Understanding and Preventing Insider Trading
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What is Insider Trading?

Generally, insider trading occurs when a person who is aware of material information about Atmos Energy that is not generally known or available to the public buys or sells, or passes that information along to another who buys or sells Atmos Energy securities.

After the stock market crash of 1929, the United States Congress enacted a series of laws designed to eliminate the abuses in the securities industry that contributed to the market’s collapse. These laws require public disclosure of pertinent information regarding securities that are publicly traded and prohibit fraud and manipulative devices. Two of these laws, often referred to as the Securities Act of 1933 (“Securities Act”) and the Securities Exchange Act of 1934 (“Exchange Act”), primarily focus upon the regulation and prevention of insider trading. Insider trading is the purchase or sale of Company securities by directors, officers or employees of Atmos Energy, or his or her relatives, who are in possession of material nonpublic information about Atmos Energy. Insider trading also occurs if that information is passed along to others who buy or sell Company securities, regardless of whether the person passing the information does or does not profit from the information recipient’s sale or purchase. Further, insider trading does not apply just to Atmos Energy common stock or other securities, such as derivatives or debt securities; it also applies to material nonpublic information held about any publicly-traded company.

With the collapse of Enron in 2001, and the myriad other corporate scandals that surfaced in the next several years thereafter, primarily as a result of accounting and insider abuses, Congress enacted several amendments to the securities laws that are designed to further deter insider trading. Moreover, the United States Securities and Exchange Commission (“SEC”) has stepped up enforcement of the securities laws, particularly those prohibiting insider trading. As a result, the implementation and maintenance by Atmos Energy of an effective insider trading prevention program are critical for compliance with the securities laws. Furthermore, and just as importantly, an effective program promotes confidence in Atmos Energy by investors and the public and is a key component in achieving excellence in business ethics and effective corporate compliance.
Included as Appendix 1 herein is the Atmos Energy’s Insider Trading Policy, which has been approved and adopted by our Board of Directors. All directors, officers and employees of Atmos Energy must comply with this policy, not only to avoid liability under the securities laws, but also to maintain and promote our corporate culture and corporate compliance.

Although not actually a part of the Insider Trading Policy, this handbook has been prepared as a part of the Company’s overall insider trading prevention program to assist Atmos Energy’s directors, officers and employees in recognizing and preventing insider trading.

**What is Material Nonpublic Information?**

To be subject to the prohibition on insider trading, information in the possession of an Atmos Energy director, officer or employee must be both material and nonpublic. Information is considered to be material if it would be important to a reasonable investor in deciding whether to buy, sell or hold Atmos Energy common stock or other securities. Although by no means an exhaustive list, the following are examples of material information:

- Dividend increases or decreases
- Earnings estimates or changes in previously announced earnings estimates
- Significant expansions or curtailment of operations
- Significant increases or declines in business
- Merger or acquisition negotiations or agreements
- Significant or unusual borrowings or securities offerings
- Actual or threatened major litigation, or the resolution of such litigation
- Impending bankruptcy or other severe financial liquidity problems
- A change in management
- Purchases or sales of substantial assets
- New major contracts, orders, suppliers, customers or finance sources, or the loss thereof
- Cybersecurity matters, including knowledge of the Company’s cybersecurity risks and events.
Both positive and negative information can be material. Trading that receives scrutiny is evaluated after the fact with the benefit of hindsight. As a result, questions concerning the materiality of particular information should be resolved in favor of materiality and trading should be avoided.

**Ramifications of Insider Trading**

The SEC is the primary enforcer of the federal securities laws, including the prosecution of those who violate the restrictions on insider trading. Any person who is found to have violated the insider trading restrictions may find themselves facing any one or more of the penalties prescribed by Sections 21A or 32(a) of the Exchange Act. The civil and criminal penalties available to the SEC under this rule include the following:

- Imprisonment for up to 20 years
- Criminal fines of up to $5 million
- Civil penalties of up to three times the profits gained or losses avoided
- Prejudgment interest

Private causes of action are also available to individuals under certain circumstances. Insider trading also carries a stigma that can attach to a company or its securities if a director, officer or employee of that company is found guilty of insider trading. This can negatively impact a company’s reputation for maintaining high business standards and ethics. Atmos Energy maintains, and is known within its industry for maintaining, high ethical standards in the conduct of its business. As a result, the employment or other relationship between Atmos Energy and any director, officer or employee who is found to have engaged in insider trading may be terminated.

Information is nonpublic if it is not generally known or available to the public. A common misconception is that material information loses its nonpublic status as soon as a press release is issued disclosing the information. In fact, information is considered to be available to the public only when it has been released broadly to the marketplace (such as through a press release or a filing with the SEC) and the investing public has had sufficient time to fully absorb the information.
Preventing Insider Trading

Prevention of insider trading must be a high-priority goal for every publicly-traded company and Atmos Energy is no exception. Achieving this goal requires an effective insider trading prevention program that requires the participation and cooperation of all directors, officers and employees of Atmos Energy. The level of participation and applicable restrictions may vary depending upon a person’s position or affiliation with the Company, but compliance by all persons with the general restrictions on insider trading is essential.

Any effective insider trading prevention program begins with a policy on insider trading and, as discussed previously, Atmos Energy has adopted an Insider Trading Policy, which is included herein as Appendix 1. All directors, officers and employees of Atmos Energy should review and become familiar with the provisions of the policy.

