

Delivering clean, safe and economical energy  
to over 3 million homes and businesses

## Atmos Energy

A multi-state regulated natural gas delivery company achieving strong financial growth through infrastructure investment, enhancing the safety and reliability of our system

ATO  
LISTED  
NYSE



# FISCAL 2020 HIGHLIGHTS

## Governance

- Transitioned 95% of our employees to a digital working environment
- Launched a Corporate Responsibility section on our website to provide greater transparency around our ESG practices
- Formalized our corporate communications strategy to further improve engagement with all stakeholders

## Environmental

- Continued to reduce methane emissions by replacing 845 miles of pipe
- Delivered 5.1 Bcf of RNG and CNG; equivalent to removing 58,000 cars from the road annually
- Joined Our Nation's Energy Future Coalition (ONE Future)
- Published updated CRS & Methane Emissions Reports

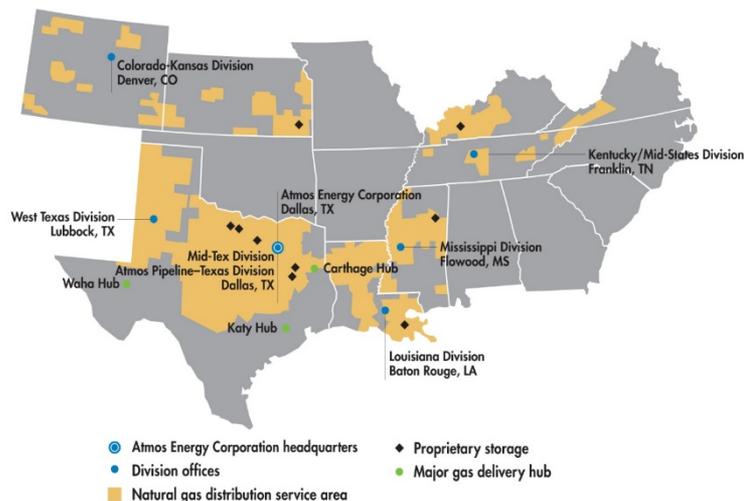
## Social

- Kicked off our rebranding efforts for Fueling Safe and Thriving Communities
- Contributed \$14 million to charitable organization
- Provided over 226,000 training hours to our employees; approximately 40% were delivered virtually

