Corporate Overview

Mike Haefner
President & Chief Executive Officer
Management Participants

Michael Haefner  
*President and CEO*

David Park  
*Senior VP, Utility Operations*

Kevin Akers  
*Executive VP*

Chris Forsythe  
*Senior VP and CFO*
Largest Natural Gas Focused Utility

Attractive Service Areas Offer Operating Scale and Risk Diversification

As of November 7, 2018
Leading Natural Gas Delivery Platform

Eight-state distribution territory

- Diversified LDC platform in 8 states
  - Largest pure-play LDC with over 3 million customers in 8 states
  - ~70,000 miles of distribution and transmission mains
  - ~59% of distribution rate base is located in Texas (~70% including pipeline)
  - Blended allowed ROE of 9.8%
  - Constructive regulatory mechanisms reduce or minimize lag

Business Mix

- Distribution ~69%
- Pipeline & Storage ~31%

2018 Adjusted Net Income

Favorably positioned pipeline spans Texas shale gas supply basins

- ~5,700 miles of intrastate pipeline
  - Spans multiple key shale gas formations
  - Connection to major market hubs
- Five storage facilities with 46 Bcf of working capacity
- Allowed ROE of 11.5%
- Margin derived from tariff-based rates primarily serving Mid-Tex and other LDCs

As of November 7, 2018
Fiscal 2018 Highlights

- **Completed 7th Year of Organic Growth Strategy**
  - Adjusted EPS of $4.00\(^{(1)}\); 11.1\(^{(1)}\)% year-over-year growth
    - 16th consecutive year of EPS growth
  - Fiscal 2018 total shareholder return of 14.5%
  - Fiscal 2018 capital spending of $1.47 billion
  - 8.2% increase in fiscal 2019 indicated annual dividend to $2.10 per diluted share - 35th consecutive year of rising dividends

- **Busy Regulatory Calendar**
  - Implemented approximately $80 million of annualized regulatory outcomes
  - Re-established annual mechanisms for more than 85% of Texas and Mississippi
  - Renewed / enhanced infrastructure mechanisms in Colorado and Kansas
  - Tax Reform

- **Strong Balance Sheet**
  - November 2017 - $400 million equity issuance
  - Maintained investment grade ratings of A2/A (Moody’s/S&P)
  - Equity capitalization at 56.7%

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\(1\) Excludes $1.43 non-recurring benefit from the adoption of Tax Cuts and Jobs Act of 2017 (TCJA)
Organic Growth Strategy

Constructive Regulatory Mechanisms Support Efficient Conversion of Safety and Reliability Investments into Financial Results

~ $9 - $10 billion in capital investment through 2023

Constructive rate mechanisms that reduce regulatory lag

6% - 8% Consolidated EPS growth

---

Rate Base ($billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Distribution</th>
<th>Pipeline and Storage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$7.0</td>
<td>$14.5 - $15.5</td>
<td>$21.5</td>
</tr>
<tr>
<td>2018</td>
<td>$8.0</td>
<td>$14.5 - $15.5</td>
<td>$22.5</td>
</tr>
<tr>
<td>2023E</td>
<td></td>
<td></td>
<td>$30.5</td>
</tr>
</tbody>
</table>

Annual Capital Recovery

Earning on Annual Investments:
- Within 0 - 6 months
- Within 7 - 12 months
- Greater than 12 months

~ 85%

Adjusted Earnings per Share

2018: $4.00
2019E: $4.20 - $4.35
2023E: $5.40 - $5.80

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1 Excludes $1.43 non-recurring benefit from the adoption of Tax Cuts and Jobs Act of 2017 (TCJA)

As of November 7, 2018
Executing Our Strategy

- Safety & Reliability Continue to Drive Investment
  - >80% focused on system modernization
  - Continued focus on industry identified materials
  - Known cast iron eliminated by 2021
  - Regulated storage investments to meet new requirements

- Successful Execution
  - Scaling operations with technology
  - Precision in execution
  - Communication with all stakeholders

- Risk Mitigation
  - Risked-based capital prioritization
  - Monitor evolving regulations
  - Continued employee training

Capital Investment

- FY '14-'18: $5.5 billion
- FY '19-'23: $9-$10 billion

As of November 7, 2018
## Executing Our Strategy

### A Pure-Play, High-Growth Natural Gas Delivery Investment Proposition

<table>
<thead>
<tr>
<th>Attractive pure-play total return</th>
<th>Diversified asset base with constructive regulation</th>
<th>Strong rate base growth</th>
<th>Strong financial foundation with consistent track record</th>
</tr>
</thead>
<tbody>
<tr>
<td>❖ Earnings are 100% regulated and rate base driven</td>
<td>❖ Regulated distribution assets in 8 states serving over 3 million customers</td>
<td>❖ Strong forecasted rate base growth through Fiscal 2023</td>
<td>❖ 16 consecutive years of EPS growth; 35 consecutive years of dividend growth</td>
</tr>
<tr>
<td>❖ 6 - 8% forecasted EPS growth through Fiscal 2023</td>
<td>❖ Favorably positioned regulated pipeline spans Texas shale gas supply basins</td>
<td>❖ Capital expenditures of $9-$10 billion through Fiscal 2023; ~80% spent on safety and reliability</td>
<td>❖ 8.2% indicated dividend increase for 2019E</td>
</tr>
<tr>
<td>❖ Dividend per share grows commensurately with EPS</td>
<td>❖ Constructive rate mechanisms reduce or eliminate regulatory lag</td>
<td>❖ Earning on over 85% of annual capex within 6 months; ~99% within 12 months</td>
<td>❖ High investment-grade credit ratings (A2, A) with ample liquidity</td>
</tr>
</tbody>
</table>

As of November 7, 2018
Modernizing Our System

David Park
Senior Vice President, Utility Operations
Modernizing with Focus on Safety

Our Vision is to be the Safest Provider of Natural Gas Services

Investment Focused On:

- **System Safety**
  - Replacing higher risk pipe materials and equipment
  - Enhancing pipeline integrity assessments
  - Underground storage integrity
  - New technologies

- **Public Safety**
  - Emergency response
  - Customer & community education
  - Public awareness

- **Employee Safety**
  - State-of-the-art training
  - Tools and equipment
  - Eliminate at-risk behavior
  - Incident free

- **System Fortification for Future Growth**
Distribution System

Miles of Pipe by Decade of Installation

- ~69,000 Miles of Distribution Main
- ~1,000 Miles of Transmission Main
- ~39% Installed Pre-1970
- Comprehensive Pipe Replacement Program Risk Assessment Factors Include:
  - Legacy construction practices
  - Material type
  - Leak history
  - Age
  - Location
  - Soil type

Source: 2017 DOT Report
Atmos Pipeline Texas Transmission System

- ~ 5,700 Miles of Total Transmission System
- 46% Installed Pre-1970
- Comprehensive Pipe Replacement Program Risk Assessment Factors Include:
  - Population density
  - Pipe coating
  - Leak history
  - Age
  - Location
  - Soil type
  - Corrosion data

APT Miles by Decade of Installation

Source: 2017 DOT Report
Pipe Replacement Mileage

Estimated Miles Replaced by Fiscal Year - An Ongoing Commitment

**Distribution Miles**

<table>
<thead>
<tr>
<th>Year</th>
<th>Industry Identified (Miles)</th>
<th>Other Risk-Based Materials (Miles)</th>
<th>Total (Miles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>346</td>
<td>20</td>
<td>366</td>
</tr>
<tr>
<td>2014</td>
<td>374</td>
<td>18</td>
<td>392</td>
</tr>
<tr>
<td>2015</td>
<td>470</td>
<td>10</td>
<td>480</td>
</tr>
<tr>
<td>2016</td>
<td>470</td>
<td>10</td>
<td>480</td>
</tr>
<tr>
<td>2017</td>
<td>496</td>
<td>6</td>
<td>502</td>
</tr>
<tr>
<td>2018</td>
<td>735</td>
<td>7</td>
<td>742</td>
</tr>
<tr>
<td>2019E-2023E</td>
<td>~800-1,000 miles annually</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Transmission Miles**

<table>
<thead>
<tr>
<th>Year</th>
<th>Industry Identified (Miles)</th>
<th>Other Risk-Based Materials (Miles)</th>
<th>Total (Miles)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>50</td>
<td>16</td>
<td>66</td>
</tr>
<tr>
<td>2014</td>
<td>96</td>
<td>21</td>
<td>117</td>
</tr>
<tr>
<td>2015</td>
<td>105</td>
<td>29</td>
<td>134</td>
</tr>
<tr>
<td>2016</td>
<td>103</td>
<td>17</td>
<td>120</td>
</tr>
<tr>
<td>2017</td>
<td>144</td>
<td>36</td>
<td>180</td>
</tr>
<tr>
<td>2018</td>
<td>155</td>
<td>39</td>
<td>194</td>
</tr>
<tr>
<td>2019E-2023E</td>
<td>~150-200 miles annually</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Note:** Pipeline replacement due to changes in state or federal regulations is not projected in this 5-year replacement estimate. Year over year variances in mileage replacement are driven by factors including: construction resources, project type and permitting.

