

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

| <i>(Unaudited)</i>                           | <b>Three Months Ended</b>                               |             | <b>Years Ended</b>  |              |
|--|---|-------------|---------------------|--------------|
|  | <b>December 31,</b>                                     |             | <b>December 31,</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>                              | \$ 514,368  | \$ 522,686  | \$ 1,818,906        | \$ 1,689,952 |
| Cost of natural gas                          | 290,192   | 299,032     | 991,949             | 876,944      |
| <b>Net margin</b>                            | <b>224,176</b>  | 223,654     | <b>826,957</b>      | 813,008      |
| <b>Operating expenses</b>                    |   |             |                     |              |
| Operations and maintenance                   | 111,532   | 100,797     | 420,686             | 393,072      |
| Depreciation and amortization                | 31,727  | 44,640      | 125,722             | 144,758      |
| General taxes                                | 10,907  | 13,203      | 55,255              | 54,830       |
| <b>Total operating expenses</b>              | <b>154,166</b>  | 158,640     | <b>601,663</b>      | 592,660      |
| <b>Operating income</b>                      | <b>70,010</b>   | 65,014      | <b>225,294</b>      | 220,348      |
| Other income                                 | 620   | 2,256       | 1,625               | 6,165        |
| Other expense                                | (1,120)   | (1,700)     | (2,949)             | (3,680)      |
| Interest expense                             | (9,956)   | (15,664)    | (45,842)            | (61,366)     |
| <b>Income before income taxes</b>            | <b>59,554</b>   | 49,906      | <b>178,128</b>      | 161,467      |
| Income taxes                                 | (22,947)  | (19,588)    | (68,338)            | (62,272)     |
| <b>Net income</b>                            | <b>\$ 36,607</b>  | \$ 30,318   | <b>\$ 109,790</b>   | \$ 99,195    |
| <b>Earnings per share</b>                    |   |             |                     |              |
| Basic  | \$ 0.70   | \$ 0.58     | \$ 2.10             | \$ 1.90      |
| Diluted                                      | \$ 0.69   | \$ 0.58     | \$ 2.07             | \$ 1.90      |
| <b>Average shares (thousands)</b>            |   |             |                     |              |
| Basic  | 52,398  | 52,319      | 52,364              | 52,319       |
| Diluted                                      | 53,241  | 52,319      | 52,946              | 52,319       |
| <b>Dividends declared per share of stock</b> | <b>\$ 0.28</b>  | \$ —        | <b>\$ 0.84</b>      | \$ —         |

**ONE Gas, Inc.**  
**BALANCE SHEETS**

| <i>(Unaudited)</i>                        | <b>December 31,</b>           | <b>December 31,</b> |
|---|-------------------------------|---------------------|
|   | <b>2014</b>                   | <b>2013</b>         |
| <b>Assets</b>                             | <i>(Thousands of dollars)</i> |                     |
| <b>Property, plant and equipment</b>      |                               |                     |
| Property, plant and equipment             | \$ 4,850,201                  | \$ 4,534,074        |
| Accumulated depreciation and amortization | 1,556,481                     | 1,489,216           |
| <b>Net property, plant and equipment</b>  | <b>3,293,720</b>              | <b>3,044,858</b>    |
| <b>Current assets</b>                     |                               |                     |
| Cash and cash equivalents                 | 11,943                        | 3,171               |
| Accounts receivable, net                  | 326,749                       | 356,988             |
| Income tax receivable                     | 43,800                        | —                   |
| Natural gas in storage                    | 185,300                       | 166,128             |
| Regulatory assets                         | 50,193                        | 21,657              |
| Other current assets                      | 49,516                        | 54,240              |
| <b>Total current assets</b>               | <b>667,501</b>                | <b>602,184</b>      |
| <b>Goodwill and other assets</b>          |                               |                     |
| Regulatory assets                         | 478,723                       | 23,822              |
| Goodwill                                  | 157,953                       | 157,953             |
| Other assets                              | 51,313                        | 17,658              |
| <b>Total goodwill and other assets</b>    | <b>687,989</b>                | <b>199,433</b>      |
| <b>Total assets</b>                       | <b>\$ 4,649,210</b>           | <b>\$ 3,846,475</b> |

