

# Analyst Call to Review Fiscal 2011 Second Quarter Financial Results

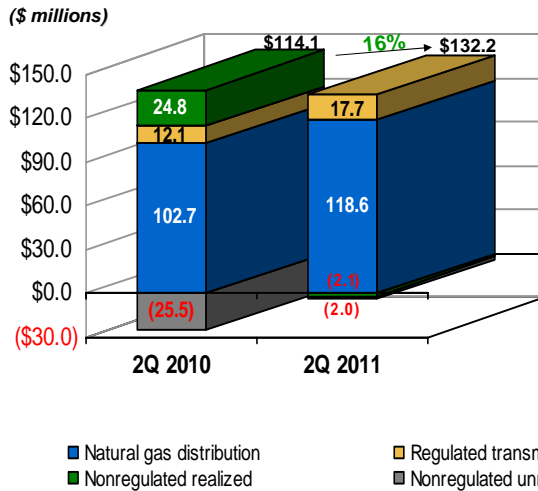
*May 5, 2011  
10:00 a.m. Eastern*

## *Forward Looking Statements*

The matters discussed or incorporated by reference in this presentation 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 presentation 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 presentation or in any of our 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 presentation, including the risks relating to regulatory trends and decisions, our ability to continue to access the capital markets, and the other factors discussed in our filings with the Securities and Exchange Commission. These factors include the risks and uncertainties discussed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2010, and in our Quarterly Report on Form 10-Q for the three months ended December 31, 2010. Although 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. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

Further, we will only update our annual earnings guidance through our quarterly and annual earnings releases. All estimated financial metrics for fiscal year 2011 and beyond that appear in this presentation are current as of the date noted on each relevant slide.

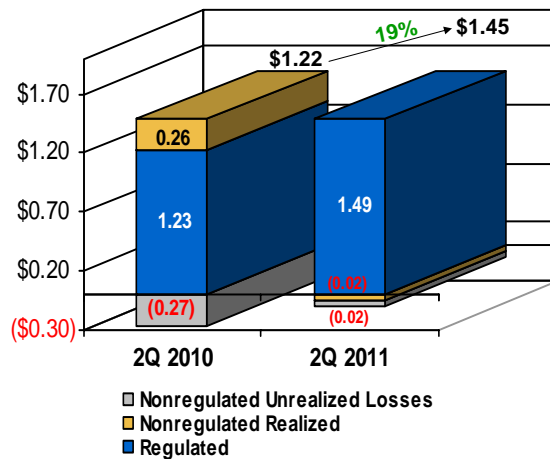
### Net Income (Loss) by Segment



#### Key Drivers

- Decrease in realized asset optimization margins
- Rate increases in regulated operations
- Increased net impact from one-time items quarter over quarter
- Decreased throughput in regulated operations

### Net Income (Loss) per Diluted Share



#### Notes

- Nonregulated operations include an unrealized mark-to-market loss of \$0.02 per diluted share for 2Q 2011, compared to a loss of \$0.27 in 2Q 2010
- 2Q 2011 positive impact of one-time items totaling \$0.12 per diluted share
- 2Q 2010 one-time state sales tax refund contributed \$0.05 per diluted share
- Quarter-over-quarter decrease of about 2.3 million weighted average diluted shares outstanding primarily due to the July 2010 share buy-back

Gross Profit by Segment (excludes Intersegment Eliminations)	Three Months Ended March 31				
	2011	%	2010	%	Change
	(In thousands, except percentages)				
Natural Gas Distribution	\$390,158	83.9%	\$385,385	84.8%	\$4,773
Regulated Transmission & Storage	54,976	11.8%	55,181	12.1%	(205)
<b>Total Regulated</b>	<b>445,134</b>	<b>95.7%</b>	<b>440,566</b>	<b>96.9%</b>	<b>4,568</b>
Gas delivery, storage, trnsprt & other	24,152	5.2%	22,317	4.9%	1,835
Asset optimization	(686)	-0.2%	31,385	6.9%	(32,071)
<b>Total Nonregulated realized margins</b>	<b>23,466</b>	<b>5.0%</b>	<b>53,702</b>	<b>11.8%</b>	<b>(30,236)</b>
Unrealized margins	(3,408)	-0.7%	(39,541)	-8.7%	36,133
<b>Total Nonregulated</b>	<b>20,058</b>	<b>4.3%</b>	<b>14,161</b>	<b>3.1%</b>	<b>5,897</b>
<b>Total Gross Profit</b>	<b>\$465,192</b>		<b>\$454,727</b>		<b>\$10,465</b>

### Drivers

- \$10.5 million *increase* in gross profit
  - \$4.8 million *increase* in natural gas distribution gross profit from
    - \$17.7 million net *increase* in rates primarily in the Mid-Tex (\$10.0 million), Louisiana (\$2.1 million), Missouri (\$2.1 million), Kentucky (\$1.1 million) and Georgia (\$1.0 million) service areas
    - \$7.9 million *decrease* in consolidated throughput primarily associated with lower consumption and warmer weather
    - \$4.2 million *decrease* due to lower revenue-related taxes
  - \$ 0.2 million *decrease* in regulated transmission and storage gross profit primarily due to
    - \$3.1 million *increase* from GRIP-related rate increases
    - \$2.7 million *decrease* due to a decline in throughput to the Mid-Tex Division
    - \$0.8 *increase* in various market-based demand fees
    - \$0.8 million *decrease* resulting from lower per-unit transportation margins on through-system deliveries

**Drivers**

- \$10.5 million *increase* in gross profit (*continued*)
  - \$ 5.9 million *increase* in nonregulated gross profit primarily due to
    - \$36.1 million *increase* in unrealized margins due to the absence in the current-year quarter of significant unrealized losses (\$39.5 million) recognized in the prior-year quarter
    - \$2.0 million *increase* in realized delivered gas margins primarily due to a three percent increase in consolidated sales volumes and an increase in unit margins
    - \$32.1 million *decrease* in realized asset optimization margins due to continued weak natural gas market fundamentals

