

Life's Essentials

for a Better Tomorrow



We are ONE Gas



ONE Gas, Inc. is a stand-alone, 100 percent regulated natural gas utility, trading on the New York Stock Exchange under the symbol “OGS,” and listed in the S&P MidCap 400 Index. ONE Gas is the successor to the company founded in 1906 as Oklahoma Natural Gas Company. On January 31, 2014, ONE Gas was spun out of ONEOK, Inc. (NYSE: OKE) and now operates as an independent natural gas distribution company focusing on delivering natural gas safely and reliably to more than 2.1 million customers.

ONE Gas is headquartered in Tulsa, Okla.



Our Mission: Why We Exist

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We deliver natural gas for **a better tomorrow.**

Our Vision: What We Want to Be

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To be a premier natural gas distribution company, creating exceptional value for our stakeholders.

Our Core Values

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Safety: We are committed to operating safely and in an environmentally responsible manner.

Inclusion and Diversity: We embrace and promote diversity; every employee makes a difference and contributes to our success.

Ethics: We adhere to the highest ethical standards. Honesty, trust and integrity matter.

Service: We provide exceptional service and make continuous improvements in our pursuit of excellence.

Value: We create value for all stakeholders, including our employees, customers, investors and communities.



2.1
MILLION
CUSTOMERS

*Oklahoma Natural Gas
Kansas Gas Service
Texas Gas Service*

100%
REGULATED

*Serving Residential, Commercial,
Transportation, Wholesale
and Industrial Customers*

THIRD
LARGEST

*Publicly Traded Natural Gas
Distribution Utility in the
United States*





2014 Summary

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In our first year as a stand-alone company, we reported net income of \$109.8 million, or \$2.07 per diluted share, and spent \$297 million in capital investments to maintain the safety and reliability of our systems and the high service standards our customers expect, while supporting growth in our service territories.

Investments in our system led to new rates throughout our service territories resulting in solid performance for 2014. Residential customer growth in major

metropolitan areas also positively impacted our results. Additionally, we benefited from incremental compressed natural gas (CNG) revenue, as volumes increased 47 percent year over year.

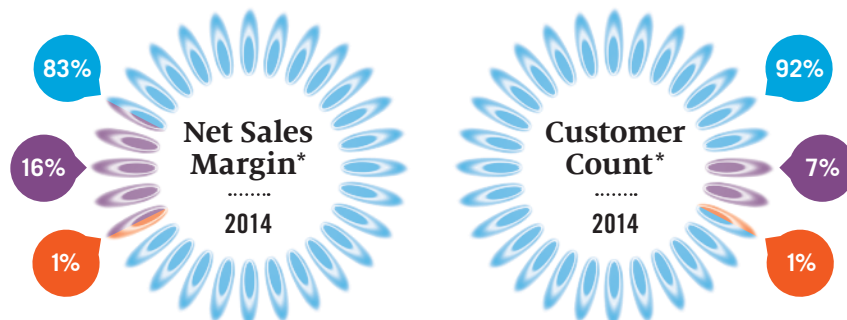
Our first full-year operating costs reflect expenses related to our successful separation from ONEOK and “stand-up costs” required to establish our own technology platform – completed on time and under budget, and our own insurance program.

We are committed to our 100 percent regulated strategy. As a natural gas utility, we are focused on safety through investments in our system and the creation of value for all stakeholders – employees, customers, investors and communities.

