



Frequently asked Questions Related to Two-for-One Stock Split

Panhandle Oil and Gas Inc.'s (Panhandle, the Company) board of directors approved a two-for-one stock split for shareholders of record on September 24, 2014. As a result of the stock split, each shareholder will receive one additional share of Panhandle common stock for each share held at the close of business on September 24, 2014, the split record date. If you sell the shares between September 24, 2014 and October 8, 2014 you will not be entitled to the split shares.

To assist our shareholders in their understanding of the stock split, we are providing answers to some frequently asked questions.

WHAT DOES A TWO-FOR-ONE STOCK SPLIT MEAN FOR SHAREHOLDERS?

A two-for-one stock split means a shareholder will be issued one additional share of Panhandle common stock for every share of Panhandle common stock held by that shareholder at the close of business on the split record date. The split doubles the number of shares outstanding but the corresponding market value per share decreases by half (until the stock price moves up or down after the ex-split date.)

WHAT IS THE EFFECTIVE DATE OF THE SPLIT?

There are several key dates to be aware of:

- The record date, September 24, 2014, determines which shareholders are entitled to receive additional shares due to the split.
- The payable date (or distribution date), October 8, 2014, is the date shareholders of record receive the shares as a result of the split.
- The ex-split date, October 9, 2014, is the date when Panhandle common shares will trade on the NYSE at the new split-adjusted price.

WHY DID OUR BOARD APPROVE A STOCK SPLIT?

By splitting our shares, we move our shares into a price range some believe to be more appropriate for Panhandle's size. In addition, we believe most shareholders will view this as a constructive and proactive move and an indicator of management's positive outlook for the future of our Company.

IS THE STOCK SPLIT A TAXABLE TRANSACTION?

The Company has been advised that, under current law, for United States federal income tax purposes, (1) the receipt of additional shares of common stock as a result of this stock split will not result in any taxable gain or loss to shareholders, (2) immediately after the stock split, the tax basis of the shares of common stock held by a shareholder prior to the stock split will be divided equally between such original shares and the new shares issued with respect to the original shares, and (3) the new shares will be deemed to have been acquired at the same time as the original shares with respect to which the new shares were issued. If a shareholder owns shares immediately prior to the stock split that were acquired on different dates or at different prices (i.e., in different "blocks"), the tax basis adjustment and holding period determinations for the new shares generally are made on a block-by-block basis. The laws of jurisdictions other than the United States may impose income taxes on the receipt of additional shares. The foregoing tax information is furnished for your assistance, but it is suggested that you consult your personal tax advisor.

WHAT HAPPENS IF I SELL MY SHARES AFTER THE SPLIT RECORD DATE AND BEFORE THE PAYABLE DATE?

Between September 24, 2014 and October 8, 2014, sellers will receive full value for the shares they sell, but they will not be entitled to the split shares they would have received by virtue of their being shareholders on the record date. Instead, the sellers transfer their rights to the split shares to their buyers by means of "due bills."

WHEN WILL THE NOTICE REPORTING ADDITIONAL SHARES BE MAILED TO SHAREHOLDERS?

The week of October 20, 2014, Computershare (our transfer agent) will mail written notifications of additional shares to registered shareholders.

If your shares are held in a brokerage account, the additional shares will be sent to your broker automatically with no action required on your part. Please contact your broker directly for an account statement reflecting the additional shares credited to your brokerage account as a result of the split.

WHAT DO I DO WITH MY EXISTING PANHANDLE STOCK CERTIFICATE(S)?

Your existing common stock certificates are still valid. **KEEP YOUR CURRENT STOCK CERTIFICATES. DO NOT DESTROY THEM.** The stock certificates you personally hold should be kept in a safe place such as a safety deposit box, as they are valuable documents.

WILL I RECEIVE A NEW STOCK CERTIFICATE FOR MY ADDITIONAL SHARES?

No. As a convenience to shareholders, all additional shares will be issued in book-entry form, through the Direct Registration System (DRS).

HOW WILL ADDITIONAL SHARES FROM THE SPLIT BE DISTRIBUTED TO REGISTERED SHAREHOLDERS?

