



## News Release

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### **Atmos Energy Corporation Reports Earnings for the Fiscal 2011 Third Quarter and Nine Months; Reaffirms Fiscal 2011 Guidance**

DALLAS (August 3, 2011)—Atmos Energy Corporation (NYSE: ATO) today reported consolidated results for its fiscal 2011 third quarter and nine months ended June 30, 2011.

- Fiscal 2011 third quarter consolidated results, excluding net unrealized margins were a net loss of \$0.7 million, or (\$0.01) per diluted share, compared with net income of \$7.9 million, or \$0.09 per diluted share in the prior-year quarter.
- After including noncash, unrealized net gains of \$0.1 million, or \$0.00 per diluted share, fiscal 2011 third quarter net loss was \$0.6 million, or (\$0.01) per diluted share. In the prior-year quarter, net loss was \$3.2 million, or (\$0.03) per diluted share, after including unrealized net losses of \$11.1 million, or (\$0.12) per diluted share.
- Net loss for the fiscal 2011 third quarter includes a noncash charge of \$6.1 million, or (\$0.06) per diluted share, to impair certain natural gas gathering assets.
- Net income from discontinued operations was \$0.9 million, or \$0.01 per diluted share in the current quarter, compared with \$1.1 million, or \$0.01 per diluted share in the prior-year quarter.

For the nine months ended June 30, 2011, consolidated net income was \$205.6 million, or \$2.25 per diluted share, compared with net income of \$204.3 million, or \$2.18 per diluted share for the same period last year. Included in the current period net income is the net positive impact of several one-time items totaling \$6.5 million, or \$0.07 per diluted share. Net income for the prior-year period included the positive impact of a one-time item of \$4.5 million, or \$0.05 per diluted share. Results from nonregulated operations include noncash, unrealized net losses of \$1.4 million, or (\$0.02) per diluted share for the nine months ended June 30, 2011, compared with net losses of \$6.2 million, or (\$0.07) per diluted share for the prior-year period. For the current nine-month period, regulated operations contributed \$207.1 million of net income, or \$2.27 per diluted share, and nonregulated operations experienced a net loss of \$1.5 million, or (\$0.02) per diluted share. For the current nine months, net income from regulated operations includes \$7.9 million, or \$0.09 per diluted share from discontinued operations, compared with \$6.3 million, or \$0.07 per diluted share for the same period last year.

“The continuing stable and predictable contribution from our regulated operations offers a strong platform for growth and allows us to continue to provide safe and reliable service to our customers, while realizing appropriate returns for our shareholders,” said Kim Cocklin, president and chief executive officer of Atmos Energy Corporation. “As we enter the final quarter of our fiscal year, which is often a break-even quarter, we expect to deliver earnings per diluted share in the lower end of our range of \$2.25-\$2.35 for fiscal 2011,” Cocklin concluded.

### **Results for the 2011 Third Quarter Ended June 30, 2011**

Natural gas distribution gross profit, excluding discontinued operations, increased \$8.9 million to \$200.2 million for the fiscal 2011 third quarter, compared with \$191.3 million in the prior-year quarter. This increase reflects a net \$7.5 million increase in rates, primarily in the company’s Mid-Tex, Kansas and Kentucky service areas. Additionally, gross profit increased by \$1.2 million due to a five percent increase in consolidated distribution throughput, primarily from higher consumption. These increases were partially offset by a \$1.5 million decrease in revenue-related taxes, which was offset by a decrease in taxes, other than income.

Regulated transmission and storage gross profit increased \$8.6 million to \$53.6 million for the quarter ended June 30, 2011, compared with \$45.0 million for the same period last year. This increase is due primarily to a net \$8.7 million increase as a result of new rates from the recent Atmos Pipeline – Texas rate case.

Nonregulated gross profit increased \$1.6 million to \$13.4 million for the quarter ended June 30, 2011, compared with \$11.8 million for the prior-year quarter. Realized margins from gas delivery and other services, decreased \$0.4 million, compared with the prior-year quarter largely due to a \$0.03/Mcf decrease in gas delivery unit margins, despite an 18 percent increase in sales volumes. Additionally, realized asset optimization margins decreased \$12.9 million from the prior-year quarter, primarily reflecting the impact of continued weak natural gas market fundamentals. The decreases in gas delivery services and realized asset optimization margins were more than offset by a \$14.9 million increase in unrealized margins.

