Analysts Call to Review Fiscal 2017 Third Quarter Financial Results

August 3, 2017

10:00 a.m. Eastern

Consolidated Financial Results – Fiscal 2017 Q3

Q3 Fiscal 2017 Net Income versus Q3 Fiscal 2016 Net Income

Q3 Fiscal 2017 Net Income *($ millions, except EPS)*	Distribution	Pipeline & Storage	Natural Gas Marketing	TOTAL	Average Diluted Shares	EPS *
Net Income	$ 37	$ 34	$ ---	$ 71	106.4	$ 0.67
(Less) Discontinued Operations	---	---	---	---	106.4	---
Net Income from Continuing Operations	$ 37	$ 34	$ ---	$ 71	106.4	$ 0.67

Q3 Fiscal 2016 Net Income *($ millions, except EPS)*	Distribution	Pipeline & Storage	Natural Gas Marketing	TOTAL	Average Diluted Shares	EPS *
Net Income	$ 30	$ 36	$ 5	$ 71	103.8	$ 0.69
(Less) Net Income-Discontinued Operations	---	---	(5)	(5)	103.8	(0.05)
Net Income from Continuing Operations	$ 30	$ 36	$ ---	$ 66	103.8	$ 0.64

* Since Atmos Energy has non-vested share-based payments with a nonforfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.

As of August 2, 2017

Consolidated Financial Results – Fiscal YTD

YTD Fiscal 2017 Net Income versus YTD Fiscal 2016 Net Income

Fiscal YTD 2017 Net Income *($ millions, except EPS)*	**Distribution**	**Pipeline & Storage**	**Natural Gas Marketing**	**TOTAL**	**Average Diluted Shares**	**EPS ***
Net Income	$ 253	$ 94	$ 14	$ 361	105.9	$ 3.40
(Less) Net Income - Discontinued Operations	---	---	(14)	(14)	105.9	(0.13)
Net Income from Continuing Operations	$ 253	$ 94	$ ---	$ 347	105.9	$ 3.27

Fiscal YTD 2016 Net Income *($ millions, except EPS)*	**Distribution**	**Pipeline & Storage**	**Natural Gas Marketing**	**TOTAL**	**Average Diluted Shares**	**EPS ***
Net Income	$ 220	$ 91	$ 5	$ 316	103.1	$ 3.06
(Less) Net Income - Discontinued Operations	---	---	(5)	(5)	103.1	(0.05)
Net Income from Continuing Operations	$ 220	$ 91	$ ---	$ 311	103.1	$ 3.01

* Since Atmos Energy has non-vested share-based payments with a nonforfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.

As of August 2, 2017

Segment Financial Results – Fiscal 2017 Q3

Distribution

($ millions)	Quarter Ended 6/30 2017	2016	Change
Gross Profit*	$ 296.3	$ 277.3	$ 19.0
Operating Expenses			
Operation & Maintenance	99.6	101.8	(2.2)
Depreciation & Amortization	62.8	59.2	3.6
Taxes, other than Income	56.8	52.6	4.2
Operating Income	$ 77.1	$ 63.7	$ 13.4

($ millions)	Nine Months Ended 6/30 2017	2016	Change
Gross Profit*	$ 1,105.0	$ 1,024.2	$ 80.8
Operating Expenses			
Operation & Maintenance	296.1	294.2	1.9
Depreciation & Amortization	185.2	174.7	10.5
Taxes, other than Income	165.0	153.2	11.8
Operating Income	$ 458.7	$ 402.1	$ 56.6

Key Drivers

QTD

- $19.0M gross profit increase:
  - $13.7M net increase in rates
  - $1.8M net increase in consumption
  - $1.1M increase from customer growth
- $2.2M decrease in O&M, primarily due to lower legal expenses
- $3.6M increase in D&A from increased capital investments
- $4.2M increase in other taxes primarily from an increase in property taxes due to increased capital investments

YTD

- $80.8M gross profit increase:
  - $59.0M net increase in rates
  - $5.4M increase from customer growth
  - $4.2M increase in transportation revenue
  - $3.8M increase in revenue-related taxes
  - $2.1M net increase in consumption
- $10.5M increase in D&A from increased capital investments
- $11.8M increase in other taxes primarily due to:
  - $6.6M increase in property taxes due to increased capital investments
  - $3.5M increase in revenue-related tax expense

* Gross Profit is a non-GAAP financial measure and is defined as operating revenues less purchased gas cost.

As of August 2, 2017

Segment Financial Results – Fiscal 2017 Q3

Pipeline & Storage

($ millions)	Quarter Ended 6/30 2017	2016	Change
Gross Profit*	$ 116.0	$ 114.3	$ 1.7
Operating Expenses			
Operation & Maintenance	29.0	29.6	(0.6)
Depreciation & Amortization	17.3	13.7	3.6
Taxes, other than Income	6.1	6.3	(0.2)
Operating Income	$ 63.6	$ 64.7	$ (1.1)

($ millions)	Nine Months Ended 6/30 2017	2016	Change
Gross Profit*	$ 336.9	$ 314.5	$ 22.4
Operating Expenses			
Operation & Maintenance	89.9	84.9	5.0
Depreciation & Amortization	49.4	40.2	9.2
Taxes, other than Income	20.6	18.8	1.8
Operating Income	$ 177.0	$ 170.6	$ 6.4

Key Drivers

QTD

- **$3.6M increase in D&A due to increased capital investments**

YTD

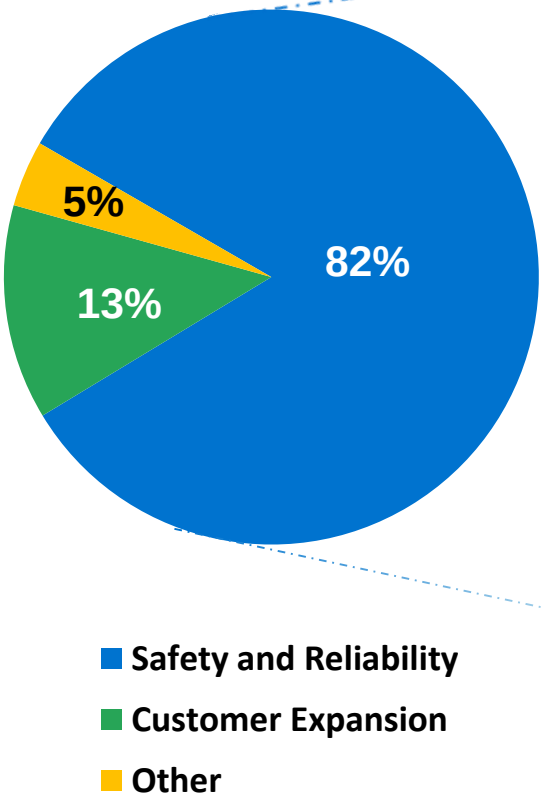
- **$22.4M increase in gross profit primarily due to a $22.1M increase in rates from the approved GRIP filing in fiscal 2016**
- **$5.0M increase in O&M expense primarily due to increased pipeline maintenance & integrity activities and higher employee-related costs**
- **$9.2M increase in D&A due to increased capital investments**

* Gross Profit is a non-GAAP financial measure and is defined as operating revenues less purchased gas cost.