Highlights

<i>Years Ended December 31, 2014 and 2013 (unaudited)</i>	2014	2013	% Change
Earnings and Dividends			
Net Income (thousands)	\$ 109,790	\$ 99,195	10.7%
Earnings Per Share of Common Stock			
Basic	\$ 2.10	\$ 1.90	10.5%
Diluted	\$ 2.07	\$ 1.90	9.0%
Dividends Per Share	\$ 0.84	\$ —	—
Margin, Volumes and Weather			
Net Margin (thousands)	\$ 826,957	\$ 813,008	1.7%
Total Volumes Sold (Bcf)	166.3	164.2	1.3%
Total Volumes Delivered (Bcf)	379.8	370.1	2.6%
Actual Heating Degree Days	10,615	11,036	-3.8%
Normal Heating Degree Days	9,965	9,970	—
Customers and Employees			
Average Number of Customers	2,127,501	2,113,912	0.6%
Total Employees, End of Period	3,300	—	—
Common Stock			
Market Value Per Share – Year End	\$ 41.22	—	—
Average Shares of Common Stock (thousands)			
Basic	52,364	52,319	—
Diluted	52,946	52,319	1.2%

Significant Scale High Percent of Residential Customers



Residential • Commercial / Industrial • Other

* Excludes transportation

	Oklahoma	Kansas	Texas	Average Total:
Fixed Charges** Sales Customers	86%	53%	71%	71%
Average Annual Heating Degree Days – Normal	3,317	4,860	1,788	—
Weather Normalization***	100%	100%	62%	89%

** Fixed percentage of total net margin on natural gas sales

*** Percent of customers who are in jurisdictions with weather normalization adjustment mechanisms

To My Fellow Shareholders and Employees:

At ONE Gas, 2014 was a year of firsts. As a new stand-alone, publicly traded company, it was the first year we were able to devote our full efforts to becoming a premier natural gas distribution company – one that is committed to creating exceptional value for our stakeholders.

We had a major challenge in year one to completely separate ourselves from our predecessor, ONEOK. Rather than spending the next few years relying on ONEOK for information technology services through transition agreements,

we made it our goal to dedicate the capital dollars and the hours necessary to stand on our own in the first year. Not only was this accomplished, but we did it with time to spare and on budget. This was vital for us to move forward on a stand-alone basis, so we can fully concentrate our resources on the future of our business.

Our company operates approximately 42,500 miles of pipeline and other natural gas distribution facilities. The separation from ONEOK has enabled us to get back to our roots as a regulated natural gas distribution business. This increased focus has made a major impact, as our 2014

Our company operates approximately 42,500 miles of pipeline and other natural gas distribution facilities.



This year was a first for me as well – my first year as the Chief Executive Officer. I've been asked frequently how it felt to step into this role, and I have to say, it's been rejuvenating. In numerous employee meetings, their questions and comments demonstrate a shared passion for our business and our customers. Our employees' enthusiasm has shown me the power of people, and the things we can accomplish when we work together. It is humbling to be in this role, and I'm truly enjoying the opportunity and experiences every day.

results demonstrate. We believe that ONE Gas is well positioned to maintain this momentum.

Natural gas is well positioned to be competitive against other fuel options for decades to come. Right now, natural gas has approximately a 3-to-1 cost advantage compared with electricity. We have a high-quality product that allows people to heat their homes, cook their meals, dry their clothes and enjoy hot water – ***life's essentials***. And that means we are creating ***a better tomorrow*** for our customers.

2014 Highlights

After our first full year as ONE Gas, we are proud of all we have accomplished:

Our net income for 2014 exceeded our initial expectations and is expected to grow an average of 5 to 8 percent annually between 2014 and 2019.

At the close of 2014, our stock was trading at new highs. We delivered a total shareholder return of approximately 25 percent in 2014, outperforming our peer group average and the S&P MidCap 400 Utilities Index. Shareholder returns reflect solid operating and financial results and the continued growth we believe is ahead – all of this while maintaining our strong investment grade credit ratings.

For our more than 2 million customers in Oklahoma, Kansas and Texas, we continued our tradition of providing safe, reliable service at competitive costs.

Our total natural gas volumes delivered increased from 2013. The overall average number of customers also grew by 0.6%. Our commitment to customer service was recognized at Oklahoma Natural Gas, which was named a most trusted brand – in both the Southern region and nationally – in the 2014 Utility Trust Brand & Customer Engagement Study conducted by Cogent Energy Reports, the syndicated division of Market Strategies International.

