

# Analyst Call to Review Fiscal 2010 Second Quarter Financial Results

*May 6, 2010  
10:00 a.m. EDT*

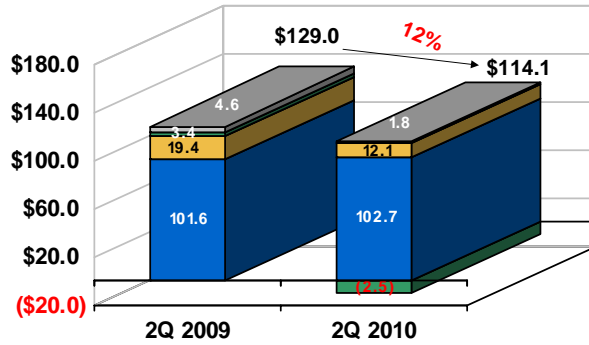
## *Forward Looking Statements*

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, 2009, and in our Quarterly Report on Form 10-Q for the three months ended December 31, 2009. 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.

### Net Income (Loss) by Segment

(\$ in millions)

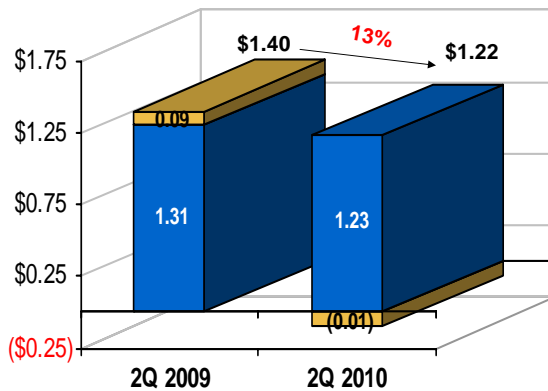


- Natural gas distribution
- Regulated transmission & storage
- Natural gas marketing
- Pipeline, storage & other

### Key Drivers

- Decrease in nonregulated unrealized margins
- Increase in nonregulated realized margins
- Rate increases, primarily in Texas
- Increase in distribution throughput
- Decrease from the impact of one-time items

### Net Income (Loss) per Diluted Share



- Nonregulated Operations
- Regulated Operations

### Notes

- Quarter-over-quarter increase of about 1.7 million weighted average diluted shares outstanding
- Nonregulated operations include an unrealized mark-to-market net loss of \$0.27 per diluted share for 2Q 2010 compared with a net loss of \$0.04 per diluted share for 2Q 2009
- 2Q 2010 one-time regulated state sales tax refund contributed \$0.05 per diluted share
- 2Q 2009 positive impact of one-time items totaling \$0.17 per diluted share

**Drivers**

- \$5.7 million *decrease* in gross profit
  - \$18.3 million *increase* in natural gas distribution gross profit primarily from
    - \$12.7 million net *increase* due to rate adjustments
      - \$6.0 million *increase* due to rate adjustments in West Texas Division
      - \$1.9 million *increase* in Mid-Tex Division primarily from GRIP and the 2009 RRM
      - \$1.6 million *increase* due to rate adjustments in Louisiana Division
      - \$1.4 million *increase* due to rate adjustments in Mississippi Division
    - \$8.7 million *increase* in consolidated throughput primarily associated with higher residential and commercial consumption and colder weather
    - \$7.0 million *decrease* due to the prior-year reversal of unrecoverable gas costs that did not recur in the current year

**Drivers**

- \$5.7 million *decrease* in gross profit (*continued*)
  - \$ 4.0 million *decrease* in regulated transmission and storage gross profit primarily due to
    - \$3.5 million *decrease* resulting from lower per-unit transportation margins largely due to narrower basis spreads
    - \$2.8 million *decrease* due to the absence of excess inventory sales
    - \$2.6 million *decrease* in market-based demand fees and compression activity associated with lower throughput
    - \$3.2 million *increase* due to increased through-system volumes primarily to our Mid-Tex Division due to colder weather
    - \$1.5 million *increase* due to rate adjustments resulting from GRIP filings

**Drivers**

- \$5.7 million *decrease* in gross profit (*continued*)
  - \$ 17.0 million *decrease* in natural gas marketing gross profit primarily due to
    - \$27.0 million *increase* in realized margins from the timing of storage withdrawal gains in the second quarter of fiscal 2010 compared with first quarter of fiscal 2009
    - \$6.0 million *decrease* in per-unit margins on consolidated sales volumes that were flat quarter over quarter
    - \$38.0 million *decrease* in unrealized margins due to greater realized financial gains recognized in this quarter and lower volatility in the current-year quarter between current cash prices and forward natural gas prices

<b>Natural Gas Marketing Segment</b>	<b>Three Months Ended March 31</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
	(In thousands, except physical position)		
Delivered gas	\$17,126	\$23,165	<b>(\$6,039)</b>
Asset optimization (1)	24,891	<b>(2,073)</b>	<b>26,964</b>
Unrealized margin	<b>(35,537)</b>	2,452	<b>(37,989)</b>
<b>GROSS PROFIT</b>	<b>\$6,480</b>	<b>\$23,544</b>	<b>(\$17,064)</b>
Net physical position (Bcf)	22.7	21.9	<b>0.8</b>

(1) Net of storage and demand fees of \$3.5 million and \$2.9 million

## Drivers

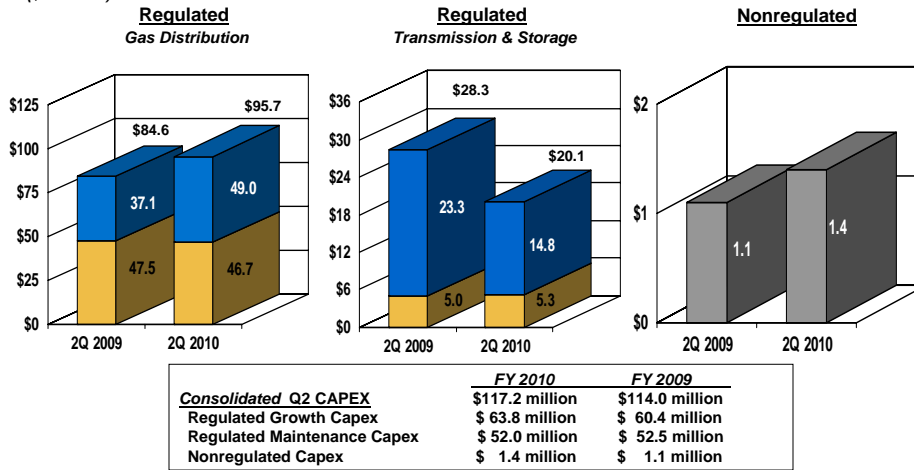
- \$5.7 million *decrease* in gross profit (*continued*)
  - \$2.9 million *decrease* in nonregulated pipeline, storage and other gross profit primarily due to
    - \$6.5 million *decrease* in asset optimization margins primarily due to lower arbitrage opportunities this year
    - \$1.8 million *decrease* from reduced basis gains earned on utilizing leased pipeline capacity
    - \$4.2 million *increase* in unrealized gains

