ONEOK INC /NEW/
Form 10-K
February 23, 2016
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2015.
OR
__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________.
Commission file number 001-13643
ONEOK, Inc.
(Exact name of registrant as specified in its charter)

Oklahoma	73-1520922
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 West Fifth Street, Tulsa, OK	74103
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (918) 588-7000
Securities registered pursuant to Section 12(b) of the Act:

Common stock, par value of $0.01	New York Stock Exchange
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None
Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No__

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes __ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every
Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Registration S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one) Large accelerated filer X Accelerated filer __ Non-accelerated filer __ Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes__ No X

Aggregate market value of registrant's common stock held by non-affiliates based on the closing trade price on June 30, 2015, was $8.1 billion.

On February 16, 2016, the Company had 209,989,711 shares of common stock outstanding.
DOCUMENTS INCORPORATED BY REFERENCE:
Portions of the definitive proxy statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held May 25, 2016, are incorporated by reference in Part III.

ONEOK, Inc.
2015 ANNUAL REPORT

As used in this Annual Report, references to “we,” “our” or “us” refer to ONEOK, Inc., an Oklahoma corporation, and its predecessors and subsidiaries, including ONEOK Partners and its subsidiaries, unless the context indicates otherwise.

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GLOSSARY

The abbreviations, acronyms and industry terminology used in this Annual Report are defined as follows:

AFUDC	Allowance for funds used during construction
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2015
ASU	Accounting Standards Update
Bbl	Barrels, 1 barrel is equivalent to 42 United States gallons
BBtu/d	Billion British thermal units per day
Bcf	Billion cubic feet
Bcf/d	Billion cubic feet per day
CFTC	U.S. Commodity Futures Trading Commission
Clean Air Act	Federal Clean Air Act, as amended
Clean Water Act	Federal Water Pollution Control Act Amendments of 1972, as amended
DOT	United States Department of Transportation
EBITDA	Earnings before interest expense, income taxes, depreciation and amortization
EPA	United States Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FASB	Financial Accounting Standards Board
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
GHG	Greenhouse gas
Intermediate Partnership	ONEOK Partners Intermediate Limited Partnership, a wholly owned subsidiary of ONEOK Partners, L.P.
IRS	Internal Revenue Service
KCC	Kansas Corporation Commission
LIBOR	London Interbank Offered Rate
MBbl	Thousand barrels
MBbl/d	Thousand barrels per day
MDth/d	Thousand dekatherms per day
MMBbl	Million barrels
MMBtu	Million British thermal units
MMcf/d	Million cubic feet per day
Moody's	Moody's Investors Service, Inc.
Natural Gas Act	Natural Gas Act of 1938, as amended
Natural Gas Policy Act	Natural Gas Policy Act of 1978, as amended
NGL(s)	Natural gas liquid(s)
NGL products	Marketable natural gas liquid purity products, such as ethane, ethane/propane mix, propane, iso-butane, normal butane and natural gasoline
NYMEX	New York Mercantile Exchange
NYSE	New York Stock Exchange
OCC	Oklahoma Corporation Commission
ONE Gas	ONE Gas, Inc.
ONEOK	ONEOK, Inc.
ONEOK Credit Agreement	ONEOK's $300 million amended and restated revolving credit agreement effective as of January 31, 2014
ONEOK Partners	ONEOK Partners, L.P.
ONEOK Partners Credit Agreement	ONEOK Partners' $2.4 billion amended and restated revolving credit agreement effective as of January 31, 2014, as amended

ONEOK Partners GP	ONEOK Partners GP, L.L.C., a wholly owned subsidiary of ONEOK and the sole general partner of ONEOK Partners
OPIS	Oil Price Information Service
OSHA	Occupational Safety and Health Administration
Partnership Agreement	Third Amended and Restated Agreement of Limited Partnership of ONEOK Partners, L.P., as amended

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PHMSA	United States Department of Transportation Pipeline and Hazardous Materials Safety Administration
POP	Percent of Proceeds
Quarterly Report(s)	Quarterly Report(s) on Form 10-Q
Roadrunner	Roadrunner Gas Transmission, LLC
RRC	Railroad Commission of Texas
S&P	Standard & Poor's Rating Services
SCOOP	South Central Oklahoma Oil Province
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
Term Loan Agreement	ONEOK Partners' senior unsecured delayed-draw three-year $1.0 billion term loan agreement dated January 8, 2016
West Texas LPG	West Texas LPG Pipeline Limited Partnership and Mesquite Pipeline
WTI	West Texas Intermediate
WTLPG	West Texas LPG Pipeline Limited Partnership
XBRL	eXtensible Business Reporting Language

The statements in this Annual Report that are not historical information, including statements concerning plans and objectives of management for future operations, economic performance or related assumptions, are forward-looking statements. Forward-looking statements may include words such as "anticipate," "estimate," "expect," "project," "intend," "pla "believe," "should," "goal," "forecast," "guidance," "could," "may," "continue," "might," "potential," "scheduled" and other w of similar meaning. Although we believe that our expectations regarding future events are based on reasonable assumptions, we can give no assurance that such expectations and assumptions will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements are described under Part I, Item 1A, "Risk Factors," and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and "Forward-Looking Statements," in this Annual Report.

