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Citi Global Energy and Utilities Conference

ONE Gas

Pierce Norton

President and Chief Executive Officer

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Forward-Looking Statements

Statements contained in this presentation that include company expectations or predictions should be considered forward-looking statements that are covered by the safe harbor provisions of the Securities Act of 1933 and the Securities and Exchange Act of 1934.

It is important to note that the actual results could differ materially from those projected in such forward-looking statements.

For additional information that could cause actual results to differ materially from such forward-looking statements, refer to ONE Gas' Securities and Exchange Commission filings.

All future cash dividends (declared or paid) discussed in this presentation are subject to the approval of the ONE Gas board of directors.

All references in this presentation to guidance are based on news releases issued on Dec. 2, 2013, and May 5, 2014, and are not being updated or affirmed by this presentation.

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Key Points

What We'll Cover

Competitive Strengths

- 100% regulated natural gas utility focus
- Third largest publicly traded natural gas distributor

Regulatory Overview

- Mechanisms and timelines

Financial

- Capital investments result in rate base growth

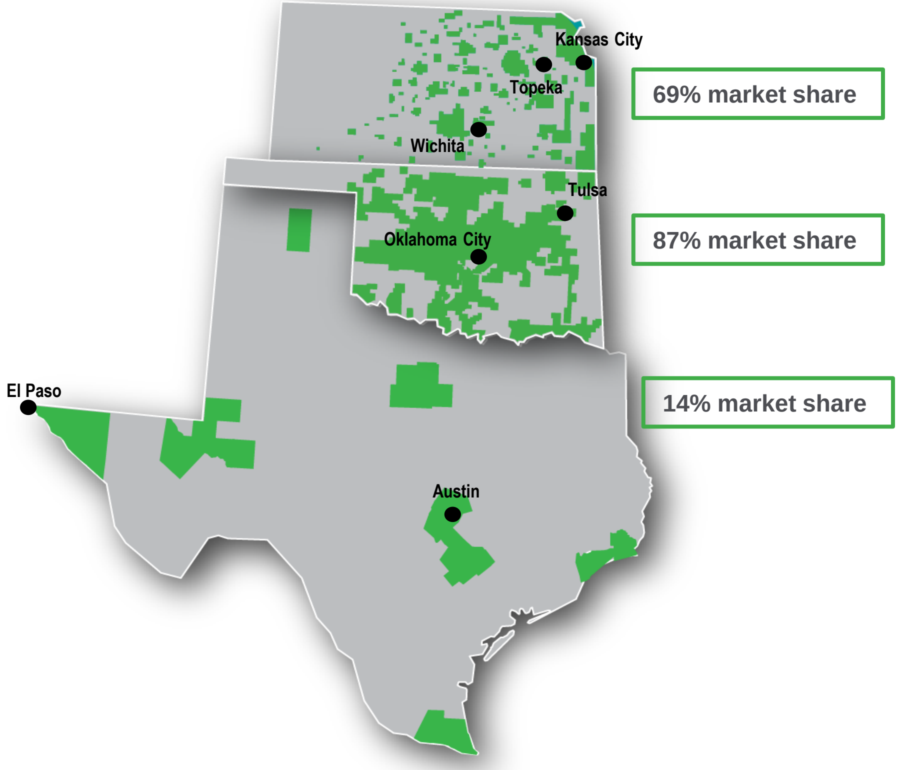
Creating value for stakeholders

- Employees, customers, investors and communities

Competitive Strengths

Sustainable Business

- Focused business strategy
  - 100% regulated natural gas distribution utility
  - Third largest publicly traded natural gas distributor
- Significant scale
  - 2.1 million customers
  - High percentage of residential customers and fixed charges
- Proximity to natural gas resources
- Constructive regulatory environment
  - Multiple mechanisms and riders
- Conservative financial profile
  - Commitment to “A-level” investment-grade credit ratings



