

ONE Gas, Inc.

STATEMENTS OF INCOME

<i>(Unaudited)</i>	Three Months Ended	
	March 31,	
	2015	2014
	<i>(Thousands of dollars, except per share amounts)</i>	
Revenues	\$ 676,531	\$ 766,178
Cost of natural gas	413,553	506,342
Net margin	262,978	259,836
Operating expenses		
Operations and maintenance	106,561	103,499
Depreciation and amortization	31,630	31,460
General taxes	15,782	15,524
Total operating expenses	153,973	150,483
Operating income	109,005	109,353
Other income	813	633
Other expense	(454)	(1,148)
Interest expense	(11,169)	(12,950)
Income before income taxes	98,195	95,888
Income taxes	(37,814)	(36,812)
Net income	\$ 60,381	\$ 59,076
Earnings per share		
Basic	\$ 1.15	\$ 1.13
Diluted	\$ 1.13	\$ 1.13
Average shares <i>(thousands)</i>		
Basic	52,707	52,334
Diluted	53,446	52,512
Dividends declared per share of stock	\$ 0.30	\$ —

ONE Gas, Inc.
BALANCE SHEETS

<i>(Unaudited)</i>	March 31, 2015	December 31, 2014
Assets	<i>(Thousands of dollars)</i>	
Property, plant and equipment		
Property, plant and equipment	\$ 4,904,206	\$ 4,850,201
Accumulated depreciation and amortization	1,578,438	1,556,481
Net property, plant and equipment	3,325,768	3,293,720
Current assets		
Cash and cash equivalents	142,502	11,943
Accounts receivable, net	308,850	326,749
Income tax receivable	5,590	43,800
Natural gas in storage	81,277	185,300
Regulatory assets	22,322	50,193
Other current assets	43,903	49,516
Total current assets	604,444	667,501
Goodwill and other assets		
Regulatory assets	465,049	478,723
Goodwill	157,953	157,953
Other assets	52,274	51,313
Total goodwill and other assets	675,276	687,989
Total assets	\$ 4,605,488	\$ 4,649,210

ONE Gas, Inc.
BALANCE SHEETS
(Continued)

<i>(Unaudited)</i>	March 31, 2015	December 31, 2014
Equity and Liabilities	<i>(Thousands of dollars)</i>	
Equity and long-term debt		
Common stock, \$0.01 par value: authorized 250,000,000 shares; issued and outstanding 52,590,112 shares at March 31, 2015; issued and outstanding 52,083,859 shares at December 31, 2014	\$ 526	\$ 521
Paid-in capital	1,759,934	1,758,796
Retained earnings	84,239	39,894
Accumulated other comprehensive income (loss)	(5,034)	(5,174)
Total equity	1,839,665	1,794,037
Long-term debt, excluding current maturities	1,201,310	1,201,311
Total equity and long-term debt	3,040,975	2,995,348
Current liabilities		
Current maturities of long-term debt	6	6
Notes payable	—	42,000
Accounts payable	105,058	159,064
Accrued taxes other than income	47,859	44,742
Accrued liabilities	13,648	26,019
Customer deposits	60,856	60,003
Regulatory liabilities	54,252	32,467
Other current liabilities	18,324	28,132
Total current liabilities	300,003	392,433
Deferred credits and other liabilities		
Deferred income taxes	897,458	894,585
Employee benefit obligations	286,654	287,779
Other deferred credits	80,398	79,065
Total deferred credits and other liabilities	1,264,510	1,261,429
Commitments and contingencies		
Total liabilities and equity	\$ 4,605,488	\$ 4,649,210

ONE Gas, Inc.
STATEMENTS OF CASH FLOWS

<i>(Unaudited)</i>	Three Months Ended	
	March 31,	
	2015	2014
	<i>(Thousands of dollars)</i>	
Operating activities		
Net income	\$ 60,381	\$ 59,076
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	31,630	31,460
Deferred income taxes	10,460	152
Share-based compensation expense	2,484	1,794
Provision for doubtful accounts	896	891
Changes in assets and liabilities:		
Accounts receivable	17,003	(42,712)
Income tax receivable	38,210	—
Natural gas in storage	104,023	84,474
Asset removal costs	(8,168)	(8,107)
Accounts payable	(53,777)	6,091
Current income taxes payable	—	18,965
Accrued taxes other than income	3,117	24,125
Accrued liabilities	(12,371)	10,363
Customer deposits	853	1,424
Regulatory assets and liabilities	63,434	11,066
Other assets and liabilities	(17,085)	(16,964)
Cash provided by operating activities	241,090	182,098
Investing activities		
Capital expenditures	(54,914)	(65,731)
Cash used in investing activities	(54,914)	(65,731)
Financing activities		
Repayments on notes payable, net	(42,000)	—
Issuance of debt, net of discounts	—	1,199,994
Long-term debt financing costs	—	(10,903)
Cash payment to ONEOK upon separation	—	(1,130,000)
Issuance of common stock	2,156	17
Dividends paid	(15,773)	—
Cash provided by (used in) financing activities	(55,617)	59,108
Change in cash and cash equivalents	130,559	175,475
Cash and cash equivalents at beginning of period	11,943	3,171
Cash and cash equivalents at end of period	\$ 142,502	\$ 178,646

ONE Gas, Inc.
INFORMATION AT A GLANCE

<i>(Unaudited)</i>	Three Months Ended	
	March 31,	
	2015	2014
	<i>(Millions of dollars, except as noted)</i>	
<u>Financial</u>		
Net margin	\$ 263.0	\$ 259.8
Operating costs	\$ 122.4	\$ 118.9
Depreciation and amortization	\$ 31.6	\$ 31.5
Operating income	\$ 109.0	\$ 109.4
Capital expenditures	\$ 54.9	\$ 65.7
Net margin on natural gas sales	\$ 223.2	\$ 218.4
Transportation revenues	\$ 31.4	\$ 32.5
Net margin, excluding other revenues	\$ 254.6	\$ 250.9
<u>Volumes (Bcf)</u>		
Natural gas sales		
Residential	60.1	63.4
Commercial and industrial	17.1	18.3
Wholesale and public authority	1.1	0.8
Total volumes sold	78.4	82.5
Transportation	60.8	67.0
Total volumes delivered	139.1	149.5
<u>Average number of customers (in thousands)</u>		
Residential	1,980	1,974
Commercial and industrial	160	159
Wholesale and public authority	3	3
Transportation	12	12
Total customers	2,155	2,148
<u>Heating Degree Days</u>		
Actual degree days	5,528	6,005
Normal degree days	5,299	5,302
Percent colder (warmer) than normal weather	4.3%	13.3%
<u>Statistics by State</u>		
<u>Oklahoma</u>		
Average number of customers <i>(in thousands)</i>	867	860
Actual degree days	1,911	2,142
Normal degree days	1,803	1,803
Percent colder (warmer) than normal weather	6.0%	18.8%
<u>Kansas</u>		
Average number of customers <i>(in thousands)</i>	643	646
Actual degree days	2,515	2,879
Normal degree days	2,502	2,502
Percent colder (warmer) than normal weather	0.5%	15.1%
<u>Texas</u>		
Average number of customers <i>(in thousands)</i>	645	642
Actual degree days	1,102	984
Normal degree days	994	997
Percent colder (warmer) than normal weather	10.9%	(1.3)%