As of August 2, 2017

Capital Spending Mix

Safety & Reliability Investments Enable Modernization of Infrastructure

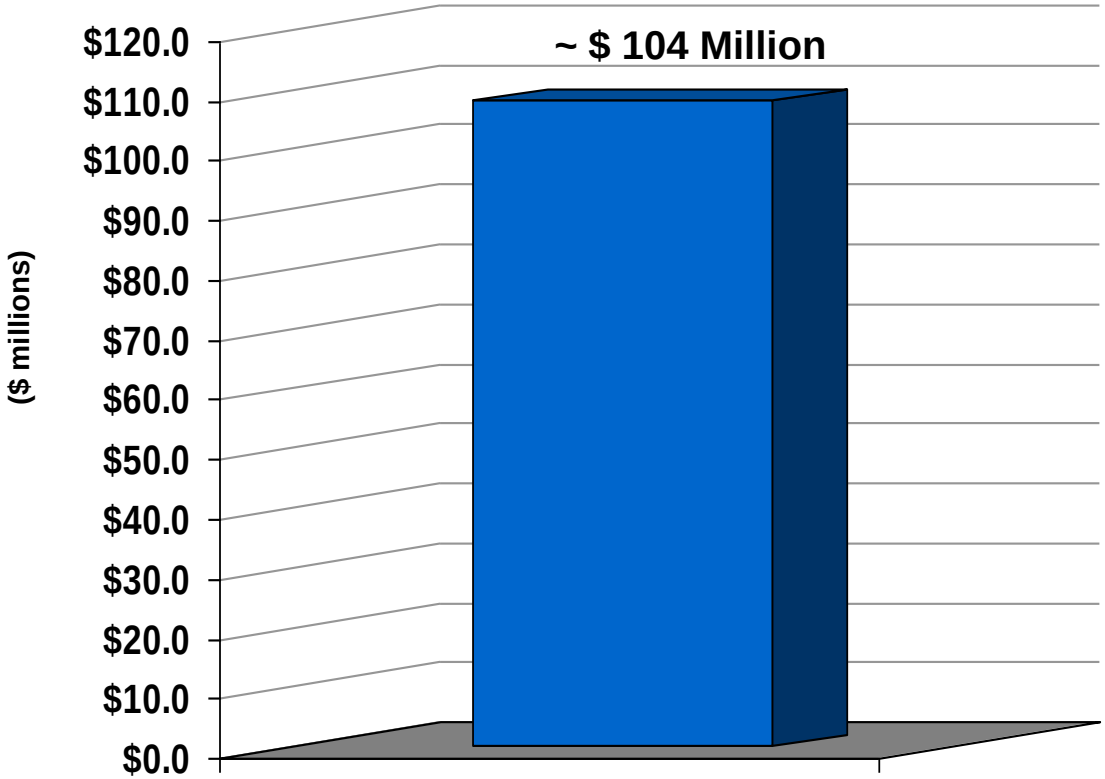


$ millions	FISCAL 2017 YTD CAPEX
$ 364	Repair and replace transmission and distribution pipelines
$ 91	Service line replacement
$ 88	Fortification
$ 77	Install & replace measurement & regulating equipment
$ 33	Enhance storage and compression capabilities
$ 18	Pipeline integrity management projects
$ 671	Total Safety and Reliability Spending
$ 812	**Total Capital Spending**

As of August 2, 2017

Key Regulatory Developments - Fiscal 2017

Annualized Operating Income Increases from Implemented Rate Activity



Key Rate Activity
Fiscal 2017 YTD

- **$36.2M - Mid-Tex RRM**
- **$13.0M – APT SOI**
- **$ 9.7M - Mid-Tex DARR**
- **$ 9.0M - Mississippi SRF/SGR/SIR**
- **$ 6.7M - Tennessee ARM**
- **$ 6.2M – Louisiana-LGS RSC**
- **$ 5.0M - Kentucky PRP**
- **$ 4.7M - West TX ALDC GRIP**
- **$ 4.4M - Louisiana-TransLa RSC**
- **$ 4.3M - West Texas Cities RRM**

As of August 2, 2017

Key Regulatory Developments - Fiscal 2017

- **Atmos Pipeline Texas:** *Issued* final order authorizing a net increase in annual operating income of $13.0 million (GUD 10580), effective August 1, 2017
  - Authorized ROE of 11.50 percent; overall return of 8.87 percent
  - Authorized capital structure: 47 percent debt / 53 percent equity
  - Authorized rate base: $1.77 billion
  - Approved Rider Rev benchmark at $69.4 million
  - Test year ended September 30, 2016

- **Kentucky PRP Rate Filing:** *Filed* annual Pipe Replacement Program (PRP) rate filing on July 28, 2017, requesting an increase in annual operating income of $5.6 million
  - Authorized ROE of 9.80 percent; Authorized ROR of 7.71 percent
  - Authorized capital structure: 51 percent debt / 49 percent equity
  - Authorized rate base: $42 million
  - Serves about 177,000 customers
  - Forward-looking test year ending September 2018

Key Regulatory Developments - Fiscal 2017

- **Louisiana – LGS:** *Implemented* annual Rate Stabilization Clause (RSC) on July 1, 2017, providing for a net increase in annual operating income of $6.2 million, subject to refund
  - Authorized ROE of 9.80 percent; requested overall return of 7.43 percent
  - Requested capital structure: 47 percent debt / 53 percent equity
  - Requested rate base: $385 million
  - Serves about 276,000 customers
  - Test year ended December 31, 2016

- **Colorado:** *Filed* rate case June 26, 2017, requesting a net increase in annual operating income of $2.9 million
  - Requested ROE of 10.5 percent; overall return of 8.14 percent
  - Requested capital structure: 44 percent debt / 56 percent equity
  - Requested rate base: $140.9 million
  - Requested 5-year extension of the System Safety and Integrity Rider (SSIR) through 2023 (forward-looking, true-up, risk-based focused initially on specific materials)
  - Serves about 116,000 customers
  - Test year ended March, 2017

Key Regulatory Developments - Fiscal 2017

- **Mid-Tex Cities:** *Settled* Annual Rate Review (RRM) providing a net increase in annual operating income of $36.2 million, effective June 1, 2017
  - Authorized ROE of 10.50 percent; overall return of 8.36 percent
  - Authorized capital structure: 45 percent debt / 55 percent equity
  - Requested system-wide rate base: $2.4 billion
  - Serves about 1.3 million customers
  - Test year ended December 31, 2016

- **Mid-Tex Cities:** *Implemented* Dallas Annual Rate Review (DARR) June 1, 2017, providing a net increase in annual operating income of $9.7 million, subject to refund
  - Appealed to Texas Railroad Commission on May 26, 2017 (GUD 10640)
  - City of Dallas filed a “show cause” order on June 14, 2017, which requires a Statement of Intent filing by August 18, 2017 for test year ended March 31, 2017
  - Authorized ROE of 10.10 percent; requested overall return of 8.38 percent
  - Requested capital structure: 41 percent debt / 59 percent equity
  - Requested system-wide rate base: $2.3 billion
  - Serves about 225,000 customers
  - Test year ended September 30, 2016

Key Regulatory Developments - Fiscal 2017

- **Tennessee Annual Review Mechanism - ARM:** *Issued order* on May 23, 2017, approving an increase in annual operating income of $6.7 million. Includes previously approved $4.6 million of deficiency for test year ended May 31, 2016.
  - Authorized ROE of 9.8 percent; overall return of 7.49 percent
  - Authorized capital structure: 47 percent debt / 53 percent equity
  - Authorized rate base: $303.0 million
  - Serves about 144,000 customers
  - Forward-looking test year ending May 31, 2018

