ONEOK Announces First-quarter 2013 Financial Results; Reaffirms 2013 Earnings Guidance

April 30, 2013

ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME

	Three Months Ended March 31,	
(Unaudited)	**2013**	**2012**
	(Thousands of dollars, except per share amounts)	
Revenues	**$ 3,541,445**	$ 3,414,600
Cost of sales and fuel	**2,917,993**	2,771,013
Net margin	**623,452**	643,587
Operating expenses		
Operations and maintenance	**223,603**	192,881
Depreciation and amortization	**90,221**	83,409
Goodwill impairment	**-**	10,255
General taxes	**35,820**	31,177
Total operating expenses	**349,644**	317,722
Gain on sale of assets	**41**	57
Operating income	**273,849**	325,922
Equity earnings from investments	**25,855**	34,620
Allowance for equity funds used during construction	**9,087**	975
Other income	**7,364**	9,861
Other expense	**(2,596)**	(2,274)
Interest expense (net of capitalized interest of $12,868 and $8,977, respectively)	**(80,437)**	(75,815)
Income before income taxes	**233,122**	293,289
Income taxes	**(67,417)**	(73,839)
Income from continuing operations	**165,705**	219,450
Income from discontinued operations, net of tax	**-**	762
Gain on sale of discontinued operations, net of tax	**-**	13,250
Net income	**165,705**	233,462
Less: Net income attributable to noncontrolling interests	**53,184**	110,597
Net income attributable to ONEOK	**$ 112,521**	$ 122,865
Amounts attributable to ONEOK:		
Income from continuing operations	**$ 112,521**	$ 108,853
Income from discontinued operations	**-**	14,012
Net income	**$ 112,521**	$ 122,865
Basic earnings per share:		
Income from continuing operations	**$ 0.55**	$ 0.52
Income from discontinued operations	**-**	0.07
Net income	**$ 0.55**	$ 0.59
Diluted earnings per share:		
Income from continuing operations	**$ 0.54**	$ 0.51
Income from discontinued operations	**-**	0.07
Net Income	**$ 0.54**	$ 0.58
Average shares *(thousands)*		
Basic	**205,479**	207,617
Diluted	**209,458**	211,852
Dividends declared per share of common stock	**$ 0.36**	$ 0.305

ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

(Unaudited)	**March 31, 2013**	**December 31, 2012**
Assets	*(Thousands of dollars)*	
Current assets		
Cash and cash equivalents	**$ 143,947**	$ 583,618
Accounts receivable, net	**1,261,804**	1,349,371
Gas and natural gas liquids in storage	**302,473**	517,014
Commodity imbalances	**75,629**	90,211
Energy marketing and risk management assets	**11,656**	48,577
Other current assets	**154,154**	175,869
Total current assets	**1,949,663**	2,764,660
Property, plant and equipment		
Property, plant and equipment	**13,560,483**	13,088,991
Accumulated depreciation and amortization	**3,039,265**	2,974,651
Net property, plant and equipment	**10,521,218**	10,114,340
Investments and other assets		
Investments in unconsolidated affiliates	**1,220,129**	1,221,405
Goodwill and intangible assets	**994,289**	996,206
Other assets	**760,920**	758,664
Total investments and other assets	**2,975,338**	2,976,275
Total assets	**$ 15,446,219**	$ 15,855,275

ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS
(Continued)

(Unaudited)	**March 31, 2013**	**December 31, 2012**
Liabilities and equity	*(Thousands of dollars)*	
Current liabilities		
Current maturities of long-term debt	**$ 10,771**	$ 10,855
Notes payable	**551,250**	817,170
Accounts payable	**1,205,248**	1,333,489
Commodity imbalances	**201,553**	272,436
Energy marketing and risk management liabilities	**10,323**	9,990
Other current liabilities	**357,880**	369,054
Total current liabilities	**2,337,025**	2,812,994
Long-term debt, excluding current maturities	**6,513,327**	6,515,372
Deferred credits and other liabilities		
Deferred income taxes	**1,678,887**	1,592,802
Other deferred credits	**712,847**	701,657
Total deferred credits and other liabilities	**2,391,734**	2,294,459
Commitments and contingencies		
Equity		
ONEOK shareholders' equity:		
Common stock, $0.01 par value: authorized 600,000,000 shares; issued 245,811,180 shares and outstanding 206,088,765 shares at March 31, 2013; issued 245,811,180 shares and outstanding 204,935,043 shares at December 31, 2012	**2,458**	2,458
Paid-in capital	**1,267,735**	1,324,698
Accumulated other comprehensive loss	**(223,153)**	(216,798)
Retained earnings	**2,097,764**	2,059,024
Treasury stock, at cost: 39,722,415 shares at March 31, 2013, and 40,876,137 shares at December 31, 2012	**(1,010,450)**	(1,039,773)
Total ONEOK shareholders' equity	**2,134,354**	2,129,609
Noncontrolling interests in consolidated subsidiaries	**2,069,779**	2,102,841
Total equity	**4,204,133**	4,232,450
Total liabilities and equity	**$ 15,446,219**	$ 15,855,275

ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Three Months Ended March 31,	
(Unaudited)	**2013**	**2012**
	(Thousands of dollars)	
Operating activities		
Net income	**$ 165,705**	$ 233,462
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	**90,221**	83,417
Impairment of goodwill	**-**	10,255
Gain on sale of discontinued operations	**-**	(13,250)
Equity earnings from investments	**(25,855)**	(34,620)
Distributions received from unconsolidated affiliates	**23,495**	36,879
Deferred income taxes	**68,107**	51,411
Share-based compensation expense	**16,756**	5,008
Allowance for equity funds used during construction	**(9,087)**	(975)
Gain on sale of assets	**(41)**	(57)
Other	**(2,227)**	28,501
Changes in assets and liabilities:		
Accounts receivable	**90,953**	180,413
Gas and natural gas liquids in storage	**214,541**	251,227
Accounts payable	**(103,690)**	(176,674)
Commodity imbalances, net	**(56,301)**	(101,604)
Energy marketing and risk management assets and liabilities	**21,346**	(122,900)
Other assets and liabilities, net	**(22,425)**	(4,408)
Cash provided by operating activities	**471,498**	426,085
Investing activities		
Capital expenditures (less allowance for equity funds used during construction)	**(501,065)**	(348,437)
Proceeds from sale of discontinued operations, net of cash sold	**-**	32,008
Contributions to unconsolidated affiliates	**(3,036)**	(2,577)
Distributions received from unconsolidated affiliates	**6,698**	4,062
Proceeds from sale of assets	**2,596**	521
Other	**-**	24
Cash used in investing activities	**(494,807)**	(314,399)
Financing activities		
Repayment of notes payable, net	**(265,920)**	(422,225)
Issuance of debt, net of discounts	**-**	699,657
Long-term debt financing costs	**-**	(5,392)
Repayment of debt	**(1,975)**	(3,082)
Issuance of common stock	**2,831**	2,228
Issuance of common units, net of issuance costs	**12,819**	459,735
Dividends paid	**(73,781)**	(63,375)
Distributions to noncontrolling interests	**(90,336)**	(72,852)
Cash provided by (used in) financing activities	**(416,362)**	594,694
Change in cash and cash equivalents	**(439,671)**	706,380
Change in cash and cash equivalents included in discontinued operations	**-**	8,859
Change in cash and cash equivalents from continuing operations	**(439,671)**	715,239
Cash and cash equivalents at beginning of period	**583,618**	65,953
Cash and cash equivalents at end of period	**$ 143,947**	$ 781,192

ONEOK, Inc. and Subsidiaries
INFORMATION AT A GLANCE

(Unaudited)	Three Months Ended March 31, 2013	2012
	(Millions of dollars, except as noted)	
ONEOK Partners		
Net margin	**$ 370.6**	$ 421.1
Operating costs	**$ 138.3**	$ 115.9
Depreciation and amortization	**$ 54.7**	$ 49.3
Operating income	**$ 177.7**	$ 256.0
Capital expenditures	**$ 443.5**	$ 280.8
Natural gas gathering and processing business (a)		
Natural gas gathered *(BBtu/d)*	**1,215**	1,045
Natural gas processed *(BBtu/d)* (b)	**989**	769
NGL sales *(MBbl/d)*	**72**	53
Residue gas sales *(BBtu/d)*	**436**	357
Realized composite NGL net sales price *($/gallon)* (c)	**$ 0.85**	$ 1.09
Realized condensate net sales price *($/Bbl)* (c)	**$ 88.28**	$ 89.89
Realized residue gas net sales price *($/MMBtu)* (c)	**$ 3.57**	$ 3.71
Natural gas pipelines business (a)		
Natural gas transportation capacity contracted *(MDth/d)*	**5,670**	5,552
Transportation capacity subscribed (d)	**93%**	92%
Average natural gas price Mid-Continent region *($/MMBtu)*	**$ 3.42**	$ 2.37
Natural gas liquids business		
NGL sales *(MBbl/d)*	**578**	511
NGLs fractionated *(MBbl/d)* (e)	**512**	585
NGLs transported-gathering lines *(MBbl/d)* (a)	**498**	498
NGLs transported-distribution lines *(MBbl/d)* (a)	**394**	485
Conway-to-Mont Belvieu OPIS averge price differential - ethane in ethane/propane mix *($/gallon)*	**$ 0.01**	$ 0.24