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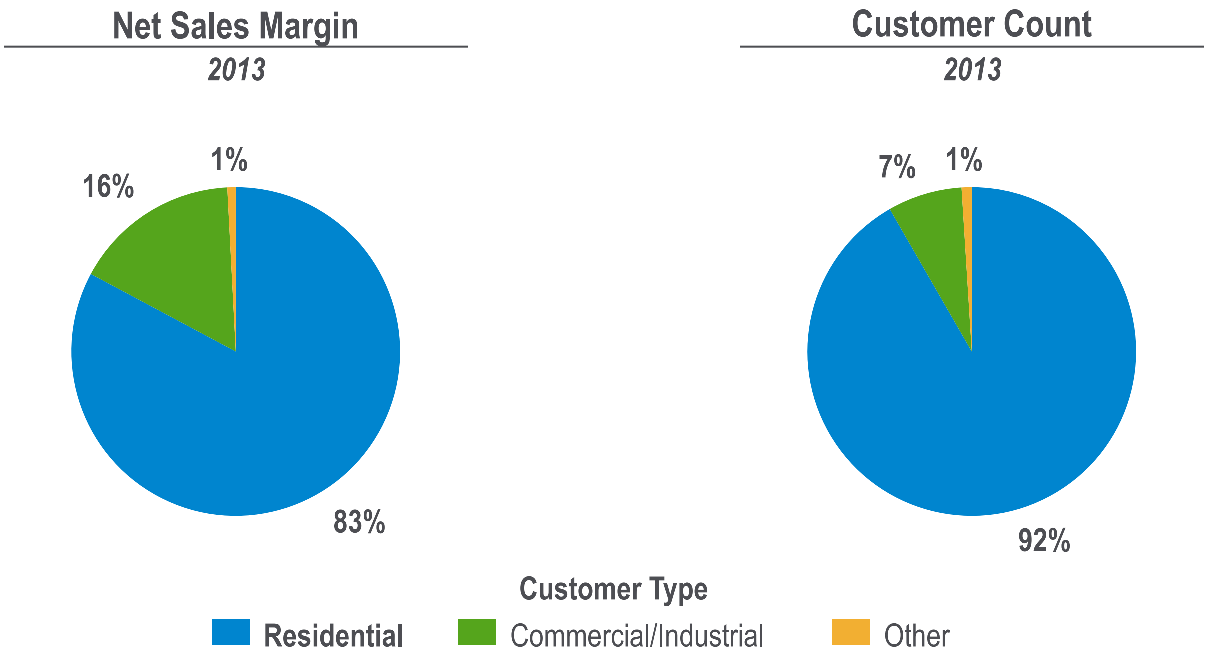
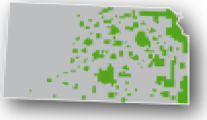
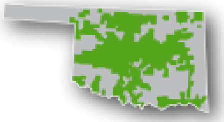
Significant Scale

High Percentage of Residential Customers



Significant Scale

High Percentage of Fixed Charges


	Kansas	Oklahoma	Texas	Total
Fixed Charges – Sales customers	51%	83%	70%	69%
Average Heating Degree Days – Normal	4,860	3,316	1,785	-
Weather Normalization	100%	100%	62%	87%
Residential Margin	68%	71%	67%	69%
Governance	Kansas Corporation Commission (three commissioners appointed by the governor to four-year staggered terms)	Oklahoma Corporation Commission (three commissioners elected to six-year staggered terms)	"Home Rule" with 10 jurisdictions (Texas Railroad Commission has appellate authority)	

Note: Based on 2013 annual results

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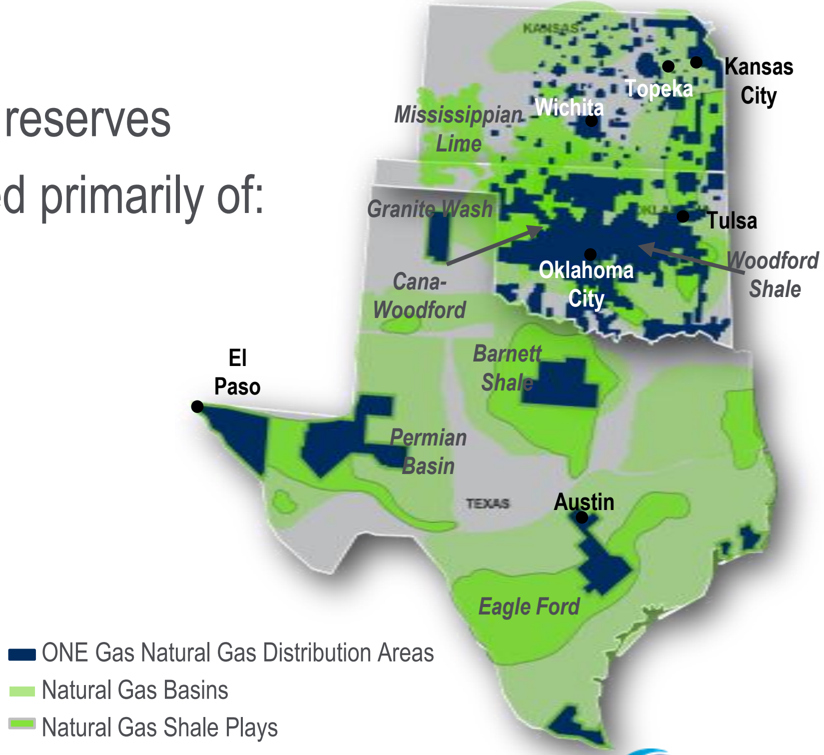
Proximity to Natural Gas Supply

Location Supports Sustainability

- Close proximity to significant natural gas reserves
- Delivered natural gas costs are comprised primarily of:
  - Cost of the commodity
  - Transportation costs
  - Storage fees



