

Conference Call to Review Fiscal 2008 First Quarter Financial Results

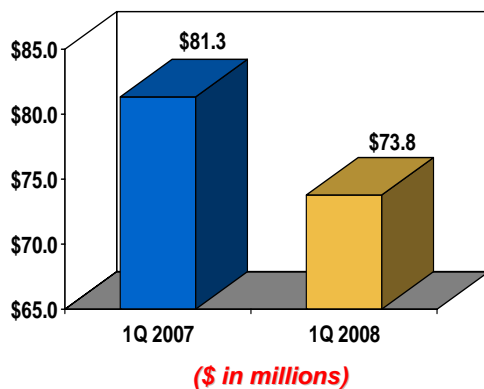
*February 6, 2008
8:00 a.m. EST*

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, 2007. 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 2008 and beyond that appear in this presentation are current as of the date noted on each relevant slide.

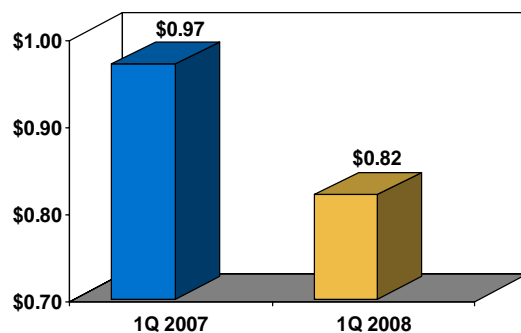
Net Income



Key Drivers

- Decrease in nonregulated natural gas marketing margins, primarily due to lower unrealized margins
- Rate increase adjustments, primarily GRIP in Texas
- Increase in O&M expenses primarily due to higher employee and administrative costs

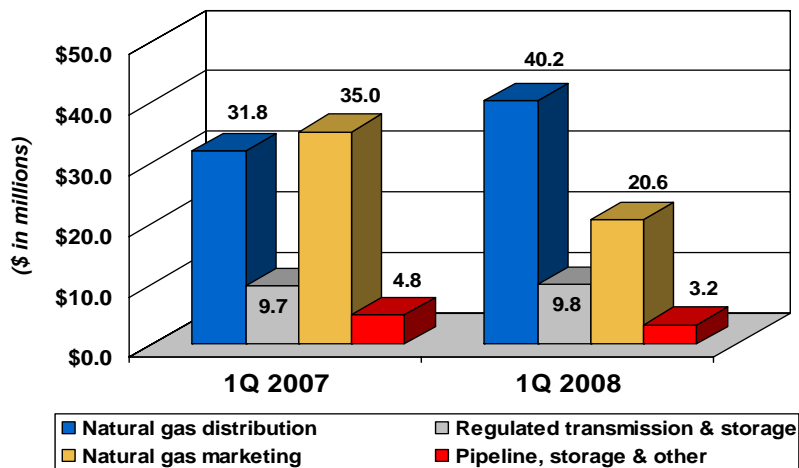
Earnings per Diluted Share



Notes

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

Net Income by Segment



Drivers

- \$6.0 million *decrease* in gross profit
 - \$10.6 million *increase* in natural gas distribution gross profit primarily from
 - \$9.3 million net *increase* due to rate adjustments
 - \$6.6 million *increase* in the Mid-Tex Division from Texas GRIP-related recovery for 2006 capital expenditures and the rate case concluded in March 2007
 - \$3.4 million *increase* due to rate increases in Kentucky, Louisiana and Tennessee
 - \$2.0 million net *increase* in revenue-related taxes

