

**ONEOK Announces Higher Third-quarter 2014 Financial Results;
Updates 2014 Financial Guidance**

November 4, 2014

Page 1

**ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME**

<i>(Unaudited)</i>	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
<i>(Thousands of dollars, except per share amounts)</i>				
Revenues				
Commodity sales	\$ 2,754,495	\$ 2,807,329	\$ 8,276,333	\$ 7,453,534
Services	365,650	328,052	1,073,990	968,786
Total revenues	3,120,145	3,135,381	9,350,323	8,422,320
Cost of sales and fuel	2,583,204	2,711,159	7,807,275	7,214,233
Net margin	536,941	424,222	1,543,048	1,208,087
Operating expenses				
Operations and maintenance	153,408	116,678	433,457	346,989
Depreciation and amortization	74,588	61,850	214,129	176,016
General taxes	19,087	14,323	60,171	50,912
Total operating expenses	247,083	192,851	707,757	573,917
Gain (loss) on sale of assets	1,534	21	1,533	341
Operating income	291,392	231,392	836,824	634,511
Equity earnings (loss) from investments	(52,347)	27,468	6,747	79,744
Allowance for equity funds used during construction	1,723	6,429	13,947	21,172
Other income	100	4,278	3,117	12,634
Other expense	(2,506)	(595)	(27,827)	(2,476)
Interest expense (net of capitalized interest of \$14,303, \$14,320, \$41,446 and \$38,284, respectively)	(86,052)	(66,187)	(269,704)	(196,793)
Income before income taxes	152,310	202,785	563,104	548,792
Income taxes	(37,858)	(44,961)	(95,155)	(126,688)
Income from continuing operations	114,452	157,824	467,949	422,104
Income (loss) from discontinued operations, net of tax	(171)	(10,126)	(6,406)	(29,206)
Net income	114,281	147,698	461,543	392,898
Less: Net income attributable to noncontrolling interests	49,823	85,342	241,980	217,102
Net income attributable to ONEOK	\$ 64,458	\$ 62,356	\$ 219,563	\$ 175,796
Amounts attributable to ONEOK:				
Income from continuing operations	\$ 64,629	\$ 72,482	\$ 225,969	\$ 205,002
Income (loss) from discontinued operations	(171)	(10,126)	(6,406)	(29,206)
Net income	\$ 64,458	\$ 62,356	\$ 219,563	\$ 175,796
Basic earnings per share:				
Income from continuing operations	\$ 0.31	\$ 0.35	\$ 1.08	\$ 1.00
Income (loss) from discontinued operations	—	(0.05)	(0.03)	(0.15)
Net income	\$ 0.31	\$ 0.30	\$ 1.05	\$ 0.85
Diluted earnings per share:				
Income from continuing operations	\$ 0.31	\$ 0.35	\$ 1.07	\$ 0.98
Income (loss) from discontinued operations	—	(0.05)	(0.03)	(0.14)
Net income	\$ 0.31	\$ 0.30	\$ 1.04	\$ 0.84
Average shares <i>(thousands)</i>				
Basic	209,489	206,235	209,341	205,952
Diluted	210,759	209,893	210,482	209,408
Dividends declared per share of common stock	\$ 0.575	\$ 0.38	\$ 1.535	\$ 1.10

-more-

**ONEOK Announces Higher Third-quarter 2014 Financial Results;
Updates 2014 Financial Guidance**

November 4, 2014

Page 2

**ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS**

<i>(Unaudited)</i>	September 30, 2014	December 31, 2013
Assets	<i>(Thousands of dollars)</i>	
Current assets		
Cash and cash equivalents	\$ 151,403	\$ 145,565
Accounts receivable, net	971,285	1,109,510
Natural gas and natural gas liquids in storage	338,345	188,286
Commodity imbalances	74,247	80,481
Other current assets	119,427	133,010
Assets of discontinued operations	58,080	747,872
Total current assets	1,712,787	2,404,724
Property, plant and equipment		
Property, plant and equipment	12,173,835	10,970,256
Accumulated depreciation and amortization	1,931,713	1,738,302
Net property, plant and equipment	10,242,122	9,231,954
Investments and other assets		
Investments in unconsolidated affiliates	1,128,509	1,229,838
Goodwill and intangible assets	1,017,715	1,024,562
Other assets	184,935	224,353
Assets of discontinued operations	26,128	3,626,050
Total investments and other assets	2,357,287	6,104,803
Total assets	\$ 14,312,196	\$ 17,741,481