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

| <i>(Unaudited)</i>  | December 31,<br>2014          | December 31,<br>2013 |
|---|-------------------------------|----------------------|
| <b>Equity and Liabilities</b>   | <i>(Thousands of dollars)</i> |                      |
| <b>Equity and long-term debt</b>  |                               |                      |
| Common stock, \$0.01 par value:<br>authorized 250,000,000 shares; issued and outstanding 52,083,859 shares at December 31,<br>2014; authorized 1,000 shares, issued and outstanding 100 shares at December 31, 2013 | \$ 521                        | \$ —                 |
| Paid-in capital   | 1,758,796                     | —                    |
| Retained earnings   | 39,894                        | —                    |
| Accumulated other comprehensive income (loss)   | (5,174)                       | —                    |
| Owner's net investment  | —                             | 1,239,023            |
| <b>Total equity</b>   | <b>1,794,037</b>              | <b>1,239,023</b>     |
| Long-term debt, excluding current maturities  | 1,201,311                     | 1,318                |
| Long-term line of credit with ONEOK   | —                             | 1,027,631            |
| <b>Total equity and long-term debt</b>  | <b>2,995,348</b>              | <b>2,267,972</b>     |
| <b>Current liabilities</b>  |                               |                      |
| Current maturities of long-term debt  | 6                             | 6                    |
| Notes payable   | 42,000                        | —                    |
| Short-term note payable to ONEOK  | —                             | 444,960              |
| Affiliate payable   | —                             | 22,403               |
| Accounts payable  | 159,064                       | 169,500              |
| Accrued taxes other than income   | 44,742                        | 32,426               |
| Accrued liabilities   | 26,019                        | 4,791                |
| Customer deposits   | 60,003                        | 57,360               |
| Regulatory liabilities  | 32,467                        | 17,796               |
| Other current liabilities   | 28,132                        | 19,835               |
| <b>Total current liabilities</b>  | <b>392,433</b>                | <b>769,077</b>       |
| <b>Deferred credits and other liabilities</b>   |                               |                      |
| Deferred income taxes   | 894,585                       | 743,452              |
| Employee benefit obligations  | 287,779                       | —                    |
| Other deferred credits  | 79,065                        | 65,974               |
| <b>Total deferred credits and other liabilities</b>   | <b>1,261,429</b>              | <b>809,426</b>       |
| <b>Commitments and contingencies</b>  |                               |                      |
| <b>Total liabilities and equity</b>   | <b>\$ 4,649,210</b>           | <b>\$ 3,846,475</b>  |

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

| <i>(Unaudited)</i>  | Years Ended December 31, |                  |
|---|--------------------------|------------------|
|   | 2014                     | 2013             |
| <b>Operating activities</b>   |                          |                  |
| Net income  | \$ 109,790               | \$ 99,195        |
| Adjustments to reconcile net income to net cash provided by operating activities: |                          |                  |
| Depreciation and amortization   | 125,722                  | 144,758          |
| Deferred income taxes   | 49,935                   | 62,205           |
| Share-based compensation expense  | 7,613                    | —                |
| Provision for doubtful accounts   | 7,195                    | 5,460            |
| Changes in assets and liabilities:  |                          |                  |
| Accounts receivable   | 23,044                   | (102,142)        |
| Income tax receivable   | (43,800)                 | —                |
| Natural gas in storage  | (19,172)                 | (63,139)         |
| Asset removal costs   | (47,125)                 | (46,567)         |
| Affiliate payable   | —                        | (8,140)          |
| Accounts payable  | (6,881)                  | 37,241           |
| Accrued taxes other than income   | 12,316                   | 2,449            |
| Accrued liabilities   | 21,228                   | (5,443)          |
| Customer deposits   | 2,643                    | (727)            |
| Regulatory assets and liabilities   | 30,067                   | 29,436           |
| Employee benefit obligation   | (10,102)                 | —                |
| Other assets and liabilities  | (15,810)                 | (378)            |
| <b>Cash provided by operating activities</b>                                      | <b>246,663</b>           | <b>154,208</b>   |
| <b>Investing activities</b>   |                          |                  |
| Capital expenditures  | (297,103)                | (292,080)        |
| Proceeds from sale of assets  | —                        | 1,327            |
| <b>Cash used in investing activities</b>  | <b>(297,103)</b>         | <b>(290,753)</b> |
| <b>Financing activities</b>   |                          |                  |
| Settlement of short-term notes payable to ONEOK, net                              | —                        | 150,851          |
| Borrowings on notes payable, net  | 42,000                   | —                |
| Issuance of debt, net of discounts  | 1,199,994                | —                |
| Long-term debt financing costs  | (11,087)                 | —                |
| Cash payment to ONEOK upon separation   | (1,130,000)              | —                |
| Issuance of common stock  | 2,001                    | —                |
| Dividends paid  | (43,696)                 | —                |
| Repayment of long-term debt   | —                        | (206)            |
| Distributions to ONEOK  | —                        | (14,969)         |
| <b>Cash provided by financing activities</b>                                      | <b>59,212</b>            | <b>135,676</b>   |
| Change in cash and cash equivalents   | 8,772                    | (869)            |
| Cash and cash equivalents at beginning of period                                  | 3,171                    | 4,040            |
| <b>Cash and cash equivalents at end of period</b>                                 | <b>\$ 11,943</b>         | <b>\$ 3,171</b>  |
| Supplemental cash flow information:   |                          |                  |
| Cash paid for interest, net of amounts capitalized                                | \$ 21,066                | \$ —             |
| Cash paid to ONEOK for interest, net of amounts capitalized                       | \$ —                     | \$ 61,366        |
| Cash paid for income taxes  | \$ 44,603                | \$ —             |
| Cash paid to ONEOK for income taxes   | \$ —                     | \$ 67            |

