

# ONEOK Partners Announces First-quarter 2016 Results

May 3, 2016

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

<i>(Unaudited)</i>	Three Months Ended March 31,	
	2016	2015
	<i>(Thousands of dollars, except per unit amounts)</i>	
<b>Revenues</b>		
Commodity sales	\$ 1,283,511	\$ 1,435,716
Services	490,434	369,043
<b>Total revenues</b>	<b>1,773,945</b>	<b>1,804,759</b>
Cost of sales and fuel (exclusive of items shown separately below)	1,195,738	1,343,864
Operations and maintenance	148,740	153,675
Depreciation and amortization	93,736	85,847
General taxes	21,640	24,484
(Gain) loss on sale of assets	(4,145)	6
<b>Operating income</b>	<b>318,236</b>	<b>196,883</b>
Equity in net earnings from investments	32,914	30,921
Allowance for equity funds used during construction	208	799
Other income	145	3,049
Other expense	(634)	(1,151)
Interest expense (net of capitalized interest of \$2,887 and \$7,230, respectively)	(92,555)	(80,709)
<b>Income before income taxes</b>	<b>258,314</b>	<b>149,792</b>
Income taxes	(2,028)	(2,760)
Net income	256,286	147,032
Less: Net income attributable to noncontrolling interests	2,769	1,438
<b>Net income attributable to ONEOK Partners, L.P.</b>	<b>\$ 253,517</b>	<b>\$ 145,594</b>
Limited partners' interest in net income:		
Net income attributable to ONEOK Partners, L.P.	\$ 253,517	\$ 145,594
General partner's interest in net income	(105,608)	(92,801)
Limited partners' interest in net income	\$ 147,909	\$ 52,793
Limited partners' net income per unit, basic and diluted	\$ 0.52	\$ 0.21
Number of units used in computation ( <i>thousands</i> )	285,826	254,075

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

<i>(Unaudited)</i>	March 31, 2016	December 31, 2015
<i>(Thousands of dollars)</i>		
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 9,882	\$ 5,079
Accounts receivable, net	520,800	593,448
Affiliate receivables	3,563	7,969
Natural gas and natural gas liquids in storage	156,075	128,084
Commodity imbalances	38,742	38,681
Materials and supplies	83,144	76,696
Other current assets	44,256	33,207
<b>Total current assets</b>	<b>856,462</b>	<b>883,164</b>
<b>Property, plant and equipment</b>		
Property, plant and equipment	14,448,918	14,307,546
Accumulated depreciation and amortization	2,126,432	2,050,755
<b>Net property, plant and equipment</b>	<b>12,322,486</b>	<b>12,256,791</b>
<b>Investments and other assets</b>		
Investments in unconsolidated affiliates	929,209	948,221
Goodwill and intangible assets	821,902	824,877
Other assets	14,663	14,533
<b>Total investments and other assets</b>	<b>1,765,774</b>	<b>1,787,631</b>
<b>Total assets</b>	<b>\$ 14,944,722</b>	<b>\$ 14,927,586</b>
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Current maturities of long-term debt	\$ 457,650	\$ 107,650
Short-term borrowings	444,567	546,340
Accounts payable	513,453	605,431
Affiliate payables	20,070	27,137
Commodity imbalances	77,489	74,460
Accrued interest	86,718	102,615
Other current liabilities	109,341	116,667
<b>Total current liabilities</b>	<b>1,709,288</b>	<b>1,580,300</b>
<b>Long-term debt, excluding current maturities</b>	<b>6,692,238</b>	<b>6,695,312</b>
<b>Deferred credits and other liabilities</b>	<b>165,522</b>	<b>154,631</b>
<b>Commitments and contingencies</b>		
<b>Equity</b>		
ONEOK Partners, L.P. partners' equity:		
General partner	229,754	231,344
Common units: 212,837,980 units issued and outstanding at March 31, 2016, and December 31, 2015	4,956,949	5,014,952
Class B units: 72,988,252 units issued and outstanding at March 31, 2016, and December 31, 2015	1,180,313	1,200,204
Accumulated other comprehensive loss	(149,696)	(113,282)
<b>Total ONEOK Partners, L.P. partners' equity</b>	<b>6,217,320</b>	<b>6,333,218</b>
Noncontrolling interests in consolidated subsidiaries	160,354	164,125
<b>Total equity</b>	<b>6,377,674</b>	<b>6,497,343</b>
<b>Total liabilities and equity</b>	<b>\$ 14,944,722</b>	<b>\$ 14,927,586</b>