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Regulatory Mechanisms

Overview

- Oklahoma Natural Gas
  - Performance-based rate structure provides annual rate reviews between rate cases to ensure achieved ROE is within the established band of 10-11 percent
- Kansas Gas Service
  - Gas System Reliability Surcharge – for incremental safety-related and government-mandated capital investments made between rate cases
- Texas Gas Service
  - Cost-of-service adjustments and El Paso Annual Rate Review for capital investments and certain changes in operating expenses
  - Gas Reliability Infrastructure Program for capital investments made between rate cases

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Five-year Financial Outlook

- Expected average annual net income growth of 4-6% between 2014-2018
  - Driven by regulatory filings
  - Rate base expected to grow an average of 5-6% per year between 2013-2018
- Expected average annual dividend growth of 5% between 2014-2018
  - Target dividend payout ratio of 55-65% of net income
- Expected capital expenditures of between $240-$285 million per year in 2014-2018

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Creating Value for Stakeholders

Identify and Pursue Growth Opportunities

- Capital investments targeted toward safety, reliability and efficiency
  - Results in steady rate base growth
  - Efficiency projects reduce expenses to sustainable levels
- Minimize gap between actual and allowed returns
  - Continued filings for interim rate adjustments
  - File rate cases as warranted
- Develop incremental sources of regulated revenue
  - Transportation revenues to new compressed natural gas (CNG) stations
  - Transportation revenues to distributed generation

Summary

Key Investment Considerations

Focused business strategy

- 100% regulated natural gas distribution utility

Constructive regulatory environment

- Multiple mechanisms and riders

Significant scale

- 2.1 million customers
- High percentage of residential customers and fixed charges

Conservative financial profile

- Stable earnings and cash flow
- Commitment to “A-level” investment-grade credit ratings

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Appendix

Regulatory Constructs

By State

Mechanism	Oklahoma	Kansas	Texas*
Performance-based rates	X		
Capital investments; safety-related riders	X**	X	X
Weather normalization	X	X	X
Purchased Gas Adjustment/Cost of Gas riders	X	X	X
Energy efficiency/conservation programs	X		X
Pension and Other Post-Retirement Benefits Trackers	X**	X	X
Cost of Service Adjustment / El Paso Annual Rate Review	X**		X

**10 jurisdictions in Texas; not all mechanisms apply to each jurisdiction*
***Incorporated in performance-based rates*

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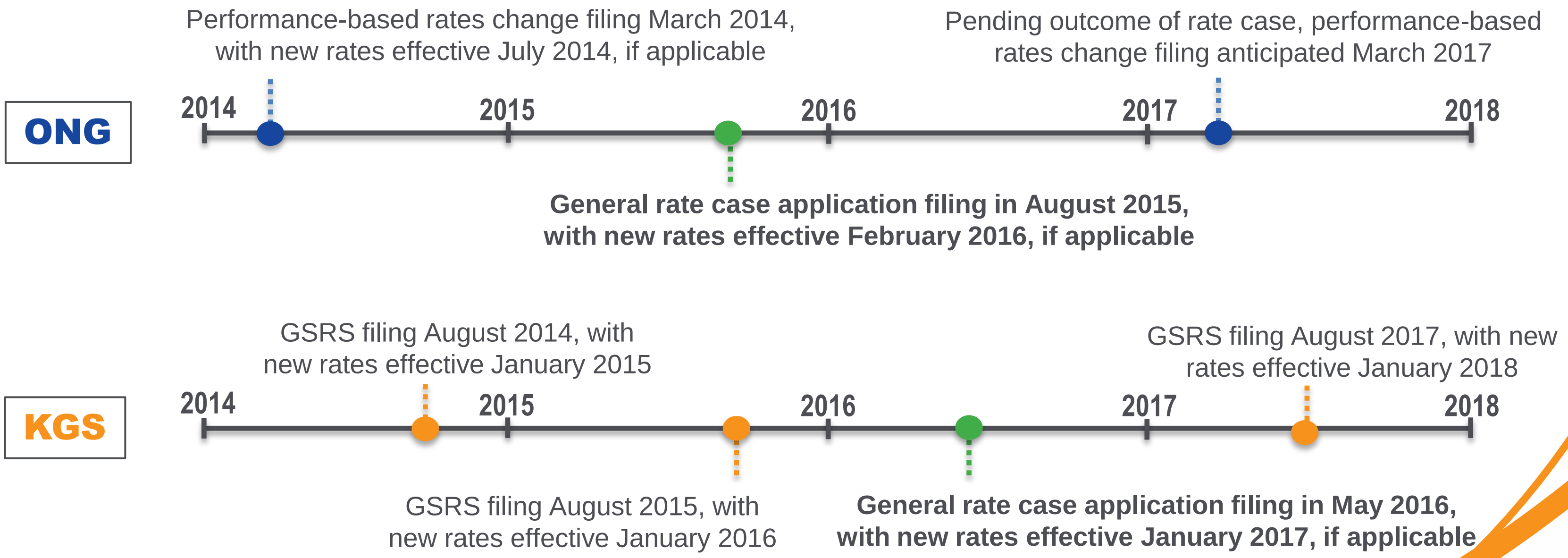
Regulatory Filing Timeline