Operating expenses for the quarter ended June 30, 2011, include an \$11.0 million noncash charge to impair portions of the Park City and Shrewsbury natural gas gathering assets located in Edmonson County, Kentucky.

### **Results for the Nine Months Ended June 30, 2011**

Natural gas distribution gross profit, excluding discontinued operations, increased \$15.5 million to \$870.1 million for the nine months ended June 30, 2011, compared with \$854.6 million in the prior-year period. This increase is due largely to a net \$35.8 million increase attributable to rate increases, primarily in the company’s Mid-Tex, Louisiana, Kentucky and Kansas service areas. Partially offsetting this increase was an \$11.2 million decrease associated with an eight percent decrease in consolidated distribution throughput, primarily from lower consumption and warmer weather, coupled with an \$8.5 million decrease in revenue-related taxes, which is offset by a decrease in taxes, other than income.

Regulated transmission and storage gross profit increased \$10.6 million to \$157.6 million for the nine months ended June 30, 2011, compared with \$147.0 million for the same period last year. This period-over-period increase is due primarily to a net \$8.7 million increase as a result of new rates from the recent Atmos Pipeline – Texas rate case and a \$6.2 million increase in revenues

resulting from filings under the Texas Gas Reliability Infrastructure Program (GRIP). These increases were partially offset by a \$2.8 million decrease primarily resulting from lower throughput to the Mid-Tex Division and a \$2.4 million period-over-period decline in per-unit transportation margins.

Nonregulated gross profit decreased \$37.1 million to \$58.6 million for the nine months ended June 30, 2011, compared with \$95.7 million for the prior-year period. The decrease primarily reflects a \$47.0 million decrease in realized asset optimization margins, due to greater intramonth trading gains realized in the prior-year period from more favorable trading opportunities in the daily cash market, combined with lower realized gains in the current-year period, due to continued weak natural gas market fundamentals. The decrease in realized asset optimization margins were partially offset by a \$7.7 million increase in unrealized margins and a \$2.3 million increase in realized margins from gas delivery and other services, primarily due to a nine percent increase in sales volumes.

Consolidated operation and maintenance expense, excluding discontinued operations, for the nine months ended June 30, 2011, was \$341.3 million, compared with \$348.5 million for the prior-year period. Additionally, excluding the provision for doubtful accounts, operation and maintenance expense for the current nine-month period was \$336.1 million, compared with \$341.4 million for the prior-year period. The \$5.3 million decrease resulted primarily from an \$11.4 million decrease in employee-related costs, partially offset by a \$7.4 million increase, due to the absence in the current year of a state sales tax refund received in the prior year.

Results for the nine months ended June 30, 2011 include several one-time items, resulting in a total net of tax gain of \$6.5 million. The company unwound two Treasury lock agreements, in conjunction with the cancellation of a planned debt offering in November 2011 and recognized a \$27.8 million cash gain. Offsetting this gain was a \$19.3 million noncash charge to impair the company's investment in the Ft. Necessity storage project and an \$11.0 million noncash charge to impair certain natural gas gathering assets. Finally, due to the administrative settlement of various income tax positions during the fiscal second quarter, the company recorded a \$5.0 million tax benefit.

The debt capitalization ratio at June 30, 2011, was 48.6 percent, compared with 51.3 percent at September 30, 2010, and 48.4 percent at June 30, 2010. No short-term debt was outstanding at June 30, 2011.

For the nine months ended June 30, 2011, the company generated operating cash flow of \$519.6 million, a \$75.0 million reduction compared with the nine months ended June 30, 2010. The period-over-period decrease primarily reflects the timing of gas cost recoveries under the company's purchased gas cost mechanisms and other net working capital changes.

Capital expenditures increased to \$390.3 million for the nine months ended June 30, 2011, compared with \$362.3 million for the same period last year. The \$28.0 million increase primarily reflects spending related to the Mid-Tex Division steel service line replacement program and the development of a new customer service system, partially offset by costs incurred in the prior year to relocate the company's information technology data center.

## **Outlook**

The leadership of Atmos Energy remains focused on enhancing shareholder value by delivering consistent earnings growth. Atmos Energy expects fiscal 2011 earnings to be in the lower end of the previously announced range of \$2.25 to \$2.35 per diluted share, excluding unrealized gains and losses. Net income from regulated operations is now expected to be in the range of \$201 million to \$208 million, while net income from nonregulated operations is expected to be in the range of \$5 million to \$7 million. Capital expenditures for fiscal 2011 are now expected to range between \$610 million to \$625 million.

