# Conference Call to Review
# Fiscal 2008 Third Quarter
# Financial Results

***August 6, 2008***
***8:00 a.m. EDT***

## Forward Looking Statements

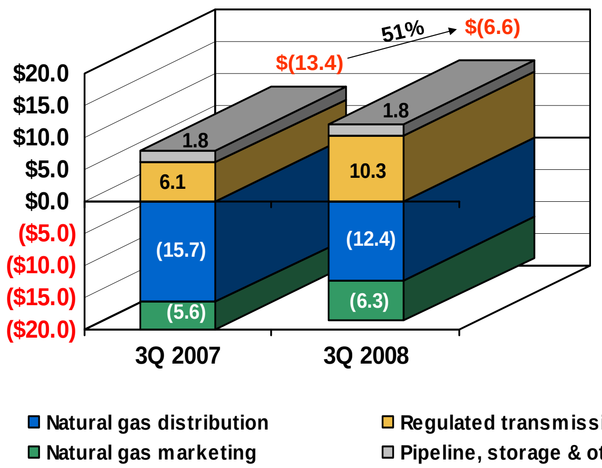
The matters discussed or incorporated by reference in this presentation may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in 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, 2007, and in our Quarterly Report on Form 10-Q for the three and six months ended March 31, 2008. 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 2008 and beyond that appear in this presentation are current as of the date noted on each relevant slide.

## Consolidated Financial Results – Fiscal 2008 3Q

### Net Income (Loss) by Segment

*($ in millions)*




### Key Drivers

- **Rate increases, primarily in Texas**
- **Increase in transportation volumes and fees at the regulated pipeline**
- **Decrease in nonregulated natural gas marketing margins, primarily due to decrease in storage and trading activities**
- **Increase in O&M expenses, primarily due to higher administrative costs**



## Consolidated Financial Results – Fiscal 2008 3Q

### Drivers

- $18.2 million *increase* in gross profit
  - $9.3 million *increase* in natural gas distribution gross profit primarily from
    - $8.9 million *increase* due to rate adjustments
      - $5.0 million *increase* in the Mid-Tex Division from Texas GRIP-related recovery of 2006 capital expenditures and the fiscal 2008 rate case settlement achieved in April 2008
      - $3.9 million *increase* due to rate adjustments in West Texas, Louisiana, Tennessee, Kentucky, Kansas and Missouri
  - $9.6 million *increase* in regulated transmission and storage gross profit primarily due to 26.8 Bcf increase in consolidated transportation volumes
    - $4.4 million *increase* due to rate adjustment resulting from the GRIP-related recovery for 2006 and 2007 capital expenditures in Texas
    - $2.5 million *increase* due to increased transportation volumes from production in the Barnett Shale region of Texas
    - $2.0 million *increase* in average transportation fees and parking and lending services primarily due to market conditions

## Drivers

- $18.2 million *increase* in gross profit *(continued)*
  - $2.1 million *decrease* in natural gas marketing gross profit primarily due to
    - $4.2 million *increase* in realized storage losses from the settlement of financial hedge positions without the related storage withdrawal gains in order to enhance economic value for future periods
    - $1.2 million *increase* in delivered gas margins primarily due to capturing slightly higher per-unit margins on the sale of gas, partially offset by a 3.3 Bcf decrease in sales volumes
    - $0.9 million *increase* in unrealized margins due to the narrowing of the spreads between current cash prices and forward prices in the current quarter





| *Natural Gas Marketing Segment* | Three Months Ended June 30 | | |
|---|---|---|---|
| | **2008** | **2007** | **Change** |
| | (In thousands, except physical position) | | |
| Delivered gas | $11,231 | $9,999 | **$1,232** |
| Asset optimization | (37,551) | (33,376) | **(4,175)** |
| Unrealized margin | 23,689 | 22,801 | **888** |
| **GROSS PROFIT** | ($2,631) | ($576) | **($2,055)** |
| Net physical position (Bcf) | 17.5 | 21.5 | **(4.0)** |

## Consolidated Financial Results – Fiscal 2008 3Q

### Drivers

- $18.2 million *increase* in gross profit *(continued)*
  - $1.4 million *increase* in nonregulated pipeline, storage and other gross profit primarily due to smaller margin losses generated from asset optimization activities
- $2.7 million increase in O&M expenses primarily due to
  - $1.2 million *increase* due to labor and benefits costs associated with annual wage increases for employees, offset in part by reduced incentive compensation in the nonregulated business segments as a result of lower earnings
  - $1.2 million *increase* in miscellaneous administrative costs
  - $0.3 million *increase* in provision for doubtful accounts due to increased gas costs



