

# ONEOK Partners Announces Second-quarter 2015 Results

August 4, 2015

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

(Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
(Thousands of dollars, except per unit amounts)				
<b>Revenues</b>				
Commodity sales	\$ 1,722,254	\$ 2,715,109	\$ 3,157,970	\$ 5,521,838
Services	405,253	350,626	774,296	706,200
Total revenues	2,127,507	3,065,735	3,932,266	6,228,038
Cost of sales and fuel	1,603,093	2,571,402	2,946,957	5,224,071
Net margin	524,414	494,333	985,309	1,003,967
<b>Operating expenses</b>				
Operations and maintenance	143,131	142,664	298,252	273,182
Depreciation and amortization	86,199	71,447	172,046	138,182
General taxes	23,481	17,981	46,519	37,646
Total operating expenses	252,811	232,092	516,817	449,010
Gain (loss) on sale of assets	122	(16)	116	(1)
<b>Operating income</b>	271,725	262,225	468,608	554,956
Equity in net earnings from investments	30,040	25,435	60,961	59,094
Allowance for equity funds used during construction	742	1,253	1,541	12,224
Other income	24	3,189	2,547	4,522
Other expense	(1,953)	(1,389)	(2,578)	(2,158)
Interest expense (net of capitalized interest of \$9,927, \$11,375, \$17,157 and \$27,143, respectively)	(86,492)	(73,008)	(167,201)	(141,284)
Income before income taxes	214,086	217,705	363,878	487,354
Income taxes	(2,476)	(3,194)	(5,236)	(7,375)
Net income	211,610	214,511	358,642	479,979
Less: Net income attributable to noncontrolling interests	1,840	77	3,278	153
<b>Net income attributable to ONEOK Partners, L.P.</b>	<b>\$ 209,770</b>	<b>\$ 214,434</b>	<b>\$ 355,364</b>	<b>\$ 479,826</b>
Limited partners' interest in net income:				
Net income attributable to ONEOK Partners, L.P.	\$ 209,770	\$ 214,434	\$ 355,364	\$ 479,826
General partner's interest in net income	(95,989)	(84,669)	(188,790)	(161,901)
Limited partners' interest in net income	\$ 113,781	\$ 129,765	\$ 166,574	\$ 317,925
Limited partners' net income per unit, basic and diluted	\$ 0.44	\$ 0.54	\$ 0.65	\$ 1.35
Number of units used in computation (thousands)	257,179	240,503	255,627	236,361

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

<i>(Unaudited)</i>	June 30, 2015	December 31, 2014
<i>(Thousands of dollars)</i>		
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 53,125	\$ 42,530
Accounts receivable, net	683,674	735,830
Affiliate receivables	1,790	8,553
Natural gas and natural gas liquids in storage	150,137	134,134
Commodity imbalances	31,246	64,788
Materials and supplies	60,505	55,833
Other current assets	56,811	44,385
Total current assets	1,037,288	1,086,053
<b>Property, plant and equipment</b>		
Property, plant and equipment	13,949,876	13,377,617
Accumulated depreciation and amortization	1,995,905	1,842,084
Net property, plant and equipment	11,953,971	11,535,533
<b>Investments and other assets</b>		
Investments in unconsolidated affiliates	1,146,407	1,132,653
Goodwill and intangible assets	830,827	822,358
Other assets	28,160	23,803
Total investments and other assets	2,005,394	1,978,814
Total assets	\$ 14,996,653	\$ 14,600,400
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Current maturities of long-term debt	\$ 657,650	\$ 7,650
Notes payable	870,484	1,055,296
Accounts payable	687,321	874,692
Affiliate payables	28,304	36,106
Commodity imbalances	91,605	104,650
Accrued interest	102,196	91,990
Other current liabilities	127,067	165,672
Total current liabilities	2,564,627	2,336,056
<b>Long-term debt, excluding current maturities</b>	6,145,972	6,004,232
<b>Deferred credits and other liabilities</b>	146,320	141,337
<b>Commitments and contingencies</b>		
<b>Equity</b>		
ONEOK Partners, L.P. partners' equity:		
General partner	215,351	211,914
Common units: 187,978,848 and 180,826,973 units issued and outstanding at June 30, 2015 and December 31, 2014, respectively	4,562,203	4,456,372
Class B units: 72,988,252 units issued and outstanding at June 30, 2015 and December 31, 2014	1,306,711	1,374,375
Accumulated other comprehensive loss	(111,090)	(91,823)
Total ONEOK Partners, L.P. partners' equity	5,973,175	5,950,838
Noncontrolling interests in consolidated subsidiaries	166,559	167,937
Total equity	6,139,734	6,118,775
Total liabilities and equity	\$ 14,996,653	\$ 14,600,400