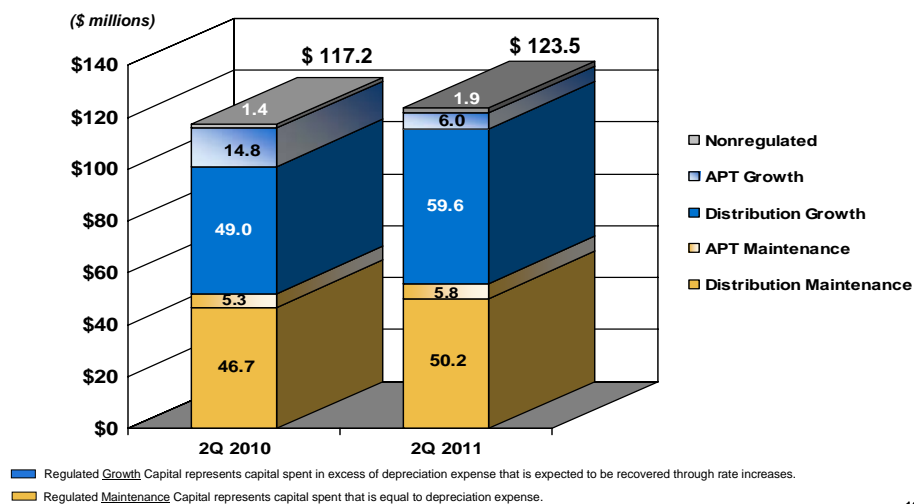
<b>Nonregulated Segment</b>	<b>Three Months Ended March 31</b>		
	<b>2011</b>	<b>2010</b>	<b>Change</b>
	(In thousands, except physical position)		
Gas delivery and related services	\$19,170	\$17,126	<b>\$2,044</b>
Storage and transportation services	3,522	3,093	<b>429</b>
Other	1,460	2,098	<b>(638)</b>
	<u>24,152</u>	<u>22,317</u>	<u><b>1,835</b></u>
Asset optimization (1)	<b>(686)</b>	31,385	<b>(32,071)</b>
Total realized margins	<u>23,466</u>	<u>53,702</u>	<u><b>(30,236)</b></u>
Unrealized margins	<b>(3,408)</b>	<b>(39,541)</b>	<b>36,133</b>
<b>GROSS PROFIT</b>	<u><u>\$20,058</u></u>	<u><u>\$14,161</u></u>	<u><u><b>\$5,897</b></u></u>
Net physical position (Bcf)	<u>17.7</u>	<u>23.7</u>	<u><b>(6.0)</b></u>

(1) Net of storage and demand fees of \$3.6 million and \$3.9 million

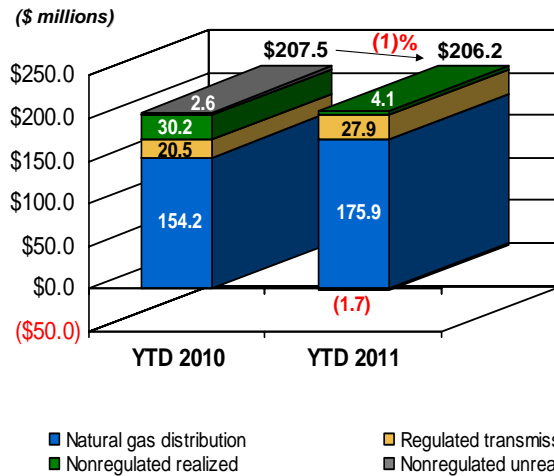
### Drivers

- *Decreased* O&M expenses of \$0.7 million, primarily due to
  - \$7.4 million *increase* due to the absence of a state sales tax refund received in the prior-year quarter
  - \$4.6 million *decrease* in employee-related costs
  - \$1.1 million *decrease* in provision for bad debt expense
  - \$1.0 million *decrease* other administrative costs
- *Increased* operating expenses due to a \$19.3 million noncash charge to impair the Ft. Necessity storage project in the current quarter
- *Increased* miscellaneous income of \$26.1 million primarily due to the unwinding of two Treasury lock agreements, which created a \$27.8 million cash gain in the current quarter
- *Increased* income tax expense of \$3.1 million primarily due to
  - An 11 percent quarter-over-quarter *increase* in pretax income, offset in part by
  - \$5.0 million tax benefit recognized related to the administrative settlement of various income tax positions

### Capital Expenditures



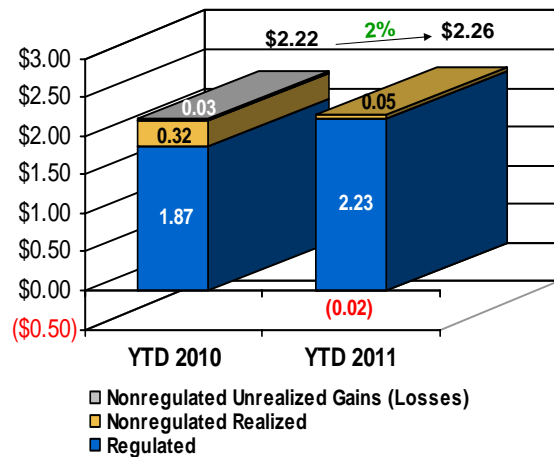
### Net Income (Loss) by Segment



### Key Drivers

- Decrease in realized asset optimization margins
- Rate increases, primarily in Texas
- Increased net impact from one-time items period over period
- Decreased throughput in the regulated operations

### Net Income (Loss) per Diluted Share



### Notes

- Nonregulated operations include an unrealized mark-to-market net loss of \$0.02 per diluted share in the current-year period, compared with a net gain of \$0.03 per diluted share for the 2010 period
- YTD 2011 positive impact of one-time items totaling \$0.12 per diluted share
- YTD 2010 one-time state sales tax refund contributed \$0.05 per diluted share
- Period-over-period decrease of about 2.2 million weighted average diluted shares outstanding primarily due to the July 2010 share buy-back

Consolidated Financial Results – Fiscal YTD



Gross Profit by Segment (excludes Intersegment Eliminations)	Six Months Ended March 31				
	2011	%	2010	%	Change
	(In thousands, except percentages)				
Natural Gas Distribution	\$689,930	82.2%	\$680,012	78.5%	\$9,918
Regulated Transmission & Storage	103,983	12.4%	102,041	11.8%	1,942
<i>Total Regulated</i>	793,913	94.6%	782,053	90.3%	11,860
Gas delivery, storage, trnsprt & other	44,861	5.3%	42,202	4.9%	2,659
Asset optimization	3,279	0.4%	37,391	4.3%	(34,112)
<i>Total Nonregulated realized margins</i>	48,140	5.7%	79,593	9.2%	(31,453)
Unrealized margins	(2,904)	-0.3%	4,343	0.5%	(7,247)
<i>Total Nonregulated</i>	45,236	5.4%	83,936	9.7%	(38,700)
<b>Total Gross Profit</b>	<b>\$839,149</b>		<b>\$865,989</b>		<b>(\$26,840)</b>

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Consolidated Financial Results – Fiscal YTD



**Drivers**

- \$26.8 million decrease in gross profit
  - \$9.9 million increase in natural gas distribution gross profit primarily from
    - \$31.8 million net increase in rates primarily in the Mid-Tex (\$17.0 million), Louisiana (\$3.7 million), Missouri (\$3.5 million), Kentucky (\$2.3 million), Kansas (\$2.0 million) and Georgia (\$1.8 million) service areas
    - \$13.2 million decrease due to an 11 percent decrease in consolidated throughput primarily associated with lower residential and commercial consumption and warmer weather
    - \$7.0 million decrease due to lower revenue-related taxes
  - \$2.0 million increase in regulated transmission and storage gross profit primarily from
    - \$6.2 million increase due to GRIP-related rate increases period over period
    - \$3.7 million decrease due to a decline in throughput to the Mid-Tex Division
    - \$2.4 million increase in various market-based demand fees
    - \$2.3 million decrease resulting from lower per-unit transportation margins on through-system deliveries