- **West Texas Cities of Amarillo/Lubbock/Dalhart/Channing:** *Approved* 2016 Gas Reliability Infrastructure Program (GRIP) on April 25, 2017, authorizing an increase in annual operating income of $4.7 million
  - Based on return, depreciation and changes in taxes related to system-wide net investment change of $60.2 million from January 1, 2016 to December 31, 2016
  - Authorized ROE of 10.5 percent; overall return of 8.57 percent
  - Authorized actual capital structure: 48 percent debt / 52 percent equity
  - System-wide rate base: $476.7 million
  - Serves about 141,000 customers
  - Test year ended December 31, 2016

Key Regulatory Developments - Fiscal 2017

- **Louisiana – TransLa:** *Implemented* annual Rate Stabilization Clause (RSC) on April 1, 2017, providing for a net increase in annual operating income of $4.4 million, subject to refund
  - Authorized ROE of 9.80 percent; requested overall return of 7.50 percent
  - Requested capital structure: 47 percent debt / 53 percent equity
  - Requested rate base: $156 million
  - Serves about 74,000 customers
  - Test year ended September 30, 2016

- **West Texas Cities:** *Settled* annual Rate Review Mechanism (RRM) authorizing an increase in annual operating income of $4.3 million, effective March 15, 2017
  - Authorized ROE of 10.50 percent; requested overall return of 8.45 percent
  - Requested capital structure: 45 percent debt / 55 percent equity
  - Requested system-wide rate base: $450 million
  - Serves about 136,000 customers
  - Test year ended September 30, 2016

Key Regulatory Developments - Fiscal 2017

- **Mississippi:** *Filed* annual System Integrity Rider (SIR) on March 1, 2017, requesting a net increase in annual operating income of $7.6 million
  - Authorized ROE of 9.73 percent; authorized overall return of 7.85 percent
  - Authorized actual capital structure: 47.5 percent debt / 52.5 percent equity
  - Requested rate base: $48.7 million
  - Serves about 251,000 customers
  - Forward-looking components - PP&E, accumulated depreciation, accumulated deferred income taxes, depreciation and ad valorem taxes from November 2017 - October 2018

- **Mississippi:** *Settled* annual Stable Rate Filing (SRF) on January 12, 2017, providing an increase in annual operating income of $4.4 million
  - Authorized ROE of 9.73 percent; overall return of 7.85 percent
  - Authorized capital structure: 47.5 percent debt / 52.5 percent equity
  - Authorized rate base: $387.3 million
  - Serves about 247,000 customers
  - Forward-looking components - PP&E, accumulated depreciation, accumulated deferred income taxes, depreciation and ad valorem taxes from November 2016 - October 2017
  - Test year ended June 30, 2016

Key Regulatory Developments - Fiscal 2017

- **Mississippi:** *Settled* annual System Integrity Rider (SIR) on January 1, 2017, providing a net increase in annual operating income of $3.3 million
  - Authorized ROE of 9.73 percent; authorized overall return of 7.85 percent
  - Authorized actual capital structure: 47.5 percent debt / 52.5 percent equity
  - Authorized rate base: $21.3 million
  - Serves about 247,000 customers
  - Forward-looking components - PP&E, accumulated depreciation, accumulated deferred income taxes, depreciation and ad valorem taxes from November 2016 - October 2017

- **Mississippi:** *Settled* annual Supplemental Growth Rider (SGR) on January 1, 2017, providing a net increase in annual operating income of $1.3 million
  - Authorized ROE of 12.00 percent; authorized overall return of 9.04 percent
  - Authorized actual capital structure: 47.5 percent debt / 52.5 percent equity
  - Authorized rate base: $17.4 million
  - Serves about 247,000 customers
  - Forward-looking components - PP&E, accumulated depreciation, accumulated deferred income taxes, depreciation and ad valorem taxes from November 2016 - October 2017

Key Regulatory Developments - Fiscal 2017

- **Kentucky PRP Rate Filing:** *Settled* annual Pipe Replacement Program (PRP) rate filing on November 14, 2016, providing an increase in annual operating income of $5.0 million
  - Authorized ROE of 9.80 percent; Authorized ROR of 7.71 percent
  - Authorized capital structure: 51 percent debt / 49 percent equity
  - Authorized rate base: $38 million
  - Serves about 175,000 customers
  - Forward-looking test year ending September 2017

Consolidated Financial Results - Fiscal 2017

Discontinued Operations

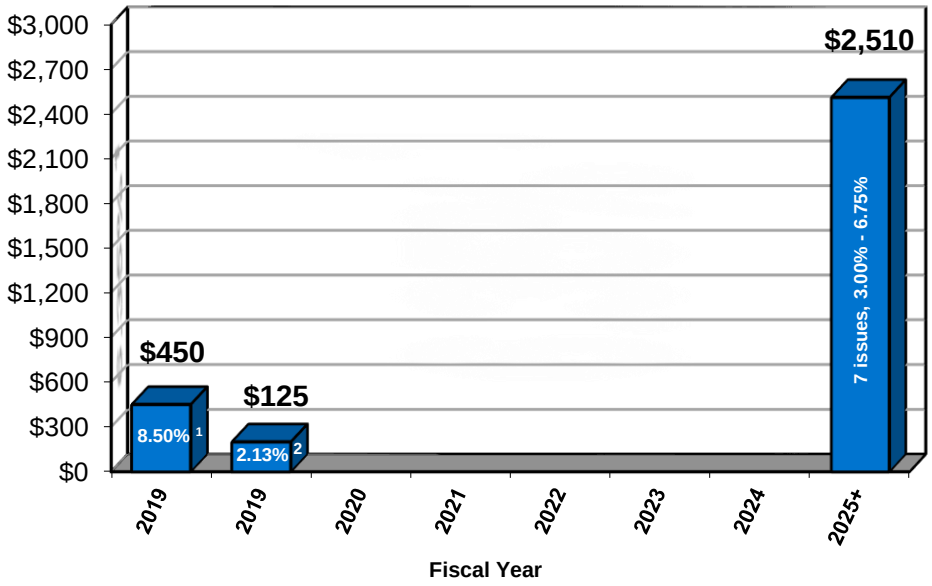
- October 31, 2016, announced the sale of Atmos Energy Marketing to a subsidiary of CenterPoint Energy
- Transaction closed on January 3, 2017; effective date of January 1, 2017
  - Included transfer of about 800 delivered gas customers and related asset optimization business
  - All cash price of $38.3 million, plus working capital of $109.0 million, for a total cash consideration of $147.3 million
  - Operating results have been recorded as income from discontinued operations, net of income tax
  - Recognized a net gain of $0.03 per diluted share in fiscal Q2 2017
- Atmos Energy has fully exited the nonregulated marketing business
- No impact on projected diluted annual EPS growth of six to eight percent through fiscal 2020

Strong Financial Foundation

Long-Term Debt Maturity and Liquidity Profile

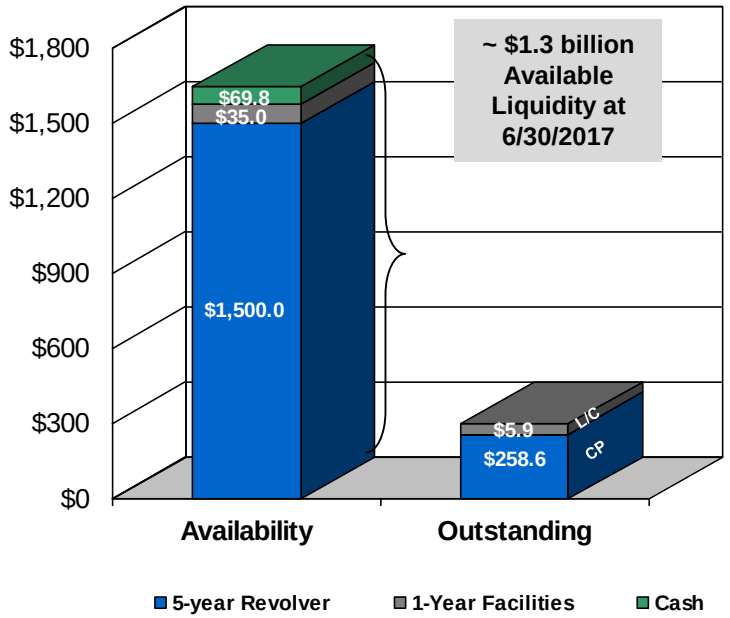
Debt Maturity as of June 30, 2017

$ millions



Liquidity Profile as of June 30, 2017

$ millions



[1] These notes mature March 2019. The Treasury yield component associated with the anticipated refinancing of these notes has been effectively fixed at 3.782%.

