

Conference Call to Review Fiscal 2007 Third Quarter Financial Results

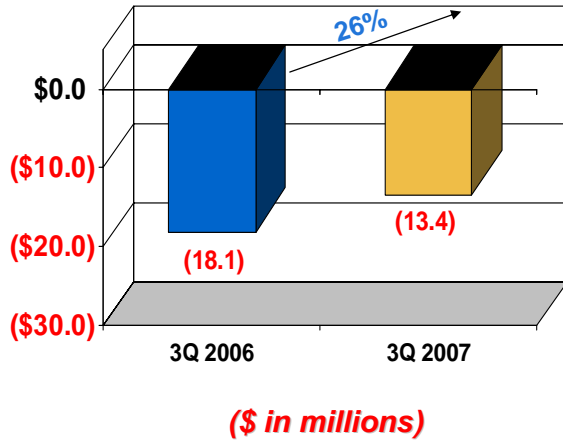
*August 8, 2007
8:00 a.m. EDT*

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.

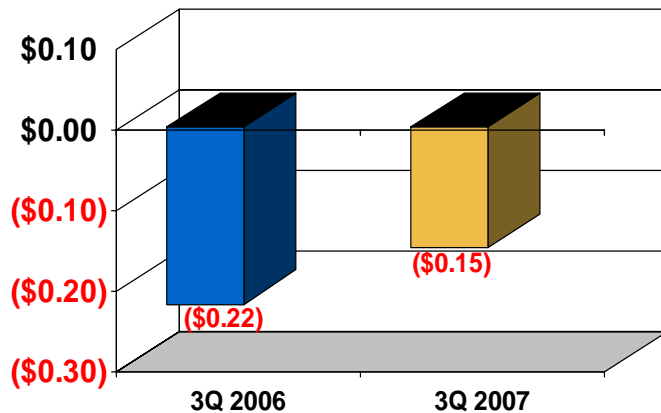
Net Loss



Key Drivers

- 20 percent increase in utility throughput due to more seasonable weather than last year
- Increased pipeline and storage contribution primarily due to a 19 percent increase in throughput
- Rate increase adjustments, primarily GRIP in Texas and Louisiana RSC
- 13 percent increase in O&M expenses quarter over quarter

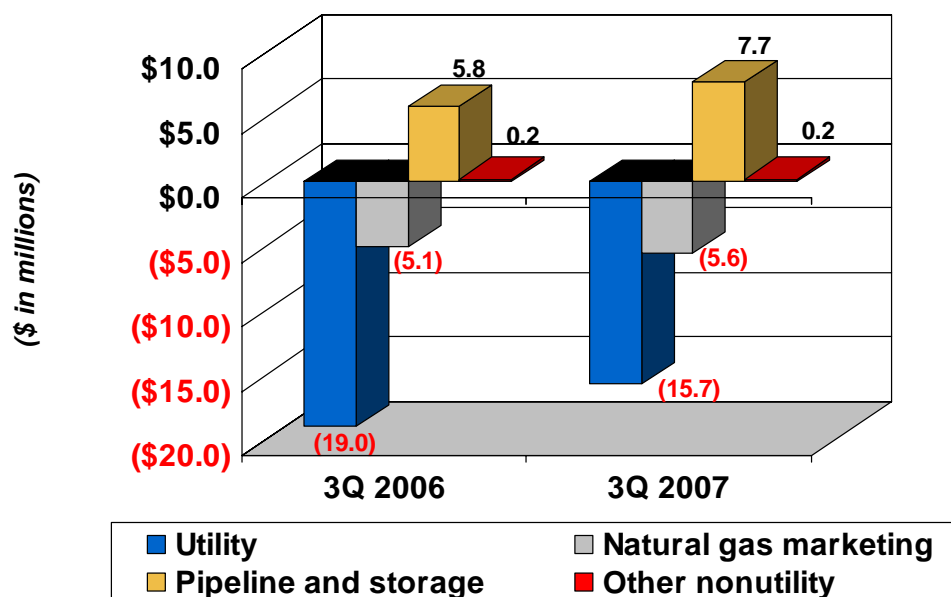
Loss per Diluted Share



Notes

- Quarter over quarter increase of about 7.5 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 (Loss) by Segment



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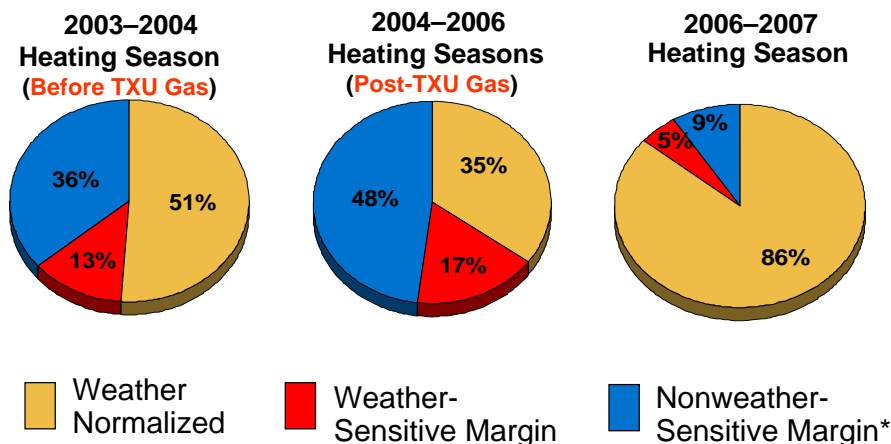
Drivers

- \$23.5 million *increase* in gross profit
 - \$20.8 million *increase* in utility gross profit primarily due to
 - \$18.9 million *increase* primarily due to increased throughput of 12.3 Bcf, due to weather that was more seasonable than the prior-year period
 - \$ 4.1 million *decrease* due to WNA impact
 - \$1.0 million *decrease* in the Mid-Tex and Louisiana divisions
 - \$3.1 million *decrease* in remaining jurisdictions
 - \$ 6.9 million *increase* in revenue-related taxes – franchise fees and gross receipts taxes paid by the customer, primarily in the Mid-Tex division
 - \$ 6.7 million *increase* due to rate adjustments
 - \$4.5 million *increase* from Texas GRIP-related recovery for 2004 and 2005 GRIP filings
 - \$2.3 million *increase* from LGS and TransLa RSC filings in Louisiana
 - \$0.6 million *decrease* from additional Mid-Tex GRIP refund
 - \$0.5 million *increase* from Missouri rate design changes
 - \$ 6.2 million *decrease* due to the absence of the deferred revenue associated with 2003 Rate Stabilization Filing with Louisiana Public Service Commission which was recognized in the prior-year quarter

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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 \$15.3 million in the fiscal 2006 third quarter.
- In the current-year quarter, the 5 percent exposure to weather had a positive impact on our gross profit margin of about \$0.6 million



* 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

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Drivers

- \$23.5 million *increase* in gross profit (*continued*)
 - \$0.3 million *increase* in natural gas marketing gross profit primarily due to
 - \$41.1 million *decrease* in realized storage margins attributable to financial hedge settlement losses associated with the deferral of storage withdrawals, increased storage demand fees, increased park and loan fees, and overall less favorable arbitrage spreads due to less market volatility in the current quarter compared with the prior-year quarter
 - \$38.9 million *increase* in unrealized storage margins (mark-to-market) primarily due to the narrowing of the spreads between the forward prices used to value financial hedges and the market (spot) prices used to value the physical inventory. The mark-to-market impact was magnified by a 2.5 Bcf increase in physical storage inventory quarter-over-quarter
 - \$2.7 million *decrease* in realized marketing margins primarily due to lower margins realized in a less volatile market, partially offset by increased sales volumes of 19 Bcf quarter-over-quarter, due to colder weather and a successful marketing strategy
 - \$5.2 million *increase* in unrealized marketing margins (mark-to-market) primarily attributable to a favorable movement in the forward natural gas prices associated with financial derivatives used in these activities