## Consolidated Financial Results – Fiscal 2008 3Q

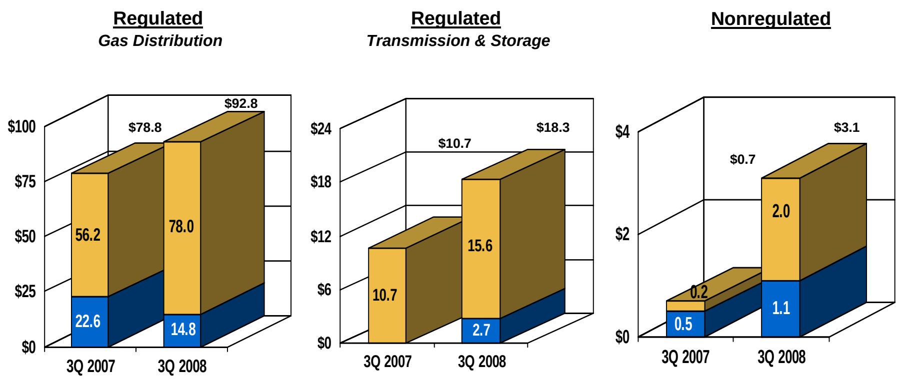
### Drivers

- *Increased* taxes, other than income, of $4.4 million
  - Primarily due to increased franchise fees and state gross receipts taxes due to increased revenues
- *Decrease* in operating expenses due to the absence in the current period of a $3.3 million one-time non-cash charge to write-off software that was no longer used
- *Decreased* miscellaneous income of $2.7 million primarily due to a
  - $2.1 million *decrease* primarily due to the absence in the current period of leasing certain mineral interests owned by the pipeline and storage segment and
  - $1.2 million *decrease* in interest income on reduced average cash and short-term investments

## Consolidated Financial Results – Fiscal 2008 3Q

ATMOS energy.

### Capital Expenditures




Growth Capital

Maintenance Capital

| | |
|---|---|
| Total Fiscal 2008 3Q Expenditures: | $114.2 million |
| Total Maintenance Capital: | $ 95.6 million |
| Total Growth Capital: | $ 18.6 million |

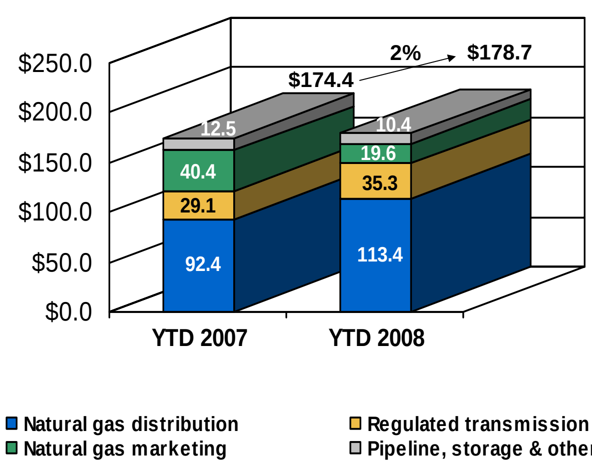


## Consolidated Financial Results – Fiscal YTD

ATMOS energy.

### Net Income by Segment

***($ in millions)***




### Key Drivers

- Rate increases, primarily in Texas
- Decrease in nonregulated natural gas marketing margins, primarily due to decrease in storage and trading activities
- Increase in transportation volumes and fees at the regulated pipeline
- Increase in O&M expenses, primarily due to higher administrative costs

## Consolidated Financial Results – Fiscal YTD

***Drivers***

- $18.0 million *increase* in gross profit
  - $31.2 million *increase* in natural gas distribution gross profit primarily from
    - $31.7 million net *increase* due to rate adjustments
      - $24.1 million *increase* in the Mid-Tex Division from Texas GRIP-related recovery of 2006 capital expenditures and the fiscal 2007 and 2008 rate cases
      - $7.6 million net *increase* due to rate adjustments in Louisiana, Tennessee, Kentucky, Kansas, West Texas and Missouri
  - $20.2 million *increase* in regulated transmission and storage gross profit primarily due to 70.3 Bcf increase in consolidated transportation volumes
    - $10.0 million *increase* due to rate adjustment resulting from the GRIP-related recovery for 2006 and 2007 capital expenditures in Texas
    - $6.1 million *increase* due to increased transportation volumes from production in the Barnett Shale region of Texas
    - $2.9 million *increase* from an increase in the average transportation fee