As of November 7, 2018
Risk-Based Replacements - Distribution

Inventory of Pre-1970 Materials

As of November 7, 2018
Focused Steel Service Lines Replacement

Replacing ~ 50,000 – 60,000 Steel Service Lines Annually

Inventory of Steel Service Lines

- New service lines use state of the art material, construction and joining practices
- Service lines are in close proximity to customer residence and business locations
- Approximately 70% of leaks occur on service lines

Note: Pipeline replacement due to changes in state or federal regulations is not projected in this 5-year replacement estimate. Year over year variances in mileage replacement are driven by factors including: construction resources, project type and permitting.

As of November 7, 2018
Distribution Investment Outlook

- Anticipated CAPEX spend of $1,300- $1,900 million per year
  - Pipeline replacement and repair $700 - $1,100 million
  - Service line replacement $250 - $350 million
  - Growth/fortification $200 - $250 million
  - Pipeline integrity & other $130 - $150 million

- More than 80% of CAPEX is focused on safety and reliability
  - System safety
  - Enhance capacities
  - Service reliability

- ~85% of capex earns within 6 months

- ~9% - 10% annual growth rate
Atmos Pipeline-Texas Investment Outlook

- Anticipated CAPEX spend of $425- $625 million per year
  - Pipeline integrity / compliance $300 - 400 million
  - Maintenance / replacement $50 - 100 million
  - Fortification / growth $50 - 100 million
  - Other / Projects Opportunity driven

- All CAPEX is focused on serving APT’s regulated customers
  - System safety
  - Enhance capacities
  - Service reliability
  - Gas supply

- All CAPEX is GRIP eligible
Atmos Pipeline - Texas
Partial Capital Projects List

2019E – 2023E APT
Integrity & Fortification
Projects: $1.1 - $1.5 billion

As of November 7, 2018
Holistic Approach to Capital Allocation

**Demand for Capital**
- Pipe Replacement
- Compliance/Integrity
- R&C Growth
- Industrial Growth
- Governmental Relocations

**Planning**
- Integrity Management Plan - Risk Modeling
- System Planning - Hydraulic Modelling
- Contractor & Equipment Planning
- Coordination with local government plans
- Material Availability
- Type (Distribution, Transmission, Storage)
- Project Timing & Duration
- Operational Constraints
- Regulatory Filing
- Financing Plans
- Advocacy & Communications

**Capital Allocation**

- **Diverse Portfolio Of Projects**
  - Number: 6,500 Projects
  - Cost Range: $1,000 - $100M
  - Location: 1,400 Communities
  - 230,000 square miles
  - Timing: Planned & Responsive

As of November 7, 2018
## Holistic Approach to Capital Allocation

### Capital Allocation

**Diverse Portfolio Of Projects**

- Number
  - 6,500 Projects
- Cost Range
  - $1,000 - $100M
- Location
  - 1,400 Communities
  - 230,000 square miles
- Timing
  - Planned & Responsive

### Execution

- Design
- Material Procurement
- Permitting/Right-of-Way Acquisition
- Public & Customer Communications
- Qualified Resource Coordination
- Contracting & Work Assignment
- City Coordination
- Inspection
- Records Capture
- Mapping
- Accounting
- Regulatory Filings

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*As of November 7, 2018*
Successful Execution Requires Carefully Balancing All Stakeholder Needs
Informing Customers & Communities

Projects Map
Informing Customers & Communities

Website Information
We’re investing in a safe, reliable natural gas system. From the ground up.

Investing in Safety for You
Atmos Energy is committed to being the safest natural gas provider in the nation and in Mississippi. That’s why we’re investing between $80 to $90 million in system upgrades.

In 2018 our efforts in Meridian will focus on upgrading several miles of natural gas pipelines located in city streets, including the gas line that connects to your meter.

Natural Gas Pipeline Upgrades
When upgrading our natural gas lines, you’ll see us working in streets and yards. This may include cutting holes in streets and driveways, plus digging in some yards. While work is going on, we will make temporary repairs to yards and sidewalks. When the work is complete, we will make arrangements with you to restore the interrupted service to their previous conditions.

We will work closely with the City of Meridian to limit the impact to you and other residents. We appreciate your patience as we work to finish the project safely and as quickly as possible.

For more information, visit www.atmosenergy.com/MSSafety

Project Communications
We’re investing in our natural gas infrastructure.
From the ground up.

Customer Service: 1-888-286-6700
www.atmosenergy.com

Project Communications
Informing Customers & Communities

Social Media Strategies

Natural Gas Safety. Learn more about our pipeline upgrade projects in Lamar, CO.

As of November 7, 2018

If you suspect a gas leak, leave immediately! From a safe distance, call 911 and Atmos Energy at 866-322-8657.

It smells like rotten eggs. Smell gas? Act fast!
Informing Customers & Communities

Division Operations Reports

Safety is our highest priority.
Texas Economy Propelled by DFW Metroplex

- Nation’s 4th largest metropolitan area, with over 7.2 million people
- Expected to grow to 10.5 million people by 2040
- 146,000-population increase last year was the most of any metro area
- 6 of the top 10 largest-gaining counties were in Texas – Bexar, Collin, Dallas, Denton, Harris and Tarrant.
- Finished 3rd among metro areas in 2017 for new and expanded corporate facilities
- Job growth in DFW and Texas exceeds national average.
- Unemployment in DFW at 3.4%, below the U.S. and Texas rates

Per the Federal Reserve Bank of Dallas, U.S. Census Bureau, Dallas Chamber, Dallas Business Journal, Dallas Morning News, Railroad Commission of Texas

As of November 7, 2018
Texas Enjoys A Diverse Economy

Employment by Sector at September 30, 2018 Preliminary

Per the Bureau of Labor Statistics

As of November 7, 2018
DFW Accolades

**#1 IN THE COUNTRY FOR PERCENT JOB GROWTH (2.6% GROWTH)**

*December 2016 - December 2017*

Dallas-Fort Worth created more jobs than New York, Los Angeles and Chicago. More with much larger populations.

**#1 IN THE COUNTRY FOR ABSOLUTE JOB GROWTH (91,700 JOBS)**

**GLOBAL FORTUNE 500 COMPANIES**

4

**FASTEST GROWING ECONOMIES**

FORBES, 2017

**FORTUNE 500 COMPANIES 3rd most in the nation among metros**

**“We explored a number of location options that would offer us competitive operating costs, a region with extensive access to skilled restaurant talent, an attractive cost of living to our current and future team members...Texas meets all of these criteria.”**

Jamba Juice.

DAVID PACE

CEO, Jamba, Inc.

**“California has been good to us, but it makes better business sense for us to be centrally located, and we look forward to achieving added operational efficiencies with this move.”**

Kubota.

MASATO YOSHIMAKA

President and CEO, Kubota Tractor Corp.

**“We see Dallas as an opportunity to centralize our location as we expand globally, recruit great talent, and increase our operational excellence.”**

Dalko Dejanovic

Chief Executive Officer, ACTIVE Network

**TOP 10**

**“Moving the corporate headquarters to the Dallas Metroplex...gives us greater access to a much larger talent pool as we expand our business over the next decade.”**

CARY EVERT

President and CEO, Hilti North America

**BEST CITIES FOR JOB GROWTH**

**DALLAS-PLANO-IRVING**

Forbes, 2017

**BEST SPORTS CITIES IN THE U.S.**

DALLAS-FORT WORTH

SPORTS ILLUSTRATED

**THREE RESEARCH 1 UNIVERSITIES**

Carnegie Classification of Institutions of Higher Education R-1: Doctoral Universities

**“The advantages Plano offered our company and the quality of life it offered our employees became clear — including the cost of living, access to top-tier schools and cultural offerings, low tax rates and a wide range of affordable urban and suburban living options within a short commute of our headquarters site.”**

Toyota North America, Inc.

