

January 2014

ONE Gas Overview

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 Nov. 5 and Dec. 2, 2013, and are not being updated or affirmed by this presentation.

ONE Gas Overview

Key Points

Leadership

- Experienced management team

ONE Gas overview

- 100% regulated natural gas utility
- Expected to be 3rd largest publicly traded natural gas distributor

Financial

- Capital investments result in rate base growth

Create value for all stakeholders

- Employees, customers, investors and communities

ONE Gas Leadership

Experienced Management Team

Board - John Gibson, Non-Executive Chairman



Pierce Norton
President and Chief Executive Officer



Curtis Dinan
Senior Vice President
Chief Financial Officer &
Treasurer



Joe McCormick
Senior Vice President
General Counsel & Assistant Secretary



Caron Lawhorn
Senior Vice President
Commercial



Greg Phillips
Senior Vice President
Operations



Rhonda Mayhan
Vice President
Human Resources



Andrew Ziola
Vice President
Investor Relations and
Public Affairs

Overview

Reasons for the Separation

Strategic Rationale

- Enhance strategic, financial and operating flexibility, and the growth potential of both entities
- Increase transparency of each company
- Better align the businesses with each company's relevant peer groups
- Attract more focused investors to each company
- Sharpen each company's focus on its distinct strategic goals
- Resolve internal competition for capital among the businesses that is inherent in the existing structure

Transaction Overview

Timeline

- Spin-off to create stand-alone publicly traded company
 - 100% regulated natural gas utility in Oklahoma, Kansas and Texas with more than 2 million customers – one of the largest in the United States
 - Pro-rata, tax-free distribution of OGS shares to ONEOK shareholders
- Transaction expected to be completed Jan. 31, 2014
 - Completed ONE Gas credit facility (December 2013)
 - Obtain regulatory approvals (KCC approval received on Dec. 19, 2013)
 - Transition affected employees to new organization (Jan. 1, 2014)
 - Final ONEOK board approval (Jan. 8, 2014)
 - Priced ONE Gas debt financing (Jan. 13, 2014)
 - Complete ONE Gas spinoff of common stock to be NYSE listed as “OGS” (Jan. 31, 2014)
 - No shareholder vote required

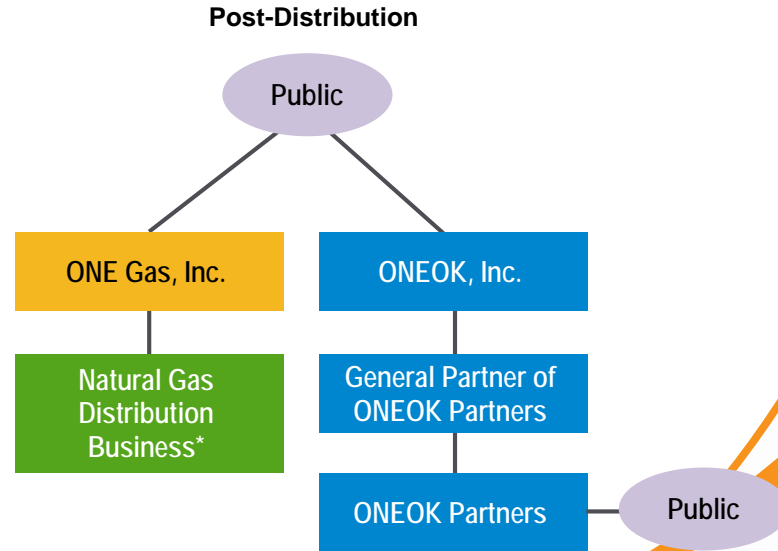
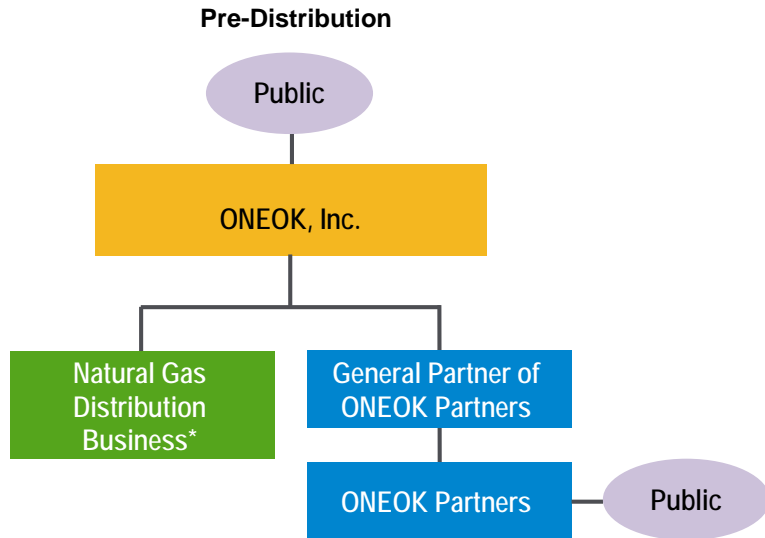
ONE Gas Equity