## Drivers

- *Decreased* O&M expenses of \$4.6 million, primarily due to
  - \$7.4 million *decrease* from receipt of a state sales tax refund
  - \$2.7 million *decrease* in legal and other administrative costs
  - \$5.4 million *increase* in employee wages and benefits costs
  - \$1.6 million *increase* in provision for bad debt expense

### Capital Expenditures

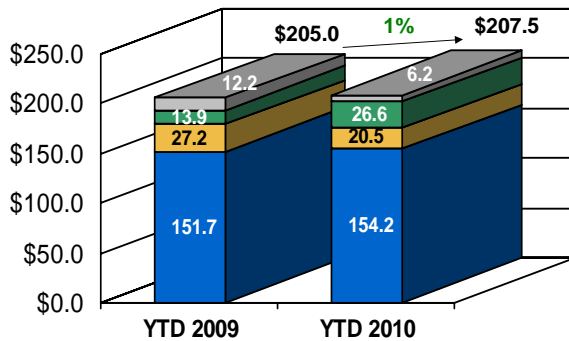
(\$ millions)



■ 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

### Net Income by Segment

(\$ in millions)

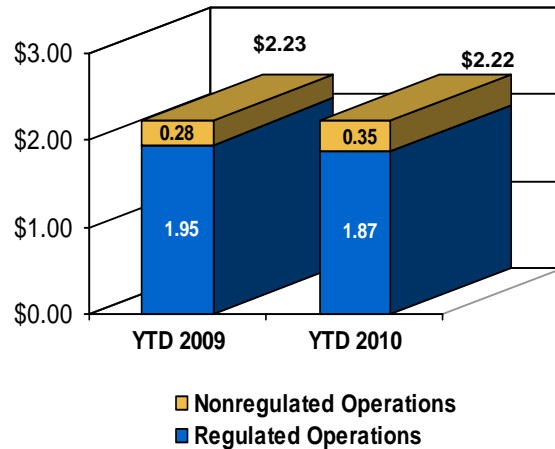


#### Key Drivers

- Increase in nonregulated unrealized margins
- Decrease in nonregulated realized margins
- Rate increases, primarily in Texas
- Increase in distribution throughput
- Reduced O&M expenses
- Decreased throughput and per-unit transportation margins at APT
- Decrease from the impact of one-time items

■ Natural gas distribution                      ■ Regulated transmission & storage  
 ■ Natural gas marketing                      ■ Pipeline, storage & other

## Net Income per Diluted Share



### Notes

- Year-over-year increase of about 1.7 million weighted average diluted shares outstanding
- Nonregulated operations include unrealized mark-to-market net gains of \$0.03 per diluted share in the current-year period, compared with a net loss of \$0.19 per diluted share for the 2009 period
- YTD 2010 one-time regulated state sales tax refund contributed \$0.05 per diluted share
- YTD 2009 positive impact of one-time items totaling \$0.21 per diluted share

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## Drivers

- \$9.9 million *increase* in gross profit
  - \$14.5 million *increase* in natural gas distribution gross profit primarily due to
    - \$22.5 million net *increase* due to rate adjustments primarily in Texas and Louisiana from annual rate filing mechanisms
      - \$3.3 million *increase* from Mid-Tex Division
      - \$11.6 million *increase* from West Texas Division
      - \$4.7 million *increase* from Louisiana & Mississippi divisions
    - \$11.0 million *increase* in consolidated throughput primarily associated with higher residential and commercial consumption and colder weather
    - \$8.3 million *decrease* due to a non-recurring update to the estimate for unbilled revenues in the prior-year period
    - \$7.0 million *decrease* due to the prior-year reversal of unrecoverable gas costs that did not recur in the current year

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### Drivers

- \$9.9 million *increase* in gross profit (*continued*)
  - \$11.9 million *decrease* in regulated transmission and storage gross profit primarily due to
    - \$7.5 million *decrease* resulting from lower transportation fees on through-system deliveries due to narrower basis spreads
    - \$3.9 million *decrease* in market-based demand fees and compression activity associated with lower throughput
    - 2.8 million *decrease* due to the absence of excess inventory sales
    - \$3.1 million *increase* due to rate adjustments resulting from GRIP filings

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### Drivers

- \$9.9 million *increase* in gross profit (*continued*)
  - \$12.7 million *increase* in natural gas marketing gross profit primarily due to
    - \$8.5 million *decrease* in delivered gas margins primarily due to reduced per-unit margins and a three percent decrease in consolidated sales volumes
    - \$3.5 million *decrease* as a result of lower natural gas volatility in the current-year period, which created fewer opportunities to optimize assets
    - \$24.7 million *increase* in unrealized margins primarily due to the period-over-period timing of storage withdrawal gains and the associated reversal of unrealized gains into realized gains

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## Consolidated Financial Results – Fiscal YTD



<b>Natural Gas Marketing Segment</b>	<b>Six Months Ended March 31</b>		
	<b>2010</b>	<b>2009</b>	<b>Change</b>
	(In thousands, except physical position)		
Delivered gas	\$33,213	\$41,718	<b>(\$8,505)</b>
Asset optimization (1)	31,320	34,866	<b>(3,546)</b>
Unrealized margin	1,732	<b>(23,017)</b>	<b>24,749</b>
<b>GROSS PROFIT</b>	<b>\$66,265</b>	<b>\$53,567</b>	<b>\$12,698</b>
Net physical position (Bcf)	22.7	21.9	<b>0.8</b>

(1) Net of storage and demand fees of \$6.0 million and \$5.5 million

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## Consolidated Financial Results – Fiscal YTD



### **Drivers**

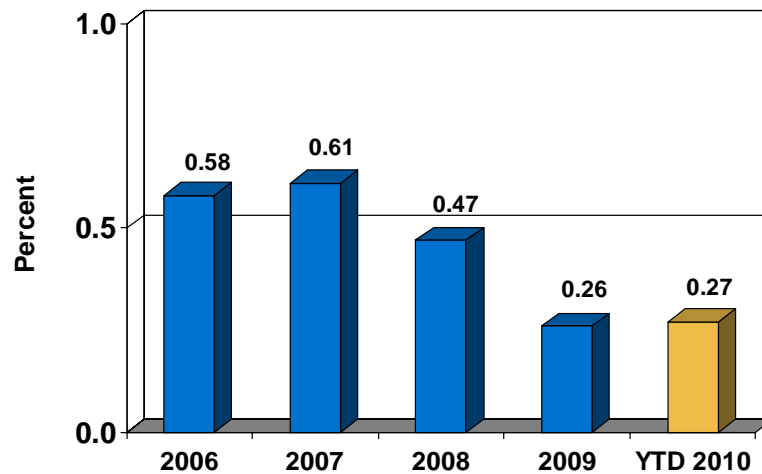
- **\$9.9 million increase in gross profit (continued)**
  - \$5.5 million *decrease* in nonregulated pipeline, storage and other gross profit primarily due to
    - \$6.4 million *decrease* primarily from lower margins earned on storage optimization activities
    - \$3.7 million *decrease* from reduced physical basis spreads
    - \$3.0 million *decrease* from lower margins earned on asset management plans
    - \$8.0 million *increase* in unrealized margins