[2] Drawn under the $200 million floating rate multi-draw loan.

As of August 2, 2017

Consolidated Financial Results - Fiscal 2017

Long-Term Debt Issuances

June 8, 2017, issued $500 million of 3.00% senior notes due 2027 and $250 million of 4.125% senior notes due 2044

- Effective rate of these notes is 3.12% and 4.40%, after giving effect to offering costs and settlement of the associated forward starting interest rate swaps
- Net proceeds of approximately $753 million, excluding the loss on the settlement of interest rate swaps of $37 million were used
  - To repay $250 million 6.35% senior unsecured notes at maturity on June 15, 2017, and
  - For general corporate purposes, including the repayment of working capital borrowings pursuant to our commercial paper program

Consolidated Financial Results - Fiscal 2017

Term Loan Agreement

- September 22, 2016, entered into 3-year, $200 million multi-draw loan agreement with syndicate of 3 lenders
  - $125.0 million outstanding at June 30, 2017
  - Interest dependent upon credit ratings at time of borrowing and at our election of either a base rate or LIBOR for the applicable period
    - Current election at June 30, 2017, was 30-day LIBOR plus 90 basis points, which equated to 2.13 percent
  - Used to repay short-term debt and for working capital, capital expenditures and other general corporate purposes
  - Matures September 22, 2019, however, may be repaid at any time during loan period

Consolidated Earnings Guidance – Fiscal 2017E*

Atmos Energy now expects 2017 fiscal year earnings from continuing operations to be in the middle of the tightened range of $3.55 to $3.63 per diluted share

Earnings from Continuing Operations

($ millions, except EPS)	**Fiscal 2017E***
Net Income	**$ 375 – 385**
Avg. Diluted Shares	**105.0 – 107.0**
Earnings Per Share [1]	**$ 3.55 – $3.63**

Selected Expenses from Continuing Operations

($ millions)	**Fiscal 2017E***
Operations & Maintenance Expense	**$ 535 – 560**
Depreciation & Amortization Expense	**$ 310 – 330**
Interest Expense	**$ 115 – 125**
Income Tax Expense [2]	**$ 210 – 230**

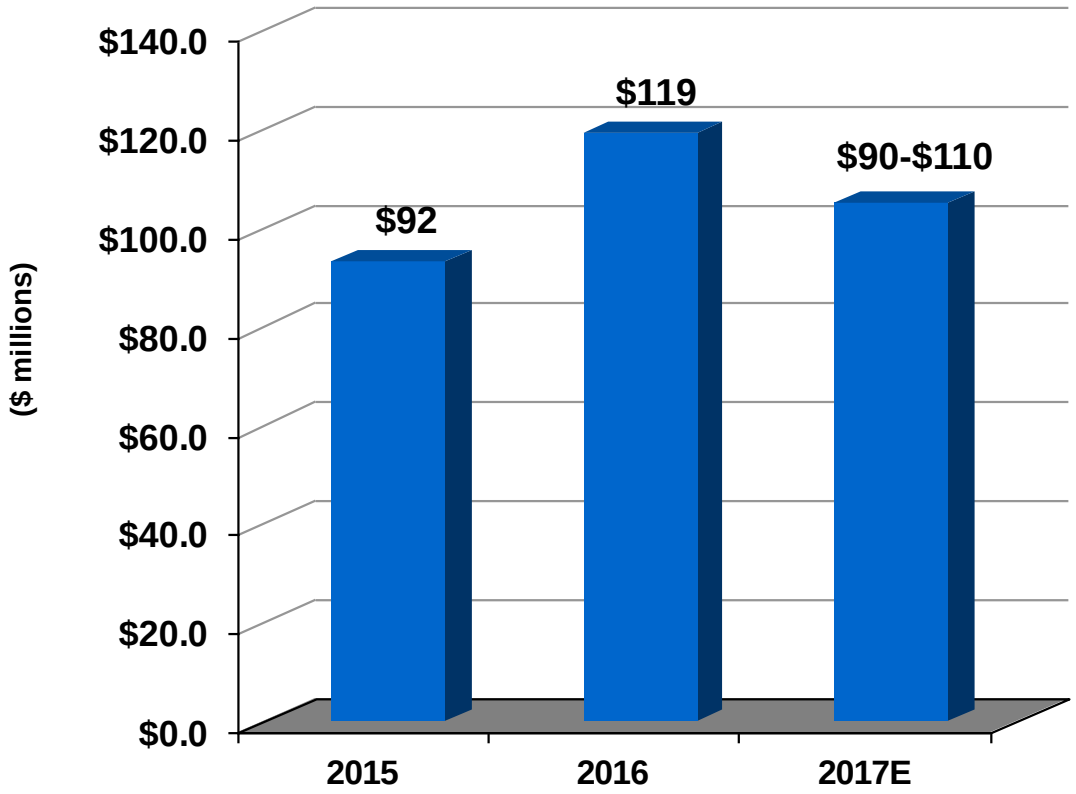
* Expected results for fiscal 2017 are from continuing operations. Changes in events or circumstances that the Company cannot currently anticipate could materially impact earnings, and could result in earnings for fiscal 2017 significantly above or below this outlook.

1 Since Atmos Energy has non-vested share-based payments with a non-forfeitable right to dividends, there is a requirement to use the two-class method of computing earnings per share. As a result, EPS cannot be calculated directly from the income statement.

2 Effective Tax Rate is expected to be 37% to 38%.

Constructive Rate Outcomes Drive Operating Income Growth

Annualized Increases from Implemented Rate Activity



- Customers and shareholders benefit from fair and reasonable regulation
- Earning on approximately 95% of annual CAPEX within 6 months of test year end
- Distribution features:
  - 97% Weather normalization stabilizes rates and margins
  - 75% Bad Debt Recovery insulates margins from the commodity portion of bad debt expense

