Conference Call to Review
Fiscal 2007 Second Quarter
Financial Results

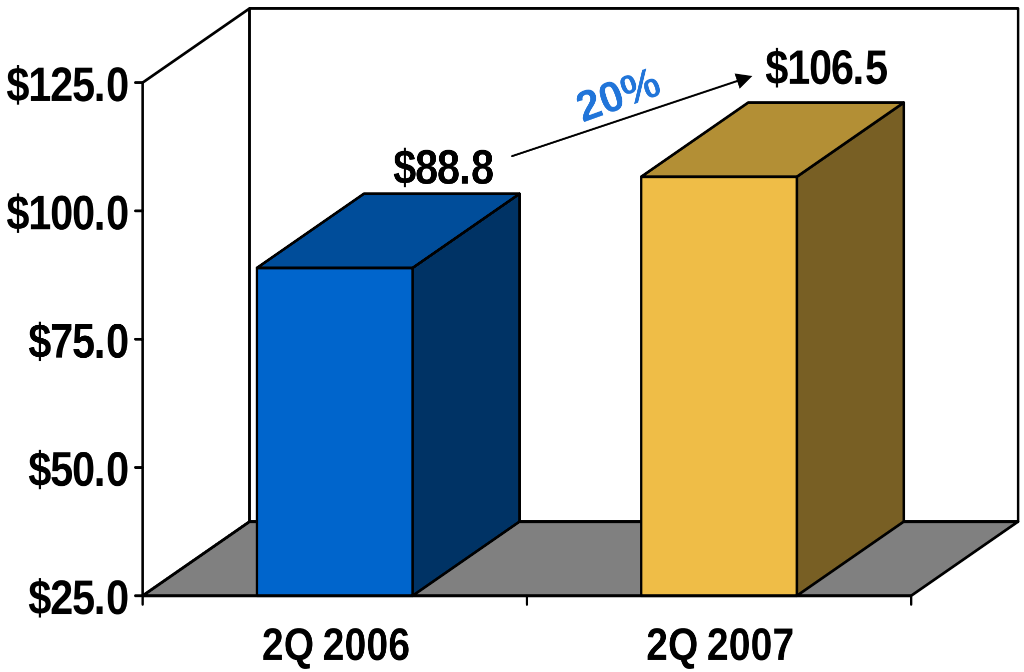
May 3, 2007
10:00 a.m. EDT

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, 2006. 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 earnings guidance through our quarterly and annual earnings releases. All estimated financial metrics for fiscal year 2007 and beyond that appear in this presentation are current as of the date noted on each relevant slide.

Net Income

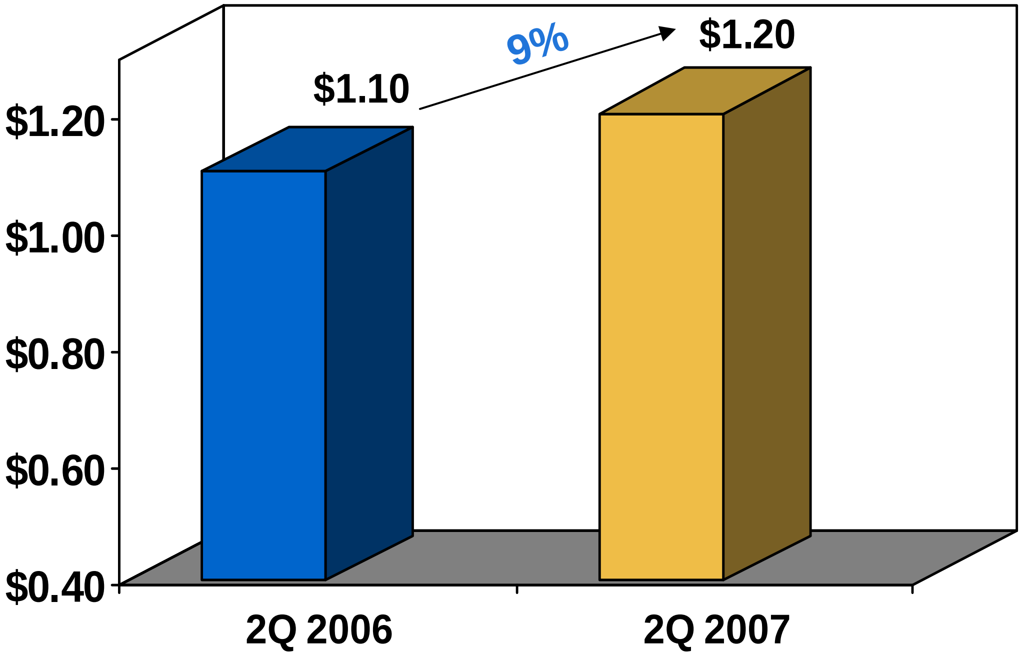


($ in millions)

Key Drivers

- **21 percent increase in utility throughput due to 22 percent colder weather than last year**
- **Decreased contribution from natural gas marketing segment, primarily due to increased mark-to-market unrealized losses**
- **Increased pipeline and storage contribution primarily due to increased throughput and asset management fees**
- **Rate increase adjustments, primarily GRIP in Texas and Louisiana RSC**

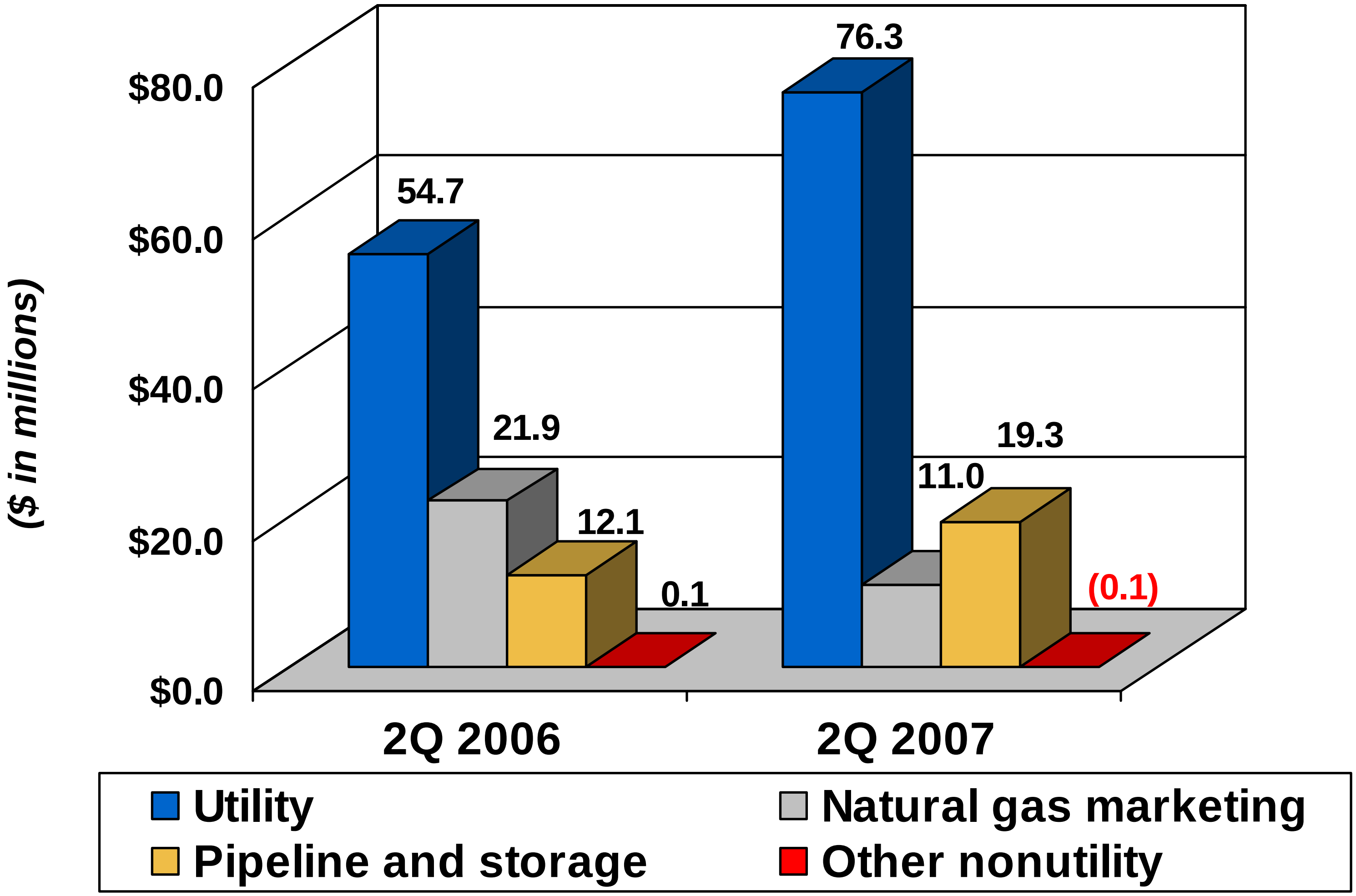
Earnings per Diluted Share



Notes

- Quarter over quarter increase of about 7.7 million weighted average diluted shares outstanding
- Increase in shares primarily due to about 6.3 million shares issued in December 2006 equity offering

