

## ATMOS ENERGY CORPORATION

### SECRETARY'S CERTIFICATE

The undersigned, being the Corporate Secretary of Atmos Energy Corporation, a Texas and Virginia corporation (the "Company"), does hereby certify that the following recitals and resolutions were duly adopted by Board of Directors of the Company at a special meeting of the Board held on June 16, 2004, and such recitals and resolutions have not been altered, amended, rescinded, or repealed and are now in full force and effect:

WHEREAS, subsequent to the approval of the Board of Directors at its meetings on June 7, 2004 and June 10, 2004, the Company submitted a written bid of \$1,925,000,000 to TXU Corp., a Texas corporation ("TXU"), to purchase substantially all of the assets of its wholly-owned subsidiary, TXU Gas Company, a Texas corporation ("TXU Gas"), through a merger of TXU Gas Company and "Newco", a Texas corporation, which will be a wholly-owned subsidiary of the Company to be formed for the purpose of closing this transaction (the "Proposed TXU Gas Transaction"); and

WHEREAS, TXU has accepted the Company's bid and the officers and other representatives of the Company have successfully negotiated with TXU the terms of that certain Agreement and Plan of Merger by and between the Company and TXU (the "Agreement"), a copy of which has been provided to the Board this day; and

WHEREAS, one of the conditions of the Agreement provides that the Company issue to TXU a guarantee of performance of the obligations of Newco under the Agreement (the "Parent Guaranty"), the terms of which form have been negotiated by the parties and a copy of which has been provided to the Board this day; and

WHEREAS, the officers and other representatives of the Company are now requesting the Board for authorization for the President, the Senior Vice President and Chief Financial Officer or the Senior Vice President and General Counsel to execute the Agreement and the Parent Guaranty on behalf of the Company and to perform all other acts necessary to consummate the Proposed Transaction, including without

limitation, all related financing thereof, for which the Company has obtained a financing commitment from Merrill Lynch and its affiliates to provide bridge financing to the Company.


NOW, THEREFORE, BE IT RESOLVED, that the President, the Senior Vice President and Chief Financial Officer or the Senior Vice President and General Counsel of the Company be, and hereby is, authorized and directed to execute and deliver, for and on behalf of and in the name of the Company, the Agreement and the Parent Guaranty, the forms of which will be substantially similar to the form of Agreement presented to the Board prior to this meeting, with such changes thereto as the officer executing the same may, in his sole discretion, deem necessary, appropriate, or desirable, pursuant to which the Company will enter into the Proposed TXU Gas Transaction; and

FURTHER RESOLVED, that the proper officers and directors of the Company, or any of them, be, and hereby are, authorized to do or cause to be done any and all acts and things and to execute and deliver any and all agreements, undertakings, consents, documents, instruments, and certificates (including, but not limited to, any amendments to the Agreement or waivers of any conditions contained therein) in connection with the consummation of the Proposed TXU Gas Transaction, as, in their opinion, may be necessary, appropriate, and desirable in order to carry out the purposes and intent of the foregoing resolutions and to perform, or cause to be performed, the obligations of the Company under the Agreement or any other agreement referred to herein and therein and the consummation of the transactions contemplated herein and therein; and

FURTHER RESOLVED, the proper officers and directors, or any of them, be, and hereby are, authorized to do or cause to be done any and all acts and things and to execute and deliver to Merrill Lynch and its affiliates, any and all agreements, consents, documents, instruments, and certificates in connection with the bridge financing of the Proposed TXU Gas Transaction, and that such officers and directors are authorized to perform, or cause to be performed, the obligations of the Company under all such agreements with Merrill Lynch and its affiliates; and

FURTHER RESOLVED, that the actions taken prior to the date hereof by the officers and representatives of the Company in connection with the Proposed TXU Gas Transaction are hereby ratified, confirmed, and approved in all respects and for all purposes.

**IN WITNESS WHEREOF**, I have hereunto signed my name and affixed the seal  
of the Company this 17th day of June, 2004.

  
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Dwala Kuhn  
Corporate Secretary

**ATMOS ENERGY CORPORATION**  
**PRO FORMA CONDENSED BALANCE SHEET**  
(Unaudited)  
As of March 31, 2004

(In thousands)

	Atmos unconsolidated	Pro forma adjustments		Pro forma
<b>ASSETS</b>				
Property, plant and equipment	\$ 2,467,881	\$ 1,925,000	(e)	\$ 4,392,881
Accumulated depreciation and amortization	874,442	874,442		874,442
Net property, plant and equipment	1,593,439	1,925,000		3,518,439
Investments in & advances to unconsolidated nonregulated subsidiaries	149,763			149,763
Current assets:				
Cash and cash equivalents	76,959	134,256	(f)	211,215
Accounts receivable, net	238,542			238,542
Inventories	2,727			2,727
Gas stored underground	32,781			32,781
Deferred gas costs	30,967			30,967
Intercompany-net	43,306			43,306
Total current assets	425,282	134,256		559,538
Goodwill and intangible assets	236,550			236,550
Deferred charges and other assets	216,540			216,540
	<u>\$ 2,621,574</u>	<u>\$ 2,059,256</u>		<u>\$ 4,680,830</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>				
Shareholders' equity				
Common stock	\$ 261	\$ 57	(g)	\$ 318
Additional paid-in capital	753,770	234,943	(g)	988,713
Retained earnings	178,769	55,714	(h)	234,483
Accumulated other comprehensive income	49			49
Shareholders' equity	932,849	290,714		1,223,563
Long-term debt	855,803			855,803
Total capitalization	1,788,652	290,714		2,079,366
Current liabilities:				
Current maturities of long-term debt	6,077			6,077
Short-term debt	-	1,679,000	(i)	1,679,000
Accounts payable and accrued liabilities	226,636	50,370	(b)	277,006
Taxes payable	37,199	39,172	(c)	76,371
Customers' deposits	44,551			44,551
Other current liabilities	54,926			54,926
Total current liabilities	369,389	1,768,542		2,137,931
Deferred income taxes	232,918			232,918
Deferred credits and other liabilities	230,615			230,615
	<u>\$ 2,621,574</u>	<u>\$ 2,059,256</u>		<u>\$ 4,680,830</u>

See accompanying notes to pro forma condensed financial statements.