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

(Unaudited)	Six Months Ended June 30,	
	2015	2014
	(Thousands of dollars)	
<b>Operating activities</b>		
Net income	\$ 358,642	\$ 479,979
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	172,046	138,182
Allowance for equity funds used during construction	(1,541)	(12,224)
Loss (gain) on sale of assets	(116)	1
Deferred income taxes	3,983	3,402
Equity in net earnings from investments	(60,961)	(59,094)
Distributions received from unconsolidated affiliates	61,969	61,200
Changes in assets and liabilities:		
Accounts receivable	51,062	23,674
Affiliate receivables	6,763	845
Natural gas and natural gas liquids in storage	(16,003)	(146,830)
Accounts payable	(126,645)	68,045
Affiliate payables	(7,802)	(7,678)
Commodity imbalances, net	20,497	(18,710)
Accrued interest	10,206	(497)
Risk management assets and liabilities	(66,298)	(12,200)
Other assets and liabilities, net	(25,535)	15,983
Cash provided by operating activities	380,267	534,078
<b>Investing activities</b>		
Capital expenditures (less allowance for equity funds used during construction)	(628,396)	(792,414)
Cash paid for acquisitions	—	(14,000)
Contributions to unconsolidated affiliates	(33,222)	(1,063)
Distributions received from unconsolidated affiliates in excess of cumulative earnings	18,814	16,449
Proceeds from sale of assets	691	319
Other	(12,607)	—
Cash used in investing activities	(654,720)	(790,709)
<b>Financing activities</b>		
Cash distributions:		
General and limited partners	(593,435)	(493,049)
Noncontrolling interests	(4,694)	(181)
Borrowing (repayment) of notes payable, net	(184,812)	—
Issuance of long-term debt, net of discounts	798,896	—
Debt financing costs	(7,850)	—
Repayment of long-term debt	(3,825)	(3,825)
Issuance of common units, net of issuance costs	275,098	878,765
Contribution from general partner	5,670	18,420
Cash provided by financing activities	285,048	400,130
Change in cash and cash equivalents	10,595	143,499
Cash and cash equivalents at beginning of period	42,530	134,530
Cash and cash equivalents at end of period	\$ 53,125	\$ 278,029