Net Income by Segment



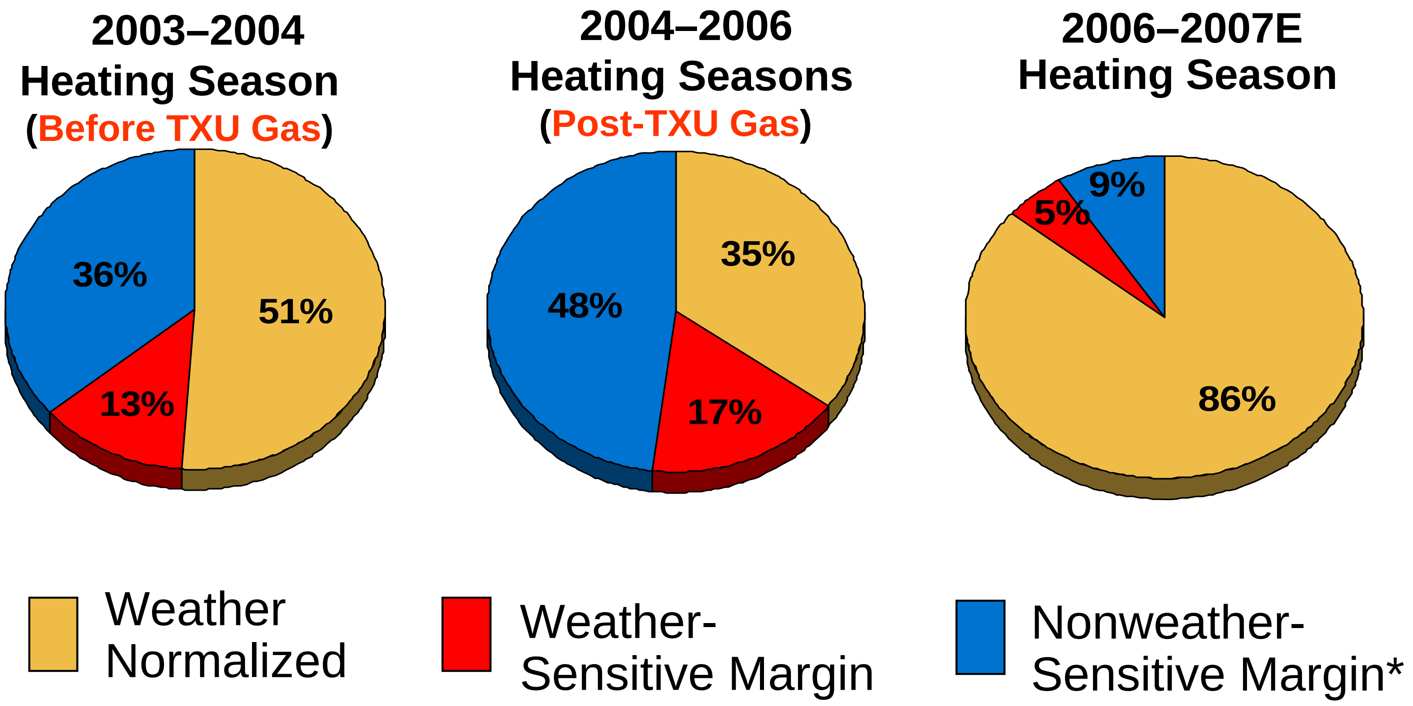
Consolidated Financial Results – Fiscal 2007 2Q

Drivers

- $23.3 million *increase* in gross profit
  - $30.5 million *increase* in utility gross profit primarily due to
    - $25.7 million *increase* primarily from a 21 percent increase in throughput (30.6 Bcf) as a result of weather that was 22 percent colder than last year
    - $0.7 million net increase due to WNA impact
      - $4.3 million *increase* in Mid-Tex and Louisiana divisions
      - $3.6 million *decrease* in remaining jurisdictions
    - $3.1 million net *increase* as a result of incremental rate actions period-over-period
      - $5.4 million *increase* from LGS RSC filing in Louisiana
      - $4.2 million *increase* from Texas GRIP rate adjustments in 2004 and 2005
      - $2.3 million *decrease* from Mid-Tex GRIP refund
      - $4.2 million *decrease* from Tennessee rate reduction

Stabilizing Utility Margin Sensitivity

- Weather Normalization Adjustment (WNA) for Mid-Tex and Louisiana divisions became effective for the 2006-2007 winter heating season, which reduced our margin exposure to weather from 17 percent to 5 percent
- The 17 percent exposure to weather negatively impacted our gross profit margin by about $26.0 million in the fiscal 2006 second quarter.
- In the current-year quarter, the 5 percent exposure to weather had a negligible impact on our gross profit margin.



* Non-weather sensitive margin is gas consumption not correlated to weather, i.e., gas clothes dryer, gas water heater, gas cooking, and includes monthly fixed charge

Drivers

- $23.3 million *increase* in gross profit *(continued)*

  - $20.9 million *decrease* in natural gas marketing gross profit primarily due to
    - $67.1 million *increase* in realized storage contribution due to increased market volatility and colder weather which resulted in greater withdrawal opportunities compared with the prior-year quarter
    - $59.8 million *increase* in unrealized storage mark-to-market losses primarily due to a widening of the spreads between the forward prices used to value financial hedges and the market (spot) prices used to value the physical inventory, coupled with the realization of previously unrealized gains on storage spreads on the gas cycled from storage in the current period. The mark-to-market impact was partially offset by a 4.0 Bcf decrease in net physical storage inventory quarter-over-quarter
    - $6.7 million *decrease* in realized marketing margins primarily due to lower margins realized in a less volatile market, partially offset by increased sales volumes of 32 Bcf quarter-over-quarter, due to colder weather
    - $21.5 million *increase* in unrealized marketing mark-to-market losses primarily due to a widening of the spreads between the prices in the fixed-price forward contracts and the forward prices used to value the associated financial derivatives

  - $13.8 million *increase* in pipeline and storage gross profit primarily due to
    - $6.8 million *increase* in asset management fees earned by Atmos Pipeline & Storage due to the capture of more favorable arbitrage spreads
    - $4.2 million from *increased* throughput due to colder weather, and
    - $2.9 million *increase* from incremental margins from North Side Loop and 3 other compression projects completed in 2006 at Atmos Pipeline-Texas

Natural Gas Marketing Segment	**Three Months Ended March 31** **2007**	**2006**	**Change**
	(In thousands, except physical position)		
Storage Activities			
Realized margin	$77,724	$10,611	**$67,113**
Unrealized margin	(57,025)	2,741	**(59,766)**
Total Storage Activities	20,699	13,352	**7,347**
Marketing Activities			
Realized margin	14,252	21,005	**(6,753)**
Unrealized margin	(11,898)	9,620	**(21,518)**
Total Marketing Activities	2,354	30,625	**(28,271)**
GROSS PROFIT	$23,053	$43,977	**($20,924)**
Net physical position (Bcf)	19.6	23.6	**(4.0)**

Drivers

- *Decreased* O&M expenses of $0.8 million primarily due to
  - $6.7 million *increase* primarily from higher employee costs associated with increased headcount and increased benefit costs
  - $4.3 million *decrease* from deferral of fiscal 2005 and 2006 Katrina-related expenses allowed by Louisiana regulators
  - $3.2 million *decrease* in provision for doubtful accounts primarily due to decreased collection risk caused by lower gas prices quarter-over-quarter

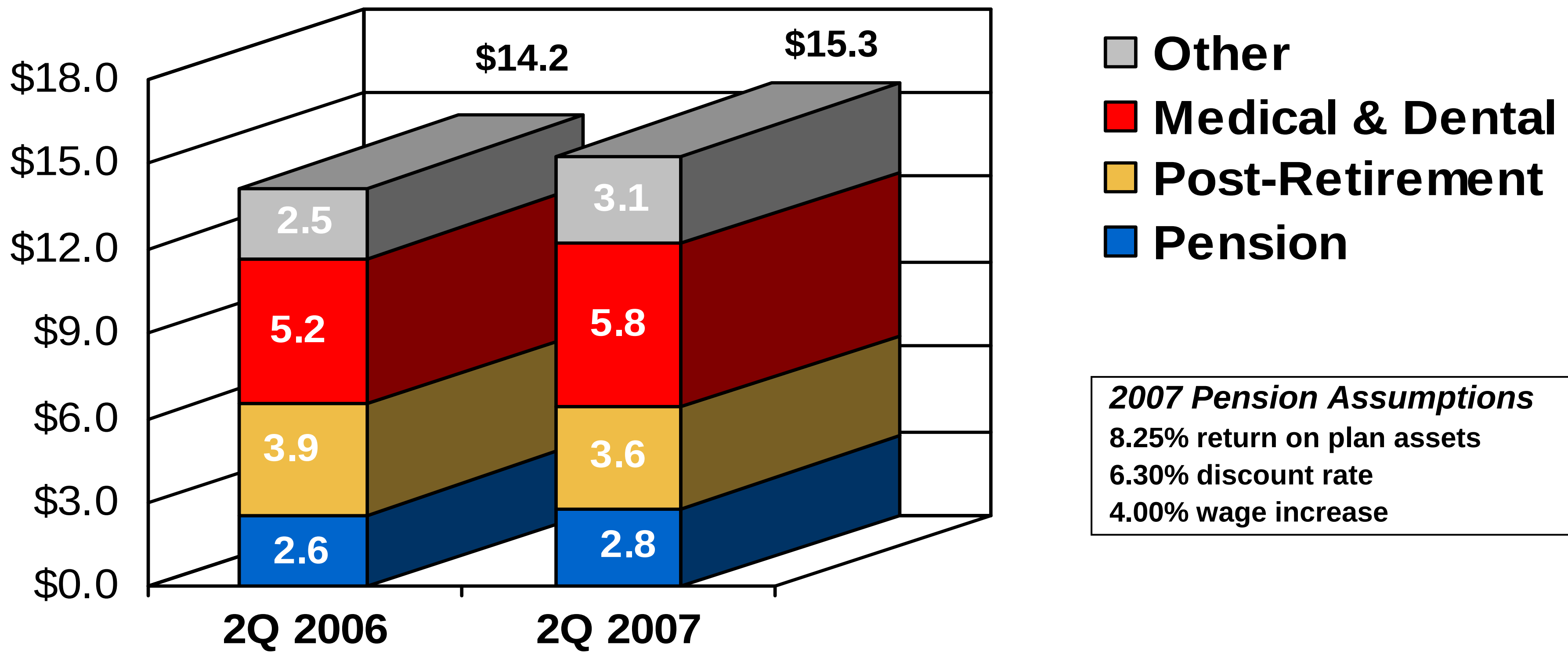
Drivers

- *Decreased* taxes, other than income, of $8.1 million
  - Primarily due to decreased franchise fees and state gross receipts taxes resulting from lower revenues

- *Increased* miscellaneous income of $4.2 million primarily due to
  - Absence of $3.3 million charge in the current period associated with an adverse regulatory ruling last year in Tennessee, related to the calculation of a performance-based rate mechanism associated with gas purchases
  - $2.0 million increase in interest income on increased short-term cash investments

Pension, Post-Retirement & Other Benefits Expense

(in millions)