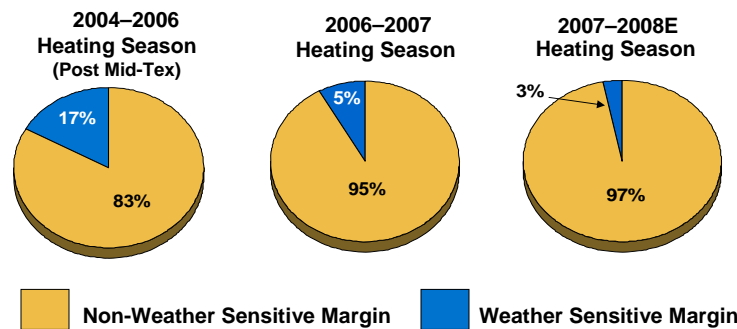
Jurisdictions Adjusted for WNA

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

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

Stabilizing Natural Gas Distribution Margin Sensitivity

- Weather Normalization Adjustment (WNA) for Mid-Tex and Louisiana divisions became effective for the 2006-2007 winter heating season, which reduced margin exposure to weather from 17 percent to 5 percent
- With the rate design changes effective for the 2007-2008 winter heating season, weather-sensitive margin is expected to be further reduced to about 3 percent



* Non-weather sensitive margin includes weather-normalized margins, monthly fixed charges and gas consumption that is not correlated to weather - gas clothes dryer, gas water heater, gas cooking, etc.

Drivers

- \$6.0 million *decrease* in gross profit (*continued*)
 - \$17.1 million *decrease* in natural gas marketing gross profit primarily due to
 - \$20.5 million *decrease* in unrealized margins primarily due to a smaller change in the spreads between the forward prices used to value the financial hedges and the market (spot) price used to value physical storage, coupled with a 3.3 Bcf decrease in the net physical storage position quarter over quarter
 - \$5.3 million *decrease* in realized losses related to storage and trading activities primarily due to smaller losses incurred on settlement of financial positions, partially offset by lower margins earned from cycling gas in a less volatile natural gas market
 - \$1.9 million *decrease* in delivered gas margins primarily due to realizing lower unit margins in a less volatile market, partially offset by an increase in sales volumes of 18.7 Bcf primarily due to a successful marketing strategy

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<i>Natural Gas Marketing Segment</i>	Quarter Ended December 31		
	2007	2006	Change
	(In thousands, except physical position)		
Delivered gas	\$18,173	\$20,069	(\$1,896)
Asset optimization	(525)	(5,790)	5,265
Unrealized margin	28,315	48,855	(20,540)
GROSS PROFIT	\$45,963	\$63,134	(\$17,171)
Net physical position (Bcf)	17.7	21.0	(3.3)

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Source of Fair Value	Fair Value of Contracts at December 31, 2007				Total Fair Value
	Maturity in Years				
	< 1	1 - 3	4 - 5	> 5	
	(In thousands)				
Prices actively quoted	\$ 24,833	\$ 6,870	\$ —	\$ —	\$ 31,703
Prices based on models & other valuation methods	(653)	(719)	—	—	(1,372)
Total Fair Value	\$ 24,180	\$ 6,151	\$ —	\$ —	\$ 30,331

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Drivers

- \$6.0 million *decrease* in gross profit (*continued*)
 - \$5.1 million *increase* in regulated transmission and storage gross profit primarily due to 19.4 Bcf increase in consolidated transportation volumes
 - \$2.0 million *increase* due to increased transportation volumes from production in the Barnett Shale and Carthage regions of Texas
 - \$2.6 million *increase* due to rate adjustment resulting from the GRIP-related recovery for 2006 capital expenditures in Texas
 - \$1.1 million *decrease* in storage and parking and lending services due to market conditions
 - \$5.1 million *decrease* in nonregulated pipeline, storage and other gross profit primarily due to a \$3.8 million decrease in unrealized margins associated with storage and trading activities

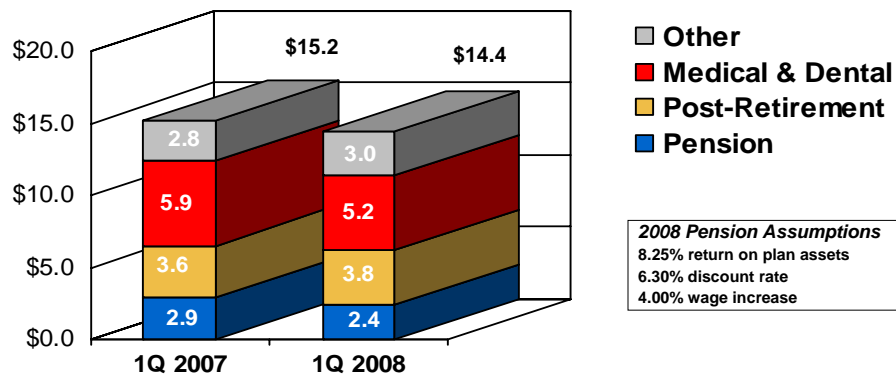
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Drivers