However, the valuation on September 30, 2011, of the company's nonregulated physical storage inventory and associated financial instruments ("mark-to-market"), as well as changes in events or other circumstances that the company cannot currently anticipate or predict, could result in earnings for fiscal 2011 that are significantly above or below this outlook. Factors that could cause such changes are described below in Forward-Looking Statements and in other company reports filed with the Securities and Exchange Commission.

### **Conference Call to be Webcast August 4, 2011**

Atmos Energy will host a conference call with financial analysts to discuss the financial results for the fiscal 2011 third quarter and first nine months on Thursday, August 4, 2011, at 10 a.m. Eastern Time. The telephone number is 877-485-3107. The conference call will be webcast live on the Atmos Energy website at [www.atmosenergy.com](http://www.atmosenergy.com). A playback of the call will be available on the website later that day. Kim Cocklin, president and chief executive officer; and Fred Meisenheimer, senior vice president and chief financial officer will participate in the conference call.

### **Highlights and Recent Developments**

#### **Atmos Energy Completes Successful Senior Note Offering**

On June 10, 2011, Atmos Energy completed the public offering of \$400 million 5.50% Senior Notes due 2041. The company used approximately \$394 million of net proceeds from this offering to repay outstanding commercial paper borrowings, fund capital expenditures and for general corporate purposes.

#### **Credit Ratings Upgraded**

On June 2, 2011, Fitch raised its corporate credit rating on Atmos Energy to A- from BBB+ and stated the outlook for the company is "Stable." Additionally, on May 11, 2011, Moody's raised its corporate credit rating on Atmos Energy to Baa1 from Baa2 and stated the outlook for the company is "Stable."

#### **Atmos Energy to Sell Distribution Assets**

On May 12, 2011, Atmos Energy entered into an agreement to sell its natural gas distribution assets in Missouri, Illinois and Iowa to Liberty Energy (Midstates) Corporation, an affiliate of Algonquin Power & Utilities Corp. for approximately \$124 million. The operating results of these assets are now reported in discontinued operations. The transaction is expected to close in fiscal 2012.

This news release should be read in conjunction with the attached unaudited financial information.

## **Forward-Looking Statements**

The matters discussed in this news release may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this news release are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this news release or in any of the company’s other documents or oral presentations, the words “anticipate,” “believe,” “estimate,” “expect,” “forecast,” “goal,” “intend,” “objective,” “plan,” “projection,” “seek,” “strategy” or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this news release, including the risks and uncertainties relating to regulatory trends and decisions, the company’s ability to continue to access the capital markets and the other factors discussed in the company’s reports filed with the Securities and Exchange Commission. These factors include the risks and uncertainties discussed in the company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2010 and in the company’s Quarterly Report on Form 10-Q for the three and six months ended March 31, 2011. Although the company believes these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. The company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

## **About Atmos Energy**

Atmos Energy Corporation, headquartered in Dallas, is currently the country's largest natural-gas-only distributor, serving over three million natural gas distribution customers in more than 1,600 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy also provides natural gas marketing and procurement services to industrial, commercial and municipal customers primarily in the Midwest and Southeast and manages company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas. Atmos Energy is a Fortune 500 company. For more information, visit [www.atmosenergy.com](http://www.atmosenergy.com).