2007 Pension Assumptions

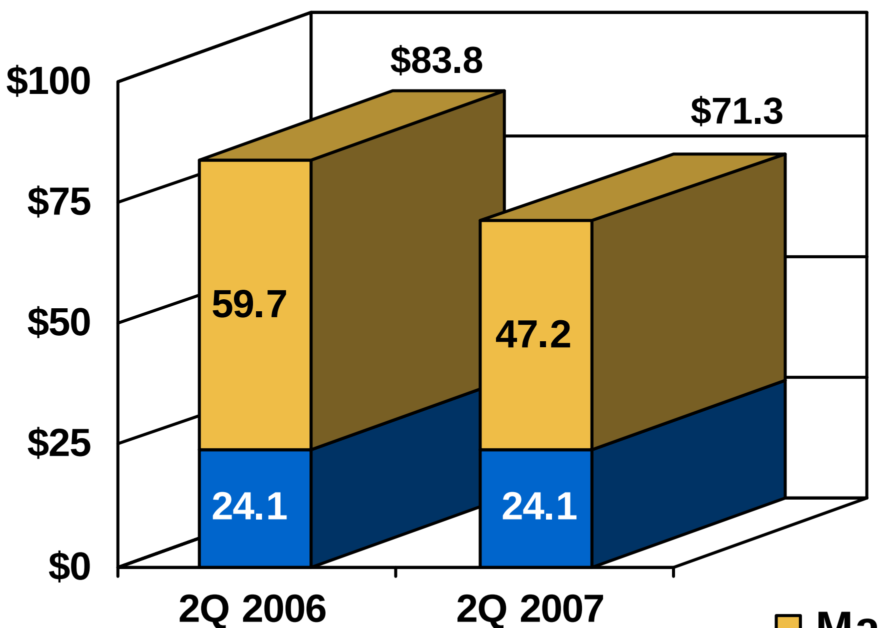
8.25% return on plan assets

6.30% discount rate

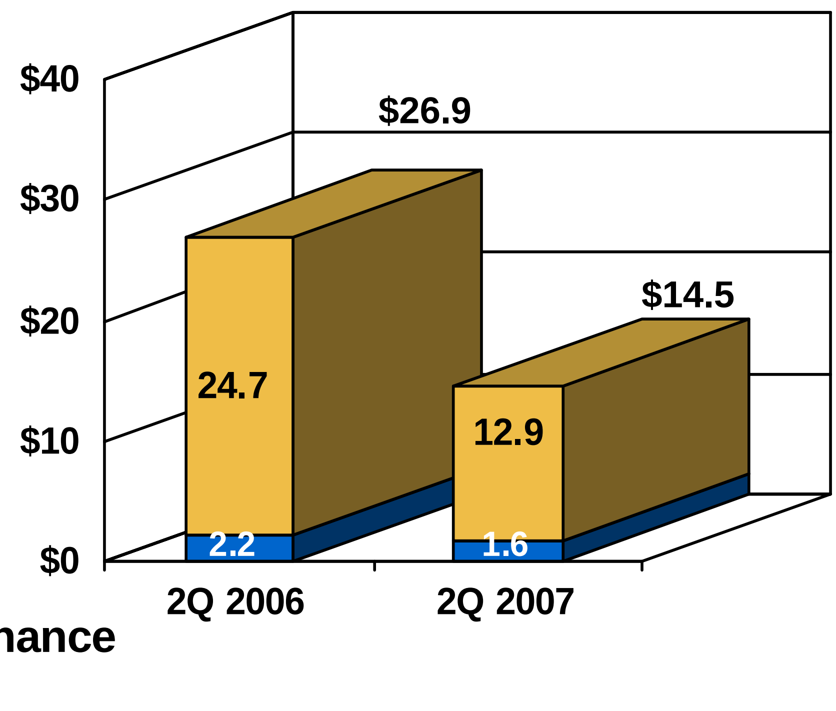
4.00% wage increase

Capital Expenditures

Utility CAPEX
(in millions)



Nonutility CAPEX
(in millions)

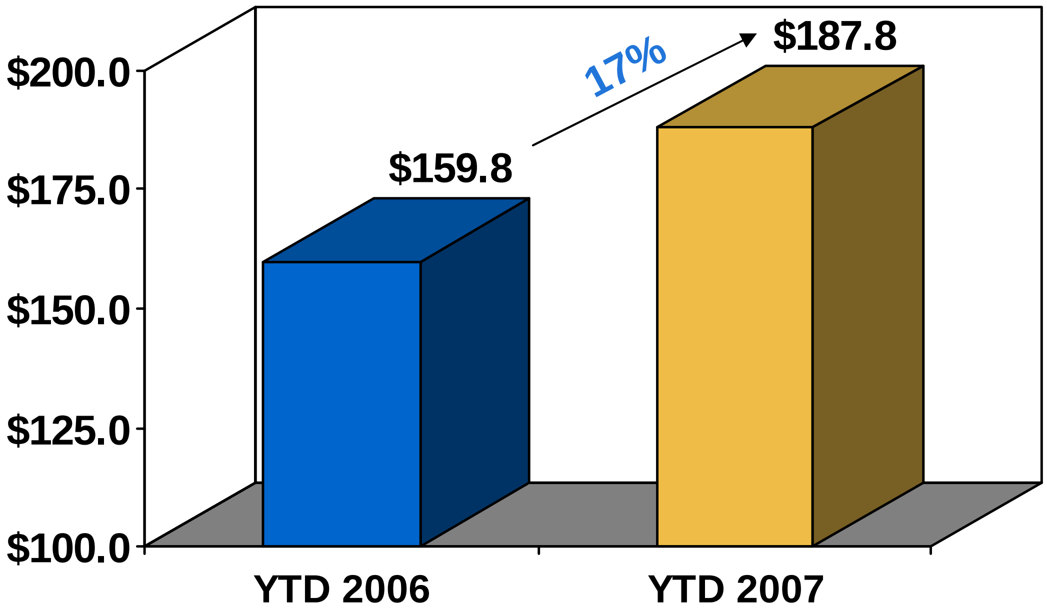


Fiscal 2007 2Q Expenditures

Maintenance Capital:	**$60.1 million**
Growth Capital:	**$25.7 million**

Consolidated Financial Results – Fiscal YTD

Net Income

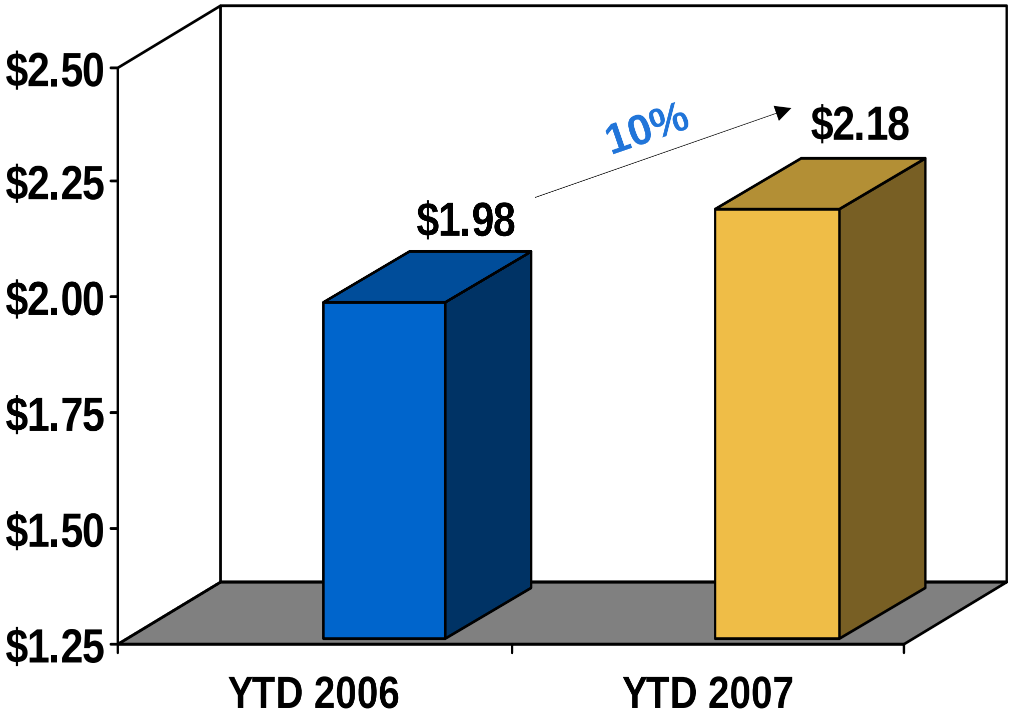


($ in millions)

Key Drivers

- Increased contribution from the pipeline and storage segment, primarily from increased throughput margins
- Increased contribution from the natural gas marketing segment, largely due to improved realized storage margins
- 9% increase in utility throughput due to 10% colder weather than last year
- Net increase in utility margins primarily from GRIP rate adjustments in Texas and the Louisiana RSC, effective in 2006
- Increased O&M expenses primarily due to increased employee and administrative costs
- Decrease in bad debt expense

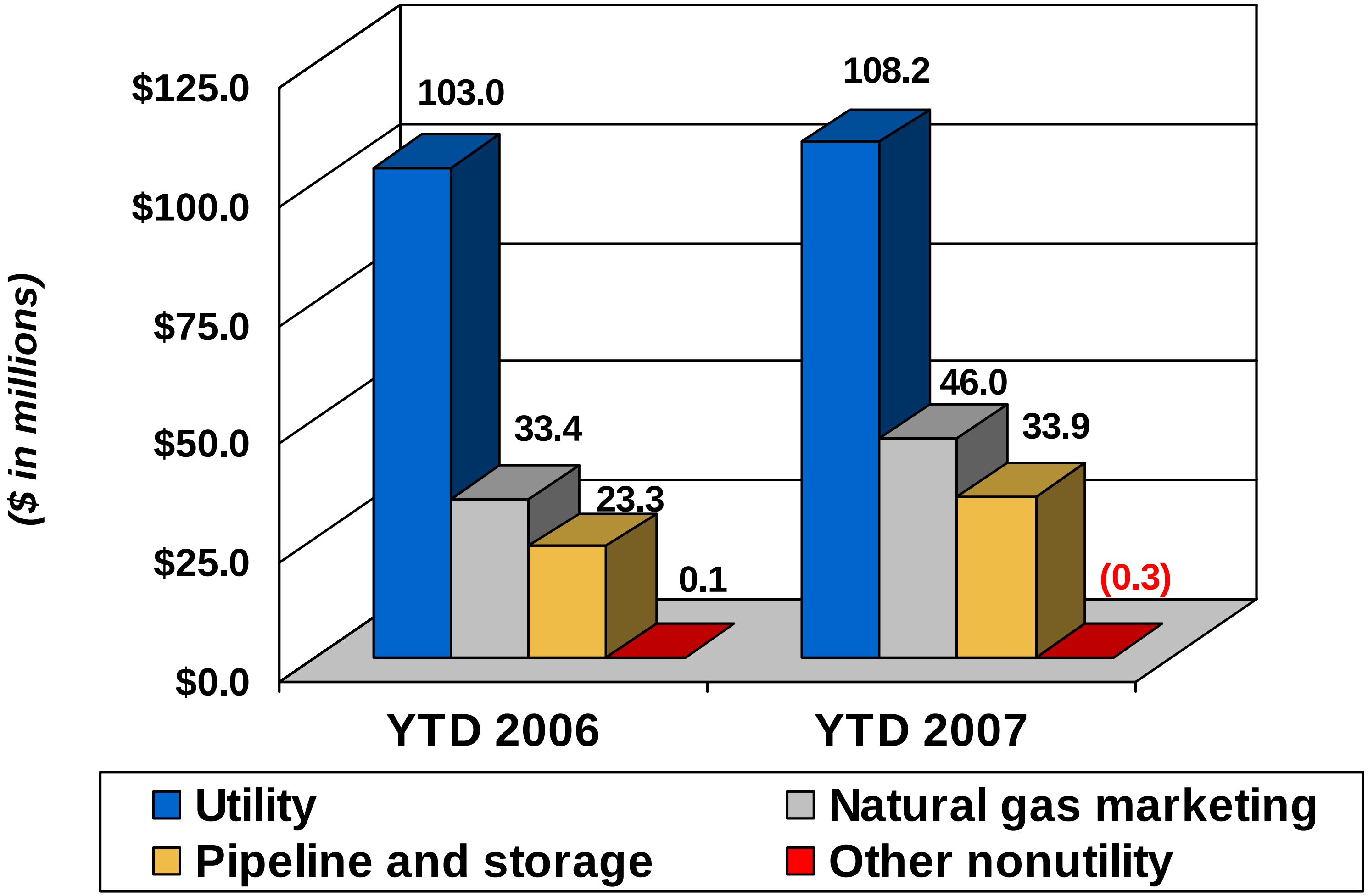
Earnings per Diluted Share



Notes

- Year-to-date increase of about 5.2 million weighted average diluted shares outstanding
- Increase in shares primarily due to about 6.3 million shares issued in December 2006 equity offering