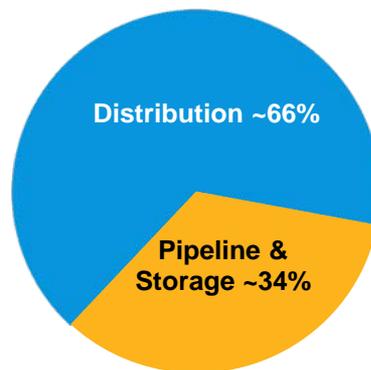
# **BUSINESS OVERVIEW AND STRATEGY**

# Leading Natural Gas Delivery Platform

## Eight-state distribution territory

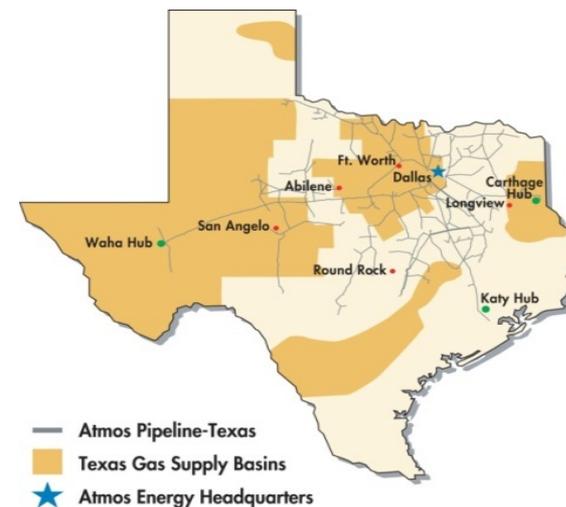


## Business Mix



2020 Net Income

## Intrastate pipeline system



### Diversified LDC platform in 8 states

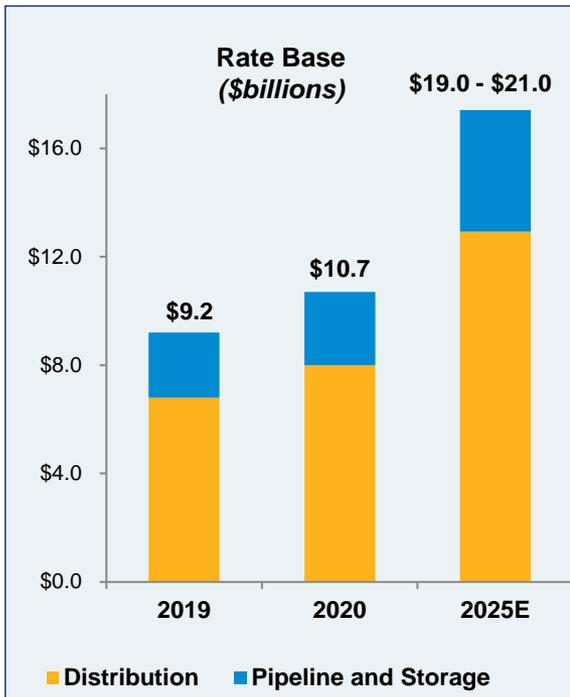
- Largest pure-play natural gas LDC with over 3 million customers in 8 states
- ~72,000 miles of distribution and transmission mains
- ~62% of distribution rate base is located in Texas
- Blended allowed ROE of 9.8%
- Constructive regulatory mechanisms reduce lag

### 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

# Safety Driven, Organic Growth Strategy

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



1. Adjusted diluted EPS is a non-GAAP measure defined as diluted EPS before a one-time, non-cash income tax benefit recognized in Q3 2020.

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

### Attractive pure-play total return

- Earnings are 100% regulated and rate base driven
- 6 - 8% forecasted EPS growth through Fiscal 2025
- Dividend per share grows commensurately with EPS

### Diversified asset base with constructive regulation

- Regulated distribution assets in 8 states serving over 3 million customers
- Favorably positioned regulated pipeline spans Texas shale gas supply basins
- Constructive rate mechanisms reduce or eliminate regulatory lag

### Strong rate base growth

- Strong forecasted rate base growth through Fiscal 2025
- Capital expenditures of \$11-\$12 billion through Fiscal 2025; >85% spent on safety and reliability
- Earning on over 90% of annual capex within 6 months; ~99% within 12 months

### Strong financial foundation with consistent track record

- 18 consecutive years of EPS growth; 37 consecutive years of dividend growth
- 8.7% indicated dividend increase for 2021E
- High investment-grade credit ratings (A1, A) with ample liquidity

# ESG Integral Part of Long-term Strategy

## Board of Directors Corporate Responsibility, Sustainability, & Safety Committee

### Strong Corporate Governance

- ✓ Diverse Board & Senior Leadership
- ✓ Accountable to Shareholders



### Providing Value to Customers

- ✓ Affordable, Reliable, Safe
- ✓ Customer Service Focus

### Respecting the Environment

- ✓ Clean Energy Solution
- ✓ 50% Methane Reduction by 2035

### Empowering Employees

- ✓ Training & Educational Support
- ✓ Cohesive & Empowering Culture

### Supporting Communities

- ✓ Employees Live Where They Work
- ✓ Community Service

### Solid Financial Performance

- ✓ Consistent, Visible EPS Growth
- ✓ Returns Attract Capital Investment

## Our Vision

Our vision is for Atmos Energy to be the Safest provider of natural gas services. We will be recognized for Exceptional Customer Service, for being a Great Employer and for achieving Superior Financial Results.