We worked together to define the company's new mission, vision and core values.

We also created a new brand identity, including logos, and set up our new corporate headquarters in Tulsa, Okla. We've entered 2015 with confidence in our business strategy and our employees who will execute on our strategic goals.

As we go forward, we have five priorities that we are challenging ourselves to execute on with the same enthusiasm we experienced in our first year as a new company. These priorities include:

- **Safety:** Safety has always been our top priority and is our most important core value. ONE Gas will always make sure that the safety of our employees, customers and communities comes before everything else.
- **High-performing Workforce:** It all starts with our people. We are dedicated to attracting and retaining the right people for the right jobs. Our more than 3,300 employees also will benefit from highly engaging employee and leadership development programs.
- **Leveraging Technology:** This is going to be a big year for us when it comes to implementing software and new technologies. Our plans include new devices for our operations employees that will increase efficiency and productivity; and adding a smart phone application that will offer more self-service options for our customers.

- **Regulatory:** We strive to continue constructive relationships with regulators that will support our common goal of providing safe, reliable and cost-effective natural gas service to our customers and the communities we serve.
- **Growth:** In addition to growing by continuing to invest in our systems, we also are seeking opportunities to deliver natural gas to compressed natural gas stations and other alternatives that would contribute to incremental growth regulated transport revenue.

We believe that focusing on these priorities will guide us toward a successful future, while providing our customers with **life's essentials**.



Pierce H. Norton II

President and Chief Executive Officer,
ONE Gas, Inc.

April 1, 2015

OUR PRIMARY TOUCHPOINTS

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Warm Home



Hot Water



Dry Clothes



Cooked Meals

Abundant, efficient energy at a more competitive cost versus alternatives – that's what we mean by a better tomorrow.

We provide the energy that makes your house feel like a home. We fuel the appliances that have a significant impact on your comfort level – your life's essentials – a warm home, hot water, dry clothes and home-cooked meals.





Transitioning as a New Company



In early 2014, we began establishing our new ONE Gas brand with the introduction of a new logo on our work locations and our vehicle fleets. After careful consideration, we selected a logo we felt represents our company's purpose and exhibits energy in motion. The four colors represent the four primary natural gas usage touchpoints in the home – the range or cooktop, clothes dryer, furnace and water heater. The blues transition purposely to represent a natural gas flame. The yellow piece is one of the international colors used to symbolize safety and also the color used as a standard marker for natural gas pipelines.

On January 31, 2014, ONE Gas, Inc. separated from ONEOK, Inc. in a spinoff that created one of the largest 100 percent regulated, publicly traded natural gas distribution companies in the United States. From day one, ONE Gas has focused on safety, reliability and investing in our systems, while maintaining a conservative financial position.

A Better Tomorrow by . . .

RENEWING OUR FOCUS

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As a part of ONEOK, we were always focused on the safety and reliability of our distribution system, providing value and stability to investors and fair rates for customers. Now as ONE Gas, we are able to put that focus and commitment out front as a stand-alone company – one that operates to deliver natural gas for a better tomorrow.

We invest the majority of capital expenditures in system integrity and maintenance to ensure we can continue to provide customers with the safe and reliable service they expect from us. We are growing by adding new meters, main extensions and volumes from transport revenues, such as CNG.

Many metropolitan areas in our service territories have

We also are working to provide better self-service options for our customers.

As an independent company, ONE Gas provides more transparency to both regulators and shareholders. This helps us better collaborate with our regulatory agencies to achieve our common goals, while also attracting a focused investor base that recognizes the stability and growth offered by ONE Gas.

Our success is your success, and being able to completely focus on our regulated distribution business gives us the ability to deliver on our strategy.

Our diverse workforce shows up every day with this strategy top of mind. We know who our customers are because we live in the same neighborhoods and volunteer in our communities. We also understand that our investors trust and expect us to provide a fair return because a majority of our employees are shareholders themselves.

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experienced growth over the past several years, and we are seeing the benefits of that growth.