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## ONEOK Partners, L.P. and Subsidiaries

### CONSOLIDATED STATEMENTS OF CASH FLOWS

Three Months Ended

March 31,

2016 2015

(Unaudited)

(Thousands of dollars)

	2016	2015
<b>Operating activities</b>		
Net income	\$ 256,286	\$ 147,032
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	93,736	85,847
Allowance for equity funds used during construction	(208)	(799)
(Gain) loss on sale of assets	(4,145)	6
Deferred income taxes	2,254	2,130
Equity in net earnings from investments	(32,914)	(30,921)
Distributions received from unconsolidated affiliates	34,789	29,475
Changes in assets and liabilities:		
Accounts receivable	68,618	128,176
Affiliate receivables	4,406	2,021
Natural gas and natural gas liquids in storage	(27,991)	(84,557)
Accounts payable	(62,401)	(118,899)
Affiliate payables	(7,067)	(6,775)
Commodity imbalances, net	2,968	15,057
Accrued interest	(15,897)	(3,020)
Risk-management assets and liabilities	(24,691)	(60,143)
Other assets and liabilities, net	(21,490)	(39,513)
Cash provided by operating activities	266,253	65,117
<b>Investing activities</b>		
Capital expenditures (less allowance for equity funds used during construction)	(195,896)	(343,036)
Contributions to unconsolidated affiliates	(158)	—
Distributions received from unconsolidated affiliates in excess of cumulative earnings	11,764	9,954
Proceeds from sale of assets	14,797	118
Cash used in investing activities	(169,493)	(332,964)
<b>Financing activities</b>		
Cash distributions:		
General and limited partners	(333,001)	(295,706)
Noncontrolling interests	(2,500)	(2,246)
Borrowing (repayment) of short-term borrowings, net	(101,773)	(229,821)
Issuance of long-term debt, net of discounts	1,000,000	798,896
Debt financing costs	(2,770)	(7,850)
Repayment of long-term debt	(651,913)	(1,913)
Issuance of common units, net of issuance costs	—	53,388
Contribution from general partner	—	1,100
Cash provided by (used in) financing activities	(91,957)	315,848
Change in cash and cash equivalents	4,803	48,001
Cash and cash equivalents at beginning of period	5,079	42,530
Cash and cash equivalents at end of period	\$ 9,882	\$ 90,531