**SITE SELECTION MAGAZINE**

**#2 TOP COMPETITIVE U.S. CITIES**

**DALLAS-FORT WORTH, 2017**

**TOP 5 U.S. DATA CENTER MARKET**

Per Dallas Chamber

**BEST PERFORMING CITIES - DFW**

**#3 MILLEN INSTITUTE 2017**

The DFW region adds 393 NEW Residents each day

40% NATURAL INCREASE | 60% NET-MIGRATION

U.S. Census, 2015 - 2018

**AS OF NOVEMBER 7, 2018**
Strong Markets Drive Customer Growth

<table>
<thead>
<tr>
<th>Division</th>
<th>Net New Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mid-Tex</td>
<td>22,227</td>
</tr>
<tr>
<td>Kentucky/ Mid-States</td>
<td>4,432</td>
</tr>
<tr>
<td>Colorado / Kansas</td>
<td>2,906</td>
</tr>
<tr>
<td>West Texas</td>
<td>1,952</td>
</tr>
<tr>
<td>Louisiana</td>
<td>1,816</td>
</tr>
<tr>
<td>Mississippi</td>
<td>520</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>33,853</strong></td>
</tr>
</tbody>
</table>

As of November 7, 2018

- Mid-Tex: 1.38%
- Colorado/ Kansas: 1.16%
- West Texas: .65%
- Kentucky/ Mid-States: 1.31%
- Louisiana: .52%
- Mississippi: 0.21%

Growth Rate

<table>
<thead>
<tr>
<th>Year</th>
<th>Net Customer Count (Millions)</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY 2016</td>
<td>3.02</td>
<td>0.7%</td>
</tr>
<tr>
<td>FY 2017</td>
<td>3.04</td>
<td>1.0%</td>
</tr>
<tr>
<td>FY 2018</td>
<td>3.14</td>
<td>1.1%</td>
</tr>
</tbody>
</table>

Percentage Increase in Net Customer Count

- FY 2017 over FY 2016: 1.0%
- FY 2018 over FY 2017: 1.1%
Growth in I-35 Corridor Drives Capital Spending

Mid-Tex Fortifications & APT Projects Related to Growth

*APT >$5mm (FY17-FY19E)*

**Total Growth Capital Spending**

<table>
<thead>
<tr>
<th>Millions</th>
<th>FY 2017</th>
<th>FY 2018</th>
<th>FY 2019E</th>
</tr>
</thead>
<tbody>
<tr>
<td>$0</td>
<td>$159.1</td>
<td>$164.2</td>
<td>$172.2</td>
</tr>
</tbody>
</table>

Note: APT spending includes projects where pipe is being replaced for integrity purposes and the pipe is being upsized for consideration of expected future growth.
Modernizing Our Business

Kevin Akers
Executive Vice President
Employee Safety
Charles K. Vaughan Training Center

Technical & Safety Training – Flow Lab and Gas City

- State-of-the-Art Facility
- Comprehensive training
  - ✔ Meter Reading
  - ✔ Service
  - ✔ Construction
  - ✔ Measurement
  - ✔ Corrosion
  - ✔ Emergency Responder
- Approximately 300-400 employees new to their jobs each year
- Between 1,000 – 2,000 employees enrolled in refresher courses annually

As of November 7, 2018
Employee Training is Core to Safety
Steady Progress in Reducing Risk

Damage per 1,000 Locate Tickets

Source: Industry Average US DOT PHMSA
Public Safety Partnership

Training and Educating

- Training First Responders
- Customer & Community Education: Vaughan Center
- Public Awareness: Gus and Rosie
Reducing Risk

Improved Safety Performance

Significant progress over last 6 years

- **Employee Safety**
  - Employee-driven safety culture
  - OSHA Recordable Incident Rate has declined by 39% since 2012
  - Training curriculum has evolved from classroom based to 80% hands-on
    - Curriculum for all field positions
    - Supervisor Bootcamp

- **Public Safety**
  - Public Awareness Messages – 210 million impressions in 2018
  - Excavation damage rate has declined by 25% since 2012

- **System Safety**
  - Replaced 247,000 steel service lines since 2012
  - Replaced over 3,500 miles of distribution and transmission pipelines since 2012
Modernizing Our Business

People

Technology

Process
A New Way to Manage Employee... Operator Qualification Records and Certifications

- **OnBoard Houses:**
  - ✔️ OQ Training → Exams → and Assessment records
  - ✔️ Certification Records for Welders and Fusers
- **OnBoard configured to OUR OQ Program Requirements**
- **Emails in advance of OQ expiration date**
- **Supervisor Dashboard to monitor status**

- 2,823 Active Employees
- 51,837 OQs /Certifications
- 100,000 Compliance orders
- 1,500,000 Service orders

As of November 7, 2018
Automating OQ Skills for Dispatching

An Operator becomes OQ **unqualified** for a particular task

**Old Process**

Dispatch reviews daily ITS OnBoard report and takes action to remove work and skills from techs. Ops supervisor is notified

**New Process**

ITS OnBoard automatically syncs with Click, refreshing qualification status for Dispatch twice a day

Any unqualified tasks are automatically removed from the Operator’s assignable task list

As of November 7, 2018
Definition: Matching each caller to the customer support associate best suited for their call while maintaining service levels

- Identify Customer’s Account History
- Real-time Conditions
- CSA Expertise & Proficiencies
- Reason for the call
- Predict caller intent

As of November 7, 2018
Overall Customer Satisfaction

Yearly Overall Customer Satisfaction

As of November 7, 2018

- 2014: 84.0%
- 2015: 87.0%
- 2016: 90.7%
- 2017: 90.7%
- 2018: 91.4%
Improving Safety, Efficiency & Ability to Scale

New Technology Deployment

- Asset Data Collection
- iAuditor (Construction Inspection)
- Esri (GIS Data Visualization)
PHMSA issued Interim Final Rule (IFR) December 2016

Effective in January 18, 2017

- Incorporated by reference API RP 1170 and 1171 with an emphasis on Risk Assessments and Risk Management

Executing on our risk reduction/mitigation plans and procedures

- SIMP - Storage Integrity Management Plan
- Risk Assessment & Well Integrity Procedure
- Proactive well monitoring
- Inventory verification analysis
- Scheduled Mechanical Integrity Testing
- Well-control, emergency response plan
- Periodically conduct tabletop exercises for emergency preparedness and response

Underground Storage Integrity Management

As of November 7, 2018
Bethel Cavern Storage Projects
Safety, Growth & Reliability

Bethel Salt Caverns
- Development of a third cavern at Bethel provides storage capacity to meet projected growth.
- Third cavern is designed to add 5-6 Bcf of working gas capacity and be in service in 2022.
- Timing covers required outages of existing two caverns to be completed by 2025.
- CAPEX required (Approx. $100MM) *

* Costs include overheads but does not include Base Gas or Withdrawal Train
Emissions

- Atmos Energy utilizes practices in our day-to-day operation to prevent or reduce methane emissions when it's practical to do so.

- We also incorporate new technology as appropriate for leak detection and monitoring.

- Founding partner in the EPA’s Natural Gas STAR Methane Challenge Program.

- We estimate that our practices will result in approximately a 50% reduction in methane emissions by 2035.
In Summary

- Executing on our vision to be the safest provider of natural gas services
- Significant prudent investment opportunity in our infrastructure and people
- Partnering with regulators and communities
- Leveraging new technology and business processes
- Delivering exceptional customer service
- Benefiting customers, communities, employees and investors
Financial Overview

Chris Forsythe
Senior Vice President and CFO
Historical Performance Overview

Execution Driving Consistent EPS and Dividend Growth

Adjusted EPS Growth
Dividend

Moody's / S&P
Baa1 / BBB+
FY12 $2.31 1.47% 59.7%
FY13 $2.53 1.45% 55.3%
FY14 $2.73 5.71% 54.2%
FY15 $3.05 5.41% 51.1%
FY16 $3.32 50.6%
FY17 $3.60 7.14%
FY18 $4.00 48.5%

Moody's / S&P
A2 / A
FY12
FY13
FY14
FY15
FY16
FY17
FY18

As of November 7, 2018
From September 30, 2011 to September 30, 2018 Total Shareholder Return was 255.6%
### Aligned Regulatory Strategy Focused on Safety