However, a policy is only part of an effective insider trading prevention program. The other key components of Atmos Energy’s program are the following:

- Ongoing informational and notification programs and procedures to ensure that all directors, officers and employees are aware of the Insider Trading Policy and verification of their compliance with the policy

- Designation of at least two insider trading compliance officers who will oversee insider trading compliance, including pre-clearance of trades and management of the trading blackout period process as well as responses to specific inquiries regarding insider trading or Atmos Energy’s program

- Maintenance of a pre-clearance process for directors, officers and other selected personnel who may have regular access to material nonpublic information

- Provision of assistance and support to directors and officers who must file additional reports with the SEC pursuant to Section 16 of the Exchange Act or Rule 144 under the Securities Act
The following section of the handbook explains these components and how they work as part of Atmos Energy’s overall insider trading prevention program.

How are the Requirements of the Program Communicated?

One of the ways in which the requirements of Atmos Energy’s insider trading prevention program are communicated to directors, officers and employees is through this handbook. This handbook is provided to all directors, officers and employees of Atmos Energy and provides an immediate reference on and explanation of insider trading. Directors and certain officers of Atmos Energy, who are subject to the reporting requirements of Section 16 of the Exchange Act, should also refer to Appendix 2 to this handbook, which includes information on compliance with Section 16 and Rule 144. The handbook will be periodically updated or revised if changes are made to the insider trading prevention program and the revised version will be distributed to all directors, officers and employees of Atmos Energy. All new employees will receive a copy of this handbook as part of their initial orientation.

Periodically, information regarding this program, or noteworthy items regarding insider trading, may be communicated through articles or announcements appearing in Atmos Monthly, the Company’s monthly newsletter; in Visions, the Company’s quarterly magazine; or on the Atmosphere internal website. Information may also be communicated periodically by email through an EmpCom.

More frequent communications, primarily by email, will be sent to those persons who are affected by Section 16 and/or quarterly and event-specific trading blackout periods, as more fully described later in this handbook. These persons are also required to annually certify, in a form provided by the designated insider trading compliance officers, their understanding of and commitment to observe and abide by the provisions of the Insider Trading Policy.

The Insider Trading Policy is an integral part of the Atmos Energy Code of Conduct, and information regarding Atmos Energy’s insider trading prevention program may be periodically communicated to employee groups through corporate compliance seminars presented by the Legal Department.

Who Administers the Program?

The Company’s Senior Vice President, General Counsel and Corporate Secretary (“Corporate Secretary”) of Atmos Energy has the overall responsibility for administering the insider trading prevention program. However, the Company’s Senior Attorney and Assistant Corporate Secretary (“Assistant Corporate Secretary”) has been charged with the primary responsibility in the administration of the program as well as monitoring compliance. Questions regarding insider trading or Atmos Energy’s program may be
Pre-Clearance Requirements

Although every director, officer and employee of Atmos Energy must comply with the Insider Trading Policy, there are varying degrees of compliance that are dependent upon a person’s affiliation with or job title at Atmos Energy. All directors and officers of the Company are subject to the pre-clearance requirements of the insider trading prevention program, and, in addition, the Insider Trading Policy (in the addendum attached to it) specifies a list of employee job titles referred to as “Selected Personnel,” in which employees with such job titles are likely to have access to material non-public information about the Company. Pre-clearance provides an added safety net against the occurrence of insider trading by those who may be more likely to come into possession of material nonpublic information about Atmos Energy. Therefore, only directors, officers and members of Selected Personnel must comply with the pre-clearance requirements. Employees who are not designated as Selected Personnel do not have to pre-clear with the compliance officers any trades in Atmos Energy securities, but all employees must avoid trading on material nonpublic information that may come into their possession.

Prior to conducting any trading in Atmos Energy securities (other than through routine transactions under the Retirement Savings Plan), all directors, officers and members of Selected Personnel (both for themselves and their family members) must contact the Corporate Secretary or the Assistant Corporate Secretary to obtain clearance for such trading. To the extent possible, request for clearance should be submitted at least two business days in advance of the trade to allow the compliance officers sufficient opportunity to consider whether the proposed trade should or should not be cleared. Although pre-clearance does not provide immunity from liability or penalties for insider trading, it will provide substantial evidence that militates against a finding of insider trading by regulators or a court. Going forward with a trade without pre-clearance is a policy violation, and, if insider trading is found to have occurred, penalties or other sanctions for the violator could be more substantial. The compliance officers are under no obligation to approve a trade submitted for pre-clearance, and may recommend that the trade not be consummated.

Any person subject to the pre-clearance requirements of the program may contact the Assistant Corporate Secretary, or in her absence, the Corporate Secretary, to obtain trading pre-clearance. This contact information is as follows:

Ashley A. Burton, Assistant Corporate Secretary - Tel: (972) 855-3789; email: ashley.burton@atmosenergy.com

Karen E. Hartsfield, Corporate Secretary - Tel: (972) 855-3728; email: karen.hartsfield@atmosenergy.com
Assisting Reporting Persons

The directors and certain officers of Atmos Energy have certain additional reporting obligations with respect to their trading activities in Atmos Energy securities. All directors and Section 16 officers (the Board determines annually who is a Section 16 officer) must comply with the requirements of Section 16 of the Exchange Act. In addition, all Atmos Energy directors and Section 16 officers must comply with the provisions of Rule 144 under the Securities Act, which requires the reporting of stock dispositions. Due to the complexity and stringency of these rules, Atmos Energy, as part of its insider trading prevention program, provides assistance and support for reporting directors and Section 16 officers in the form of filing required reports and providing Section 16 guidance on specific transactions. Specific information regarding Section 16 and Rule 144 are provided in the Appendix 2 to this handbook.

What are Trading Blackout Periods?

