



ATMOS ENERGY CORPORATION

Charter of the Audit Committee of the Board of Directors

Adopted May 10, 2005

Purpose

It is the purpose of the Audit Committee to (a) satisfy itself and the Board of Directors (i) of the integrity of the Company's financial statements, (ii) that the Company complies with all legal and regulatory requirements, (iii) that the independent auditors are qualified and are independent from the Company and (iv) that the Company's internal audit function and independent auditors are performing satisfactorily; and (b) prepare the report that rules of the Securities and Exchange Commission (the "SEC") require be included in the Company's annual proxy statement.

Powers and Duties

A. The Audit Committee shall have the power to perform the following duties, as well as performing any additional duties as may be directed by the Board of Directors from time to time:

1. Independent auditors and internal audit function:

- To provide an open avenue of communications among management, the independent auditors, the internal audit function and the Board of Directors.
- To be directly responsible for retaining and terminating the independent auditors of the Company and to have the sole authority to review in advance, and grant any appropriate pre-approvals of all audit services to be provided by the independent auditors, all non-audit services to be provided by the independent auditors that are permitted by applicable law, and in connection therewith, to approve all fees and other terms of engagement for both audit and non-audit services.
- To be directly responsible for the oversight of the work of the independent auditors, including without limitation, the resolution of any disagreements

between management of the Company and the independent auditors regarding financial reporting and other matters.

- To meet quarterly with the independent auditors, before the release of the Company's quarterly report on Form 10-Q or the annual report on Form 10-K, to receive a report from the independent auditors concerning (i) the critical accounting policies and practices used by the Company, (ii) alternative treatments of financial information within generally accepted accounting principles that have been discussed with management of the Company, the ramifications of the use of such treatments in the Company's financial statements and the treatments preferred by the independent auditors, (iii) a review of all other material communications between the Company and the independent auditors, and (iv) a review of the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations."
- To receive from the independent auditors, at least annually, a formal written statement delineating all relationships between the independent auditors and the Company and to investigate any disclosed relationships or services that could possibly impact the objectivity and independence of the independent auditors, including, if necessary, recommending to the Board of Directors that it take appropriate action to satisfy itself of the independence of the independent auditors.
- To receive from the independent auditors, at least annually, a formal written statement describing the firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any actions taken by the firm to address such issues.
- To receive written confirmation from the independent auditors on an annual basis that the lead, coordinating or concurring audit partner of the independent auditors, who has primary responsibility for the audit or who is responsible for reviewing the audit, has not performed audit services for the Company during time periods that are prohibited under current SEC rules and regulations and NYSE listing standards.
- To periodically meet separately with each of management, the independent auditors and the firm performing the internal audit function to discuss, in addition to any matters deemed appropriate by the Audit Committee, (i)

any disagreement that may have arisen in connection with the preparation of the Company's financial statements, or related disclosures therein, (ii) with respect to the independent auditors, any difficulties encountered during the course of the annual audit or quarterly reviews, including any restrictions placed by management on the scope of the independent auditors' activities, access to requested information or disagreements with management, and (iii) with respect to the internal audit function, the responsibilities, budget and staffing as well as any difficulties encountered during the course of any internal audit project, including any restrictions placed by management on the scope of the internal auditors' activities, access to requested information or disagreements with management.

- To report to the Board of Directors and to make such recommendations with respect to the reports of the independent auditors, internal audit function and management as the Audit Committee deems necessary or appropriate, including without limitation, the discussion of any disclosures in the Company's financial statements, the Company's compliance with legal and regulatory requirements or the performance of the independent auditors or the internal audit function.
- To establish hiring policies for employees or former employees of the independent auditors that are consistent with applicable law, the rules and regulations of the SEC and the listing standards of the New York Stock Exchange ("NYSE").

2. Other Activities

- To receive quarterly, before the filing of any quarterly report on Form 10-Q or annual report on Form 10-K with the SEC, a report from the Chief Executive Officer and the Chief Financial Officer of the Company concerning (i) any significant deficiencies in the design or operation of internal controls that could adversely impact the Company's ability to process and report financial data, (ii) any material weaknesses in the Company's internal controls that they have identified for the independent auditors, and (iii) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal controls.
- To review and approve all disclosures concerning non-audit services that are required to be included in any reports to be filed under the Securities Exchange Act of 1934.

- To review at least annually, with management, the operation and activities of the internal audit function and to evaluate the quality of performance of the internal audit function.
 - To periodically meet with management of the Company to discuss the Company's procedures and guidelines for releasing financial information to the public through earnings releases as well as providing earnings guidance and other financial information to analysts, rating agencies and other third parties.
 - To periodically discuss with management the Company's major financial risk exposures and the actions that management has taken to monitor and control such exposures, including discussion of guidelines and policies that govern such actions and assessment of the insurance coverage associated with such risk exposures.
 - To establish procedures for the receipt, retention and treatment of complaints on accounting, internal accounting controls or auditing matters, as well as for confidential, anonymous submissions by Company employees of concerns regarding questionable accounting or auditing matters.
 - To engage the services of other advisors, including without limitation, any legal advisors, that the Audit Committee determines is necessary to carry out its duties, as well as review and approve the fees and expenses charged to the Company by such advisors.
 - To determine the appropriate amount of funding to be provided by the Company to the Audit Committee, at least annually, in connection with the Audit Committee's payment of compensation to the independent auditors and other advisors engaged by the Audit Committee.
 - To conduct an annual performance evaluation of the Audit Committee.
 - To annually review and update, if necessary, the Audit Committee charter.
- B. The power and authority of the Audit Committee is subject to the provisions of the Texas Business Corporation Act, the Virginia Stock Corporation Act, the Company's Articles of Incorporation and Bylaws, applicable federal securities laws, the rules and regulations of the SEC and the listing standards of the NYSE.

Membership

- A. The Audit Committee shall be comprised of three to six members of the Board of Directors, each of whom shall satisfy the independence, financial literacy and experience requirements of the Exchange Act and the listing standards of the NYSE. The members of the Audit Committee and its Chairman shall be appointed annually by the Board of Directors. Members of the Audit Committee shall receive no fees or other remuneration from the Company other than directors' fees.
- B. Vacancies in the membership of the Audit Committee shall be filled by the Board of Directors.
- C. No member of the Audit Committee may serve on the audit committee of more than two other public companies, unless the Board of Directors determines that such simultaneous service does not impair such director's effectiveness.
- D. At least one member of the Audit Committee shall possess the qualifications to be deemed an "audit committee financial expert," as such term is defined by SEC rules and regulations. The Board of Directors shall make such determination annually.

Meetings

- A. The Audit Committee shall meet as required, upon the call of the Chairman of the Audit Committee. A majority of the Audit Committee members shall constitute a quorum for the transaction of business.
- B. The Chairman of the Audit Committee shall prepare a written agenda in advance of each meeting of the Audit Committee. The Audit Committee shall keep regular minutes of its meetings and shall report its actions to the full Board at the next Board meeting. The Secretary of the Board of Directors will serve as Secretary for the Audit Committee.