-more-

**ONEOK Announces Higher Third-quarter 2014 Financial Results;
Updates 2014 Financial Guidance**

November 4, 2014

Page 3

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

	September 30, 2014	December 31, 2013
<i>(Unaudited)</i>		
Liabilities and equity	<i>(Thousands of dollars)</i>	
Current liabilities		
Current maturities of long-term debt	\$ 10,650	\$ 10,650
Notes payable	—	564,462
Accounts payable	1,221,934	1,273,102
Commodity imbalances	171,249	213,577
Accrued interest	102,838	109,099
Accrued taxes other than income	90,681	37,359
Other current liabilities	120,162	66,393
Liabilities of discontinued operations	64,387	455,688
Total current liabilities	1,781,901	2,730,330
Long-term debt, excluding current maturities	7,194,957	7,753,657
Deferred credits and other liabilities		
Deferred income taxes	1,303,548	1,146,562
Other deferred credits	229,280	217,522
Liabilities of discontinued operations	43,115	1,048,230
Total deferred credits and other liabilities	1,575,943	2,412,314
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 208,193,467 shares at September 30, 2014; issued 245,811,180 shares and outstanding 206,618,877 shares at December 31, 2013	2,458	2,458
Paid-in capital	1,515,158	1,433,600
Accumulated other comprehensive loss	(107,656)	(121,987)
Retained earnings	170,249	2,020,815
Treasury stock, at cost: 37,617,713 shares at September 30, 2014, and 39,192,303 shares at December 31, 2013	(956,977)	(997,035)
Total ONEOK shareholders' equity	623,232	2,337,851
Noncontrolling interests in consolidated subsidiaries	3,136,163	2,507,329
Total equity	3,759,395	4,845,180
Total liabilities and equity	\$ 14,312,196	\$ 17,741,481

-more-

ONEOK Announces Higher Third-quarter 2014 Financial Results; Updates 2014 Financial Guidance

November 4, 2014

Page 4

ONEOK, Inc. and Subsidiaries CONSOLIDATED STATEMENTS OF CASH FLOWS

<i>(Unaudited)</i>	Nine Months Ended September 30,	
	2014	2013
	<i>(Thousands of dollars)</i>	
Operating activities		
Net income	\$ 461,543	\$ 392,898
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	225,483	276,343
Charges attributable to exit activities	1,739	130,753
Equity earnings from investments	(6,747)	(79,744)
Distributions received from unconsolidated affiliates	84,298	79,022
Deferred income taxes	96,044	107,575
Share-based compensation expense	23,359	27,634
Pension and postretirement benefit expense, net of contributions	14,282	7,638
Allowance for equity funds used during construction	(13,947)	(21,172)
Loss (gain) on sale of assets	(1,533)	(342)
Other	—	(4,047)
Changes in assets and liabilities:		
Accounts receivable	156,555	182,377
Natural gas and natural gas liquids in storage	(43,351)	(147,199)
Accounts payable	(111,186)	82,743
Commodity imbalances, net	(33,214)	(49,274)
Settlement of exit activities liabilities	(38,627)	(6,143)
Accrued interest	(6,390)	17,462
Accrued taxes other than income	66,083	27,417
Other assets and liabilities, net	(3,852)	(2,395)
Cash provided by operating activities	870,539	1,021,546
Investing activities		
Capital expenditures (less allowance for equity funds used during construction)	(1,204,386)	(1,597,820)
Acquisitions	(14,000)	(304,889)
Contributions to unconsolidated affiliates	(1,063)	(4,558)
Distributions received from unconsolidated affiliates	24,925	24,891
Proceeds from sale of assets	2,388	1,685
Cash used in investing activities	(1,192,136)	(1,880,691)
Financing activities		
Borrowing (repayment) of notes payable, net	(564,462)	(254,841)
Issuance of ONE Gas, Inc. debt, net of discounts	1,199,994	—
Issuance of long-term debt, net of discounts	—	1,247,822
ONE Gas, Inc. long-term debt financing costs	(9,663)	—
Long-term debt financing costs	—	(10,217)
Repayment of long-term debt	(555,768)	(5,802)
Issuance of common stock	12,908	8,538
Issuance of common units, net of issuance costs	947,472	569,246
Dividends paid	(321,051)	(226,349)
Cash of ONE Gas, Inc. at separation	(60,000)	—
Distributions to noncontrolling interests	(325,158)	(273,346)
Cash provided by financing activities	324,272	1,055,051
Change in cash and cash equivalents	2,675	195,906
Change in cash and cash equivalents included in discontinued operations	3,163	1,358
Change in cash and cash equivalents included in continuing operations	5,838	197,264
Cash and cash equivalents at beginning of period	145,565	579,578
Cash and cash equivalents at end of period	\$ 151,403	\$ 776,842

-more-

ONEOK Announces Higher Third-quarter 2014 Financial Results; Updates 2014 Financial Guidance