#### Efficient Recovery of Capital Spending Supports Ongoing Modernization

<table>
<thead>
<tr>
<th>Regulatory Support Enables</th>
<th>Regulatory Support Provides</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Replacement of at-risk and aging pipelines</td>
<td>- <strong>Reduced Regulatory Lag</strong></td>
</tr>
<tr>
<td>- Performance of necessary maintenance &amp; monitoring work</td>
<td>- Forward-looking test periods</td>
</tr>
<tr>
<td>- Employee training to improve safety</td>
<td>- Expense deferrals</td>
</tr>
<tr>
<td>- Compliance with evolving rules and regulations</td>
<td>- <strong>Contribution Margin Stability</strong></td>
</tr>
<tr>
<td></td>
<td>- Base charges – 61% of distribution contribution margins</td>
</tr>
<tr>
<td></td>
<td>- WNA – covers 97% of distribution contribution margins</td>
</tr>
<tr>
<td></td>
<td>- Pipeline &amp; Storage segment - tariff based margins</td>
</tr>
<tr>
<td></td>
<td>- <strong>More predictable earnings and cash flow</strong></td>
</tr>
<tr>
<td></td>
<td>- Regular, consistent rate adjustments</td>
</tr>
<tr>
<td></td>
<td>- Smaller annual impact to customer bills</td>
</tr>
</tbody>
</table>

As of November 7, 2018
Regulated Business Mix

100% Regulated Assets Creates Stable Revenue Stream

Net Income

Distribution Operating Revenues

- Industrial & Other: 8%
- Commercial: 27%
- Residential: 65%

Distribution Contribution Margins

- Base Charge: 40%
- Volumetric: 60%

As of November 7, 2018
Aligned Regulatory Strategy Focused on Safety

~ 85% of Annual CAPEX Begins to Earn Within Six Months

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Regulatory Mechanism</th>
<th>Deferral/Forward-Looking</th>
<th>Recovery Method</th>
<th>Service Territory Detail</th>
<th>CapEx</th>
</tr>
</thead>
<tbody>
<tr>
<td>Texas</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Mid-Tex</td>
<td>8.209</td>
<td>✓</td>
<td>RRM/DARR/GRIP</td>
<td>1,634</td>
<td>700-725</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GRIP *</td>
<td>NA</td>
<td>425-450</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>RRM/GRIP</td>
<td>313</td>
<td>100-110</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>RSC</td>
<td>363</td>
<td>115-125</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>SRF/SGR/SIR</td>
<td>269</td>
<td>100-110</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>PRP</td>
<td>183</td>
<td>90-100</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>ARM</td>
<td>151</td>
<td>60-70</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>GSRS</td>
<td>136</td>
<td>25-30</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>SSIR</td>
<td>120</td>
<td>25-30</td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td>-</td>
<td>24</td>
<td>3-5</td>
</tr>
</tbody>
</table>

| Louisiana    | RSC                  | ✓                         | -               | NA                       | 2,000  |
| Mississippi  | SIR                  | ✓                         | -               | 650                      | 115-125 |
| Kentucky     | PRP                  | ✓                         | -               | 460                      | 90-100  |
| Tennessee    | -                    | ✓                         | -               | 330                      | 60-70   |
| Kansas       | GSRS                 | -                         | -               | 240                      | 25-30   |
| Colorado     | SSIR                 | ✓                         | -               | 160                      | 25-30   |
| Virginia     | -                    | -                         | -               | 50                       | 3-5     |

* Requires a rate case every 5 years

As of November 7, 2018
Organic Growth Strategy

Constructive Regulatory Mechanisms Support Efficient Conversion of Safety and Reliability Investments into Financial Results

~ $9 - $10 billion in capital investment through 2023 + Constructive rate mechanisms that reduce regulatory lag = 6% - 8% Consolidated EPS growth

Rate Base ($billions)

<table>
<thead>
<tr>
<th>Year</th>
<th>Distribution</th>
<th>Pipeline and Storage</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>$7.0</td>
<td></td>
<td>$7.0</td>
</tr>
<tr>
<td>2018</td>
<td>$8.0</td>
<td></td>
<td>$8.0</td>
</tr>
<tr>
<td>2023E</td>
<td></td>
<td></td>
<td>$14.5 -$15.5</td>
</tr>
</tbody>
</table>

Annual Capital Recovery

Earning on Annual Investments:

- Within 0 - 6 months
- Within 7 - 12 months
- Greater than 12 months

~ 85%

Adjusted Earnings per Share

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019E</th>
<th>2023E</th>
</tr>
</thead>
<tbody>
<tr>
<td>$4.00</td>
<td>$4.20</td>
<td>$4.35</td>
<td>$5.40 - $5.80</td>
</tr>
</tbody>
</table>

1 Excludes $1.43 non-recurring benefit from the adoption of Tax Cuts and Jobs Act of 2017 (TCJA)
## Consolidated Financial Results – Fiscal 2018

### Adjusted Net Income Increased 16% Year-over-Year

<table>
<thead>
<tr>
<th>($millions, except EPS)</th>
<th>Fiscal 2018</th>
<th>Fiscal 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Net Income</td>
<td>Net Income</td>
</tr>
<tr>
<td>Distribution</td>
<td>$ 443</td>
<td>$ 268</td>
</tr>
<tr>
<td>Pipeline &amp; Storage</td>
<td>160</td>
<td>114</td>
</tr>
<tr>
<td>Natural Gas Marketing</td>
<td>----</td>
<td>14</td>
</tr>
<tr>
<td><strong>Net Income</strong></td>
<td>$ 603</td>
<td>$ 396</td>
</tr>
<tr>
<td><strong>(Less) Discontinued Operations</strong></td>
<td>----</td>
<td>(14)</td>
</tr>
<tr>
<td><strong>Net Income from Continuing Operations</strong></td>
<td>$ 603</td>
<td>$ 382</td>
</tr>
<tr>
<td>Nonrecurring benefit from the adoption of the TCJA</td>
<td>(159)</td>
<td>----</td>
</tr>
<tr>
<td><strong>Adjusted Net Income from Continuing Operations</strong></td>
<td>$ 444</td>
<td>$ 382</td>
</tr>
</tbody>
</table>

1 Adjusted Net Income and diluted EPS from Continuing Operations are non-GAAP measures defined as Net Income and diluted EPS from Continuing Operations before the one-time, non-cash income tax benefit resulting from the implementation of the Tax Cuts and Jobs Act of 2017 (TCJA).

2 Since Atmos Energy has non-vested share-based payments with a nonforfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.
Federal Tax Reform Summary

- Reduced FY 2018 effective tax rate to 27.3%; 36.6% in FY 2017
- Balance Sheet Re-Measurement Reduced Net Deferred Tax Liability By $905MM
  - $746MM increase in regulatory liabilities; future reduction to customer bills
  - $159MM one-time, non-cash income tax benefit to the Company
- Key Tax Attributes
  - $430MM federal net operating loss carry forwards; cash tax benefit through mid-2020s
  - $10MM AMT credit carry-forwards to be received by 2022
- Achieved Clarity on Implementation of Federal Tax Reform
  - Reduced customer bills in 7 of 8 states (Virginia pending)
  - Started to return excess deferred taxes in 6 states on a provisional basis
    - Final amortization period subject to final regulatory approval of protected and unprotected components of the excess deferred tax liability
- FY 2019 Five-Year Plan Implications
  - Effects of the TCJA fully reflected in current five year plan
  - 19% - 21%* effective tax rate anticipated for FY 2019 and beyond

* Inclusive of amortization of tax gross-up on excess deferred tax liability; 23% - 25% effective rate, excluding amortization.
## Federal Tax Reform – Regulatory Progress

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Note</th>
<th>Implement 21% in Rates</th>
<th>Refund Regulatory Liability</th>
<th>Refund Excess Deferred Taxes</th>
</tr>
</thead>
<tbody>
<tr>
<td>APT – Base rates</td>
<td>2</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Colorado (Includes SSIR)</td>
<td>1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Kansas</td>
<td>2</td>
<td>✓</td>
<td>✓</td>
<td></td>
</tr>
<tr>
<td>Kentucky</td>
<td>1</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Louisiana – LGS</td>
<td>1</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Louisiana – TransLa</td>
<td>1</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Mississippi (SIR &amp; SRF)</td>
<td>1</td>
<td>✓</td>
<td>N/A</td>
<td>✓</td>
</tr>
<tr>
<td>Tennessee</td>
<td>1</td>
<td>✓</td>
<td></td>
<td>✓</td>
</tr>
<tr>
<td>Texas – ACSC/WTX Cities</td>
<td>1</td>
<td>✓</td>
<td>✓</td>
<td>✓</td>
</tr>
<tr>
<td>Texas – ATM/MTX Cities</td>
<td>2</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texas – Dallas/MTX</td>
<td>2</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Texas – WTX and MTX Environ</td>
<td>2</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia</td>
<td>2</td>
<td>✓</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

- ✓ Indicates that TCJA adjustment has been reflected in rates
- 1 EDTL amortization period is provisional and is subject to final true-up
- 2 The effect of the TCJA that is not already reflected in rates is expected to be addressed in future filings