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PART I

ITEM 1. BUSINESS

GENERAL

We are a corporation incorporated under the laws of the state of Oklahoma, and our common stock is listed on the NYSE under the trading symbol “OKE.” We are the sole general partner and, as of December 31, 2015, owned 41.2 percent of ONEOK Partners (NYSE: OKS), one of the largest publicly traded master limited partnerships. Our goal is to provide management and resources to ONEOK Partners, enabling it to execute its growth strategies and allowing us to grow our dividend. ONEOK Partners applies its core capabilities of gathering, processing, fractionating, transporting, storing and marketing natural gas and NGLs through the rebundling of services across the value chains through vertical integration in an effort to provide its customers with premium services at lower costs. ONEOK Partners is a leader in the gathering, processing, storage and transportation of natural gas in the United States. In addition, ONEOK Partners owns one of the nation’s premier natural gas liquids systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers.

Separation of Natural Gas Distribution Business - In January 2014, we completed the separation of our former natural gas distribution business into a stand-alone publicly traded company, ONE Gas (NYSE: OGS). ONEOK shareholders of record at the close of business on January 21, 2014, retained their current shares of ONEOK stock and received one share of ONE Gas stock for every four shares of ONEOK stock owned in a transaction that was tax-free to ONEOK and its shareholders. In connection with the separation, we received a cash payment of approximately $1.13 billion from ONE Gas and utilized the proceeds to repay outstanding commercial paper and approximately $550 million of long-term debt.

Wind Down of Energy Services - We completed the wind down of our former energy services business on March 31, 2014. See additional discussion in Note B to the Consolidated Financial Statements included in this Annual Report.

EXECUTIVE SUMMARY

Commodity Price Environment - Due in part to the rapid growth in crude oil and natural gas production in the United States, the global supply of crude oil and natural gas exceeded demand and led to a dramatic fall in commodity prices beginning in the fourth quarter 2014. Lower crude oil and natural gas prices persisted throughout 2015 and are expected to remain low in 2016. The production growth and decline in crude oil prices have also contributed to lower NGL product prices, as well as narrow NGL product price differentials.

WTI crude oil prices declined to an average of approximately $50.00 per barrel in 2015, compared with prices averaging approximately $93.00 per barrel in 2014. NYMEX natural gas prices also declined to an average of approximately $2.60 per MMBtu in 2015, compared with prices averaging approximately $4.30 per MMBtu in 2014. OPIS Conway propane prices averaged less than $0.41 per gallon in 2015, compared with prices averaging more than $1.10 per gallon in 2014. At December 31, 2015, prices for WTI crude oil, NYMEX natural gas and OPIS Conway propane declined to approximately $35.00 per barrel, $2.30 per MMBtu and $0.33 per gallon, respectively, and remained weak into early 2016.

ONEOK Partners has mitigated partially its exposure to the current commodity price environment by growing its fee-based business. ONEOK Partners has a predominantly fee-based business in the Natural Gas Liquids and Natural Gas Pipelines segments and, historically to a lesser extent, in the Natural Gas Gathering and Processing segment. In 2015, however, the Natural Gas Gathering and Processing segment restructured many POP with fee contracts associated with a significant amount of its gathered volumes to increase the fee-based component and will continue to seek opportunities to similarly restructure additional contracts in 2016. These restructured contracts favorably impacted ONEOK Partners' 2015 results, and it expects to receive the full benefit of the improved earnings from these contracts in its 2016 financial results. In the fourth quarter 2015, the Natural Gas Gathering and Processing segment's fee revenues averaged $0.55 per MMBtu, compared with an average of $0.36 per MMBtu in 2014. As a result of these restructured contracts, we expect the Natural Gas Gathering and Processing segment's fee-based earnings to increase significantly to more than 75 percent in 2016 and ONEOK Partners' consolidated fee-based earnings to increase to approximately 85 percent in 2016. To further mitigate the impact of lower commodity prices, ONEOK Partners has hedged a significant portion of the Natural Gas Gathering and Processing segment's expected equity volumes for 2016 and 2017. The Natural Gas Liquids and Natural Gas Pipelines segments continue to provide primarily fee-based services, and many of the contracts in these segments include fixed fee, minimum volume or firm demand charge agreements that provide a minimum level of revenues regardless of commodity prices or volumetric throughput.

The current weakened commodity price environment, resulting from factors beyond our control, is creating challenges for ONEOK Partners' crude oil and natural gas producer customers and resulted in decreased drilling activity in 2015, compared

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with 2014. In the Williston Basin, the number of rigs drilling on acreage dedicated to ONEOK Partners decreased from approximately 80 rigs in January 2015 to approximately 30 rigs in December 2015. Despite the sustained lower crude oil, natural gas and NGL prices and reduced capital spending by producers, we continue to expect demand for midstream services and infrastructure development to be driven by producers who need to connect production with end-use markets where current infrastructure is insufficient or nonexistent. ONEOK Partners' natural gas and NGL volumes increased in 2015, particularly in the Williston Basin, as producers are focusing their drilling in the most productive areas and are using more efficient drilling and completion techniques. We expect this lower commodity price environment to continue in 2016, which will impact ONEOK Partners' net realized prices for natural gas, NGLs and condensate, as well as our financial results. If the low commodity price environment persists for a prolonged period or prices decline further, volumes across ONEOK Partners' assets may grow more slowly than in the past or decline.

