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PUBLIC SERVICE
COMMISSION

May 6, 2021

Mr. Jeff Cline
Kentucky Public Service Commission
P. O. Box 615
Frankfort, KY 40602

RE: Atmos Energy Corporation

Case No. 2019-00421

Dear Mr. Cline:

Pursuant to the Order of the Kentucky Public Service Commission entered into on December 18, 2019, enclosed is the report of action for Atmos Energy Corporation. The report, in accordance with the above referenced case, relates to the issuance of securities pursuant to the \$4,000,000,000 universal shelf registration.

If you have any questions or need further assistance, please contact me at 972-855-4031. Thank you for your assistance in this matter.

Sincerely,

A handwritten signature in blue ink that reads "Jason Schneider".

Jason Schneider
Assistant Treasurer

**COMMONWEALTH OF KENTUCKY
CASE NO: 2019-00421**

**REPORT OF ACTION
Prepared May 6, 2021**

Reference is made to the order entered into on December 18, 2019, which requires the Company to make a report to the Commission concerning the issuance of securities under the \$4,000,000,000 universal shelf registration.

Atmos Energy Corporation hereby reports:

On February 12, 2020, Atmos Energy Corporation (“Atmos Energy”) entered into an equity distribution agreement (the “Equity Distribution Agreement”) with the Managers (the “Managers”) and Forward Purchasers (the “Forward Purchasers”) named in Schedule A thereto and with respect to the offering and sale from time to time through the Managers, as Atmos Energy’s sales agents, of shares of Atmos Energy’s common stock, no par value, having an aggregate offering price of up to \$1,000,000,000 (including shares of common stock that may be sold pursuant to the forward sale agreements described below, the “Shares”). Sales of the Shares, if any, will be made by means of ordinary brokers’ transactions through the facilities of the New York Stock Exchange at market prices, in block transactions or as otherwise agreed between Atmos Energy and the Managers. Under the terms of the Agreement, Atmos Energy may also sell Shares from time to time to a Manager as principal for its own account at a price to be agreed upon at the time of sale. The Agreement provides that each Manager, when it is acting as Atmos Energy’s sales agent, will be entitled to a commission of 1.00% of the gross offering proceeds of the Shares sold through such Manager. Atmos Energy has no obligation to offer or sell any Shares under the Agreement and may at any time suspend offers and sales under the Agreement.


The Equity Distribution Agreement provides that, in addition to the issuance and sale of shares by Atmos Energy to or through the Managers, Atmos Energy may enter into forward sale agreements under the master forward sale confirmations (the “Master Forward Sale Confirmations”) dated February 12, 2020 between Atmos Energy and each Forward Purchaser and the related supplemental confirmations to be entered into between Atmos Energy and the relevant Forward Purchaser. In connection with each such forward sale agreement, the relevant Forward Purchaser will, at Atmos Energy’s request, borrow from third parties and, through the relevant Manager, sell a number of Shares equal to the number of Shares underlying the particular forward sale agreement to hedge the forward sale agreement (each such Manager, when acting as agent for a Forward Purchaser, a “Forward Seller”).

Atmos Energy will not initially receive any proceeds from the sale of borrowed shares of Atmos Energy’s common stock by a Forward Seller. Atmos Energy expects to receive proceeds from the sale of Shares by a Forward Seller upon future physical settlement of the relevant forward sale agreement with the relevant Forward Purchaser on dates specified by Atmos Energy on or prior to the maturity date of the relevant forward sale agreement. If Atmos Energy elects to cash settle or net share settle a forward sale agreement, Atmos Energy may not (in the case of cash settlement) or will not (in the

case of net share settlement) receive any proceeds, and Atmos Energy may owe cash (in the case of cash settlement) or shares of common stock (in the case of net share settlement) to the relevant Forward Purchaser. In connection with each forward sale agreement, the relevant Forward Seller will receive, in the form of a reduced initial forward sale price payable by the relevant Forward Purchaser under its forward sale agreement, a commission of 1.00% of the volume weighted average of the sales prices of all borrowed shares of common stock sold during the applicable period by it as a Forward Seller.

During the six months ended March 31, 2021, we executed forward sales under our ATM equity sales program with various forward sellers who borrowed and sold 2,472,912 shares of our common stock at an aggregate price of \$238.6 million. During the three months ended March 31, 2021, we also settled forward sale agreements with respect to 2,452,177 shares at a forward sale price of \$99.85 that had been borrowed and sold by various forward sellers under the ATM program for net proceeds of \$244.85 million. As of March 31, 2021, approximately \$313 million of equity was available for issuance under the ATM program. Additionally, we had \$115.6 million in available proceeds, based on a net price of \$90.96 per share, from outstanding forward sale agreements, available through June 30, 2022. Atmos Energy intends to use the net proceeds received upon the issuance and sale of shares of Common Stock to fund capital spending primarily to enhance the safety and reliability of our system and for general corporate purposes.

Atmos Energy Corporation



Jason Schneider
Assistant Treasurer