We are improving efficiencies by leveraging technology in our operations.

In 2015, we will implement several new technologies, allowing our systems to communicate better with each other, eliminating manual and duplicative paperwork for our field personnel and increasing the productivity of our resources.

We are already taking advantage of asset investment planning tools and management systems to assist us in long-range planning.

A Better Tomorrow by . . .

FOLLOWING OUR STRATEGIC MAP

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To understand what our better tomorrow looks like, you first have to understand why we exist. Our company's mission – to deliver natural gas for a better tomorrow – is why our 3,300 employees get up every day and go to work for our customers and shareholders.

For us, a better tomorrow is providing customers with lower energy costs compared with other energy alternatives and a clean fuel source, while delivering value to shareholders.

Executing on Our Strategy

We will accomplish these things by following a strategic map that will help every employee understand where we are going as a company and how they fit into our plan to get there.

Our five strategic themes will be our driving force over the next several years as we challenge ourselves to progress into the future. These themes will be top of mind for every decision we make and every goal we want to accomplish.

Five Strategic Themes – ONE Gas Business Essentials

Just as our customers rely on our product and reliable service to provide the energy for the life essentials of their home or business, we also rely on business essentials to run our company.

Safety and Environment – Our number one commitment is to safety. Through a 100 percent compliance goal, a risk-based approach to asset replacement and continuous improvement, we will continue to increase the safety and reliability of our system.

High-performing Workforce – The foundation of our strategic map is our largest company asset, employees. We will continue to attract, select, develop and retain the talent with the necessary skills it takes to run this business. Additionally, we must be diligent when it comes to developing employees and leaders, and promote an inclusive and diverse workforce that is enthusiastic and willing to change when necessary.

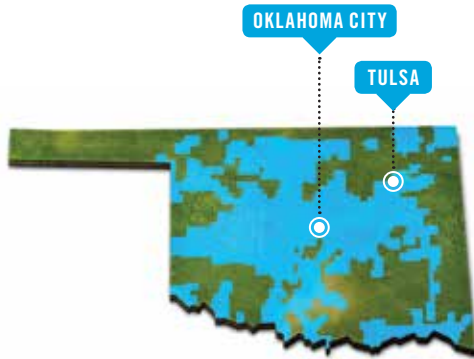
Leveraging Technology – We will increase operational efficiency through new technology and the use of data for analytics and decision making – all focused on improving customer service.

Regulatory – Our goal is to provide reasonable rates for our customers by lowering our operating costs to sustainable levels and focusing on transparency and collaboration with our regulatory agencies, while also creating value for our investors.

Growth – In addition to investing in our systems, we expect to grow by adding both customers and volume to our systems. We are equipped to grow our volume through non-traditional, regulated means, such as combined heat and power, distributed generation and CNG development adding to incremental transport revenues. Additionally, population growth in many of our major metropolitan areas is leading to increased customer growth.

OUR SERVICE TERRITORIES

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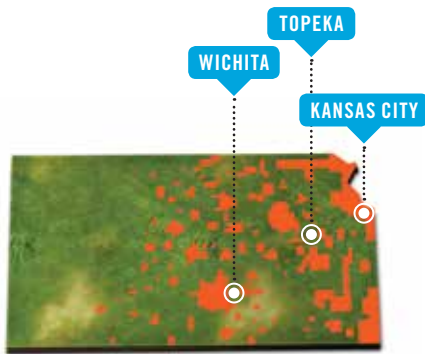
Oklahoma Natural Gas