In the future, we expect commodity prices to recover; however, the timing of this recovery is uncertain. We do not expect commodity prices to return in the near term to the levels experienced in the first half of 2014.

Supply - Natural gas and NGL supply is affected by producer drilling activity, which is sensitive to commodity prices, operating capacity, access to capital and regulatory control. Crude oil and natural gas price declines have continued since 2014, which has resulted in fewer active drilling rigs within ONEOK Partners' areas of operations. Although drilling has slowed, many of ONEOK Partners' customers continue to drill new wells in the most productive areas, and improvements in drilling and completion technology are resulting in higher volumes from the wells that are completed. These new technologies, such as multi-well pads and more efficient drilling rigs, are resulting in lower drilling and completion costs, which are mitigating partially the lower commodity prices for ONEOK Partners' producer customers. In addition, new wells drilled using horizontal drilling technologies tend to produce volumes at higher initial production rates resulting generally in higher initial decline rates than conventional vertical wells; however, the decline rates flatten out over time. A significant portion of ONEOK Partners' Williston Basin gathering and processing assets are in the most productive areas, which typically produce at higher initial production rates compared with other areas, have the highest natural gas content and have slower natural gas declines than crude oil. We expect ONEOK Partners' natural gas gathered and processed volumes in the Williston Basin to continue to grow in 2016, despite expected reductions in producer drilling activity. The significant drilling activity in recent years in the Williston Basin has caused natural gas production to exceed the capacity of existing natural gas gathering and processing infrastructure, which results in the flaring of natural gas (the controlled burning of natural gas at the wellhead) by producers. We expect ONEOK Partners to capture a substantial amount of natural gas currently being flared by producers due to an additional processing plant and compression projects that were placed in service in late 2015 and projects that are expected to be completed in 2016. Additionally, we expect ONEOK Partners to benefit from production from new wells on acreage dedicated to ONEOK Partners in the Williston Basin that have been drilled previously but have not yet been completed or connected to its system by expanding its natural gas gathering and processing and natural gas liquids gathering infrastructure in the Williston Basin.

Supply growth has resulted in available ethane supplies that are greater than the petrochemical industry's current demand. As a result, low or unprofitable price differentials between ethane and natural gas have resulted in ethane rejection at most of ONEOK Partners' and its customers' natural gas processing plants connected to its natural gas liquids gathering system in the Mid-Continent and Rocky Mountain regions during 2014 and 2015, which reduced natural gas liquids volumes gathered, fractionated, transported and sold across our assets. Through ethane rejection, natural gas processors leave much of the ethane component in the natural gas stream sold at the tailgate of natural gas processing plants. We expect ethane rejection to persist at current levels, which have exceeded 150 MBbl/d on ONEOK Partners' natural gas liquids system during 2015, until ethylene producers increase their capacity to consume additional ethane feedstock volumes through plant modifications, plant expansions and the completion of announced new world-scale ethylene production projects, which are anticipated to begin coming on line in 2017. Ethane rejection is expected to continue to have a significant impact on our and ONEOK Partners' financial results into 2017.

Beginning in June 2015, the Natural Gas Gathering and Processing segment reduced its level of ethane rejection in the Williston Basin to alleviate downstream NGL product specification issues, which offsets partially the financial impact of ethane rejection. We expect this decreased ethane rejection to continue throughout 2016. In addition, the Natural Gas Liquids segment’s integrated assets enable ONEOK Partners to mitigate partially the impact of ethane rejection through minimum volume commitments, contract modifications that vary fees for ethane and other NGL products, and ONEOK Partners’ ability to utilize the transportation capacity made available due to ethane rejection to capture additional NGL location price differentials, when they exist, in its optimization activities. See additional discussion in the “Financial Results and Operating Information” section of Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operation.

Growth Projects - In 2015, crude oil and natural gas producers continued to drill for crude oil and NGL-rich natural gas in many regions where ONEOK Partners has operations, including in the Bakken Shale and Three Forks formations in the

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Williston Basin; in the Cana-Woodford Shale, Woodford Shale, Springer Shale, Stack and SCOOP areas in the Mid-Continent region; and in the Permian Basin. In response to this continued production of crude oil, natural gas and NGLs, and higher demand for NGL products from the petrochemical industry, ONEOK Partners has completed growth projects and acquisitions in these regions. In addition, ONEOK Partners' current projects are expected to expand its natural gas gathering and processing and natural gas liquids gathering infrastructure in the Williston Basin to capture natural gas currently being flared by producers. Through its Roadrunner joint venture, ONEOK Partners is constructing a pipeline to transport natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas. The Roadrunner pipeline will connect with ONEOK Partners' existing natural gas pipeline and storage infrastructure in Texas and, together with ONEOK Partners' ONEOK WesTex Transmission (WesTex) intrastate natural gas pipeline system expansion project, is expected to create a platform for future opportunities to deliver natural gas supply to Mexico. The execution of these capital investments aligns with ONEOK Partners' strategy to generate consistent growth and sustainable earnings. ONEOK Partners' contractual commitments from crude oil and natural gas producers, natural gas processors and electric generators are expected to provide incremental cash flows and long-term fee-based earnings.