As of August 8, 2018

As of November 7, 2018
Safety & Reliability Investments Enable Modernization of Infrastructure

<table>
<thead>
<tr>
<th>Safety and Reliability</th>
<th>Customer Expansion</th>
<th>Other</th>
</tr>
</thead>
<tbody>
<tr>
<td>85%</td>
<td>11%</td>
<td>4%</td>
</tr>
</tbody>
</table>

As of November 7, 2018

**Fiscal 2018 CapEx**

<table>
<thead>
<tr>
<th>Description</th>
<th>Millions</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repair and replace transmission and distribution pipelines</td>
<td>$671</td>
</tr>
<tr>
<td>Service line replacement</td>
<td>$163</td>
</tr>
<tr>
<td>Fortification</td>
<td>$122</td>
</tr>
<tr>
<td>Install &amp; replace measurement &amp; regulating equipment</td>
<td>$111</td>
</tr>
<tr>
<td>Enhance storage and compression capabilities</td>
<td>$108</td>
</tr>
<tr>
<td>Pipeline integrity management projects</td>
<td>$74</td>
</tr>
<tr>
<td>Total Safety and Reliability Spending</td>
<td>$1,249</td>
</tr>
<tr>
<td>Total Capital Spending</td>
<td>$1,468</td>
</tr>
</tbody>
</table>
## Key Regulatory Developments - Fiscal 2018

### Significant Regulatory Developments

#### Texas
- Modified annual mechanisms for ~85% of Texas distribution customers
- Dallas Statement of Intent (SOI) settled
- 9.8% ROE; 58% equity cap; formerly 10.5%/10.1% ROE and 55% equity cap

#### Mississippi
- Streamlined filing process
- Retained annual ROE calculation (10.24% awarded November 2018) & forward-look components
- Actual capital structure

#### Colorado
- 5 year renewal infrastructure mechanism

#### Kansas
- Enhanced GSRS legislation in Kansas

### Annual Filings Recover Safety and Reliability Spending Timely

#### 18 filings completed; $80.1MM in annualized operating income increases
- Outcomes include the impact of the TCJA; economic outcomes in line with expectations

#### 12 filings pending as of September 30, 2018 seeking $53.7MM
- 6 filings completed; $22.8MM in outcomes, inclusive of tax reform
Strong Financial Foundation

Capitalization and Liquidity Profile

Total Capitalization at September 30, 2018

<table>
<thead>
<tr>
<th></th>
<th>Equity</th>
<th>LT Debt</th>
<th>ST Debt</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept 30 2018</td>
<td>57%</td>
<td>36%</td>
<td>7%</td>
</tr>
<tr>
<td>Sept 30 2017</td>
<td>53%</td>
<td>41%</td>
<td>6%</td>
</tr>
</tbody>
</table>

Liquidity Profile as of September 30, 2018

- **Availability**
  - Five-year revolver: $1,500.0
  - One-year facilities: $13.8
  - Undrawn term loan: $35.0

- **Outstanding**
  - Cash: $75.0
  - Available Liquidity at 9/30/2018: ~$1.0 billion

As of November 7, 2018
Strong Financial Foundation

Weighted Average Maturity ~16 Years

(1) These notes mature March 2019. The Treasury yield component associated with the anticipated refinancing of these notes has been effectively fixed at 3.782%.

(2) Drawn under a 3-year $200 million multi-draw floating rate term loan.

As of November 7, 2018
Strong Financial Foundation

Improved Weighted Average Cost of Long-Term Debt
Credit Metrics Remain Strong

As of November 7, 2018

Net Long-Term Debt

Interest Rate %


($ millions)

$0 $500 $1,000 $1,500 $2,000 $2,500 $3,000 $3,500 $4,000

6.2 5.9 5.9 4.9 5.2 4.7

Strong Investment-Grade Credit Ratings
CFO (Pre-WC) / Adj Debt - ~25%

<table>
<thead>
<tr>
<th></th>
<th>Moody's</th>
<th>Standard &amp; Poor's</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Senior Unsecured</td>
<td>A2</td>
<td>A</td>
</tr>
<tr>
<td>• Commercial Paper</td>
<td>P-1</td>
<td>A-1</td>
</tr>
<tr>
<td>• Ratings Outlook</td>
<td>Stable</td>
<td>Stable</td>
</tr>
</tbody>
</table>
Fiscal 2019E – 2023E Guidance
## Fiscal 2019E Guidance

<table>
<thead>
<tr>
<th>($millions, except EPS)</th>
<th>FY 2018 Adjusted Net Income</th>
<th>FY 2019E*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Distribution</td>
<td>$305</td>
<td>$330 - 345</td>
</tr>
<tr>
<td>Pipeline &amp; Storage</td>
<td>139</td>
<td>165 - 180</td>
</tr>
<tr>
<td><strong>Total Net Income</strong></td>
<td><strong>$444</strong></td>
<td><strong>$495 - 525</strong></td>
</tr>
<tr>
<td>Average Diluted Shares</td>
<td>111.0</td>
<td>118.0 - 120.0</td>
</tr>
<tr>
<td><strong>Earnings Per Share</strong></td>
<td><strong>$4.00</strong></td>
<td><strong>$4.20 - $4.35</strong></td>
</tr>
</tbody>
</table>

* Expected results for fiscal 2019 assumes normal weather. Changes in events or other circumstances that the Company cannot currently anticipate could materially impact earnings, and could result in earnings for fiscal 2019 significantly above or below this outlook.

1 Since Atmos Energy has non-vested share-based payments with a non-forfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.

2 Excludes $159 million or $1.43 per diluted share, non-recurring benefit from the adoption of the TCJA.
### Fiscal 2019E Guidance

<table>
<thead>
<tr>
<th>Selected Expenses ($millions)</th>
<th>FY 2018</th>
<th>FY 2019E*</th>
</tr>
</thead>
<tbody>
<tr>
<td>O&amp;M</td>
<td>$600</td>
<td>$585 - 615</td>
</tr>
<tr>
<td>D&amp;A</td>
<td>$361</td>
<td>$385 - 405</td>
</tr>
<tr>
<td>Interest</td>
<td>$107</td>
<td>$85 - 95</td>
</tr>
<tr>
<td>Income Tax</td>
<td>$8</td>
<td>$135 - 145</td>
</tr>
<tr>
<td>Effective Tax Rate</td>
<td>27.3%</td>
<td>19% - 21%**</td>
</tr>
</tbody>
</table>

* Expected results for fiscal 2019 assumes normal weather. Changes in events or other circumstances that the Company cannot currently anticipate could materially impact earnings, and could result in earnings for fiscal 2019 significantly above or below this outlook.

** Inclusive of amortization of tax gross-up on excess deferred tax liability; 23% - 25% effective rate, excluding amortization
System Modernization Driving Capital Spending

Consolidated 2019E Capital Expenditures of $1.65 billion - $1.75 billion
Over 85% of annual CAPEX begins to earn within 6 months from end of test year

As of November 7, 2018
Capital Spending Drives Rate Base Growth

Focused on enhancing system safety and reliability

* Estimated rate base at the end of each fiscal year
Constructive Rate Outcomes Support Continued Investment

Annualized Increases From Implemented Rate Activity

- Customers and investors benefit from fair and reasonable regulation
- Earning on over 85% of annual CAPEX within 6 months of test year end
- Distribution features:
  - 97% Weather normalization stabilizes rates and margins
  - 76% Bad Debt Recovery insulates margins from the commodity portion of bad debt expense

* Includes the impact of lower rates to reflect implementation of TCJA

As of November 7, 2018
Average Residential Bill

Average Customer Bill Remains Affordable

2019E – 2023E Assumptions

- Normal weather and consumption
- $9 - $10 billion of CAPEX spending.
- Average all-in gas cost of $4.50 to $5.50 per mcf

As of November 7, 2018
Monthly Household Bills

Natural Gas Bills Lowest Among Residential Utilities

Sources:
- Natural Gas $56. F2018 Atmos Energy enterprise-wide average monthly residential bill
- Water $112. Circle of Blue (www.circleofblue.org); 2018 average monthly residential bill of 30 major U.S. cities-does not include sewer or storm water
- Cable/Satellite TV $106. Q3 2017; Leichtman Research Group, Pay-TV in the U.S. 2017
- Electric $113. Energy Information Administration (www.eia.gov); 2016 average monthly residential bill
- Mobile Phone $121. Federal Communications Commission (www.fcc.gov); 2016 average monthly bill for 2 smartphones
35 Consecutive Years of Dividend Increases