## Consolidated Financial Results – Fiscal YTD

***Drivers***

- $18.0 million *increase* in gross profit (*continued*)
  - $25.9 million *decrease* in natural gas marketing gross profit primarily due to
    - $48.9 million *decrease* in realized asset optimization activities primarily from the settlement of financial positions without the related storage withdrawal gains, lower margins earned from cycling gas in a less volatile natural gas market and increased storage demand fees charged by third parties
    - $11.7 million *increase* in unrealized margins primarily due to a narrowing of the spreads between the forward prices used to value the financial hedges and the current cash (spot) price used to value physical storage
    - $11.3 million *increase* in realized delivered gas margins primarily due to increased per-unit margins, principally as a result of favorable basis gains, and an increase in consolidated sales volumes of 34.0 Bcf largely due to a successful marketing strategy

## Consolidated Financial Results – Fiscal YTD

| *Natural Gas Marketing Segment* | Nine Months Ended June 30 | | |
|---|---|---|---|
| | **2008** | **2007** | **Change** |
| | (In thousands, except physical position) | | |
| Delivered gas | $55,599 | $44,320 | **$11,279** |
| Asset optimization | (10,339) | 38,558 | **(48,897)** |
| Unrealized margin | 14,404 | 2,733 | **11,671** |
| **GROSS PROFIT** | $59,664 | $85,611 | **($25,947)** |
| Net physical position (Bcf) | 17.5 | 21.5 | **(4.0)** |



## Consolidated Financial Results – Fiscal YTD

### Drivers

- $18.0 million *increase* in gross profit (continued)
  - $7.9 million *decrease* in nonregulated pipeline, storage and other gross profit primarily due to
    - $7.2 million *decrease* in asset optimization activities primarily a result of a less volatile natural gas market, and
    - $1.0 million *decrease* in unrealized margins associated with storage and trading activities

## Consolidated Financial Results – Fiscal YTD

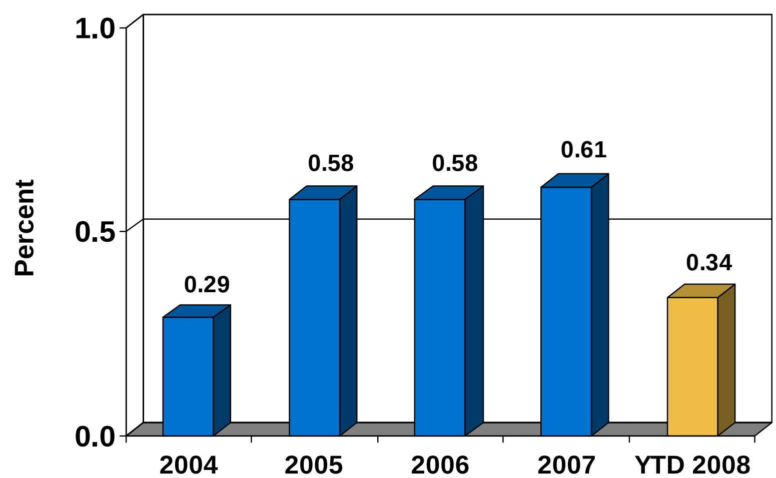
### Drivers

- *Increased* O&M expenses of $16.7 million primarily due to
  - $5.2 million *increase* in outside legal fees
  - $4.3 million *increase* primarily in higher contract labor and employee costs
  - $4.3 million *increase* due to the absence in the current year of deferral of Hurricane Katrina-related expenses allowed by Louisiana regulators last year
  - $4.0 million *decrease* in provision for doubtful accounts due to stronger collection efforts
  - $3.8 million *increase* due to pipeline odorization and fuel costs
  - $3.1 million *increase* in miscellaneous administrative costs



## Consolidated Financial Results – Fiscal YTD

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



## Consolidated Financial Results – Fiscal YTD

### Drivers

- *Decrease* in operating expenses due to the absence in the current period of a $3.3 million one-time non-cash charge in the prior-year to write-off software that was no longer in use
- *Decreased* miscellaneous income of $4.7 million primarily due to a *decrease* in interest income on reduced average cash and short-term investments