Net Income by Segment



Drivers

- $52.3 million *increase* in gross profit
  - $12.9 million *increased* utility gross profit primarily from
    - $15.1 million *increase* primarily due to increased throughput of 23.9 Bcf, due to weather that was 10 percent colder than the prior-year period
    - $10.0 million net increase due to WNA impact
      - $11.8 million *increase* in Mid-Tex and Louisiana divisions
      - $1.8 million *decrease* in remaining jurisdictions
    - $9.8 million net *increase* due to rate adjustments
      - $9.4 million from Texas GRIP-related recovery for 2004 and 2005 GRIP filings
      - $8.9 million *increase* from LGS RSC filing in Louisiana
      - $2.3 million *decrease* from Mid-Tex GRIP refund
      - $6.2 million *decrease* from 10/06 Tennessee rate reduction
    - $9.3 million *decrease* in revenue-related taxes - franchise fees and gross receipts taxes paid by the customer, primarily in the Mid-Tex division

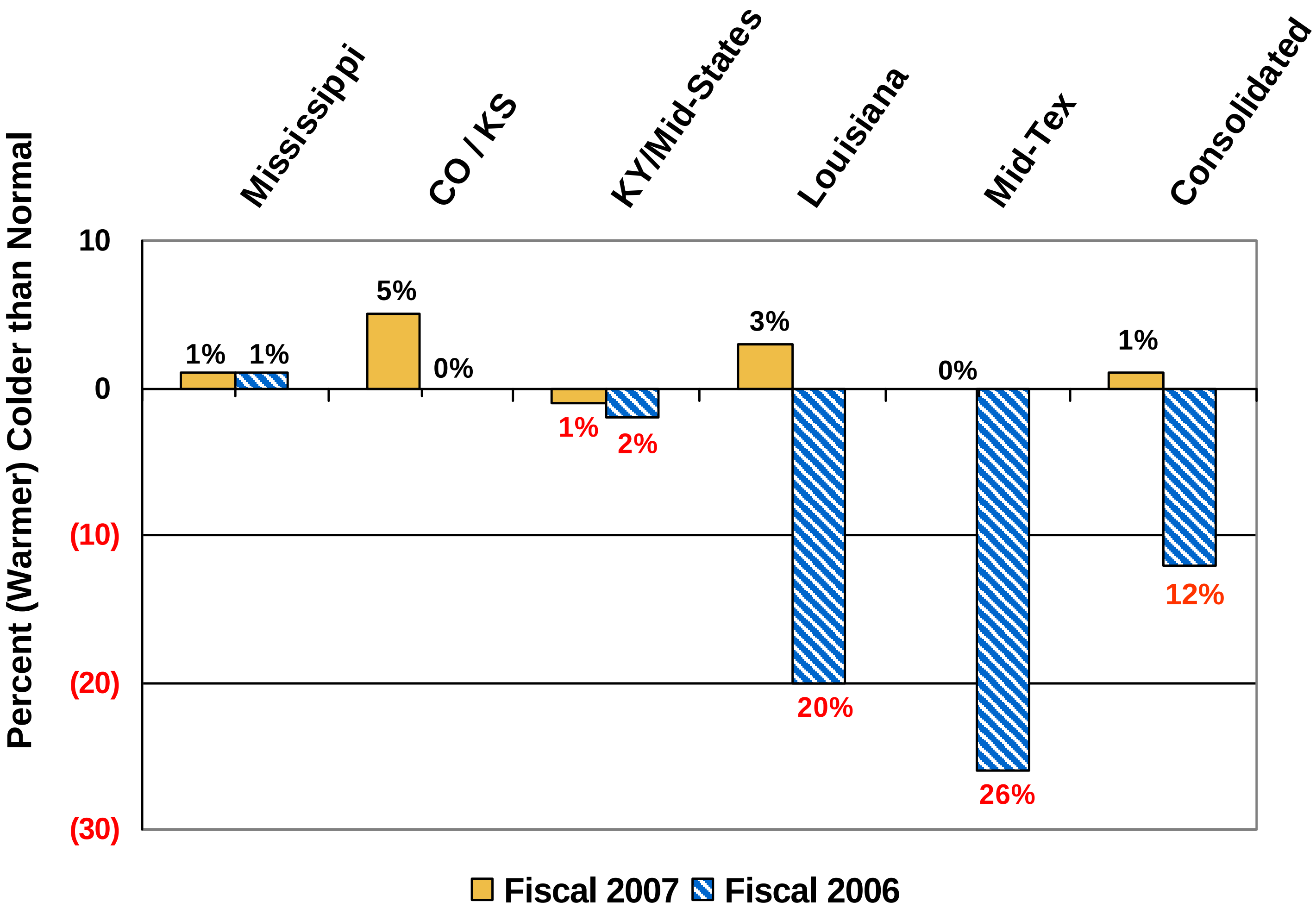
Jurisdictions Adjusted for WNA

- At March 31, 2007, we had WNA in the following service areas for the following periods as noted, which covers approximately 90% of our customer meters in service:

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

* New for the 2006-2007 winter heating season

Year-Over-Year Weather Effect by Division, as adjusted for WNA *



- Fiscal 2007 YTD consolidated gross profit was adversely affected by about $2 million, despite weather that was 1 percent colder than normal, as adjusted for WNA
- Fiscal 2006 YTD consolidated gross profit was adversely affected by $32.3 million due to weather that was 12 percent warmer than normal, as adjusted for WNA
- Louisiana and Mid-Tex divisions implemented weather-normalized rates during fiscal 2007, which accounted for an increase in gross profit of $11.8 million year over year

* West Texas Division had no weather impact in either period

Drivers

- $52.3 million *increase* in gross profit (*continued*)
  - $ 23.8 million *increase* in pipeline and storage gross profit primarily due to
    - $9.0 million *increase* in asset management fees earned by Atmos Pipeline & Storage due to the capture of more favorable arbitrage spreads
    - $5.9 million *increase* from incremental margins from North Side Loop and compression projects completed in 2006 at Atmos Pipeline-Texas
    - $5.6 million from *increased* throughput and demand for storage services due to colder weather period-over-period
    - $1.4 million *increase* due to rate increases from 2005 GRIP filing

Drivers

- $52.3 million *increase* in gross profit *(continued)*
  - $15.9 million *increase* in natural gas marketing gross profit primarily due to
    - $35.1 million *increase* in realized storage contribution primarily due to capturing more favorable arbitrage spreads from increased market volatility, coupled with the ability to cycle more gas from storage and realize previously captured spread opportunities, due to colder weather period-over-period
    - $12.9 million *decrease* in unrealized storage mark-to-market losses primarily due to a narrowing of the spreads between the forward prices used to value the financial hedges and the market (spot) price used to value physical storage period-over-period
    - $16.3 million *decrease* in realized marketing contribution primarily due to realizing lower margins in a less volatile market, partially offset by increased sales volumes due to colder weather period-over-period
    - $15.8 million *increase* in unrealized marketing mark-to-market losses primarily due to a widening of the spreads between the prices included in fixed-price forward contracts and the forward prices used to value the associated financial derivatives

Consolidated Financial Results – Fiscal YTD

Natural Gas Marketing Segment	Six Months Ended March 31		
	2007	**2006**	**Change**
	(In thousands, except physical position)		
Storage Activities			
Realized margin	$71,934	$36,883	**$35,051**
Unrealized margin	(8,134)	(21,051)	**12,917**
Total Storage Activities	63,800	15,832	**47,968**
Marketing Activities			
Realized margin	34,321	50,572	**(16,251)**
Unrealized margin	(11,934)	3,892	**(15,826)**
Total Marketing Activities	22,387	54,464	**(32,077)**
GROSS PROFIT	$86,187	$70,296	**$15,891**
Net physical position (Bcf)	19.6	23.6	**(4.0)**