While reduced crude oil and natural gas producer drilling activity is slowing supply growth, we expect ONEOK Partners to complete its previously announced projects to meet crude oil and natural gas producers' demands for its gathering, processing, fractionation and transportation services. ONEOK Partners has suspended capital expenditures for certain natural gas processing plants and related infrastructure to align with the needs of its customers. ONEOK Partners could resume its suspended capital-growth projects when market conditions improve and customers' needs change. In 2016, we expect lower capital spending for ONEOK Partners, compared with spending levels from 2013 through 2015, due to the current commodity price environment and ONEOK Partners' alignment of capital-growth projects with the needs of its customers. If the current commodity price environment persists for a prolonged period, it may further impact the timing or demand for additional infrastructure projects or growth opportunities in the future.

Impairment Charges - In the fourth quarter 2015, ONEOK Partners recorded $264.3 million of noncash impairment charges, primarily related to its long-lived assets and equity investments in the dry natural gas area of the Powder River Basin.

Cash Dividends/Distributions - During 2015, we paid cash dividends of $2.43 per share, an increase of approximately 14 percent from the $2.125 per share paid during 2014. In January 2016, we declared a dividend of $0.615 per share ($2.46 per share on an annualized basis).

During 2015, ONEOK Partners paid cash distributions to its limited partners of $3.16 per unit, an increase of approximately 5 percent over the the $3.01 per unit paid during 2014. In January 2016, ONEOK Partners GP declared a cash distribution to ONEOK Partners' limited partners of $0.79 per unit ($3.16 per unit on an annualized basis) for the fourth quarter 2015.

Liquidity - Our primary sources of cash inflows are distributions to us from our general partner and limited partnership interests in ONEOK Partners. The cash distributions that we expect to receive from ONEOK Partners are expected to provide sufficient resources to finance our operations and quarterly cash dividends. As of December 31, 2015, we had $92.5 million of cash on hand and access to our $300 million ONEOK Credit Agreement, which matures in January 2020. We do not expect any principal debt-service requirements until our next long-term debt maturity in 2022.

ONEOK Partners relies primarily on operating cash flows, commercial paper, bank credit facilities, debt issuances and the issuance of common units for its liquidity and capital resources requirements. As of December 31, 2015, ONEOK Partners had $5.1 million of cash on hand and available capacity under its Partnership Credit Agreement of approximately $1.8 billion. In addition, in January 2016, ONEOK Partners entered into the $1.0 billion senior unsecured Term Loan Agreement with a syndicate of banks that matures in January 2019. Proceeds from the Term Loan Agreement effectively refinance ONEOK Partners' 2016 debt maturities.

The significant decline in commodity prices has increased the cost of debt and equity financing for ONEOK Partners and others in the industry. While lower commodity prices and industry uncertainty may result in increased financing costs, we believe ONEOK Partners has secured sufficient access to the financial resources and liquidity necessary to meet its requirements for working capital, debt service payments and capital expenditures through 2016 and well into 2017.

See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation, for more information on our growth projects, results of operations, liquidity and capital resources.

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BUSINESS STRATEGY

Our primary business strategy is to maximize dividend payout while maintaining prudent financial strength and flexibility, with a focus on safe, reliable, environmentally responsible and legally compliant operations for our customers, employees, contractors and the public through the following:

- Provide reliable energy and energy-related services in a safe, reliable and environmentally responsible manner to our stakeholders through our ownership in ONEOK Partners - environmental, safety and health issues continue to be a primary focus for us, and our emphasis on personal and process safety has produced improvements in the key indicators we track. We also continue to look for ways to reduce our environmental impact by conserving resources and utilizing more efficient technologies;
- Maximize dividend payout while maintaining prudent financial strength and flexibility - during 2015, cash dividends paid per share increased 14 percent compared with the prior year. During 2015, ONEOK Partners' cash distributions paid increased by 15 cents per unit, an increase of approximately 5 percent compared with 2014. ONEOK Partners has a predominantly fee-based business in the Natural Gas Liquids and Natural Gas Pipelines segments and has significantly increased the fee component in the Natural Gas Gathering and Processing segment's contracts. ONEOK Partners is investing in growth projects to meet the needs of crude oil and natural gas producers. Through its Roadrunner joint venture, ONEOK Partners is also investing in natural gas pipeline infrastructure from West Texas to the Mexican border that is expected to provide markets in Mexico access to upstream supply basins. When completed, ONEOK Partners' capital projects are anticipated to provide additional fee-based earnings and cash flows; and
- Attract, select, develop and retain a diverse group of employees to support strategy execution - we continue to execute on our recruiting strategy that targets professional and field personnel in our operating areas. We also continue to focus on employee development efforts with our current employees and monitor our benefits and compensation package to remain competitive.