There are certain times when impending announcements or events may have a material effect upon the market for Atmos Energy securities, such as the release of quarterly earnings. To further promote compliance with insider trading laws, Atmos Energy has implemented, as part of its insider trading prevention program, a procedure for imposing trading blackout periods during which trading in Atmos Energy securities is suspended for directors, officers and members of Selected Personnel.

Quarterly trading blackout periods occur when Atmos Energy is in the process of preparing its quarterly financial statements and related earnings releases. During such time, directors, officers and members of Selected Personnel may possess material nonpublic information about the Company and such persons may not trade in Atmos Energy securities during the period which generally begins two weeks before the end of the quarter and ends after one full trading day after the release of Atmos Energy’s earnings for that quarter. The imposition of the trading blackout for this period beyond the release of earnings ensures that the investing public has had adequate opportunity to review and understand the information released. Notification of the beginning and ending of a quarterly trading blackout period will be provided by email by the Assistant Corporate Secretary.

There may be other times that are event-specific, such as the announcement of an impending acquisition or if the Company were ever the target of a significant cybersecurity event, a trading blackout period could be imposed. All persons affected by such a trading blackout will be notified by email by the Assistant Corporate Secretary and will be informed of the beginning and ending dates of the trading blackout period. As with quarterly trading blackout periods, all trading by persons receiving notice will be suspended during the trading blackout period.

Reporting Violations

Questions or concerns, and reports of any suspected violations of the Insider Trading Policy, may be directed to the Assistant Corporate Secretary or the Corporate Secretary, who has been designated by the Board of Directors of Atmos Energy as the Corporate Compliance Officer. All information provided, including the reporting person’s identity, will be kept confidential to the greatest extent possible, unless
required to be disclosed by law or for safety purposes. Additionally, a toll-free Compliance Hotline and website have been established to provide anonymous mechanisms to report any violations of this policy to the Corporate Compliance Officer. The Hotline number is 1-866-543-4065 and the website address is https://www.compliance-helpline.com/welcomeAtmosEnergy.jsp.
Individual Responsibility

This handbook has explained what is considered to be insider trading and the program which Atmos Energy maintains to prevent it. However, all directors, officers and employees must accept individual responsibility for their compliance obligations in order for the insider trading prevention program to be completely successful. Without each person's assumption of the responsibility to be aware of, avoid and report suspected insider trading, the likelihood that insider trading may occur will increase. As explained earlier in this handbook, insider trading can have disastrous consequences for the person who has used or passed along material nonpublic information. Insider trading can also result in serious repercussions to the Company’s reputation and to the value of our common stock.

Generally, an Atmos Energy employee can fulfill his or her individual responsibility for making Atmos Energy’s insider trading prevention program a success by asking himself or herself a few basic questions, as follows:

**Do I know or have I overheard some important information about Atmos Energy that hasn't yet been made public?**

If you know or have overheard some important information which you think might be material nonpublic information, do not buy or sell Atmos Energy common stock without seeking guidance from the insider trading compliance officers. If you are in doubt about whether information is material or nonpublic, ask the compliance officers or contact an attorney in the Legal Department.

**Have I told my spouse or any of my family members about this information?**

If you know or have overheard some important information that you think may be material non-public information about Atmos Energy, **do not** share the information with anyone, not even your spouse. The communication of inside information among family members has been a source of many enforcement actions regarding insider trading by regulators against the person originally passing along the information.
What if my job title is on the list of Selected Personnel contained in the Atmos Energy Insider Trading Policy?

If your job title is on the Selected Personnel list, then you have additional responsibilities under the Atmos Energy insider trading prevention program. These additional responsibilities include observing the pre-clearance procedures and the trading blackout periods. You will need to contact the Assistant Corporate Secretary or the Corporate Secretary before you buy or sell Atmos Energy common stock (other than purchases through bi-weekly payroll deductions under the Retirement Savings Plan) for pre-clearance of the proposed transaction, and no trading should be conducted during a trading blackout period. If you do not receive quarterly notices from the Assistant Corporate Secretary regarding trading blackout periods, or an annual request for certification of compliance with the program, you may have been inadvertently left off the list of Selected Personnel; and you should contact the Assistant Corporate Secretary. Following this procedure will enable Atmos Energy to regularly maintain a current and accurate list of Selected Personnel.

Do I know about or suspect any instance of insider trading?

If you do, report it. If you want to report it anonymously, call 1-866-543-4065 or go to https://www.compliance-helpline.com/welcomeAtmosEnergy.jsp.

In summary, if you have any doubts about whether a proposed trade involving Atmos Energy securities would violate the Insider Trading Policy, do not engage in the transaction until clearance has been obtained from one of the compliance officers.
Insider Trading Policy

Background

Atmos Energy prides itself in promoting and maintaining a culture in which sound, ethical business standards and practices are the norm. Such a culture promotes the confidence of our shareholders and the public markets in the Company and maintaining this confidence is extremely important. One of the ways in which investor confidence is maintained is through practicing a policy which prohibits the misuse, by the directors, officers and employees of Atmos Energy, of material financial or other information that has not been publicly disclosed. This policy not only ensures fairness to the investing public, but further promotes compliance with applicable federal securities laws, which can impose strict penalties on both companies and individuals who violate those laws.

Policy

No directors, officers or employees of Atmos Energy, or anyone related to them, having material nonpublic information relating to Atmos Energy may buy or sell securities of the Company or engage in any other action to take advantage of this information. This policy also applies to information relating to any other company, including the customers or suppliers of Atmos Energy, obtained in the course of employment.