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Natural Gas Marketing Segment	Three Months Ended June 30		
	2007	2006	Change
	(In thousands, except physical position)		
Storage Activities			
Realized margin	(\$33,376)	\$7,717	(\$41,093)
Unrealized margin	16,998	(21,873)	38,871
Total Storage Activities	(16,378)	(14,156)	(2,222)
Marketing Activities			
Realized margin	9,999	12,691	(2,692)
Unrealized margin	5,803	579	5,224
Total Marketing Activities	15,802	13,270	2,532
GROSS PROFIT	(\$576)	(\$886)	\$310
Net physical position (Bcf)	21.5	19.0	2.5

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Drivers

- \$23.5 million *increase* in gross profit (*continued*)
 - \$ 2.2 million *increase* in pipeline and storage gross profit primarily due to
 - \$2.8 million *increase* from a 19 percent increase in throughput from North Side Loop and 3 other compression projects completed in 2006 at Atmos Pipeline-Texas
 - \$0.7 million *increase* from rate adjustments related to Atmos Pipeline-Texas 2005 GRIP filing
 - \$1.1 million *decrease* in reservation fees and demand and deficiency fees, which are market-driven

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Drivers

- *Increased* O&M expenses of \$14.0 million primarily due to
 - \$5.9 million *increase* primarily from higher labor and benefits costs associated with increased headcount and increased benefit costs
 - \$5.7 million *increase* in administrative costs (insurance, IT maintenance, vehicle lease expense)
 - \$2.0 million *increase* from the absence in the current period of the accrual reversal of Hurricane Katrina losses in the prior- year quarter
 - \$3.3 million *increase* for a one-time non-cash charge to write off software that will no longer be used

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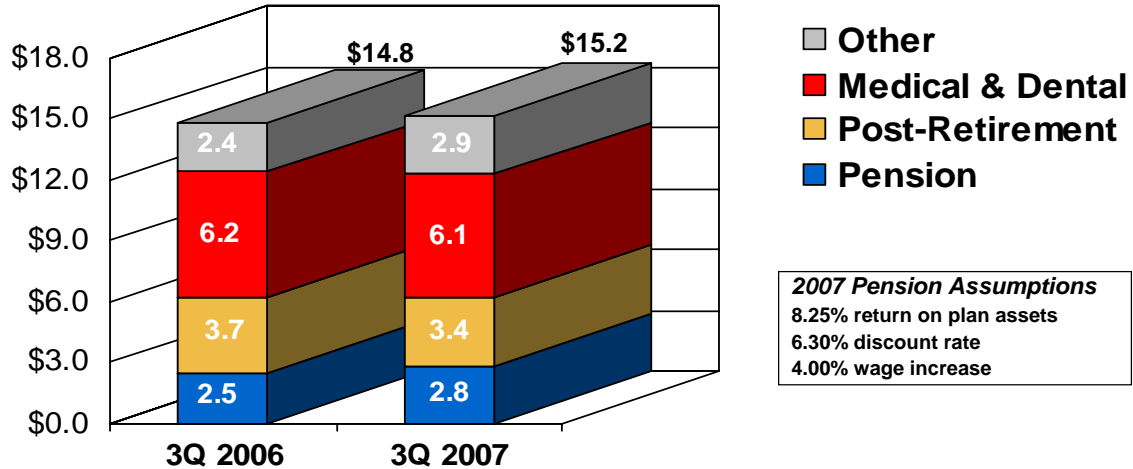
Drivers

- *Increased* taxes, other than income, of \$4.4 million
 - Primarily due to increased franchise fees and state gross receipts taxes due to increased revenues
- *Decreased* interest charges of \$1.4 million
 - Primarily due to lower average outstanding short-term debt balances, partially offset by
 - 28 basis point *increase* in the three-month LIBOR interest rate on our \$300 million unsecured floating rate senior notes paid in July 2007
- *Increased* miscellaneous income of \$3.3 million primarily due to a
 - \$2.1 million *increase* primarily due to leasing certain mineral interests owned by the pipeline and storage segment and
 - \$1.9 million *increase* in interest income on higher average cash and short-term investments

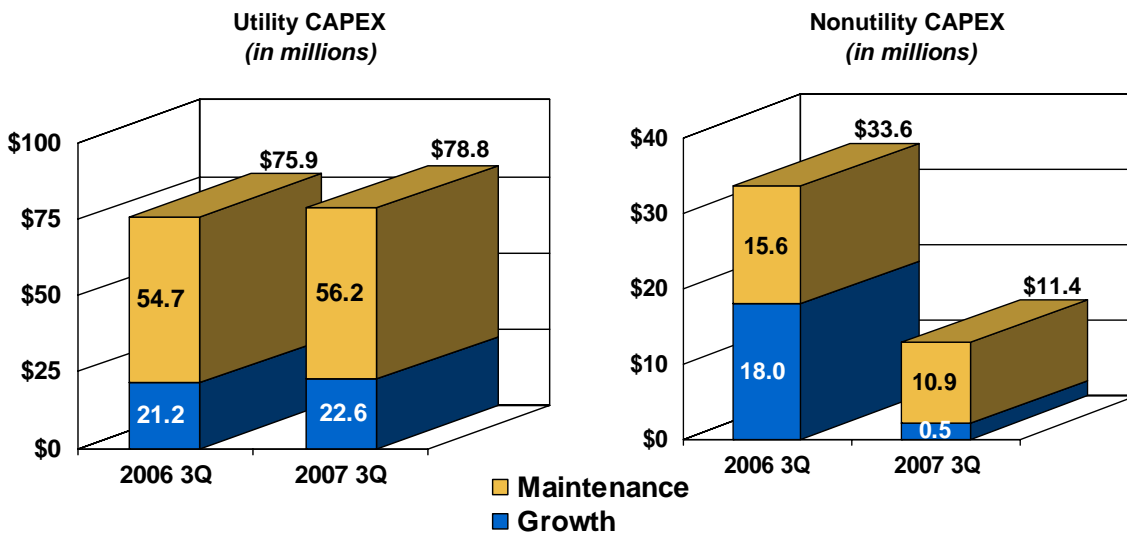
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Pension, Post-Retirement & Other Benefits Expense

(in millions)

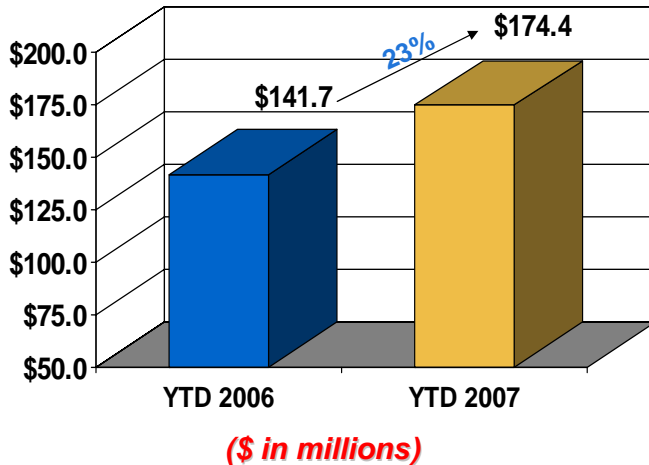


Capital Expenditures



Fiscal 2007 3Q Expenditures
 Maintenance Capital: \$67.1 million
 Growth Capital: \$23.2 million