NARRATIVE DESCRIPTION OF BUSINESS

We report operations in the following business segments:

- Natural Gas Gathering and Processing;
- Natural Gas Liquids; and
- Natural Gas Pipelines.

Natural Gas Gathering and Processing

Overview - The Natural Gas Gathering and Processing segment provides nondiscretionary services to contracted producers in North Dakota, Montana, Wyoming, Kansas and Oklahoma. It provides exploration and production companies with gathering and processing services that allow them to move their raw (unprocessed) natural gas to market. Raw natural gas is gathered, compressed and transported through pipelines to processing facilities. In order for the raw natural gas to be accepted by the downstream market, it must have contaminants, such as water, nitrogen and carbon dioxide, removed as well as NGLs separated for further processing. Processed natural gas, usually referred to as residue natural gas, is then recompressed and delivered to natural gas pipelines and end users. The separated NGLs are in a mixed, unfractionated form and are sold and delivered through natural gas liquids pipelines to fractionation facilities for further separation.

Rocky Mountain region - The Williston Basin is located in portions of North Dakota and Montana, including the oil-producing, NGL-rich Bakken Shale and Three Forks Formation, and is ONEOK Partners' most active region with continued volume growth and additional gathering and processing infrastructure needs. ONEOK Partners' growth projects are expected to increase its gathering and processing capacity and allow it to capture natural gas from new wells being drilled, wells that have been drilled but have not yet been completed, and natural gas currently being flared by producers. The significant Williston Basin drilling activity in recent years has caused natural gas production to exceed the capacity of existing natural gas gathering and processing infrastructure, which results in the flaring of natural gas by producers. See further discussion of growth projects in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, including expected completion dates.

The Powder River Basin is located in Wyoming. This region includes the NGL-rich Frontier, Turner Sussex and Niobrara Shale where ONEOK Partners' Sage Creek system provides gathering and processing services to customers in the southeast portion of Wyoming.

Mid-Continent region - ONEOK Partners' Mid-Continent region is located in Western Oklahoma, which includes the NGL-rich Cana-Woodford Shale, Stack, SCOOP, Woodford Shale, Springer Shale and the Mississippian Lime Formation; and Southwest

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Kansas, which includes the Hugoton Basin, Central Kansas Uplift Basin and the Mississippian Lime Formation. The Mid-Continent region includes active drilling in the Cana-Woodford Shale, Woodford Shale, Springer Shale, Stack and SCOOP areas in Oklahoma as well as mature areas with volumetric declines.

Revenues - Revenues for this segment are derived primarily from the following types of contracts:

- POP with fee-based components - Under this type of contract, ONEOK Partners charges fees for gathering, treating, compressing and processing the producer's natural gas and retains a percentage of the proceeds from the sale of residue natural gas, condensate and/or NGLs. This type of contract represented approximately 90 percent and 87 percent of contracted volumes in this segment for 2015 and 2014, respectively. There are a variety of factors that directly affect ONEOK Partners' POP with fee revenues, including:
  - the price of natural gas, crude oil and NGLs;
  - the percentage of NGL, condensate and residue natural gas sales proceeds retained by ONEOK Partners that it receives as part of the compensation for the services it provides;
  - the composition of the natural gas and NGLs produced;
  - the fees ONEOK Partners charges for its services;
  - the volume produced; and
  - the costs ONEOK Partners incurs to provide its services.

Over time as ONEOK Partners' contracts are renewed or restructured, it has generally increased the fee components and reduced the percent of proceeds retained from the sale of the commodities. As a result, ONEOK Partners' mix of commodity and fee-based earnings continue to change as volumes naturally decline on older contracts where it retains a higher percent of proceeds and volumes increase on contracts with higher fee components. Additionally, under certain POP with fee contracts ONEOK Partners' fee revenues may increase or decrease if production volumes, delivery pressures or commodity prices change relative to specified thresholds.

- Fee-only - Under this type of contract, ONEOK Partners is paid a fee for the services it provides, based on volumes gathered, processed, treated and/or compressed. ONEOK Partners' fee-only contracts represented approximately 10 percent and 13 percent of contracted volumes in this segment for 2015 and 2014, respectively.

ONEOK Partners' gathering and processing agreements have terms ranging from month to month to life of lease. Generally, its gathering and processing agreements are long-term agreements, typically five to 10 years. ONEOK Partners has restructured many of its contracts to significantly increase its fee-based earnings and will continue to seek opportunities to similarly restructure additional contracts in 2016. As a result of these restructured contracts, we expect the Natural Gas Gathering and Processing segment's fee-based earnings to increase significantly and to favorably impact ONEOK Partners' 2016 results. In the fourth quarter 2015, the Natural Gas Gathering and Processing segment's fee rates averaged $0.55 per MMBtu, compared with an average of $0.36 per MMBtu in 2014. ONEOK Partners' NGLs, natural gas and crude oil commodity price sensitivity in this segment is expected to decrease in 2016 as a result of these restructured contracts. Additionally, ONEOK Partners uses commodity derivative instruments and physical-forward contracts to reduce its near-term sensitivity to fluctuations in the natural gas, crude oil and NGL prices received for its share of volumes under POP with fee contracts.

