeable for, or that represent the right to receive, shares of common stock or any substantially similar securities. The market price for shares of our common stock could materially decline as a result of sales of shares of common stock or similar securities in the market made after such offering or the perception that such sales could occur.

The price and trading volume of our common stock may fluctuate significantly, and you could lose all or part of your investment.

The market price of our common stock on the New York Stock Exchange constantly changes, and we expect that will continue. In the future, such market price may become highly volatile and subject to wide fluctuations due to our future performance or external factors. In addition, the trading volume of our common stock may fluctuate and cause significant price variations to occur. Volatility in the market price of our common stock may prevent you from being able to sell your shares at or above the price you paid for your shares of common stock. The market price for our common stock could fluctuate significantly for various reasons, including:

- our operating and financial performance and prospects;
- our quarterly or annual earnings or those of other companies in our industry;
- the public s reaction to our press releases, other public announcements and filings with the SEC;
- changes in earnings estimates or recommendations by securities analysts who track our common stock;

- market and industry perception of our success, or lack thereof, in pursuing our strategies;
- strategic actions by us or our competitors, such as acquisitions or joint ventures;
- changes in accounting standards, policies, guidance, interpretations or principles;
- arrival and departure of key personnel;
- changes in our capital structure; and
- changes in general market, economic and political conditions in the U.S. and global economies or financial markets.

In recent years, the stock market has experienced significant price and volume fluctuations. This volatility frequently has occurred without regard to the operating performance of the affected companies. Hence, the price

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of our common stock could fluctuate based upon factors that have little or nothing to do with us, and these fluctuations could materially reduce our share price.

All of our debt obligations have priority over shares of our common stock, which would subordinate your rights to payment as a holder of our common stock in the event of a liquidation, dissolution or winding up.

In any liquidation, dissolution or winding up of Atmos Energy, shares of our common stock would rank below all debt claims against Atmos Energy. As a result, holders of shares of our common stock would not be entitled to receive any payment or other distribution of assets upon the liquidation, dissolution or winding up of Atmos Energy until after our obligations to our debt holders have been satisfied.

Although we have paid cash dividends on shares of our common stock in the past, we may not pay cash dividends or increase our dividends on shares of our common stock in the future.

Holders of shares of our common stock are entitled to receive only such dividends as our Board of Directors may declare out of funds legally available for such purpose. We have a history of paying dividends to our shareholders when sufficient cash is available. However, future cash dividends will depend upon our results of operations, financial condition, cash requirements, the need to maintain adequate capital levels or increase our dividends and other factors. Also, the amount of cash dividends that may be paid on our common stock is restricted by provisions contained in certain debt agreements. There can be no assurance that we will continue to pay dividends or increase our dividends even if the necessary financial conditions are met and if sufficient cash is available for distribution.

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USE OF PROCEEDS

We estimate that we will receive net proceeds from this offering of approximately $339.3 million ($390.3 million if the underwriters exercise their option to purchase additional shares in full), after deducting the underwriting discount and estimated offering expenses payable by us. We intend to use the net proceeds from this offering primarily to repay short-term debt outstanding under our $950 million commercial paper program, to fund infrastructure spending primarily to enhance the safety and reliability of our system and for general corporate purposes. We use our commercial paper program to fund ongoing working capital needs, such as our seasonal requirements for gas supply, general corporate liquidity and capital expenditures. At February 11, 2014, we had $420 million in principal amount of short-term debt outstanding under our commercial paper program, with a weighted average interest rate of 0.30% and a maturity of less than one month.

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CAPITALIZATION

The following table presents our cash and cash equivalents, short-term debt and capitalization as of December 31, 2013, on an actual basis and on as adjusted basis to give effect to the offering as if it had occurred on such date, assuming the underwriters do not exercise their option to purchase additional shares, and our application of all of the net proceeds of the sale to repay short-term debt under our commercial paper program, as described in Use of Proceeds above. You should read this table in conjunction with the section Use of Proceeds and our condensed consolidated financial statements and related notes included in our quarterly report on Form 10-Q for the quarterly period ended December 31, 2013, which is incorporated by reference in this prospectus supplement.

	As of December 31, 2013
	Actual