Consolidated Financial Results- Fiscal YTD

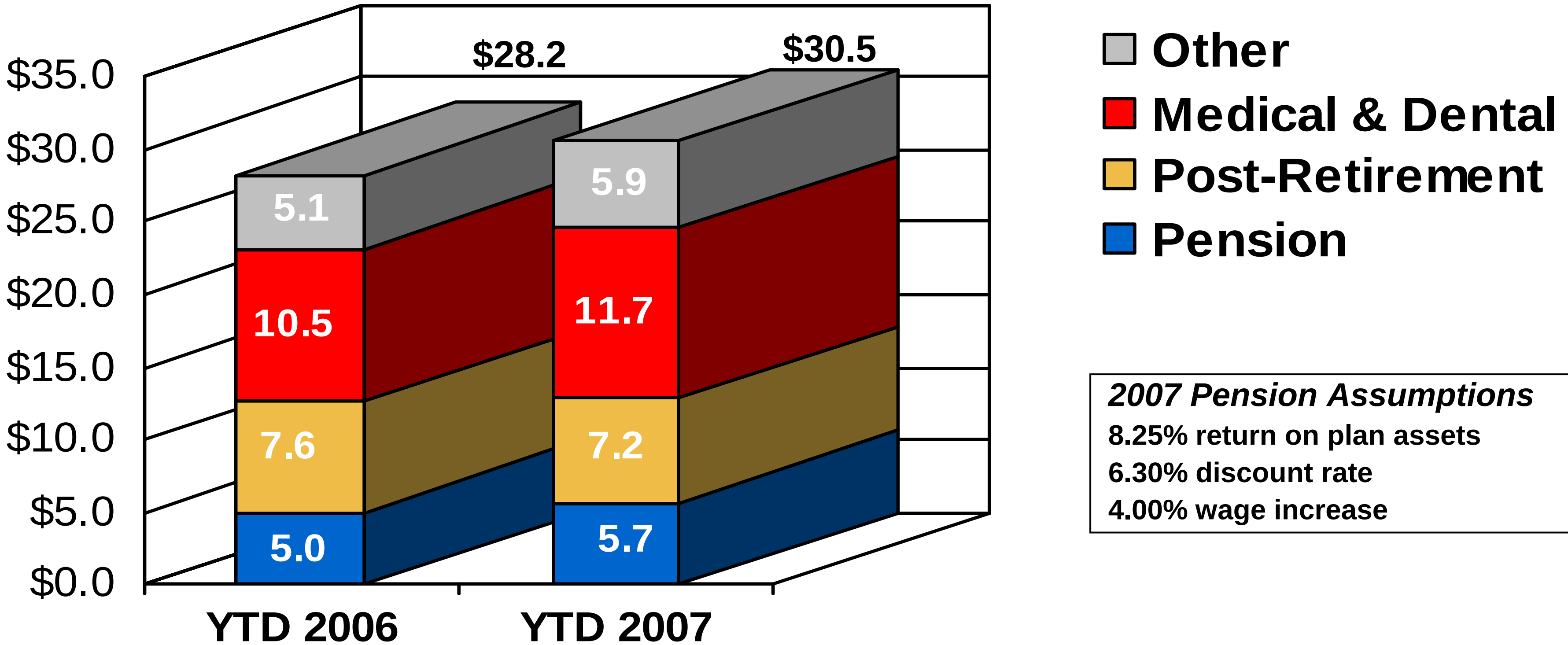
Source of Fair Value	Fair Value of Contracts at March 31, 2007				
	Maturity in Years				Total Fair Value
	< 1	1 - 3	4 - 5	> 5	
	(In thousands)				
Prices actively quoted	$ (27,996)	$ 7,481	$ —	$ —	$ (20,515)
Prices based on models & other valuation methods	137	(814)	—	—	(677)
Total Fair Value	**$ (27,859)**	**$ 6,667**	**$ —**	**$ —**	**$ (21,192)**

Drivers

- *Increased* O&M expenses of $6.3 million primarily due to
  - $17.8 million *increase* due to higher employee and other administrative costs year over year
  - $5.2 million *decrease* in provision for doubtful accounts primarily due to reduced collection risk from lower gas prices
  - $4.3 million *decrease* from deferral of 2005 and 2006 Katrina-related expenses allowed by Louisiana regulators
  - $2.0 million *decrease* due to the absence of Hurricane Katrina-related losses in the current period

Pension, Post-Retirement & Other Benefits Expense

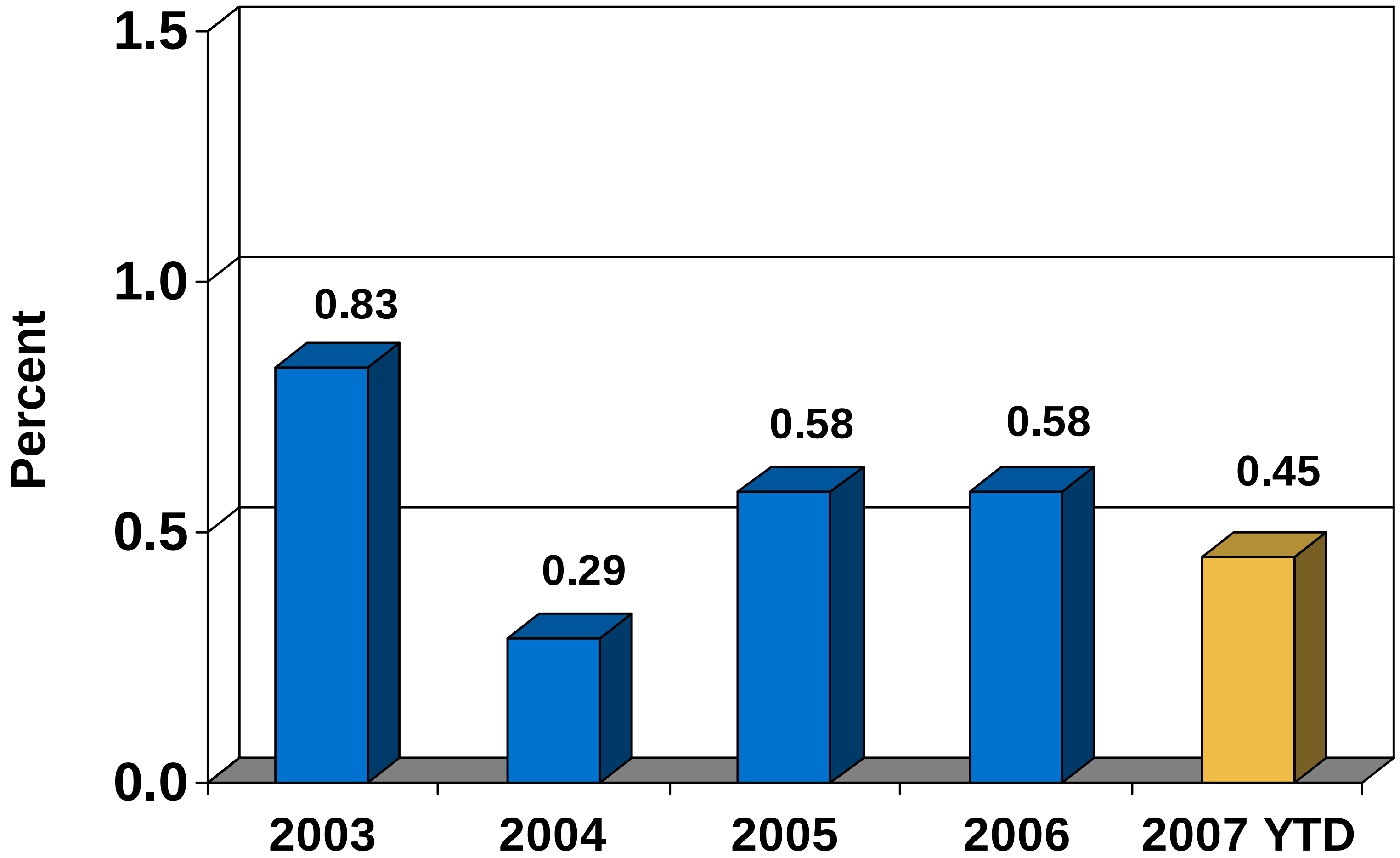
(in millions)



2007 Pension Assumptions

8.25% return on plan assets
6.30% discount rate
4.00% wage increase

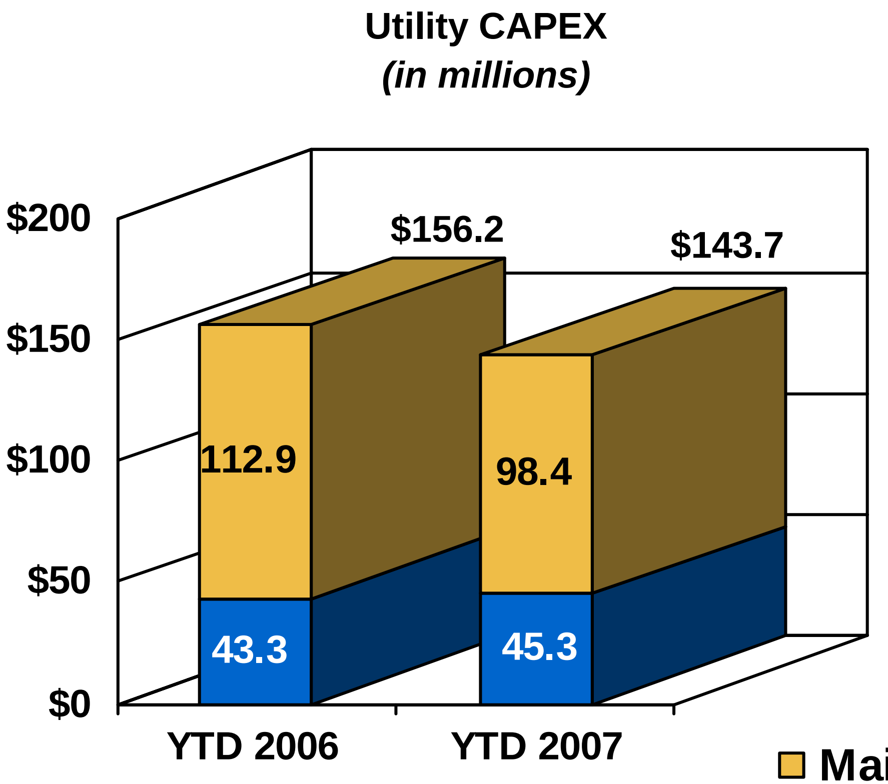
Utility Bad Debt Expense as a Percent of Revenues