Additionally, no material nonpublic information may be passed on to others by any directors, officers or employees of Atmos Energy, nor may they recommend to anyone the purchase or sale of any securities when they are aware of such information. This practice, known as “tipping,” also violates the federal securities laws and may result in the same civil and criminal penalties that apply to insider trading, even though the person doing the tipping did not trade and did not gain any benefit from another’s trading.

No personal financial emergency excuses lack of compliance with this policy. Even the appearance of an improper transaction must be avoided to preserve the Company’s reputation for adhering to the highest standards of conduct.
Definitions

Compliance Officers are the Senior Vice President, General Counsel and Corporate Secretary (“Corporate Secretary”) and the Senior Attorney and Assistant Corporate Secretary (“Assistant Corporate Secretary”) of Atmos Energy. The Corporate Secretary’s primary responsibilities as a Compliance Officer include, but are not limited to, providing guidance on Section 16 issues and pre-clearance matters and assisting the Assistant Corporate Secretary, when necessary, in the administration of the Atmos Energy insider trading prevention program and compliance with this Policy. The Assistant Corporate Secretary’s primary responsibilities as a Compliance Officer include, but are not limited to, supervising the preparation and filing of Section 16 reports, providing notification of trading blackout periods, monitoring developments in the securities laws that may require changes to or modifications of this Policy, and generally administering the Atmos Energy insider trading prevention program and compliance with this Policy.

Securities include common stock of Atmos Energy as well as derivative securities such as options. The term also includes debt securities such as bonds and notes.

Inside Information includes two important elements – materiality and public availability. Information is material if there is a substantial likelihood that a reasonable investor would consider it important in deciding whether to buy, hold or sell securities. Any information that could reasonably be expected to affect the price of securities is material. The following are common examples of material information:

- Projections of future earnings or losses
- News of a pending or proposed merger, acquisition or tender offer
- News of a significant sale of assets or the disposition of a subsidiary
- Changes in dividend policies, the declaration of a stock split or the offering of additional securities
- A change in management
- Impending bankruptcy or financial liquidity problems
- New major contracts, orders, suppliers, customers or finance sources, or the loss thereof
- A significant cybersecurity event at the Company

Both positive and negative information can be material. Because trading that receives scrutiny will be evaluated after the fact with the benefit of hindsight, questions concerning the materiality of particular information should be resolved in favor of materiality and trading should be avoided.
Information that is not generally known or available to the public is considered to be nonpublic information. A common misconception is that material information loses its nonpublic status as soon as a press release is issued disclosing the information. In fact, information is considered to be available to the public only when it has been released broadly to the marketplace (such as through a press release or a filing with the SEC) and the investing public has had sufficient time to fully absorb the information. As a general rule, information is considered nonpublic until after one full trading day after the information is released. Therefore, no director, officer or employee of Atmos Energy may engage in any transactions involving the securities of Atmos Energy until after one full trading day after the information has been released. For example, if a news release is issued before the market opens on a Monday, the following Tuesday generally would be the first day in which trading would be allowed. If a news release is issued during market hours on a Monday, the following Wednesday generally would be the first day in which trading would be allowed.

SEC is the United States Securities and Exchange Commission, the chief enforcement agency of the federal securities laws.

Penalties for Noncompliance

Sections 21A and 32(a) of the Exchange Act provide that the following civil and criminal penalties may be imposed on those who violate the insider trading laws:

- Imprisonment for up to 20 years
- Criminal fines of up to $5 million
- Civil penalties of up to three times the profits gained or losses avoided
- Prejudgment interest

Private causes of action are also available to individuals under certain circumstances. Violations of the law may also damage the reputation of Atmos Energy, and violation of this policy by an employee could result in termination.
Additional Prohibited Transactions and Restrictions

Section 16

Certain officers and all directors of Atmos Energy are obligated to file reports under Section 16 of the Exchange Act when they engage in transactions involving Atmos Energy securities. The Compliance Officers (primarily the Assistant Corporate Secretary) will assist all reporting persons in preparing and filing all required reports, but the reporting person retains responsibility for the reports.

Short-Term Transactions

Atmos Energy considers it improper for our directors and officers to engage in short-term or speculative transactions involving the securities of Atmos Energy. Accordingly, any director or officer who is required to file a Form 3 with the SEC must observe, in addition to the policy stated above, the following restrictions:

- Any securities purchased must be held for a minimum of six months if no exemption under Section 16b of the Exchange Act is available for earlier disposition of the securities.
- Atmos Energy common stock must be delivered within 20 days after the sale, or deposited in the mail or other usual channels of transportation within five days after the sale.

Hedging-Related Transactions

No employee of Atmos Energy or member of our Board of Directors may purchase any financial instruments (including, without limitation, prepaid variable forward contracts, equity swaps, collars and exchange funds) that establish a short position in our common stock and are designed to hedge or offset any decrease in the market value of our common stock granted by Atmos Energy as part of compensation to employees or directors or Atmos Energy common stock already held by them. In addition, the following transactions relating to our common stock are prohibited:

- Short sales (sales of Atmos Energy common stock that are not then owned), including a “sale against the box” (a sale with delayed delivery).
- Trading of put options, call options or other derivatives of Atmos Energy common stock (other than on broad-based indices that include our common stock).
- For our directors and executive officers only, purchases of Atmos Energy common stock on margin, or holding our common stock in a margin account, borrowing against any account in which our
common stock is held or otherwise pledging our common stock as collateral for a loan. However, any such arrangements already in existence as of November 3, 2010 may continue provided that the director or executive officer has disclosed the arrangement to the Corporate Secretary or Assistant Corporate Secretary.