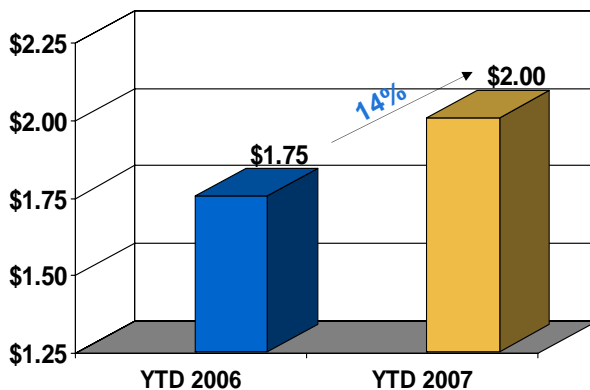
Net Income



Key Drivers

- Increased contribution from the pipeline and storage segment, primarily from increased throughput
- Increased contribution from the natural gas marketing segment, largely due to higher unrealized storage margins
- 11 percent increase in utility throughput due to 15 percent 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

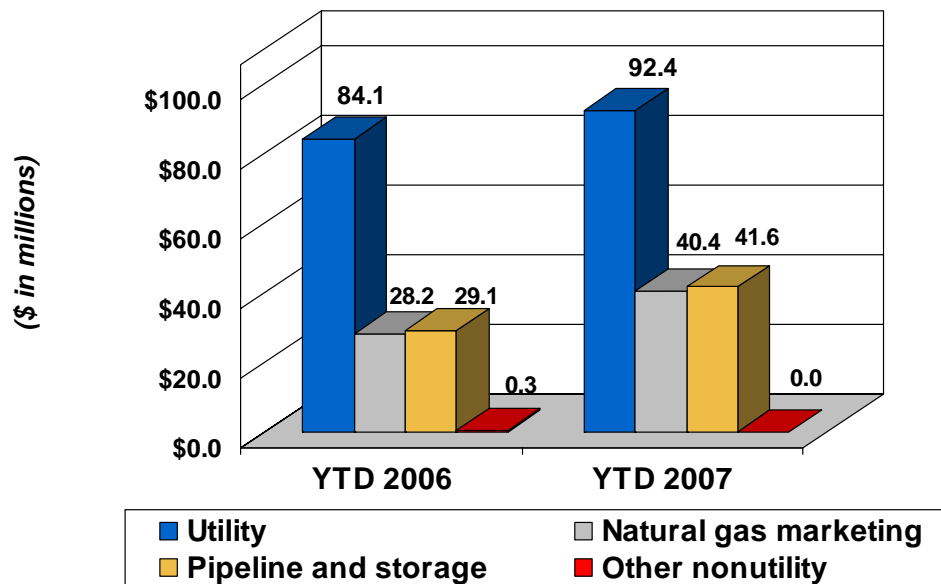
Earnings per Diluted Share



Notes

- Year-to-date increase of about 6.0 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



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Drivers

- \$75.8 million *increase* in gross profit
 - \$33.7 million *increased* utility gross profit primarily from
 - \$33.4 million *increase* primarily due to increased throughput of 36.1 Bcf, due to weather that was 15 percent colder than the prior-year period
 - \$ 5.9 million net *increase* due to WNA impact
 - \$10.8 million *increase* in Mid-Tex and Louisiana divisions
 - \$ 4.9 million *decrease* in remaining jurisdictions
 - \$16.5 million net *increase* due to rate adjustments
 - \$13.9 million *increase* from Texas GRIP-related recovery for 2004 and 2005 GRIP filings
 - \$11.2 million *increase* from LGS and TransLa RSC filings in Louisiana
 - \$2.9 million *decrease* from Mid-Tex GRIP refund
 - \$6.2 million *decrease* from 10/06 Tennessee rate reduction
 - \$0.5 million *increase* from Missouri rate design changes
 - \$6.2 million *decrease* due to the absence of the deferred revenue associated with 2003 Rate Stabilization Filing with Louisiana Public Service Commission which was recognized in the prior-year quarter

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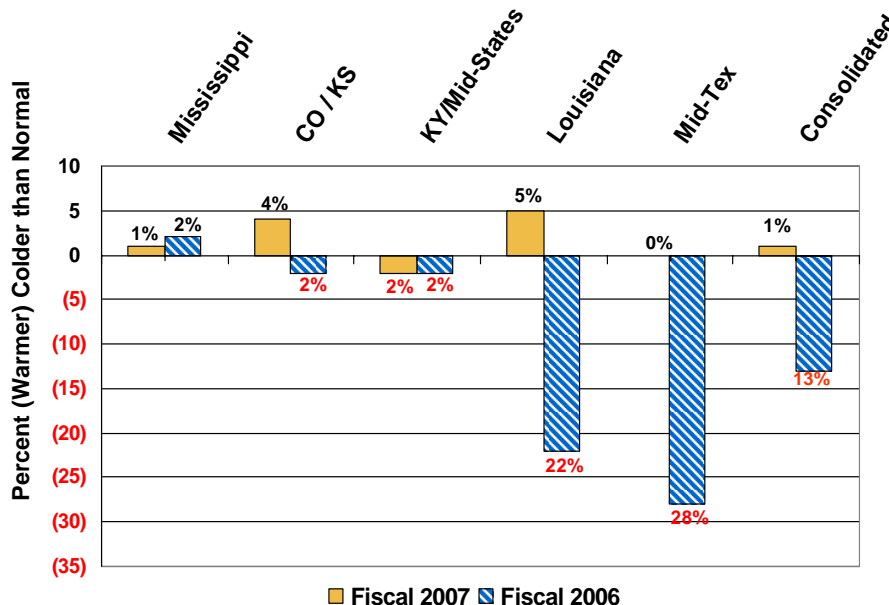
Jurisdictions Adjusted for WNA

- At June 30, 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. In the Mid-Tex service area, the period covered will be November to April for the 2007-2008 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 \$2.5 million, as a result of weather that was 1 percent colder than normal, as adjusted for WNA
- Fiscal 2006 YTD consolidated gross profit was adversely affected by \$47.5 million due to weather that was 13 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 \$10.8 million year over year

* West Texas Division had no weather impact in either period

Drivers

- \$75.8 million *increase* in gross profit (*continued*)
 - \$ 26.0 million *increase* in pipeline and storage gross profit primarily due to
 - \$8.7 million *increase* from incremental margins from North Side Loop and compression projects completed in 2006 at Atmos Pipeline-Texas
 - \$7.1 million *increase* in asset management fees earned by Atmos Pipeline & Storage due to the capture of more favorable arbitrage spreads
 - \$5.6 million from *increased* throughput and demand for storage services due to colder weather period-over-period
 - \$2.1 million *increase* due to rate increases from 2005 GRIP filing

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Drivers

- \$75.8 million *increase* in gross profit (*continued*)
 - \$16.2 million *increase* in natural gas marketing gross profit primarily due to
 - \$51.8 million *increase* in unrealized (mark-to-market) storage margin 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, coupled with a 2.5 Bcf increase in the net physical storage position period-over-period
 - \$18.9 million *decrease* in realized marketing margin primarily due to realizing lower margins in a less volatile market, partially offset by an increase in sales volumes of 56.9 Bcf primarily due to colder weather period-over-period and a successful marketing strategy
 - \$10.6 million *decrease* in unrealized (mark-to-market) marketing margin primarily due to an unfavorable movement in the forward natural gas prices associated with financial derivatives used in these activities
 - \$6.1 million *decrease* in realized storage margin primarily due to decreased arbitrage spreads as a result of a less volatile market and increased storage demand fees and increased park and loan fees