Additional shares will be issued in book-entry form through DRS. These shares will be described on account statements as DRS shares. As described above, if your shares are held in a brokerage account, the additional shares will be sent to your broker.

WHAT IS THE DIRECT REGISTRATION SYSTEM (DRS)?

The direct registration form of ownership allows registered shareholders to maintain their shares in book-entry form without the need for a physical certificate. The shareholder retains full ownership of the shares without the responsibility of holding the actual certificate.

WHY ARE WE USING DRS?

There are advantages to having your shares in DRS. The benefits are that it:

- Saves you the burden of storing your certificate(s) in a safe place, i.e., safe deposit box or vault;
- Eliminates the risk of potential loss thus avoiding the significant costs involved in replacing any lost, stolen or destroyed certificates;
- Saves the costs associated with the issuance and delivery of physical stock certificates;
- Makes your stock transactions faster and easier
- Saves you the inconvenience of delivering stock certificate(s) to your broker for sale or safekeeping; and
- Allows for shares to be moved electronically to your brokerage account.

ARE THERE ANY FEES ASSOCIATED WITH DRS?

No. There is no fee to hold your shares in book-entry with the transfer agent, Computershare.

WITHOUT CERTIFICATES, HOW WILL I KNOW HOW MANY SHARES I OWN?

You will receive a statement that will indicate the number of additional shares you own as a result of the split. This statement will be your proof of ownership. When you receive your statement, keep it with your existing stock certificate, if applicable, and other important documents as a record of your ownership. Each time there is a transaction in your account, you will be sent a statement that reports the number of shares you own.

CAN I RECEIVE A STOCK CERTIFICATE FOR THE DRS SHARES?

Yes. After the October 8, 2014 distribution, you may request a stock certificate and one will be issued at no cost to you. Your request must be in writing and signed by all shareholders on the account. Your written request can be mailed or faxed to our transfer agent, Computershare.

While it is solely your decision how to hold your shares, you should carefully review each alternative form and should consult with your financial advisor to determine which form is best for you.

CAN I CONVERT MY OTHER PANHANDLE STOCK CERTIFICATES INTO BOOK-ENTRY FORM?

Yes. If you would like to take advantage of the convenience of having all shares held in book-entry form, you must mail your certificates to Computershare. It is recommended that you mail your stock certificates, certified or registered and insured for 3% of the current market value. This is the cost to replace the certificates if they are lost. **DO NOT SIGN YOUR STOCK CERTIFICATES.** Include written instructions indicating you would like to deposit your stock certificate(s). All shareholders shown on the account must sign the written request. The certified shares will then be added to your account.

WILL I BE CHARGED A FEE TO CONVERT MY CERTIFICATE SHARES INTO BOOK-ENTRY FORM NOW?

No. This is a free service that eliminates the worry and responsibility of keeping track of stock certificates, as well as the time and expense of replacement if certificates are lost or misplaced.

WHAT HAPPENS IF MY STOCK CERTIFICATE(S) IS LOST OR STOLEN?

You should immediately notify Computershare of the loss or theft and request paperwork to have your certificate(s) replaced. You must complete an affidavit to have the certificate(s) replaced. You will have to pay the cost of an indemnity bond and any processing fees (an indemnity bond typically costs approximately 3% of the value of the lost certificate).

Any accounting, business or tax advice contained in this communication, including attachments and enclosures, is not intended as a thorough, in-depth analysis of specific issues, or a substitute for a formal opinion, nor is it sufficient to avoid tax-related penalties. Each shareholder should seek advice from an independent tax advisor based on his or her particular circumstances.

Stock Transfer & Dividend Paying Agent

Standard U.S. postal mail:
Computershare Trust Company, N.A.
P.O. Box 43078
Providence, RI 02940-3078

Overnight/express delivery:
Computershare Trust Company, N.A.
250 Royall Street
Canton, MA 02021

Toll free within U.S. and Canada
1-800-884-4225
Outside U.S. and Canada
1-781-575-2879

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