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### Drivers

- Decreased O&M expenses of \$13.4 million primarily due to
  - \$8.3 million decrease resulting from lower pipeline maintenance costs at APT
  - \$7.4 million decrease from receipt of a state sales tax refund
  - \$5.5 million decrease in legal and other administrative costs
  - \$8.4 million increase in employee wages and benefits costs
  - \$0.8 million increase in provision for bad debt expense

### Gas Distribution Bad Debt Expense as a % of Revenues

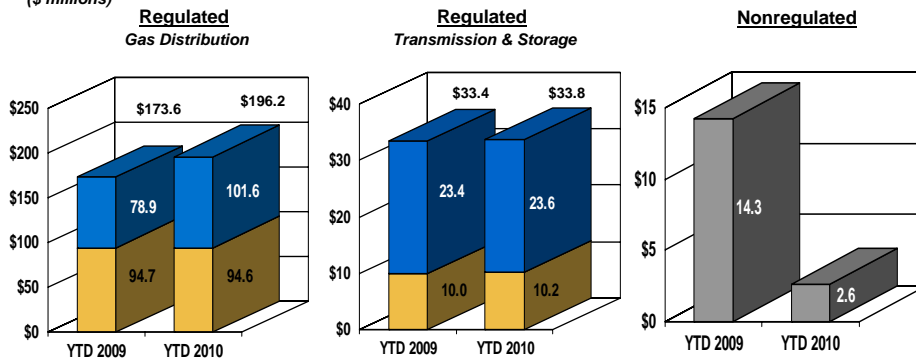


**Drivers**

- \$2.1 million decrease due to a non-cash charge to impair certain available-for-sale investments in FY 2009, which did not recur in the current-year period

**Capital Expenditures**

(\$ millions)



	2010	2009
<b>Consolidated YTD CAPEX</b>	\$232.6 million	\$221.3 million
Regulated Growth Capex	\$125.2 million	\$102.3 million
Regulated Maintenance Capex	\$104.8 million	\$104.7 million
Nonregulated Capex	\$ 2.6 million	\$ 14.3 million

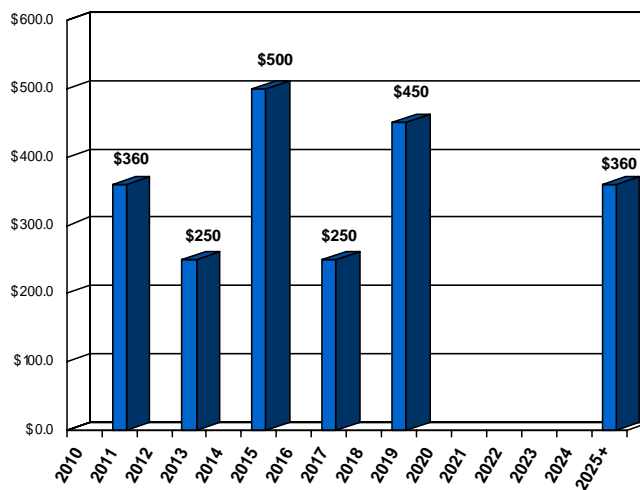
■ Regulated Growth Capital represents capital spent in excess of depreciation expense that is expected to be recovered through rate increases  
■ Regulated Maintenance Capital represents capital spent that is equal to depreciation expense

### Credit Facilities

- April 1, 2010, Atmos Energy Corporation renewed the \$25 million, 364-day committed credit facility from Amarillo National Bank on substantially the same terms
- December 2009, Atmos Energy Marketing amended and renewed its existing \$450 million committed revolving credit facility, to extend to December 9, 2010, on substantially the same terms
- October 2009, Atmos Energy Corporation entered into a \$200 million 364-day committed revolving credit facility that expires October 20, 2010
  - Replaced, on essentially the same terms the \$212.5 million, 364-day facility that was due to expire October 27, 2009

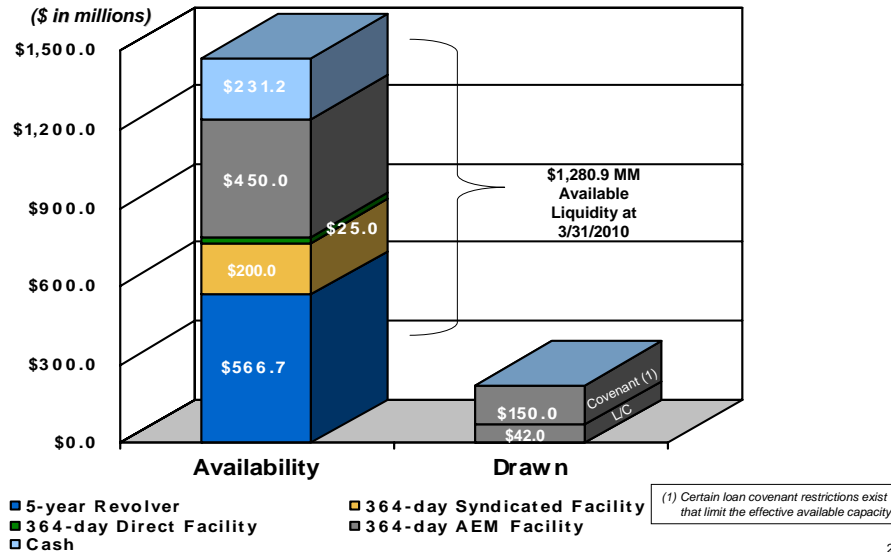
### Debt Maturity

(\$ in millions)



- No material debt maturities until Fiscal 2011
- No short-term debt outstanding at March 31, 2010

### Liquidity Profile



### Investment Grade Credit Ratings

	Moody's	Standard & Poor's	Fitch
▪ Senior Unsecured	Baa2	BBB+	BBB+
▪ Commercial Paper	P-2	A-2	F-2
▪ Ratings Outlook	Positive	Stable	Stable

### **GRIP Filings - Texas**

- April 20, 2010, Texas Railroad Commission *approved* Atmos Pipeline-Texas 2009 GRIP filing made on February 12, 2010
  - \$13.4 million operating income increase related to return, depreciation and changes in taxes on approximately \$95.5 million in net investment during calendar 2009
- March 29, 2010, Mid-Tex Division 2009 GRIP *filed* seeking an increase of \$3.0 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 \$92.4 million during calendar 2009 (GRIP does not apply to Settled Cities under the RRM)
  - City of Dallas has until July 2010 to act on the filing

### **Louisiana Rate Stabilization Filings**

- April 1, 2010, rates *implemented* for the annual rate stabilization for TransLa jurisdiction, resulting in an increase in operating income of \$1.7 million
  - Authorized ROE of 10.00 percent; overall return of 8.22 percent
  - Authorized capital structure: 52 percent debt / 48 percent equity
  - Authorized rate base of \$96.4 million
  - Test year ended September 30, 2009
  - Affects about 73,000 customers