As of August 2, 2017

Key Regulatory Developments - Fiscal 2017E

Rate Filing Outlook – Fiscal 2017E

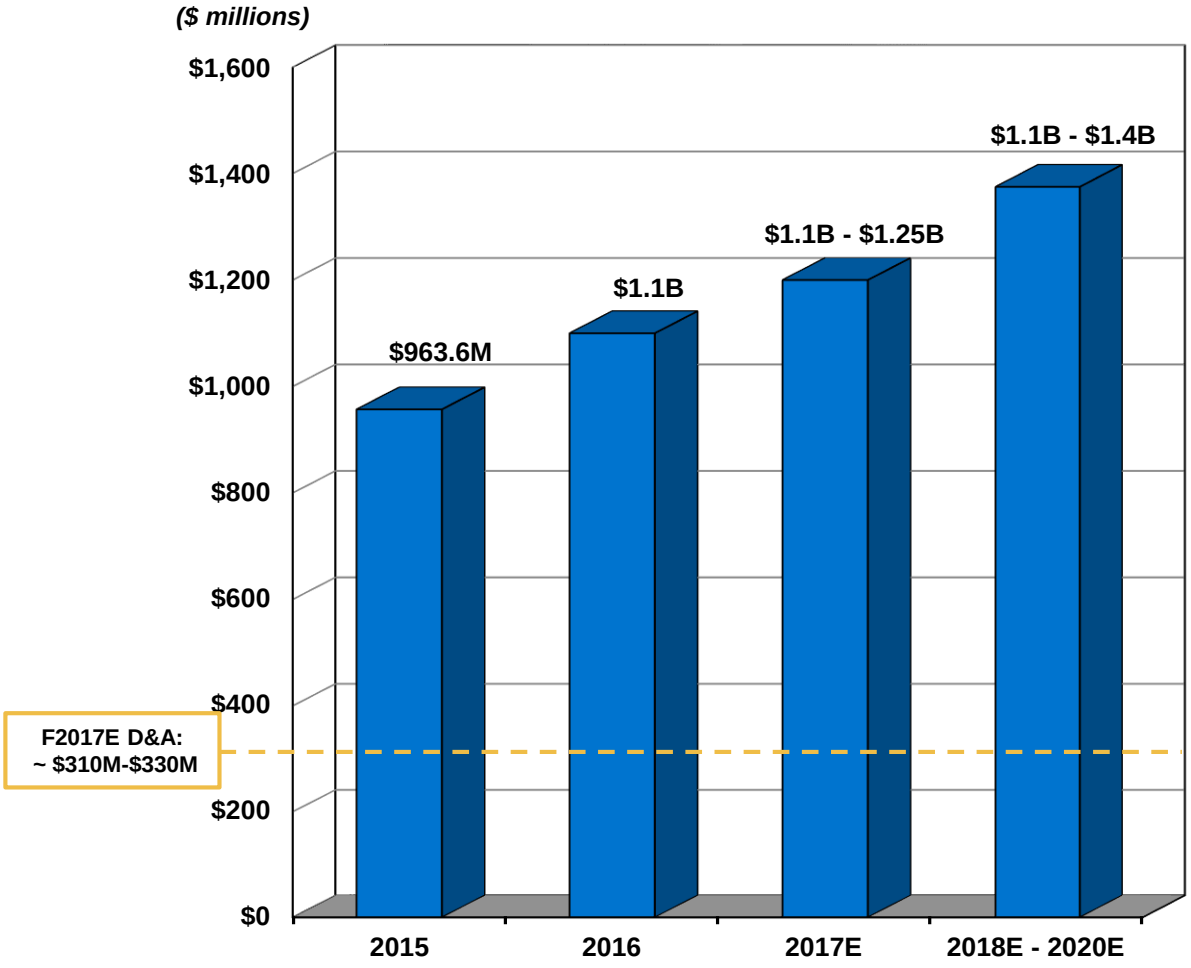
Q1 October – December	Q2 January – March	Q3 April – June	Q4 July –September
Kansas – Issued Gas System Reliability Surcharge (GSRS) for $0.8M in February 2017; new rates effective February 9, 2017 (Docket 17-ATMG-141-TAR)	Atmos Pipeline Texas (APT) – Issued final order for $13.0M in August 2017; new rates effective August 1, 2017 (Docket GUD 10580)	Louisiana – Implemented LGS annual Rate Stabilization Clause (RSC) for $6.2M : new rates effective July 1, 2017 (Docket U-34424)	Kentucky – Filed Pipe Replacement Program (PRP) for $5.6M in July 2017; new rates anticipated Q1 fiscal 2018 (Docket 2017-00308)
Colorado – Settled System Safety and Integrity Rider (SSIR) for $1.4M, new rates effective January 1, 2017 (Docket 16AL0839G)	Tennessee – Approved Annual Review Mechanism (ARM) for $6.7M in May 2017; new rates effective June 1, 2017	Colorado – Filed rate case in June 2017 for $2.9M; new rates anticipated Q2 fiscal 2018 (Docket 17AL-0429G)	**Atmos Pipeline Texas (APT) – Anticipate filing stub-period GRIP request in August 2017; new rates anticipated Q1 fiscal 2018**
West Texas Cities – Settled Rate Review Mechanism (RRM) for $4.3M in March 2017; new rates effective March 15, 2017	Mid-Tex Cities – Settled Rate Review Mechanism (RRM) for $36.2M in June 2017; new rates effective June 1, 2017		**Mid-Tex (Dallas) – Anticipate filing Statement of Intent in response to Show-Cause in August 2017; new rates anticipated Q3 fiscal 2018**
Louisiana – Implemented TransLa annual Rate Stabilization Clause (RSC) for $4.4M ; new rates effective April 1, 2017 (Docket U-34343)	Texas Environs Customers - Approved annual GRIPs for Mid-Tex for $1.6M and W. Texas for $0.9M in May 2017; new rates effective June 1, 2017 (Dockets GUD- 10607/10608)		**Mississippi – Anticipate Stable Rate and Supplemental Growth Rider filings in September 2017; new rates anticipated Q1 fiscal 2018**
	West Texas ALDC – Approved annual GRIP request for $4.7M in April 2017; new rates effective April 25, 2017		**Tennessee – Anticipate filing ARM reconciliation in September 2017; new rates anticipated Q3 fiscal 2018**
Mid-Tex (Dallas) – Implemented rates June 1, 2017, subject to refund. Appealed Dallas Annual Rate Review (DARR) for $9.7M on May 26, 2017 (Docket GUD 10640)	Mississippi – Filed System Integrity Rider (SIR) for $7.6M in March 2017; new rates Q1 fiscal 2018 (Docket 2015-UN-049)		

As of August 2, 2017

Capital Expenditures Drive Rate Base Growth

Consolidated 2017E CAPEX of $1.1 Billion - $1.25 Billion

~ 95% of annual CAPEX begins to earn a return within 6 months from end of test year



Safety & Reliability ~$900 - $950M

- **System integrity**-replacement of pipe, leak repairs and cathodic protection
- **Pipeline integrity**-includes replacement of pipelines, installation of pigging facilities, and other state and federal integrity management compliance costs
- **Other system improvements**-system enhancements and AMI