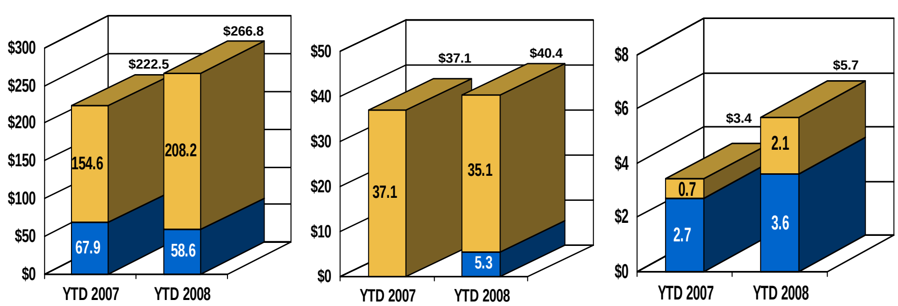
## Consolidated Financial Results – Fiscal YTD

### Capital Expenditures

**Regulated**
***Gas Distribution***

**Regulated**
***Transmission & Storage***

**Nonregulated**




Growth Capital

Maintenance Capital

| | |
|---|---|
| Total Fiscal 2008 YTD Expenditures: | $312.9 million |
| Total Maintenance Capital: | $245.4 million |
| Total Growth Capital: | $ 67.5 million |

## Highlights – Fiscal YTD

### Rate Case Decision in Mid-Tex Division

- June 24, 2008, Railroad Commission of Texas issued final order applicable to approximately 20% of customers
  - Includes City of Dallas and environs customers
  - The remaining 80% of Mid-Tex division customers (438 of 439 cities) were entities who reached earlier settlement; therefore not affected by this order
- System-wide annual revenue increase of about $19.6 million; July 8, 2008 implementation; increased residential customer charge to $14
- Capital structure of 52% debt / 48% equity
- Authorized ROE of 10.0%; Allowed Rate of Return of 7.98%
- System-wide Rate Base of $1.128 billion; System-wide Authorized Net Plant of $1.244 billion
- Recovery of bad debt gas cost through a Gas Cost Recovery (GCR) mechanism beginning October 1, 2008
- Establishes a conservation & energy efficiency program
  - Effective October 1, 2008; funded annually with $1 million contributions each by the company and customers
- Test year ended June 30, 2007



## Highlights – Fiscal YTD

### Rate Case Settlement in Mid-Tex Division

- Settlement agreement reached with 438 of 439 cities served in Mid-Tex Division, representing approximately 80% of Mid-Tex customers
- Includes initial increase of $10 million on a systemwide basis, implemented in the consumption charge and effective April 1, 2008
- Implements Rate Review Mechanism (RRM) effective for a three-year trial period
  - Reflects annual changes in cost of service and rate base, replaces GRIP filings for the Settlement Cities
  - Lowers base customer charge to $7.00 for residential customers, effective October 1, 2008
  - Two basic components of this mechanism:
    - Prospective component that adjusts rates for the next year, including known and measurable changes in O&M; and
    - True-up component that adjusts the prior year, up or down, to the authorized ROE
  - April 14, 2008, made initial RRM filing with the settling cities for $33.5 million on a systemwide basis, with October 1st implementation
  - Future RRM filings by March 1st, to be effective July 15th
- Authorized ROE of 9.6%; capital structure of 52% debt / 48% equity
- Establishes a conservation program effective October 1, 2008
  - Funded annually with $1 million contributions each by the company and customers

## Mid-Tex Division 2008 Rate Outcome Summary

| Settlement (438 of 439 Cities) ~80% | Systemwide Increase in Revenues 100% | RRC Order (City of Dallas & Environs) ~20% |
|---|---|---|
| Effective 4/1/08 | $10 Million Rate Increase | — |
| — | $19.6 Million Rate Increase | Effective 7/8/08 |
| Pending; Effective 10/1/08 | $33.5 Million RRM Filing | — |
| Included in RRM filing | $10.3 Million GRIP Filing Recovery | Effective 11/08 (est.) |
| Effective 10/1/08 | Gas Cost Recovery of Bad Debt | Effective 7/1/08 |
| Effective 10/1/08 | Capital Structure 52% Debt; 48% Equity | Effective 7/1/08 |
| Effective 10/1/08 | $1 Million Conservation Program | Effective 10/1/08 |
| 9.6% | Authorized Return on Equity (ROE) | 10.0% |



