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PUBLIC SERVICE
COMMISSION

February 12, 2020

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

RE: Atmos Energy Corporation

Docket No. 2018-00280

Dear Mr. Cline:

Pursuant to the Order of the Kentucky Public Service Commission entered into on September 19, 2018, enclosed is the report of action for Atmos Energy Corporation. The report, in accordance with the above referenced docket, relates to the issuance of securities pursuant to the \$3,000,000,000 universal shelf registration and the Prospectus Supplement which details the terms and conditions of the offering.

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

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PUBLIC SERVICE
COMMISSION

COMMONWEALTH OF KENTUCKY
CASE NO: 2018-00280

REPORT OF ACTION
Prepared February 12, 2020

Reference is made to the order entered into on September 19, 2018, which requires the Company to make a report to the Commission concerning the issuance of securities under the \$3,000,000,000 universal shelf registration.

Atmos Energy Corporation hereby reports:

On November 28, 2018, Atmos Energy Corporation ("Atmos Energy") entered into forward sale agreements (each, a "Forward Sale Agreement") with each of Goldman Sachs & Co. LLC and Bank of America, N.A. (each, a "Forward Counterparty"), relating to an aggregate of 1,617,251 shares (the "Forward Shares") of Atmos Energy's common stock, no par value (the "Common Stock") to be borrowed from third parties and sold by the Forward Counterparties to the Underwriters (defined below). On November 29, 2018, Atmos Energy entered into additional forward sale agreements with each Forward Counterparty relating to an aggregate of 1,051,213 shares of Common Stock (each, an "Additional Forward Sale Agreement" and, unless the context otherwise requires, the term Forward Sale Agreement as used in this Current Report on Form 8-K includes each Additional Forward Sale Agreement).

On November 28, 2018, Atmos Energy entered into an Underwriting Agreement (the "Underwriting Agreement") with Goldman Sachs & Co. LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated and Wells Fargo Securities, LLC as underwriters (the "Underwriters"), and the Forward Counterparties as forward sellers, pursuant to which the Forward Counterparties sold to the Underwriters the Forward Shares. As contemplated by the Forward Sale Agreements, the Forward Counterparties, acting as forward sellers, borrowed from third parties all such shares of Common Stock.

Each Forward Sale Agreement provides for settlement on a settlement date or dates to be specified at Atmos Energy's discretion, but which is expected to occur on or prior to March 31, 2020. On a settlement date or dates, if Atmos Energy decides to physically settle one or more Forward Sale Agreements, Atmos Energy will issue shares of Common Stock to the relevant Forward Counterparty at the then-applicable forward sale price. The forward sale price will initially be \$91.7731 per share, which is the price at which the Underwriters have agreed to buy the shares of Common Stock pursuant to the Underwriting Agreement. Each Forward Sale Agreement provides that the initial forward sale price will be subject to adjustment based on a floating interest rate factor equal to the federal funds rate less a spread, and will be subject to decrease on each of certain dates specified in the Forward Sale Agreements by amounts related to expected dividends on shares of Common Stock during the term of the Forward Sale Agreements. The forward sale price will also be subject to decrease if the cost to the applicable Forward Counterparty of borrowing a number of shares of Common Stock underlying the Forward Sale Agreement exceeds a specified amount. If the federal funds rate is less than the spread on any day, the interest rate factor will result in a daily reduction of the forward sale price.

On November 15, 2019 Atmos Energy elected to physically settle the remaining shares available under the Forward Sale Agreements. Atmos Energy issued 485,189 shares of

Common Stock at a forward sale price of \$91.4996 and received net proceeds in the amount of \$44,394,599.42. Atmos Energy intends to use the net proceeds from the settlement of the forward sale agreements to fund capital spending primarily to enhance the safety and reliability of its system and for general corporate purposes.

Atmos Energy Corporation hereby reports:

On November 16, 2018, 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 \$500,000,000 (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 November 16, 2018 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.

On November 15, 2019 Atmos Energy elected to physically settle shares available under the Forward Sale Agreements. Atmos Energy issued 680,200 shares of Common Stock at a

forward sale price of \$94.6076 and received net proceeds in the amount of \$64,352,091.95. On December 9, 2019 Atmos Energy issued 1,554,671 shares of Common Stock at a forward sale price of \$96.6497 and received net proceeds in the amount of \$150,258,424.57. 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

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