As of August 2, 2017

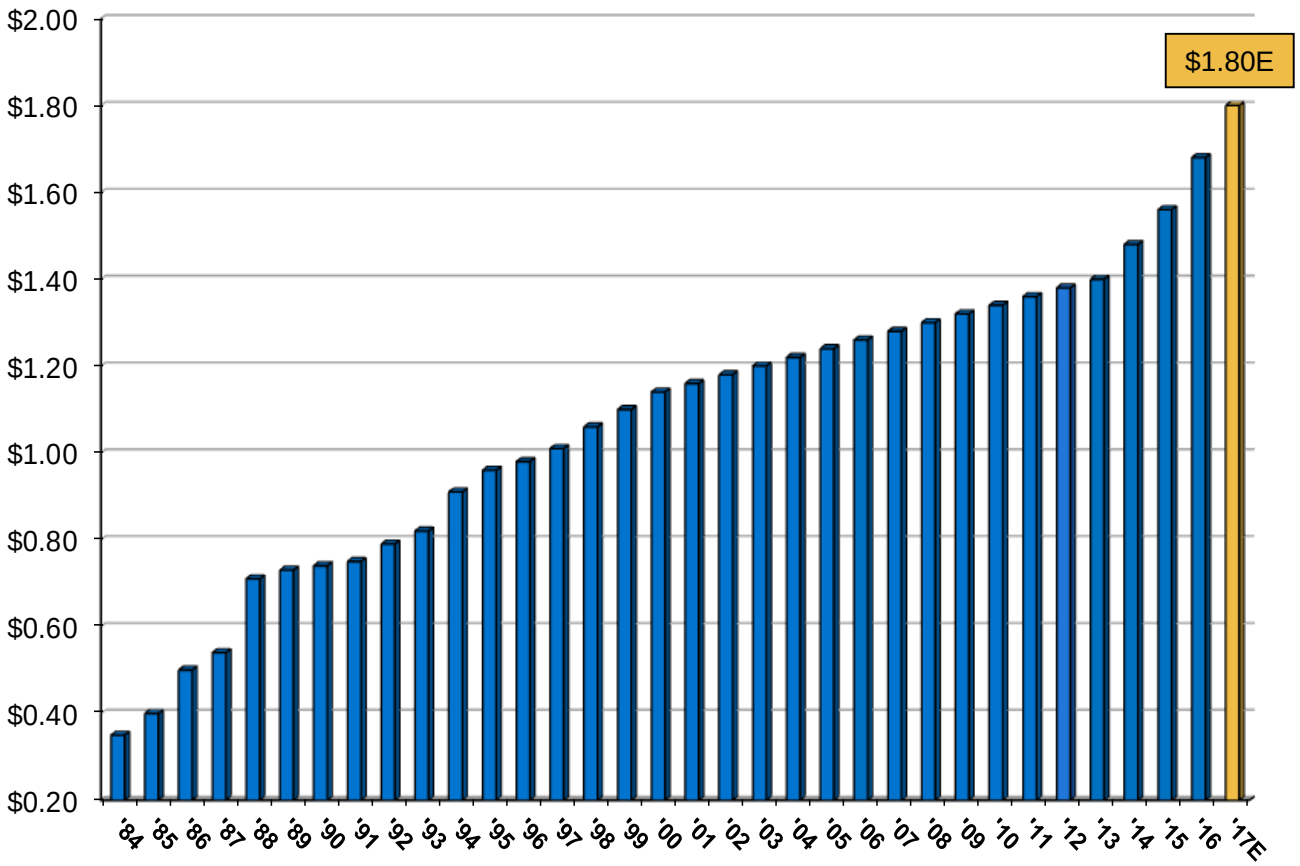
Anticipated Financing Plans through Fiscal 2020

- Continue to fund CAPEX in a balanced manner via cash flows, debt and equity securities to maintain and improve our existing capital structure
- Currently anticipate incremental long-term financing of $1.5 - $2.0 billion through fiscal 2020
  - Funded through long-term debt securities and annual equity issuances in connection with our At-The-Market (ATM) equity issuance program, the Direct Stock Purchase Plan (DSPP) and Retirement Savings Plan (RSP)
  - Anticipate $550 - $650 million of equity issuances through fiscal 2020, including non-cash Long-Term Incentive Plan (LTIP) issuances, as follows:
    - $300 - $400 million ATM
    - $125 - $150 million DSPP/RSP
    - $100- $125 million LTIP (non-cash)
- Based on estimated spending levels of $1.1 billion to $1.4 billion annually through fiscal 2020; financing plans have been reflected in our earnings and EPS growth targets

As of August 2, 2017

Consolidated Financial Results – Fiscal 2017E

33 Consecutive Years of Dividend Increases



Note: Amounts are adjusted for mergers and acquisitions.

Quarterly Dividend

- **On August 1, 2017, the Board of Directors declared a quarterly dividend of $0.45 per share**
- **135th consecutive dividend declared**
- **To be paid on September 5, 2017, to shareholders of record on August 21, 2017**
- **Indicated annual dividend increased 7.1% for fiscal 2017**

As of August 2, 2017

Forward Looking Statements

The matters discussed or incorporated by reference in this presentation may contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than statements of historical fact included in this presentation are forward-looking statements made in good faith by the company and are intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995. When used in this presentation or in any of our other documents or oral presentations, the words "anticipate," "believe," "estimate," "expect," "forecast," "goal," "intend," "objective," "plan," "projection," "seek," "strategy" or similar words are intended to identify forward-looking statements. Such forward-looking statements are subject to risks and uncertainties that could cause actual results to differ materially from those discussed in this presentation, including the risks relating to regulatory trends and decisions, our ability to continue to access the credit and capital markets and the other factors discussed in our reports filed with the Securities and Exchange Commission. These factors include the risks and uncertainties discussed in our Annual Report on Form 10-K for the fiscal year ended September 30, 2016, and in our Quarterly Report on Form 10-Q for the three and nine months ended June 30, 2017. Although we believe these forward-looking statements to be reasonable, there can be no assurance that they will approximate actual experience or that the expectations derived from them will be realized. We undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

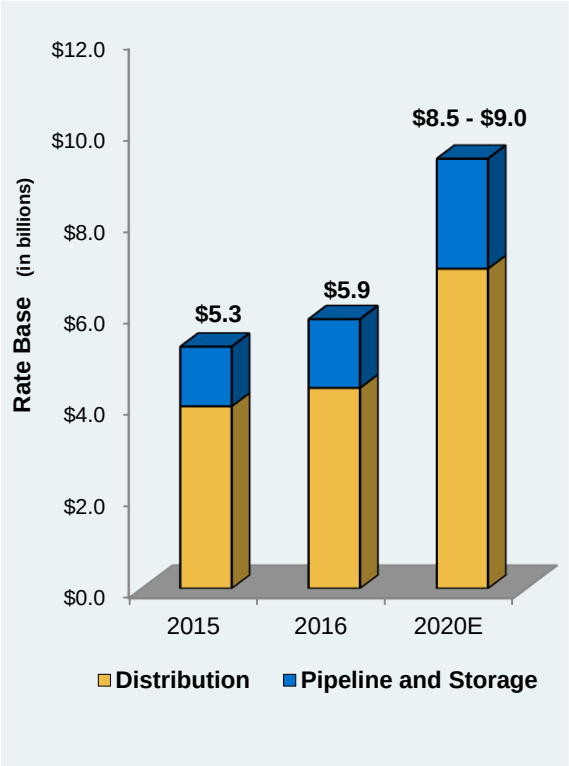
Further, we will only update our annual earnings guidance through our quarterly and annual earnings releases. All estimated financial metrics for fiscal year 2017 and beyond that appear in this presentation are current as of August 2, 2017.

Appendix

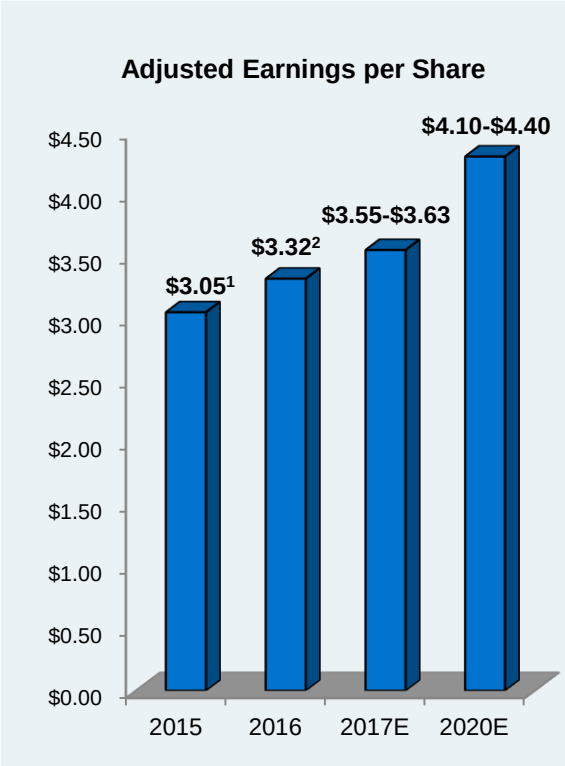
Attractive, Pure-Play Return

Constructive Regulatory Mechanisms Support Efficient Conversion of Rate Base Growth Opportunities into Financial Results

~ $1.1 billion - $1.4 billion in annual capital investment through 2020 + **Constructive rate mechanisms reducing regulatory lag** = **6% - 8% Consolidated EPS growth**







[1] Reported EPS was $3.09. EPS for 2015 as presented here excludes the positive impact of colder-than-normal weather of $0.05 and mark-to-market losses of ($0.01).