### Georgia Rate Filing

- March 31, 2010, rates *implemented* from rate filing made October 1, 2009, resulting in an increase in annual operating income of \$2.9 million
  - Authorized monthly residential customer charge increase to \$11.50 from \$10.50
  - Authorized capital structure of 52 percent Debt / 48 percent Equity
  - Authorized ROE of 10.70 percent; Requested ROR of 8.61 percent
  - Authorized Rate Base: \$60.2 million
  - Serves about 60,000 customers
  - Test year ended October 31, 2010

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### Rate Case Filing – City of Dallas & Environs

- January 26, 2010, the Texas Railroad Commission *issued* a final order authorizing an annual operating income increase of approximately \$3.0 million<sup>(1)</sup> for the City of Dallas and Environs customers
  - Authorized ROE of 10.40 percent; Authorized ROR of 8.60 percent
  - Authorized Capital Structure: 51.09 percent Debt / 48.91 percent Equity
  - Authorized system-wide Rate Base of \$1.28 billion
  - Test year ended June 30, 2008 with known and measurable rate base costs through December 31, 2008
  - Serves approximately 269,000 residential, commercial and industrial customers in City of Dallas and Environs

<sup>(1)</sup> Net of the GRIP 2008 rates that will be superseded, operating income should increase \$0.2 million

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### **Colorado Rate Filing**

- January 4, 2010, rates *implemented* from rate filing made July 8, 2009, resulting in an increase in annual operating income of \$1.9 million
  - Authorized ROE of 10.25 percent; Overall return of 8.56 percent
  - Authorized Capital Structure: 50 percent debt / 50 percent equity
  - Authorized Rate Base: \$86.2 Million
  - Three-year pilot to recover uncollectible gas cost through the GCA
  - Approved AMI pilot project for Greeley, Colorado; affects about 35,000 customers
  - Test year ended December 31, 2008
  - Serves about 111,000 customers

### **Mississippi Stable Rate Filing**

- December 15, 2009, rates *implemented* from the annual stable rate filing made September 4, 2009, resulting in an increase in annual operating income of \$3.2 million
  - Authorized ROE of 10.04 percent; Authorized ROR of 8.27 percent
  - Authorized capital structure: 52 percent debt / 48 percent equity
  - Authorized Rate Base of about \$227 million
  - Serves about 270,000 customers
  - Test year ended June 30, 2009

### Virginia Rate Filing

- November 23, 2009, rates *implemented* for an increase in annual operating income of \$1.4 million
  - Increased monthly residential customer charge to \$9.00 from \$7.35
  - Authorized capital structure of 52 percent debt / 48 percent equity
  - Authorized ROE of 9.5 percent to 10.5 percent
  - Authorized ROR of 8.46 percent to 8.96 percent
  - Authorized Rate Base: \$36.9 million
  - Serves about 22,000 customers

### Rate Review Mechanism (RRM) Filings

#### City of Lubbock

- October 1, 2009, rates *implemented* from the first RRM filing made April 15, 2009, resulting in an increase in annual operating income of \$2.7 million
  - Authorized Capital structure: 52 percent Debt / 48 percent Equity
  - Authorized ROE: 9.60 percent; Authorized ROR: not specified
  - Authorized Rate Base: \$54.8 million
  - Serves about 74,000 customers
  - Test year ended December 31, 2008

#### City of Amarillo

- October 1, 2009, rates *implemented* from the first RRM filing made June 17, 2009, resulting in an increase in annual operating income of \$1.3 million
  - Authorized Capital structure: 52 percent Debt / 48 percent Equity
  - Authorized ROE: 9.6 percent; Authorized ROR: not specified
  - Authorized Rate Base: \$49.3 million
  - Serves about 70,000 customers
  - Test year ended December 31, 2008

## Rate Review Mechanism (RRM) Filings

### West Texas Cities

- April 1, 2010, rates *filed* under the third RRM, requesting an increase in annual operating income of \$4.2 million
  - Requested Capital structure: 52 percent Debt / 48 percent Equity
  - Requested ROE: 9.60 percent; Requested ROR: 8.19 percent
  - Requested Rate Base: \$135.6 million
  - Serves about 150,000 customers
  - Test year ended December 31, 2009

### City of Amarillo

- April 1, 2010, rates *filed* under the second RRM, requesting an increase in annual operating income of \$2.4 million
  - Requested Capital structure: 52 percent Debt / 48 percent Equity
  - Requested ROE: 9.6 percent; Authorized ROR: not specified
  - Requested Rate Base: \$55.5 million
  - Serves about 74,000 customers
  - Test year ended December 31, 2009

## Rate Review Mechanism (RRM) Filings

### City of Lubbock

- April 1, 2010, rates *filed* under the second RRM, requesting an increase in prospective rates of \$0.6 million, less a reduction in true-up rates of \$0.6 million for no change in annual operating income
  - Requested Capital structure: 52 percent Debt / 48 percent Equity
  - Requested ROE: 9.60 percent; Requested ROR: 8.19 percent
  - Requested Rate Base: \$57.1 million
  - Serves about 73,000 customers
  - Test year ended December 31, 2009

### **Louisiana Rate Stabilization Filings**

- March 23, 2010, *filed* annual rate stabilization for LGS jurisdiction, requesting an increase in operating income of \$4.3 million
  - Test year ended December 31, 2009
  - Rate change effective July 1, 2010
  - Proposed ROE of 10.0 percent; Overall return of 8.54 percent
  - Capital structure: 52 percent debt / 48 percent equity
  - Rate Base of \$251.6 million
  - Affects approximately 269,000 customers

### **Mid-Tex Rate Review Mechanism (RRM) Filings**

- March 15, 2010, *filed* third RRM with Settled Cities to increase operating income by approximately \$56.8 million
  - Requested capital structure of 52 percent debt / 48 percent equity
  - Requested ROE of 9.60 percent; Requested ROR of 8.19 percent
  - Requested Rate Base: \$1.33 billion
  - Serves about 1.3 million customers
- RRM is the filing process required in the settlement agreement reached in 2008 with 438 of 439 cities served in Mid-Tex Division (“Settled Cities”), representing approximately 80% of Mid-Tex customers
  - Reflects annual changes in cost of service and rate base, replaces GRIP filings
  - Two basic components of this mechanism:
    - Prospective component that adjusts rates for the next year, including known and measurable changes in O&M; and
    - True-up component that adjusts the prior year, up or down, to authorized ROE

### **Kansas Rate Filing**

- January 29, 2010, *filed* request for an increase in annual operating income of \$6.0 million
  - Requested monthly residential customer charge increase to \$16.50 from \$12.65
  - Requested capital structure of 50.5 percent debt / 49.5 percent equity
  - Requested ROE of 11.4 percent; Requested ROR of 9.11 percent
  - Requested Rate Base: \$144.6 million
  - Test year ended September 30, 2009
  - Serves about 128,000 customers