- Increased O&M expenses of \$5.8 million primarily due to
 - \$3.2 million *increase* in higher labor and benefits costs associated with annual wage increases for employees and higher contract labor
 - \$2.0 million *increase* in other miscellaneous administrative costs
 - \$1.9 million *increase* due to pipeline odorization and fuel costs
 - \$2.1 million *decrease* in provision for doubtful accounts due to reduced revenues resulting from lower natural gas prices

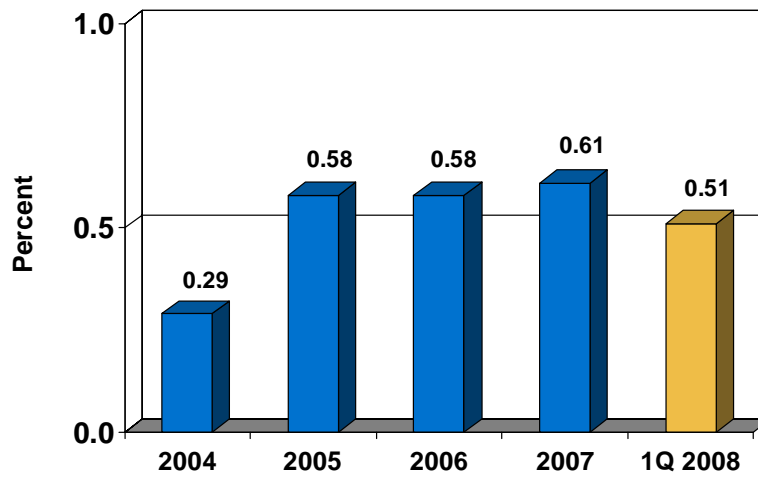
Pension, Post-Retirement & Other Benefits Expense

(in millions)

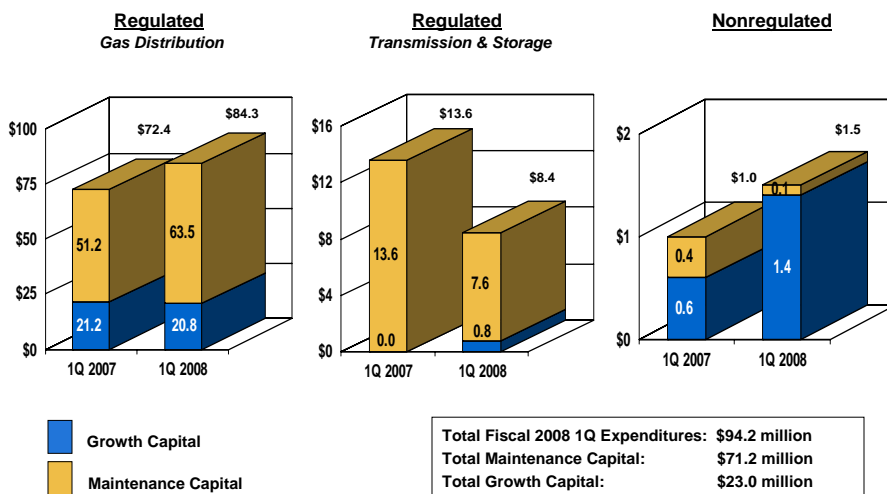


2008 Pension Assumptions
 8.25% return on plan assets
 6.30% discount rate
 4.00% wage increase

Gas Distribution Bad Debt Expense as a Percent of Revenues



Capital Expenditures



Ft. Necessity Storage Project

- Submitted a pre-filing request with the Federal Energy Regulatory Commission (FERC) to construct and operate a salt-cavern gas storage project in Franklin Parish, LA (Docket No. PF08-10-000)
- Project would initially include the development of three 5 Bcf caverns of working gas storage for a total of 15 Bcf, with six-turn injection and withdrawal capabilities
- Pending FERC approval, the first cavern is projected to go into operation by early 2011, with the other two caverns in operation by 2012 and 2014
- Depending on market demand, four additional storage caverns could potentially be developed