## Our Strategy

- Operate our business exceptionally well
- Invest in our people and infrastructure
- Enhance our culture

## Core Values

- We focus on employees and customers
- We conduct our business with honesty and integrity

## Our Atmospirit Principles

- 1 Inspire Trust**  
Connects with people and cares about their well being; Can be counted on to do the right thing and do what they say.
- 2 Be at Your Best**  
Reflects, plans and organizes efforts; Comes ready to play, in good health physically, emotionally and professionally; Is accountable for "being here now".
- 3 Bring Out the Best in Others**  
Recognizes what's "good", challenges self and others to be "great"; Seeks diverse views, builds healthy relationships and teams; create win/win solutions; Coaches others to be at their best.
- 4 Make a Difference**  
Identifies simple, clear paths to achieve goals and get results; Delivers on our promise to our customers, communities, shareholders and regulators and each other.
- 5 Focus on the Future**  
Focuses on the right things for Atmos Energy and our stakeholders; Is a pacesetter; Looks for opportunities to build Atmos Energy's business and key relationships for the future; Renews self and skills to be ready for the future.

# **CORPORATE GOVERNANCE OVERVIEW**

## Effective Board Leadership and Independent Oversight

- 11 out of 14 Board members are independent in accordance with NYSE standards
- 29% of the Board is comprised of women and minority members
- Balanced Board tenure
- 43% of the Board has tenure of less than 5 years
- Lead Independent Director with robust role and responsibilities
- Succession planning process in place for the Board and senior management positions
- High degree of Board engagement on strategy and risk oversight matters
- In FY 2020, the Board met 14 times, and each Director attended at least 75% of meetings
- Audit, Executive, Human Resources, Nominating & Corporate Governance Committees are entirely comprised of Independent Directors

## Accountable to Our Shareholders

- Declassified Board
- One share, one vote
- Simple majority vote standard to elect Directors
- No poison pill in force
- Annual advisory vote to approve executive compensation since 2011

# Overview of Board of Directors

Board Experience												Board Leadership & Committees				
	Years Serving <sup>1</sup>	Board Member	Independent	Women and Minorities	Public Co Leadership	Public Co BOD	Industry Experience	Safety	Regulatory/Policy	Strategy/M&A	Finance/Accounting	Audit	Executive	CRS&S	HR	Nom & Corp Gov
Kevin Akers	1	Member			Member		Member	Member	Member	Member						
Robert Best	23	Member	Member		Member	Member	Member	Member	Member	Member				Member		
Kim Cocklin	11	Executive Chairman of the Board			Member	Member	Member	Member	Member	Member						
Kelly Compton	4	Member	Member	Member							Member	Member			Member	
Sean Donohue	2	Member	Member					Member	Member					Member		Member
Rafael Garza	4	Member	Member	Member						Member	Member	Member				Member
Richard Gordon	19	Lead Independent Director	Member				Member			Member	Member		Member	Member	Member	Member
Robert Grable	11	Member	Member				Member		Member			Member	Member			Member
Nancy Quinn	16	Member	Member	Member		Member	Member			Member	Member	Member	Member	Member	Member	
Richard Sampson	8	Member	Member							Member	Member	Member	Member	Member	Member	
Stephen Springer	15	Member				Member	Member		Member	Member				Member		
Diana Walters	2	Member	Member	Member	Member	Member	Member			Member	Member			Member	Member	
Richard Ware II	27	Member	Member								Member					Member
Frank Yoho	-	Member	Member		Member		Member	Member	Member	Member	Member	Member		Member		

<sup>1</sup> As of the Shareholder Meeting on February 3, 2021

Member   Executive Chairman of the Board   Lead Independent Director   Committee Chair

# **OPERATIONAL MANAGEMENT AND RISK OVERSIGHT**

## Strategic Planning Is a Dynamic Process

- Regular meetings between operations and finance teams to align objectives, respond to evolving regulations and operating conditions and to refine capital and O&M allocations
- Actively involved Management Committee
- Weekly meetings to ensure strategic alignment across all facets of the business
- Approval of Current Fiscal Year Operating Plan and Five-Year Plan for the Board's consideration