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

<i>(Unaudited)</i>	Three Months Ended March 31,	
	2016	2015
	<i>(Millions of dollars, except as noted)</i>	
<b><u>Natural Gas Liquids</u></b>		
Adjusted EBITDA	\$ 270.2	\$ 192.7
Operating costs	\$ 73.2	\$ 82.2
Depreciation and amortization	\$ 40.7	\$ 39.3
Operating income	\$ 216.5	\$ 145.7
Equity in net earnings from investments	\$ 13.3	\$ 7.0
NGL sales ( <i>MBbl/d</i> )	716	563
NGLs transported-gathering lines ( <i>MBbl/d</i> ) (a)	751	709
NGLs fractionated ( <i>MBbl/d</i> ) (b)	550	475
NGLs transported-distribution lines ( <i>MBbl/d</i> ) (a)	474	388
Average Conway-to-Mont Belvieu OPIS price differential - ethane in ethane/propane mix ( <i>\$/gallon</i> )	\$ 0.03	\$ 0.01
Capital expenditures	\$ 34.2	\$ 73.5
(a) - Includes volumes for consolidated entities only.		
(b) - Includes volumes at company-owned and third-party facilities.		
<b><u>Natural Gas Pipelines</u></b>		
Adjusted EBITDA	\$ 74.3	\$ 70.7
Operating costs	\$ 27.5	\$ 27.2
Depreciation and amortization	\$ 11.2	\$ 10.8
Operating income	\$ 46.3	\$ 31.1
Equity in net earnings from investments	\$ 16.8	\$ 19.7
Natural gas transportation capacity contracted ( <i>MDth/d</i> ) (a)	6,156	5,939
Transportation capacity contracted (a)	93%	93%
Capital expenditures	\$ 17.9	\$ 9.6
(a) - Includes volumes for consolidated entities only.		
<b><u>Natural Gas Gathering and Processing</u></b>		
Adjusted EBITDA	\$ 100.0	\$ 60.5
Operating costs	\$ 69.6	\$ 69.2
Depreciation and amortization	\$ 41.9	\$ 35.8
Operating income	\$ 55.5	\$ 19.7
Equity in net earnings from investments	\$ 2.8	\$ 4.2
Natural gas gathered ( <i>BBtu/d</i> ) (a)	2,128	1,808
Natural gas processed ( <i>BBtu/d</i> ) (a) (b)	1,948	1,625
NGL sales ( <i>MBbl/d</i> ) (a)	155	108
Residue natural gas sales ( <i>BBtu/d</i> ) (a)	941	781
Realized composite NGL net sales price ( <i>\$/gallon</i> ) (a) (c) (d)	\$ 0.20	\$ 0.38
Realized condensate net sales price ( <i>\$/Bbl</i> ) (a) (c) (e)	\$ 33.72	\$ 30.02
Realized residue natural gas net sales price ( <i>\$/MMBtu</i> ) (a) (c) (e)	\$ 2.62	\$ 3.96
Average fee rate ( <i>\$/MMBtu</i> ) (a)	\$ 0.68	\$ 0.35
Capital expenditures	\$ 141.5	\$ 255.3
(a) - Includes volumes for consolidated entities only.		
(b) - Includes volumes at company-owned and third-party facilities.		
(c) - Includes the impact of hedging activities on our equity volumes.		
(d) - Net of transportation and fractionation costs.		
(e) - Net of transportation costs.		

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## ONEOK Partners, L.P. and Subsidiaries

### RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

<i>(Unaudited)</i>	Three Months Ended March 31,	
	2016	2015
	<i>(Thousands of dollars, except per unit amounts)</i>	
<b>Reconciliation of Net Income to Adjusted EBITDA and Distributable Cash Flow</b>		
Net income	\$ 256,286	\$ 147,032
Interest expense, net of capitalized interest	92,555	80,709
Depreciation and amortization	93,736	85,847
Income tax (benefit) expense	2,028	2,760
Allowance for equity funds used during construction and other	(19)	7,950
<b>Adjusted EBITDA</b>	<b>444,586</b>	<b>324,298</b>
Interest expense, net of capitalized interest	(92,555)	(80,709)
Maintenance capital	(22,143)	(32,017)
Equity in net earnings from investments	(32,914)	(30,921)
Distributions received from unconsolidated affiliates	46,553	39,429
Other	4,034	(2,869)
<b>Distributable cash flow</b>	<b>\$ 347,561</b>	<b>\$ 217,211</b>
Distributions to general partner	(107,198)	(95,844)
<b>Distributable cash flow to limited partners</b>	<b>\$ 240,363</b>	<b>\$ 121,367</b>
Distributions declared per limited partner unit	\$ 0.79	\$ 0.79
Coverage ratio	1.06	0.60
Number of units used in computation <i>(thousands)</i>	285,826	254,075

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## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

<i>(Unaudited)</i>	Three Months Ended	
	March 31,	
	2016	2015
<b>Reconciliation of Adjusted EBITDA to Net Income</b>	<i>(Thousands of dollars)</i>	
Segment Adjusted EBITDA:		
Natural Gas Gathering and Processing	\$ 100,035	\$ 60,518
Natural Gas Liquids	270,169	192,655
Natural Gas Pipelines	74,339	70,712
Other	43	413
<b>Total</b>	<b>444,586</b>	<b>324,298</b>
Depreciation and amortization	(93,736)	(85,847)
Interest expense, net of capitalized interest	(92,555)	(80,709)
Income taxes	(2,028)	(2,760)
Allowance for equity funds used during construction and other	19	(7,950)
<b>Net income</b>	<b>\$ 256,286</b>	<b>\$ 147,032</b>