

# **ONEOK Partners Announces Second-Quarter 2013 Financial Results; Affirms 2013 Earnings Guidance and Three-year Financial Forecasts**

**July 30, 2013**

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## **ONEOK Partners, L.P. and Subsidiaries CONSOLIDATED STATEMENTS OF INCOME**

	Three Months Ended June 30,		Six Months Ended June 30,	
(Unaudited)	2013	2012	2013	2012
	(Thousands of dollars, except per unit amounts)			
Revenues	\$ 2,768,179	\$ 2,124,806	\$ 5,285,626	\$ 4,718,894
Cost of sales and fuel	2,356,226	1,723,344	4,503,074	3,896,342
Net margin	411,953	401,462	782,552	822,552
Operating expenses				
Operations and maintenance	108,086	109,270	229,375	209,637
Depreciation and amortization	58,226	51,014	112,904	100,270
General taxes	15,890	14,094	32,865	29,597
Total operating expenses	182,202	174,378	375,144	339,504
Gain on sale of assets	279	966	320	1,023
Operating income	230,030	228,050	407,728	484,071
Equity earnings from investments	26,421	29,169	52,276	63,789
Allowance for equity funds used during construction	5,656	1,849	14,743	2,824
Other income	771	297	4,476	3,596
Other expense	(377)	(2,526)	(1,858)	(1,632)
Interest expense (net of capitalized interest of \$11,359, \$9,408, \$23,964 and \$18,144, respectively)	(57,524)	(47,125)	(113,396)	(100,334)
Income before income taxes	204,977	209,714	363,969	452,314
Income taxes	(2,523)	(3,134)	(4,830)	(6,770)
Net income	202,454	206,580	359,139	445,544
Less: Net income attributable to noncontrolling interests	87	113	173	234
Net income attributable to ONEOK Partners, L.P.	\$ 202,367	\$ 206,467	\$ 358,966	\$ 445,310
Limited partners' interest in net income:				
Net income attributable to ONEOK Partners, L.P.	\$ 202,367	\$ 206,467	\$ 358,966	\$ 445,310
General partner's interest in net income	(66,680)	(54,016)	(131,388)	(103,403)
Limited partners' interest in net income	\$ 135,687	\$ 152,451	\$ 227,578	\$ 341,907
Limited partners' net income per unit, basic and diluted	\$ 0.62	\$ 0.69	\$ 1.03	\$ 1.59
Number of units used in computation (thousands)	220,116	219,816	219,988	214,453

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**ONEOK Partners, L.P. and Subsidiaries  
CONSOLIDATED BALANCE SHEETS**

<i>(Unaudited)</i>	<b>June 30, 2013</b>	<b>December 31, 2012</b>
	<i>(Thousands of dollars)</i>	
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 6,230	\$ 537,074
Accounts receivable, net	856,038	914,036
Affiliate receivables	13,139	16,092
Gas and natural gas liquids in storage	262,246	235,836
Commodity imbalances	75,898	89,704
Other current assets	96,817	98,966
Total current assets	1,310,368	1,891,708
<b>Property, plant and equipment</b>		
Property, plant and equipment	9,460,043	8,585,142
Accumulated depreciation and amortization	1,540,135	1,440,871
Net property, plant and equipment	7,919,908	7,144,271
<b>Investments and other assets</b>		
Investments in unconsolidated affiliates	1,208,787	1,221,405
Goodwill and intangible assets	642,038	645,871
Other assets	98,720	55,975
Total investments and other assets	1,949,545	1,923,251
Total assets	\$ 11,179,821	\$ 10,959,230
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Current maturities of long-term debt	\$ 7,650	\$ 7,650
Notes payable	429,000	-
Accounts payable	979,310	1,058,007
Affiliate payables	39,722	75,710
Commodity imbalances	199,746	273,173
Other current liabilities	179,449	155,892
Total current liabilities	1,834,877	1,570,432
<b>Long-term debt, excluding current maturities</b>	4,800,317	4,803,629
<b>Deferred credits and other liabilities</b>	106,902	121,662
<b>Commitments and contingencies</b>		
<b>Equity</b>		
ONEOK Partners, L.P. partners' equity:		
General partner	153,333	152,513
Common units: 147,127,354 and 146,827,354 units issued and outstanding at June 30, 2013, and December 31, 2012, respectively	2,903,620	2,945,051
Class B units: 72,988,252 units issued and outstanding at June 30, 2013, and December 31, 2012	1,431,997	1,460,498
Accumulated other comprehensive loss	(55,871)	(99,322)
Total ONEOK Partners, L.P. partners' equity	4,433,079	4,458,740
Noncontrolling interests in consolidated subsidiaries	4,646	4,767
Total equity	4,437,725	4,463,507
Total liabilities and equity	\$ 11,179,821	\$ 10,959,230