## Highlights – Fiscal YTD

### *GRIP Filing - Texas*

- May 2008, **Mid-Tex Division** 2007 GRIP filing on a system-wide basis of $10.3 million related to return and capital-related expenses on $58.2 million increase in net investment during calendar 2007; anticipate implementation November 2008 of approximately $2.0 million annually for the customers in the City of Dallas and unincorporated areas

- February 2008, **Atmos Pipeline-Texas** 2007 GRIP filing of about $7.0 million revenue increase related to return, depreciation and changes in taxes on about $46.6 million in net investment during calendar 2007; effective April 15, 2008

## Highlights – Fiscal YTD

### *Louisiana Stable Rate Filings*

- June 2008, approved $1.7 million increase for the LGS jurisdiction annual rate stabilization filing made April 2008, requesting an increase of about $2.6 million
  - Test year ended December 31, 2007
  - Rate change effective July 1, 2008
  - ROE of 10.4 percent; overall return of 8.21 percent
  - Capital structure: 52 percent debt / 48 percent equity
  - Rate Base of $222 million and affects about 265,000 customers
- March 31, 2008, approved $2.1 million increase for TransLa jurisdiction annual rate stabilization filing made December 2007
  - Included an increase in rates of about $1.7 million and an increase to depreciation rates of approximately $0.4 million
  - Rate increase effective April 1, 2008
  - Test year ended September 30, 2007



## Highlights – Fiscal YTD

### *Rate Case Settled in Kansas*

- May 12, 2008, Kansas Corporation Commission approved a “black box” settlement authorizing a revenue increase of $2.1 million, effective May 19, 2008
- Request filed on September 14, 2007, for a revenue increase of about $5.0 million
- Filing proposed a Customer Utilization Adjustment mechanism to address declining use and complement existing WNA. In the settlement, both parties committed to continue to work to develop such a mechanism
- Serves approximately 124,000 residential, commercial and industrial customers in Kansas
- Requested ROE: 11.00%
- Requested Capital Structure: 51.7% Debt / 48.3% Equity
- Requested Rate Base: $135.6 Million
- Test year ended March 31, 2007

## Highlights – Fiscal YTD

### Georgia Rate Filing

- March 30, 2008, filed request for a revenue increase of about $6.2 million
  - Includes an increase in depreciation expense of approximately $1.1 million due to a change in depreciation rates
  - Affects about 64,000 customers
  - Request to study the merits of rate decoupling mechanism through cooperative efforts involving Commission Staff and the company
- Requested ROE: 11.3 percent
- Requested Capital Structure: 55 percent debt / 45 percent equity
- Rate Base: $67.9 Million
- Forward-looking filing with test year ending March 30, 2009
- First round of hearings completed July 2008
- Decision on the case expected mid-September 2008



## Highlights – Fiscal YTD

### Ft. Necessity Storage Project

- Submitted 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), expect approval in 2Q of fiscal 2009
  - Project initially includes development of three 5 Bcf caverns of working gas storage for a total of 15 Bcf, with six-turn injection and withdrawal capabilities of the entire capacity
  - Pending FERC approval, the first cavern is projected to go into operation by 2011, with the other two caverns in operation by 2012 and 2014
  - Depending on market demand, four additional storage caverns could potentially be developed
- Drilling of the test well began June 30, 2008 and is expected to be completed by mid-October with full evaluation of the salt core by mid-December; will be configured to serve as a cavern well upon FERC 7C certification
- Successful non-binding open season completed in July
  - Participants requested storage capacity that in total was more than three times greater than the 5 billion cubic feet (Bcf) of capacity proposed in phase one of the project
  - Participants represented a diverse group of energy companies

## Highlights – Fiscal YTD

### *Park City Gathering System in Kentucky*

- 23-mile low-pressure, natural gas gathering system northeast of Bowling Green, Kentucky, with delivery into Texas Gas Transmission's Slaughter/Bowling Green lateral
- Initially, 47 of 60 wells connected via polyethylene pipe with expected capacity of over 10,000 Mcf/d
- Gas contains about 16% nitrogen and is treated by a facility jointly owned by Atmos and HNNG
- Total cost of about $12 million
  - $3 million of capital spent in fiscal 2007
  - $9 million in fiscal 2008
- Operations began in May 2008
- Net income contribution expected to be about $1 million for a full 12 months