**Form 144**

The directors and certain officers (members of the Management Committee and the Vice President and Controller) of Atmos Energy are required to file Form 144 under the Securities Act before making an open-market sale of Atmos Energy securities. Form 144 notifies the SEC of a director’s or officer’s intent to sell Atmos Energy securities and is generally prepared and filed by the seller’s broker. Form 144 should be filed by the brokers for the directors or Section 16 officers in addition to the Section 16 reports filed on behalf of a director or officer by the Compliance Officers.

**Pre-Clearance of Trades by Directors, Officers and Selected Personnel**

None of Atmos Energy’s directors, officers and Selected Personnel (those positions, together with any deletions from and additions thereto, as determined by Atmos Energy’s President and CEO from time to time, as set forth in the Addendum to this policy), together with their family members and other members of their households, may engage in any transaction involving Atmos Energy securities (including a stock plan transaction such as an option exercise, or a gift, loan or a contribution to a trust or any other transfer) without first obtaining pre-clearance of the transaction from one of the Company’s Compliance Officers. However, transactions involving Company securities made in the ordinary course of business of an employee benefit plan of Atmos Energy (such as the Retirement Savings Plan), are not required to be pre-cleared except during a trading blackout period.

**Trading Blackout Procedures**

Atmos Energy’s directors, officers and Selected Personnel are also subject to the following trading blackout period procedures discussed below.
Quarterly Trading Blackout Periods

Atmos Energy’s announcement of its quarterly financial results almost always has the potential to have a material effect on the market for the securities of Atmos Energy. Accordingly, to avoid even the appearance of trading on the basis of material nonpublic information, Atmos Energy’s directors, officers and Selected Personnel may not trade in Atmos Energy securities during the period which generally begins two weeks before the end of each fiscal quarter and ends after one full trading day following the release of Atmos Energy’s earnings for that quarter. Advance notification of the beginning and ending of a quarterly trading blackout period will be provided by the Compliance Officers.

Interim Earnings Guidance and Event-Specific Trading Blackout Periods

Atmos Energy may from time to time impose other trading blackout periods, such as when it issues interim earnings guidance or other potentially material information by means of a press release, an SEC filing on Form 8-K or other means designed to achieve widespread dissemination of the information. Trading blackout periods may also be imposed for specific events which may only be known only to a few directors, executives and other employees, such as the occurrence of a significant cybersecurity event, or trading blackout periods may be imposed on all transactions in a specific employee benefit plan such as the Retirement Savings Plan. It should be anticipated that trading will be blacked out while Atmos Energy is in the process of assembling the information to be released and until the information has been released and fully absorbed by the market. The Compliance Officers will notify anyone affected by such a trading blackout period.

Post-Termination Transactions

This Policy continues to apply to transactions of a director, officer or employee of Atmos Energy even after the employment or other relationship has terminated. If such persons are aware of material nonpublic information when their employment or service relationship terminates, they may not trade in Atmos Energy securities until this information has become public or is no longer material.

Company Assistance

Any person who has questions about specific transactions may obtain additional guidance from the Assistant Corporate Secretary, who acts as Atmos Energy’s Filing Coordinator, at 972-855-3789. However, the ultimate responsibility for complying with this policy and avoiding improper transactions rests with each director, officer and employee of the Company.
Notification of Policy

Atmos Energy will deliver a copy of this policy and will periodically send reminders of the existence of this policy to all directors, officers and employees of Atmos Energy. Directors, officers and other members of Selected Personnel are required to annually certify to the Compliance Officers their knowledge of and intent to comply with this policy.
Addendum to Insider Trading Policy
List of Selected Personnel

Persons occupying the following positions are included within the definition of “Selected Personnel” for purposes of the Atmos Energy Insider Trading Policy:

- Division Vice Presidents
- All directors reporting directly to the Executive Vice President
- All legal-related positions reporting directly or indirectly to the Senior Vice President, General Counsel and Corporate Secretary
- All directors reporting directly and other selected positions indirectly to the Senior Vice President, Human Resources
- All positions reporting directly to the Vice President, Governmental and Public Affairs
- All positions reporting directly and other selected positions indirectly to the Vice President, Customer Service
- All positions reporting directly and other selected positions indirectly to the Vice President and Controller
- All positions reporting directly or indirectly to the Director, Financial Reporting
- All positions reporting directly and other selected positions indirectly to the Director, Gas Accounting and Rate Administration
- All positions reporting directly to the Manager, General Accounting
- All positions reporting directly to the Vice President, Investor Relations
- All positions reporting directly to the Vice President and Chief Information Officer
- All positions reporting directly and other selected positions indirectly to the Vice President, Strategic Planning
- All positions reporting directly and other selected positions indirectly to the Senior Vice President, Utility Operations
- All positions reporting directly to the Vice President, Pipeline Safety
- All positions reporting directly to the Vice President, Tax
- All positions reporting directly and managers indirectly to the Vice President & Treasurer
Appendix 2

Section 16 and Rule 144 Compliance
Section 16

What is Section 16?

Section 16 of the Securities Exchange Act of 1934 (simply referred to herein as Section 16) is yet another provision of the federal securities laws that is designed to deter insider trading. The purpose of Section 16, according to the SEC, is to provide the public with information on securities transactions and holdings of corporate insiders and to deter them from engaging in speculative short-term trading in their corporation’s securities or engaging in securities transactions while in possession of material, nonpublic information. To accomplish this purpose, Section 16 requires certain corporate insiders to file specific reports with the SEC that detail their holdings in a corporation’s securities. It also creates liability for such insiders for short-swing profits and prohibits such insiders from engaging in short sales of their corporation’s securities. Section 16(c) also prohibits insiders from selling Atmos Energy securities which they do not own or which they fail to deliver within 20 days after the sale has been made, such practices being commonly referred to as “short sales.”