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Rate Case Settlement in Mid-Tex Division

- January 10, 2008, announced tentative settlement agreement with the Atmos Cities Steering Committee (ACSC) on behalf of 151 cities, representing about 52% of residential customers in the Mid-Tex division
- Includes about a 20 cent per month increase in the average residential bill effective March 1, 2008
- Implements Rate Review Mechanism (RRM) effective for a three-year trial period
 - Reflects annual changes in division's cost of service and rate base
 - Initial RRM filing to be implemented in rates on October 1, 2008
- Authorized ROE of 9.6%; capital structure at 52% Debt / 48% Equity
- Establishes a conservation program effective October 1, 2008
 - Funded annually with \$1 million contributions each by the company and customers through a new customer tariff
- Negotiations continue with cities representing the majority of remaining Mid-Tex customers

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Mid-Tex Division Rate Case – Procedural Schedule

Event	February	March	April	May
Intervenor Testimony	13			
Settlement Conference	14			
Staff Testimony	19			
Rebuttal Testimony & Technical Conference	21			
HEARINGS BEGIN / END	25	3		
Initial Briefs Due		13		
Reply Briefs Due		21		
Proposal for Decision (PFD) Issued			25	
Exceptions Due				5
Replies to Exceptions				12
Statutory Deadline for Decision				28

Louisiana Stable Rate Filing

- December 2007, made annual rate stabilization filing requesting an increase of \$2.2 million
- Includes an increase in depreciation expense of approximately \$0.4 million
- Filing is for test year ended September 30, 2007
- Rate change is expected to be effective April 1, 2008

Investment Grade Credit Ratings

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

Quarterly Dividend

- On February 5, 2008, the Atmos Board of Directors declared a quarterly dividend of \$0.325 per share
- 97th consecutive dividend declared
- To be paid on March 10, 2008, to shareholders of record on February 25, 2008
- Indicated annual dividend of \$1.30 per share

Consolidated Financial Projections Fiscal 2008

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Earnings Guidance – Fiscal 2008E

- Atmos Energy continues to anticipate earnings to be in the range of \$1.95 - \$2.05 per diluted share for the 2008 fiscal year
- Assumptions remain unchanged and include:
 - Contribution from natural gas marketing segment reflecting less volatility in gas prices
 - Total expected gross margin contribution from the marketing segment in the range of \$90 million to \$100 million
 - Continued successful execution of rate strategy and collection efforts
 - Normal weather
 - Bad debt expense of no more than \$20 million
 - Average annual short-term interest rate of 6.5%
 - Average gas cost ranging from \$7.95 - \$10.00 per mcf
 - 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 2008 significantly above or below this outlook.

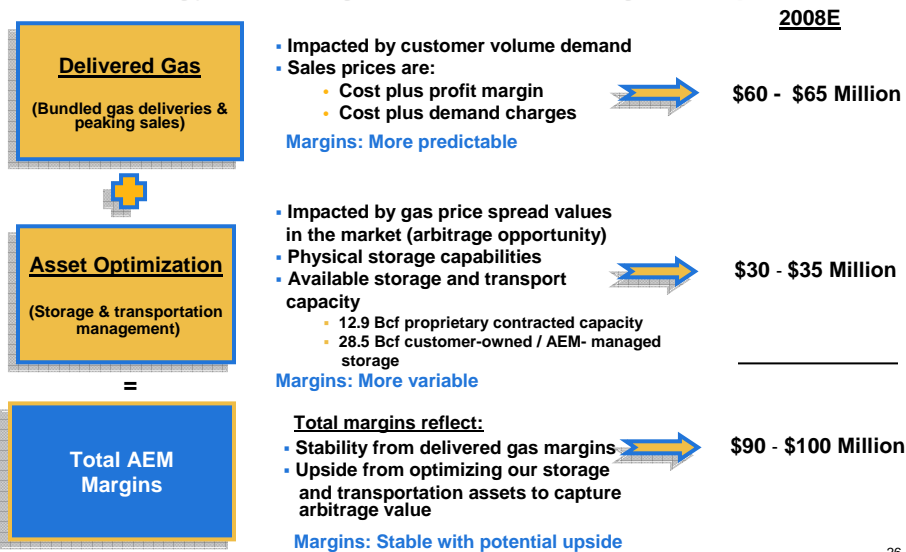
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Projected Net Income by Segment