NYSE: "OGS"

- When-issued market begins: Jan. 16, 2014
 - Ratio of share distribution:
 - One share of OGS common stock for every four shares of OKE common stock
 - Cash will be paid in lieu of fractional shares
 - Symbol: OGS WI
- Record date: Jan. 21, 2014
- Distribution date: Jan. 31, 2014
- Regular-way trading: Feb. 3, 2014
- When-issued settlement date: Feb. 6, 2014

Corporate Structure

Pre and Post-Separation



* Divisions include: Kansas Gas Service, Oklahoma Natural Gas, Texas Gas Service

Vision and Mission

Our Vision

To be a premier natural gas distribution company creating exceptional value for its stakeholders

- Attract, select, develop and retain a diverse group of employees to support strategy execution

Our Mission

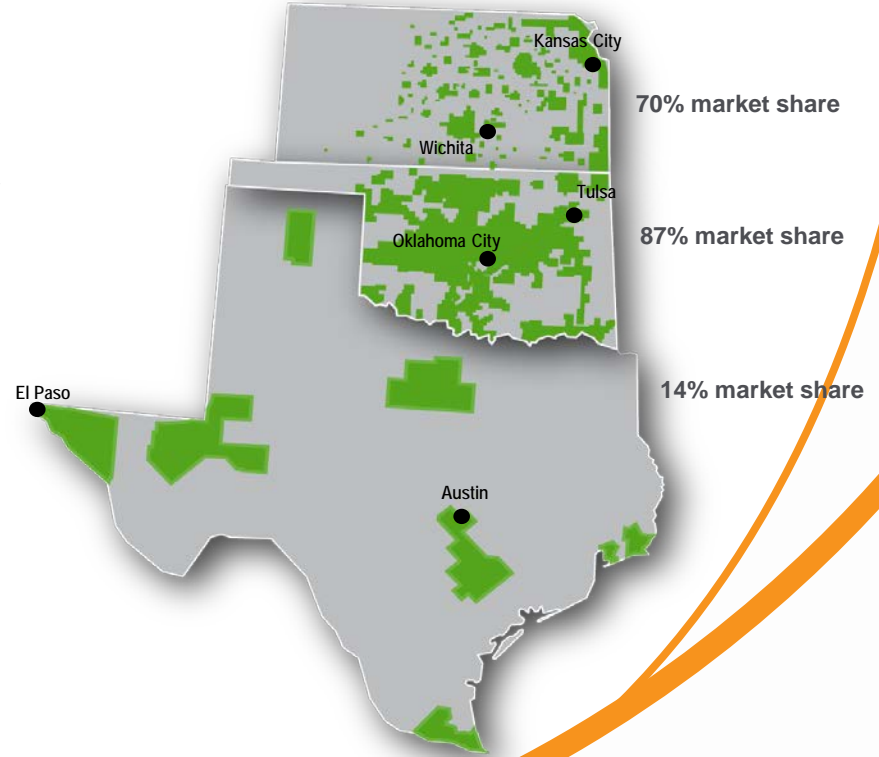
Becoming ONE:

- ONE in Responsibility – safety, reliability and compliance
- ONE in Value – employees, investors, customers and communities
- ONE in Industry – recognized leader, processes and productivity

ONE Gas

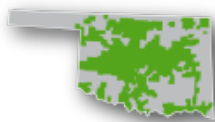
Key Investment Considerations

- **Focused business strategy**
 - 100% regulated natural gas distribution utility
 - Expected to be third largest publicly traded pure-play natural gas distributor
- **Constructive regulatory environment**
 - Allowed ROE of approximately 10%
 - Multiple risk- and lag-mitigation mechanisms and riders
 - 70% fixed residential charges
- **Significant scale**
 - 2.1 million customers – 92% residential
 - Largest in Kansas and Oklahoma; 3rd largest in Texas
 - Rate base of approximately \$2.2 billion
- **Conservative financial profile**
 - Capital investments result in rate base growth
 - Stable earnings and cash flow
 - Commitment to “A” investment-grade credit ratings
 - Targeted 45% debt-to-capitalization ratio



ONE Gas

Margin Profile

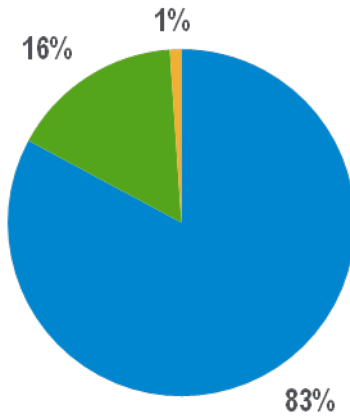


	Kansas	Oklahoma	Texas	Total
Fixed Charges-Residential	55%	85%	81%	73%
Average Heating Degree Days – Normal	4,800	3,334	1,799	-
Weather Normalization	100%	100%	62%	87%
Residential Margin	67%	71%	68%	69%
Risk and Lag Mechanisms	Gas System Reliability Surcharge (GSRS), Weather Normalization, Bad Debt, Pension and Other Post-Employment Benefits (OPEB), Ad Valorem	Performance-based rates (PBR), Energy Efficiency Program, CNG Rebate Program, Weather Normalization, Bad Debt	Cost of Service Adjustments (COSA), Gas Reliability Infrastructure Program (GRIP), Energy Efficiency (Austin), Bad Debt (98%), Weather Normalization, Safety-related Plant Replacements	
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)	