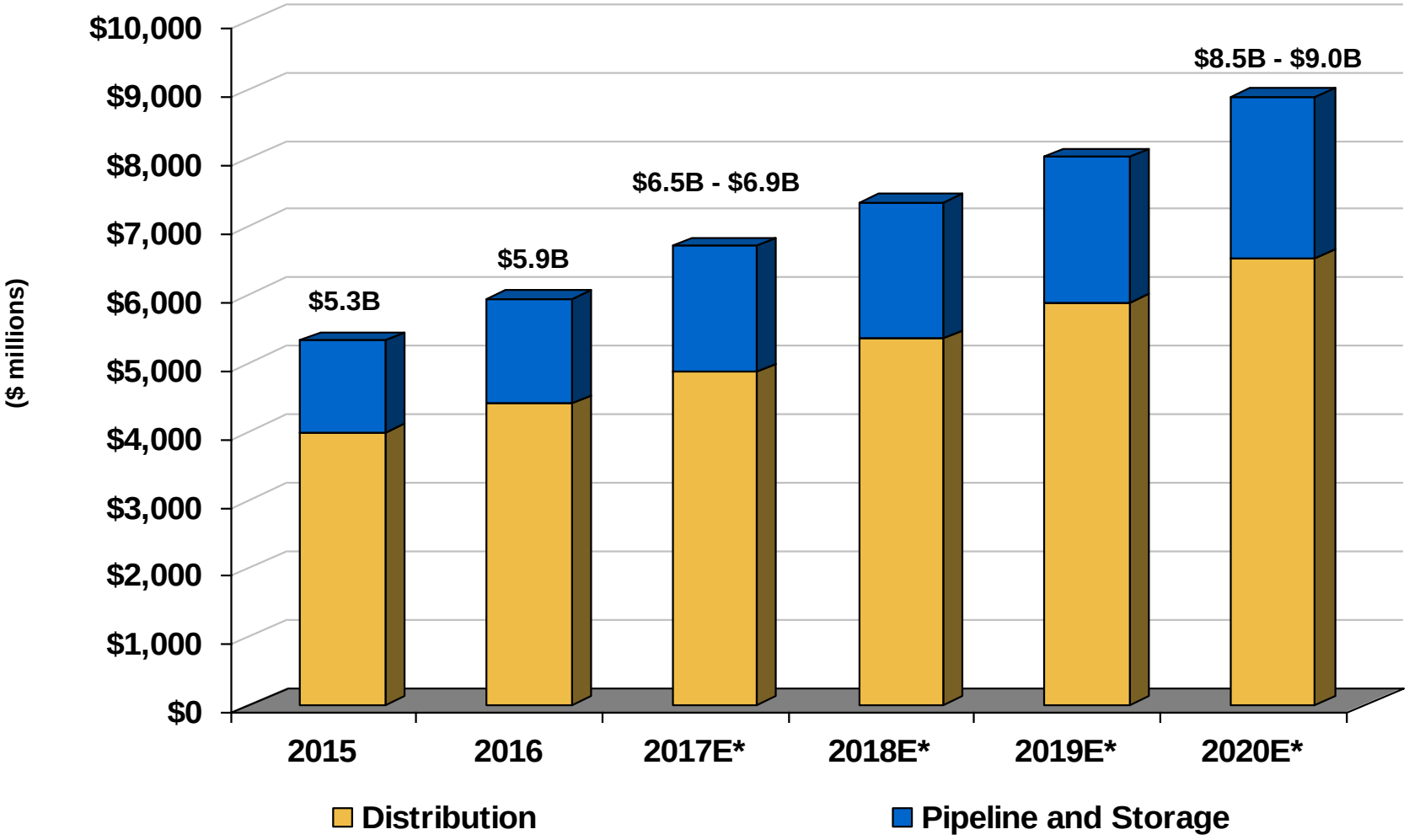
[2] Reported EPS was $3.38. EPS for 2016 as presented here excludes the positive impact of the adoption of the new FASB guidance on share-based payments of $0.05 and mark-to-market gains of $0.01.

As of August 2, 2017

Capital Spending Drives Rate Base Growth

Strong Regulated Rate Base Growth

Focused on enhancing system safety and reliability



* Regulated rate base as estimated at the end of each fiscal year

As of August 2, 2017

Regulatory and Recovery Mechanisms

~ 95% of Annual CAPEX Begins to Earn a Return Within Six Months

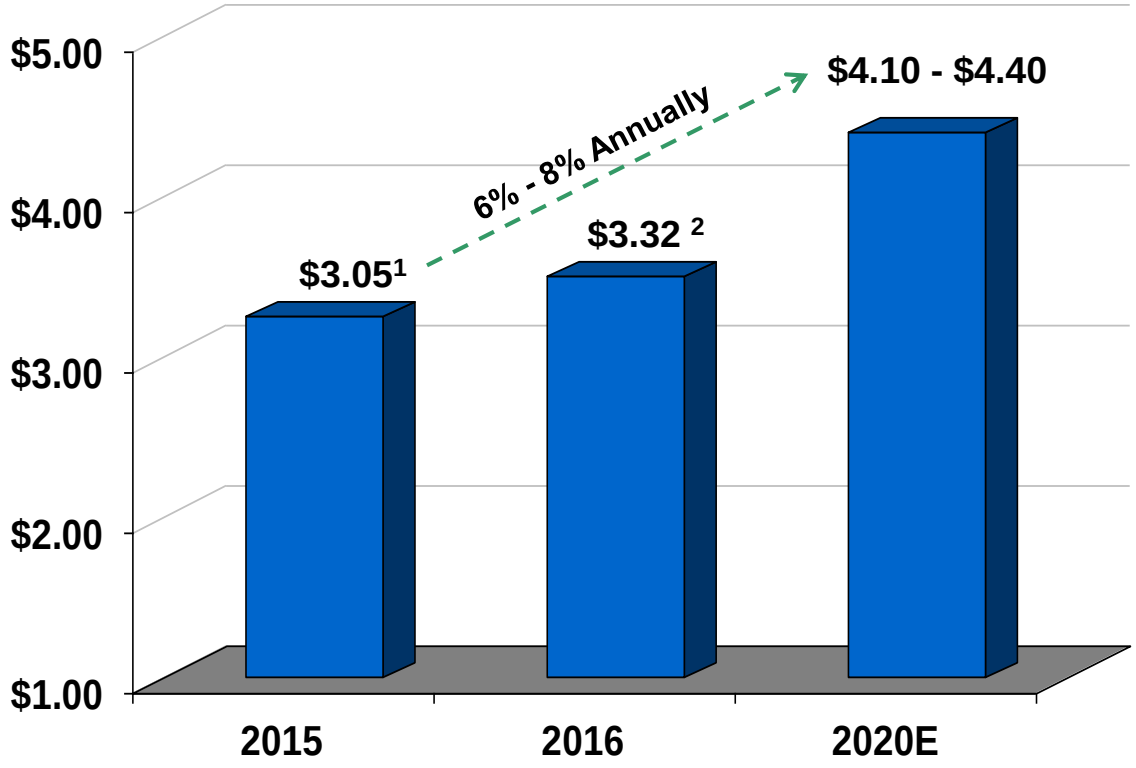
	Regulatory Mechanism		Recovery Method		Rate Base		
Jurisdiction	Infrastructure Program	Deferral/ Forward-Looking	Annual Filing	General Case	Rate Base ($ millions)	% of Total	Capex F2017E ($ millions)
Texas							
▪ Mid-Tex	8.209	✓	RRM/DARR/GRIP	-	2,363	36	385 - 415
▪ Pipeline	GRIP	-	GRIP *	-	1,768	27	300 - 350
▪ West Texas	8.209	✓	RRM/GRIP	-	477	7	70 - 90
Louisiana	RSC	✓	RSC	-	507	8	90 - 105
Mississippi	SIR	✓	SRF/SGR/SIR	-	426	6	80 - 90
Kentucky	PRP	✓	PRP	✓	374	6	70 - 80
Tennessee	-	✓	ARM	-	303	4	40 - 50
Kansas	GSRS	-	GSRS	✓	207	3	15 - 20
Colorado	SSIR	✓	SSIR	✓	143	2	20 - 25
Virginia	-	-	-	✓	48	1	6 - 8