**Atmos Energy Corporation**  
**Financial Highlights (Unaudited)**

| Statements of Income<br>(000s except per share)                | Three Months Ended<br>June 30 |                   | Percentage<br>Change |
|--|-------------------------------|-------------------|----------------------|
|  | 2011                          | 2010              |                      |
| <b>Gross Profit:</b>   |                               |                   |                      |
| Natural gas distribution segment                               | \$ 200,192                    | \$ 191,331        | 5%                   |
| Regulated transmission and storage segment                     | 53,570                        | 44,957            | 19%                  |
| Nonregulated segment   | 13,405                        | 11,771            | 14%                  |
| Intersegment eliminations                                      | <u>(362)</u>                  | <u>(393)</u>      | 8%                   |
| Gross profit   | 266,805                       | 247,666           | 8%                   |
| Operation and maintenance expense                              | 112,665                       | 111,559           | 1%                   |
| Depreciation and amortization                                  | 56,932                        | 51,940            | 10%                  |
| Taxes, other than income                                       | 52,142                        | 51,908            | —%                   |
| Asset impairments  | <u>10,988</u>                 | <u>—</u>          | 100%                 |
| Total operating expenses                                       | 232,727                       | 215,407           | 8%                   |
| Operating income   | 34,078                        | 32,259            | 6%                   |
| Miscellaneous expense  | (1,430)                       | (798)             | 79%                  |
| Interest charges   | <u>35,845</u>                 | <u>37,267</u>     | (4)%                 |
| <b>Loss from continuing operations before<br/>income taxes</b> |                               |                   |                      |
|  | (3,197)                       | (5,806)           | 45%                  |
| Income tax benefit   | <u>(1,723)</u>                | <u>(1,577)</u>    | 9%                   |
| Loss from continuing operations                                | (1,474)                       | (4,229)           | 65%                  |
| Income from discontinued operations, net of tax                | 908                           | 1,075             | (16)%                |
| Net loss   | <u>\$ (566)</u>               | <u>\$ (3,154)</u> | 82%                  |
| <b>Basic earnings per share</b>                                |                               |                   |                      |
| Loss per share from continuing operations                      | \$ (0.02)                     | \$ (0.04)         |                      |
| Income per share from discontinued operations                  | <u>0.01</u>                   | <u>0.01</u>       |                      |
| Net loss per share – basic                                     | <u>\$ (0.01)</u>              | <u>\$ (0.03)</u>  |                      |
| <b>Diluted earnings per share</b>                              |                               |                   |                      |
| Loss per share from continuing operations                      | \$ (0.02)                     | \$ (0.04)         |                      |
| Income per share from discontinued operations                  | <u>0.01</u>                   | <u>0.01</u>       |                      |
| Net loss per share – diluted                                   | <u>\$ (0.01)</u>              | <u>\$ (0.03)</u>  |                      |
| Cash dividends per share                                       | \$ .340                       | \$ .335           |                      |
| <b>Weighted average shares outstanding:</b>                    |                               |                   |                      |
| Basic  | 90,127                        | 92,648            |                      |
| Diluted  | 90,127                        | 92,648            |                      |
| <b>Summary Net Income (Loss) by Segment (000s)</b>             |                               |                   |                      |
|  | 2011                          | 2010              | Percentage<br>Change |
| Natural gas distribution – continuing operations               | \$ (8,129)                    | \$ (11,977)       | 32%                  |
| Natural gas distribution – discontinued operations             | 908                           | 1,075             | (16)%                |
| Regulated transmission and storage                             | 10,552                        | 8,465             | 25%                  |
| Nonregulated   | (3,995)                       | 10,369            | (139)%               |
| Unrealized margins, net of tax                                 | <u>98</u>                     | <u>(11,086)</u>   | 101%                 |
| Consolidated net loss  | <u>\$ (566)</u>               | <u>\$ (3,154)</u> | 82%                  |