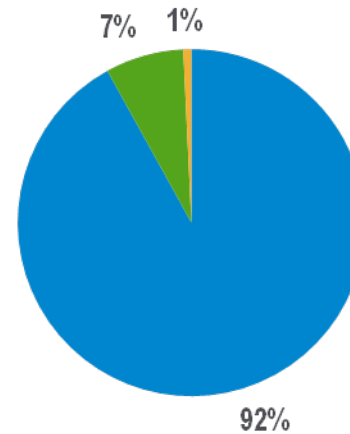
Residential Customers

High Percentage

Net Sales Margin
2012



Customer Count
2012






Customer Type

■ Residential ■ Commercial/Industrial ■ Wholesale

ONE Gas

Key Statistics*

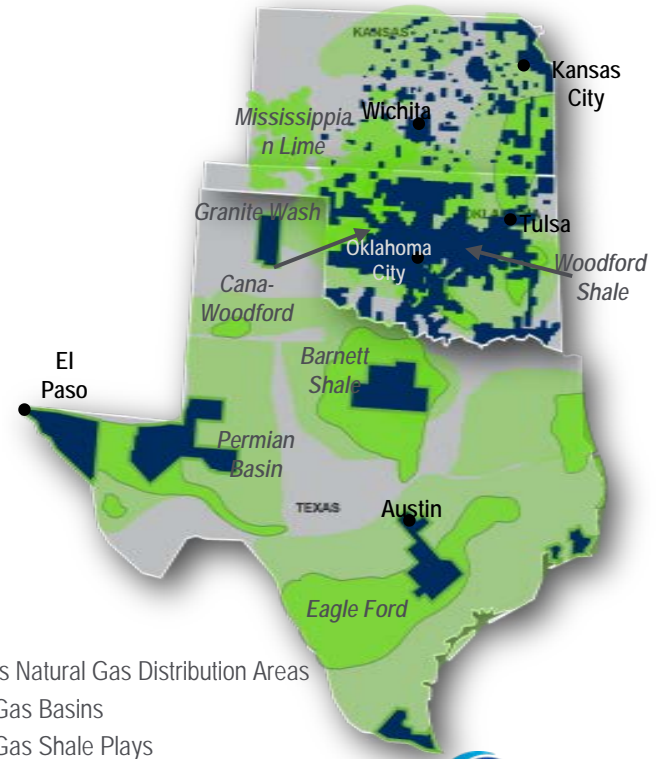
	 Kansas	 Oklahoma	 Texas	Total
Average Number of Customers	634,325	847,092	634,387	2,115,805
Number of Employees	995	1,138	676	2,809
Miles of Service Lines	7,318	4,267	5,312	16,897
Distribution – Miles	11,957	17,370	9,509	38,836
Transmission – Miles	1,573	727	387	2,687
High Density Cities	Overland Park, Topeka, Wichita	Oklahoma City, Tulsa	Austin, El Paso	7 cities make up the majority of customers
Percentage of Customers in Metropolitan Areas	58%	75%	75%	
Market Share - Customers Served	70%	87%	14%	

* As of Sept. 30, 2013

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



Growth Strategies

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

Regulatory Constructs

By State

Mechanism	Kansas	Oklahoma	Texas*
Performance-based rates		X	
Capital investments; safety-related riders	X	X ¹	X
Weather normalization	X	X	X
Purchase Gas Adjustment/Cost of Gas riders	X	X	X
Energy efficiency/conservation programs		X	X
Pension and Other Post-Retirement Benefits (OPEB) Trackers	X	X ¹	X
Cost of Service Adjustment (COSA)		X ¹	X

*10 jurisdictions in Texas; not all mechanisms apply to each jurisdiction

¹ Incorporated in performance-based rates

Regulatory Mechanisms

Highlights

- **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 Systems Reliability Surcharge (GSRS) – for incremental safety-related and government-mandated capital investments made between rate cases
- **Texas Gas Service**
 - Cost-of-service adjustments (COSA) for certain capital investments and changes in operating expenses
 - Gas Reliability Infrastructure Program (GRIP) for capital investments made between rate cases

Comparative Highlights

Peer Group Analysis

		Peer Group*		ONE Gas
		Average	Range	Target
Key credit-rating factors	Regulated Business	80%	62% - 92%	100%
	Allowed ROE	10.3%	9.5% - 11.05%	~10%
	Debt/Capitalization Ratio	48%	43 - 54%	45%
Shareholder factor	Dividend Payout Ratio <i>(as a percent of earnings)</i>	63%	44% - 81%	55% - 65%
Other factors	Age of Company	120 years	63-165 years	107 years
	Customers	1.5 million	0.35 million – 4.5 million	2.1 million

*AGL, ATMOS, Laclede, New Jersey, Northwest, Piedmont, South Jersey, Southwest and WGL
 Source Various company filings

Financial Overview

Financial Highlights

Maintain Conservative Posture

- Post separation, ONE Gas will continue to maintain a conservative financial posture
 - Prudent capital investment results in steady rate base growth
 - Financial metrics necessary to maintain strong investment-grade credit ratings
 - Prudent dividend policy, in line with peers
 - Utilize capital markets to maintain capital ratios
- Financings will be executed in conjunction with the legal separation
 - \$700 million revolving credit facility
 - Issue \$1.2 billion of long-term debt
 - Distribute \$1.13 billion to ONEOK at separation; retain \$60 million
- Utilize operating cash flows and short-term borrowings for working capital and capital expenditures