* **Requires a rate case every 5 years**

As of August 2, 2017

Investments Drive Rate Base Growth that Drives Earnings Growth

Earnings Per Share Expected to Grow Between 6% – 8% Annually



Key Assumptions

- Capital expenditures of $1.1 billion - $1.4 billion annually
- Maintain existing regulatory mechanisms for infrastructure investment
- Normal Weather
- O&M expense inflation rate of 2.5% - 3.5% annually
- Approximately $1.5 billion to $2.0 billion of incremental financing through Fiscal 2020

[1] Reported EPS was $3.09. EPS for 2015 as presented here excludes the positive impact of colder-than-normal weather of $0.05 and mark-to-market losses of ($0.01).
[2] Reported EPS was $3.38. EPS for 2016 as presented here excludes the positive impact of the adoption of the new FASB guidance on share-based payments of $0.05 and mark-to-market gains of $0.01.

Regulated Operations

Jurisdictions		Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Authorized Operating Income $ millions	Requested Operating Income $ millions	Rate Base $ thousands (1)		Requested Rate Base $ thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 6/30/17
Atmos Pipeline-Texas (GUD 10580)		8/1/17		$ 13.0		$ 1,767,600			8.87%		11.50%		47/53		NA
Mid-Tex Cities SOI & Environs (GUD 10170)		12/4/12		$ 42.6		$ 1,512,986	3		8.57%		10.50%		48/52		1,380,976
Mid-Tex Cities 2013 RRM (GUD 10359)		6/1/15		$ 33.4		$ 1,793,764	3		8.58%		10.50%		45/55		NA
Mid-Tex Cities 2016 RRM		6/1/17		$ 36.2		$2,362,937	3		8.36%		10.50%		45/55		NA
Appealed Mid-Tex Dallas DARR (GUD 10640)		6/1/16	6/1/17	$ 5.4	$ 9.7	$ 2,076,415	3	$2,273,567	8.28%	8.38%	10.10%		41/59		229,320
Mid-Tex Environs GRIP (GUD 10607)	5	5/23/17		$ 1.6		$ 2,204,407	3		8.57%		10.50%		48/52		57,186
West Texas Division SOI	4	4/1/14		$ 8.4		$ 324,264	3		2		2		2		310,883
West Texas Cities RRM		3/15/17		$ 4.3		2			2		10.50%		2		NA
WTX ALDC GRIP	5, 6	4/25/17		$ 4.7		$ 476,665	3		8.57%		10.50%		48/52		NA
WTX Environs GRIP (GUD 10608)	5	5/23/17		$ 0.9		$ 476,665	3		8.57%		10.50%		48/52		NA
Louisiana-LGS (U-34424)		7/1/16	3/31/17	$ 8.7	$ 6.2	$ 350,837		$ 385,435	7.73%	7.43%	9.80%		46/54	47/53	282,669
Louisiana-Trans La (U-34343)		4/1/17		$ 4.4		$ 156,200			7.50%		9.80%		47/53		76,623

(See Next Page for Footnote Explanations)

As of August 2, 2017

Regulated Operations *(continued)*

Jurisdictions		Effective Date of Last Rate Action	Date of Last Rate Filing (Pending)	Authorized Operating Income $ millions	Requested Operating Income $ millions	Rate Base $ thousands (1)		Requested Rate Base $ thousands	Authorized Rate of Return	Requested Rate of Return	Authorized Return on Equity	Requested Return on Equity	Authorized Debt/Equity Ratio	Requested Debt/Equity Ratio	Meters at 6/30/17
Mississippi SRF (2005-UN-0503)		1/12/17		$ 4.4		$ 387,252			7.85%		9.73%		47/53		270,730
Mississippi SGR (2013-UN-023)		1/1/17		$ 1.3		$ 17,437			9.04%		12.00%		47/53		NA
Mississippi SIR (2015-UN-049)		1/1/17	3/1/17	$ 3.3	$ 7.6	$ 21,345		$ 48,715	7.85%		9.73%		47/53		NA
Kentucky (2015-00343)		8/15/16		$ 2.7		$ 335,833			2		2		2		181,408
Kentucky PRP (2017-00308)		11/14/16	7/28/17	$ 5.0	$ 5.6	$ 38,173		$ 42,401	7.71%		9.80%		51/49		NA
Tennessee ARM (17-00012)		6/1/17		$ 2.1		$ 302,953			7.49%		9.80%		47/53		146,648
Tennessee Recon (16-00105)		12/12/16		$4.6		$ 253,040			7.57%		9.80%		47/53		NA
Kansas GSRS (17-ATMG-141-TAR)		2/9/17		$ 0.8		$ 207,197			2		2		2		134,836
Colorado (17AL-0429G)		1/1/16	6/26/17	$ 2.1	$ 2.9	$ 129,094		$140,938	7.82%	8.14%	9.60%	10.50%	48/52	44/56	118,143
Colorado SSIR (16AL-0839G)		1/1/17		$ 1.4		$ 13,500			7.82%		9.60%		48/52		NA
Virginia (PUE-2015-00119)		11/7/16		$ 0.0		$ 47,581			2		2		2		24,075

1. Rate base, authorized rate of return and authorized return on equity presented in this table are those from the last base rate case for each jurisdiction. These rate bases, rates of return and returns on equity are not necessarily indicative of current or future rate bases, rates of return or returns on equity.
2. A rate base, rate of return, return on equity or debt/equity ratio was not included in the respective state commission's final decision.
3. Division rate base is represented on a 'system-wide' basis.
4. Parameters including Rate of Return, Return on Equity and Capital Structure were identified for GRIP filings.
5. GRIP filings are based on existing returns and the change in net utility plant investment.
6. Includes the cities of Amarillo, Lubbock, Dalhart and Channing

Other: Annual Rate Filing Mechanisms allowed in Mid-Tex Cities RRM, Mid-Tex Dallas DARR, West Texas Cities RRM, Louisiana, Mississippi and Tennessee; Bad Debt Rider allowed in all jurisdictions except Colorado, Louisiana and Mississippi; WNA allowed in all jurisdictions except Colorado.