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## Drivers

- \$26.8 million *decrease* in gross profit (*continued*)
  - \$38.7 million *decrease* in nonregulated gross profit primarily due to
    - \$34.1 million *decrease* in realized asset optimization margins due to the continued trend of weak natural gas market fundamentals in the current year
    - \$7.2 million *decrease* in unrealized margins
    - \$2.7 million *increase* in realized margins primarily from delivered gas margins due to a five percent increase in consolidated sales volumes

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<b>Nonregulated Segment</b>	<b>Six Months Ended March 31</b>		
	<b>2011</b>	<b>2010</b>	<b>Change</b>
	(In thousands, except physical position)		
Gas delivery and related services	\$35,211	\$33,213	<b>\$1,998</b>
Storage and transportation services	6,871	6,427	<b>444</b>
Other	2,779	2,562	<b>217</b>
	44,861	42,202	<b>2,659</b>
Asset optimization (1)	3,279	37,391	<b>(34,112)</b>
Total realized margins	48,140	79,593	<b>(31,453)</b>
Unrealized margins	<b>(2,904)</b>	4,343	<b>(7,247)</b>
<b>GROSS PROFIT</b>	\$45,236	\$83,936	<b>(\$38,700)</b>
Net physical position (Bcf)	17.7	23.7	<b>(6.0)</b>

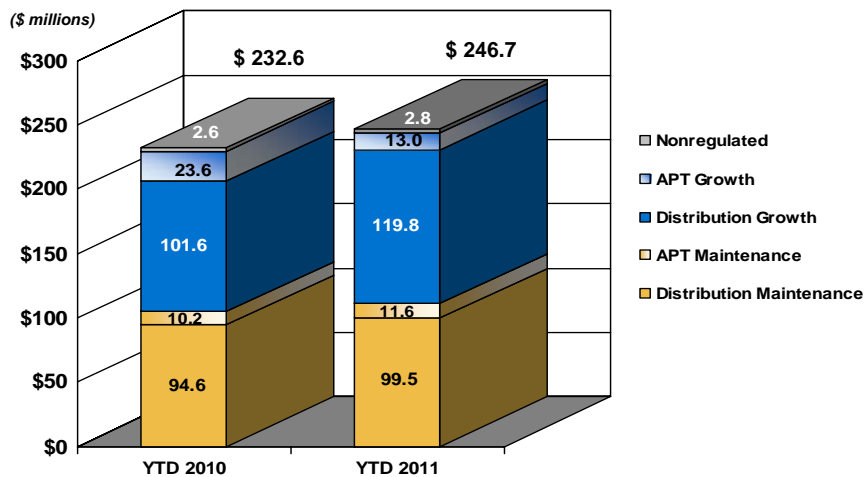
(1) Net of storage and demand fees of \$6.9 million and \$6.7 million

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**Drivers**

- Decreased O&M expenses of \$8.0 million, due to
  - \$8.8 million decrease in employee-related costs
  - \$7.4 million increase due to the absence in the current period of a state sales tax refund received in the prior-year period
  - \$3.6 million decrease in other administrative costs
  - \$2.0 million decrease in provision for doubtful accounts
  
- Increased operating expenses due to a \$19.3 million noncash charge to impair the Ft. Necessity storage project in the current period
  
- Increased miscellaneous income of \$25.7 million primarily due to the unwinding of two Treasury lock agreements, which created a \$27.8 million cash gain in the current period
  
- Decreased income tax expense of \$8.7 million primarily due to
  - \$5.0 million tax benefit recognized related to the administrative settlement of various income tax positions, coupled with
  - A three percent period-over-period decrease in pretax income

**Capital Expenditures**

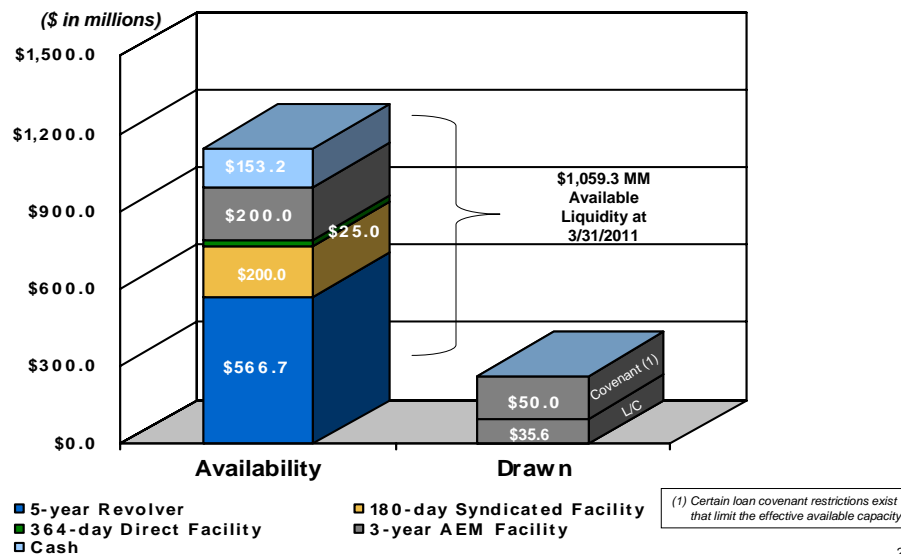


Regulated Growth Capital represents capital spent in excess of depreciation expense that is expected to be recovered through rate increases.  
 Regulated Maintenance Capital represents capital spent that is equal to depreciation expense.

### Credit Facilities

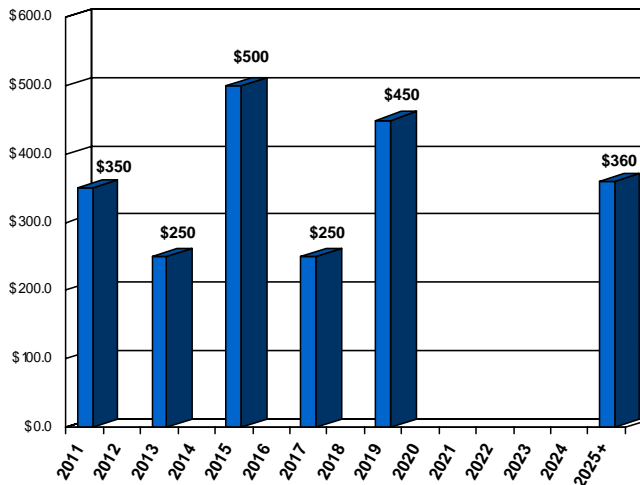
- May 2, 2011, Atmos Energy Corporation replaced its five-year \$567 million committed credit facility scheduled to expire in December 2011, with a \$750 million five-year committed credit facility, with an accordion feature that could increase borrowing capacity to \$1 billion
- December 8, 2010, Atmos Energy Marketing replaced its expiring \$450 million 364-day committed credit facility with a \$200 million three-year committed credit facility, with an accordion feature that could increase the borrowing capacity to \$500 million
- October 15, 2010, Atmos Energy Corporation entered into a \$200 million 180-day committed revolving credit facility that expired April 13, 2011, as planned

### Liquidity Profile



### Long-Term Debt Maturity

(\$ in millions)