ONE Gas

2014 Guidance

- Net income: range of \$95-\$105 million
- Operating income midpoint: \$217 million
- Cash flows from operations midpoint: \$236 million
- Dividend of \$0.28 cents per share per quarter following the separation
 - ONE Gas exchange ratio: 1 OGS share for every 4 OKE shares upon separation
- Capital expenditures midpoint: \$263 million
- \$1.2 billion of long-term debt at weighted average rate of 3.75%

ONE Gas

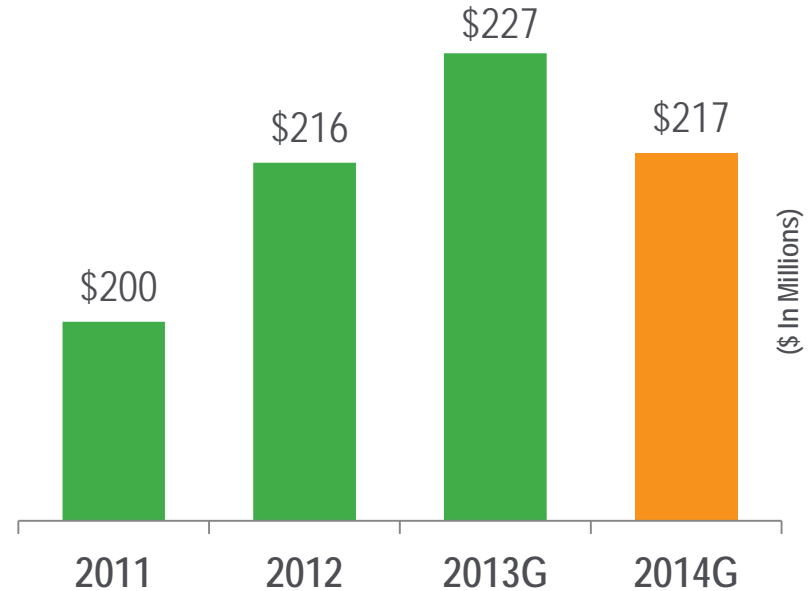
Five-year Financial Outlook

- Expected average annual net income growth of 4-6% comparing 2014 earnings guidance with the 2018 forecast
 - Driven by regulatory filings, including rate cases and capital-recovery mechanisms
 - 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

Operating Income

Opportunity to Narrow the Gap

- Goal: Minimize the gap between allowed and actual returns*
 - 2014 allowed return on equity (ROE): 9.9%
 - 2014 ROE estimate: 7.4%
 - 2013 ROE estimate: 8.3%
 - 2013 ROE allowed: ~10%
 - 2012 ROE achieved: 8.3%