Oklahoma & Kansas



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Regulatory Filing Timeline

Texas

- El Paso Service Area
  - El Paso Annual Rate Review (EPARR) filing annually beginning in April 2014, with new rates effective each August, if applicable
  - Gas Reliability Infrastructure Program (GRIP) filings in remainder of service area
    - Other cities also considering EPARR
- Central Texas Service Area (includes Austin)
  - Annual GRIP filings
  - Rate case required in 2016
- Remainder of Texas
  - Annual cost of service adjustment filings in six jurisdictions
  - Annual GRIP filings in two jurisdictions
  - Rate cases as needed

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Regulatory Information

By State

	Rate Base (in millions)	Authorized Rate of Return	Authorized Return on Equity
Oklahoma Natural Gas[1]	$896	8.535%	10-11%
Kansas Gas Service[2]	$770	N/A	N/A
Texas Gas Service[1]	$504	8.55%	10.4%

[1] The rate base, authorized rate of return and authorized return on equity presented in this table are those from the last approved rate filings for each jurisdiction. These amounts are not necessarily indicative of current or future rate bases, rates of return or returns on equity.
[2] Last rate case was settled without a determination of rate base, return on equity or rate of return; rate base includes the amounts included in the company's filings and is not necessarily indicative of current or future rate base.

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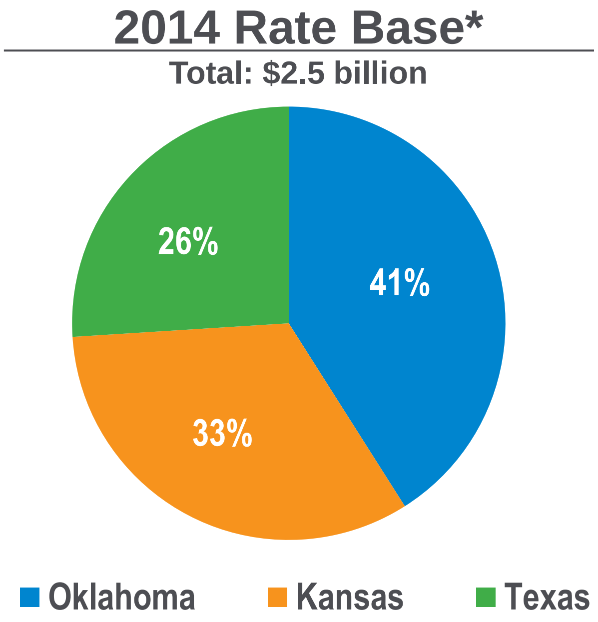
Projected Rate Base

By State

- Projected rate base consists of:
  - \+ Accumulated capital expenditures
  - \+ Accumulated working capital
  - \+ / – Other rate base items
  - – Accumulated deferred income taxes
  - – Accumulated depreciation



* *Estimated average rate base for the year ending Dec. 31, 2014*

Financial Highlights

Maintain Conservative Posture

- ONE Gas will maintain a conservative financial posture
  - Prudent capital investment results in steady rate base growth
  - Financial metrics necessary to maintain strong investment-grade credit ratings
  - Dividend policy in line with peers
- Financings completed in conjunction with the legal separation from ONEOK
  - $700 million revolving credit facility
  - Issued $1.2 billion of long-term debt at weighted average coupon rate of 3.75 percent
  - Distributed $1.13 billion to ONEOK at separation; retained $60 million
- Utilize operating cash flows and short-term borrowings for working capital and capital expenditures

Balance Sheet

Commitment to Strong Investment-Grade Ratings

- Strong investment-grade credit ratings, consistent with peers
  - **Moody's: A2 (Stable)**
  - **S&P: A- (Stable)**
- Capital structure
  - Long-term debt-to-capitalization ratio of 40%
  - Long-term debt-to-EBITDA of 3.5x
  - EBIT-to-interest of 4.0x
- Strong liquidity position will support capital expenditure and working capital needs
  - Stable operating cash flows
  - $700 million revolving credit facility
  - Commercial paper program
- Pension funding of approximately 99% at Jan. 1, 2014