853,000
Customers

Largest in Oklahoma
Natural Gas Distributor

87%
Market Share

81%
Metropolitan Customers



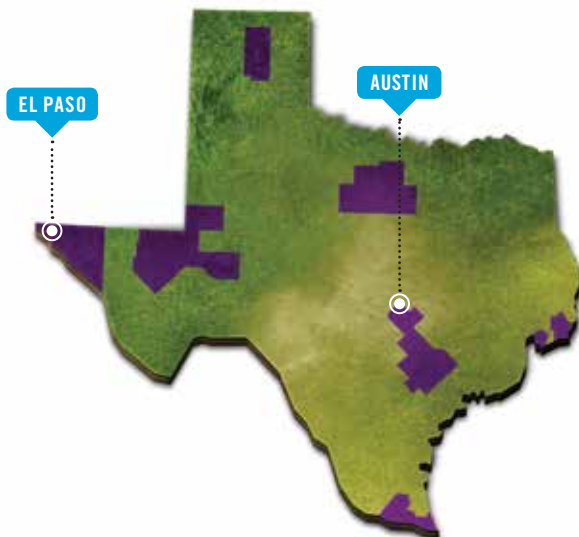
Kansas Gas Service

634,000
Customers

Largest in Kansas
Natural Gas Distributor

72%
Market Share

58%
Metropolitan Customers



Texas Gas Service

640,000
Customers

Third Largest in Texas
Natural Gas Distributor

14%
Market Share

75%
Metropolitan Customers

A Better Tomorrow by . . .

VALUING SAFETY

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Keeping Everybody and Everything Safe for Today . . . and Tomorrow

Tomorrow's successes will be determined in large part – as were our past successes – by our commitment to safety, our number one core value.

Whether it is the safety of our employees, customers or the public, or the integrity of our assets (including more than 42,500 miles of pipeline), every day ONE Gas employees focus on the demands of running our natural gas system safely and reliably.

We take pride in our dedication to safety and to providing an environmentally responsible product with the most reliable service possible. This requires continual awareness on the part of our employees and prudent, ongoing investments in our pipeline system and our other facilities.

Areas of focus include occupational safety, employees' health, safety and reliability of our distribution and transmission pipelines, and protecting the environment.

While we are very proud of our safety record, we know there is always room for improvement.

Here are a few of our year one accomplishments:

- Aging asset replacement is part of our ongoing capital budget, and in 2014, ONE Gas retired or replaced approximately 475 miles of distribution and transmission facilities.
- Our employees have one of the best driving records among our peer companies. For the most recent reporting period, the company ranked in the top quartile of American Gas Association member companies.
- A safe driving recognition program rewards safe drivers of the company's 1,900 vehicles with an opportunity to earn incentives for safe driving behaviors.

- We achieved a reduction in injuries of 15 percent in 2014 compared with 2013.
- A peer-review safety process and employee training were used to promote consistent, steady improvement in our workplace safety record.

Whether it's the well-being of our employees . . . or the integrity of a two-inch distribution pipeline that runs through a neighborhood . . . safety is our priority.

That applies to all of our 2 million customers, the public and our employees, which is why at ONE Gas, safety is not a program but a value deeply entrenched in our culture and our operations 365 days a year.

Protecting Our Environment

Efforts to reduce greenhouse gas emissions from ONE Gas' operations continue year-in and year-out, and we're proud of our accomplishments.

Among our efforts, we are accelerating the replacement of aging infrastructure, which lowers methane emissions from our pipelines. We also use environmentally friendly processes to enable us to work on our pipelines, either during pipeline replacement or during pipeline extensions, to minimize natural gas emissions.



Leak surveys and inspections are an important part of not only our regulatory requirements but also our system integrity program.



In 2014 alone, our employees drove more than 28 million miles in company vehicles – equivalent to 58 round trips to the moon!

Ensuring that we are operating our fleets in the safest possible way is a top priority. Our Environmental, Safety and Health team has adopted the Smith System®, which provides easy-to-follow tips for safe driving.

A Better Tomorrow by . . .