## Highlights – Fiscal YTD

### *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: | positive |
| ***Fitch*** | |
| Senior Unsecured Debt: | BBB+ |
| Commercial Paper: | F-2 |
| Outlook: | stable |

## Highlights – Fiscal YTD

### *Quarterly Dividend*

- On August 5, 2008, the Atmos Board of Directors declared a quarterly dividend of $0.325 per share
- 99th consecutive dividend declared
- To be paid on September 10, 2008, to shareholders of record on August 25, 2008
- Indicated annual dividend of $1.30 per share



## Consolidated Financial Results – Fiscal 2008E

### *Earnings Guidance – Fiscal 2008E*

- Atmos Energy continues to expect earnings to be in range of $1.95 - $2.05 per diluted share for the 2008 fiscal year
- Assumptions include:
  - Contribution from natural gas marketing segment reflecting significantly less volatility in gas prices
    - Total expected gross margin contribution from the marketing segment in the range of $75 million to $85 million, excluding any material mark-to-market impact at September 30, 2008
  - Continued successful execution of rate strategy and collection efforts
  - Bad debt expense of no more than $15 million
  - Average annual short-term interest rate of 6.5%

**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.

## Projected Net Income by Segment

($ millions, except EPS)

| | 2005 | 2006 | 2007 | 2008E |
|---|---|---|---|---|
| Natural Gas Distribution | $ 81 | $ 53 | $ 73 | $ 95 - 99 |
| Regulated Trans & Storage | 28 | 27 | 34 | 43 - 44 |
| Natural Gas Marketing | 23 | 58 | 46 | 27 - 30 |
| 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

**2008E**

**Delivered Gas**

(Bundled gas deliveries & peaking sales)

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

Margins: More predictable

$65 - $70 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
  - 12.9 Bcf proprietary contracted capacity
  - 28.5 Bcf customer-owned / AEM- managed storage

Margins: More variable

$10 - $15 Million

=

**Total AEM Margins**

Total margins reflect:

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

Margins: Stable with potential upside

$75 - $85 Million

## Consolidated Financial Results – Fiscal 2008E

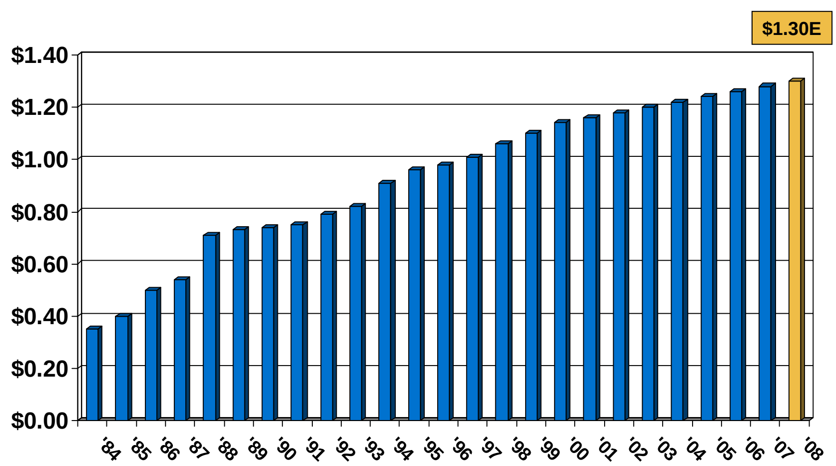
### *Capital Expenditures*

- For fiscal 2008, we project between $455-$465 million in capital expenditures
  - Approximately $350 - $355 million maintenance
    - Natural Gas Distribution: $285 million - $288 million
    - Regulated Transmission & Storage: $61 million - $62 million
    - Natural Gas Marketing: $4 million - $5 million
  - Approximately $105 - $110 million growth
    - Natural Gas Distribution: $80 million - $83 million
    - Regulated Transmission & Storage: $10 million - $11 million
    - Pipeline, Storage & Other: $15 million - $16 million



## Consolidated Financial Results – Fiscal 2008E

### *Annual Dividend Growth*




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

## As a Reminder…

- The audio and slide presentation of this conference call will be available on Atmos Energy's Web site by 8:00 a.m. Eastern Daylight Time on August 6, 2008, through midnight November 11, 2008. Atmos Energy's Web site address is: www.atmosenergy.com.
- To listen to the live conference call, dial 800-218-4007 by 8:00 a.m. Eastern Daylight Time on August 6, 2008.