Unconsolidated Affiliates - The Natural Gas Gathering and Processing segment includes the following unconsolidated affiliates:

- 49 percent ownership in Bighorn Gas Gathering, which operates a coal-bed methane gathering system in the Powder River Basin;
- 37 percent ownership in Fort Union Gas Gathering, which gathers coal-bed methane produced in the Powder River Basin and delivers it to the interstate pipeline system;
- 35 percent ownership interest in Lost Creek Gathering Company, which gathers natural gas produced from conventional dry natural gas wells in the Wind River Basin of central Wyoming and delivers it to the interstate pipeline system; and
- 10 percent ownership interest in Venice Energy Services Co., a natural gas processing facility near Venice, Louisiana.

See Note P of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of our unconsolidated affiliates.

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Market Conditions and Seasonality - Supply - Rocky Mountain region - In the Williston Basin, natural gas volumes continued to grow in 2015 as new well connections to ONEOK Partners' system from drilling completions increased, driven primarily by producer development of Bakken Shale crude oil wells, which also produce associated natural gas containing significant quantities of NGLs. We expect a reduction in well connections in 2016, compared with 2015, due to continued low commodity prices and reduced drilling and completion activity. Volumes are expected to increase in the Williston Basin due to the following:

- the opportunity to capture additional natural gas currently being flared by producers with additional natural gas compression and processing capacity on ONEOK Partners' systems due to projects placed in service in late 2015 and projects that are expected to be completed in 2016;
- the connection of wells that have been drilled but not yet completed or connected to ONEOK Partners' systems;
- producers focusing their drilling in the most productive areas, in which ONEOK Partners has significant gathering and processing assets, which typically produce at higher initial production rates compared with other areas, have the highest natural gas content and have slower natural gas declines than crude oil;
- the use by producers of more efficient drilling rigs; and
- continued improvements in production results by producers due to enhanced completion techniques.

The NGL-rich natural gas from the Niobrara area in the Powder River Basin has experienced a reduction in drilling activity due to the current price environment; however, ONEOK Partners' long-term volume expectations have not materially changed due to the quality of reserves in these proven formations.

Mid-Continent region - In the Mid-Continent region, ONEOK Partners has significant natural gas gathering and processing assets in Oklahoma and Kansas. We expect ONEOK Partners' average natural gas gathered volumes to grow in 2016 due to continued drilling and completion activity in the Cana-Woodford Shale, Woodford Shale, Springer Shale, Stack and SCOOP areas in Oklahoma, offset partially by the natural volume declines from existing wells that supply ONEOK Partners' natural gas gathering and processing facilities. Producers in the region are targeting their projects by drilling in the most productive areas and minimizing their costs by taking advantage of efficient drilling and completion techniques.

If the commodity price environment remains low or declines further, volumes in each region may grow more slowly than in the past or decline.

See further discussion of supply in the "Executive Summary" section.

Demand - Demand for gathering and processing services is dependent on production by producers, which is driven by the strength of the economy; natural gas, crude oil and NGL prices; and the demand for each of these products from end users. The Natural Gas Gathering and Processing segment's customers are generally crude oil and natural gas producers who have proven reserves or are currently producing gas in areas within ONEOK Partners' existing infrastructure. ONEOK Partners' gathering and processing services are nondiscretionary for these producer customers, as the raw natural gas stream they produce has no marketable value until it is gathered and processed into commodities. Additionally, demand is impacted by the weather.

Rocky Mountain region - Demand for ONEOK Partners' gathering and processing services in the Williston Basin has remained strong even as crude oil prices have declined. Requirements in North Dakota to reduce producer natural gas flaring have increased the need for ONEOK Partners' services to capture this natural gas.

Mid-Continent region - Demand for ONEOK Partners' service remained constant and is linked directly to proven production sources and drilling and completion activities, which are primarily in the Cana Woodford, Springer Shale, Stack and SCOOP areas in Oklahoma. If the commodity price environment remains low or declines further, demand for ONEOK Partners' services in this region may grow more slowly than in the past or decline.

Commodity Prices - See discussion of commodity prices in the "Executive Summary" section.

Seasonality - Cold temperatures usually increase demand for natural gas, the main heating fuel for homes and businesses. Warm temperatures usually increase demand for natural gas used in gas-fired electric generators for residential and commercial cooling, as well as agriculture related equipment like irrigation pumps and crop dryers. During periods of peak demand for a certain commodity, prices for that product typically increase. However, in the current environment of natural gas oversupply and high storage levels, we do not expect prices to be materially affected by seasonality.