(\$ millions, except EPS)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008E</u>
Natural Gas Distribution	\$ 81	\$ 53	\$ 73	\$ 86 - 90
Regulated Trans & Storage	28	27	34	37 - 40
Natural Gas Marketing	23	58	46	42 - 43
Pipeline, Storage & Other	4	10	15	11 - 12
Total	136	148	168	176 - 185
Avg. Diluted Shares	79.0	81.4	87.7	90.1
Earnings Per Share	\$ 1.72	\$ 1.82	\$ 1.92	\$1.95 - \$2.05

Atmos Energy Marketing – Gross Profit Margin Composition



Projected Cash Flow

(\$ millions)

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008E</u>
Cash flows from operations	\$ 387	\$ 311	\$ 547	\$ 520 - 540
Maintenance/Non-growth capital	(243)	(287)	(287)	(305-315)
Dividends	(99)	(102)	(112)	(117)
Cash available for debt reduction and growth projects	\$ 45	\$ (78)	\$ 148	\$ 98 - 108

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Capital Expenditures

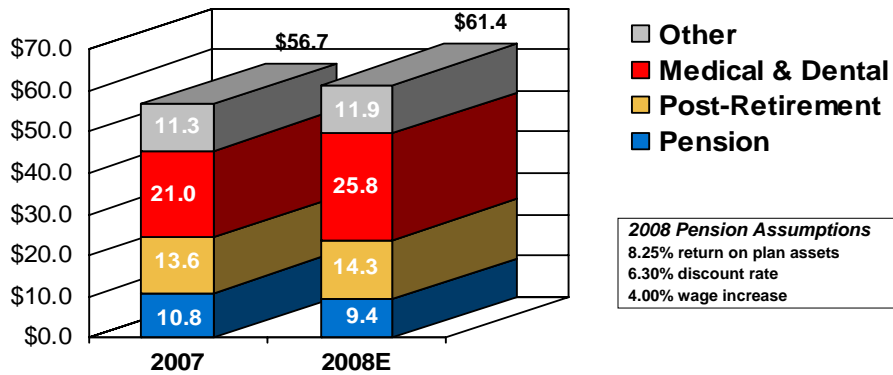
■ For fiscal 2008, we project between \$450-\$465 million in capital expenditures

- Approximately \$305 - \$315 million maintenance
 - Natural Gas Distribution: \$249 million - \$252 million
 - Regulated Transmission & Storage: \$54 million - \$59 million
 - Natural Gas Marketing: \$2 million - \$4 million
- Approximately \$145 - \$150 million growth
 - Natural Gas Distribution: \$96 million - \$99 million
 - Regulated Transmission & Storage: \$16 million - \$17 million
 - Pipeline, Storage & Other: \$33 million - \$34 million

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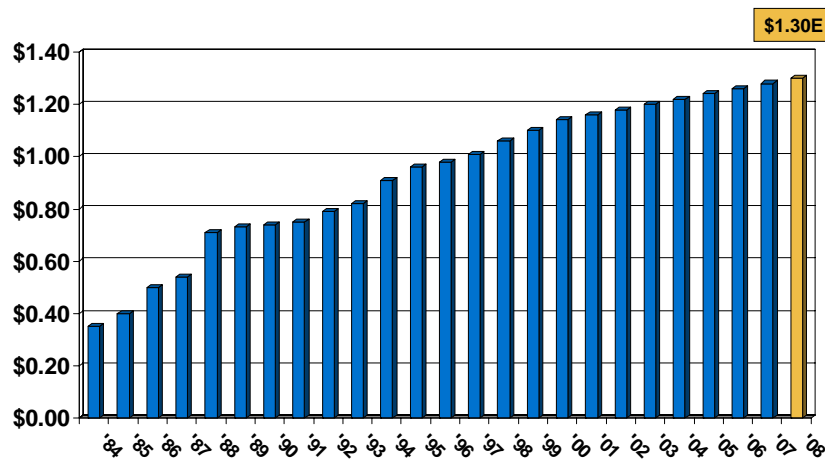
Pension, Post-Retirement & Other Benefits Expense