November 4, 2014

Page 5

ONEOK, Inc. and Subsidiaries INFORMATION AT A GLANCE

(Unaudited)	Three Months Ended September 30,		Nine Months Ended September 30,	
	2014	2013	2014	2013
(Millions of dollars, except as noted)				
<u>Natural Gas Gathering and Processing</u>				
Net margin	\$ 178.2	\$ 130.9	\$ 486.7	\$ 365.4
Operating costs	\$ 64.3	\$ 45.1	\$ 188.5	\$ 141.7
Depreciation and amortization	\$ 31.3	\$ 27.4	\$ 89.6	\$ 76.4
Operating income	\$ 82.9	\$ 58.5	\$ 208.9	\$ 147.7
Equity earnings (loss) from investments	\$ (71.1)	\$ 4.7	\$ (60.5)	\$ 16.2
Natural gas gathered (BBtu/d) (a)	1,847	1,389	1,665	1,311
Natural gas processed (BBtu/d) (a) (b)	1,666	1,135	1,462	1,060
NGL sales (MBbl/d) (a)	111	83	100	77
Residue natural gas sales (BBtu/d) (a)	792	521	682	475
Realized composite NGL net sales price (\$/gallon) (a) (c)	\$ 0.93	\$ 0.90	\$ 0.97	\$ 0.87
Realized condensate net sales price (\$/Bbl) (a) (c)	\$ 81.02	\$ 90.68	\$ 78.00	\$ 87.40
Realized residue natural gas net sales price (\$/MMBtu) (a) (c)	\$ 3.92	\$ 3.36	\$ 3.91	\$ 3.48
Average fee rate (\$/MMBtu) (a)	\$ 0.36	\$ 0.35	\$ 0.36	\$ 0.35
Capital expenditures - growth	\$ 206.1	\$ 197.0	\$ 478.8	\$ 556.9
Capital expenditures - maintenance	\$ 8.8	\$ 7.5	\$ 27.2	\$ 17.6

(a) - Includes volumes for consolidated entities only.

(b) - Includes volumes at company-owned and third-party facilities.

(c) - Presented net of the impact of hedging activities on ONEOK Partners' equity volumes.

Natural Gas Liquids

Net margin	\$ 283.0	\$ 226.2	\$ 818.1	\$ 632.1
Operating costs	\$ 77.0	\$ 57.0	\$ 218.2	\$ 171.1
Depreciation and amortization	\$ 31.7	\$ 23.0	\$ 89.8	\$ 65.0
Operating income	\$ 173.8	\$ 146.2	\$ 509.5	\$ 396.0
Equity earnings from investments	\$ 4.4	\$ 6.3	\$ 13.6	\$ 15.4
NGL sales (MBbl/d)	626	686	598	647
NGLs transported-gathering lines (MBbl/d) (a)	529	574	508	542
NGLs fractionated (MBbl/d) (b)	553	557	515	535
NGLs transported-distribution lines (MBbl/d) (a)	377	454	412	426
Average Conway-to-Mont Belvieu OPIS price differential - ethane in ethane/propane mix (\$/gallon)	\$ 0.03	\$ 0.04	\$ 0.06	\$ 0.04
Capital expenditures - growth	\$ 145.8	\$ 222.6	\$ 603.6	\$ 753.3
Capital expenditures - maintenance	\$ 8.0	\$ 8.2	\$ 33.9	\$ 21.0

(a) - Includes volumes for consolidated entities only.

(b) - Includes volumes at company-owned and third-party facilities.

Natural Gas Pipelines

Net margin	\$ 73.4	\$ 69.5	\$ 242.4	\$ 211.2
Operating costs	\$ 28.0	\$ 23.5	\$ 82.8	\$ 75.6
Depreciation and amortization	\$ 10.9	\$ 10.8	\$ 32.6	\$ 32.7
Operating income	\$ 36.2	\$ 35.2	\$ 128.7	\$ 102.9
Equity earnings from investments	\$ 14.4	\$ 16.5	\$ 53.7	\$ 48.1
Natural gas transportation capacity contracted (MDth/d) (a)	5,725	5,428	5,760	5,486
Transportation capacity subscribed (a)	90 %	89 %	91 %	90 %
Average natural gas price				
Mid-Continent region (\$/MMBtu) (a)	\$ 3.77	\$ 3.42	\$ 4.58	\$ 3.56
Capital expenditures - growth	\$ —	\$ 5.4	\$ 3.6	\$ 7.8
Capital expenditures - maintenance	\$ 10.7	\$ 5.7	\$ 22.4	\$ 14.7

(a) - Includes volumes for consolidated entities only.