- Dividend increased 8.2% for Fiscal 2019
- The indicated annual dividend rate for Fiscal 2019 is $2.10
- Long-term targeted payout ratio of 50% - 55%

Note: Amounts are adjusted for mergers and acquisitions.
Anticipated Financing Plans
Fiscal 2019E – Fiscal 2023E

- Currently anticipate incremental long-term financing of $5.0 billion - $6.0 billion through fiscal 2023

- Issuance of debt and equity securities to maintain a balanced capital structure with an equity-to-capitalization ratio in a target range of 50 to 60 percent, inclusive of short-term debt

- Short-term debt utilized to provide cost-effective financing until it can be replaced with a mix of long-term debt and equity financing

- Supported by a $3 billion shelf registration statement filed in November 2018

- Financing plans are reflected in our earnings and EPS growth estimates for Fiscal 2019 through Fiscal 2023 and are expected to support current credit metrics
Sustainable Financial Performance

Execution Drives Annual 6%-8% EPS & DPS Growth

Key Assumptions

- FY 19-23 capital spending rising 9%-10% annually for a total of $9-$10 billion
- O&M expense inflation rate of 2.5% - 3.5% annually
- Maintain existing regulatory mechanisms for infrastructure investment
- Normal weather
- Approximately $5.0 billion to $6.0 billion of incremental long-term debt and equity financing through Fiscal 2023

$4.00 \(^1\)  \rightarrow  $5.40 - $5.80

6% - 8% Annually

As of November 7, 2018

\(^1\) Excludes $1.43 non-recurring benefit from the adoption of the TCJA
Summary

Mike Haefner
## Long-term Sustainability

### Focus on Execution of Strategy

<table>
<thead>
<tr>
<th>Well-Positioned</th>
<th>Opportunities</th>
<th>Challenges</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consistent Earnings Growth</td>
<td>Investment in Safety &amp; Reliability</td>
<td>Evolving Safety &amp; Compliance Regulations</td>
</tr>
<tr>
<td>100% Regulated</td>
<td>Annual Mechanisms Provide Stable Rate Treatment</td>
<td>Access to Skilled Workforce and Qualified Contractors</td>
</tr>
<tr>
<td>Constructive Regulatory Jurisdictions</td>
<td>Customer Growth Investment in Technologies That Improve Safety and Efficiencies</td>
<td>Maintaining Constructive Rate Making Environments</td>
</tr>
<tr>
<td>Long Runway of Organic Investment Opportunities</td>
<td>Continued Low Natural Gas Price Environment</td>
<td>Continued Operational Execution at Higher Levels of Investment</td>
</tr>
<tr>
<td>Ability to Scale Investment</td>
<td></td>
<td>Continual Access to Capital Markets</td>
</tr>
</tbody>
</table>

As of November 7, 2018
Operating Principles are essential to executing our strategy and to sustaining our operating and financial performance

<table>
<thead>
<tr>
<th></th>
<th>Operating Principles</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Execute Exceptionally Well</td>
</tr>
<tr>
<td>2</td>
<td>Manage Risk</td>
</tr>
<tr>
<td>3</td>
<td>Improve Every Day</td>
</tr>
<tr>
<td>4</td>
<td>Adapt Quickly</td>
</tr>
<tr>
<td>5</td>
<td>Develop Employees, Grow Leaders and Shape Culture</td>
</tr>
<tr>
<td>6</td>
<td>Build Relationships and Give Back</td>
</tr>
</tbody>
</table>
Strong Corporate Governance

- **Board of Directors**
  - Elected Annually
  - 79% Independent Directors
  - 21% Women and 36% Women & Minority Directors

- **Diversifying Workforce Reflects the Communities We Serve**
  - 24% of Officers Women & Minorities
  - 60% of New Hires Women & Minorities

- **Management Committee Oversight**

- **Risk Compliance Committee**

- **Commitment to Cybersecurity**

- **Code of Conduct Signed Annually By All Employees**

As of November 7, 2018
Safety Investments Are Environmentally Responsible

- **Natural Gas Cleanest Fossil Fuel**
  - 92% Energy efficiency
  - Natural gas local distribution companies responsible for 0.1% of all natural gas emissions

- **Pipeline Replacement – Improved Safety & Reduced Leaks**
  - Past 5 Years Replaced >3,200 miles of pipe decreasing total emissions 13.7%
  - Next 5 Years - Plan to replace 5,000 – 6,000 miles of pipe
  - Anticipate 50% reduction in methane emissions by 2035

- **Little Things Add Up**
  - Move & use landfill gas
  - Compress gas when taking pipes in and out of service
  - Flare vs. vent

- **LEED Certified Buildings Reduce Annual Carbon Footprint**
  - 541 metric tons of CO2
  - 4,868 GM of SO2
  - 2,372 GM of NOX

As of November 7, 2018
## Long-term Sustainability

### Driven by the Alignment of All Stakeholders

<table>
<thead>
<tr>
<th>Communities</th>
<th>Customers</th>
<th>Employees</th>
<th>Investors</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Keeping the ~1,400 communities we serve safe</td>
<td>- Focus on safety of our customers</td>
<td>- 850,000 Hours of training at Charles K Vaughan Center since 2010.</td>
<td>- Consistent earnings &amp; dividend growth</td>
</tr>
<tr>
<td>- Giving back to the communities through volunteer hours and donations</td>
<td>- Investment in technology to improve customer interactions</td>
<td>- Diversifying workforce – 60% new hires women or minorities</td>
<td>- 100% regulated</td>
</tr>
<tr>
<td>- Partnering with regulators on economic development</td>
<td>- Share the Warmth program</td>
<td>- College tuition support</td>
<td>- Organic growth story</td>
</tr>
<tr>
<td>- Reducing carbon footprint</td>
<td>- LIHEAP Program</td>
<td>- Benefits that allow employees to balance work &amp; life</td>
<td>- Constructive regulatory relationships</td>
</tr>
</tbody>
</table>

---

As of November 7, 2018
Appendix
# Key Regulatory Developments – Fiscal 2019E

## Rate Filing Outlook

<table>
<thead>
<tr>
<th>Q1</th>
<th>October → December</th>
<th>Q2</th>
<th>January → March</th>
<th>Q3</th>
<th>April → June</th>
<th>Q4</th>
<th>July → September</th>
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</thead>
<tbody>
<tr>
<td>Mississippi – Approved Stable Rate Filing (SRF) and System Integrity Rider (SIR) of $7.0 million</td>
<td>Atmos Pipeline Texas (APT) – Anticipate filing 2018 GRIP request in February 2019; new rates anticipated Q3 fiscal 2019</td>
<td>Louisiana – Anticipate LGS annual Rate Stabilization Clause filing in April 2019; new rates anticipated Q4 fiscal 2019</td>
<td>Mississippi – Anticipate Stable Rate Filing filing in July 2019; new rates anticipated Q1 fiscal 2020</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Tennessee – Approved Annual Rate Mechanism (ARM) of $(5.0) million</td>
<td>Tennessee – Anticipate filing annual mechanism in February 2019; new rates anticipated Q3 fiscal 2019</td>
<td></td>
<td></td>
<td>Kentucky – Anticipate filing rate case in September 2019 new rates anticipated Q3 fiscal 2019</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Colorado – Anticipate filing System Safety and Integrity Rider (SSIR) in October 2018; new rates anticipated Q2 fiscal 2019</td>
<td>Mid-Tex and WTX Cities – Anticipate Rate Review Mechanism (RRM) filing in April 2019; new rates anticipated Q1 fiscal 2020</td>
<td></td>
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</tr>
<tr>
<td>Kansas – Anticipate filing Gas System Reliability Surcharge (GSRS) in January 2019; new rates anticipated Q3 fiscal 2019</td>
<td>Texas Environ Customers - Anticipate filing GRIP in March 2019; new rates anticipated Q3 fiscal 2019</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Louisiana – Anticipate filing TransLa jurisdiction annual Rate Stabilization Clause filing in December 2018; new rates anticipated Q3 fiscal 2019</td>
<td>West Texas ALDC – Anticipate filing annual GRIP request in March 2019; new rates anticipated Q3 fiscal 2019</td>
<td></td>
<td></td>
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<tr>
<td>Mid-Tex (Dallas) – Anticipate filing Dallas Annual Rate Review (DARR) January 2019; new rates anticipated Q3 fiscal 2019</td>
<td>Mississippi – Anticipate filing System Integrity Rider (SIR) in March 2019; new rates anticipated Q1 fiscal 2020</td>
<td></td>
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<td></td>
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<td></td>
</tr>
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</table>