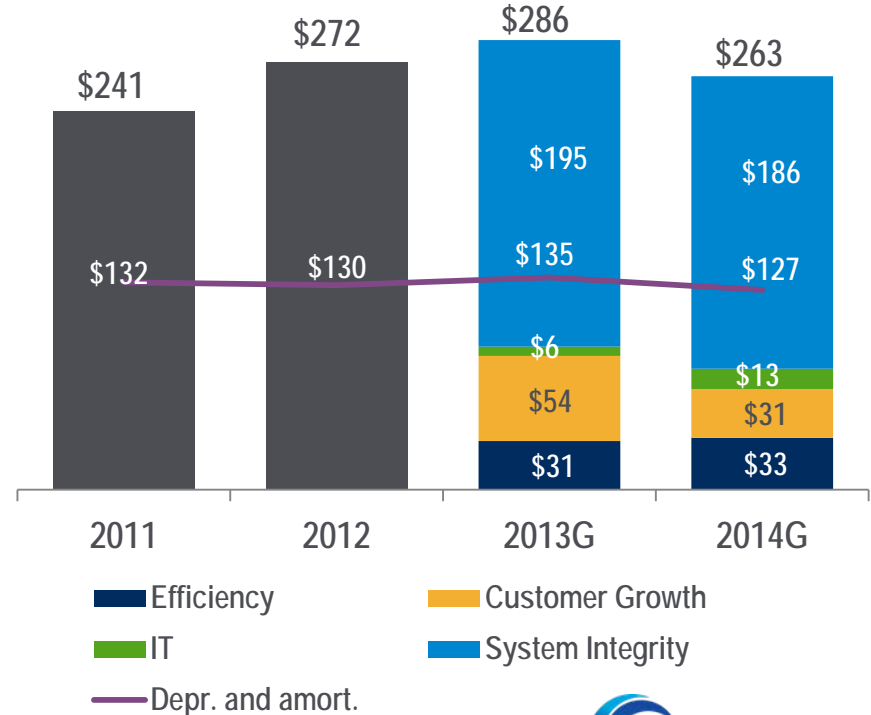


**ROE calculations are consistent with utility ratemaking in each jurisdiction*

Capital Expenditures

Capital Spending Exceeds Depreciation

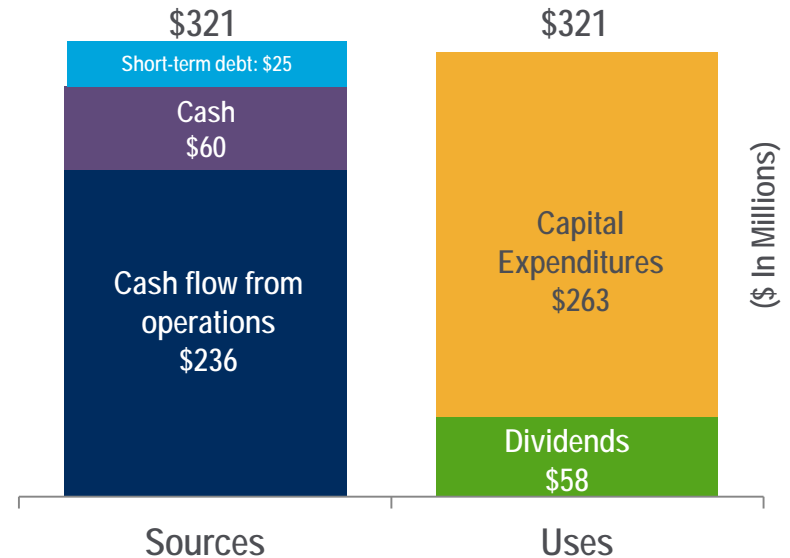
- Majority of capital expenditures for safety, reliability and efficiency
 - System integrity and replacements
 - New service lines and main extensions for customer growth
 - Efficiency
 - Automated meter reading (64% coverage)
 - Operational efficiency efforts
- Capital expenditures primarily funded by cash flow from operations



ONE Gas

2014 Sources and Uses of Cash Flow

- Target dividend payout ratio of 55-65% of net income
- Capital expenditures primarily funded by cash flow from operations