### Notes

- \$350 million unsecured 7.375% Senior Notes due May 15, 2011
- Expect to issue \$300 million of 30-year senior notes in June 2011
  - Projected interest rate between 5.0% - 5.5%
  - 30-year treasury locks executed on \$300 million yielding an "all in" cost of 3.89%

### Investment Grade Credit Ratings

	Moody's	Standard & Poor's	Fitch
▪ <b>Senior Unsecured</b>	Baa2	BBB+	BBB+
▪ <b>Commercial Paper</b>	P-2	A-2	F-2
▪ <b>Ratings Outlook</b>	Under Review*	Stable	Stable

\* On March 31, 2011, Moody's changed their outlook from "Positive" to "Under Review for Possible Upgrade"

### **Treasury Lock Unwind**

- March 7, 2011, Atmos Energy Corporation unwound two Treasury lock agreements with a cumulative notional amount of \$250 million, generating a pretax cash gain of \$27.8 million (\$0.19 per diluted share)
  - Original financing plans included the issuance of \$250 million of 30-year unsecured senior notes in November 2011 primarily to fund the company's capital expenditure program. In September 2010, Atmos Energy entered into two Treasury lock agreements to fix the Treasury yield component of interest associated with the anticipated issuance.
  - After the extension of the Bush tax cuts in December 2010, which allowed for the continued use of bonus depreciation, Atmos Energy projected stronger cash flows in fiscal years 2011 and 2012. As a result, the need to issue the incremental \$250 million of debt in November 2011 has been eliminated and the related Treasury lock agreements have been unwound.

### **Ft. Necessity Gas Storage Project**

- As announced on March 9<sup>th</sup>, Atmos Energy evaluated its strategic alternatives and concluded that the project's returns no longer met the threshold returns required by the company. As a result, during the fiscal 2011 second quarter, \$19.3 million of capitalized costs associated with the project were written off and a corresponding pretax noncash loss of \$19.3 million was recognized. (\$0.12 per diluted share)
- In March 2010, a subsidiary of the company entered into an exclusive option and acquisition agreement with a third party storage developer to develop the proposed Ft. Necessity salt-dome gas storage facility.
- In January 2011, the third-party developer notified Atmos Energy that it would not begin the activities required to allow it to exercise the option by March 2011 and the option was terminated.
- Project initially included development of three 5 Bcf caverns of working gas storage for a total of 15 Bcf, with six-turn injection and withdrawal capabilities of the entire capacity; four additional storage caverns potentially could have been developed, if market demand existed.

### **Accelerated Share Buyback**

- Executed agreement with Goldman Sachs & Co. (GS) July 1, 2010
- Designed to offset dilutive impact of stock grants made under employee and director incentive compensation plans
- Total number of shares to be repurchased was based generally on the volume-weighted average share price of Atmos Energy common stock during the contract period (July 2010 – March 2011)
- Paid \$100 million to GS on July 7, 2010; received and immediately retired 2,958,580 shares of common stock
- March 4, 2011, after expiration of the contract period, GS delivered an additional 375,468 shares of common stock; thereby totaling 3,334,048 shares of common stock repurchased, at an effective repurchase price of \$29.99 per share
- Contributed approximately \$0.01 to fiscal 2010 diluted earnings per share
- Expect to contribute \$0.08 to fiscal 2011 diluted earnings per share

### **Atmos Pipeline – Texas**

- April 18, 2011, the Railroad Commission of Texas *issued* a final order authorizing an annual operating income increase of approximately \$20.4 million (GUD 10000)
  - Approved ROE of 11.80 percent; Authorized ROR of 9.36 percent
  - Approved capital structure: 49.5 percent debt / 50.5 percent equity
  - Authorized rate base: \$807.7 million
  - Effective May 1, 2011
  - Test year ended March 31, 2010
- Key Rate Design Changes Approved
  - Approved Straight Fixed Variable Rate Design, which provides recovery of all fixed costs through monthly customer charges
  - Approved three-year pilot program that decouples the nonregulated revenues by allowing an annual adjustment mechanism to regulated rates. The adjustment is 75 percent of the difference between the nonregulated annual revenues and a base credit of approximately \$84 million.

### **Mid-Tex RRM & Infrastructure Replacement**

- April 1, 2011, rates *filed* under the fourth RRM with “Settled Cities”, requesting an increase in annual operating income of \$13.2 million, which includes \$5.5 million for the steel service line replacement program
  - Requested ROE of 9.7 percent; overall return of 8.29 percent
  - Requested capital structure: 50 percent debt / 50 percent equity
  - Requested rate base: \$1.39 billion
  - Test year ended December 31, 2010
  - Serves about 1.3 million customers
  - Expect implementation of new rates August 15, 2011
  
- Steel service line replacement program
  - Commenced cost recovery of 50,000 lines on October 1, 2010; total of 100,000 lines to be replaced over a 2-year time period
  - Authorized ROE of 9.0 percent; use of actual capital structure with equity capped at 50 percent

### **GRIP Filing - Texas**

- February 25, 2011, *filed* Mid-Tex Division 2010 GRIP, seeking an increase of \$3.5 million for the City of Dallas and Mid-Tex Environs customers
  - Based on return, depreciation and changes in taxes related to system-wide increase in net investment of \$93.2 million during calendar 2010 (GRIP does not apply to Settled Cities under the RRM)
  - Requested Cap Structure: 51.1 percent Debt / 48.9 percent Equity
  - Requested ROE: 10.4 percent; Requested ROR: 8.6 percent
  - Requested system-wide Rate Base of \$1.269 Billion
  - Affects approximately 270,000 customers
  - Expected rate implementation in August 2011

### **Mid-Tex RRM & Infrastructure Replacement**

- October 2010, rates *implemented* for third RRM with “Settled Cities”, resulting in an increase in annual operating income of \$23.1 million, which includes \$3.2 million for steel service line replacement program
  - Authorized ROE of 9.6 percent; overall return of 8.19 percent
  - Authorized capital structure: 52 percent debt / 48 percent equity
  - Authorized rate base not specified; Requested rate base: \$1.33 billion
  - Serves about 1.3 million customers
  - Authorized system-wide steel service line replacement program
    - Total of 100,000 lines to be replaced over a 2-year time period
    - Authorized ROE of 9.0 percent; use of actual capital structure with equity capped at 50 percent
- Two-cycle extension of RRM
  - Eliminated true-up provision
  - Allowed ROE will be 9.7 percent
  - Authorized use of actual capital structure with equity capped at 50 percent
  - General rate case must be filed on or before June 2013

### **Rate Review Mechanism (RRM) Filings West Texas Cities**

- April 1, 2011, rates *filed* under the fourth RRM, requesting an increase in annual operating income of \$2.6 million
  - Requested Capital structure: 51.9 percent Debt / 48.1 percent Equity
  - Requested ROE: 9.60 percent; Requested ROR: 8.19 percent
  - Requested Rate Base: \$146.0 million
  - Serves about 150,000 customers
  - Test year ended December 31, 2010