There are three categories of corporate insiders who are affected by Section 16—directors, certain officers and persons who beneficially own more than ten percent of the common stock of Atmos Energy. All members of the Board of Directors of Atmos Energy are subject to the provisions of Section 16. Only certain officers, though, are covered. Such officers are typically limited to the president, the principal financial officer, the principal accounting officer and those officers or persons who carry out policy-making functions for Atmos Energy. For Atmos Energy, the following officers have been designated by the Board of Directors as being subject to Section 16:

- Executive Chairman
- President and Chief Executive Officer
- Executive Vice President
- Senior Vice President and Chief Financial Officer
- Senior Vice President, Utility Operations
- Senior Vice President, Human Resources
- Senior Vice President, General Counsel and Corporate Secretary
- Vice President and Controller
For purposes of simplicity, all members of Atmos Energy’s Board of Directors and the foregoing officers are referred to hereinafter as “Section 16 Persons.”

**What is Beneficial Ownership?**

Beneficial ownership is a key concept under Section 16 because the reporting and liability obligations of Section 16 (hereinafter discussed) are triggered by changes in a Section 16 Person’s ownership of Atmos Energy securities. Beneficial ownership is determined by the *pecuniary interest* test, which is defined to mean the opportunity of a Section 16 Person to profit, directly or indirectly, from a transaction in Atmos Energy securities. Indirect pecuniary interest is determined by the Section 16 Person’s ability to profit from purchases and sales of Atmos Energy securities held by family members or through partnerships, corporations, trusts or other arrangements.

Generally, Section 16 reports should include all securities in which a Section 16 Person is presumptively considered to have a pecuniary interest. The Section 16 Person may, however, disclaim beneficial ownership of any securities listed in a report. It is recommended that Section 16 Persons disclaim beneficial ownership of shares held by family members because courts have considered the failure to make such disclaimers relevant in establishing liability for purchases or sales made by family members.

In connection with changes in beneficial ownership, the terms *purchase* or *sale* for purposes of Section 16 also include transactions other than ordinary cash purchases or sales of securities. Although by no means an exhaustive list, some examples of what constitutes a purchase or sale, as well as their corresponding treatment under Section 16, are as follows:

- **Time-Lapse Restricted Stock Units** – The grant of time-lapse restricted stock units (RSU’s) involves an acquisition of Atmos Energy’s securities and is reportable under Section 16, but, inasmuch as such grants must be approved by the Board of Directors or an authorized committee of the Board, they are exempt from Section 16 short-swing liability. Awards of RSU’s are either time-vested units that vest over a three-year period, or performance-based RSU’s that do not vest unless certain predetermined earnings targets are met over a three-year performance period. The grant of time-lapse units is a reportable acquisition of Atmos Energy securities, which must be disclosed on a Form 4 to be filed with the SEC by the second business day following the date of the grant (typically the date upon which the Board of Directors adopts resolutions approving the grant). Performance-based RSU’s, however, are not awarded unless the conditional earnings targets are met and would not be reportable on Form 4 to the SEC unless and until that time.
- **Stock Options** – Although the Company has not granted stock options to any employee in many years, the Company may still do so under the provisions of its 1998 Long-Term Incentive Plan. The grant or acquisition of a derivative security, such as a stock option, is deemed to be a purchase of the underlying security for purposes of Section 16. Both grants and exercises of options, including “cashless exercises”, and other derivatives must be reported on Form 4 to the SEC by the end of the second business day after the transaction.

- **Gifts and Inheritances** – All gifts and inheritances of Atmos Energy securities involving Section 16 Persons must be reported on the annual Form 5 (or voluntarily on an earlier Form 4). However, gifts, inheritances and bequests are specifically exempt from the short-swing profit provisions of Section 16.

- **Small Acquisitions** – An acquisition of Atmos Energy securities or the right to acquire them at a market value of $10,000 or less may be reported on an annual Form 5 if the acquirer (i) has not acquired more than $10,000 in securities of the same class (including securities underlying derivative securities) within the prior six months and (ii) engages only in dispositions exempt from Section 16 within the succeeding six months. Such acquisitions, however, are treated as purchases for Section 16 liability purposes and are thus subject to the short-swing liability provisions.

- **Retirement Savings Plan** – Most routine transactions under the Atmos Energy Retirement Savings Plan will be exempt from purchase or sale treatment under Section 16 pursuant to an exemption under Rule 16b-3. These transactions are generally not required to be reported under Section 16.

- **Direct Stock Purchase Plan** – Shares acquired pursuant to an automatic dividend reinvestment feature under the Atmos Energy Direct Stock Purchase Plan are exempt purchases under Section 16. However, shares acquired pursuant to the optional cash purchase feature of the dividend reinvestment plan do count as purchases and must be reported on Form 4 by the end of the second business day after the acquisition.

- **Stock Splits and Dividends** – Stock splits and dividends are exempt from both the reporting and short-swing liability provisions of Section 16. In the event of a change in a Section 16 Person’s total securities ownership due to a stock split or dividend, the reason may be noted in a footnote on the reporting person’s next Form 4 or Form 5.
What Reports are Required of Section 16 Persons?

Section 16 Persons are required to file three types of reports with the SEC. The initial report filed on behalf of a Section 16 Person is on Form 3, which provides information on the amount of Atmos Energy common stock beneficially owned by such person when he or she first becomes a Section 16 Person. Form 3 must be filed within 10 days after the date on which a person first becomes subject to Section 16.