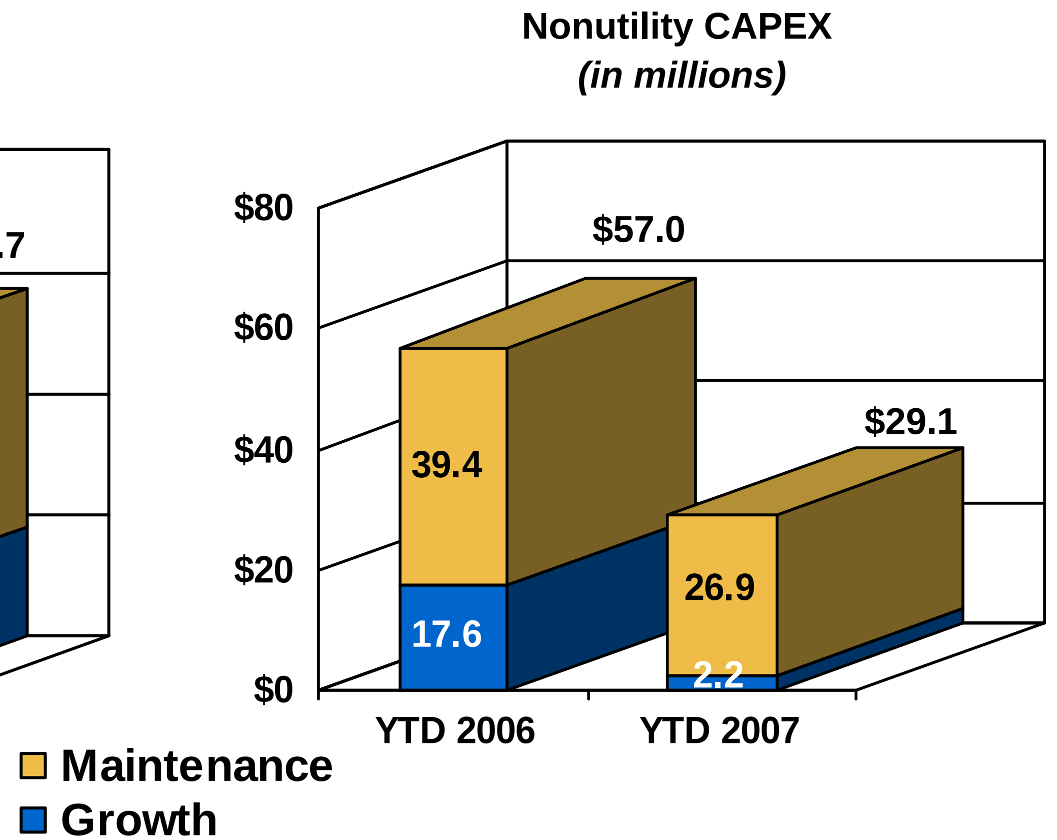


Drivers

- *Decreased* taxes, other than income, of $13.4 million
  - Primarily due to decreased franchise fees and state gross receipts taxes resulting from lower revenues
- *Increased* interest charges of $3.1 million
  - Primarily due an increase in interest rates of 76 basis points on the $300 million unsecured floating rate senior notes (4.975 in 3/06 vs. 5.735 in 3/07) due to an increase in the 3-mo. LIBOR
- *Increased* miscellaneous income of $5.4 million
  - $3.3 million *increase* due to the absence of an adverse regulatory ruling in Tennessee related to the calculation of a performance-based rate mechanism related to gas purchases and
  - $3.1 million *increase* in interest income earned on larger cash balances invested in short-term investments

Capital Expenditures





Fiscal 2007 YTD Expenditures

Maintenance Capital: $125.3 million

Growth Capital: $ 47.5 million

Natural Gas Gathering Project Update

- May 10, 2006, we announced plans to form a joint venture to construct a natural gas gathering system in eastern Kentucky, referred to as the Straight Creek Project
- Over the past 90 days we have been assessing the needs of the local producers, as well as our own economic requirements
- As a result, we are currently redesigning the original project, which will likely be marginally smaller in both size and scope
- Additionally, the expected in-service date has been delayed to the second half of fiscal 2008

Mid-Tex Rate Case Decision

- May 31, 2006, filed for rate increase of approximately $60 million and several rate design changes including WNA, Revenue Stabilization, and recovery of the gas cost component of bad debt
- July 6, 2006, an interim agreement was reached to implement WNA effective October 1, 2006, utilizing 30 years of weather history
- Railroad Commission Decision issued on March 29th
    - Permanent WNA based on 10 years of weather experience
    - Capital structure of 52% debt / 48% equity
    - Authorized ROE of 10%, Allowed Rate of Return of 7.903%
    - Rate Base of $1.044 Billion
    - Annual revenue increase of about $4.8 million; 66 cents/residential customer, effective immediately
    - Customer refund of $2.3 million related to annual GRIP filings
    - Rate order affects approximately 1.5 million customers

Rate Case Filing – Missouri

- April 7, 2006, filed 1st rate increase in over 9 years in Missouri
  - Requested revenue increase of about $3.4 million, or 5.9%
  - Investments approximated $22.0 million over the 9-year period
  - Serves approximately 60,000 residential, commercial and industrial customers in Missouri
  - Sought WNA, ROE increase to 12% and various rate design changes
- February 28, 2007, Final Order issued
  - No rate increase
  - Straight fixed/variable rate design for residential and small commercial customers, implemented March 4, 2007; achieves decoupling
  - Conservation Program to be implemented by August 31, 2007, and funded with 1 percent of gross annual revenues, or about $165,000 annually

Rate Case Filing – Kentucky

- December 28, 2006, filed request for 1st rate increase in over 7 years in Kentucky. Serve approximately 175,000 residential, commercial and industrial customers in Kentucky
- Request for revenue increase of about $10.4 million, or 4.6%
- Filing includes request for 5-year experimental rate stabilization mechanism, with decoupling, through an annual rate filing and recovery for bad debt portion of gas cost through base rates
- Requested ROE: 11.75%
- Requested Capital Structure: 51.8% Debt / 48.2% Equity
- Rate Base: $169.4 Million
- Test year ends June 30, 2008; forward-looking filing
- Public hearing set for July 10, 2007
- Decision on the case expected in August 2007; with new rates implemented subject to refund in mid-August

Louisiana Rate Settlement

- May 25, 2006, Louisiana Public Service Commission (LPSC) approved settlement of several existing dockets
- Allowed modified WNA which provides for partial decoupling
- Renewed the Rate Stabilization Clause (RSC) with provisions reducing regulatory lag and a refund of $400,000
    - First RSC filing for the LGS service area for approximately $10.8 million was effective August 12, 2006, based on a test year ended December 31, 2005; settlement agreement reached December 2006 resulting in a rate increase of about $9.5 million
    - First RSC filing for the Trans La service area for approximately $1.8 million made December 28, 2006, for the test period ending September 30, 2006, with effective date of April 1, 2007
    - WNA in both service areas will be effective for an initial three year period beginning with the 2006-2007 winter heating season

Shelf Registration and Common Stock Offering

- December 4, 2006, Atmos Energy filed a new registration statement with the SEC to issue up to $900 million in new common stock and/or debt securities, including about $402 million carried over from our prior shelf registration statement filed in August 2004
- December 13, 2006, Atmos Energy completed the sale of 6.3 million shares priced at $31.50
  - Approximately $192 million in net proceeds
  - Proceeds used to reduce short-term debt
  - Reduced debt-to-capitalization ratio from 60.9% at September 30, 2006, to 51.9% at March 31, 2007
  - Dilutes fiscal 2007 net income per diluted share by approximately 5 cents

Gas Held in Underground Storage – by Segment

Segment	March 31, 2007			March 31, 2006		
	Balance ($MM's)	Volumes (Bcf)	WACOG*	Balance ($MM's)	Volumes (Bcf)	WACOG*
Atmos Utility	$ 197.8	31.4	$ 6.30	$ 267.1	38.8	$ 6.88
Natural Gas Marketing	158.9	21.2	7.61	158.4	23.2	9.13
Pipeline & Storage	7.8	1.0	7.93	15.5	2.1	9.08
Total:	$ 364.5	53.6	$ 6.85	$ 441.0	64.1	$ 7.77

*Weighted Average Cost of Gas (WACOG) excludes fair value hedge amounts associated with physical storage

Credit Facilities

- March 30, 2007, Atmos Energy Marketing amended and extended its $580 million uncommitted demand working capital credit facility to March 31, 2008, on essentially the same terms
- December 15, 2006, Atmos Energy entered into a new $600 million, 5-year committed revolving credit facility through December 2011
  - Facility replaces our $600 million 3-year revolving credit facility entered into in October 2005, on essentially the same terms
  - Serves as a backup liquidity facility for our $600 million commercial paper program
- November 7, 2006, Atmos Energy entered into a new $300 million, 364-day committed revolving credit facility
  - Supplements amounts available under existing $18 million committed credit facility and $25 million uncommitted credit facility

Investment Grade Credit Ratings

	Rating
Moody's	
▪ Senior Unsecured Debt:	Baa3
▪ Commercial Paper:	P-3
▪ Outlook:	stable
Standard & Poor's	
▪ Senior Unsecured Debt:	BBB
▪ Commercial Paper:	A-2
▪ Outlook:	stable
Fitch	
▪ Senior Unsecured Debt:	BBB+
▪ Commercial Paper:	F-2
▪ Outlook:	stable

Quarterly Dividend

- On May 2, 2007, the Atmos Board of Directors declared a quarterly dividend of $0.32 per share
- 94th consecutive dividend declared
- To be paid on June 11, 2007, to shareholders of record on May 25, 2007
- Indicated annual dividend of $1.28 per share

Fiscal 2007

Financial Projections

Earnings Guidance – Fiscal 2007E

- Atmos Energy still anticipates earnings to be in the range of $1.90 to $2.00 per fully diluted share for the 2007 fiscal year
- Assumptions include:
  - Approximately 5 cent dilutive effect of the December equity offering
  - Total expected gross margin contribution from the marketing segment in the range of $100 million to $110 million
  - Continued execution of rate strategy and collection efforts
  - Normal weather in non-WNA jurisdictions
  - Bad debt expense of no more than $18 million
  - Average short-term interest rate @ 6.3%
  - No material acquisitions

Note: Changes in events or other circumstances that the company cannot currently anticipate could result in earnings for fiscal 2007 that are significantly above or below this outlook.