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**ONEOK Partners, L.P. and Subsidiaries  
CONSOLIDATED STATEMENTS OF CASH FLOWS**

	<b>Six Months Ended</b>	
	<b>June 30,</b>	
<i>(Unaudited)</i>	<b>2013</b>	<b>2012</b>
	<i>(Thousands of dollars)</i>	
<b>Operating activities</b>		
Net income	\$ 359,139	\$ 445,544
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	112,904	100,270
Allowance for equity funds used during construction	(14,743)	(2,824)
Gain on sale of assets	(320)	(1,023)
Deferred income taxes	3,022	3,788
Equity earnings from investments	(52,276)	(63,789)
Distributions received from unconsolidated affiliates	51,546	69,490
Changes in assets and liabilities:		
Accounts receivable	57,998	325,488
Affiliate receivables	2,953	(14,443)
Gas and natural gas liquids in storage	(26,410)	(109,278)
Accounts payable	(23,484)	(320,659)
Affiliate payables	(35,988)	(5,283)
Commodity imbalances, net	(59,621)	24,123
Other assets and liabilities, net	8,741	(21,425)
Cash provided by operating activities	383,461	429,979
<b>Investing activities</b>		
Capital expenditures (less allowance for equity funds used during construction)	(924,832)	(636,236)
Contributions to unconsolidated affiliates	(4,558)	(7,237)
Distributions received from unconsolidated affiliates	17,958	14,705
Proceeds from sale of assets	324	1,580
Cash used in investing activities	(911,108)	(627,188)
<b>Financing activities</b>		
Cash distributions:		
General and limited partners	(444,352)	(352,035)
Noncontrolling interests	(294)	(318)
Borrowing of notes payable, net	429,000	24,000
Repayment of long-term debt	(3,825)	(355,965)
Issuance of common units, net of issuance costs	15,942	919,522
Contribution from general partner	332	19,069
Cash provided by (used in) financing activities	(3,197)	254,273
Change in cash and cash equivalents	(530,844)	57,064
Cash and cash equivalents at beginning of period	537,074	35,091
Cash and cash equivalents at end of period	\$ 6,230	\$ 92,155

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ONEOK Partners, L.P. and Subsidiaries  
INFORMATION AT A GLANCE

(Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
(Millions of dollars, except as noted)				
<b><u>Natural Gas Gathering and Processing</u></b>				
Net margin	\$ 125.3	\$ 108.1	\$ 234.6	\$ 216.4
Operating costs	\$ 45.0	\$ 41.2	\$ 96.7	\$ 81.5
Depreciation and amortization	\$ 25.1	\$ 21.3	\$ 49.0	\$ 41.8
Operating income	\$ 55.5	\$ 46.7	\$ 89.2	\$ 94.3
Equity earnings from investments	\$ 5.2	\$ 7.0	\$ 11.6	\$ 15.5
Natural gas gathered (BBtu/d) (a)	1,326	1,079	1,271	1,062
Natural gas processed (BBtu/d) (a) (b)	1,055	823	1,022	796
NGL sales (MBbl/d)(a)	75	57	73	55
Residue gas sales (BBtu/d)(a)	467	385	451	371
Realized composite NGL net sales price (\$/gallon) (a) (c)	\$ 0.85	\$ 1.01	\$ 0.85	\$ 1.05
Realized condensate net sales price (\$/Bbl) (a) (c)	\$ 83.86	\$ 86.17	\$ 86.06	\$ 87.86
Realized residue gas net sales price (\$/MMBtu) (a) (c)	\$ 3.57	\$ 3.79	\$ 3.55	\$ 3.77
Capital expenditures - growth	\$ 200.9	\$ 146.6	\$ 359.9	\$ 267.8
Capital expenditures - maintenance	\$ 5.1	\$ 5.9	\$ 10.1	\$ 9.6
(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.				
<b><u>Natural Gas Pipelines</u></b>				
Net margin	\$ 67.7	\$ 70.0	\$ 141.8	\$ 140.6
Operating costs	\$ 25.0	\$ 25.9	\$ 52.2	\$ 52.0
Depreciation and amortization	\$ 10.8	\$ 11.5	\$ 21.9	\$ 22.9
Operating income	\$ 31.9	\$ 32.6	\$ 67.8	\$ 65.6
Equity earnings from investments	\$ 15.3	\$ 16.3	\$ 31.7	\$ 36.7
Natural gas transportation capacity contracted (MDth/d) (a)	5,362	5,236	5,515	5,394
Transportation capacity subscribed (a)	88%	87%	90%	89%
Average natural gas price				
Mid-Continent region (\$/MMBtu) (a)	\$ 3.85	\$ 2.17	\$ 3.63	\$ 2.27
Capital expenditures - growth	\$ 1.9	\$ 0.9	\$ 2.4	\$ 2.4
Capital expenditures - maintenance	\$ 4.1	\$ 5.4	\$ 8.9	\$ 7.1
(a) - Includes volumes for consolidated entities only.				
<b><u>Natural Gas Liquids</u></b>				
Net margin	\$ 219.2	\$ 225.4	\$ 405.8	\$ 469.1
Operating costs	\$ 54.3	\$ 57.9	\$ 114.1	\$ 109.9
Depreciation and amortization	\$ 22.3	\$ 18.2	\$ 42.0	\$ 35.6
Operating income	\$ 142.7	\$ 149.1	\$ 249.7	\$ 323.6
Equity earnings from investments	\$ 5.9	\$ 5.9	\$ 9.0	\$ 11.6
NGL sales (MBbl/d)	677	506	628	508
NGLs fractionated (MBbl/d) (a)	537	529	525	557
NGLs transported-gathering lines (MBbl/d) (b)	554	523	526	511
NGLs transported-distribution lines (MBbl/d) (b)	432	478	413	481
Conway-to-Mont Belvieu OPIS average price differential - ethane in ethane/propane mix (\$/gallon)	\$ 0.06	\$ 0.23	\$ 0.04	\$ 0.24
Capital expenditures - growth	\$ 261.4	\$ 177.6	\$ 530.7	\$ 319.6
Capital expenditures - maintenance	\$ 7.9	\$ 18.9	\$ 12.8	\$ 29.6
(a) - Includes volumes at company-owned and third-party facilities.				
(b) - Includes volumes for consolidated entities only.				

