

COMMONWEALTH OF KENTUCKY
CASE NO: 2023-00001

REPORT OF ACTION
Prepared November 22, 2023

Reference is made to the order entered into on March 9, 2023, which requires the Company to make a report to the Commission within ten days after filing its 10Q or 10K filing with the SEC regarding the issuance of securities under the \$5,000,000,000 universal shelf registration.

Atmos Energy Corporation hereby reports:

Atmos Energy Corporation At-The-Market (ATM) Equity Distribution Agreement

On March 31, 2023, 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 through March 31, 2026 (including shares of common stock that may be sold pursuant to the forward sale agreements described below, the “Shares”). This ATM equity sales program replaced our previous ATM equity sales program, filed on March 23, 2022. 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 March 31, 2023 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 year ended September 30, 2023, we executed forward sales under our ATM equity sales programs with various forward sellers who borrowed and sold 4,207,126 shares of our common stock at an aggregate price of \$496.5 million. During the year ended September 30, 2023, we also settled forward sale agreements with respect to 7,272,261 shares that had been borrowed and sold by various forward sellers under the ATM program for net proceeds of \$806.9 million. As of September 30, 2023, \$760.5 million of equity was available for issuance under our existing ATM program. Additionally, we had \$466.8 million in available proceeds from outstanding forward sale agreements, as detailed below.

	Shares Available	Net Proceeds Available (In thousands)	Forward Price
March 28, 2024	944,296	\$ 112,238	\$ 118.86
June 28, 2024	927,939	109,495	118.00
September 30, 2024	1,133,978	132,762	117.08
December 31, 2024	954,812	112,308	117.62
Total	3,961,025	\$ 466,803	\$ 117.85

Atmos Energy Corporation 5.900% Senior Notes due 2033 and 6.200% Senior Notes due 2053

On October 5, 2023 Atmos Energy Corporation entered into an underwriting agreement with BofA Securities, Inc, Credit Agricole Securities (USA) Inc., Mizuho Securities USA LLC and TD Securities (USA) LLC, as representatives of the several underwriters listed below, with respect to the offering and sale in an underwritten public offering by Atmos Energy of \$400 million aggregate principal amount of its 5.900% Senior Notes due 2033 and \$500 million aggregate principal amount of its 6.200% Senior Notes due 2053. The Offering has been registered under the Securities Act of 1933, as amended (the "Securities Act"), pursuant to a registration statement on Form S-3 (Registration No. 333-271038) of Atmos Energy (the "Registration Statement") and the prospectus supplement dated October 5, 2023, which was filed with the Securities and Exchange Commission pursuant to Rule 424(b) of the Securities Act on October 10, 2023. On October 10, 2023, we completed a public offering of \$500 million of 6.20% senior notes due October 2053, with an effective interest rate of 5.56%, after giving effect to the estimated offering costs and settlement of our interest rate swaps, and \$400 million of 5.90% senior notes due October 2033, with an effective interest rate of 4.35%, after giving effect to the estimated offering costs and settlement of our interest rate swaps. Atmos Energy received net proceeds from the offering, after the underwriting discount and estimated offering expenses payable by it, of approximately \$889.2 million which were used primarily to support capital spending and for other general corporate purposes. In September 2023, Atmos Energy settled the designated interest rate swaps associated with this offering and received \$171.1 million.

The Notes were issued pursuant to an indenture dated as of March 26, 2009 (the "Base Indenture") between Atmos Energy and U.S. Bank Trust Company, National Association as successor in interest to U.S. Bank National Association, as trustee (the "Trustee"), and an officers' certificate delivered to the Trustee pursuant to Section 301 of the Base Indenture (the "Officers' Certificate," and the Base Indenture, as modified by the Officers' Certificate, is referred to herein as the "Indenture"). Each series of Notes is represented by a global security executed by Atmos Energy on October 10, 2023 (together, the "Global Securities"). The Notes are

unsecured senior obligations that rank equally in right of payment with all of Atmos Energy's other existing and future unsubordinated debt. The 2033 Notes bear interest at an annual rate of 5.900%, payable by Atmos Energy on May 15 and November 15 of each year, beginning on May 15, 2024, and mature on November 15, 2033. The 2053 Notes bear interest at an annual rate of 6.200%, payable by Atmos Energy on May 15 and November 15 of each year, beginning on May 15, 2024, and mature on November 15, 2053.