### **City of Lubbock**

- April 1, 2011, rates *filed* under the third RRM, requesting an increase in annual operating income of \$2.1 million
  - Requested Capital structure: 51.9 percent Debt / 48.1 percent Equity
  - Requested ROE: 9.6 percent; Requested ROR: 8.19 percent
  - Requested Rate Base: \$60.9 million
  - Serves about 73,000 customers
  - Test year ended December 31, 2010

### **Louisiana Rate Stabilization Filings**

- March 31, 2011, annual rate stabilization *filing* for LGS jurisdiction, requesting an increase in annual operating income of \$4.6 million
  - Requested ROE of 10.40 percent; overall return of 8.61 percent
  - Requested capital structure: 52 percent debt / 48 percent equity
  - Requested rate base of \$274.0 million
  - Filing is for test year ended December 31, 2010
  - Rate increase is expected to be effective July 1, 2011
  - Affects about 270,000 customers
  
- April 1, 2011, rates *implemented* for the annual rate stabilization for TransLa jurisdiction, requesting an increase in annual operating income of \$0.4 million
  - Authorized ROE of 10.00 percent; overall return of 8.37 percent
  - Authorized capital structure: 52 percent debt / 48 percent equity
  - Authorized rate base of \$93.3 million
  - Test year ended September 30, 2010
  - Affects about 73,000 customers

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### **Earnings Guidance – Fiscal 2011E**

- Atmos Energy continues to expect earnings to be in the range of \$2.25 – \$2.35 per diluted share for the 2011 fiscal year, excluding unrealized gains and losses
  
- Updated assumptions include:
  - Expected gross margin contribution from the nonregulated segment in the range of \$85 million to \$95 million, excluding any unrealized gains and losses
  - Continued successful execution of rate strategy, with total approved increases in operating income of between \$50 - \$60 million
  - Normal weather for the remainder of the fiscal year
  - Average gas cost purchases ranging from \$4 - \$6 per Mcf
  - Bad debt expense of no more than \$9 million
  - Average annual short-term interest rate of approximately 30 basis points
  - Net issuance of 500,000 common shares
  - No material acquisitions

**Note:** Changes in these events or other circumstances that the company cannot currently anticipate could materially impact earnings, and could result in earnings for fiscal 2011 significantly above or below this outlook.

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**Projected Net Income by Segment**

(\$ millions, except EPS)

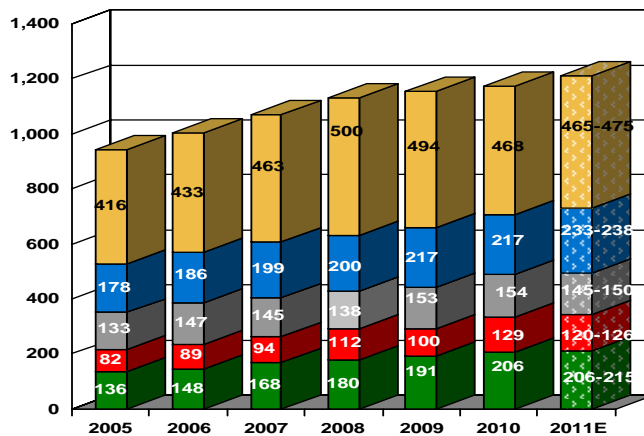
	2007	2008	2009	2010	2011E
Natural Gas Distribution	\$ 73	\$ 93	\$ 117	\$ 126	\$ 146 – 151
Regulated Trans. & Storage	34	41	41	41	45 – 47
Nonregulated	61	46	33	39	15 – 17
<b>Total</b>	<b>168</b>	<b>180</b>	<b>191</b>	<b>206</b>	<b>206 – 215</b>
Avg. Diluted Shares	87.5	89.9	91.6	92.4	90.7
Earnings Per Share **	\$ 1.91	\$ 1.99	\$ 2.07	\$ 2.20	\$ 2.25 – \$2.35

\*\* Since we have non-vested share-based payments with a nonforfeitable right to dividends, we have been required to use the two-class method of computing earnings per share since October 1, 2009. As a result, EPS can no longer be calculated directly from the income statement.



**Selected Income Statement Components**

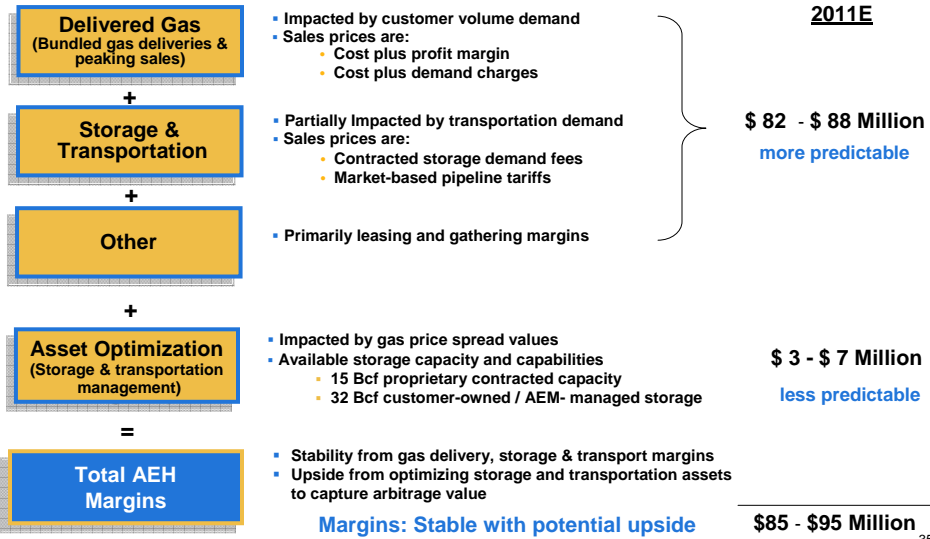
(\$ millions)



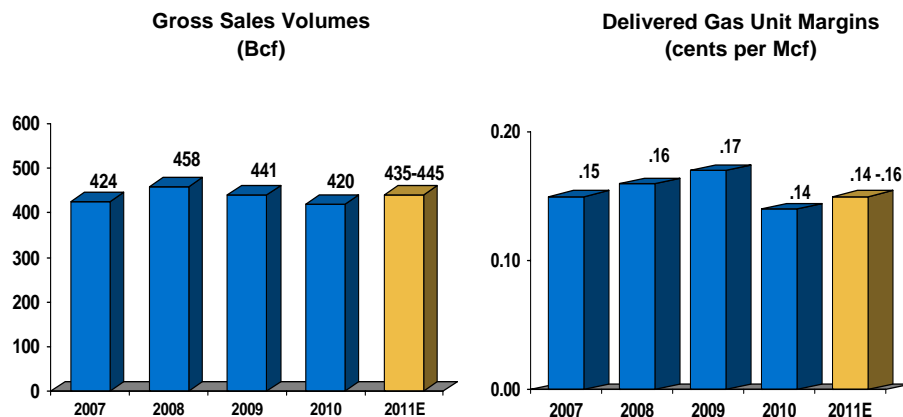
**2011E Consolidated**  
(\$ millions)

O & M	\$465 - \$475
D & A	\$233 - \$238
Interest	\$145 - \$150
Income Tax	\$120 - \$126
Net Income	\$206 - \$215
Shares Out	90.7 million