## Strong Board of Directors Involvement in Setting and Approving Strategy

- Annual Board work session focused solely on strategic planning and leadership succession
- Current Fiscal Year Operating Plan and Five-Year Plan presented by the CEO and CFO; Current Fiscal Year Operating Plan formally approved by the Board of Directors
- Formal quarterly update on operating and financial performance and key initiatives
- Informal periodic updates provided as key events arise

## Audit Committee Has Primary Risk Oversight Responsibility

- Has Primary Risk Oversight Responsibility
- Quarterly meetings focused on financial performance and risk mitigation, including periodic cybersecurity updates
- Internal audit reports to the Audit Committee
- ~40% of internal audit budget focused on key operational risks

## Risk Management and Compliance Committee Oversees Risk Management Infrastructure

- Identifies, assesses, and addresses material risks which could impact our business objectives
- Ensures policies, procedures, and practices are in place for enterprise-wide management of material risks
- Reports to Management Committee risk exposures and steps to monitor and control risks

# Holistic Approach to Capital Allocation

## Demand for Capital

- Pipe replacement
- Compliance/integrity
- Residential and commercial growth
- Industrial growth
- Governmental relocations
- Customer service systems
- Technology
- Facilities & equipment

## Planning

- Integrity management
- System planning
- Contractor/equipment
- Coordination with local government plans
- Material availability
- Type (distribution, transmission, storage)
- Project timing and duration
- Operational constraints
- Regulatory filings
- Financing plans
- Advocacy and communications

## Capital Allocation Across Diverse Portfolio of Projects

- Number:
  - 6,500 projects
- Cost Range:
  - \$1,000 -\$300M
- Location:
  - 1,400 communities
- Timing:
  - Planned and responsive

## Execution

- Design
- Material procurement
- Permitting/right-of-way acquisition
- Public and customer communications
- Qualified resource coordination
- Contracting and work assignment
- City coordination
- Inspection
- Records capture
- Mapping
- Accounting
- Regulatory filings

## Priorities

## Results

### System Safety

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

- Reduced inventory of steel service lines by 356,000 since 2012
- Replaced over 5,300 miles of distribution and transmission pipelines since 2012

### Public Safety

- Emergency response
- Customer and community education
- Public awareness
- Damage prevention

- Public awareness messages ~ 255 million impressions in 2020
- Excavation damages per 1,000 locates declined by 2.4% in 2020

### Employee Safety

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

- Employee-driven safety culture
- OSHA Recordable Incident Rate has declined by 4% since 2014
- Curriculum has evolved from classroom-based to 80% hands-on training
  - Curriculum for all field positions
  - Supervisor Bootcamp

# Focus on the Environment

## Governance

- Founding Partner of EPA's Natural Gas STAR Methane Challenge Program
- Joined ONE Future in 2020
- Voluntary methane emissions reporting through AGA

## Gas Supply

- Transport ~ 5 BCF of RNG; equivalent to removing ~60,000 cars removed annually
- Sell ~ 5 BCF of CNG; equivalent to removing ~60,000 cars removed annually
- Continue to evaluate new opportunities to expand RNG transportation and CNG sales

## Operations

- Goal to reduce methane emissions 50% from 2017 to 2035 in our distribution system
- Replace up to 6,000 miles of pipe by 2025
- Continue to reduce emissions from venting, flaring, and storage and compression facilities
- Continue to recycle water used in boring and hydrotesting activities
- 45% of customers use eBill; one of the highest rates in the industry; saves ~2,100 trees annually

## Fleet and Facilities

- 13 LEED certified facilities; 4 more planned
- Evaluating use of fuel cells in facilities
- Continue to reduce emissions from our fleet

## Customers

- Customer efficiency programs in four jurisdictions
- Continue to evaluate customer tariffs that offer green energy alternatives

# COMPENSATION PRACTICES

## Compensation Program Objectives

- Market-competitive base salary – total compensation should be competitive with peers
- Align interests of Named Executive Officers (NEOs) with those of our shareholders
- Attract and retain highly-qualified senior management