### **Missouri Rate Filing**

- December 28, 2009, *filed* request for an increase in annual operating income of \$6.4 million
  - Requested capital structure of 51 percent Debt / 49 percent Equity
  - Requested ROE of 10.90 percent; Requested ROR of 8.86 percent
  - Requested Rate Base: \$ 66.5 million
  - Serves about 56,000 customers
  - Test year ended June 30, 2009
  - Public hearings tentatively scheduled for the week of June 21, 2010

### **Kentucky Rate Filing**

- October 29, 2009, *filed* request for an increase in annual operating income of \$9.5 million
  - Requested monthly residential customer charge increase to \$13.50 from \$9.35
  - Requested capital structure of 51 percent Debt / 49 percent Equity
  - Requested ROE of 11.00 percent; Requested ROR of 9.00 percent
  - Requested Rate Base: \$184.7 million
  - Test year ended March 31, 2011
  - Serves about 180,000 customers
  - Settlement hearing scheduled for May 11, 2010

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

- March 2010, entered into exclusive option and acquisition agreement with Delhi Gas Storage, LLC, a subsidiary of Icon NGS, LLC to develop the Ft. Necessity Storage project
- If the option is exercised, Atmos Energy will retain a non-controlling equity position in the project and will share in a percentage of the future profits
- Total investment is about \$20 million, no additional capital will be invested by Atmos Energy
- Project initially includes 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 could potentially be developed, if market demand exists
- Testing of the salt core samples was completed in March 2009, which showed favorable conditions for development
- FERC certificate received June 18, 2009
- Successful non-binding open season completed in July 2008
  - Participants requested storage capacity that was more than three times greater than the 5 billion cubic feet (Bcf) of capacity proposed in phase one of the project
  - Participants represented a diverse group of energy companies

### Earnings Guidance – Fiscal 2010E

- Atmos Energy anticipates earnings to be in the range of \$2.15 – \$2.25 per diluted share, excluding unrealized gains and losses for the 2010 fiscal year
- Assumptions include:
  - Expected gross margin contribution from the marketing segment in the range of \$95 - \$105 million, excluding any unrealized gains and losses (mark-to-market impact)
  - Continued successful execution of rate strategy and collection efforts
  - Average gas cost purchases ranging from \$4 - \$6 per Mcf for the remainder of fiscal 2010
  - Bad debt expense of no more than \$9 million
  - Average annual short-term interest rate of 0.5% for the remainder of fiscal 2010
  - 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 2010 significantly above or below this outlook.

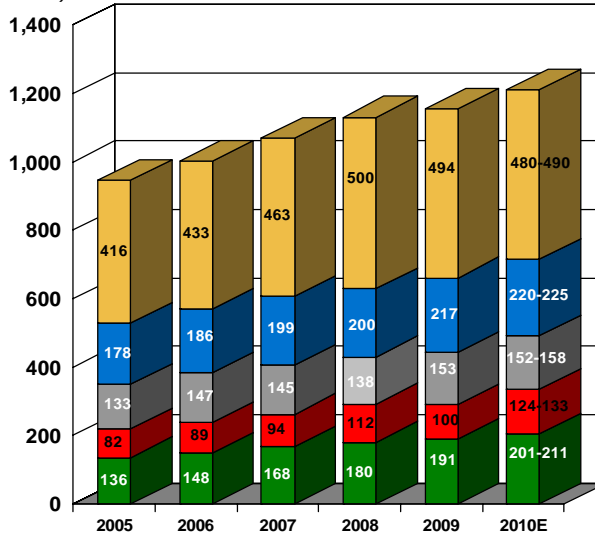
### Projected Net Income by Segment

(\$ millions, except EPS)

	2007	2008	2009	2010E
Natural Gas Distribution	\$ 73	\$ 93	\$ 117	\$ 124 – 128
Regulated Trans.& Storage	34	41	41	37 – 39
Natural Gas Marketing	46	30	20	33 – 35
Pipeline, Storage & Other	15	16	13	7 – 9
<b>Total</b>	<b>168</b>	<b>180</b>	<b>191</b>	<b>201 – 211</b>
<b>Avg. Diluted Shares</b>	<b>87.7</b>	<b>90.2</b>	<b>92.0</b>	<b>93.7</b>
<b>Earnings Per Share</b>	<b>\$ 1.92</b>	<b>\$ 2.00</b>	<b>\$ 2.08</b>	<b>\$ 2.15 - \$2.25</b>

**Selected Income Statement Components**

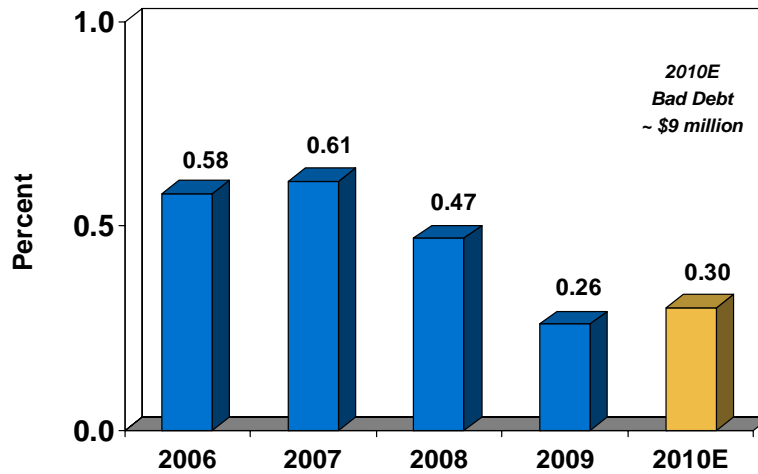
(\$ millions)



2010E Consolidated (\$ millions)

O & M	\$480 - \$490
D & A	\$220 - \$225
Interest	\$152 - \$158
Income Tax	\$124 - \$133
Net Income	\$201 - \$211
Shares Out	93.7 million

**Gas Distribution Bad Debt Expense as a % of Revenues**



2010E Bad Debt ~ \$9 million

### Projected Cash Flow

(\$ millions)

	2007	2008	2009	2010
Cash Flows from Operations	\$ 547	\$ 371	\$ 919	\$ 420-440
Regulated Maintenance Capital <sup>(1)</sup>	(196)	(197)	(213)	(220-225)
Dividends	(112)	(117)	(121)	(125)
Cash Available for Debt Reduction and Growth Projects	\$ 239	\$ 57	\$ 585	\$ 75-90

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

### Atmos Energy Marketing – Gross Profit Margin Composition

2010E

**Delivered Gas**  
(Bundled gas deliveries & peaking sales)

- Impacted by customer volume demand
  - Sales prices are:
    - Cost plus profit margin
    - Cost plus demand charges
- ➡ \$66 - \$73 Million
- Margins: More predictable