-more-

**ONEOK Announces Higher Third-quarter 2014 Financial Results;
Updates 2014 Financial Guidance**

November 4, 2014

Page 6

**ONEOK, Inc. Stand-alone
Cash Flow Available for Dividends**

<i>(Unaudited)</i>	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
	<i>(Millions of dollars)</i>	
Recurring cash flows:		
Distributions from ONEOK Partners – declared	\$ 162.0	\$ 464.5
Interest expense, excluding non-cash items	(16.0)	(52.7)
Cash income taxes	—	—
Energy services segment cash flow	(11.0)	60.8
Corporate expenses	(2.2)	(6.6)
Equity compensation paid by ONEOK Partners	5.8	25.6
Cash flows from recurring activities	138.6	491.6
ONE Gas separation cash flows:		
Cash payment from ONE Gas	—	1,130.0
ONE Gas cash flow (through January 31, 2014)	—	61.1
Long-term debt reduction	—	(573.3)
Short-term debt reduction	—	(600.5)
Transaction costs	—	(23.0)
Cash flows from ONE Gas separation	—	(5.7)
Total cash flows	138.6	485.9
Capital expenditures	(1.6)	(7.5)
Cash flow available for dividends	137.0	478.4
Dividends declared	(122.8)	(358.8)
Free cash flow	\$ 14.2	\$ 119.6
Dividend coverage ratio	1.12	1.33

-more-

**ONEOK Announces Higher Third-quarter 2014 Financial Results;
Updates 2014 Financial Guidance**

November 4, 2014

Page 7

ONEOK, Inc. Stand-alone

Reconciliation of Cash Flow Available for Dividends and Free Cash Flow to Net Income

	Three Months Ended September 30, 2014	Nine Months Ended September 30, 2014
(Unaudited)		
	(Millions of dollars)	
Net income attributable to ONEOK	\$ 64.5	\$ 219.6
Depreciation and amortization	0.9	13.4
Deferred income taxes	35.2	89.0
Equity in earnings of ONEOK Partners	(117.5)	(405.3)
Distributions from ONEOK Partners- declared	162.0	464.5
Equity compensation paid by ONEOK Partners	5.8	25.6
Energy services realized working capital	(10.8)	77.1
Other	(1.5)	2.0
Total cash flows	138.6	485.9
Capital expenditures	(1.6)	(7.5)
Cash flow available for dividends	137.0	478.4
Dividends declared	(122.8)	(358.8)
Free cash flow	\$ 14.2	\$ 119.6

-more-

**ONEOK Announces Higher Third-quarter 2014 Financial Results;
Updates 2014 Financial Guidance**

November 4, 2014

Page 8

**ONEOK, Inc. Stand-alone
GUIDANCE MIDPOINTS***

	Updated 2014 Guidance	Previous 2014 Guidance	Change
(Unaudited)			
	(Millions of dollars)		
Cash Flow Available for Dividends			
Recurring cash flows:			
Distributions from ONEOK Partners – declared	\$ 636	\$ 636	\$ —
Interest expense, excluding non-cash items	(68)	(60)	(8)
Cash income taxes	—	—	—
Energy services segment cash flow	47	39	8
Corporate expenses	(10)	(8)	(2)
Equity compensation paid by ONEOK Partners	28	30	(2)
Cash flows from recurring activities	633	637	(4)
Separation related costs/OGS cash flow/debt reduction	(6)	(21)	15
Total cash flows	627	616	11
Capital expenditures	(12)	(16)	4
Cash flow available for dividends	615	600	15
Dividends declared	(485)	(485)	—
Free cash flow	\$ 130	\$ 115	\$ 15
Dividend coverage ratio	1.27x	1.24x	

**Amounts shown are midpoints of ranges provided.*

-more-

**ONEOK Announces Higher Third-quarter 2014 Financial Results;
Updates 2014 Financial Guidance**

November 4, 2014

Page 9

**ONEOK, Inc. Stand-alone
GUIDANCE MIDPOINTS***

	Updated 2014 Guidance	Previous 2014 Guidance	Change
(Unaudited)			
	(Millions of dollars)		
Reconciliation of Cash Flow Available for Dividends and Free Cash Flow to Net Income			
Net income attributable to ONEOK	\$ 316	\$ 285	\$ 31
Depreciation and amortization	3	4	(1)
Deferred income taxes	133	178	(45)
Equity in earnings of ONEOK Partners	(575)	(607)	32
Distributions from ONEOK Partners - declared	636	636	—
Equity compensation paid by ONEOK Partners	28	30	(2)
Energy services realized working capital	47	54	(7)
Other	39	36	3
Total cash flow	627	616	11
Capital expenditures	(12)	(16)	4
Cash flow available for dividends	615	600	15
Dividends	(485)	(485)	—
Free cash flow	\$ 130	\$ 115	\$ 15

**Amounts shown are midpoints of ranges provided.*