## Our Compensation Practices

- Total compensation package reviewed and updated annually by our HR Committee with assistance from its independent compensation consultant
- NEOs, other corporate officers and employees do not have employment contracts
- NEOs compensation targeted at the 50th percentile of market peers if performance targets are met
- Compensation policies aligned with shareholder value creation and include both potential upside gain and commensurate downside risk
- Tiered stock ownership requirements for NEOs and Directors
- Clawback policy covering all incentive-based compensation
- Double-trigger requirement applicable to change in control severance
- Limited perquisites

# Elements of Executive Compensation

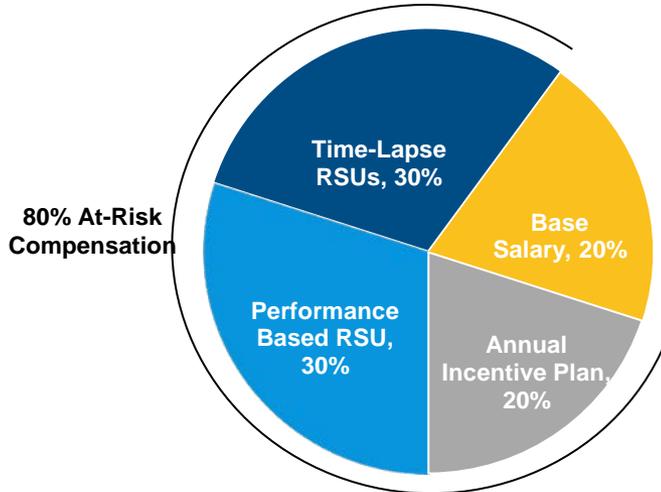


Component		Description / Considerations
Base Salary		<ul style="list-style-type: none"> <li>Fixed compensation, subject to annual review with adjustments made in response to changes in performance, duties, strategic importance or competitive salary practices</li> </ul>
At-Risk Compensation	Annual Incentive Compensation	<ul style="list-style-type: none"> <li>Annual cash performance award based on fully diluted EPS, the same metric used to measure incentive compensation for all employees</li> <li>Option to convert all or portion of award to time-lapse RSUs under LTIP with three-year cliff vesting at 20% premium</li> </ul>
	Long-Term Incentive Compensation	<ul style="list-style-type: none"> <li>Performance-based awards payable only if performance goals are met during a three-year performance period based on achievement of three-year cumulative EPS target</li> <li>Time-lapse awards also payable, with cliff vesting, at the end of three-year period</li> </ul>
Retirement Benefits		<ul style="list-style-type: none"> <li>Tax-qualified retirement benefits, supplemental retirement and other benefits</li> </ul>
Change in Control Severance Benefits		<ul style="list-style-type: none"> <li>Change in control payments payable only if employment is terminated under certain conditions following change in control</li> <li>No excise tax gross-up payments</li> </ul>