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Consolidated Financial Results – Fiscal YTD



Natural Gas Marketing Segment	Nine Months Ended June 30		
	2007	2006	Change
	(In thousands, except physical position)		
Storage Activities			
Realized margin	\$38,558	\$44,600	(\$6,042)
Unrealized margin	8,864	(42,924)	51,788
Total Storage Activities	47,422	1,676	45,746
Marketing Activities			
Realized margin	44,320	63,263	(18,943)
Unrealized margin	(6,131)	4,471	(10,602)
Total Marketing Activities	38,189	67,734	(29,545)
GROSS PROFIT	\$85,611	\$69,410	\$16,201
Net physical position (Bcf)	21.5	19.0	2.5

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Consolidated Financial Results- Fiscal YTD



Source of Fair Value	Fair Value of Contracts at June 30, 2007				Total Fair Value
	Maturity in Years				
	< 1	1 - 3	4 - 5	> 5	
	(In thousands)				
Prices actively quoted	\$ 2,552	\$ 7,252	\$ —	\$ —	\$ 9,804
Prices based on models & other valuation methods	(694)	(736)	—	—	(1,430)
Total Fair Value	\$ 1,858	\$ 6,516	\$ —	\$ —	\$ 8,374

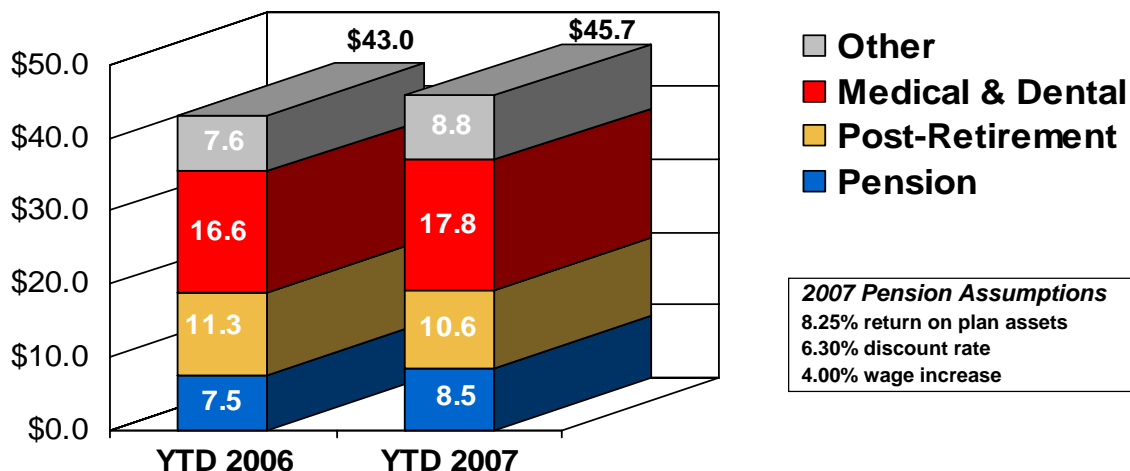
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Drivers

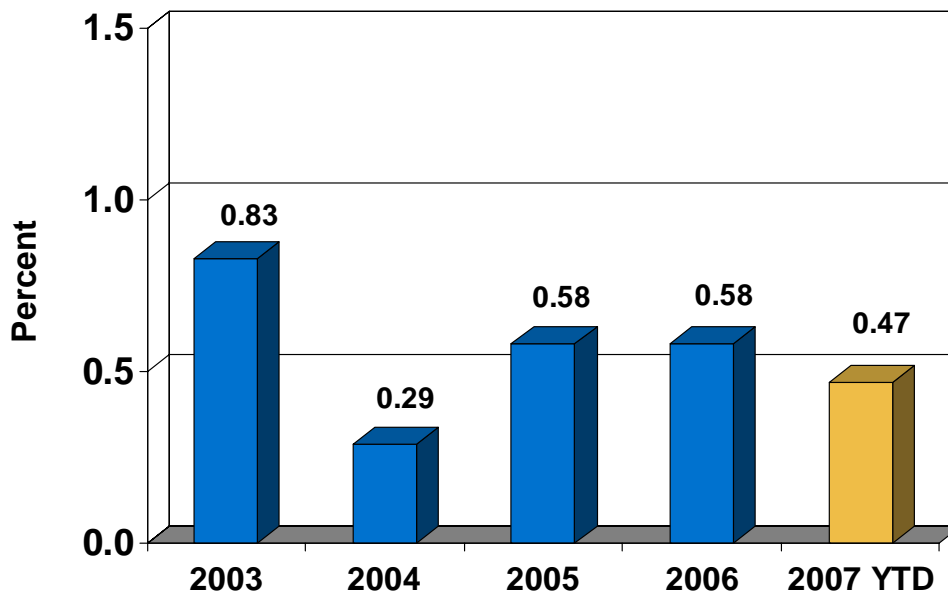
- *Increased* O&M expenses of \$20.4 million primarily due to
 - \$17.9 million *increase* primarily from higher labor and benefits costs associated with increased headcount and increased benefit costs
 - \$9.6 million *increase* in administrative costs (insurance, IT maintenance, vehicle lease expenses)
 - \$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
 - \$3.3 million *increase* for a one-time non-cash charge to write off software that will no longer be used

Pension, Post-Retirement & Other Benefits Expense

(in millions)



Utility Bad Debt Expense as a Percent of Revenues



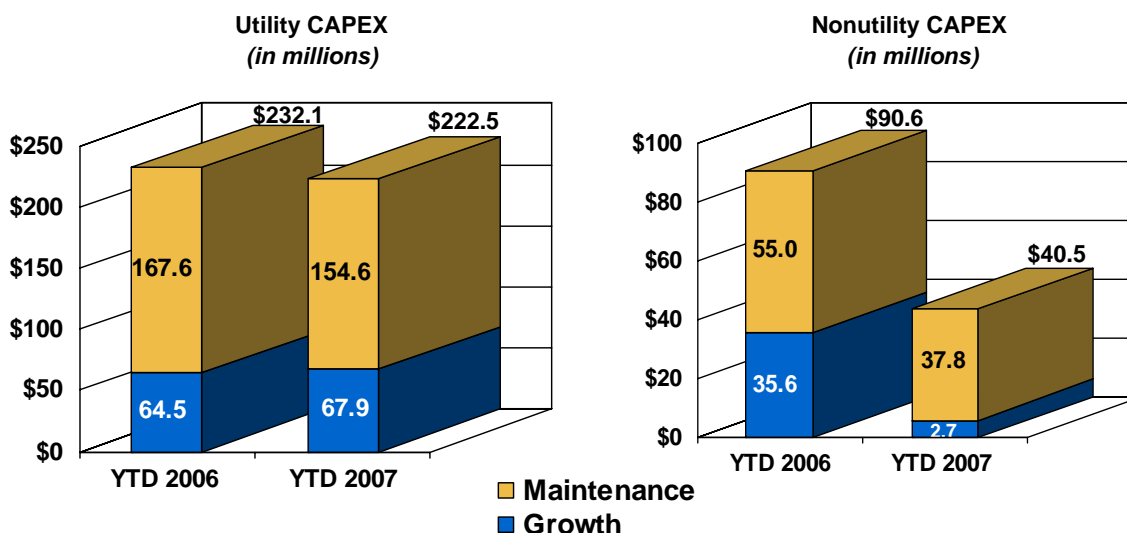
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Drivers