Balance Sheet

Commitment to Strong Investment-Grade Ratings

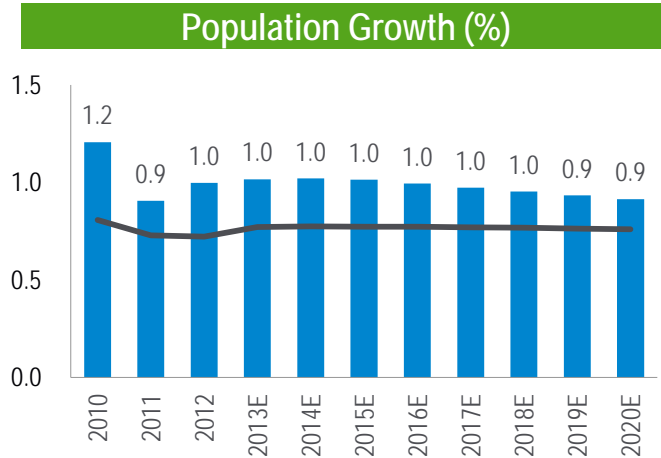
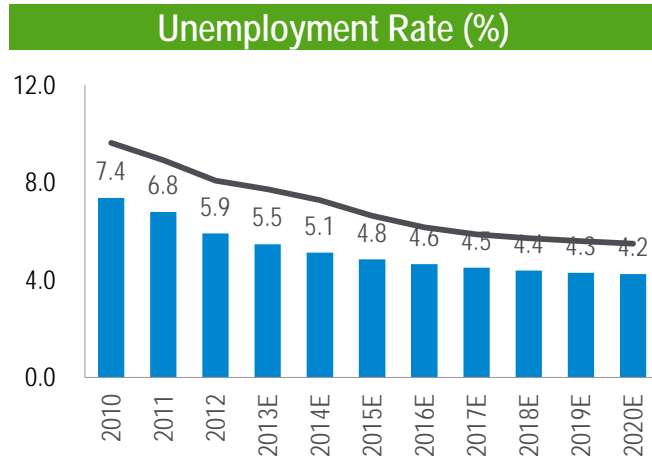
- Strong investment-grade credit ratings, consistent with peers
 - Moody's: A2 (Stable)
 - S&P: A- (Stable)
- Targeted capital structure
 - Debt-to-capitalization ratio of 45%
 - Debt-to-EBITDA of 3.5x
 - EBIT-to-interest of 4.0x
- Strong liquidity position will support capital expenditure and working capital needs
 - Stable operating cash flows
 - \$700 million revolving credit facility
 - Arrange commercial paper program to optimize funding costs
- Pension funding of approximately 98%

Appendix

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

ONE Gas

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
- No direct commodity risk to ONE Gas divisions
- 57.3 Bcf of natural gas storage leased at Sept. 30, 2013
 - Approximately 29% of winter gas supply needs supplied by storage
- Purchased 140 Bcf of natural gas in 2012

Other Regulatory Mechanisms

Oklahoma Natural Gas

- Purchase Gas Adjustment Clause
- Temperature Adjustment Clause
- Energy Efficiency Programs
- Compressed Natural Gas Rebate Program

Other Regulatory Mechanisms

Kansas Gas Service

- Cost of Gas Rider and Annual Cost Adjustment
- Weather Normalization Adjustment
- Ad Valorem Tax Surcharge
- Pension and Other Post Retirement Benefits (OPEB) Trackers
- Gas System Reliability Surcharge