Extreme weather conditions can impact the volumes of natural gas gathered and processed. Freeze-offs are a phenomenon where water produced from natural gas freezes at the wellhead or within the gathering system. This causes a temporary

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interruption in the flow of natural gas. All of ONEOK Partners' operations may be affected by other weather conditions that may cause a loss of electricity at our facilities or prevent access to certain locations that affect a producer's ability to complete wells or ONEOK Partners' ability to connect those wells to its systems.

Competition - ONEOK Partners competes for natural gas supply with major integrated oil companies, independent exploration and production companies that have gathering and processing assets, pipeline companies and their affiliated marketing companies, and other midstream gatherers and processors. The factors that typically affect ONEOK Partners' ability to compete for natural gas supply are:

- quality of services provided;
- producer drilling activity;
- products retained and/or fees charged under its gathering and processing contracts;
- location of its gathering systems relative to those of its competitors;
- location of its gathering systems relative to drilling activity;
- operating pressures maintained on its gathering systems;
- efficiency and reliability of its operations;
- delivery capabilities for natural gas and NGLs that exist in each system and plant location; and
- cost of capital.

Competition for natural gas gathering and processing services continues to increase as new infrastructure projects are completed to address increased production from shale and other resource areas. In response to these changing industry conditions, ONEOK Partners continues to evaluate opportunities to increase earnings and cash flows, and reduce risk by:

- improving natural gas processing efficiency;
- reducing operating costs;
- consolidating assets;
- decreasing commodity price exposure; and
- restructuring low-margin contracts.

Customers - ONEOK Partners' Natural Gas Gathering and Processing segment provides nondiscretionary services to crude oil and natural gas producers that include the gathering and processing of natural gas produced from crude oil and natural gas wells. ONEOK Partners' customers include both large integrated and independent exploration and production companies. ONEOK Partners is not typically exposed to material credit risk with producer customers under POP with fee contracts as it receives proceeds from the sale of commodities and remits a portion of those proceeds back to the crude oil and natural gas producers. In 2015, 99 percent of the downstream commodity sales in the Natural Gas Gathering and Processing segment were made to investment-grade customers, as rated by S&P or Moody's, or our comparable internal ratings, or secured by letters of credit or other collateral.

Government Regulation - The FERC traditionally has maintained that a natural gas processing plant is not a facility for the transportation or sale of natural gas in interstate commerce and, therefore, is not subject to jurisdiction under the Natural Gas Act. Although the FERC has made no specific declaration as to the jurisdictional status of ONEOK Partners' natural gas processing operations or facilities, its natural gas processing plants are primarily involved in extracting NGLs and, therefore, are exempt from FERC jurisdiction. The Natural Gas Act also exempts natural gas gathering facilities from the jurisdiction of the FERC. We believe ONEOK Partners' natural gas gathering facilities and operations meet the criteria used by the FERC for nonjurisdictional natural gas gathering facility status. Interstate transmission facilities remain subject to FERC jurisdiction. The FERC has historically distinguished between these two types of facilities, either interstate or intrastate, on a fact-specific basis. ONEOK Partners transports residue natural gas from its natural gas processing plants to interstate pipelines in accordance with Section 311(a) of the Natural Gas Policy Act. Oklahoma, Kansas, Wyoming, Montana and North Dakota also have statutes regulating, to varying degrees, the gathering of natural gas in those states. In each state, regulation is applied on a case-by-case basis if a complaint is filed against the gatherer with the appropriate state regulatory agency.

Rocky Mountain region - In July 2014, the North Dakota Industrial Commission (NDIC) approved a policy designed to limit natural gas flaring at existing and future crude oil wells in the Williston Basin. The policy establishes crude oil production limits that will take effect if a producer fails to meet requirements to capture natural gas at the wellhead. ONEOK Partners continues to participate actively on the North Dakota Petroleum Council's Flaring Task Force, which provides recommendations to the NDIC on policies and targets. In 2015, the NDIC passed updated natural gas capture percentages and associated timelines. None of these changes are expected to have a material impact on available production. ONEOK Partners is constructing additional natural gas gathering pipelines, processing plants and natural gas liquids pipeline capacity that are expected to help alleviate capacity constraints. As a result, we expect ONEOK Partners' natural gas gathered and processed volumes in the Williston Basin to continue to grow in 2016, despite expected reductions in producer drilling activity, as

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ONEOK Partners captures natural gas currently being flared by producers and natural gas produced with new drilling focused in the most productive areas.

See further discussion in the "Regulatory, Environmental and Safety Matters" section.

Natural Gas Liquids

Overview - The Natural Gas Liquids segment owns and operates facilities that gather, fractionate, treat and distribute NGLs and store NGL products, primarily in Oklahoma, Kansas, Texas, New Mexico and the Rocky Mountain region where it provides nondiscretionary services to producers of NGLs and delivers those products to the two primary market centers, one in the Mid-Continent in Conway, Kansas, and the other in the Gulf Coast in Mont Belvieu, Texas. It owns or has an ownership interest in FERC-regulated natural gas liquids gathering and distribution pipelines in Oklahoma, Kansas, Texas, New Mexico, Montana, North Dakota, Wyoming and Colorado, and terminal and storage facilities in Missouri, Nebraska, Iowa and Illinois. ONEOK Partners also owns FERC-regulated natural gas liquids distribution and refined petroleum products pipelines in Kansas, Missouri, Nebraska, Iowa, Illinois and Indiana that connect its Mid-Continent assets with Midwest markets, including Chicago, Illinois. The majority of the pipeline-connected natural gas processing plants in Oklahoma, Kansas and the Texas Panhandle, which extract unfractionated NGLs from unprocessed natural gas, are connected to its gathering systems. ONEOK Partners owns and operates truck- and rail-loading and -unloading facilities connected to its natural gas liquids fractionation and pipeline assets. In November 2014, ONEOK Partners began transporting unfractionated NGLs from natural gas processing plants in the Permian Basin after completion of the West Texas LPG acquisition.