- **Decreased taxes, other than income, of \$9.0 million**
 - Primarily due to decreased franchise fees and state gross receipts taxes resulting from lower revenues
- **Increased interest charges of \$1.7 million**
 - Primarily due to an *increase* in the three-month LIBOR rate of 28 basis points on the \$300 million unsecured floating rate senior notes (5.452 in 6/06 vs. 5.731 in 6/07)
 - \$ 0.7 million of incremental interest expense associated with the timing of the company's \$250 million senior note offering in June 2007
 - Partially offset by lower average outstanding short-term debt balances year over year
- **Increased miscellaneous income of \$8.7 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
 - \$5.0 million *increase* in interest income earned on larger cash balances invested in short-term investments
 - \$2.1 million *increase* due to leasing certain mineral interests owned by the pipeline and storage segment

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Capital Expenditures



Fiscal 2007 YTD Expenditures
 Maintenance Capital: \$192.4 million
 Growth Capital: \$ 70.6 million

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Highlights – Fiscal YTD

Successful Senior Note Offering

- June 14, 2007, completed public offering of \$250 million aggregate principal amount of 6.35% senior notes due 2017
- Effective interest rate was 6.45% inclusive of debt issue costs.
- After giving effect to a \$100 million Treasury lock, the effective interest rate is 6.26%
- Net proceeds of approximately \$247 million plus available cash of \$53 million were used to redeem the company's \$300 million of unsecured floating rate senior notes on July 15, 2007
- Debt-to-capitalization ratio reduced from 60.9% at September 30, 2006, to 55.0% at June 30, 2007
- Had repayment occurred as of June 30, 2007, the debt to capitalization ratio would have been 51.7% at June 30, 2007

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Eastern Kentucky Gas Gathering Project

- May 10, 2006, announced plans to construct a natural gas gathering system in eastern Kentucky, referred to as the Straight Creek Project
- Recently redesigned and renamed the Phoenix Gas Gathering Project
- Approximately 40 miles and consists of 12-inch and 20-inch pipe, as currently designed
- Capacity as currently designed is 50 mmcf per day
- Capital requirements of about \$50 million
- Not expected to have a financial impact on fiscal 2008 earnings

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Kentucky Rate Case Decision

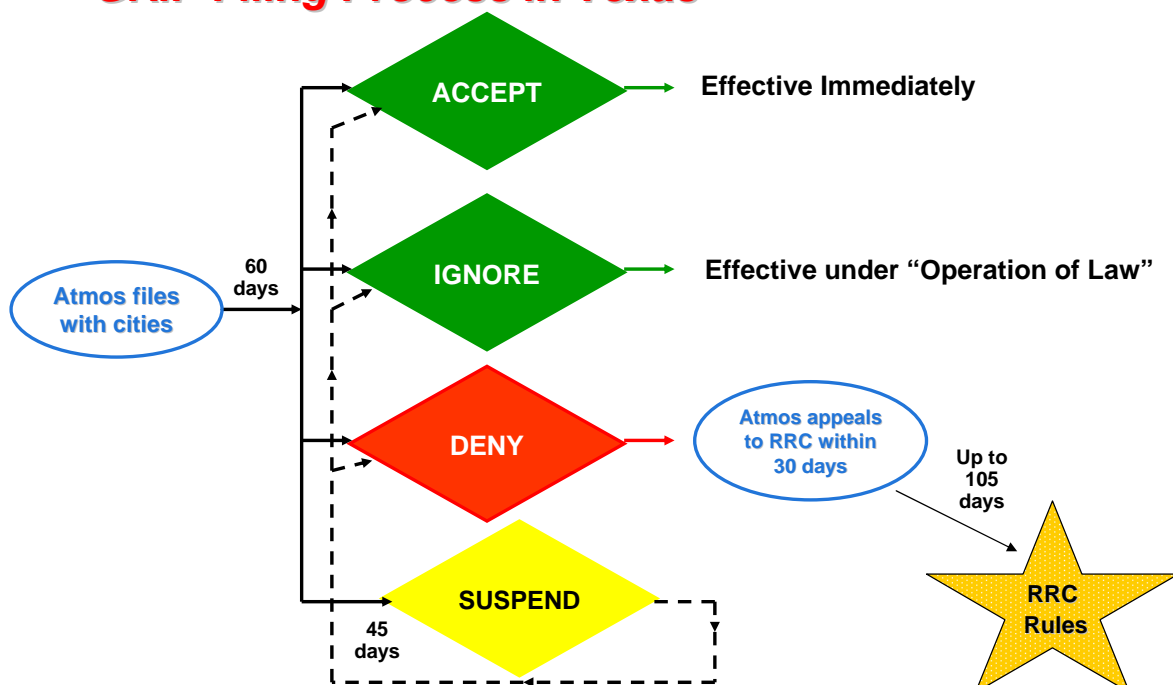
- December 28, 2006, filed request for revenue increase of about \$10.4 million and several rate design changes, including rate stabilization with decoupling and recovery of the gas cost component of bad debts
- The Kentucky Public Service Commission issued a final order on July 31, 2007, with the following key elements:
 - \$5.5 million increase in base rates
 - Increase spread proportionately to individual customer classes
 - Effective with service rendered on and after August 1, 2007
 - Rate order affects approximately 175,000 customers
- Requested ROE: 11.75%
- Requested Capital Structure: 51.8% Debt / 48.2% Equity
- Rate Base: \$169.4 Million
- Forward-looking filing with June 30, 2008 test year

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GRIP Filings – State of Texas

- May 31, 2007, **Atmos Pipeline-Texas** 2006 GRIP filing of \$13.0 million revenue increase related to return and capital-related expenses on \$88.9 million in net investment during calendar 2006; anticipate implementation September 2007
- May 31, 2007, **Mid-Tex Division** 2006 GRIP filing of \$12.4 million related to return and capital-related expenses on \$62.4 million increase in net investment during calendar 2006; anticipate implementation November 2007

GRIP Filing Process in Texas



Rate Case Filing – Tennessee

- May 4, 2007, filed request for revenue increase of about \$11.0 million
- Filing includes a Customer Utilization Adjustment mechanism to address declining use and complement existing WNA; filing encourages energy conservation
- Serves approximately 132,000 residential, commercial and industrial customers in Tennessee
- Requested ROE: 11.75%
- Requested Capital Structure: 51.5% Debt / 48.5% Equity
- Rate Base: \$188.9 Million
- Test year ends October 31, 2008; forward-looking filing
- Intervener testimony to be filed by August 17, 2007
- Rate case hearing scheduled for October 3-5, 2007, with new rates expected in early November 2007

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Louisiana Rate Decisions

- 2005 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
- 2006 RSC filing for the LGS service area for about \$0.8 million was effective July 1, 2007, settlement agreement reached in May 2007 resulting in a rate increase of \$0.7 million
- 2005 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; settlement agreement reached in March 2007, which resulted in an increase of \$1.4 million effective April 1, 2007

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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 \$2.9 million related to annual GRIP filings
 - Rate order affects approximately 1.5 million customers

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Missouri Rate Case Decision

- April 7, 2006, filed for 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

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Shelf Registration and Common Stock Offering

- December 4, 2006, Atmos Energy filed a registration statement with the SEC to issue up to \$900 million in common stock and/or debt securities, including about \$402 million carried over from 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
 - Dilutes fiscal 2007 net income by approximately 5 cents per diluted share

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Gas Held in Underground Storage – by Segment