Underwriters	Principal Amount of the 2033 Notes	Principal Amount of the 2053 Notes
BofA Securities, Inc.	\$ 64,000,000	\$ 80,000,000
Credit Agricole Securities (USA) Inc.	\$ 64,000,000	\$ 80,000,000
Mizuho Securities USA LLC	\$ 64,000,000	\$ 80,000,000
TD Securities (USA) LLC	\$ 64,000,000	\$ 80,000,000
CIBC World Markets Corp.	\$ 32,000,000	\$ 40,000,000
Truist Securities, Inc.	\$ 32,000,000	\$ 40,000,000
Wells Fargo Securities, LLC	\$ 32,000,000	\$ 40,000,000
Fifth Third Securities, Inc.	\$ 20,000,000	\$ 25,000,000
Regions Securities, LLC	\$ 20,000,000	\$ 25,000,000
Academy Securities, Inc.	\$ 8,000,000	\$ 10,000,000
Total	\$ 400,000,000	\$ 500,000,000

The offering was originally planned for Monday, October 2, 2023, however, Atmos Energy stood down primarily as worries about the economy, recent avoidance of a government shutdown and planned activity by the Fed drove significant volatility and uncertainty into the debt and equity markets. Atmos Energy continued to stay in close contact with its banking partners and elected to stand down each of the next two trading sessions while looking for a little stability in the market. Wednesday, October 4, 2023, provided assurances as Dominion Energy (a South Carolina utility) went to market on a 30-year secured bond deal and was able to secure more than \$5 billion in demand on a \$500 million offering, more than 10 times oversubscribed.

On Thursday, October 5, 2023, with a more stable technical backdrop (interest rates, equity futures and indicative spreads), Atmos Energy's bankers unanimously advised to move forward with the offering. Ultimately only three issuers, including Atmos, were in the market. Roughly one hour into the bookbuild, Atmos Energy was at approximately \$2 billion, skewed to the 30-year, with a mix of fast (i.e., hedge fund) and real money demand. Throughout the morning, large buy and hold investors were placing orders and in close contact with the banks. At the peak of the bookbuild there were 4 orders of \$100 million or larger. With a 7.1x oversubscribed book for the 30-year and a 4.8x oversubscribed book for the 10-year, a straight-to-launch strategy at T+133 for the 30-year and T+120 for the 10-year was pursued to expedite pricing and mitigate further Treasury risk.

Atmos Energy Corporation Forward Starting Interest Rate Swaps

In connection with the planned issuance of long-term debt, we may use financial instruments to manage interest rate risk. We currently manage this risk through the use of forward starting interest rate swaps to fix the Treasury yield component of the interest cost associated with anticipated financings. We designate these financial instruments as cash flow hedges at the time the agreements are executed. On September 26, 2023, we settled \$700 million of forward starting interest rate swaps associated with the debt issuance that was completed on October 10, 2023. The following table summarizes our existing forward starting interest rate swaps as of September 30, 2023.

Planned Debt Issuance Date	Amount Hedged	Effective Interest Rate
	(In thousands)	
Fiscal 2025	\$ 600,000	1.75%
Fiscal 2026	300,000	2.16%
	<u>\$ 900,000</u>	

\$5B Shelf Registration

On March 31, 2023, we filed a shelf registration statement with the Securities and Exchange Commission (SEC) that allows us to issue up to \$5.0 billion in common stock and/or debt securities, which expires March 31, 2026. This shelf registration statement replaced our previous shelf registration statement which was filed on June 29, 2021. At September 30, 2023, \$4.0 billion of securities were available for issuance under this shelf registration statement. Following the completion of the \$500 million and \$400 million senior unsecured notes offering on October 10, 2023, approximately \$3.1 billion of securities remained available for issuance under the shelf registration statement. Copies of the interest rate management agreements along with a list of estimated fees and expenses related to the debt offering are shown in the attachments labeled Exhibit A and Exhibit B. Please refer to the SEC website for confirmed copies of the registration statement and prospectus supplements to complete our filing requirements.

Atmos Energy Corporation



Rebecca Reneau
Manager Treasury Services

Managers

BNP Paribas Securities Corp.
787 Seventh Avenue
New York, NY 10019

BofA Securities, Inc.
One Bryant Park
New York, NY 10036

CIBC World Markets Corp.
300 Madison Avenue, 5th Floor
New York, NY 10017

Credit Agricole Securities (USA) Inc.
1301 Avenue of the Americas
New York, NY 10019

Fifth Third Securities, Inc.
424 Church Street, Suite 600
Maildrop: UTF6B
Nashville, TN 37219

Goldman Sachs & Co. LLC
200 West Street
New York, NY 10282

J.P. Morgan Securities LLC
383 Madison Avenue
New York, NY, 10179

Mizuho Securities USA LLC
1271 Avenue of the Americas
New York, NY 10020

MUFG Securities Americas Inc.
1221 Avenue of the Americas, 6th Floor
New York, NY 10020

Regions Securities LLC
615 South College Street, Suite 600
Charlotte, NC 28202

Truist Securities, Inc.
3333 Peachtree Road NE, 11th Floor
Atlanta, GA 30326

TD Securities (USA) LLC
1 Vanderbilt Avenue
New York, NY 10017

Wells Fargo Securities, LLC
500 West 33rd Street, 14th Floor
New York, New York 10001