(in millions)



2008 Pension Assumptions
 8.25% return on plan assets
 6.30% discount rate
 4.00% wage increase

Annual Dividend Growth



Note: Amounts are adjusted for mergers and acquisitions. For fiscal 2008, \$1.30 is the indicated annual dividend.

Consolidated Financial Results Fiscal 2008 First Quarter

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Consolidated Income Statements Fiscal 2008 1Q

(000s except EPS)	Three Months Ended December 31	
	2007	2006
Operating Revenues:		
Natural Gas Distribution Segment	\$ 928,177	\$ 964,244
Regulated Transmission and Storage Segment	45,046	39,872
Natural Gas Marketing Segment	840,717	711,694
Pipeline, Storage and Other Segment	6,727	11,333
Intersegment Eliminations	(163,157)	(124,510)
	1,657,510	1,602,633
Purchased Gas Cost:		
Natural Gas Distribution Segment	654,977	701,676
Regulated Transmission and Storage Segment	-	-
Natural Gas Marketing Segment	794,754	648,560
Pipeline, Storage and Other Segment	729	225
Intersegment Eliminations	(162,588)	(123,420)
	1,287,872	1,227,041
Gross Profit	369,638	375,592
Operation and Maintenance Expense	121,189	115,370
Depreciation and Amortization	48,513	48,995
Taxes, other than income	41,427	40,067
Miscellaneous Income (Expense)	(93)	1,579
Interest Charges	36,817	39,532
Income Before Income Taxes	121,599	133,207
Income Tax Expense	47,796	51,946
Net Income	\$ 73,803	\$ 81,261
Net Income Per Share:		
Basic	\$ 0.83	\$ 0.98
Diluted	\$ 0.82	\$ 0.97
Average Shares Outstanding:		
Basic	89,006	82,726
Diluted	89,608	83,350

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Natural Gas Distribution Operating Income
Fiscal 2008 1Q



	Three Months Ended December 31	
	2007	2006
Gas Distribution Operating Income		
Colorado-Kansas Division	\$ 6,688	\$ 8,672
Kentucky/Mid-States Division	14,168	14,203
Louisiana Division	11,932	10,593
Mid-Tex Division	50,225	35,340
Mississippi Division	7,829	7,599
West Texas Division	4,976	6,506
Other	1,685	198
Total Gas Distribution Operating Income	\$ 97,503	\$ 83,111

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Natural Gas Distribution Volumes - Fiscal 2008 1Q



	Three Months Ended December 31			
	2007	2006	Change	% Change
Sales Volumes (MMcf)				
Residential	49,031	50,699	(1,668)	(3%)
Commercial	26,620	27,085	(465)	(2%)
Public authority and other	2,612	2,771	(159)	(6%)
Industrial	5,954	5,735	219	4%
Irrigation	550	110	440	400%
Total	84,767	86,400	(1,633)	(2%)
Transportation (MMcf)	33,749	32,694	1,055	3%
Total Consolidated Gas Distribution Volumes (MMcf)	118,516	119,094	(578)	(1%)

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Cash Flow Statements - Fiscal 2008 1Q



	Year to Date December 31	
	2007	2006
(000s)		
Net income	\$ 73,803	\$ 81,261
Depreciation and amortization	48,536	49,078
Deferred income taxes	11,978	13,869
Other	4,406	4,718
Net change in operating assets and liabilities	(77,286)	16,043
Operating cash flow	61,437	164,969
Capital expenditures - growth	(22,972)	(21,819)
Capital expenditures - non-growth	(71,183)	(65,167)
Other, net	(1,874)	(1,324)
Operating cash flow after investing activities	(34,592)	76,659
Repayment of long-term debt	(1,741)	(1,717)
Dividends paid	(29,178)	(26,261)
Cash flow after growth capital	\$ (65,511)	\$ 48,681