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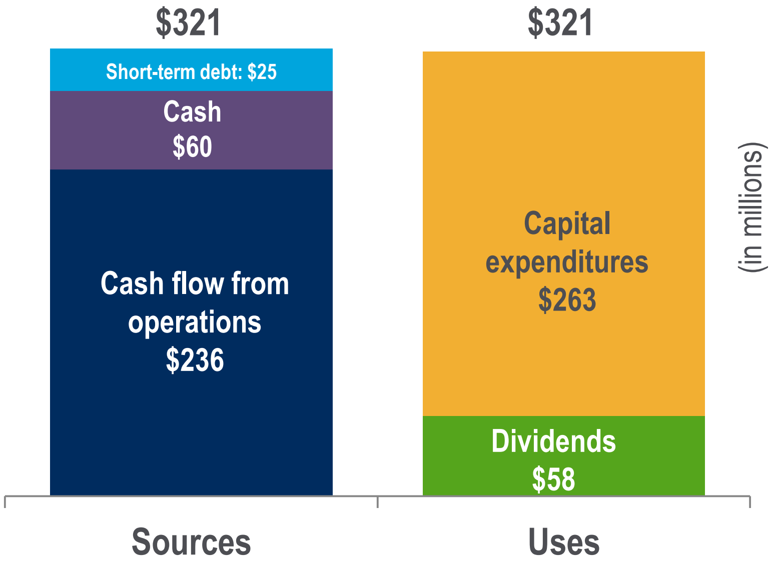
Cash Flow

2014 Sources and Uses

- Target dividend payout ratio of 55-65% of net income
- Capital expenditures primarily funded by cash flow from operations
- Dividend of 28 cents per share per quarter



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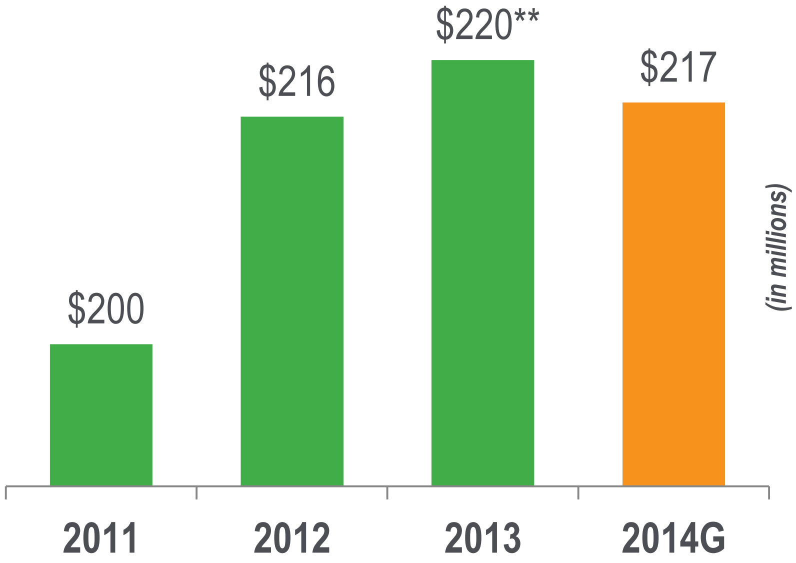
Operating Income

Opportunity to Narrow the Gap

- Goal: Minimize the gap between allowed and actual returns*
  - 2014 ROE estimate: 7.4%
  - 2013 ROE achieved: 8.0%
  - 2012 ROE achieved: 8.3%



**ROE calculations are consistent with utility ratemaking in each jurisdiction*
***Includes $10.2 million charge related to separation*

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2014 Guidance

- Net income: range of $95-$105 million
- Operating income midpoint: $217 million
- Cash flows from operations midpoint: $236 million
- Dividend of 28 cents per share per quarter
- Capital expenditures expected at higher end of $240-$285 million range

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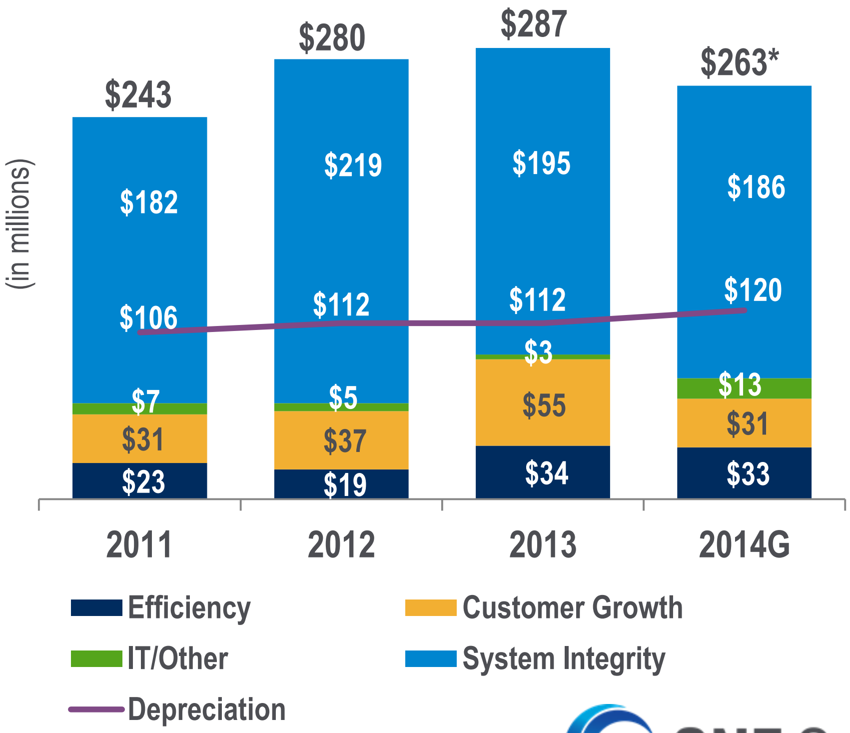
Capital Expenditures