### Nonregulated – Gross Profit Margin Composition



### Nonregulated – Delivered Gas Margins



### Projected Cash Flow

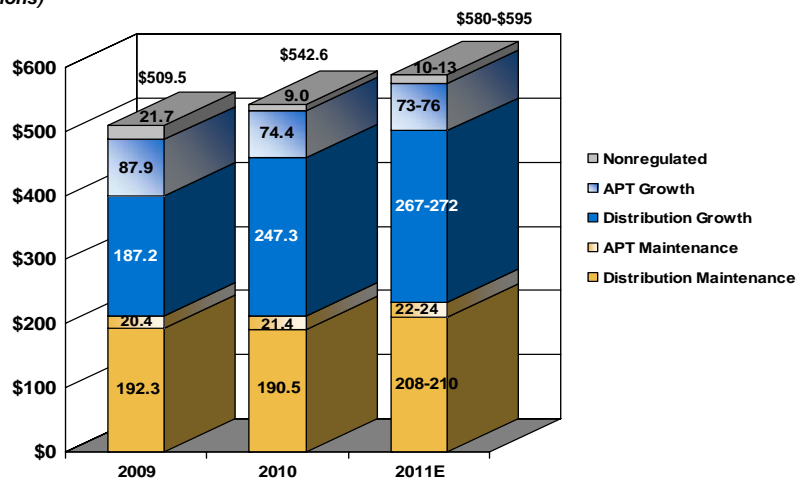
(\$ millions)

	2007	2008	2009	2010	2011E
Cash Flows from Operations	\$ 547	\$ 371	\$ 919	\$ 726	\$ 530-550
Regulated Maintenance Capital <sup>(1)</sup>	(196)	(197)	(213)	(212)	(230-234)
Dividends	(112)	(117)	(121)	(124)	(124)
Cash Available for Debt Reduction and Growth Projects	\$ 239	\$ 57	\$ 585	\$ 390	\$ 176-192

<sup>(1)</sup> Regulated maintenance capital represents capital spent that is equal to depreciation expense

### Capital Expenditures

(\$ millions)



Regulated Growth Capital represents capital spent in excess of depreciation expense that is expected to be recovered through rate increases. The projection for fiscal 2011 is \$340 - \$348 million.  
 Regulated Maintenance Capital represents capital spent that is equal to depreciation expense. The projection for fiscal 2011 is \$230 - \$234 million.

- The audio and slide presentation of this conference call will be available on Atmos Energy's Web site by 10:00 a.m. Eastern Daylight Time on May 5, 2011, through midnight August 3, 2011. Atmos Energy's Web site address is: [www.atmosenergy.com](http://www.atmosenergy.com).
- To listen to the live conference call, dial 877-485-3107 by 10:00 a.m. Eastern Daylight Time on May 5, 2011.

## Appendix

Consolidated Financial Results – Fiscal 2011 2Q



**Q2 2010 Net Income vs. Q2 2011 Net Income**

(\$ millions, except EPS)	Q2 2010		One-Time Items	Q2 2011		One-Time Items		Q2 2011 ADJ
	GAAP	MTM		GAAP	MTM			
Natural Gas Distribution	\$ 103	\$ ---	\$(5)	\$ 98	\$ 118	\$ ---	\$ (18)	\$ 100
Regulated Trans. & Storage	12	---	---	12	18	---	(4)	14
Nonregulated	(1)	26	---	25	(4)	2	11	9
<b>Total</b>	<b>\$ 114</b>	<b>\$ 26</b>	<b>\$(5)<sup>a</sup></b>	<b>\$ 135</b>	<b>\$ 132</b>	<b>\$ 2</b>	<b>\$(11)<sup>b</sup></b>	<b>\$ 123</b>
Avg. Diluted Shares	92.9	92.9	92.9	92.9	90.5	90.5	90.5	90.5
Earnings Per Share*	\$ 1.22	\$ 0.27	\$(0.05)	\$ 1.44	\$ 1.45	\$ 0.02	\$(0.12)	\$ 1.35

(a) Includes positive impact of state sales tax refund of \$4.5 million, or \$0.05 per share

(b) Includes positive impact from unwinding treasury lock agreements of \$17.2 million, or \$0.19 per share; a tax benefit from an administrative settlement of various income tax positions of \$5.0 million, or \$0.05 per share; offset in part by the negative impact of the Ft. Necessity impairment of \$11.1 million, or \$0.12 per share, generating a total positive impact of \$11.1 million, or \$0.12 per share

\* Since we have non-vested share-based payments with a nonforfeitable right to dividends, we have been required to use the two-class method of computing earnings per share since October 1, 2009. As a result, EPS can no longer be calculated directly from the income statement.

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Consolidated Financial Results – Fiscal 2011 YTD



**YTD 2010 Net Income vs. YTD 2011 Net Income**

(\$ millions, except EPS)	YTD 2010		One-Time Items	YTD 2011		One-Time Items		YTD 2011 ADJ
	GAAP	MTM		GAAP	MTM			
Natural Gas Distribution	\$ 154	\$ ---	\$(5)	\$ 149	\$ 176	\$ ---	\$ (18)	\$ 158
Regulated Trans. & Storage	20	---	---	20	28	---	(4)	24
Nonregulated	33	(3)	---	30	2	2	11	15
<b>Total</b>	<b>\$ 207</b>	<b>\$ (3)</b>	<b>\$(5)<sup>a</sup></b>	<b>\$ 199</b>	<b>\$ 206</b>	<b>\$ 2</b>	<b>\$(11)<sup>b</sup></b>	<b>\$ 197</b>
Avg. Diluted Shares	92.7	92.7	92.7	92.7	90.5	90.5	90.5	90.5
Earnings Per Share*	\$ 2.22	\$(0.03)	\$(0.05)	\$ 2.14	\$ 2.26	\$ 0.02	\$(0.12)	\$ 2.16

(a) Includes positive impact of state sales tax refund of \$4.5 million, or \$0.05 per share

(b) Includes positive impact from unwinding treasury lock agreements of \$17.2 million, or \$0.19 per share; a tax benefit from an administrative settlement of various income tax positions of \$5.0 million, or \$0.05 per share; offset in part by the negative impact of the Ft. Necessity impairment of \$11.1 million, or \$0.12 per share, generating a total positive impact of \$11.1 million, or \$0.12 per share

\* Since we have non-vested share-based payments with a nonforfeitable right to dividends, we have been required to use the two-class method of computing earnings per share since October 1, 2009. As a result, EPS can no longer be calculated directly from the income statement.