(a) - Includes volumes for consolidated entities only.
(b) - Includes volumes processed at company-owned and third-party facilities.
(c) - Presented net of the impact of hedging activities on our equity volumes.
(d) - Prior periods have been recast to reflect current estimated capacity.
(e) - Includes volumes fractionated from company-owned and third-party facilities.

	2013	2012
Natural Gas Distribution		
Net margin	**$ 251.7**	$ 237.3
Operating costs	**$ 116.2**	$ 105.0
Depreciation and amortization	**$ 34.9**	$ 33.5
Operating income	**$ 100.6**	$ 98.8
Capital expenditures	**$ 53.7**	$ 58.4
Natural gas volumes *(Bcf)*		
Natural gas sales	**73.0**	65.6
Transportation	**58.7**	57.5
Natural gas margins		
Net margin on natural gas sales	**$ 214.0**	$ 201.0
Transportation margin	**$ 29.3**	$ 27.0
Energy Services		
Net margin	**$ 0.7**	$ (15.4)
Operating costs	**$ 5.0**	$ 4.8
Depreciation and amortization	**$ 0.1**	$ 0.1
Goodwill impairment	**$ -**	$ 10.3
Operating income (loss)	**$ (4.4)**	$ (30.7)
Natural gas marketed *(Bcf)*	**202**	218
Natural gas gross margin *($/Mcf)*	**$ 0.01**	$ (0.07)
Physically settled volumes *(Bcf)*	**369**	417

ONEOK, Inc. and Subsidiaries
CONSOLIDATING INCOME STATEMENT

	Three Months Ended March 31, 2013			
(Unaudited)	ONEOK	ONEOK Partners	Consolidating Entries	Consolidated
	(Millions of dollars)			
Operating income				
ONEOK Partners	$ -	$ 178	$ -	$ 178
Natural Gas Distribution	101	-	-	101
Energy Services	(4)	-	-	(4)
Other	(1)	-	-	(1)
Operating income	96	178	-	274
Equity in earnings of ONEOK Partners	104	-	(104)	-
Other income	2	37	-	39
Interest expense	(24)	(56)	-	(80)
Income taxes	(65)	(2)	-	(67)
Income from continuing operations	113	157	(104)	166
Net Income	113	157	(104)	166
Less: Net income attributable to noncontrolling interests	-	-	53	53
Net income attributable to ONEOK	$ 113	$ 157	$ (157)	$ 113

ONEOK, Inc. and Subsidiaries
CONSOLIDATING INCOME STATEMENT

	Three Months Ended March 31, 2012			
(Unaudited)	ONEOK	ONEOK Partners	Consolidating Entries	Consolidated
	(Millions of dollars)			
Operating income				
ONEOK Partners	$ -	$ 256	$ -	$ 256
Natural Gas Distribution	99	-	-	99
Energy Services	(31)	-	-	(31)
Other	2	-	-	2
Operating income	70	256	-	326
Equity in earnings of ONEOK Partners	128	-	(128)	-
Other income	4	40	-	44
Interest expense	(23)	(53)	-	(76)
Income taxes	(70)	(4)	-	(74)
Income from continuing operations	109	239	(128)	220
Income (loss) from discontinued operations, net of tax	14	-	-	14
Net Income	123	239	(128)	234
Less: Net income attributable to noncontrolling interests	-	-	111	111
Net income attributable to ONEOK	$ 123	$ 239	$ (239)	$ 123

ONEOK, Inc. and Subsidiaries
RECONCILIATION OF NON-GAAP FINANCIAL MEASURE
ONEOK, Inc. Stand-Alone Cash Flow, Before Changes in Working Capital

(Unaudited)	**Three Months Ended March 31, 2013**
	(Millions of dollars)
Net income	$ 165.7
Net income attributable to noncontrolling interests	(53.2)
Equity in earnings of ONEOK Partners	(103.5)
Distributions received from ONEOK Partners	130.7
Depreciation, amortization and impairment	35.5
Deferred income taxes	66.6
Other	14.6
Cash flow, before changes in working capital	$ 256.4