Capital Spending Exceeds Depreciation

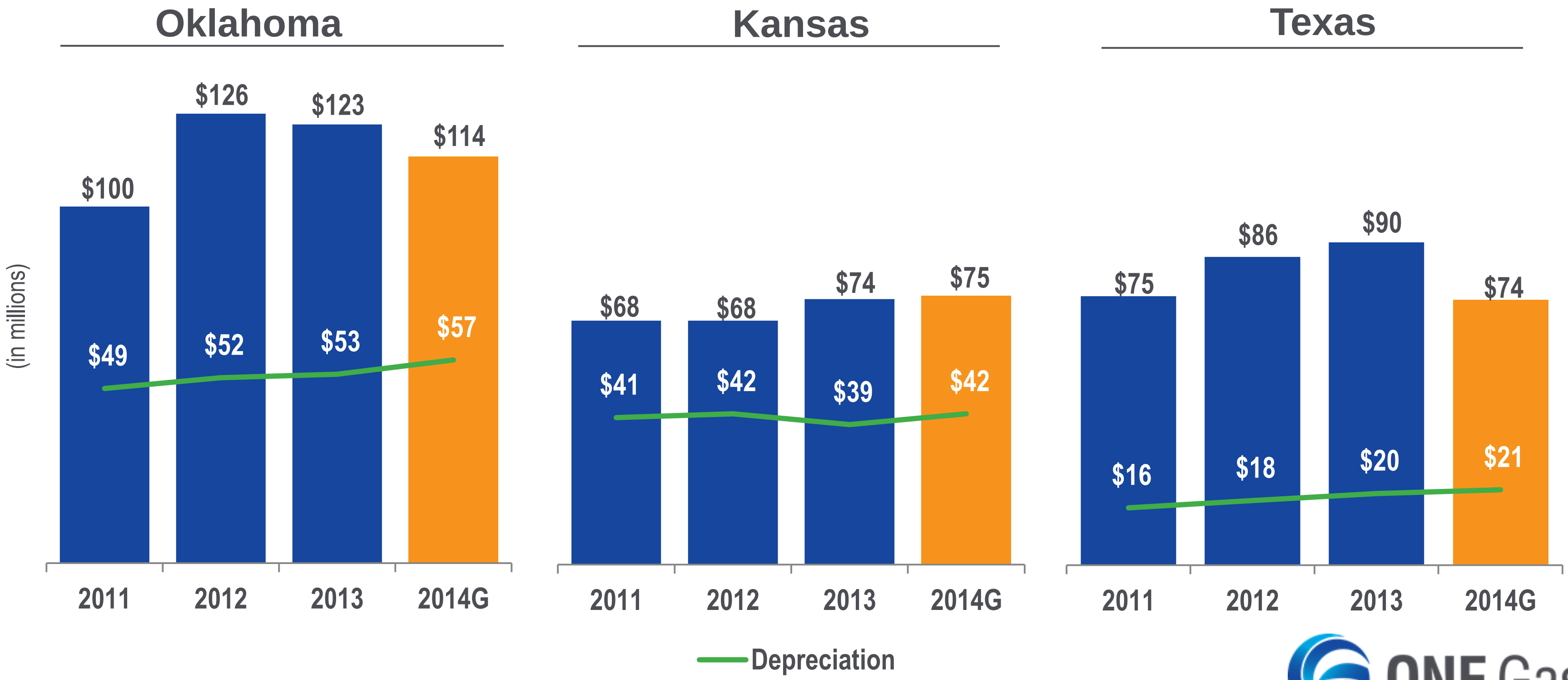
- Majority of capital expenditures for safety, reliability and efficiency
  - System integrity and replacements
  - Efficiency
    - Automated meter reading (64% coverage)
    - Operational efficiency efforts
- New service lines and main extensions for customer growth
- 2014 by state:
  - Oklahoma: ~40%
  - Kansas: ~30%
  - Texas: ~30%



** Midpoint of provided guidance range*
Note: Capital expenditures include accruals and any adjustments in the fiscal year.