IMPROVING SAFETY

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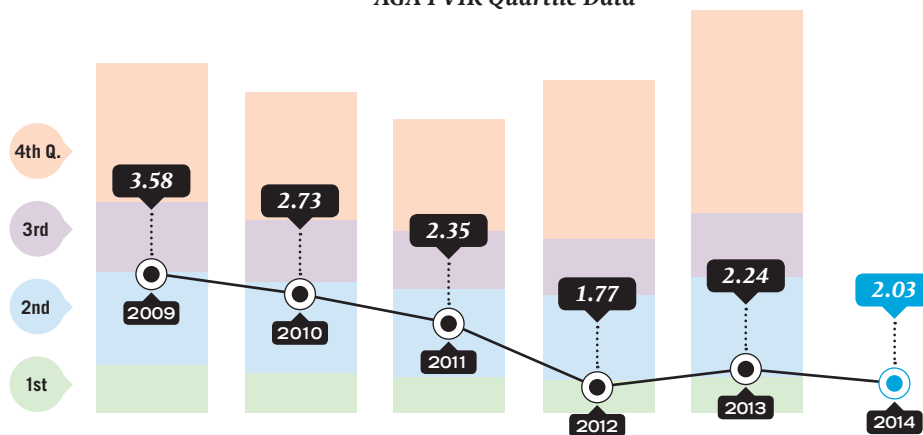
1,032 Employees

Recognized as a part of the ONE Gas Driver Recognition Program.

This fortifies our safe driving effort. It is based on the information provided through a 12-second video recording created by a G-force event in any one of our more than 1,900 company vehicles.

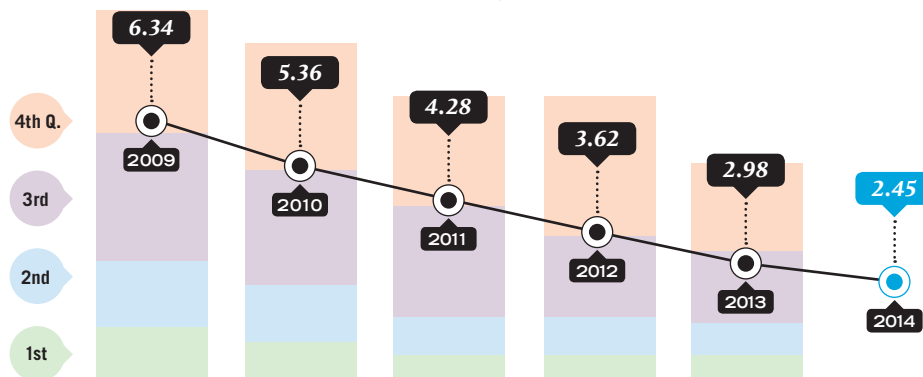
Preventable Vehicle Incident Rate (PVIR) was
2.03 incidents per million miles driven.

AGA PVIR Quartile Data



Total Recordable Incident Rate (TRIR) was
2.45 incidents per 200,000 work hours.

AGA TRIR Quartile Data



The American Gas Association (AGA) represents local energy companies that deliver clean natural gas throughout the U.S.

A Better Tomorrow by . . .

GIVING BACK TO COMMUNITIES

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ONE Gas Foundation Established – Creating a better tomorrow for the communities where we live and work.

Mission: To invest in programs that enhance quality of life and economic well-being in the communities where ONE Gas operates and where our employees work and live.

Optimize Impact

Give Hope

Strengthen Communities

GUIDING PRINCIPLES

2014

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36 *approved requests for grants by the ONE Gas Foundation.*

\$50,000 GRANT AWARDED TO HABITAT FOR HUMANITY for a SuperBlitz project, which helped eight families build eight new homes in two weeks in the spring. More than 130 employees also volunteered during construction.

1,826 *employees, retirees and directors pledged **\$706,000** to United Way agencies in 2014, all matched dollar for dollar totaling more than **\$1.4 million.***

447

MATCHING GRANTS AWARDED

based on contributions from employees, retirees and directors totaling more than \$105,000.

36

Public school foundations received grants.

275 EMPLOYEES + 3,267 HOURS

Volunteered time and talent for various events and organizations.

Share The Warmth grants were made in each state where we operate. Share The Warmth is a partnership with The Salvation Army that provides financial assistance for energy bills to families in need.