**Atmos Energy Corporation**  
**Financial Highlights, continued (Unaudited)**

| Statements of Income<br>(000s except per share)          | Nine Months Ended<br>June 30 |                   | Percentage<br>Change |
|--|------------------------------|-------------------|----------------------|
|  | 2011                         | 2010              |                      |
| <b>Gross Profit:</b>                                     |                              |                   |                      |
| Natural gas distribution segment                         | \$ 870,132                   | \$ 854,620        | 2%                   |
| Regulated transmission and storage segment               | 157,553                      | 146,998           | 7%                   |
| Nonregulated segment                                     | 58,641                       | 95,707            | (39)%                |
| Intersegment eliminations                                | <u>(1,129)</u>               | <u>(1,212)</u>    | 7%                   |
| Gross profit   | 1,085,197                    | 1,096,113         | (1)%                 |
| Operation and maintenance expense                        | 341,317                      | 348,458           | (2)%                 |
| Depreciation and amortization                            | 167,176                      | 156,201           | 7%                   |
| Taxes, other than income                                 | 145,868                      | 152,840           | (5)%                 |
| Asset impairments  | <u>30,270</u>                | <u>—</u>          | 100%                 |
| Total operating expenses                                 | 684,631                      | 657,499           | 4%                   |
| Operating income   | 400,566                      | 438,614           | (9)%                 |
| Miscellaneous income (expense)                           | 24,046                       | (905)             | 27,570%              |
| Interest charges   | <u>112,615</u>               | <u>115,481</u>    | (2)%                 |
| Income from continuing operations before<br>income taxes | 311,997                      | 322,228           | (3)%                 |
| Income tax expense                                       | <u>114,211</u>               | <u>124,199</u>    | (8)%                 |
| Income from continuing operations                        | 197,786                      | 198,029           | —%                   |
| Income from discontinued operations, net of tax          | <u>7,854</u>                 | <u>6,273</u>      | 25%                  |
| Net income   | <u>\$ 205,640</u>            | <u>\$ 204,302</u> | 1%                   |
| <b>Basic earnings per share</b>                          |                              |                   |                      |
| Income per share from continuing operations              | \$ 2.17                      | \$ 2.12           |                      |
| Income per share from discontinued operations            | <u>0.09</u>                  | <u>0.07</u>       |                      |
| Net income per share – basic                             | <u>\$ 2.26</u>               | <u>\$ 2.19</u>    |                      |
| <b>Diluted earnings per share</b>                        |                              |                   |                      |
| Income per share from continuing operations              | \$ 2.16                      | \$ 2.11           |                      |
| Income per share from discontinued operations            | <u>0.09</u>                  | <u>0.07</u>       |                      |
| Net income per share – diluted                           | <u>\$ 2.25</u>               | <u>\$ 2.18</u>    |                      |
| Cash dividends per share                                 | \$ 1.020                     | \$ 1.005          |                      |
| <b>Weighted average shares outstanding:</b>              |                              |                   |                      |
| Basic  | 90,233                       | 92,513            |                      |
| Diluted  | 90,530                       | 92,856            |                      |
| <b>Summary Net Income by Segment (000s)</b>              |                              |                   |                      |
|  | Nine Months Ended<br>June 30 |                   | Percentage<br>Change |
|  | 2011                         | 2010              |                      |
| Natural gas distribution – continuing operations         | \$ 160,853                   | \$ 137,004        | 17%                  |
| Natural gas distribution – discontinued operations       | 7,854                        | 6,273             | 25%                  |
| Regulated transmission and storage                       | 38,393                       | 28,989            | 32%                  |
| Nonregulated   | (51)                         | 38,249            | (100)%               |
| Unrealized margins, net of tax                           | <u>(1,409)</u>               | <u>(6,213)</u>    | 77%                  |
| Consolidated net income                                  | <u>\$ 205,640</u>            | <u>\$ 204,302</u> | 1%                   |

**Atmos Energy Corporation**  
**Financial Highlights, continued (Unaudited)**

| <u>Discontinued Operations</u><br>(000s)                   | Three Months Ended<br>June 30 |                 | Nine Months Ended<br>June 30 |                 |
|--|-------------------------------|-----------------|------------------------------|-----------------|
|  | 2011                          | 2010            | 2011                         | 2010            |
| Operating revenues   | \$ 11,524                     | \$ 8,952        | \$ 71,047                    | \$ 62,121       |
| Purchased gas cost   | <u>5,460</u>                  | <u>3,390</u>    | <u>44,993</u>                | <u>39,836</u>   |
| Gross profit   | 6,064                         | 5,562           | 26,054                       | 22,285          |
| Operating expenses   | <u>4,472</u>                  | <u>3,712</u>    | <u>12,919</u>                | <u>11,654</u>   |
| Operating income   | 1,592                         | 1,850           | 13,135                       | 10,631          |
| Other nonoperating expense                                 | <u>(94)</u>                   | <u>(75)</u>     | <u>(159)</u>                 | <u>(264)</u>    |
| Income from discontinued operations<br>before income taxes | 1,498                         | 1,775           | 12,976                       | 10,367          |
| Income tax expense   | <u>590</u>                    | <u>700</u>      | <u>5,122</u>                 | <u>4,094</u>    |
| Net income   | <u>\$ 908</u>                 | <u>\$ 1,075</u> | <u>\$ 7,854</u>              | <u>\$ 6,273</u> |