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Consolidated Financial Results – Fiscal 2011



**Impact of Unrealized Margins on Nonregulated Segment**

	For the Three Months Ended March 31		For the Six Months Ended March 31	
	2011	2010	2011	2010
	(In thousands, except per share data)		(In thousands, except per share data)	
Unrealized Margin	\$ (3,408)	\$ (39,541)	\$ (2,904)	\$ 4,343
Segment Tax Rate	38.48%	35.49%	42.43%	39.28%
Impact on Net Income	\$ (2,096)	\$ (25,509)	\$ (1,672)	\$ 2,638
EPS Income Adjustment **	(27)	(251)	(28)	16
Net Income for EPS	\$ (2,069)	\$ (25,258)	\$ (1,644)	\$ 2,622
Weighted Avg Diluted Shares	90,533	92,853	90,455	92,681
Impact on Diluted EPS	\$ (0.02)	\$ (0.27)	\$ (0.02)	\$ 0.03

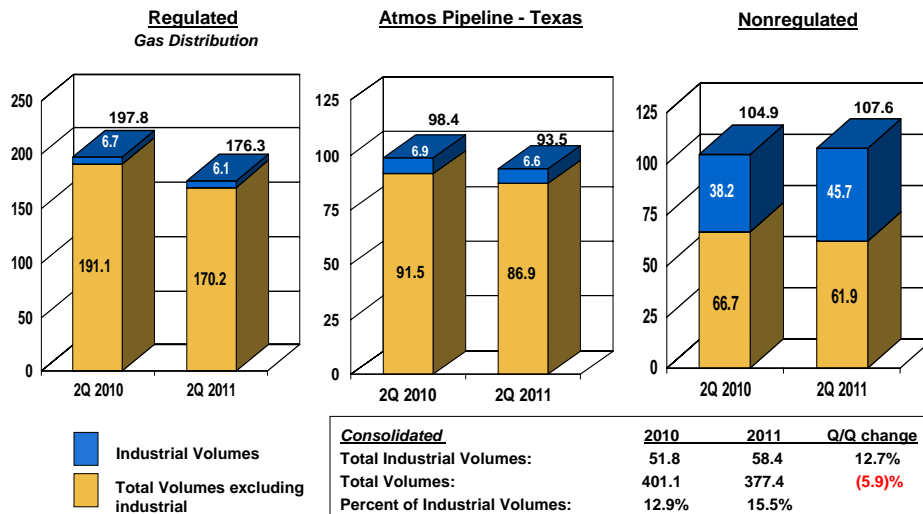
\*\* Since we have non-vested share-based payments with a nonforfeitable right to dividends, we have been required to use the two-class method of computing earnings per share since of October 1, 2009.

Consolidated Financial Results – Fiscal 2011 2Q



**Quarter-Over-Quarter Industrial Demand Increases 13%**

(volumes in Bcf)

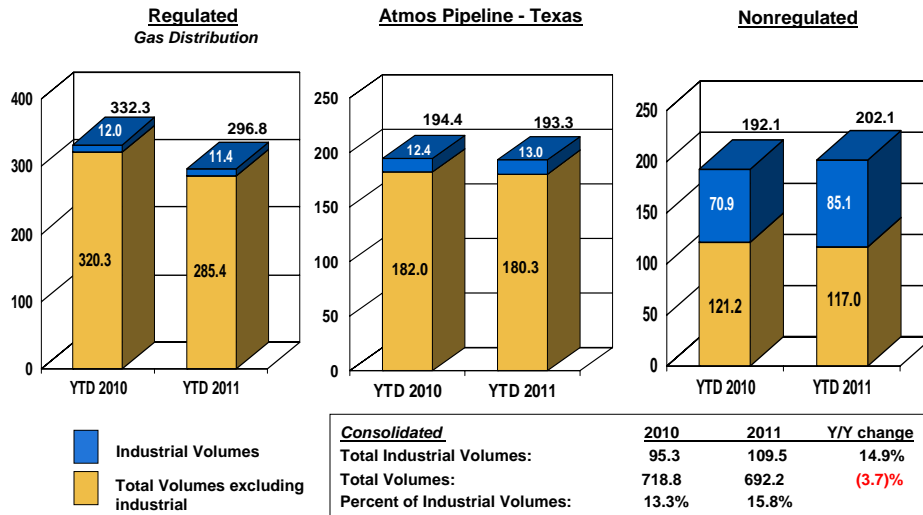


## Consolidated Financial Results – Fiscal YTD



### Year-Over-Year Industrial Demand Increases 15%

(volumes in Bcf)



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## Nonregulated



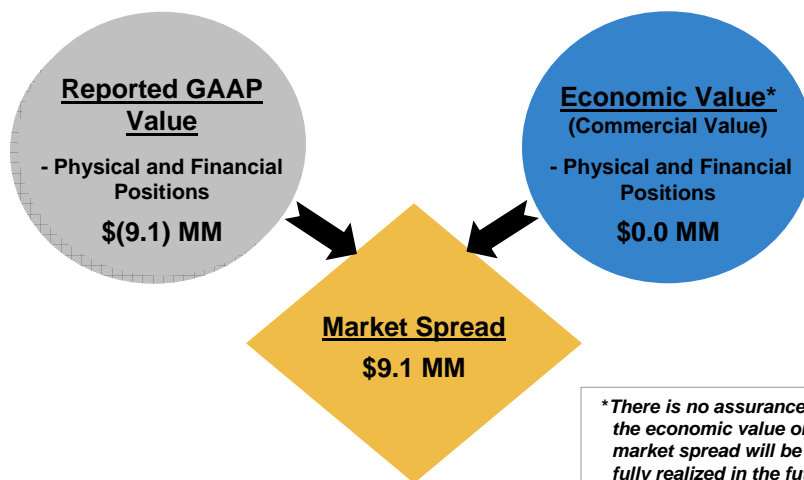
### Economic Value vs. GAAP Reported Results

- We commercially manage our storage assets by capturing arbitrage value through optimization strategies that create embedded (forward) value in the portfolio. We report the transactions for external financial reporting purposes in accordance with generally accepted accounting principles ("GAAP").
- GAAP Reported Value** is the period to period net change in fair value of the portfolio reported in the income statement that results from the process of marking to market the physical storage volumes and corresponding financial instruments in an interim period.
- Economic Value** is the period to period forward margin of our storage portfolio that results from the process of calculating our weighted average cost of inventory (WACOG), and our weighted average sales price of our forward financials (WASP), then multiplying the difference times inventory volumes. This margin should be realized in cash when the hedged transaction is executed or when financials are settled and then reset to stay hedged against physical volumes.

  - Economic Value** represents the "forward" economic margin of the transactions, while GAAP reported results reflect that portion of our "forward" margin that has been recorded in the income statement.
  - Volatility** in earnings includes the impact of the accounting treatment of our storage portfolio in accordance with GAAP and is reflective of relatively high price volatility of the prompt month, and the relatively low volatility of the offsetting forward months.