**Asset Optimization**  
(Storage & transportation management)

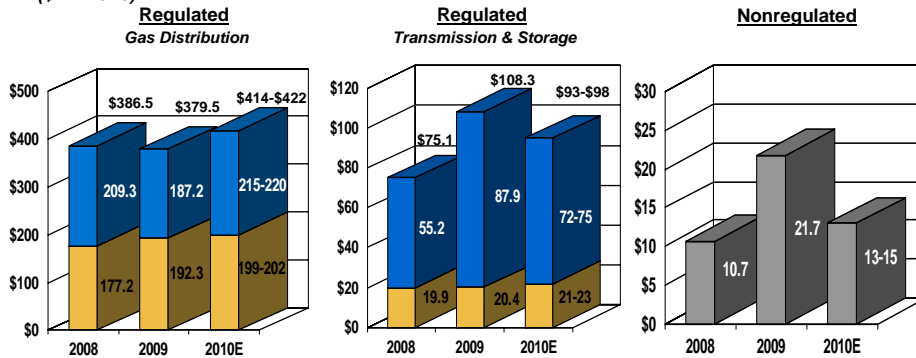
- Impacted by gas price spread values in the market (arbitrage opportunity)
  - Physical storage capabilities
  - Available storage and transport capacity
    - 9.6 Bcf proprietary contracted capacity
    - 33 Bcf customer-owned / AEM- managed storage
- ➡ \$29 - \$32 Million
- Margins: More variable

**Total AEM Margins**

- Total margins reflect:**
- Stability from delivered gas margins
  - Upside from optimizing our storage and transportation assets to capture arbitrage value
- ➡ \$95 - \$105 Million
- Margins: Stable with potential upside

## Capital Expenditures

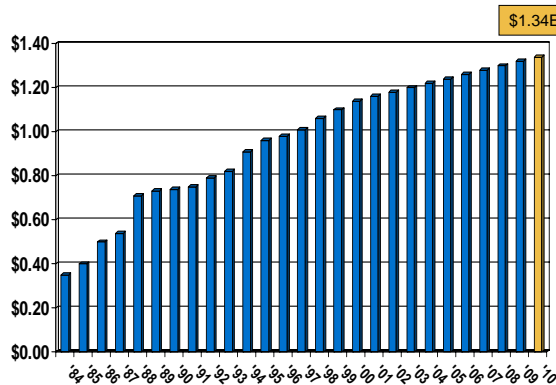
(\$ millions)



Consolidated fiscal 2010E CAPEX projection is \$520-\$535 million  
 Regulated Capex \$507-\$520 million  
 Nonregulated Capex \$13-\$15 million

Regulated Growth Capital represents capital spent in excess of depreciation expense that is expected to be recovered through rate increases. The projection for fiscal 2010 is \$287 - \$295 million.  
 Regulated Maintenance Capital represents capital spent that is equal to depreciation expense. The projection for fiscal 2010 is \$220 - \$225 million. 49

## Annual Dividend Growth



### Quarterly Dividend

- On May 5, 2010, the Company announced a quarterly dividend of \$0.335 per share
- 106th consecutive dividend declared
- To be paid on June 10<sup>th</sup> to shareholders of record on May 25<sup>th</sup>

Note: Amounts are adjusted for mergers and acquisitions. For fiscal 2010, \$1.34 is the indicated annual dividend.

- The audio and slide presentation of this conference call will be available on Atmos Energy's website by 10:00 a.m. Eastern Daylight Time on May 6, 2010, through midnight August 3, 2010. Atmos Energy's website 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 6, 2010.

## Appendix

### Jurisdictions Adjusted for WNA

- At March 31, 2010, we had Weather Normalization Adjustments (WNA) in the following service areas for the following periods

Service Area	WNA Period
Georgia	October – May
Kansas	October – May
Kentucky	November – April
Louisiana	December – March
Mississippi	November – April
Tennessee	November – April
Texas: Mid-Tex	November – April
Texas: West Texas	October – May
Virginia	January – December

- Service areas *without* WNA are in Colorado, Iowa, Illinois and Missouri

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### Q2 2009 Net Income vs. Q2 2010 Net Income

(\$ millions, except EPS)

	Q2 2009		One-Time	Q2 2009		Q2 2010		One-Time	Q2 2010
	GAAP	MTM	Items	ADJ	GAAP	MTM	Items	ADJ	
Natural Gas Distribution	\$ 102	\$ ---	\$(15)	\$ 87	\$ 103	\$ ---	\$ (5)	\$ 98	
Regulated Trans. & Storage	19	---	(2)	17	12	---	---	12	
Natural Gas Marketing	3	(1)	---	2	(3)	23	---	20	
Pipeline, Storage & Other	5	4	1	10	2	3	---	5	
<b>Total</b>	<b>\$ 129</b>	<b>\$ 3</b>	<b>\$(16)<sup>a</sup></b>	<b>\$ 116</b>	<b>\$ 114</b>	<b>\$ 26</b>	<b>\$(5)<sup>b</sup></b>	<b>\$ 135</b>	
Avg. Diluted Shares	91.2	91.2	91.2	91.2	92.9	92.9	92.9	92.9	
Earnings Per Share	\$ 1.40	\$ .04	\$(0.17)	\$ 1.27	\$ 1.22	\$ 0.27	\$(0.05)	\$ 1.44	

(a) Includes positive impact of \$11.3 million of tax benefit and \$4.4 million of uncollectible gas costs totaling \$15.7 million or \$0.17 cents per share

(b) Includes positive impact of state sales tax refund of \$4.5 million or \$0.5 cents per share

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### YTD 2009 Net Income vs. YTD 2010 Net Income

(\$ millions, except EPS)

	YTD 2009 GAAP	MTM	One- Time Items	YTD 2009 ADJ	YTD 2010 GAAP	MTM	One- Time Items	YTD 2010 ADJ
Natural Gas Distribution	\$ 152	\$ ---	\$(19)	\$133	\$ 154	\$ ---	\$ (5)	\$ 149
Regulated Trans. & Storage	27	---	(1)	26	20	---	---	20
Natural Gas Marketing	14	14	---	28	27	(1)	---	26
Pipeline, Storage & Other	12	3	1	16	6	(2)	---	4
<b>Total</b>	<b>\$ 205</b>	<b>\$ 17</b>	<b>\$(19)<sup>a</sup></b>	<b>\$ 203</b>	<b>\$ 207</b>	<b>\$ (3)</b>	<b>\$ (5)<sup>b</sup></b>	<b>\$ 199</b>
Avg. Diluted Shares	90.9	90.9	90.9	90.9	92.7	92.7	92.7	92.7
Earnings Per Share	\$ 2.23	\$ .19	\$(0.21)	\$ 2.21	\$2.22	\$(0.03)	\$(0.05)	\$2.14

(a) Includes positive impact of \$11.3 MM of tax benefit, \$4.4 MM of uncollectible gas costs, \$5.1 MM from an estimate for unbilled accounts and the negative impact of an impairment adjustment of \$1.3 million; totaling \$19.4 million or \$0.21 cents per share

(b) Includes positive impact of state sales tax refund of \$4.5 million or \$0.5 cents per share

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### Consolidated Financial Results – Fiscal YTD