A Form 4 must be filed with the SEC by the end of the second business day following the day on which a transaction occurs (i.e., the trade or grant date), which results in the change of a Section 16 Person’s beneficial ownership of Atmos Energy common stock, unless the transaction is eligible for deferred reporting on Form 5. Form 4 must be filed within the two-day time period for most transactions by Section 16 Persons. In two transactions, however, the exact trade date may not be immediately available – a transaction at the discretion of a broker under a written insider trading plan and a fund-switching transaction in a 401(k) plan. The trade date for Form 4 purposes for these types of transactions is the earlier of the date on which the Section 16 Person is notified by the broker or plan administrator of the consummation of a trade or the third business day after the actual trade date.

A few types of transactions that the SEC deems less important need not be reported immediately on Form 4, but may instead be reported annually on Form 5. As more particularly discussed in the preceding section under beneficial ownership, such transactions include gifts, inheritances, bequests and certain small transactions. Form 5 is also used for late reporting of holdings and transactions that should have been reported earlier on Form 3 or Form 4. A required Form 5 must be filed on or before the 45th day (November 14) after the end of Atmos Energy’s fiscal year (September 30) by anyone who was a Section 16 Person at any time during the fiscal year (even if he or she is no longer a Section 16 Person). However, a Section 16 Person who has reported all required holdings and transactions during the year on Form 3 or 4 and who had no transactions requiring deferred reporting is not required to file Form 5, as long as such person submits a written representation to Atmos Energy stating that no Form 5 was required.

There are certain minor transactions the SEC does not require to be reported at all, although the Section 16 Person must footnote or otherwise reconcile his or her total holdings of Atmos Energy securities on the next form otherwise filed. As more particularly discussed in the preceding section on beneficial ownership, such minor transactions would include transactions under a tax-qualified plan such as the Retirement Savings Plan, a stock bonus plan, dividend reinvestment under Atmos Energy’s Direct Stock Purchase Plan and intrafamily transfers.

What Reporting Assistance is Available to Section 16 Persons?

Due to the potential complexities associated with, and time constraints imposed upon, the filing of Forms 3, 4 and 5, the Assistant Corporate Secretary (with support from the Legal Department) is responsible for preparing and filing all such forms for Section 16 Persons with the SEC (electronically). This process promotes timely compliance with the filing and disclosure requirements of Section 16 as well as the effective administration of the Atmos Energy Insider Trading Prevention Program.
However, effective disclosure and filing support to Section 16 Persons is directly dependent upon complete cooperation and assistance. In order to provide effective support, Section 16 Persons are strongly encouraged to observe and comply with the following:

- Prior to engaging in any transaction involving Atmos Energy securities, contact the Assistant Corporate Secretary or the Corporate Secretary to obtain pre-clearance as well as guidance on any reporting and disclosure requirements under Section 16 for the intended transaction. This includes not only purchases and sales but also gifts, transfers to a trust and other transactions. By doing this, any short-swing liability (as hereinafter discussed) or insider trading issues may be addressed, and any required SEC reports (such as a Form 4 or Form 144) may be prepared, signed and timely filed with the SEC. To the extent possible, you should contact the Assistant Corporate Secretary or Corporate Secretary at least two business days in advance of a proposed transaction.

- The Assistant Corporate Secretary will provide all Section 16 Persons with a Limited Power of Attorney that authorizes the Assistant Corporate Secretary or the Corporate Secretary to complete and sign Forms 3, 4 and 5 on behalf of Section 16 Persons, using information provided by Section 16 Persons, and to file such forms with the SEC. The Power of Attorney does not grant any discretion to engage in stock transactions on behalf of the provider – it is intended only to facilitate the timely filing of the required forms. Any Section 16 Person who from time to time is requested by the Assistant Corporate Secretary or Corporate Secretary to sign and return a Power of Attorney hereunder should do so promptly.

- For each broker used by a Section 16 Person, a broker notification form should be signed by Section 16 Persons and each of their brokers and returned to the Assistant Corporate Secretary. This form will facilitate a close working relationship with each Section 16 Person’s brokers to ensure timely compliance with the filing and disclosure requirements of Section 16.

- Each Section 16 Person should promptly respond to any inquiries from the Assistant Corporate Secretary or Corporate Secretary regarding information needed to accurately and timely file any required forms with the SEC.

What are the Consequences of Failing to Comply with Section 16?

Failure to comply with the reporting requirements of Section 16(a) may result in a number of sanctions, penalties or combination thereof. For example, a Section 16 Person who fails to file required reports may be the subject of a cease-and-desist order.
from the SEC or an injunction order from a court. Civil monetary penalties for non-compliance ranging from $7,500 to $160,000 per natural person could also be imposed. In addition, although it is rarely done, criminal penalties could also be imposed, ranging up to $5,000,000 per natural person and up to 20 years imprisonment. Noncompliant Section 16 Persons will be subject to public scrutiny because the Company will be required to disclose such non-compliance in its proxy statement and/or annual report to shareholders.

Section 16(b) also imposes liability on Section 16 Persons for any profit derived by them as the result of a nonexempt purchase and sale occurring within any six-month period. Any excess of the sale price over the purchase price is considered to be profit and recoverable by Atmos Energy. It does not matter whether the purchase or the sale occurs first and it is not necessary for the same shares to be involved in each of the matched transactions. Transactions are paired so as to extract the maximum profit by matching the lowest purchase price and the highest sale price within a six-month period and losses cannot be offset against gains. The result is that liability may exist under Section 16(b) even though a Section 16 Person’s overall trading in Atmos Energy securities resulted in a loss.