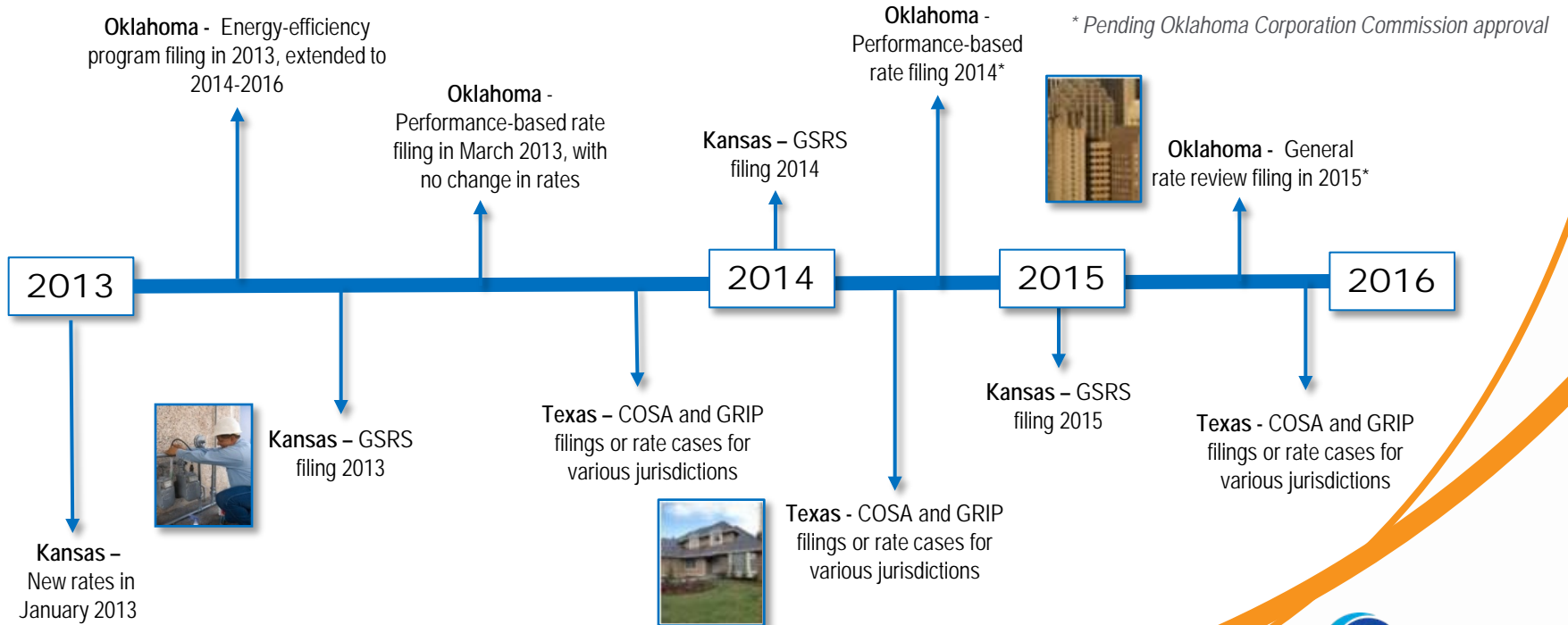
Other Regulatory Mechanisms

*Texas Gas Service – 10 Service Areas**

- Gas Reliability Infrastructure Programs (GRIP)
- Cost of Service Adjustment (COSA) filings
- Weather Normalization Adjustment (WNA)
- Cost of Gas (COG) clause
- Pension and OPEB Trackers
- Pipeline-Integrity Testing Riders
- Safety-Related Plant Replacements
- Energy Conservation Program

** Not every regulatory mechanism is present in each jurisdiction/service area*

Regulatory Filing Timeline



Compressed Natural Gas (CNG)

Current Environment

- **Industry**
 - Increased interest in CNG for transportation, particularly by fleet operators
 - Tax incentives further contribute to positive economics
 - Increased industry investments in fueling stations
- **ONE Gas**
 - Currently operate 27 fueling stations that are accessible to the public
 - Currently providing natural gas supply to 36 retail CNG outlets
 - Currently providing natural gas supply to 30 private CNG fueling stations
 - Supporting industry efforts to encourage development of more vehicle options by car and truck manufacturers
- **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 could be a game changer

ONE Gas Board of Directors

Experienced Leadership

Board Member*			
John W. Gibson	Non-executive Chairman	Retired, ONEOK Inc.	ONEOK, Inc. Board Member
Pierce H. Norton II	ONE Gas, Inc. President and CEO	Employee	
Robert B. Evans	Independent	Retired, Duke Energy Americas	
Michael G. Hutchinson	Independent	Retired, Deloitte & Touche	
Patty L. Moore	Independent	Non-executive chairman, Red Robin Gourmet Burgers	ONEOK, Inc. Board Member
Eduardo A. Rodriquez	Independent	President, Strategic Communications Consulting Group	ONEOK, Inc. Board Member
Douglas H. Yaeger	Independent	Retired, Laclede Group, Inc.	

* Effective at separation