Segment	June 30, 2007			June 30, 2006		
	Balance (\$MM's)	Volumes (Bcf)	WACOG*	Balance (\$MM's)	Volumes (Bcf)	WACOG*
Atmos Utility	\$ 288.0	43.9	\$ 6.56	\$ 305.4	46.7	\$ 6.54
Natural Gas Marketing	163.1	25.1	7.57	114.9	20.1	8.62
Pipeline & Storage	12.8	1.9	7.71	16.8	2.5	8.56
Total:	\$ 463.9	70.9	\$ 6.95	\$ 437.1	69.3	\$ 7.22

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

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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

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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

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Quarterly Dividend

- On August 7, 2007, the Atmos Board of Directors declared a quarterly dividend of \$0.32 per share
- 95th consecutive dividend declared
- To be paid on September 10, 2007, to shareholders of record on August 27, 2007
- Indicated annual dividend of \$1.28 per share

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**Fiscal 2007
Financial Projections**

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Earnings Guidance – Fiscal 2007E

- Atmos Energy anticipates earnings to be at the lower end of the previously announced range of \$1.90 to \$2.00 per fully diluted share for the 2007 fiscal year
- Refined assumptions include:
 - Approximately 5 cent dilutive effect of the December equity offering
 - Total gross profit margin contribution from the marketing segment expected to be in the range of \$95 million to \$105 million, due to the continued reduction in natural gas price volatility
 - 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.

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Projected Net Income by Segment

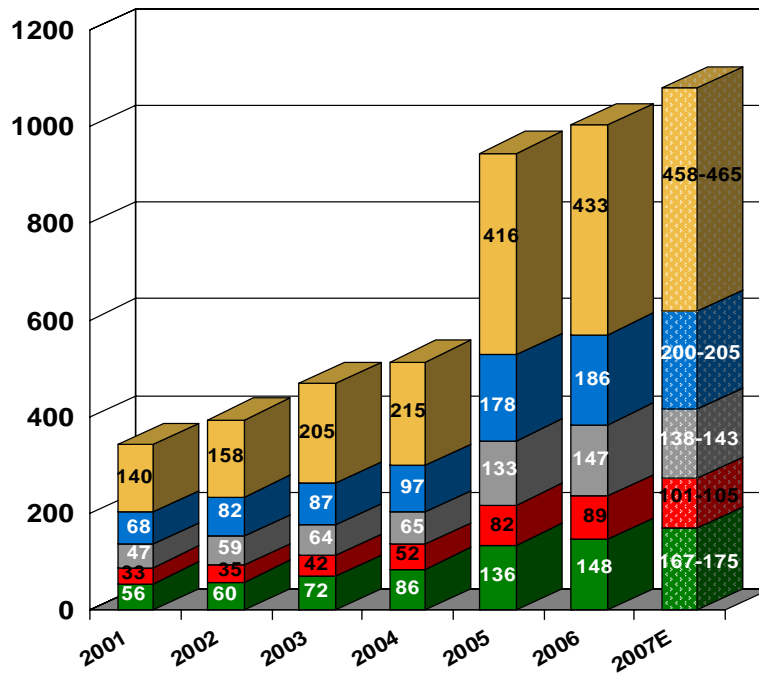
(\$ millions, except EPS)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007E</u>
Utility	\$ 63	\$ 81	\$ 53	\$ 77 - 79
Natural Gas Marketing	17	23	58	43 - 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

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Selected Income Statement Components

(\$ in millions)

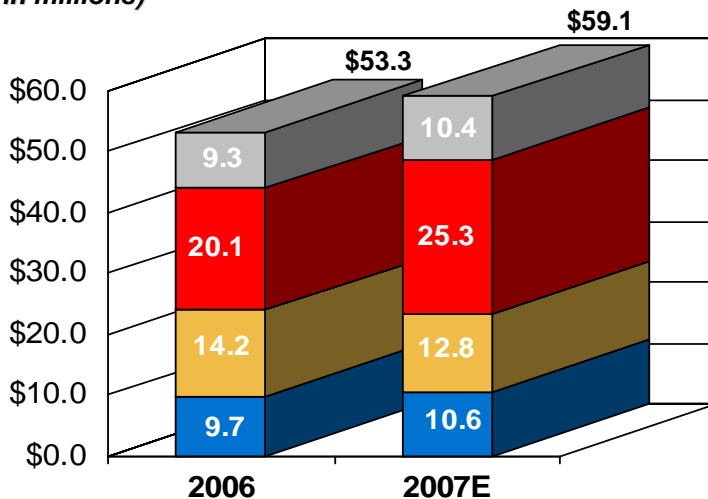


2007E Consolidated (\$ millions)

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

(in millions)

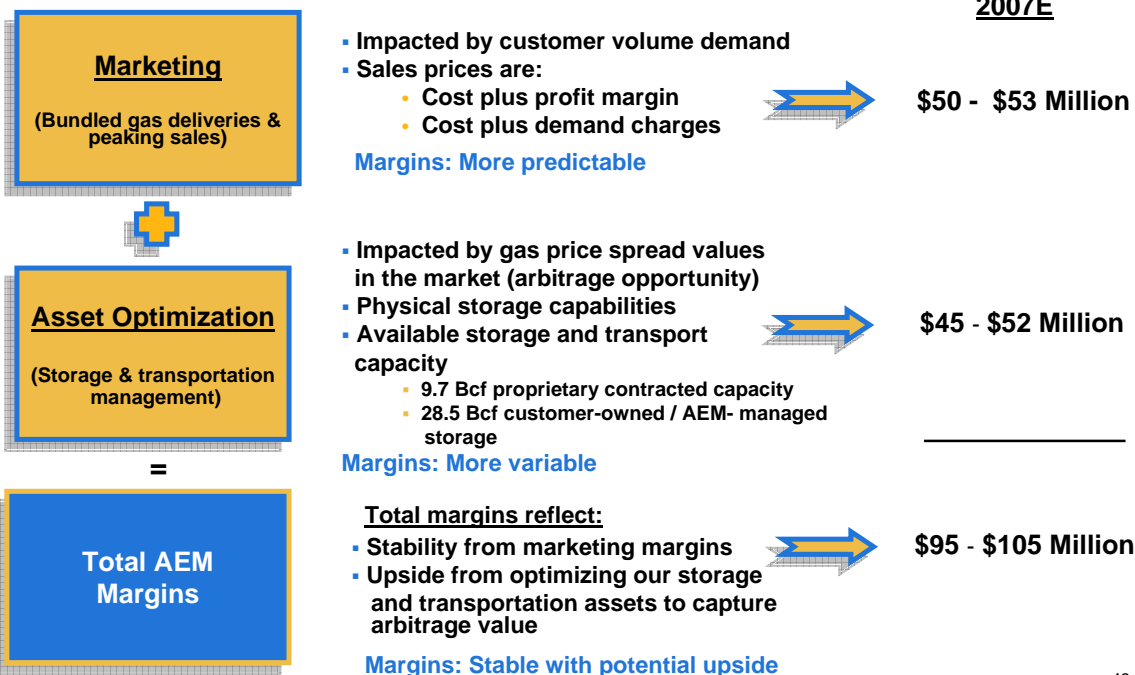


- Other
- Medical & Dental
- Post-Retirement
- Pension

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



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Projected Cash Flow

(\$ millions)

