

Atmos Energy Corporation
Financial Highlights (Unaudited)

Statements of Income

(000s except per share)

Gross Profit:

	Three Months Ended December 31	
	2016	2015
Distribution segment	\$ 359,310	\$ 335,452
Pipeline and storage segment	109,597	98,975
Intersegment eliminations	(44)	—
Gross profit	<u>468,863</u>	<u>434,427</u>
Operation and maintenance expense	124,938	119,828
Depreciation and amortization	76,958	70,656
Taxes, other than income	57,049	51,214
Total operating expenses	<u>258,945</u>	<u>241,698</u>
Operating income	209,918	192,729
Miscellaneous expense	(994)	(879)
Interest charges	31,030	29,537
Income from continuing operations before income taxes	<u>177,894</u>	<u>162,313</u>
Income tax expense	63,856	60,767
Income from continuing operations	<u>114,038</u>	<u>101,546</u>
Income from discontinued operations, net of tax	10,994	1,315
Net Income	<u>\$ 125,032</u>	<u>\$ 102,861</u>
Basic and diluted net income per share		
Income per share from continuing operations	\$ 1.08	\$ 0.99
Income per share from discontinued operations	0.11	0.01
Net income per share - basic and diluted	<u>\$ 1.19</u>	<u>\$ 1.00</u>
Cash dividends per share	<u>\$ 0.45</u>	<u>\$ 0.42</u>
Basic and diluted weighted average shares outstanding	<u>105,284</u>	<u>102,713</u>

Summary Net Income by Segment (000s)

	Three Months Ended December 31	
	2016	2015
Distribution	\$ 85,364	\$ 73,936
Pipeline and storage	28,674	27,610
Income from continuing operations	<u>114,038</u>	<u>101,546</u>
Income from discontinued operations, net of tax	10,994	1,315
Consolidated net income	<u>\$ 125,032</u>	<u>\$ 102,861</u>

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

<u>Condensed Balance Sheets</u> (000s)	December 31, 2016	September 30, 2016
Net property, plant and equipment	\$ 8,552,962	\$ 8,268,606
Cash and cash equivalents	44,624	47,534
Accounts receivable, net	458,813	215,880
Gas stored underground	163,763	179,070
Current assets of disposal group classified as held for sale	235,482	151,117
Other current assets	76,750	88,085
Total current assets	<u>979,432</u>	<u>681,686</u>
Goodwill	729,673	726,962
Noncurrent assets of disposal group classified as held for sale	—	28,616
Deferred charges and other assets	317,088	305,019
	<u>\$ 10,579,155</u>	<u>\$ 10,010,889</u>
Shareholders' equity	\$ 3,698,975	\$ 3,463,059
Long-term debt	2,314,199	2,188,779
Total capitalization	<u>6,013,174</u>	<u>5,651,838</u>
Accounts payable and accrued liabilities	268,647	196,485
Current liabilities of disposal group classified as held for sale	109,298	72,900
Other current liabilities	381,123	439,085
Short-term debt	940,747	829,811
Current maturities of long-term debt	250,000	250,000
Total current liabilities	<u>1,949,815</u>	<u>1,788,281</u>
Deferred income taxes	1,725,433	1,603,056
Noncurrent liabilities of disposal group classified as held for sale	—	316
Deferred credits and other liabilities	890,733	967,398
	<u>\$ 10,579,155</u>	<u>\$ 10,010,889</u>

Atmos Energy Corporation
Financial Highlights, continued (Unaudited)

<u>Condensed Statements of Cash Flows</u> (000s)	Three Months Ended December 31	
	2016	2015
Cash flows from operating activities		
Net income	\$ 125,032	\$ 102,861
Depreciation and amortization	77,143	71,239
Deferred income taxes	67,241	59,299
Discontinued cash flow hedging for natural gas marketing commodity contracts	(10,579)	—
Other	4,842	3,471
Changes in assets and liabilities	(146,716)	(166,729)
Net cash provided by operating activities	116,963	70,141
Cash flows from investing activities		
Capital expenditures	(297,962)	(290,412)
Acquisition	(85,714)	—
Available-for-sale securities activities, net	(10,263)	(2,263)
Other, net	1,802	2,382
Net cash used in investing activities	(392,137)	(290,293)
Cash flows from financing activities		
Net increase in short-term debt	110,936	305,309
Proceeds from issuance of long-term debt, net of discount	125,000	—
Net proceeds from equity offering	49,400	—
Issuance of common stock through stock purchase and employee retirement plans	8,998	8,729
Interest rate agreements cash collateral	25,670	—
Cash dividends paid	(47,740)	(43,636)
Net cash provided by financing activities	272,264	270,402
Net increase (decrease) in cash and cash equivalents	(2,910)	50,250
Cash and cash equivalents at beginning of period	47,534	28,653
Cash and cash equivalents at end of period	\$ 44,624	\$ 78,903

<u>Statistics</u>	Three Months Ended December 31	
	2016	2015
Consolidated distribution throughput (MMcf as metered)	110,605	104,465
Consolidated pipeline and storage transportation volumes (MMcf)	134,976	129,159
Distribution meters in service	3,202,106	3,167,702
Distribution average cost of gas	\$ 5.31	\$ 4.35

###