**ATMOS ENERGY CORPORATION**  
**PRO FORMA CONDENSED STATEMENT OF INCOME**  
(Unaudited)  
**Twelve Months Ended March 31, 2004**

(In thousands, except per share information)

	<u>Atmos Unconsolidated</u>	<u>Pro forma adjustments</u>		<u>Pro forma</u>
Operating revenues	\$ 1,626,323	\$ 159,005	(a)	\$ 1,785,328
Purchased gas cost	<u>1,130,340</u>	<u>1,130,340</u>		<u>1,130,340</u>
Gross profit	495,983	159,005		654,988
Operating expenses:				
Operation and maintenance	200,392			200,392
Depreciation and amortization	87,703			87,703
Taxes, other than income	<u>55,032</u>	<u>55,032</u>		<u>55,032</u>
Total operating expenses	<u>343,127</u>	<u>343,127</u>		<u>343,127</u>
Operating income	152,856	159,005		311,861
Equity in income of unconsolidated non-regulated subsidiaries	26,514			26,514
Other expense	4,333			4,333
Interest charges	<u>65,396</u>	<u>50,370</u>	(b)	<u>115,766</u>
Income before income tax expense	118,307	108,635		226,942
Income tax expense	<u>33,099</u>	<u>39,172</u>	(c)	<u>72,271</u>
Net income	<u>\$ 85,208</u>	<u>\$ 69,463</u>		<u>\$ 154,671</u>
Net income per diluted share	<u>\$ 1.69</u>			<u>\$ 2.50</u>
Cash dividends per share	<u>\$ 1.21</u>			<u>\$ 1.21</u>
Average shares outstanding				
Basic	<u>50,124</u>	<u>11,363</u>	(d)	<u>61,487</u>
Diluted	<u>50,471</u>	<u>11,363</u>	(d)	<u>61,834</u>

See accompanying notes to pro forma condensed financial statements.

**ATMOS ENERGY CORPORATION**  
**NOTES TO UNAUDITED PRO FORMA CONDENSED FINANCIAL STATEMENTS**  
**March 31, 2004**  
**(Unaudited)**  
**(Amounts in thousands)**

1. The following unaudited pro forma condensed financial statements are based on the historical accounting records for the utility operations of Atmos Energy Corporation. These unaudited pro forma condensed financial statements reflect pro forma adjustments after giving effect to the issuance of \$1,679 million of short-term indebtedness under a 364-day credit facility provided by a third-party lender and the issuance of \$246 million in Atmos Energy Corporation common stock under our existing shelf registration statement filed with the Securities and Exchange Commission which has been previously approved by the Commonwealth of Virginia State Corporation Commission. The proceeds from these issuances will be used to purchase substantially all of the operations of TXU Gas Company, a Texas Corporation engaged in the purchase, transmission, distribution and sale of natural gas in the north-central, eastern and western parts of Texas, and a wholly owned subsidiary of TXU Corporation.

These pro forma financial statements give effect to the acquisition as if it had occurred on April 1, 2003. The pro forma adjustments are based upon available information and certain assumptions we believe are reasonable but are subject to change. In our opinion, all adjustments that are necessary to present fairly the pro forma information have been made. The unaudited pro forma condensed financial statements do not purport to represent what our results of operations or financial position would actually have been if the acquisition had occurred on such dates or to project our results of operations or financial position for any future date or period.

2. Pro forma adjustments

The pro forma adjustments in the accompanying unaudited pro forma condensed financial statements are described below.

- (a) Reflects TXU Gas Company's authorized rate of return in the State of Texas of 8.26% on the newly acquired plant assets.
- (b) Reflects the estimated interest expense incurred under the 364-day credit facility based upon an estimated interest rate of 3.0%.
- (c) Reflects the estimated income tax effect of the pro forma income statement adjustments based upon an effective utility income tax rate of 36.1%.
- (d) Reflects the issuance of 11,363 shares of Atmos Energy Corporation common stock.
- (e) Reflects the acquisition of substantially all of the operations of TXU Gas Company.
- (f) Reflects the receipt of the authorized rate of return on the newly acquired plant assets, less cash dividends paid of \$13,749 on the 11,363 incremental shares issued in connection with the acquisition at \$1.21 cash dividend per share and \$11,000 for estimated stock issuance costs.
- (g) Reflects the estimated proceeds from the sale of 11,363 shares of Atmos Energy Corporation common stock with a stated value of \$0.005 per share for \$21.65 per share, which represents the closing price on April 1, 2003. This amount also reflects a reduction for estimated stock issuance costs of \$11,000.
- (h) Reflects the effect of the net income arising from the pro forma adjustments of \$72,555 partially offset by pro forma cash dividends paid of \$13,749.
- (i) Reflects the estimated proceeds from the receipt of \$1,679 million under a 364-day credit facility issued by a third-party lender to fund the acquisition on a short term basis.