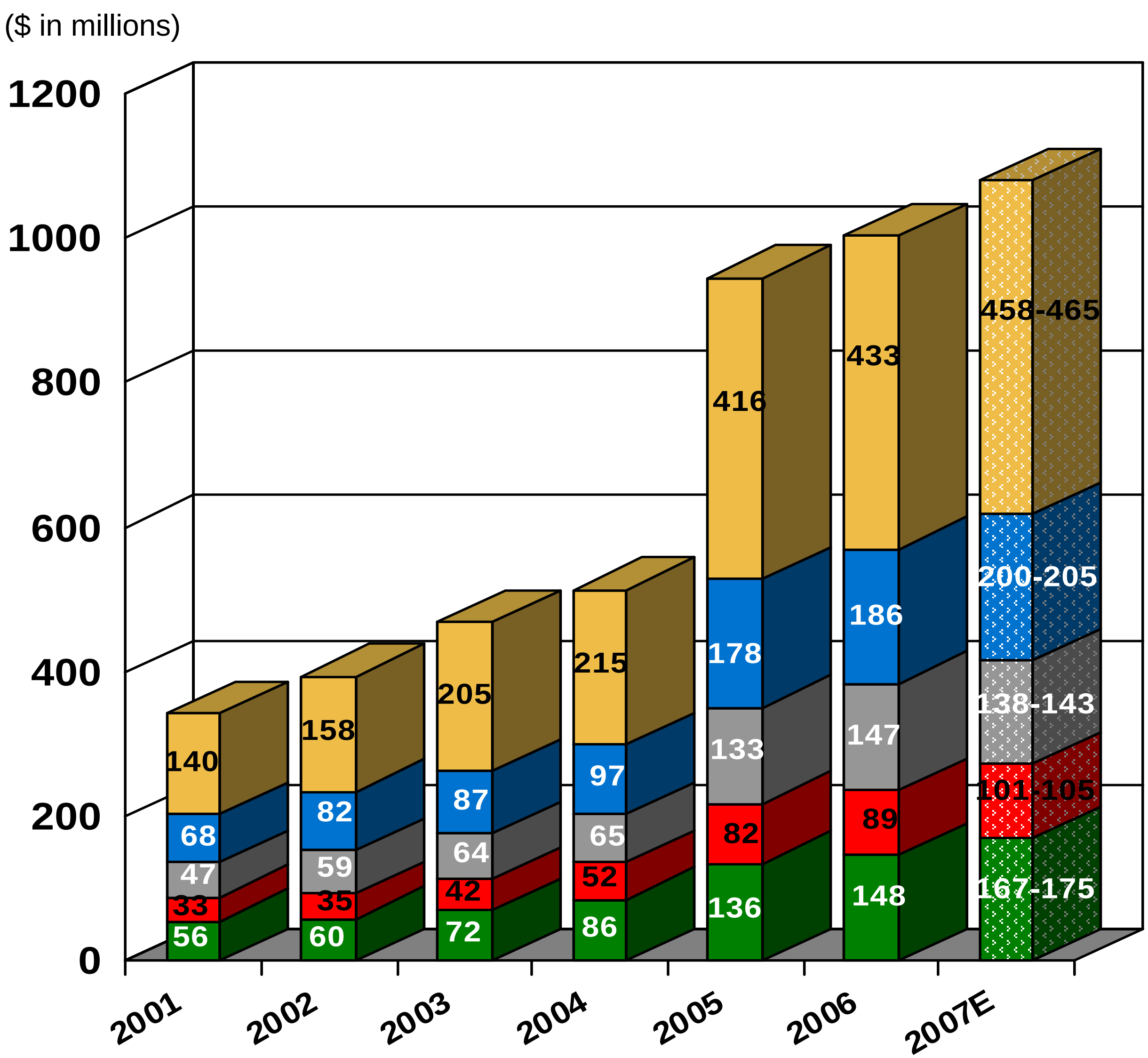
Projected Net Income by Segment

($ millions, except EPS)

	2004	2005	2006	2007E
Utility	$ 63	$ 81	$ 53	**$ 76 - 79**
Natural Gas Marketing	17	23	58	**44 - 46**
Pipeline & Storage	3	31	36	**46 - 48**
Other	3	1	1	**1 - 2**
Total	86	136	148	**167 - 175**
Avg. Diluted Shares	54.4	79.0	81.4	**87.7**
Earnings Per Share	$ 1.58	$ 1.72	$ 1.82	**$1.90 - $2.00**

Consolidated Financial Results – Fiscal 2007E

Selected Income Statement Components

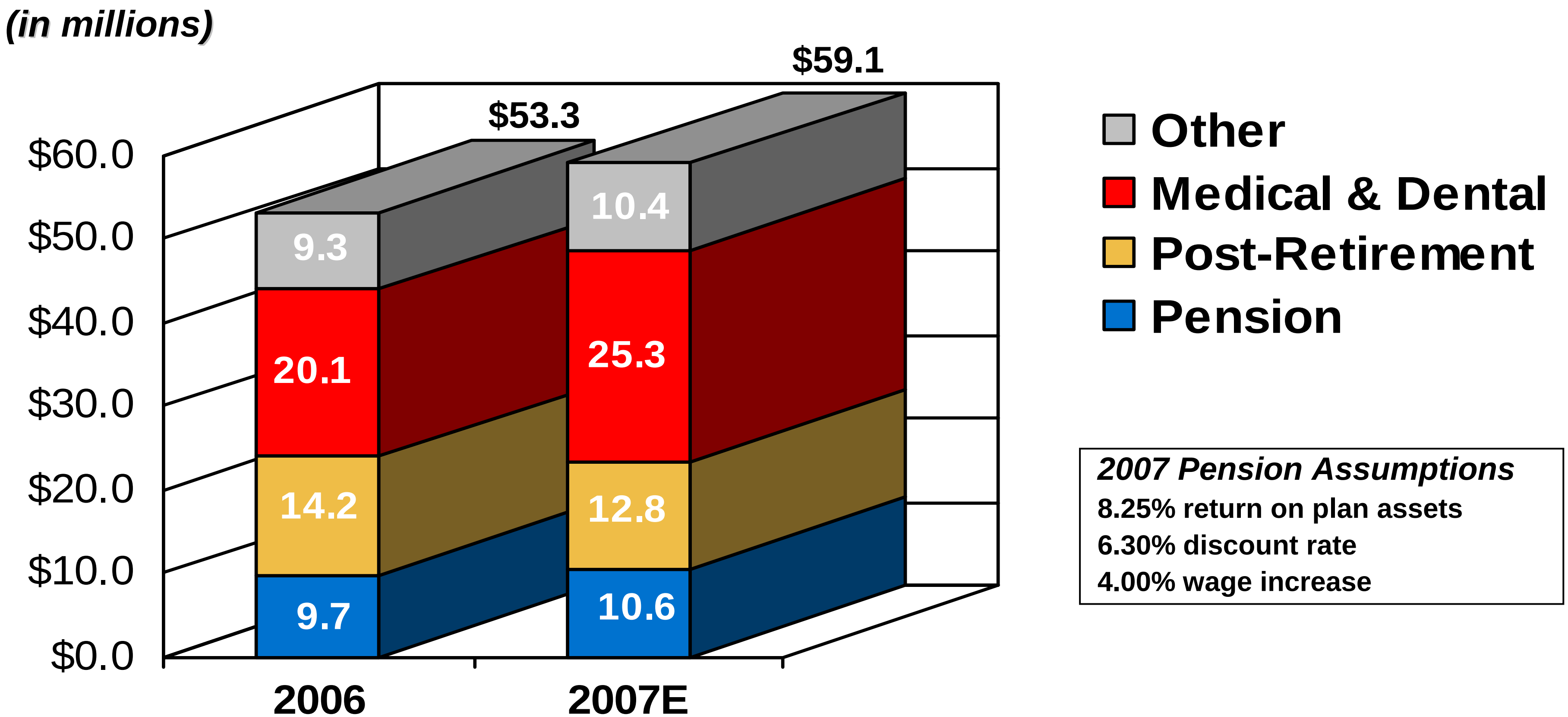


2007E Consolidated

($ millions)

O & M	**$458 - $465**
D & A	**$200 - $205**
Interest	**$138 - $143**
Income Tax	**$101 - $105**
Net Income	**$167 - $175**

Pension, Post-Retirement & Other Benefits Expense



2007 Pension Assumptions

8.25% return on plan assets

6.30% discount rate

4.00% wage increase

Atmos Energy Marketing – Gross Profit Margin Composition

2007E

Marketing

(Bundled gas deliveries & peaking sales)

- Impacted by customer volume demand
- Sales prices are:
  - Cost plus profit margin
  - Cost plus demand charges

Margins: More predictable

$50 - $53 Million

\+

Asset Optimization

(Storage & transportation management)

- Impacted by gas price spread values in the market (arbitrage opportunity)
- Physical storage capabilities
- Available storage and transport capacity
  - 9.7 Bcf proprietary contracted capacity
  - 28.5 Bcf customer-owned / AEM- managed storage

Margins: More variable

$50 - $57 Million

=

Total AEM Margins

Total margins reflect:

- Stability from marketing margins
- Upside from optimizing our storage and transportation assets to capture arbitrage value

Margins: Stable with potential upside

$100 - $110 Million

Projected Cash Flow

($ millions)

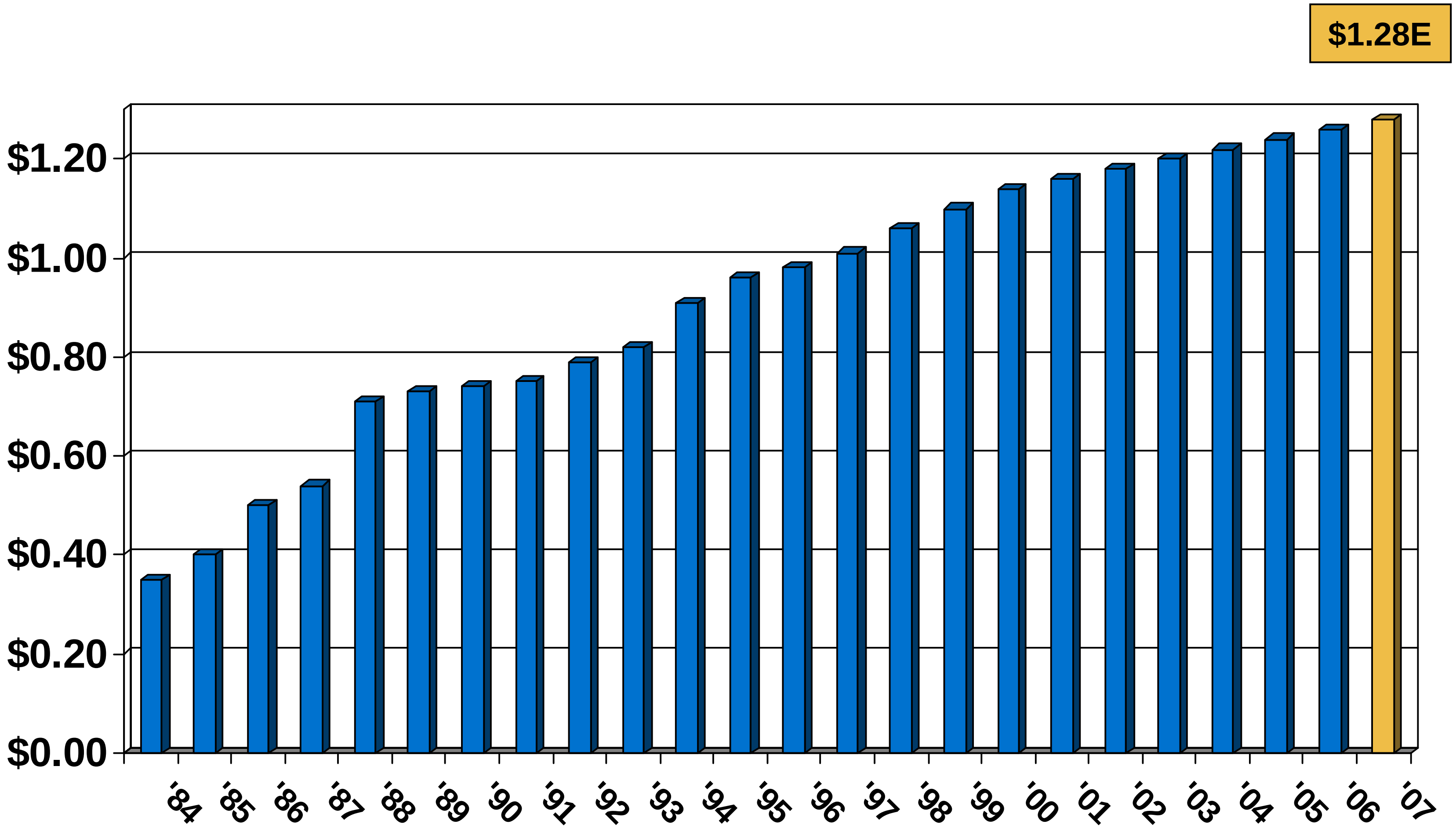
	2004	2005	2006	**2007E**
Cash flows from operations	$ 271	$ 387	$ 311	**$ 485 - 505**
Maintenance/Non-growth capital	(126)	(243)	(287)	**(254-263)**
Dividends	(67)	(99)	(102)	**(112)**
Cash available for debt reduction and growth projects	$ 78	$ 45	$ (78)	**$ 119 - 130**