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### Economic Value vs. GAAP Reported Results



At March 31, 2011

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### Economic Value vs. GAAP Reported Results Three Months Ended

Period Ending	Physical Volume (Bcf)	Economic Value (EV) (\$ per mcf)			Total (\$ in millions)	GAAP Reported Value - MTM (\$ per mcf)		Market Spread (\$ per mcf)	
		WASP	WACOG	EV		Total (\$ in millions)	Total (\$ in millions)		
12/31/2009	19.0	6.9027	5.5497	1.3530	25.7	1.4297	27.2	(0.0767)	(1.5)
3/31/2010	23.7	5.2744	5.2416	0.0328	0.8	(0.4029)	(9.5)	0.4357	10.3
<b>2010 Variance</b>	4.7	\$ (1.6283)	\$ (0.3081)	\$ (1.3202)	\$ (24.9)	\$ (1.8326)	\$ (36.7)	\$ 0.5124	\$ 11.8
12/31/2010	19.6	4.4769	4.6103	(0.1334)	(2.6)	(0.5200)	(10.2)	0.3866	7.6
3/31/2011	17.7	4.3730	4.3741	(0.0011)	(0.0)	(0.5144)	(9.1)	0.5133	9.1
<b>2011 Variance</b>	(1.9)	\$ (0.1039)	\$ (0.2362)	\$ 0.1323	\$ 2.6	\$ 0.0056	\$ 1.1	\$ 0.1267	\$ 1.5

WASP: Weighted average sales price for gas held in storage

WACOG: Historical weighted average cost of AEM's gas in storage

EV: "Economic Value" which equals gas sales price (WASP) minus cost of gas (WACOG) on a per unit basis

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Nonregulated



**Economic Value vs. GAAP Reported Results  
Six Months Ended**

Period Ending	Physical Volume (Bcf)	Economic Value (EV) (\$ per mcf)			Total (\$ in millions)	GAAP Reported Value - MTM (\$ per mcf)		Market Spread (\$ per mcf)		Total (\$ in millions)
		WASP	WACOG	EV		Total	Total	Total		
9/30/2009	15.9	7.8995	5.9370	1.9625	31.2	(0.9294)	(14.8)	2.8919	46.0	
3/31/2010	23.7	5.2744	5.2416	0.0328	0.8	(0.4029)	(9.5)	0.4357	10.3	
<b>2010 Variance</b>	7.8	\$ (2.6251)	\$ (0.6954)	\$ (1.9297)	\$ (30.4)	\$ 0.5265	\$ 5.3	\$ (2.4562)	\$ (35.7)	
9/30/2010	15.7	4.8276	5.3041	(0.4765)	(7.5)	(0.9100)	(14.3)	0.4335	6.8	
3/31/2011	17.7	4.3730	4.3741	(0.0011)	(0.0)	(0.5144)	(9.1)	0.5133	9.1	
<b>2011 Variance</b>	2.0	\$ (0.4546)	\$ (0.9300)	\$ 0.4754	\$ 7.5	\$ 0.3956	\$ 5.2	\$ 0.0798	\$ 2.3	

WASP: Weighted average sales price for gas held in storage

WACOG: *Historical* weighted average cost of AEM's gas in storage

EV: "Economic Value" which equals gas sales price (WASP) minus cost of gas (WACOG) on a per unit basis

Atmos Energy Corporation  
Jurisdictional Rate Data  
as of May 4, 2011

Jurisdiction	Effective Date of Last Rate Action	Date of Last Rate Filing (pending)	Authorized Operating Income (in millions)	Requested Operating Income (in millions)	Rate Base (in thousands) <sup>1</sup>	Requested Rate Base (in thousands)	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Annual Revenue Stabilization	Bad debt Rider <sup>3</sup>	WNA	3/31/2011 Meters
Atmos Pipeline-Texas	5/1/11		\$20.4		807,700		9.36%		11.80%		50/50			n/a	n/a	n/a
Atmos Pipeline-Texas - GRIP	7 4/20/10		\$13.4		799,841		8.26%		10.00%		50/50			n/a	n/a	n/a
Mid-Tex - Settled Cities RRM	10/1/10	4/1/11	\$23.1	\$13.2	2	5 1,389,187	8.19%	8.29%	9.60%	9.70%	52/48	50/50	Y	Y	Y	1,254,854
Mid-Tex - Dallas Appeal & Environs	1/26/10		\$3.0	8	1,279,647		8.60%		10.40%		51/49			Y	Y	313,713
Mid-Tex - Dallas & Environs GRIP	7 9/1/10	2/25/11	\$3.0	\$3.5	1,283,357		8.60%	8.60%	10.40%	10.40%	51/49	51/49		n/a	n/a	n/a
Lubbock RRM	9/1/10	4/1/11	-\$0.9	\$2.1	57,074	6 60,892	8.19%	8.19%	9.60%	9.60%	52/48	52/48	Y	Y	Y	73,854
West Texas Cities RRM	8/15/10	4/1/11	\$0.7	\$2.6	135,565		8.19%	8.19%	9.60%	9.60%	52/48	52/48	Y	Y	Y	156,089
Amarillo RRM	8/1/10		\$1.2		55,537	6	8.19%		9.60%		52/48		Y	Y	Y	70,349
Colorado	1/4/10		\$1.9		86,189		8.57%		10.25%		50/50			Y <sup>9</sup>	N	110,123
Kansas	8/1/10		\$3.9		144,583	4	2		2		2			Y	Y	128,562
Georgia	3/31/10		\$2.9		88,583		8.61%		10.70%		52/48			N	Y	65,106
Illinois	11/1/00				24,564		9.18%		11.56%		67/33			N	N	23,033
Iowa	3/1/01				5,000		2		11.00%		57/43			N	N	4,332
Kentucky	6/1/10		\$6.6		184,697	4	2		2		2			Y	Y	177,788
Missouri	9/1/10		\$4.0		66,459	4	2		2		49/51			N	N	56,960
Tennessee	4/1/09		\$2.5		190,100		8.24%		10.30%		52/48			Y	Y	133,406
Virginia	11/23/09		\$1.4		36,861		8.48%		10.00%		51/49			Y	Y	23,307
TransLa	4/1/11		\$0.4		93,260		8.37%		10.00%		52/48		Y	N	Y	76,430
LGS	7/1/10	3/31/11	\$3.9	\$4.6	251,591		8.54%	8.61%	10.40%	10.40%	52/48	52/48	Y	N	Y	277,985
Mississippi	4/5/11		\$0.0		240,213		8.04%		9.44%		50/50		Y	N	Y	267,140

<sup>1</sup> The rate base, authorized rate of return and authorized return on equity presented in this table are those from the last base rate case for each jurisdiction. These rate bases, rates of return and returns on equity are not necessarily indicative of current or future rate bases, rates of return or returns on equity.

<sup>2</sup> A rate base, rate of return, return on equity or debt/equity ratio was not included in the respective state commission's final decision.

<sup>3</sup> The bad debt rider allows us to recover from ratepayers the gas cost portion of uncollectible accounts.

<sup>4</sup> The rate base per the last filing was not included in the respective state commission's final decision; however, the amount presented represents the filed rate base included in the latest filing.

<sup>5</sup> Mid-Tex rate base for settled cities and Dallas both represented on a 'system-wide' basis.

<sup>6</sup> The Amarillo and Lubbock City Councils approved three year RRM plans for their respective cities in the spring of 2009.

<sup>7</sup> GRIP filings are based on existing returns and the change in net utility plant investment.

<sup>8</sup> Net of GRIP 2008 rates that will be superceded, operating income should increase \$0.2 million

<sup>9</sup> Recovery of gas portion of uncollectible accounts through GCA approved for a two year pilot