If a former Section 16 Person engages in transactions after they are no longer Section 16 Persons (e.g. after retirement as a director or officer), such transactions can be matched for Section 16(b) purposes if they occur within six months of an opposite-way transaction that occurred while he or she was still a Section 16 Person.

Good faith or inadvertence on the part of a Section 16 Person is no defense against liability under Section 16(b) and no knowledge of inside information need be involved. If Atmos Energy does not press a claim itself for recovery of the short-swing profit, any shareholder may do so on behalf of Atmos Energy in a shareholder derivative action and may be awarded attorneys’ fees as well.

**Rule 144**

The fundamental purpose of the Securities Act is to provide full and fair disclosure regarding securities that are sold in interstate commerce. To accomplish this purpose, the Securities Act requires securities to be registered with the SEC before being offered or sold. Section 4 of the Securities Act, though, provides exemptions from the registration requirements for certain transactions, one of which is the exemption for “transactions by any person other than an issuer, underwriter, or dealer.” Thus, if a person is not an issuer, underwriter or dealer, he or she is free to trade securities without being concerned with the registration requirements of the Securities Act.

The term *underwriter* though, is defined broadly in the Securities Act and includes within its meaning various individual investors who would not otherwise consider themselves to be underwriters. Each individual investor, therefore, who is a link in a chain of transactions through which a security moves from an issuer to the public, is an underwriter. In order to determine whether a person is such a link, some of the factors considered are the length of time the securities were held by the person, the number of securities sold, and the manner in which the securities
were sold. In 1972, the SEC codified these factors in a "safe harbor" rule, which it designated as Rule 144 under the Securities Act. Thus, if a person meets all of the requirements of Rule 144, he or she will be deemed not to be an underwriter and therefore not subject to the registration requirements of the Securities Act.

It is also important to note that, in connection with the definition of underwriter the Securities Act broadens the definition of issuer to include "in addition to an issuer, any person directly or indirectly controlling or controlled by the issuer, or any person under direct or indirect common control with the issuer." The SEC defines control as "the possession, direct or indirect, of the power to direct or cause the direction of the management and policies of a person, whether through the ownership of voting securities, by contract, or otherwise." This means that, for purposes of Rule 144, each of the directors and Section 16 officers of Atmos Energy is probably considered to be the same as the issuer and is referred to in the Securities Act rules as an "affiliate." Thus, in order to avoid liability under the Securities Act by being deemed an underwriter, all directors and Section 16 officers of Atmos, including their spouses, relatives and in-laws who reside in the same home with such directors and Section 16 officers, and all persons who acquire any securities from Atmos Energy or from any of its directors, Section 16 officers or their family members, whether such acquisition is by purchase, gift, pledge or otherwise, should comply with Rule 144 when they resell such securities.

Restricted and Control Securities

Rule 144 applies to two categories of securities: restricted securities and control securities. Generally, restricted securities are securities purchased from the issuer or an affiliate of the issuer in a private transaction or a chain of transactions that does not involve a registration statement. Thus, Atmos Energy securities that are acquired by anyone in a market transaction or pursuant to an Atmos Energy benefits plan (such as the Retirement Savings Plan) are not restricted securities because a registration statement has been filed with respect to such securities. It is also possible for some securities that are not issued pursuant to a registration statement to not constitute restricted securities under Rule 144 as long as Atmos Energy remains subject to the periodic reporting requirements of the Exchange Act, its securities remain actively traded in the open market, and the number of shares being issued is relatively small in relation to the total number of shares issued and outstanding.

Control securities are securities held by an affiliate (i.e. the directors, executive officers and controlling shareholders of an issuer), regardless of how the affiliate acquired such securities. Therefore, all of the Atmos Energy securities owned by an Atmos Energy director or executive officer (including common stock acquired under an Atmos Energy plan) and by his or her family members probably constitute control securities. Resales of such stock must be made either pursuant to an effective registration statement or pursuant to Rule 144.
Sale of Restricted or Control Securities

Restricted or control securities may be sold pursuant to the safe harbor provisions of Rule 144 if five basic requirements are met. First, adequate public information regarding Atmos Energy must be available, which requirement is satisfied by Atmos Energy’s filing of all required Exchange Act reports (10-K, 10-Q, etc.). Second, restricted securities must be held for at least six months before they may be resold. Third, the number of restricted and control securities that may be sold pursuant to Rule 144 during any three-month period may not exceed the greater of (a) one percent of the outstanding shares of Atmos Energy common stock or (b) the average weekly trading volume of shares of Atmos Energy common stock on the NYSE, or as reported by the consolidated transaction reporting system, during the four-week period preceding the date of notice of the sale. Fourth, sales of restricted and control securities must be made either in an ordinary broker’s transaction or directly with a market maker. Finally, a seller of restricted or control securities must file (in addition to any reports required by Section 16) three copies of a notice on Form 144 with the SEC and one copy with the NYSE if he or she has, during any three-month period, sold more than 5,000 shares or sold securities having an aggregate sale price in excess of $50,000. Such filings may also be made electronically with the SEC.

Rule 144 is not the exclusive means for reselling restricted or control securities without violating the Securities Act. Sales of restricted or control securities may be effected pursuant to a registration statement, exempt transaction or Regulation A. Compliance with Rule 144, though, is probably the most efficient means of completing a sale of control securities. Directors and Section 16 officers of Atmos Energy, therefore, are encouraged to utilize the safe harbor provisions of Rule 144 when making or contemplating a sale of their Atmos Energy common stock. Failure to do so may subject them to the civil liabilities of the Securities Act.

Approved by the Board of Directors
as Amended and Restated on May 7, 2019