Capital Expenditures

- In the 2006 fiscal year, Atmos Energy had $425 million in capital expenditures

- For fiscal 2007, we project between $365-$385 million in capital expenditures
  - Approximately $255 - $265 million maintenance
    - Nonutility: $45 million - $50 million
    - Utility: $210 million - $215 million
  - Approximately $110 - $120 million growth
    - Nonutility: $13 million - $18 million
    - Utility: $97 million - $102 million

Annual Dividend Growth



Note: Amounts are adjusted for mergers and acquisitions. For fiscal 2007, $1.28 is the indicated annual dividend.

Consolidated Financial Results

2007 Fiscal Second Quarter and Year To Date

Consolidated Income Statements – Fiscal 2007 2Q

(000s except EPS)	Three Months Ended March 31 2007	2006
Operating Revenues:		
Utility Segment	$ 1,461,033	$ 1,447,620
Natural Gas Marketing Segment	795,041	818,629
Pipeline and Storage Segment	59,362	45,483
Other Nonutility Segment	783	1,595
Intersegment Eliminations	(240,637)	(279,481)
	2,075,582	2,033,846
Purchased Gas Cost:		
Utility Segment	1,114,787	1,131,885
Natural Gas Marketing Segment	771,988	774,652
Pipeline and Storage Segment	229	211
Other Nonutility Segment	-	-
Intersegment Eliminations	(240,108)	(278,305)
	1,646,896	1,628,443
Gross Profit	428,686	405,403
Operation and Maintenance Expense	111,862	112,698
Depreciation and Amortization	51,066	47,076
Taxes, other than income	56,746	64,796
Miscellaneous Income (Expense)	1,838	(2,439)
Interest Charges	35,262	35,492
Income Before Income Taxes	175,588	142,902
Income Tax Expense	69,083	54,106
Net Income	$ 106,505	$ 88,796
Net Income Per Share:		
Basic	$ 1.21	$ 1.10
Diluted	$ 1.20	$ 1.10
Average Shares Outstanding:		
Basic	88,078	80,573
Diluted	88,735	81,040

Consolidated Income Statements – Fiscal 2007 YTD

(000s except EPS)	Six Months Ended March 31 2007	2006
Operating Revenues:		
Utility Segment	$ 2,425,277	$ 2,852,630
Natural Gas Marketing Segment	1,506,735	1,920,474
Pipeline and Storage Segment	109,214	85,195
Other Nonutility Segment	2,136	3,087
Intersegment Eliminations	(365,147)	(543,720)
	3,678,215	4,317,666
Purchased Gas Cost:		
Utility Segment	1,816,463	2,256,714
Natural Gas Marketing Segment	1,420,548	1,850,178
Pipeline and Storage Segment	454	211
Other Nonutility Segment	-	-
Intersegment Eliminations	(363,528)	(541,430)
	2,873,937	3,565,673
Gross Profit	804,278	751,993
Operation and Maintenance Expense	227,232	220,915
Depreciation and Amortization	100,061	90,336
Taxes, other than income	96,813	110,212
Miscellaneous Income (Expense)	3,417	(1,991)
Interest Charges	74,794	71,681
Income Before Income Taxes	308,795	256,858
Income Tax Expense	121,029	97,035
Net Income	$ 187,766	$ 159,823
Net Income Per Share:		
Basic	$ 2.20	$ 1.99
Diluted	$ 2.18	$ 1.98
Average Shares Outstanding:		
Basic	85,404	80,444
Diluted	86,061	80,911

Utility Operating Income – By Division
Fiscal 2007 2Q

	Three Months Ended March 31	
	2007	2006
Utility Operating Income		
Colorado-Kansas Division	$ 14,968	$ 14,650
Kentucky/Mid-States Division	28,948	33,950
Louisiana Division	23,026	8,596
Mid-Tex Division	59,007	29,455
Mississippi Division	16,204	16,752
West Texas Division	12,115	13,539
Other	81	822
Total Utility Operating Income	$ 154,349	$ 117,764

Utility Operating Income – By Division
Fiscal 2007 YTD

	Six Months Ended March 31	
	2007	**2006**
Utility Operating Income		
Colorado-Kansas Division	$ 23,640	$ 23,260
Kentucky/Mid-States Division	43,151	54,440
Louisiana Division	33,619	16,487
Mid-Tex Division	94,347	80,242
Mississippi Division	23,803	26,745
West Texas Division	18,621	19,670
Other	279	3,169
Total Utility Operating Income	$ 237,460	$ 224,013

Utility Volumes - Fiscal 2007 2Q

	Three Months Ended March 31			
	2007	**2006**	**Change**	**% Change**
Sales Volumes (MMcf)				
Residential	82,901	65,869	17,032	26%
Commercial	39,474	33,833	5,641	17%
Public authority and other	3,826	3,649	177	5%
Industrial	7,568	8,054	(486)	(6%)
Irrigation	87	316	(229)	(72%)
Total	133,856	111,721	22,135	20%
Transportation (MMcf)	39,567	31,152	8,415	27%
Total Consolidated Utility Volumes (MMcf)	173,423	142,873	30,550	21%

Utility Volumes - Fiscal 2007 YTD

	Six Months Ended March 31			
	2007	**2006**	**Change**	**% Change**
Sales Volumes (MMcf)				
Residential	133,600	119,578	14,022	12%
Commercial	66,559	62,972	3,587	6%
Public authority and other	6,597	6,940	(343)	(5%)
Industrial	13,303	17,063	(3,760)	(22%)
Irrigation	197	356	(159)	(45%)
Total	220,256	206,909	13,347	6%
Transportation (MMcf)	72,261	61,754	10,507	17%
Total Consolidated Utility Volumes (MMcf)	292,517	268,663	23,854	9%

Cash Flow Statements - Fiscal 2007 YTD

(000s)	Year to Date March 31 2007	2006
Net income	$ 187,766	$ 159,823
Depreciation and amortization	100,179	90,670
Deferred income taxes	72,755	58,199
Other	9,472	7,587
Net change in operating assets and liabilities	141,755	(167,888)
Operating cash flow	511,927	148,391
Capital expenditures - growth	(47,468)	(60,889)
Capital expenditures - non-growth	(125,324)	(152,341)
Other, net	(3,749)	(2,842)
Operating cash flow after investing activities	335,386	(67,681)
Repayment of long-term debt	(2,206)	(2,162)
Dividends paid	(54,640)	(50,933)
Cash flow after acquisitions and growth capital	$ 278,540	$ (120,776)

Capitalization - Fiscal 2007 YTD

(000s)	As of March 31					
	2007			2006		
Short-term debt	$	-	0.0%	$	262,315	6.3%
Long-term debt		2,181,563	51.9%		2,184,428	52.6%
Shareholders' equity		2,021,953	48.1%		1,706,291	41.1%
Total capitalization	$	4,203,516	100.0%	$	4,153,034	100.0%

As a Reminder…

- 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 3, 2007, through midnight on August 7, 2007. Atmos Energy's Web site address is: www.atmosenergy.com.

- To listen to the live conference call, dial 800-366-7640 by 10:00 a.m. Eastern Daylight Time on May 3, 2007.

Appendix

Summary of Utility 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 franchise fees recovered from our customers and the recognition of expense of franchise taxes, which may favorably or unfavorably affect net income; however; they should offset over time with no permanent impact on net income.

	Three Months			Six Months		
	2007	2006	**Change**	2007	2006	**Change**
	(Amounts in Thousands)					
Amounts included in margin	42,542	36,605	**5,937**	72,696	81,986	**(9,290)**
Amounts included in taxes, other	(35,902)	(38,479)	**2,577**	(55,839)	(61,164)	**5,325**
Difference / Impact	$ 6,640	$ (1,874)	**$ 8,514**	$ 16,857	$ 20,822	**$ (3,965)**

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 financially report the transactions for external reporting purposes in accordance with 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 will 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 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

Reported GAAP Value

- Physical and Financial Positions

$(24.2) MM

Economic Value*

(Commercial Value)

- Physical and Financial Positions

$10.8 MM

Market Spread

Embedded margin difference

$35.0 MM

****Realizing Economic Value is dependent on ability to execute*** – deliver physical gas & close financial hedges

Supporting data appears on the following slide

At March 31, 2007

Economic Value vs. GAAP Reported Results

	Physical	Economic Value (EV)				GAAP Reported Value - MTM		Market Spread	
Period	Volume	($ per Bcf)			Total		Total		Total
Ending	(Bcf)	WASP	WACOG	EV	($ in millions)	($ per Bcf)	($ in millions)	($ per Bcf)	($ in millions)
12/31/2005	12.8	9.3918	8.8366	0.5552	**7.1**	(3.0094)	**(38.6)**	3.5646	**45.7**
3/31/2006	23.6	10.3880	9.0806	1.3074	**30.8**	(1.5195)	**(35.8)**	2.8269	**66.6**
12/31/2006	21.0	10.6691	7.7802	2.8889	**60.6**	1.5636	**32.8**	1.3253	**27.8**
3/31/2007	19.6	8.2196	7.6701	0.5495	**10.8**	(1.2347)	**(24.2)**	1.7842	**35.0**
Variance	(1.4)	$ (2.4495)	$ (0.1101)	$ (2.3394)	**$ (49.8)**	(2.7983)	**$ (57.0)**	$ 0.4589	**$ 7.2**

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