As of November 7, 2018
**Mid-Tex Division - Overview**

**Key Regulatory Features:**
- Each municipality has original jurisdiction
- Railroad Commission of Texas (RRC) has *appellate* jurisdiction and *original* jurisdiction over environs customers
- Weather normalization from November - April
- Rule 8.209 – System safety and reliability capital deferral mechanism
- Bad debt gas cost & pension post-retiree expense deferral

**Largest Natural Gas Distributor in Texas**

<table>
<thead>
<tr>
<th>Communities Served</th>
<th>550</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers Served</td>
<td>1,700,000</td>
</tr>
<tr>
<td>Miles of Distribution Pipe</td>
<td>29,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Regulator</th>
<th>Cities %</th>
<th>Cust. %</th>
<th>ROE</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Rate Review</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ACSC</td>
<td>Cities</td>
<td>31%</td>
<td>65%</td>
<td>9.8%</td>
<td>58% Cap</td>
</tr>
<tr>
<td>ATM</td>
<td>Cities</td>
<td>9%</td>
<td>13%</td>
<td>10.5%</td>
<td>55% Cap</td>
</tr>
<tr>
<td>Dallas</td>
<td>City</td>
<td>0.2%</td>
<td>14%</td>
<td>9.8%</td>
<td>Actual</td>
</tr>
<tr>
<td>Non Affiliated</td>
<td>Cities</td>
<td>41%</td>
<td>5%</td>
<td>9.8%</td>
<td>58% Cap</td>
</tr>
<tr>
<td>GRIP</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environ</td>
<td>RRC</td>
<td>19%</td>
<td>3%</td>
<td>10.5%</td>
<td>52% Cap</td>
</tr>
</tbody>
</table>

As of November 7, 2018
West Texas Division - Overview

Key Regulatory Features:

- Each municipality has original jurisdiction
- Railroad Commission of Texas (RRC) has appellate jurisdiction and original jurisdiction over environs customers
- Weather normalization from October – May
- Rule 8.209 – System safety and reliability capital deferral mechanism
- Bad debt gas cost & pension post-retiree expense deferral

<table>
<thead>
<tr>
<th>Mechanism</th>
<th>Regulator</th>
<th>Cities %</th>
<th>Cust. %</th>
<th>ROE</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>RRM Cities</td>
<td>Cities</td>
<td>85%</td>
<td>45%</td>
<td>9.8%</td>
<td>58% Cap</td>
</tr>
<tr>
<td>GRIP</td>
<td></td>
<td></td>
<td></td>
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<td></td>
</tr>
<tr>
<td>ALDC</td>
<td>RRC</td>
<td>5%</td>
<td>47%</td>
<td>10.5%</td>
<td>52% Cap</td>
</tr>
<tr>
<td>Environ</td>
<td>RRC</td>
<td>10%</td>
<td>8%</td>
<td>10.5%</td>
<td>52% Cap</td>
</tr>
</tbody>
</table>

Communities Served: 80
Customers Served: 315,000
Miles of Distribution Pipe: 7,700

As of November 7, 2018
Louisiana Division - Overview

<table>
<thead>
<tr>
<th>Communities Served</th>
<th>300</th>
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</thead>
<tbody>
<tr>
<td>Customers Served</td>
<td>360,000</td>
</tr>
<tr>
<td>Miles of Distribution Pipe</td>
<td>8,300</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Regulator</th>
<th>ROE</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>LGS</td>
<td>LPSC</td>
<td>9.8%</td>
<td>53% Cap</td>
</tr>
<tr>
<td>Trans-La</td>
<td>LPSC</td>
<td>9.8%</td>
<td>53% Cap</td>
</tr>
</tbody>
</table>

Key Regulatory Features:
- Public Service Commission – 5 elected commissioners, serve staggered 6-year terms
- Rates updated annually through the Rate Stabilization Clause (RSC), which contains a safety and reliability mechanism (SIIP) that includes deferral of carrying costs
- Weather normalization in place from December – March
- Post-retiree expense averaging

As of November 7, 2018
Mississippi Division - Overview

Communities Served | 110
Customers Served | 270,000
Miles of Distribution Pipe | 6,500

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Regulator</th>
<th>ROE</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Mississippi</td>
<td>PSC</td>
<td>10.24%</td>
<td>Actual</td>
</tr>
</tbody>
</table>

Key Regulatory Features:

- Public Service Commission – 3 elected commissioners with 4-year terms
- Rates updated annually through Stable Rate Filing (SRF) for capital and expenses; forward-looking capital and associated costs
  - System Integrity Rider (SIR) is a separate safety and reliability mechanism that includes capital spending and associated costs
- Weather normalization in place from November – April
Kentucky/Mid-States Division - Overview

<table>
<thead>
<tr>
<th>Communities Served</th>
<th>230</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers Served</td>
<td>360,000</td>
</tr>
<tr>
<td>Miles of Distribution Pipe</td>
<td>8,300</td>
</tr>
</tbody>
</table>

**Key Regulatory Features:**

- **KY:** 3 appointed commissioners, 4-year staggered terms
  - Annual PRP adjusts bills annually for anticipated CapEx
  - Traditional rates for remainder with forward-looking costs of service
  - Weather normalization from November – April
  - Bad debt gas cost recovery

- **TN:** 5 appointed commissioners, 4-year terms
  - Annual rate making mechanism with forward-looking costs of service and true-up filing
  - Weather normalization from November – April
  - Bad debt gas cost recovery, pension cash contributions recovered as incurred

- **VA:** 3 appointed commissioners, 6-year staggered terms
  - Annual forward-looking infrastructure mechanism - SAVE
  - Weather normalization January – December
  - Bad debt gas cost recovery

---

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Regulator</th>
<th>ROE</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kentucky</td>
<td>PSC</td>
<td>9.7%</td>
<td>53% Cap</td>
</tr>
<tr>
<td>Tennessee</td>
<td>TRA</td>
<td>9.8%</td>
<td>53% Cap</td>
</tr>
<tr>
<td>Virginia</td>
<td>VSCC</td>
<td>1</td>
<td>1</td>
</tr>
</tbody>
</table>

1 Not included in final decision

As of November 7, 2018
Key Regulatory Features:

- **CO**: 3 appointed commissioners, 4-year staggered terms
  - Forward-looking system infrastructure rider (SSIR)
- **KS**: 3 appointed commissioners, 4-year staggered terms
  - Annual infrastructure mechanism – Gas Safety and Reliability Surcharge (GSRS)
  - Weather normalization from November – April
  - Bad debt gas cost recovery
  - Property tax deferral
  - Post-retiree pension expense deferral

---

<table>
<thead>
<tr>
<th>Jurisdiction</th>
<th>Regulator</th>
<th>ROE</th>
<th>Equity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kansas</td>
<td>KCC</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>Colorado</td>
<td>CPUC</td>
<td>9.45%</td>
<td>56% Cap</td>
</tr>
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</table>

¹ Not included in final decision
Atmos Pipeline – Texas Overview

<table>
<thead>
<tr>
<th>Miles of Gas Transmission Pipeline</th>
<th>5,700</th>
</tr>
</thead>
<tbody>
<tr>
<td>Working Storage Capacity</td>
<td>46 Bcf</td>
</tr>
</tbody>
</table>

Key Regulatory Features:

- Railroad Commission of Texas (RRC): 3 elected commissioners, with six-year staggered terms
- Rates updated annually through GRIP (Gas Reliability Infrastructure Program)
  - Approved change in net utility plant investment incurred in the prior calendar year; based on existing returns
  - Requires general rate case every 5 years
- Straight fixed/variable rates
- Rider Rev margin normalization credited to tariff-based customers; $69.4 million benchmark