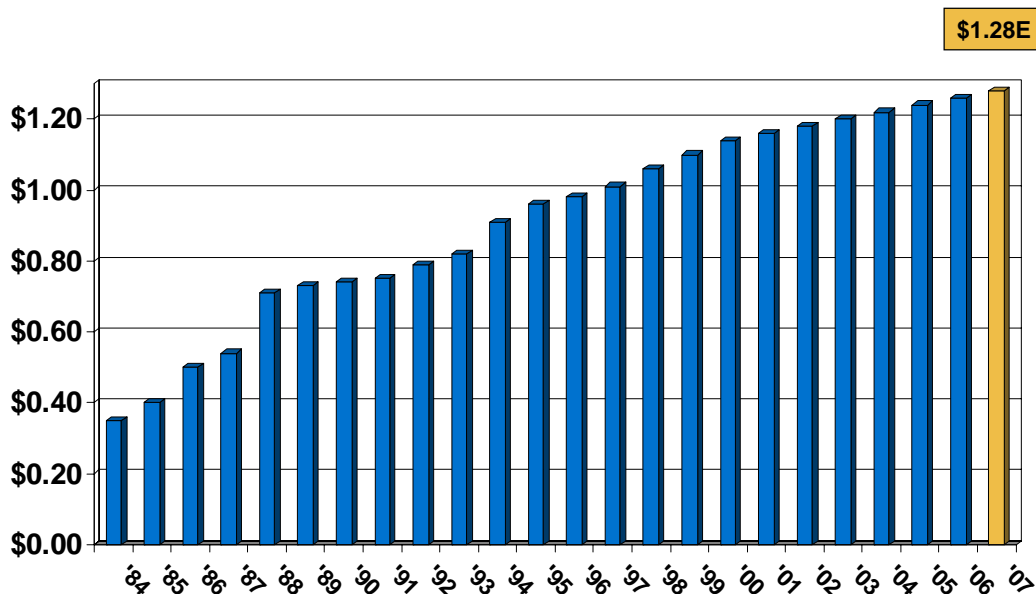
	2004	2005	2006	2007E
Cash flows from operations	\$ 271	\$ 387	\$ 311	\$ 515 - 535
Maintenance/Non-growth capital	(126)	(243)	(287)	(265-275)
Dividends	(67)	(99)	(102)	(112)
Cash available for debt reduction and growth projects	\$ 78	\$ 45	\$ (78)	\$ 138 - 148

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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 \$265 - \$275 million maintenance
 - Nonutility: \$45 million - \$50 million
 - Utility: \$220 million - \$225 million
 - Approximately \$100 - \$110 million growth
 - Nonutility: \$13 million - \$18 million
 - Utility: \$87 million - \$92 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 Third Quarter and Year To Date

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Consolidated Income Statements – Fiscal 2007 3Q

(000s except EPS)	Three Months Ended June 30	
	2007	2006
Operating Revenues:		
Utility Segment	\$ 548,251	\$ 402,044
Natural Gas Marketing Segment	854,167	562,447
Pipeline and Storage Segment	37,937	35,862
Other Nonutility Segment	843	1,413
Intersegment Eliminations	<u>(223,046)</u>	<u>(138,523)</u>
	1,218,152	863,243
Purchased Gas Cost:		
Utility Segment	357,608	232,192
Natural Gas Marketing Segment	854,743	563,333
Pipeline and Storage Segment	228	379
Other Nonutility Segment	-	-
Intersegment Eliminations	<u>(222,443)</u>	<u>(137,161)</u>
	990,136	658,743
Gross Profit	<u>228,016</u>	<u>204,500</u>
Operation and Maintenance Expense	118,430	104,380
Depreciation and Amortization	48,974	46,838
Taxes, other than income	52,881	48,479
Miscellaneous Income	4,266	963
Interest Charges	<u>34,479</u>	<u>35,944</u>
Loss Before Income Taxes	(22,482)	(30,178)
Income Tax Benefit	<u>(9,122)</u>	<u>(12,033)</u>
Net Loss	<u>\$ (13,360)</u>	<u>\$ (18,145)</u>
Net Loss Per Share:		
Basic and Diluted	\$ (0.15)	\$ (0.22)
Average Shares Outstanding:		
Basic and Diluted	88,366	80,840

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Consolidated Income Statements – Fiscal 2007 YTD



(000s except EPS)	Nine Months Ended June 30	
	2007	2006
Operating Revenues:		
Utility Segment	\$ 2,973,528	\$ 3,254,674
Natural Gas Marketing Segment	2,360,902	2,482,921
Pipeline and Storage Segment	147,151	121,057
Other Nonutility Segment	2,979	4,500
Intersegment Eliminations	<u>(588,193)</u>	<u>(682,243)</u>
	4,896,367	5,180,909
Purchased Gas Cost:		
Utility Segment	2,174,071	2,488,906
Natural Gas Marketing Segment	2,275,291	2,413,511
Pipeline and Storage Segment	682	590
Other Nonutility Segment	-	-
Intersegment Eliminations	<u>(585,971)</u>	<u>(678,591)</u>
	3,864,073	4,224,416
Gross Profit	<u>1,032,294</u>	<u>956,493</u>
Operation and Maintenance Expense	345,662	325,295
Depreciation and Amortization	149,035	137,174
Taxes, other than income	149,694	158,691
Miscellaneous Income (Expense)	7,683	(1,028)
Interest Charges	<u>109,273</u>	<u>107,625</u>
Income Before Income Taxes	286,313	226,680
Income Tax Expense	<u>111,907</u>	<u>85,002</u>
Net Income	<u>\$ 174,406</u>	<u>\$ 141,678</u>
Net Income Per Share:		
Basic	\$ 2.02	\$ 1.76
Diluted	\$ 2.00	\$ 1.75
Average Shares Outstanding:		
Basic	86,378	80,520
Diluted	87,011	81,013

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Utility Operating Income (Loss) – By Division Fiscal 2007 3Q



Utility Operating Income (Loss)	Three Months Ended June 30	
	2007	2006
Colorado-Kansas Division	\$ 884	\$ 163
Kentucky/Mid-States Division	1,762	(3,105)
Louisiana Division	5,921	8,715
Mid-Tex Division	(11,415)	(12,819)
Mississippi Division	2,115	(1,265)
West Texas Division	(391)	4,383
Other	1,189	1,018
Total Utility Operating Income (Loss)	<u>\$ 65</u>	<u>\$ (2,910)</u>

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Utility Operating Income – By Division Fiscal 2007 YTD



	Nine Months Ended June 30	
	<u>2007</u>	<u>2006</u>
Utility Operating Income		
Colorado-Kansas Division	\$ 24,524	\$ 23,423
Kentucky/Mid-States Division	44,913	51,335
Louisiana Division	39,540	25,202
Mid-Tex Division	82,932	67,423
Mississippi Division	25,918	25,480
West Texas Division	18,230	24,053
Other	1,468	4,187
Total Utility Operating Income	<u>\$ 237,525</u>	<u>\$ 221,103</u>

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Utility Volumes - Fiscal 2007 3Q



	Three Months Ended June 30		Change	% Change
	<u>2007</u>	<u>2006</u>		
Sales Volumes (MMcf)				
Residential	21,421	13,176	8,245	63%
Commercial	16,672	11,719	4,953	42%
Public authority and other	1,421	838	583	70%
Industrial	5,248	4,161	1,087	26%
Irrigation	490	2,759	(2,269)	(82%)
Total	<u>45,252</u>	<u>32,653</u>	<u>12,599</u>	<u>39%</u>
Transportation (MMcf)	<u>29,311</u>	<u>29,630</u>	<u>(319)</u>	<u>(1%)</u>
Total Consolidated				
Utility Volumes (MMcf)	<u>74,563</u>	<u>62,283</u>	<u>12,280</u>	<u>20%</u>

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Utility Volumes - Fiscal 2007 YTD