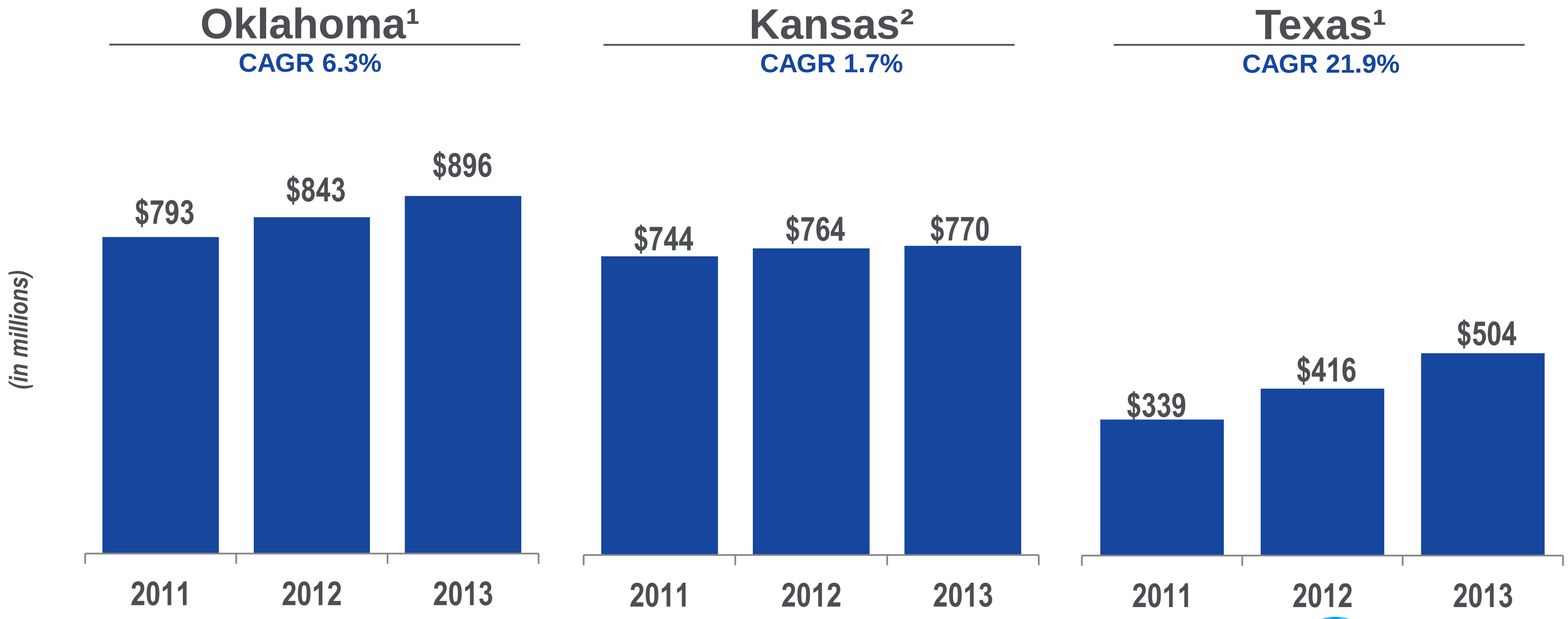
Capital Expenditures

By State



Authorized Rate Base

Historical by State



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Heating Degree Days

First Quarter 2014

	Three months ended March 31,				
	Normal	**2014**	**2013**	**Variance to Normal (%)**	**Variance to Last Year (%)**
Oklahoma Natural Gas	1,803	2,142	1,901	18.8	12.7
Kansas Gas Service	2,502	2,879	2,570	15.1	12.0
Texas Gas Service	997	984	1,053	(1.3)	(6.6)
Total	**5,302**	**6,005**	**5,524**	**13.3**	**8.7**

Heating Degree Days

Annual

	Year ended December 31,				
	Normal	2013	2012	Variance to Normal (%)	Variance to Last Year (%)
Oklahoma Natural Gas	3,316	3,848	2,721	16.0	41.4
Kansas Gas Service	4,860	5,246	3,796	7.9	38.2
Texas Gas Service	1,785	1,985	1,514	11.2	31.1
Total	**9,961**	**11,079**	**8,031**	**11.2**	**40.0**

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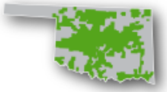
Customer and Asset Mix

Key Statistics as of Dec. 31, 2013



	Kansas	Oklahoma	Texas	Total
Average Number of Customers	632,638	847,023	634,251	2,113,912
Number of Employees	1,000	1,100	700	3,100*
Miles of Service Lines	8,000	4,600	5,700	18,300
Distribution – Miles	11,400	18,200	9,600	39,200
Transmission – Miles	1,600	800	400	2,800
High Density Cities	Kansas City, Topeka, Wichita	Oklahoma City, Tulsa	Austin, El Paso	7 cities make up the majority of customers
Percentage of Customers in Metropolitan Areas	59%	81%	75%	73%
Market Share - Customers Served	69%	87%	14%	