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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,	
	2015	2014	2015	2014
(Millions of dollars, except as noted)				
<b><u>Natural Gas Liquids</u></b>				
Net margin	\$ 313.4	\$ 266.1	\$ 580.6	\$ 535.1
Operating costs	\$ 77.4	\$ 76.0	\$ 159.7	\$ 141.2
Depreciation and amortization	\$ 39.4	\$ 31.1	\$ 78.7	\$ 58.2
Operating income	\$ 196.5	\$ 159.0	\$ 342.1	\$ 335.7
Equity in net earnings from investments	\$ 9.7	\$ 4.5	\$ 16.7	\$ 9.2
NGL sales (MBbl/d)	723	603	643	583
NGLs transported-gathering lines (MBbl/d) (a)	784	520	746	498
NGLs fractionated (MBbl/d) (b)	554	520	515	496
NGLs transported-distribution lines (MBbl/d) (a)	420	431	404	430
Average Conway-to-Mont Belvieu OPIS price differential - ethane in ethane/propane mix (\$/gallon)	\$ 0.02	\$ 0.03	\$ 0.01	\$ 0.08
Capital expenditures - growth	\$ 48.3	\$ 196.9	\$ 114.6	\$ 457.8
Capital expenditures - maintenance	\$ 10.8	\$ 13.8	\$ 18.0	\$ 25.9
(a) - Includes volumes for consolidated entities only.				
(b) - Includes volumes at company-owned and third-party facilities.				
<b><u>Natural Gas Pipelines</u></b>				
Net margin	\$ 74.1	\$ 75.5	\$ 143.2	\$ 169.0
Operating costs	\$ 25.2	\$ 27.3	\$ 52.4	\$ 54.8
Depreciation and amortization	\$ 10.8	\$ 10.9	\$ 21.6	\$ 21.7
Operating income	\$ 38.1	\$ 37.3	\$ 69.2	\$ 92.4
Equity in net earnings from investments	\$ 15.4	\$ 15.9	\$ 35.1	\$ 39.3
Natural gas transportation capacity contracted (MDth/d) (a)	5,714	5,691	5,826	5,778
Transportation capacity contracted (a)	90%	90%	92%	91%
Capital expenditures - growth	\$ 8.3	\$ 2.2	\$ 9.2	\$ 4.4
Capital expenditures - maintenance	\$ 7.3	\$ 6.5	\$ 16.0	\$ 10.9
(a) - Includes volumes for consolidated entities only.				
<b><u>Natural Gas Gathering and Processing</u></b>				
Net margin	\$ 137.1	\$ 154.9	\$ 261.8	\$ 308.5
Operating costs	\$ 63.5	\$ 59.4	\$ 132.8	\$ 124.2
Depreciation and amortization	\$ 36.0	\$ 29.4	\$ 71.7	\$ 58.3
Operating income	\$ 37.8	\$ 66.1	\$ 57.5	\$ 126.0
Equity in net earnings from investments	\$ 4.9	\$ 5.1	\$ 9.2	\$ 10.6
Natural gas gathered (BBtu/d) (a)	1,926	1,646	1,867	1,573
Natural gas processed (BBtu/d) (a) (b)	1,677	1,447	1,651	1,358
NGL sales (MBbl/d) (a)	127	98	117	94
Residue natural gas sales (BBtu/d) (a)	864	683	823	626
Realized composite NGL net sales price (\$/gallon) (a) (c) (d)	\$ 0.38	\$ 0.96	\$ 0.38	\$ 1.00
Realized condensate net sales price (\$/Bbl) (a) (c) (e)	\$ 35.46	\$ 77.46	\$ 32.89	\$ 76.80
Realized residue gas net sales price (\$/MMBtu) (a) (c)	\$ 3.38	\$ 4.07	\$ 3.65	\$ 3.85
Average fee rate (\$/MMBtu) (a)	\$ 0.39	\$ 0.34	\$ 0.37	\$ 0.36
Capital expenditures - growth	\$ 195.5	\$ 159.5	\$ 440.5	\$ 272.7
Capital expenditures - maintenance	\$ 9.9	\$ 8.7	\$ 20.2	\$ 18.4
(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 ONEOK Partners' equity volumes.				
(d) - Net of transportation and fractionation costs.				
(e) - Net of transportation costs.				

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## RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

(Unaudited)	Three Months Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
<b>Reconciliation of Net Income to Adjusted EBITDA and Distributable Cash Flow</b>				
Net income	\$ 211,610	\$ 214,511	\$ 358,642	\$ 479,979
Interest expense	86,492	73,008	167,201	141,284
Depreciation and amortization	86,199	71,447	172,046	138,182
Income taxes	2,476	3,194	5,236	7,375
Allowance for equity funds used during construction and other non-cash items	500	(1,253)	8,450	(12,224)
Adjusted EBITDA	387,277	360,907	711,575	754,596
Interest expense	(86,492)	(73,008)	(167,201)	(141,284)
Maintenance capital	(31,978)	(30,710)	(63,995)	(57,562)
Equity in net earnings from investments	(30,040)	(25,435)	(60,961)	(59,094)
Distributions received from unconsolidated affiliates	41,354	42,579	80,783	77,649
Other	(3,194)	(2,334)	(6,063)	(4,154)
Distributable cash flow	\$ 276,927	\$ 271,999	\$ 494,138	\$ 570,151
Distributions to general partner	(97,875)	(85,882)	(193,719)	(162,804)
Distributable cash flow to limited partners	\$ 179,052	\$ 186,117	\$ 300,419	\$ 407,347
Distributions declared per limited partner unit	\$ 0.79	\$ 0.76	\$ 1.58	\$ 1.51
Coverage ratio	0.88	1.02	0.74	1.14
Number of units used in computation (thousands)	257,179	240,503	255,627	236,361