# Appendix

## Natural Gas Distribution Segment

### 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 June 30 Three Months | | | As of June 30 Nine Months | | |
|---|---|---|---|---|---|---|
| | 2008 | 2007 | **Change** | 2008 | 2007 | **Change** |
| | (Amounts in Thousands) | | | | | |
| Amounts included in margin | 18,837 | 18,378 | **459** | 96,719 | 90,200 | **6,519** |
| Amounts included in taxes, other | (37,274) | (34,337) | **(2,937)** | (92,739) | (90,176) | **(2,563)** |
| Difference / Impact | $ (18,437) | $ (15,959) | **$ (2,478)** | $ 3,980 | $ 24 | **$ 3,956** |



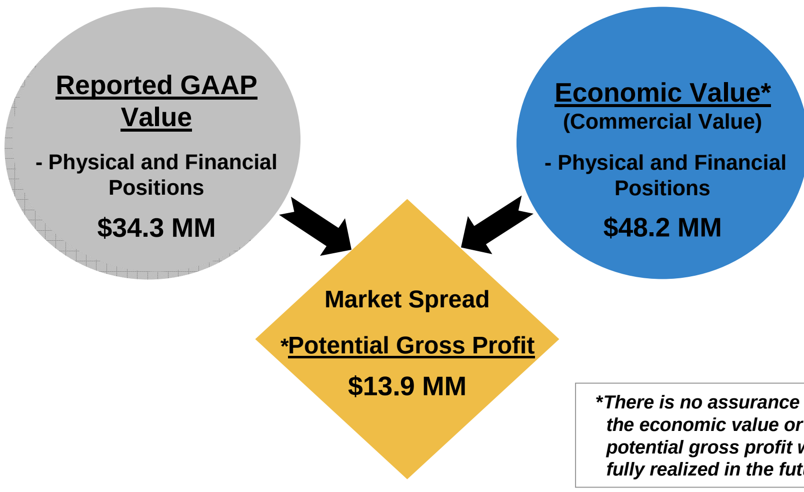
## Atmos Energy Marketing

### 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.

Atmos Energy Marketing

## Economic Value vs. GAAP Reported Results




*There is no assurance that the economic value or the potential gross profit will be fully realized in the future.

At June 30, 2008



Atmos Energy Marketing

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

| Period Ending | Physical Volume (Bcf) | Economic Value (EV) ($ per mcf) WASP | WACOG | EV | Total ($ in millions) | GAAP Reported Value - MTM ($ per mcf) | Total ($ in millions) | Market Spread ($ per mcf) | Total ($ in millions) |
|---|---|---|---|---|---|---|---|---|---|
| 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 |
| 3/31/2008 | 20.7 | 8.6763 | 8.1555 | 0.5208 | 10.8 | (0.0296) | (0.6) | 0.5504 | 11.4 |
| 6/30/2008 | 17.5 | 11.0565 | 8.3037 | 2.7528 | 48.2 | 1.9616 | 34.3 | 0.7912 | 13.9 |
| 2008 Variance | (3.2) | $ 2.3802 | $ 0.1482 | $ 2.2320 | $ 37.4 | 1.9912 | $ 34.9 | $ 0.2408 | $ 2.5 |

WASP: Weighted average sales price for gas held in storage
WACOG: Weighted average cost of AEM's gas in storage
EV: "Economic Value" which equals gas sales price (WASP) minus cost of gas (WACOG) on a per unit basis

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

| | Physical | Economic Value (EV) | | | | GAAP Reported Value - MTM | | Market Spread | |
|---|---|---|---|---|---|---|---|---|---|
| Period | Volume | ($ per mcf) | | | Total | | Total | | Total |
| Ending | (Bcf) | WASP | WACOG | EV | ($ in millions) | ($ per mcf) | ($ in millions) | ($ per mcf) | ($ in millions) |
| **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)** |
| **9/30/2007** | 12.3 | 11.1547 | 7.8297 | 3.3250 | **40.8** | 0.8819 | **10.8** | 2.4431 | **30.0** |
| **6/30/2008** | 17.5 | 11.0565 | 8.3037 | 2.7528 | **48.2** | 1.9616 | **34.3** | 0.7912 | **13.9** |
| **2008 Variance** | 5.2 | $ (0.0982) | $ 0.4740 | $ (0.5722) | **$ 7.4** | 1.0797 | **$ 23.5** | $ (1.6519) | **$ (16.1)** |

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