### Impact of Unrealized Margins on Nonregulated Segments

	For the Three Months Ended March 31, 2010			For the Three Months Ended March 31, 2009		
	Natural Gas Marketing	Pipeline, Storage & Other	Total	Natural Gas Marketing	Pipeline, Storage & Other	Total
Unrealized Margin	\$ (35,537)	\$ (4,004)		\$ 2,452	\$ (8,203)	
Segment Tax Rate	34.97%	40.10%		47.51%	44.27%	
Impact on Net Income	\$ (23,111)	\$ (2,398)	\$ (25,509)	\$ 1,287	\$ (4,572)	\$ (3,285)
EPS Income Adjustment	(226)	(25)	(251)	7	(33)	(26)
Net Income for EPS	\$ (22,885)	\$ (2,373)	\$ (25,258)	\$ 1,280	\$ (4,539)	\$ (3,259)
Weighted Avg Diluted Shares	92,853	92,853	92,853	91,192	91,192	91,192
Impact on Diluted EPS	\$ (0.25)	\$ (0.02)	\$ (0.27)	\$ 0.01	\$ (0.05)	\$ (0.04)

	For the Six Months Ended March 31, 2010			For the Six Months Ended March 31, 2009		
	Natural Gas Marketing	Pipeline, Storage & Other	Total	Natural Gas Marketing	Pipeline, Storage & Other	Total
Unrealized Margin	\$ 1,732	\$ 2,611		\$ (23,017)	\$ (5,429)	
Segment Tax Rate	39.28%	39.28%		40.42%	40.44%	
Impact on Net Income	\$ 1,052	\$ 1,586	\$ 2,638	\$ (13,714)	\$ (3,234)	\$ (16,948)
EPS Income Adjustment	1	15	16	(102)	(21)	(123)
Net Income for EPS	\$ 1,051	\$ 1,571	2,622	\$ (13,612)	\$ (3,213)	(16,825)
Weighted Avg Diluted Shares	92,681	92,681	92,681	90,935	90,935	90,935
Impact on Diluted EPS	\$ 0.01	\$ 0.02	\$ 0.03	\$ (0.15)	\$ (0.04)	\$ (0.19)

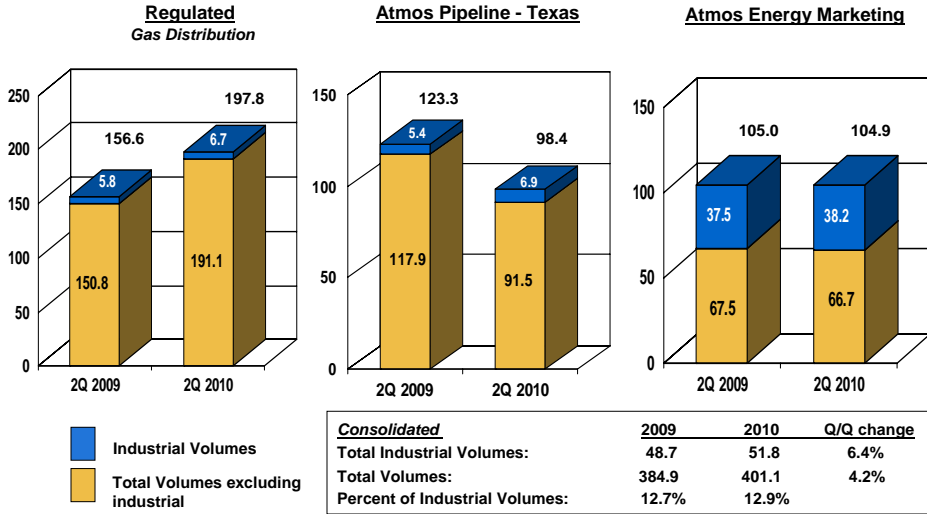
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Consolidated Financial Results – Fiscal 2010 2Q



**Quarter-Over-Quarter Industrial Demand Increases 6%**

(volumes in Bcf)

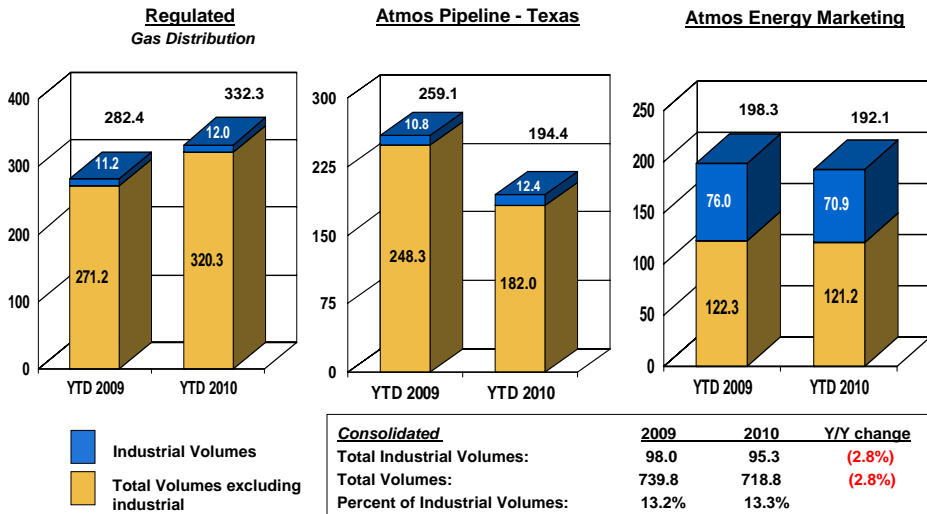


Consolidated Financial Results – Fiscal YTD



**Year-Over-Year Industrial Demand Declines 3%**

(volumes in Bcf)



**Summary of Gas Distribution Revenue –  
Related Tax Information**

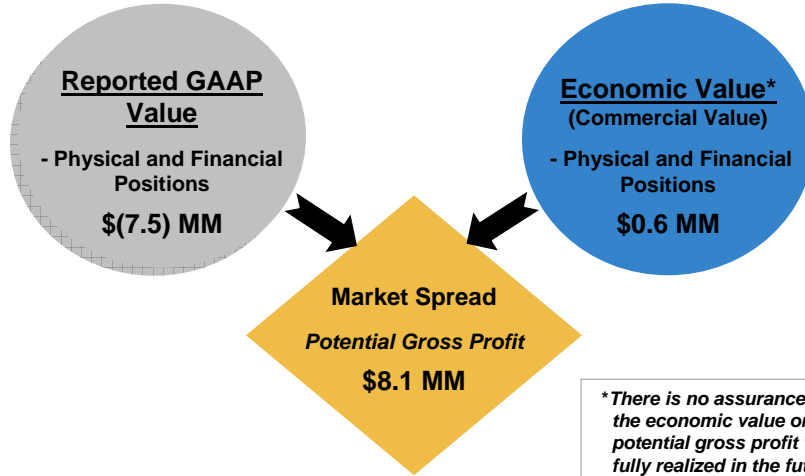
- Gross profit margins, primarily in our Mid-Tex Division, include franchise fees and gross receipts taxes, which are calculated as a percentage of revenue (inclusive of gas costs). We record the expense for these taxes as a component of taxes, other than income.
- Timing differences exist between the recognition of revenue for gross receipts tax recovered from our customers and the recognition of expense of gross receipts tax, which may favorably or unfavorably affect net income; however, they should offset over time with no permanent impact on net income.