	Nine Months Ended June 30		Change	% Change
	2007	2006		
Sales Volumes (MMcf)				
Residential	155,021	132,754	22,267	17%
Commercial	83,231	74,691	8,540	11%
Public authority and other	8,018	7,778	240	3%
Industrial	18,551	21,224	(2,673)	(13%)
Irrigation	687	3,115	(2,428)	(78%)
Total	<u>265,508</u>	<u>239,562</u>	<u>25,946</u>	<u>11%</u>
Transportation (MMcf)	<u>101,572</u>	<u>91,384</u>	<u>10,188</u>	<u>11%</u>
Total Consolidated				
Utility Volumes (MMcf)	<u><u>367,080</u></u>	<u><u>330,946</u></u>	<u><u>36,134</u></u>	<u><u>11%</u></u>

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Cash Flow Statements - Fiscal 2007 YTD



	Year to Date June 30	
	2007	2006
(000s)		
Net income	\$ 174,406	\$ 141,678
Depreciation and amortization	149,183	137,533
Deferred income taxes	37,266	36,160
Other	17,959	12,063
Net change in operating assets and liabilities	<u>173,856</u>	<u>(103,991)</u>
Operating cash flow	<u>552,670</u>	<u>223,443</u>
Capital expenditures - growth	(70,635)	(100,047)
Capital expenditures - non-growth	(192,388)	(222,644)
Other, net	<u>(9,867)</u>	<u>(4,811)</u>
Operating cash flow after investing activities	<u>279,780</u>	<u>(104,059)</u>
Repayment of long-term debt	(2,685)	(2,618)
Settlement of Treasury lock agreements	4,750	-
Dividends paid	<u>(83,118)</u>	<u>(76,559)</u>
Cash flow after growth capital	<u><u>\$ 198,727</u></u>	<u><u>\$ (183,236)</u></u>

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(000s)	As of June 30			
	2007		2006	
Short-term debt	\$ -	0.0%	\$ 297,087	7.2%
Long-term debt	2,430,518	55.0%	2,184,083	52.7%
Shareholders' equity	1,988,142	45.0%	1,664,556	40.1%
Total capitalization	<u>\$ 4,418,660</u>	<u>100.0%</u>	<u>\$ 4,145,726</u>	<u>100.0%</u>

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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 August 8, 2007, through midnight on November 7, 2007. Atmos Energy's Web site address is: www.atmosenergy.com.
- To listen to the live conference call, dial 800-257-7063 by 8:00 a.m. Eastern Daylight Time on August 8, 2007.

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Appendix

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Utility Segment

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.

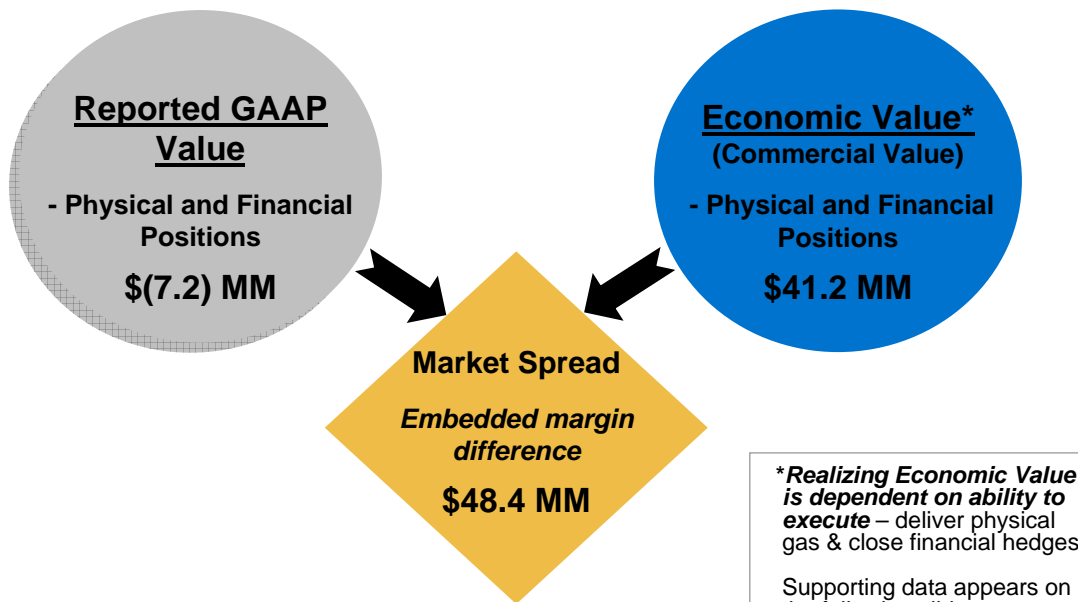
(\$ thousands)	Three Months			Nine Months		
	2007	2006	Change	2007	2006	Change
Amounts included in margin	\$ 18,427	\$ 11,572	\$ 6,855	\$ 91,123	\$ 93,558	\$ (2,435)
Amounts included in taxes, other	(34,337)	(30,852)	(3,485)	(90,176)	(96,740)	6,564
Difference / Impact	\$ (15,910)	\$ (19,280)	\$ 3,370	\$ 947	\$ (3,182)	\$ 4,129

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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



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	
		(\$ per mcf)			Total		Total		Total	
		WASP	WACOG	EV			(\$ per mcf)	(\$ in millions)	(\$ per mcf)	(\$ in millions)
3/31/2006	23.6	10.3880	9.0806	1.3074	30.8	(1.5195)	(35.8)	2.8269	66.6	
6/30/2006	19.0	10.2353	8.7417	1.4936	28.4	(3.0297)	(57.7)	4.5233	86.1	
2006 Variance	(4.6)	\$ (0.1527)	\$ (0.3389)	\$ 0.1862	\$ (2.4)	(1.5102)	\$ (21.9)	\$ 1.6964	\$ 19.5	
3/31/2007	19.6	8.2196	7.6701	0.5495	10.8	(1.2347)	(24.2)	1.7842	35.0	
6/30/2007	21.5	9.5409	7.6238	1.9171	41.2	(0.3343)	(7.2)	2.2514	48.4	
2007 Variance	1.9	\$ 1.3213	\$ (0.0463)	\$ 1.3676	\$ 30.4	0.9004	\$ 17.0	\$ 0.4672	\$ 13.4	

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 Nine Months Ended

Period Ending	Physical Volume (Bcf)	Economic Value (EV)				Total (\$ in millions)	GAAP Reported Value - MTM		Market Spread	
		(\$ per mcf)			Total		Total		Total	
		WASP	WACOG	EV			(\$ per mcf)	(\$ in millions)	(\$ per mcf)	(\$ in millions)
9/30/2005	6.9	6.3466	4.4435	1.9031	13.1	(2.1502)	(14.8)	4.0533	27.9	
6/30/2006	19.0	10.2353	8.7417	1.4936	28.4	(3.0297)	(57.7)	4.5233	86.1	
2006 Variance	12.1	\$ 3.8887	\$ 4.2982	\$ (0.4095)	\$ 15.3	(0.8795)	\$ (42.9)	\$ 0.4700	\$ 58.3	
9/30/2006	14.5	11.9716	7.8329	4.1387	60.0	(1.1076)	(16.0)	5.2463	76.0	
6/30/2007	21.5	9.5409	7.6238	1.9171	41.2	(0.3343)	(7.2)	2.2514	48.4	
2007 Variance	7.0	\$ (2.4307)	\$ (0.2091)	\$ (2.2216)	\$ (18.8)	0.7733	\$ 8.8	\$ (2.9949)	\$ (27.6)	

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