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

| <i>(Unaudited)</i>                                       | Three Months Ended<br>December 31,            |          | Years Ended<br>December 31, |          |
|--|---|----------|-----------------------------|----------|
|  | 2014  | 2013     | 2014                        | 2013     |
|  | <i>(Millions of dollars, except as noted)</i> |          |                             |          |
| <b><u>Financial</u></b>                                  |   |          |                             |          |
| Net margin   | \$ 224.2                                      | \$ 223.7 | \$ 827.0                    | \$ 813.0 |
| Operating costs  | \$ 122.5                                      | \$ 114.1 | \$ 476.0                    | \$ 447.9 |
| Depreciation and amortization                            | \$ 31.7                                       | \$ 44.6  | \$ 125.7                    | \$ 144.8 |
| Operating income   | \$ 70.0                                       | \$ 65.0  | \$ 225.3                    | \$ 220.3 |
| Capital expenditures                                     | \$ 72.5                                       | \$ 85.7  | \$ 297.1                    | \$ 292.1 |
| Net margin on natural gas sales                          | \$ 186.8                                      | \$ 188.3 | \$ 688.2                    | \$ 681.6 |
| Transportation revenues                                  | \$ 27.4                                       | \$ 26.9  | \$ 102.3                    | \$ 98.7  |
| Net margin, excluding other revenues                     | \$ 214.2                                      | \$ 215.2 | \$ 790.5                    | \$ 780.3 |
| <b><u>Volumes (Bcf)</u></b>                              |   |          |                             |          |
| Natural gas sales  |   |          |                             |          |
| Residential  | 40.5  | 43.7     | 125.3                       | 122.9    |
| Commercial and industrial                                | 11.7  | 12.2     | 38.6                        | 37.0     |
| Wholesale and public authority                           | 0.9   | 1.3      | 2.5                         | 4.4      |
| Total volumes sold                                       | 53.1  | 57.2     | 166.3                       | 164.2    |
| Transportation   | 54.5  | 54.2     | 213.5                       | 205.9    |
| Total volumes delivered                                  | 107.6   | 111.4    | 379.8                       | 370.1    |
| <b><u>Average number of customers (in thousands)</u></b> |   |          |                             |          |
| Residential  | 1,953   | 1,939    | 1,955                       | 1,944    |
| Commercial and industrial                                | 155   | 154      | 156                         | 155      |
| Wholesale and public authority                           | 3   | 3        | 4                           | 3        |
| Transportation   | 12  | 12       | 12                          | 12       |
| Total customers  | 2,123   | 2,108    | 2,127                       | 2,114    |
| <b><u>Heating Degree Days</u></b>                        |   |          |                             |          |
| Actual degree days                                       | 3,875   | 4,487    | 10,615                      | 11,036   |
| Normal degree days                                       | 3,948   | 3,967    | 9,965                       | 9,970    |
| Percent colder (warmer) than normal weather              | (1.8)%  | 13.1%    | 6.5%                        | 10.7%    |
| <b><u>Statistics by State</u></b>                        |   |          |                             |          |
| <b><u>Oklahoma</u></b>                                   |   |          |                             |          |
| Average number of customers (in thousands)               | 853   | 847      | 853                         | 847      |
| Actual degree days                                       | 1,339   | 1,564    | 3,720                       | 3,848    |
| Normal degree days                                       | 1,305   | 1,305    | 3,317                       | 3,317    |
| Percent colder (warmer) than normal weather              | 2.6%  | 19.8%    | 12.1%                       | 16.0%    |
| <b><u>Kansas</u></b>                                     |   |          |                             |          |
| Average number of customers (in thousands)               | 631   | 627      | 634                         | 633      |
| Actual degree days                                       | 1,848   | 2,075    | 5,179                       | 5,246    |
| Normal degree days                                       | 1,895   | 1,895    | 4,860                       | 4,860    |
| Percent colder (warmer) than normal weather              | (2.5)%  | 9.5%     | 6.6%                        | 7.9%     |
| <b><u>Texas</u></b>                                      |   |          |                             |          |
| Average number of customers (in thousands)               | 639   | 634      | 640                         | 634      |
| Actual degree days                                       | 688   | 848      | 1,716                       | 1,942    |
| Normal degree days                                       | 748   | 767      | 1,788                       | 1,793    |
| Percent colder (warmer) than normal weather              | (8.0)%  | 10.6%    | (4.0)%                      | 8.3%     |