	Three Months Ended March 31			Six Months Ended March 31		
	2010	2009	Change	2010	2009	Change
	(Amounts in Thousands)					
Amounts included in margin	\$ 42,370	\$ 37,512	\$ 4,858	\$ 65,955	\$ 68,689	\$ (2,734)
Amounts included in taxes, other	(36,165)	(36,453)	288	(56,463)	(62,793)	6,330
Difference / Impact	\$ 6,205	\$ 1,059	\$ 5,146	\$ 9,492	\$ 5,896	\$ 3,596

**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.

### Economic Value vs. GAAP Reported Results



At March 31, 2010

### 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)		Total (\$ in millions)
		WASP	WACOG	EV		Total (\$ in millions)	Total (\$ in millions)	Total (\$ in millions)		
12/31/2008	16.3	8.5874	7.3211	1.2663	20.7	0.2924	4.8	0.9739	15.9	
3/31/2009	21.9	7.0754	5.5508	1.5246	33.4	0.1093	2.4	1.4153	31.0	
<b>2009 Variance</b>	5.6	<b>\$ (1.5120)</b>	<b>\$ (1.7703)</b>	<b>\$ 0.2583</b>	<b>\$ 12.7</b>	<b>\$ (0.1831)</b>	<b>\$ (2.4)</b>	<b>\$ 0.4414</b>	<b>\$ 15.1</b>	
12/31/2009	17.4	6.9056	5.6027	1.3029	22.7	1.4256	24.8	(0.1227)	(2.1)	
3/31/2010	22.7	5.2635	5.2388	0.0247	0.6	(0.3312)	(7.5)	0.3559	8.1	
<b>2010 Variance</b>	5.3	<b>\$ (1.6421)</b>	<b>\$ (0.3639)</b>	<b>\$ (1.2782)</b>	<b>\$ (22.1)</b>	<b>\$ (1.7568)</b>	<b>\$ (32.3)</b>	<b>\$ 0.4786</b>	<b>\$ 10.2</b>	

WASP: Weighted average sales price for gas held in storage

WACOG: 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

**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 (\$ in millions)	Total (\$ in millions)			
9/30/2008	8.0	14.9977	8.9220	6.0757	48.5	4.5643	36.4	1.5114	12.1	
3/31/2009	21.9	7.0754	5.5508	1.5246	33.4	0.1093	2.4	1.4153	31.0	
<b>2009 Variance</b>	13.9	\$ (7.9223)	\$ (3.3712)	\$ (4.5511)	\$ (15.1)	\$ (4.4550)	\$ (34.0)	\$ (0.0961)	\$ 18.9	
9/30/2009	13.8	8.0932	6.0232	2.0700	28.6	(0.7986)	(11.0)	2.8686	39.6	
3/31/2010	22.7	5.2635	5.2388	0.0247	0.6	(0.3312)	(7.5)	0.3559	8.1	
<b>2010 Variance</b>	8.9	\$ (2.8297)	\$ (0.7844)	\$ (2.0453)	\$ (28.0)	\$ 0.4674	\$ 3.5	\$ (2.5127)	\$ (31.5)	

WASP: Weighted average sales price for gas held in storage

WACOG: 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 5, 2010

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	03/31/2010 Meters
Atmos Pipeline-Texas	5/24/04				417,111		8.26%		10.00%		50/50			n/a	n/a	n/a
Atmos Pipeline-Texas - GRIP <sup>8</sup>	4/20/10		\$13.4		799,841		8.26%		10.00%		50/50			n/a	n/a	n/a
Mid-Tex - Settled Cities RRM	8/1/09	3/15/10	\$2.0	\$56.8	1,262,969	6	1,327,816	7.78%	8.19%	9.60%	52/48	52/48	Y	Y	Y	1,260,060
Mid-Tex - Dallas Appeal & Environs	1/26/10		\$3.0		1,279,647			8.60%	10.40%		51/49			Y	Y	315,015
Mid-Tex - Dallas & Environs GRIP <sup>8</sup>	1/26/10	3/29/10	\$3.0	\$3.0			1,283,357	8.60%	8.60%	10.40%	51/49	51/49			n/a	n/a
Lubbock RRM	10/1/09	4/1/10	\$2.7	\$0.0	54,837	7	57,074	2	8.19%	9.60%	52/48	52/48	Y	Y	Y	73,917
West Texas Cities RRM	8/1/09	4/1/10	\$6.6	\$4.2	124,401		135,565	2	8.19%	9.60%	52/48	52/48	Y	Y	Y	155,895
Amarillo RRM	10/1/09	4/1/10	\$1.3	\$2.4	49,324	7	55,537	2	8.19%	9.60%	52/48	52/48	Y	Y	Y	70,756
Colorado	1/4/10		\$1.9		86,189			8.56%	10.25%		50/50			Y <sup>10</sup>	N	110,930
Kansas	5/12/08	1/29/10		\$6.0	135,561	4	144,583	2	9.11%	11.40%	2	50/50		Y	Y	128,874
Georgia	3/31/10		\$2.9		60,212			8.61%	10.70%		52/48			N	Y	65,594
Illinois	11/1/00				24,564			9.18%	11.56%		67/33			N	N	23,012
Iowa	3/1/01				5,000			2	11.00%		57/43			N	N	4,349
Kentucky	8/1/07	10/29/09		\$9.5	169,406	4	184,700	2	9.00%	11.00%	2	51/49		Req	Y	176,453
Missouri	3/4/07	12/28/09		\$6.4	55,976	4	66,459	2	8.86%	10.90%	2	51/49		Req	N <sup>5</sup>	57,466
Tennessee	4/1/09		\$2.5		190,100			8.24%	10.30%		52/48			Y	Y	133,286
Virginia	11/23/09		\$1.4		36,861			8.46%	10.00%		52/48			Y	Y	23,261
TransLa	4/1/10		\$1.7		96,400			8.22%	10.00%		52/48		Y	N	Y	77,490
LGS	7/1/09	3/23/10	\$3.3	\$4.3	236,600		251,617	8.61%	8.54%	10.00%	52/48	52/48	Y	N	Y	277,506
Mississippi	12/15/09		\$3.2		227,055			8.27%	10.04%		52/48		Y	N	Y	268,180

<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> The Missouri jurisdiction has a straight-fixed variable rate design, which decouples gross profit margin from customer usage patterns.

<sup>6</sup> Mid-Tex rate base for settled cities and Dallas both represented on a 'system-wide' basis.

<sup>7</sup> The Amarillo and Lubbock City Councils approved three year RRM plans for their respective cities in the spring of 2009.

<sup>8</sup> GRIP filings are based on existing returns and the change in net utility plant investment.

<sup>9</sup> Net of GRIP 2008 rates that will be superceded, operating income should increase \$0.2 million

<sup>10</sup> Recovery of gas portion of uncollectible accounts through GCA approved for a two year pilot