

**ONE Gas, Inc.**  
**STATEMENTS OF INCOME**

<i>(Unaudited)</i>	<b>Three Months Ended</b>		<b>Nine Months Ended</b>	
	<b>September 30,</b>		<b>September 30,</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<i>(Thousands of dollars, except per share amounts)</i>			
<b>Revenues</b>	\$ <b>241,522</b>	\$ 219,725	\$ <b>1,304,538</b>	\$ 1,167,266
Cost of natural gas	<b>75,070</b>	60,492	<b>701,757</b>	577,912
<b>Net margin</b>	<b>166,452</b>	159,233	<b>602,781</b>	589,354
<b>Operating expenses</b>				
Operations and maintenance	<b>101,829</b>	99,341	<b>309,154</b>	292,275
Depreciation and amortization	<b>31,217</b>	32,347	<b>93,995</b>	100,118
General taxes	<b>14,287</b>	13,356	<b>44,348</b>	41,627
<b>Total operating expenses</b>	<b>147,333</b>	145,044	<b>447,497</b>	434,020
<b>Operating income</b>	<b>19,119</b>	14,189	<b>155,284</b>	155,334
Other income	<b>8</b>	1,831	<b>1,005</b>	3,909
Other expense	<b>(652)</b>	(478)	<b>(1,829)</b>	(1,980)
Interest expense	<b>(11,160)</b>	(15,233)	<b>(35,886)</b>	(45,702)
<b>Income before income taxes</b>	<b>7,315</b>	309	<b>118,574</b>	111,561
Income (taxes) benefit	<b>(2,662)</b>	125	<b>(45,391)</b>	(42,684)
<b>Net income</b>	<b>\$ 4,653</b>	\$ 434	<b>\$ 73,183</b>	\$ 68,877
<b>Earnings per share</b>				
Basic	<b>\$ 0.09</b>	\$ 0.01	<b>\$ 1.40</b>	\$ 1.32
Diluted	<b>\$ 0.09</b>	\$ 0.01	<b>\$ 1.38</b>	\$ 1.32
<b>Average shares (thousands)</b>				
Basic	<b>52,361</b>	52,319	<b>52,353</b>	52,319
Diluted	<b>53,014</b>	52,319	<b>52,848</b>	52,319
<b>Dividends declared per share of stock</b>	<b>\$ 0.28</b>	\$ —	<b>\$ 0.56</b>	\$ —

ONE Gas, Inc.  
BALANCE SHEETS

<i>(Unaudited)</i>	September 30, 2014	December 31, 2013
<b>Assets</b>	<i>(Thousands of dollars)</i>	
<b>Property, plant and equipment</b>		
Property, plant and equipment	\$ 4,782,857	\$ 4,534,074
Accumulated depreciation and amortization	1,545,828	1,489,216
Net property, plant and equipment	3,237,029	3,044,858
<b>Current assets</b>		
Cash and cash equivalents	59,685	3,171
Accounts receivable, net	135,750	356,988
Natural gas in storage	217,320	166,128
Regulatory assets	51,900	21,657
Other current assets	40,527	54,240
Total current assets	505,182	602,184
<b>Goodwill and other assets</b>		
Regulatory assets	312,023	23,822
Goodwill	157,953	157,953
Other assets	52,790	17,658
Total goodwill and other assets	522,766	199,433
Total assets	\$ 4,264,977	\$ 3,846,475

**ONE Gas, Inc.**  
**BALANCE SHEETS**  
**(Continued)**

<i>(Unaudited)</i>	<b>September 30,</b>	<b>December 31,</b>
	<b>2014</b>	<b>2013</b>
<b>Equity and Liabilities</b>	<i>(Thousands of dollars)</i>	
<b>Equity and long-term debt</b>		
Preferred stock, \$0.01 par value: authorized 50,000,000 shares; no shares issued	\$ —	\$ —
Common stock, \$0.01 par value: authorized 250,000,000 shares; issued and outstanding 52,045,742 shares at September 30, 2014; authorized 1,000 shares, issued and outstanding 100 shares at December 31, 2013	520	—
Paid-in capital	1,755,539	—
Retained earnings	18,486	—
Accumulated other comprehensive income (loss)	(3,549)	—
Owner's net investment	—	1,239,023
<b>Total equity</b>	<b>1,770,996</b>	<b>1,239,023</b>
Long-term debt, excluding current maturities	1,201,313	1,318
Long-term line of credit with ONEOK	—	1,027,631
<b>Total equity and long-term debt</b>	<b>2,972,309</b>	<b>2,267,972</b>
<b>Current liabilities</b>		
Current maturities of long-term debt	6	6
Short-term note payable to ONEOK	—	444,960
Affiliate payable	—	22,403
Accounts payable	97,653	169,500
Accrued taxes other than income	43,486	32,426
Accrued liabilities	20,768	4,791
Customer deposits	57,317	57,360
Regulatory liabilities	33,546	17,796
Other current liabilities	21,372	19,835
<b>Total current liabilities</b>	<b>274,148</b>	<b>769,077</b>
<b>Deferred credits and other liabilities</b>		
Deferred income taxes	835,345	743,452
Other deferred credits	183,175	65,974
<b>Total deferred credits and other liabilities</b>	<b>1,018,520</b>	<b>809,426</b>
<b>Commitments and contingencies</b>		
<b>Total liabilities and equity</b>	<b>\$ 4,264,977</b>	<b>\$ 3,846,475</b>