**Includes corporate employees*

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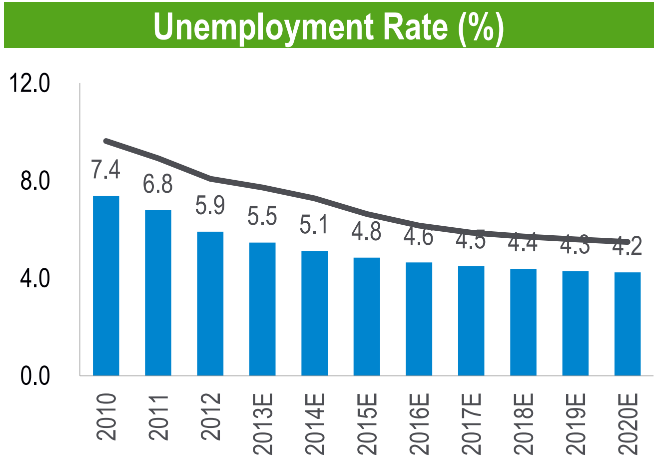
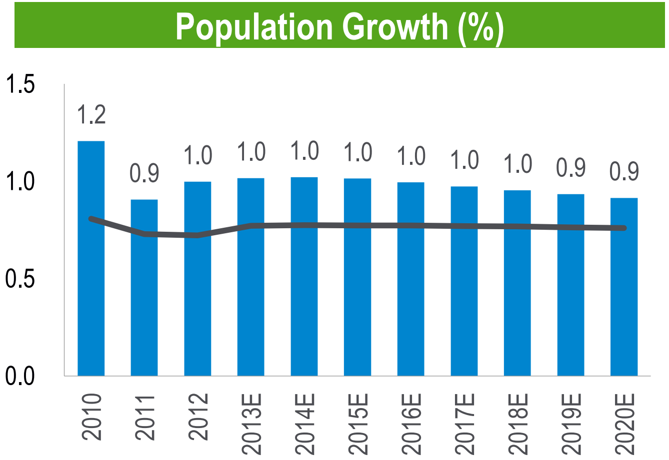
Stable Economic Environment

High-Quality Service Territories

- Unemployment rate below national average
  - 2013: 29% below national average
- Population growth above national average
  - 2013: 32% above national average





Source: IHS Global Insight

Average of KS, OK and TX

U.S. Average

Cost of Gas

Passed Through to Customers

- Actual costs of the commodity, transportation and storage of natural gas are passed through to customers without markup
  - Natural gas used in operations is recovered in “Purchased Gas” or “Cost of Gas” riders
    - Cost of Gas component of bad debts is included in cost of gas
- No direct commodity risk to ONE Gas divisions
- 52 Bcf of natural gas storage leased for 2014/2015 heating season
  - 17 Bcf in storage at Mar. 31, 2014
- Purchased 189 Bcf of natural gas in 2013

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Compressed Natural Gas (CNG)

Current Environment

- Currently operate 27 fueling stations accessible to the public
- Currently providing supply to 39 retail and 31 private CNG stations
- Increased CNG volumes 45% between 2013 and 2014
- Supporting industry efforts to encourage development of more vehicle options by car and truck manufacturers
- Industry
  - Increased interest in CNG for transportation, particularly by fleet operators
  - Tax incentives further contribute to positive economics
  - Increased industry investments in fueling stations
- Benefits
  - Use of CNG increases load
    - One vehicle is equivalent to one home
    - One pickup truck is equivalent to two homes
    - One refuse truck is equivalent to 12 homes
    - One transit bus is equivalent to 25 homes
    - Incremental margins from CNG demand could mitigate residential rate increases, enhancing competitive position
    - Home-fueling technology innovations could be a game changer

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Non-GAAP Reconciliations

ONE Gas has disclosed in this presentation targeted long-term debt-to-EBITDA and EBIT-to-interest ratios, which are calculated using amounts disclosed in our financial statements in accordance with generally accepted accounting principles (GAAP) and EBITDA and EBIT amounts that are non-GAAP financial measures.

Management believes these measures provide useful information to investors as a measure of financial performance as a stand-alone public company for comparison with peer companies; however, these calculations may vary from company to company, so the Company's computations may not be comparable with those of other companies. Additionally, we have not calculated these measures for the periods in which we were part of ONEOK.

EBITDA is defined as net income adjusted for interest expense, depreciation and amortization and income taxes. EBIT is defined as net income adjusted for interest expense and income taxes.

These measures should not be considered in isolation or as a substitute for net income, income from operations or other measures of financial performance determined in accordance with GAAP.

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