Forward Purchasers

BNP Paribas
787 Seventh Avenue
New York, NY 10019

Bank of America, N.A.
One Bryant Park, 8th Floor
New York, NY 10036

Canadian Imperial Bank of Commerce
300 Madison Avenue, 5th Floor
New York, NY 10017

Crédit Agricole Corporate and
Investment Bank c/o Credit Agricole
Securities (USA) Inc., as Agent
1301 Avenue of the Americas
New York, NY 10019

Goldman Sachs & Co. LLC
200 West Street
New York, NY 10282

JPMorgan Chase Bank, National
Association, New York Branch
383 Madison Avenue
New York, NY 10179

Mizuho Markets Americas LLC
c/o Mizuho Securities USA LLC
1271 Avenue of the Americas
New York, NY 10020

MUFG Securities EMEA plc
Ropemaker Place, 25 Ropemaker Street
London EC2Y 9AJ, United Kingdom

Regions Securities LLC
615 South College Street, Suite 600
Charlotte, NC 28202

The Toronto-Dominion Bank
c/o TD Securities (USA) LLC, as agent
1 Vanderbilt Avenue
New York, NY 10017

Truist Bank
3333 Peachtree Road NE, 11th Floor
Atlanta, GA 30326

Wells Fargo Bank, National Association
c/o Wells Fargo Securities, LLC
500 West 33rd Street, 14th Floor
New York, New York 10001

Atmos Energy Corporation
October 2023 Debt Offering Summary - Estimate

Offering in October 2023:

\$500,000,000 Senior Notes, 6.200%; due November 2053; offered at 99.759%	\$	500,000,000	
Less: Original Issue Discount		1,205,000	
Less: Underwriting discount at 0.875%		4,375,000	
Net Proceeds before legal, accounting and other offering costs		4,375,000	\$ 494,420,000

Less: Expenses (to be capitalized; amortized over life of debt)

Attorneys Fees	130,000	①
Accounting Fees	47,250	①
SEC Filing Fee	73,800	①
Printing & Postage Expenses (Donnelley)	25,000	①
Trustee fees	7,500	①
Rating agency fees	810,000	①
Misc	70,000	①

Net Proceeds \$ 493,256,450

Shelf Registration Costs (related to offering) -

Net Proceeds Less Shelf Registration Costs \$ 493,256,450

Σ ① =		1,163,550 Total Expenses
		4,375,000 Underwriting Discount
		5,538,550 Total fees and underwriting discount

Underwriters

	Principal Amount	of the
	2053 Notes	
BofA Securities, Inc.	\$ 80,000,000	
Credit Agricole Securities (USA) Inc.	\$ 80,000,000	
Mizuho Securities USA LLC	\$ 80,000,000	
TD Securities (USA) LLC	\$ 80,000,000	
CIBC World Markets Corp.	\$ 40,000,000	
Truist Securities, Inc.	\$ 40,000,000	
Wells Fargo Securities, LLC	\$ 40,000,000	
Fifth Third Securities, Inc.	\$ 25,000,000	
Regions Securities, LLC	\$ 25,000,000	
Academy Securities, Inc.	\$ 10,000,000	
Total	\$ 500,000,000	

Atmos Energy Corporation
October 2023 Debt Offering Summary - Estimate

Offering in October 2023:

\$400,000,000 Senior Notes, 5.900%; due November 2033; offered at 99.870%	\$	400,000,000	
Less: Original Issue Discount		520,000	
Less: Underwriting discount at 0.650%		2,600,000	
Net Proceeds before legal, accounting and other offering costs		2,600,000	\$ 396,880,000

Less: Expenses (to be capitalized; amortized over life of debt)

Attorneys Fees	102,000	①
Accounting Fees	38,000	①
SEC Filing Fee	60,000	①
Printing & Postage Expenses (Donnelley)	17,500	①
Trustee fees	6,000	①
Rating agency fees	650,000	①
Misc	55,000	①

Net Proceeds \$ 395,951,500

Shelf Registration Costs (related to offering) -

Net Proceeds Less Shelf Registration Costs \$ 395,951,500

Σ ① =		928,500 Total Expenses
		2,600,000 Underwriting Discount
		3,528,500 Total fees and underwriting discount

Underwriters

	Principal Amount	
	of the	
	2033 Notes	
BofA Securities, Inc.	\$ 64,000,000	
Credit Agricole Securities (USA) Inc.	\$ 64,000,000	
Mizuho Securities USA LLC	\$ 64,000,000	
TD Securities (USA) LLC	\$ 64,000,000	
CIBC World Markets Corp.	\$ 32,000,000	
Truist Securities, Inc.	\$ 32,000,000	
Wells Fargo Securities, LLC	\$ 32,000,000	
Fifth Third Securities, Inc.	\$ 20,000,000	
Regions Securities, LLC	\$ 20,000,000	
Academy Securities, Inc.	\$ 8,000,000	
Total	\$ 400,000,000	