**ONE Gas, Inc.**  
**STATEMENTS OF CASH FLOWS**

<i>(Unaudited)</i>	Nine Months Ended September 30,	
	2014	2013
	<i>(Thousands of dollars)</i>	
<b>Operating activities</b>		
Net income	\$ 73,183	\$ 68,877
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	93,995	100,118
Deferred income taxes	2,828	42,633
Share-based compensation expense	5,651	—
Provision for doubtful accounts	5,019	4,129
Changes in assets and liabilities:		
Accounts receivable	216,219	131,759
Natural gas in storage	(51,192)	(97,107)
Asset removal costs	(34,963)	(33,682)
Affiliate payable	—	(6,922)
Accounts payable	(70,063)	(56,484)
Accrued taxes other than income	11,060	8,901
Accrued liabilities	15,977	(5,593)
Customer deposits	(43)	(2,230)
Regulatory assets and liabilities	23,308	28,255
Other assets and liabilities	(40,971)	(6,530)
Cash provided by operating activities	<b>250,008</b>	176,124
<b>Investing activities</b>		
Capital expenditures	(224,619)	(206,372)
Proceeds from sale of assets	—	1,044
Cash used in investing activities	<b>(224,619)</b>	(205,328)
<b>Financing activities</b>		
Settlement of short-term notes payable to ONEOK, net	—	48,255
Issuance of debt, net of discounts	1,199,994	—
Long-term debt financing costs	(11,078)	—
Cash payment to ONEOK upon separation	(1,130,000)	—
Issuance of common stock	1,330	—
Dividends paid	(29,121)	—
Repayment of long-term debt	—	(61)
Distributions to ONEOK	—	(20,348)
Cash provided by financing activities	<b>31,125</b>	27,846
Change in cash and cash equivalents	<b>56,514</b>	(1,358)
Cash and cash equivalents at beginning of period	<b>3,171</b>	4,040
Cash and cash equivalents at end of period	<b>\$ 59,685</b>	\$ 2,682

**ONE Gas, Inc.**  
**INFORMATION AT A GLANCE**

<i>(Unaudited)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
	<i>(Millions of dollars, except as noted)</i>			
<b><u>Financial</u></b>				
Net margin	\$ 166.5	\$ 159.3	\$ 602.8	\$ 589.4
Operating costs	\$ 116.2	\$ 112.8	\$ 353.5	\$ 334.0
Depreciation and amortization	\$ 31.2	\$ 32.3	\$ 94.0	\$ 100.1
Operating income	\$ 19.1	\$ 14.2	\$ 155.3	\$ 155.3
Capital expenditures	\$ 76.0	\$ 76.4	\$ 224.6	\$ 206.4
Net margin on natural gas sales	\$ 138.3	\$ 131.7	\$ 501.4	\$ 493.3
Transportation margin	\$ 20.2	\$ 19.7	\$ 74.9	\$ 71.8
Net margin, excluding other revenues	\$ 158.5	\$ 151.4	\$ 576.3	\$ 565.1
<b><u>Volumes (Bcf)</u></b>				
Natural gas sales				
Residential	7.8	7.5	84.8	79.1
Commercial and industrial	3.8	3.8	26.9	24.8
Wholesale and public authority	0.3	0.3	1.5	3.1
Total volumes sold	11.9	11.6	113.2	107.0
Transportation	43.7	43.1	159.0	151.7
Total volumes delivered	55.6	54.7	272.2	258.7
<b><u>Average number of customers (in thousands)</u></b>				
Residential	1,939	1,930	1,957	1,946
Commercial and industrial	154	153	157	155
Wholesale and public authority	3	3	3	3
Transportation	12	12	12	12
Total customers	2,108	2,098	2,129	2,116
<b><u>Heating Degree Days</u></b>				
Actual degree days	55	17	6,746	6,549
Normal degree days	67	67	6,002	6,005
Percent colder (warmer) than normal weather	(17.9) %	(74.6) %	12.4 %	9.1 %
<b><u>Statistics by State</u></b>				
<b><u>Oklahoma</u></b>				
Average number of customers (in thousands)	845	838	854	847
Actual degree days	11	2	2,381	2,284
Normal degree days	14	14	2,012	2,012
Percent colder (warmer) than normal weather	(21.4) %	(85.7) %	18.3 %	13.5 %
<b><u>Kansas</u></b>				
Average number of customers (in thousands)	625	626	635	634
Actual degree days	43	15	3,331	3,171
Normal degree days	52	52	2,965	2,965
Percent colder (warmer) than normal weather	(17.3) %	(71.2) %	12.3 %	6.9 %
<b><u>Texas</u></b>				
Average number of customers (in thousands)	638	634	640	635
Actual degree days	1	—	1,034	1,094
Normal degree days	1	1	1,025	1,028
Percent colder (warmer) than normal weather	— %	(100.0) %	0.9 %	6.4 %

**ONE Gas, Inc.**  
**EARNINGS GUIDANCE\***

**Exhibit A**

	<b>Updated 2014 Guidance</b>	Previous 2014 Guidance	Change
	<i>(Millions of dollars)</i>		
<b>Operating income</b>			
Net margin	\$ 828	\$ 813	\$ 15
Operations and maintenance	424	411	13
Depreciation and amortization	127	127	—
General taxes	54	58	(4)
Operating income	223	217	6
Other income (expense)	(1)	(3)	2
Interest expense	(48)	(52)	4
Income before income taxes	174	162	12
Income taxes	(67)	(62)	(5)
Net income	\$ 107	\$ 100	\$ 7

*\*Amounts shown are midpoints of ranges provided.*