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**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**

<i>(Unaudited)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
<i>(Thousands of dollars, except per unit amounts)</i>				
<b>Reconciliation of Net Income to EBITDA and Distributable Cash Flow</b>				
Net income	\$ 202,454	\$ 206,580	\$ 359,139	\$ 445,544
Interest expense	57,524	47,125	113,396	100,334
Depreciation and amortization	58,226	51,014	112,904	100,270
Income taxes	2,523	3,134	4,830	6,770
Allowance for equity funds used during construction	(5,656)	(1,849)	(14,743)	(2,824)
<b>EBITDA</b>	<b>315,071</b>	<b>306,004</b>	<b>575,526</b>	<b>650,094</b>
Interest expense	(57,524)	(47,125)	(113,396)	(100,334)
Maintenance capital	(17,151)	(30,354)	(31,862)	(46,502)
Equity earnings from investments	(26,421)	(29,169)	(52,276)	(63,789)
Distributions received from unconsolidated affiliates	39,311	43,254	69,504	84,195
Other	(1,428)	(2,253)	(2,422)	(4,323)
<b>Distributable cash flow</b>	<b>\$ 251,858</b>	<b>\$ 240,357</b>	<b>\$ 445,074</b>	<b>\$ 519,341</b>
Distributions to general partner	(67,145)	(53,865)	(133,190)	(102,234)
<b>Distributable cash flow to limited partners</b>	<b>\$ 184,713</b>	<b>\$ 186,492</b>	<b>\$ 311,884</b>	<b>\$ 417,107</b>
Distributions declared per limited partner unit	\$ 0.72	\$ 0.66	\$ 1.435	\$ 1.295
<b>Coverage ratio</b>	<b>1.17</b>	<b>1.29</b>	<b>0.99</b>	<b>1.50</b>
Number of units used in computation <i>(thousands)</i>	220,116	219,816	219,988	214,453

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**ONEOK Partners, L.P. and Subsidiaries  
EARNINGS GUIDANCE\***

	Updated 2013 Guidance	Previous 2013 Guidance	Change
<i>(Millions of dollars)</i>			
<b>Operating income</b>			
Natural Gas Gathering and Processing	\$ 209	\$ 238	\$ (29)
Natural Gas Pipelines	149	153	(4)
Natural Gas Liquids	575	545	30
Other	1	-	1
Operating income	934	936	(2)
Equity earnings from investments	112	110	2
Other income (expense)	25	25	-
Interest expense	(227)	(227)	-
Income before income taxes	844	844	-
Income taxes	(14)	(14)	\$ -
Net income	830	830	-
Less: Net income attributable to noncontrolling interests	-	-	\$ -
Net income attributable to ONEOK Partners, L.P.	\$ 830	\$ 830	\$ -
<b>Capital expenditures</b>			
Natural Gas Gathering and Processing	\$ 965	\$ 1,025	\$ (60)
Natural Gas Pipelines	50	50	-
Natural Gas Liquids	1,340	1,560	(220)
Other	5	5	-
Total capital expenditures	\$ 2,360	\$ 2,640	\$ (280)
Growth	\$ 2,240	\$ 2,520	\$ (280)
Maintenance	120	120	-
Total capital expenditures	\$ 2,360	\$ 2,640	\$ (280)

*\*Amounts shown are midpoints of ranges provided.*

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**ONEOK Partners, L.P. and Subsidiaries**  
**EARNINGS GUIDANCE\***

	<b>Updated 2013 Guidance</b>	<b>Previous 2013 Guidance</b>	<b>Change</b>
<i>(Millions of dollars)</i>			
<b>Reconciliation of Net Income to EBITDA and Distributable Cash Flow</b>			
Net income	\$ 830	\$ 830	\$ -
Interest expense	227	227	-
Depreciation and amortization	251	251	-
Income taxes	14	14	-
Allowance for equity funds used during construction and other	(27)	(27)	-
<b>EBITDA</b>	<b>\$ 1,295</b>	<b>\$ 1,295</b>	<b>\$ -</b>
Interest expense	(227)	(227)	-
Maintenance capital	(120)	(120)	-
Equity earnings from investments	(112)	(110)	(2)
Distributions received from unconsolidated affiliates	126	124	2
Other	(7)	(7)	-
<b>Distributable cash flow</b>	<b>\$ 955</b>	<b>\$ 955</b>	<b>\$ -</b>

*\*Amounts shown are midpoints of ranges provided.*