As of November 7, 2018
<table>
<thead>
<tr>
<th>Jurisdictions</th>
<th>Effective Date of Last Rate Action</th>
<th>Date of Last Rate Filing (Pending)</th>
<th>Authorized Operating Income $ millions</th>
<th>Requested Operating Income $ millions</th>
<th>Rate Base $ millions (1)</th>
<th>Requested Rate Base $ millions</th>
<th>Authorized Rate of Return (1)</th>
<th>Requested Rate of Return</th>
<th>Authorized Return on Equity (1)</th>
<th>Requested Return on Equity</th>
<th>Authorized Debt/Equity Ratio</th>
<th>Requested Debt/Equity Ratio</th>
<th>Meters at 9/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Atmos Pipeline-TX (GUD 10580)</td>
<td>8/1/17</td>
<td></td>
<td>$13.0</td>
<td></td>
<td>$1,767</td>
<td>8.87%</td>
<td>11.50%</td>
<td>NA</td>
<td>47/53</td>
<td>NA</td>
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<td>NA</td>
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<tr>
<td>Atmos Pipeline-TX GRIP</td>
<td>5/22/18</td>
<td></td>
<td>$42.2</td>
<td></td>
<td>$2,122</td>
<td>8.87%</td>
<td>11.50%</td>
<td>NA</td>
<td>47/53</td>
<td>NA</td>
<td></td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Mid-Tex - City of Dallas SOI</td>
<td>2/14/18</td>
<td></td>
<td>$(5.1)</td>
<td></td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td></td>
<td>NA</td>
<td></td>
<td></td>
<td>NA</td>
</tr>
<tr>
<td>Mid-Tex Cities RRM</td>
<td>10/1/18</td>
<td></td>
<td>$17.6</td>
<td></td>
<td>$2,587</td>
<td>7.87%</td>
<td>9.80%</td>
<td>42/58</td>
<td>1,233,710</td>
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<td></td>
<td>1,233,710</td>
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<tr>
<td>Mid-Tex ATM Cities SOI (GUD 10779)</td>
<td>6/1/18</td>
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<td>$4.3</td>
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<td>$2,574</td>
<td>8.39%</td>
<td>10.50%</td>
<td>40/60</td>
<td>169,862</td>
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<td></td>
<td></td>
<td>169,862</td>
</tr>
<tr>
<td>Appealed Mid-Tex Dallas DARR (GUD 10640)</td>
<td>12/5/17</td>
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<td>$2,268</td>
<td>3</td>
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<td>10.10%</td>
<td>41/59</td>
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<td>230,020</td>
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<tr>
<td>Mid-Tex Environs GRIP (GUD 10607)</td>
<td>6/5/18</td>
<td></td>
<td>$1.6</td>
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<td>$2,511</td>
<td>3</td>
<td>8.57%</td>
<td>10.50%</td>
<td>48/52</td>
<td></td>
<td></td>
<td></td>
<td>63,579</td>
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<tr>
<td>Mid-Tex Environs SOI (GUD 10742)</td>
<td>6/29/18</td>
<td></td>
<td>$(1.9)</td>
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<td>$2,574</td>
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<td>10.50%</td>
<td>40/60</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td>NA</td>
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<tr>
<td>West Texas Division SOI</td>
<td>4/1/14</td>
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<td>$8.4</td>
<td></td>
<td>$324</td>
<td>2</td>
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<td></td>
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<td></td>
<td>NA</td>
</tr>
<tr>
<td>WTX Cities RRM</td>
<td>10/1/18</td>
<td></td>
<td>$2.8</td>
<td></td>
<td>$506</td>
<td>2</td>
<td>7.87%</td>
<td>9.80%</td>
<td>42/58</td>
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<td>143,301</td>
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<td>WTX ALDC GRIP</td>
<td>6/8/18</td>
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<td>$4.4</td>
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<td>$508</td>
<td>8.57%</td>
<td>10.50%</td>
<td>48/52</td>
<td>146,384</td>
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<tr>
<td>WTX Environs GRIP</td>
<td>6/5/18</td>
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<td>$0.8</td>
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<td>$508</td>
<td>8.57%</td>
<td>10.50%</td>
<td>48/52</td>
<td>24,143</td>
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<td>WTX Environs SOI (GUI 10743)</td>
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<td>$(0.5)</td>
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<td>$507</td>
<td>8.39%</td>
<td>10.5%</td>
<td>40/60</td>
<td>NA</td>
<td></td>
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<td></td>
<td>NA</td>
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<tr>
<td>Louisiana-LGS (U-34424)</td>
<td>7/1/18</td>
<td></td>
<td>$(1.5)</td>
<td></td>
<td>$419</td>
<td>7.55%</td>
<td>9.80%</td>
<td>44/56</td>
<td>285,634</td>
<td></td>
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<td>285,634</td>
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</tbody>
</table>

(See Next Page for Footnote Explanations)
### Regulatory Summary (continued)

<table>
<thead>
<tr>
<th>Jurisdictions</th>
<th>Effective Date of Last Rate Filing (Pending)</th>
<th>Date of Last Rate Filing</th>
<th>Authorized Operating Income $ millions</th>
<th>Requested Operating Income $ millions</th>
<th>Rate Base $ millions (1)</th>
<th>Requested Rate Base $ millions</th>
<th>Authorized Rate of Return (%)</th>
<th>Requested Rate of Return (%)</th>
<th>Authorized Return on Equity (%)</th>
<th>Requested Return on Equity (%)</th>
<th>Authorized Debt/Equity Ratio</th>
<th>Requested Debt/Equity Ratio</th>
<th>Meters at 9/30/18</th>
</tr>
</thead>
<tbody>
<tr>
<td>Louisiana-Trans La (U-34714)</td>
<td>5/1/18</td>
<td>5/1/18</td>
<td>$ (1.9)</td>
<td>$169</td>
<td>7.26%</td>
<td>9.80%</td>
<td>49/51</td>
<td>76,599</td>
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<tr>
<td>Mississippi SRF (2005-UN-0503)</td>
<td>10/23/18</td>
<td>10/23/18</td>
<td>$ (0.1)</td>
<td>$416</td>
<td>7.81%</td>
<td>10.24%</td>
<td>45/55</td>
<td>269,333</td>
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<tr>
<td>Mississippi SGR (2013-UN-023)</td>
<td>12/5/17</td>
<td>12/5/17</td>
<td>$1.2</td>
<td>$24</td>
<td>8.70%</td>
<td>12.00%</td>
<td>47/53</td>
<td>NA</td>
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<tr>
<td>Mississippi SIR (2015-UN-049)</td>
<td>10/23/18</td>
<td>10/23/18</td>
<td>$7.1</td>
<td>$126</td>
<td>7.81%</td>
<td>10.24%</td>
<td>45/55</td>
<td>NA</td>
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<tr>
<td>Kentucky (2018-00281)</td>
<td>5/3/18</td>
<td>9/28/18</td>
<td>$ (7.5)</td>
<td>$14.4</td>
<td>$428</td>
<td>$496</td>
<td>7.41%</td>
<td>7.95%</td>
<td>9.70%</td>
<td>10.40%</td>
<td>47/53</td>
<td>42/58</td>
<td>182,510</td>
</tr>
<tr>
<td>Tennessee ARM (18-00067)</td>
<td>10/15/18</td>
<td>10/15/18</td>
<td>$ (5.0)</td>
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<td>7.26%</td>
<td>9.80%</td>
<td>49/51</td>
<td>150,661</td>
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</tr>
<tr>
<td>Kansas GSRS (18-ATMG-218-TAR)</td>
<td>2/27/18</td>
<td>2/27/18</td>
<td>$0.8</td>
<td>$213</td>
<td>2</td>
<td>2</td>
<td>2</td>
<td>135,820</td>
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<td></td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Colorado (17AL-0429G)</td>
<td>5/3/18</td>
<td>5/3/18</td>
<td>$ (0.2)</td>
<td>$135</td>
<td>7.55%</td>
<td>9.45%</td>
<td>44/56</td>
<td>120,384</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>Colorado SSIR (17AL-0728G)</td>
<td>1/1/18</td>
<td>1/1/18</td>
<td>$2.2</td>
<td>$30</td>
<td>7.82%</td>
<td>9.60%</td>
<td>48/52</td>
<td>NA</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Virginia (PUE-2018-00014)</td>
<td>10/1/17</td>
<td>6/1/18</td>
<td>$0.3</td>
<td>$ 0.6</td>
<td>$48</td>
<td>$48</td>
<td>2</td>
<td>8.02%</td>
<td>2</td>
<td>11.15%</td>
<td>2</td>
<td>42/58</td>
<td>24,396</td>
</tr>
</tbody>
</table>

1. Rate base, authorized rate of return and authorized return on equity presented in this table are those from the last base rate case for each jurisdiction. These rate bases, rates of return and returns on equity are not necessarily indicative of current or future rate bases, rates of return or returns on equity.
2. A rate base, rate of return, return on equity or debt/equity ratio was not included in the final decision.
3. Division rate base is represented on a 'system-wide' basis.
4. GRIP filings are based on existing returns and the change in net utility plant investment.
5. Includes the cities of Amarillo, Lubbock, Dalhart and Channing.

Other: Annual Rate Filing Mechanisms allowed in Mid-Tex Cities RRM, Mid-Tex Dallas DARR, West Texas Cities RRM, Louisiana, Mississippi and Tennessee; Bad Debt Rider allowed in all jurisdictions except Colorado, Louisiana and Mississippi; WNA allowed in all jurisdictions except Colorado.