**Atmos Energy Corporation**  
**Financial Highlights, continued** (Unaudited)

| <u>Condensed Balance Sheets</u><br>(000s) | June 30,<br>2011    | September 30,<br>2010 |
|---|---------------------|-----------------------|
| Net property, plant and equipment         | \$ 4,916,051        | \$ 4,793,075          |
| Cash and cash equivalents                 | 117,429             | 131,952               |
| Accounts receivable, net                  | 342,092             | 273,207               |
| Gas stored underground                    | 256,768             | 319,038               |
| Other current assets                      | <u>273,459</u>      | <u>150,995</u>        |
| Total current assets                      | 989,748             | 875,192               |
| Goodwill and intangible assets            | 739,677             | 740,148               |
| Deferred charges and other assets         | <u>347,994</u>      | <u>355,376</u>        |
|   | <u>\$ 6,993,470</u> | <u>\$ 6,763,791</u>   |
| Shareholders' equity                      | \$ 2,335,824        | \$ 2,178,348          |
| Long-term debt                            | <u>2,206,106</u>    | <u>1,809,551</u>      |
| Total capitalization                      | 4,541,930           | 3,987,899             |
| Accounts payable and accrued liabilities  | 312,205             | 266,208               |
| Other current liabilities                 | 333,643             | 413,640               |
| Short-term debt                           | —                   | 126,100               |
| Current maturities of long-term debt      | <u>2,434</u>        | <u>360,131</u>        |
| Total current liabilities                 | 648,282             | 1,166,079             |
| Deferred income taxes                     | 967,607             | 829,128               |
| Deferred credits and other liabilities    | <u>835,651</u>      | <u>780,685</u>        |
|   | <u>\$ 6,993,470</u> | <u>\$ 6,763,791</u>   |

**Atmos Energy Corporation**  
**Financial Highlights, continued (Unaudited)**

| <u>Condensed Statements of Cash Flows</u><br>(000s)  | Nine Months Ended<br>June 30 |                   |
|--|------------------------------|-------------------|
|  | 2011                         | 2010              |
| <b>Cash flows from operating activities</b>          |                              |                   |
| Net income   | \$ 205,640                   | \$ 204,302        |
| Asset impairments                                    | 30,270                       | —                 |
| Depreciation and amortization                        | 171,875                      | 160,323           |
| Deferred income taxes                                | 115,488                      | 186,325           |
| Changes in assets and liabilities                    | (19,638)                     | 25,189            |
| Other  | <u>15,927</u>                | <u>18,425</u>     |
| Net cash provided by operating activities            | 519,562                      | 594,564           |
| <b>Cash flows from investing activities</b>          |                              |                   |
| Capital expenditures                                 | (390,283)                    | (362,349)         |
| Other, net   | <u>(3,373)</u>               | <u>(438)</u>      |
| Net cash used in investing activities                | (393,656)                    | (362,787)         |
| <b>Cash flows from financing activities</b>          |                              |                   |
| Net decrease in short-term debt                      | (132,072)                    | (76,019)          |
| Net proceeds from issuance of long-term debt         | 394,618                      | —                 |
| Settlement of Treasury lock agreements               | 20,079                       | —                 |
| Unwinding of Treasury lock agreements                | 27,803                       | —                 |
| Repayment of long-term debt                          | (360,066)                    | (66)              |
| Cash dividends paid                                  | (93,039)                     | (93,913)          |
| Repurchase of equity awards                          | (5,300)                      | (1,173)           |
| Issuance of common stock                             | <u>7,548</u>                 | <u>8,574</u>      |
| Net cash used in financing activities                | <u>(140,429)</u>             | <u>(162,597)</u>  |
| Net increase (decrease) in cash and cash equivalents | (14,523)                     | 69,180            |
| Cash and cash equivalents at beginning of period     | <u>131,952</u>               | <u>111,203</u>    |
| Cash and cash equivalents at end of period           | <u>\$ 117,429</u>            | <u>\$ 180,383</u> |

| <u>Statistics</u>  | Three Months Ended<br>June 30 |           | Nine Months Ended<br>June 30 |           |
|--|-------------------------------|-----------|------------------------------|-----------|
|  | 2011                          | 2010      | 2011                         | 2010      |
| Consolidated natural gas distribution<br>throughput (MMcf as metered)            | 69,094                        | 65,928    | 365,939                      | 398,273   |
| Consolidated regulated transmission and storage<br>transportation volumes (MMcf) | 112,564                       | 100,770   | 305,898                      | 295,126   |
| Consolidated nonregulated delivered gas sales<br>volumes (MMcf)                  | 88,382                        | 75,014    | 290,486                      | 267,136   |
| Natural gas distribution meters in service                                       | 3,199,636                     | 3,199,635 | 3,199,636                    | 3,199,635 |
| Natural gas distribution average cost of gas                                     | \$5.59                        | \$5.73    | \$5.21                       | \$5.77    |
| Nonregulated net physical position (Bcf)   | 16.7                          | 20.1      | 16.7                         | 20.1      |

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