A Better Tomorrow through . . .

EFFICIENCY

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The Energy-Efficiency Program in Oklahoma and the Conservation Program in the Austin area both have rebate programs aimed at encouraging customers, contractors and builders to purchase and install energy-efficient, environmentally friendly natural gas appliances.

Oklahoma Natural Gas

43,000 Rebates Totaling \$7.4 Million – 24% Increase from 2013

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Residential, Small Commercial Customers and Builders



↑43%

Natural Gas Furnace



↑29%

Clothes Dryer



↑13%

New Homes Program



2,035

*2014 Range Rebate Participants
for New Program*

Texas Gas Service – Austin

14,104 Rebates Worth \$2.1 Million to Austin-area Customers

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293

New Residential Homes

Built with natural gas dryer stub-outs and 26 existing homeowners received a new \$300 stub-out rebate in 2014 – the first year it was offered.



1,834

Natural Gas Appliances



810

Tankless Water Heater Units

Our BOARD OF DIRECTORS

.....



From left to right:

Douglas H. Yaeger

*Retired Chairman, President
and Chief Executive Officer,
Laclede Gas Company*

John W. Gibson

Chairman, ONE Gas, Inc.

Eduardo A. Rodriguez

*President,
Strategic Communications
Consulting Group*

Robert B. Evans

*Retired President and
Chief Executive Officer,
Duke Energy Americas*

Pattye L. Moore

*Chairman,
Red Robin Gourmet Burgers*

Pierce H. Norton II

*President and
Chief Executive Officer,
ONE Gas, Inc.*

Michael G. Hutchinson

*Retired Partner,
Deloitte & Touche*

Executive Team

Pierce H. Norton II, 55

President and Chief Executive Officer

Curtis L. Dinan, 47

*Senior Vice President,
Chief Financial Officer and Treasurer*

Joseph L. McCormick, 55

*Senior Vice President, General Counsel
and Assistant Secretary*

Caron A. Lawhorn, 54

Senior Vice President, Commercial

Robert S. McAnnally, 51

Senior Vice President, Operations

Rhonda L. Mayhan, 49

Vice President, Human Resources

Andrew J. Ziola, 45

*Vice President, Investor Relations and
Public Affairs*

Forward-looking Statements

Statements contained in this annual report 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 Exchange Act of 1934, as amended.

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.

Shareholder Information

Wells Fargo Shareowner Services

P.O. Box 64874
St. Paul, MN 55164-0856
P: 1-855-217-6403
P: (Outside U.S.) 1-651-450-4064
TDD number: 1-651-450-4144
www.shareowneronline.com

Direct Stock Purchase Plan & Dividend Reinvestment Plan

ONE Gas' Direct Stock Purchase and Dividend Reinvestment Plan provide new investors and current shareholders a convenient way to purchase ONE Gas common stock without paying processing fees or service charges and to reinvest cash dividends. For more information or to enroll in the Plan, call Wells Fargo at 1-855-217-6403. The Prospectus is also available at www.onegas.com.

Annual Meeting Details

First Place Tower
15 East Fifth Street, Tulsa, OK 74103

May 21, 2015 – 9 a.m. CDT

Auditors

PricewaterhouseCoopers LLP
Two Warren Place
6120 South Yale Avenue, Suite 1850
Tulsa, OK 74136

Corporate Headquarters

First Place Tower
15 East Fifth Street, Tulsa, OK 74103

Credit Ratings

Moody's: A2 (Stable)
Standard & Poor's: A- (Stable)

Investor Relations

ONE Gas Investor Relations Department
P.O. Box 21049, Tulsa, OK 74121

P: 1-855-496-0200
E: IR@onegas.com

Andrew Ziola, *Vice President,
Investor Relations and Public Affairs*
P: 1-918-947-7163
E: andrew.ziola@onegas.com

Lindsey Sprague,
Senior Investor Relations Analyst
P: 1-918-947-7671
E: lindsey.sprague@onegas.com

Connect

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