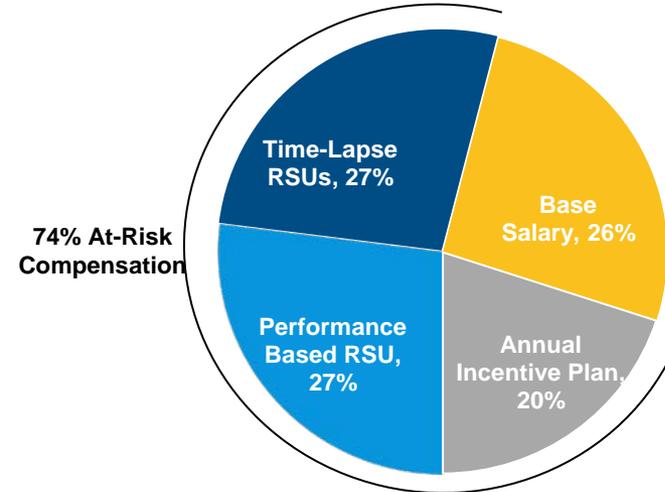
# Breakdown of Compensation for NEOs

## FY2020 Compensation Targets

### CEO



### Other NEOs<sup>1</sup>



## Compensation Incentives Foster Accountable Value Creation

- Ratio of CEO to median employee compensation - 123:1<sup>2</sup>
- Fixed base salary compensation subject to annual review and changes in performance, duties, strategic importance or competitive salary practices
- Prohibits hedging common stock and pledging of shares by all executive officers and Directors
- Incentive Plans cap the size of any cash awards earned by any single participant during the year

<sup>1</sup> 2020 Other NEOs for Atmos Energy include: Kim Cocklin, Christopher Forsythe, Karen Hartsfield, and David Park.

<sup>2</sup> As of September 30, 2019

# FOCUS ON LONG-TERM SUSTAINABILITY

## Aligning & Balancing All Stakeholders

### Communities

- Keeping the ~1,400 communities we serve safe
- Giving back to the communities through volunteer hours and our Fueling Safe and Thriving Communities program
- Investments foster local economic development and job creation
- Responsible environmental stewardship

### Customers

- Focus on safety of our customers
- Investment in technology to improve customer interactions
- Sharing the Warmth program
- LIHEAP Program
- Overall customer satisfaction score of 94%

### Employees

- > 1.5 million Hours of training through the Charles K. Vaughan Center since 2010
- Recent hires were 31% women and 44% minorities
- College tuition support
- Benefits that allow employees to balance work & life

### Investors

- Long-term focus
- Consistent earnings & dividend growth
- 100% regulated
- Safety-driven organic growth
- Constructive regulatory relationships
- Strong balance sheet
- Strong corporate governance

# Forward Looking Statements

The matters discussed or incorporated by reference in this presentation may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this presentation are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this presentation, or any of the company’s other documents or oral presentations, the words “anticipate”, “believe”, “estimate”, “expect”, “forecast”, “goal”, “intend”, “objective”, “plan”, “projection”, “seek”, “strategy” or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this presentation, including the risks relating to regulatory trends and decisions, our ability to continue to access the credit and capital markets, and the other factors discussed in our reports filed with the Securities and Exchange Commission. These risks and uncertainties include the following: federal, state and local regulatory and political trends and decisions, including the impact of rate proceedings before various state regulatory commissions; increased federal regulatory oversight and potential penalties; possible increased federal, state and local regulation of the safety of our operations; the impact of greenhouse gas emissions or other legislation or regulations intended to address climate change; possible significant costs and liabilities resulting from pipeline integrity and other similar programs and related repairs; the inherent hazards and risks involved in distributing, transporting and storing natural gas; the availability and accessibility of contracted gas supplies, interstate pipeline and/or storage services; increased competition from energy suppliers and alternative forms of energy; adverse weather conditions; the impact of climate change; the inability to continue to hire, train and retain operational, technical and managerial personnel; increased dependence on technology that may hinder the Company's business if such technologies fail; the threat of cyber-attacks or acts of cyber-terrorism that could disrupt our business operations and information technology systems or result in the loss or exposure of confidential or sensitive customer, employee or Company information; natural disasters, terrorist activities or other events and other risks and uncertainties discussed herein, all of which are difficult to predict and many of which are beyond our control; the capital-intensive nature of our business; our ability to continue to access the credit and capital markets to execute our business strategy; market risks beyond our control affecting our risk management activities, including commodity price volatility, counterparty performance or creditworthiness and interest rate risk; the concentration of our operations in Texas; the impact of adverse economic conditions on our customers; changes in the availability and price of natural gas; increased costs of providing health care benefits, along with pension and postretirement health care benefits and increased funding requirements; the outbreak of COVID-19 and its impact on business and economic conditions. Accordingly, while we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. Further, we undertake no obligation to update or revise any of our forward-looking statements whether as a result of new information, future events or otherwise.