



News Release

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Atmos Energy Expects Lower Natural Gas Costs This Winter, Based on Current Supplies and Weather Forecasts

DALLAS (October 10, 2006) – Residential customers of Atmos Energy Corp. (NYSE: ATO) can expect this winter’s heating bills to be lower if current projections for natural gas supplies and winter weather do not change. In looking ahead to winter, Atmos Energy also expects to have sufficient natural gas supplies to meet the needs of customers across its 12-state service territory.

“We expect to start the winter season with lower prices than last year, thanks to the mild hurricane season and additional natural gas in storage,” said Kim Cocklin, Atmos Energy senior vice president of utility operations. “Lower prices today underscore that natural gas is the country’s best energy value and Atmos Energy is looking forward to a more normal winter.”

The federal government’s Energy Information Administration (EIA) has issued a similar forecast for the upcoming winter. The EIA short term energy forecast predicts natural gas expenditures could be approximately 13 percent lower than last year for the average U.S. household. Some regions will experience more or less savings, depending on the weather and natural gas usage. The National Oceanic Atmospheric Administration (NOAA) predicts this winter will be six percent colder than last winter but still slightly warmer than normal.

New Tools

To help customers manage their utility bills, Atmos Energy has created a new Internet site, www.ManageYourEnergyBills.com, which consolidates information about natural gas, how to use it wisely, and how to get energy assistance if needed. Atmos Energy also has added a new collection of energy management tools featuring an Energy Profile, Energy Calculator, Energy Library and an Energy Advisor. Customers can reach it at the above Web site or by going to www.AtmosEnergy.com and clicking on “Manage Energy Use” under the Home Service section.

“The new tools and new Web site are designed to help customers understand their natural gas usage and how to use energy wisely throughout the year,” added Cocklin. “Even though

we're expecting lower prices this winter, we always want to assist our customers in conserving energy and not only be good energy stewards but also realize lower energy costs."

Safety

Customers are encouraged to have their natural gas furnace and appliances inspected annually to ensure safe, reliable and efficient operations. Instead of waiting until winter to reinstate natural gas service, customers are urged to resume service now to avoid the rush of calls when the first cold weather arrives.

"Atmos Energy has been delivering natural gas for more than 100 years, and natural gas continues to be the safest, most reliable energy source," added Cocklin. "In fact, the natural gas delivery system has the best safety record of any energy delivery system."

Made in America

Natural gas is the most efficient energy source for heating homes, providing hot showers, and drying clothes. The world's best chefs also prefer natural gas for cooking. Moreover, in the United States, nearly all of the natural gas used here is produced here. In fact, 97 percent of the natural gas consumed in the U.S. is produced in North America, making us less dependent on foreign energy sources.

Billing Convenience

Atmos Energy offers several payment options for customers:

1. Budget Billing is an easy way to even out gas bills on a year-round basis.
2. Electronic Billing notifies customers by e-mail when their bill is ready to be viewed and allows customers to pay online.
3. Automatic Payment is convenient and simple, automatically deducting payments from the customer's checking, savings or credit union account each month.
4. Customers also can pay:
 - A. Online at www.AtmosEnergy.com,
 - B. By phone with a credit card or a check,
 - C. In person at a payment center, or
 - D. By mail.

No Mark Up

"Customers pay the same price that Atmos Energy has already paid – and not a penny more – for natural gas," said Cocklin. "We buy natural gas at wholesale prices on behalf of customers, and we recover the actual cost of gas from our customers with no mark up. Atmos Energy makes no profit on the cost of gas charged to customers; our earnings are generated from the rates regulated by state agencies and local governments."

Forward-Looking Statements

The matters discussed in this news release 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 news release 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 news release or in any of the company's other documents or oral presentations, the words "anticipate," "believes," "estimate," "expects," "forecast," "goal," "intends," "objective," "plans," "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 news release, including the risks relating to the acquisition of the operations of TXU Gas, the company's ability to continue to access the capital markets and the other factors discussed in the company's SEC filings. These factors include the risks and uncertainties discussed in the company's Form 10-K for the fiscal year ended September 30, 2005, and the company's Form 10-Q for the three and nine months ended June 30, 2006. Although the company believes 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. The company undertakes no obligation to update or revise forward-looking statements, whether as a result of new information, future events or otherwise.

About Atmos Energy

Atmos Energy Corporation, headquartered in Dallas, is the country's largest natural gas-only distributor, serving about 3.2 million gas utility customers. Atmos Energy's utility operations serve more than 1,500 communities in 12 states from the Blue Ridge Mountains in the East to the Rocky Mountains in the West. Atmos Energy's nonutility operations, organized under Atmos Energy Holdings, Inc., operate in 22 states. They provide natural gas marketing and procurement services to industrial, commercial and municipal customers and manage company-owned natural gas pipeline and storage assets, including one of the largest intrastate natural gas pipeline systems in Texas. Atmos Energy is a Fortune 500 company. For more information, visit www.atmosenergy.com.

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