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Capitalization - Fiscal 2008 1Q



	As of December 31			
	2007		2006	
(000s)				
Short-term debt	\$ 202,244	4.6%	\$ 154,471	3.6%
Long-term debt	2,128,533	48.8%	2,181,942	51.3%
Shareholders' equity	2,032,483	46.6%	1,920,457	45.1%
Total capitalization	\$ 4,363,260	100.0%	\$ 4,256,870	100.0%

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- The audio and slide presentation of this conference call will be available on Atmos Energy's Web site by 8:00 a.m. Eastern Standard Time on February 6, 2008, through midnight on May 2, 2008. Atmos Energy's Web site address is: www.atmosenergy.com.
- To listen to the live conference call, dial 800-240-4186 by 8:00 a.m. Eastern Standard Time on February 6, 2008.

Appendix

Summary of Gas Distribution Revenue – Related Tax Information

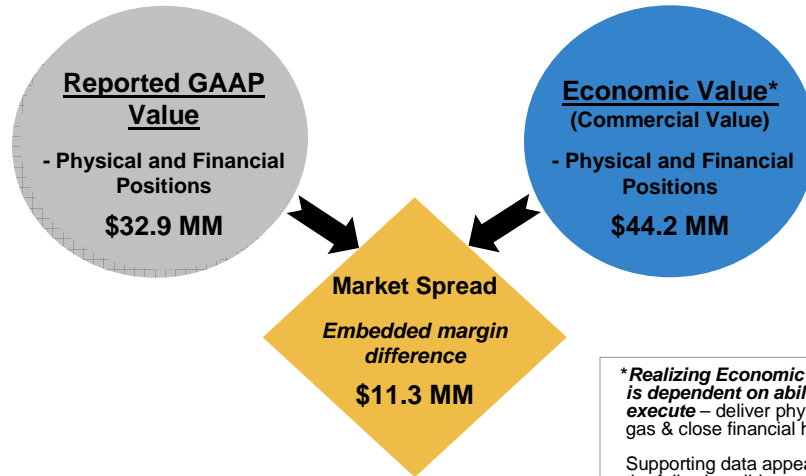
- Gross profit margins, primarily in our Mid-Tex division, include franchise fees and gross receipts taxes, which are calculated as a percentage of revenue (inclusive of gas costs). We record the expense for these taxes as a component of taxes, other than income.
- Timing differences exist between the recognition of revenue for 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.

	As of December 31		
	Three Months		
	2007	2006	Change
	(\$ thousands)		
Amounts included in margin	\$ 31,486	\$ 29,476	\$ 2,010
Amounts included in taxes, other	(18,233)	(19,937)	1,704
Difference / Impact	\$ 13,253	\$ 9,539	\$ 3,714

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 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 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 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 December 31, 2007

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

Period Ending	Physical Volume (Bcf)	Economic Value (EV)			Total (\$ in millions)	GAAP Reported Value - MTM		Market Spread	
		WASP (\$ per mcf)	WACOG (\$ per mcf)	EV (\$ per mcf)		Total (\$ per mcf)	Total (\$ in millions)	(\$ per mcf)	Total (\$ in millions)
9/30/2006	14.5	11.9716	7.8329	4.1387	60.0	(1.1076)	(16.0)	5.2463	76.0
12/31/2006	21.0	10.6691	7.7802	2.8889	60.6	1.5636	32.8	1.3253	27.8
2007 Variance	6.5	\$ (1.3025)	\$ (0.0527)	\$ (1.2498)	\$ 0.6	2.6712	\$ 48.8	\$ (3.9210)	\$ (48.2)
9/30/2007	12.3	11.1547	7.8297	3.3250	40.8	0.8819	10.8	2.4431	30.0
12/31/2007	17.7	9.8199	7.3266	2.4933	44.2	1.8561	32.9	0.6372	11.3
2008 Variance	5.4	\$ (1.3348)	\$ (0.5031)	\$ (0.8317)	\$ 3.4	0.9742	\$ 22.1	\$ (1.8059)	\$ (18.7)

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