Most natural gas produced at the wellhead contains a mixture of NGL components, such as ethane, propane, iso-butane, normal butane and natural gasoline. The NGLs that are separated from the natural gas stream at the natural gas processing plants remain in a mixed, unfractionated form until they are gathered, primarily by pipeline, and delivered to fractionators where the NGLs are separated into NGL products. These NGL products are then stored or distributed to the Natural Gas Liquids segment's customers, such as petrochemical manufacturers, heating fuel users, ethanol producers, refineries, exporters and propane distributors.

Revenues for the Natural Gas Liquids segment are derived primarily from nondiscretionary fee-based services that ONEOK Partners provides to its customers and from the physical optimization of its assets. The segment's fee-based services have increased due primarily to new supply connections; expansion of existing connections; the completion of capital projects, including the Bakken NGL Pipeline and Sterling III Pipeline; the West Texas LPG acquisition; and expansion of its NGL fractionation capacity, including the completion of its MB-2 and MB-3 fractionators. The segment's sources of earnings are categorized as exchange services, transportation and storage services, optimization and marketing and isomerization, which are defined as follows:

- ONEOK Partners' exchange-services activities utilize its assets to gather, fractionate and/or treat unfractionated NGLs, thereby converting them into marketable NGL products that are stored and shipped to a market center or customer-designated location. Many of these exchange volumes are under contracts with minimum volume commitments. ONEOK Partners' exchange services activities are primarily fee-based.
- ONEOK Partners' transportation and storage services transport unfractionated NGLs, NGL products and refined petroleum products, primarily under FERC-regulated tariffs. Tariffs specify the maximum rates ONEOK Partners charges its customers and the general terms and conditions for NGL transportation service on its pipelines. ONEOK Partners' storage activities consist primarily of fee-based NGL storage services at its Mid-Continent and Gulf Coast storage facilities.
- ONEOK Partners' optimization and marketing activities utilize its assets, contract portfolio and market knowledge to capture location, product and seasonal price differentials. It primarily transports NGL products between Conway, Kansas, and Mont Belvieu, Texas, to capture the location price differentials between the two market centers. Its natural gas liquids storage facilities also are utilized to capture seasonal price differentials. A growing portion of its

marketing activities serves truck and rail markets.

- ONEOK Partners' isomerization activities capture the price differential when normal butane is converted into the more valuable iso-butane at its isomerization unit in Conway, Kansas.

Excess NGL supply continues to result in narrow NGL location price differentials between the Mid-Continent and Gulf Coast market centers. We expect these narrow price differentials to persist as NGL production continues to increase and new fractionators and pipelines from various NGL-rich shale areas throughout the country, including ONEOK Partners' growth projects, have alleviated historical constraints affecting NGL prices and location price differentials between the Conway, Kansas, and Mont Belvieu, Texas, market centers.

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Unconsolidated Affiliates - The Natural Gas Liquids segment includes the following unconsolidated affiliates:

- 50 percent ownership interest in Overland Pass Pipeline Company, which operates an interstate natural gas liquids pipeline system extending approximately 760 miles, originating in Wyoming and Colorado and terminating in Kansas;
- 50 percent ownership interest in Chisholm Pipeline Company, which operates an interstate natural gas liquids pipeline system extending approximately 185 miles from origin points in Oklahoma and terminating in Kansas; and
- 50 percent ownership interest in Heartland Pipeline Company, which operates a terminal and pipeline system that transports refined petroleum products in Kansas, Nebraska and Iowa.

See Note P of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of unconsolidated affiliates.

Market Conditions and Seasonality - Supply - The unfractionated NGLs that ONEOK Partners gathers and transports originate primarily from natural gas processing plants connected to ONEOK Partners' gathering systems in Oklahoma, Kansas, Texas, New Mexico and the Rocky Mountain region. ONEOK Partners' fractionation operations receive NGLs from a variety of processors and pipelines, including its affiliates, located in these regions. Supply for the Natural Gas Liquids segment depends on crude oil and natural gas drilling and production activities by producers, the decline rate of existing production, natural gas processing plant economics and capabilities, and the NGL content of the natural gas that is produced and processed in the areas in which ONEOK Partners operates.

See additional discussion of supply in the "Executive Summary" section.

Demand - Demand for NGLs and the ability of natural gas processors to successfully and economically sustain their operations affect the volume of unfractionated NGLs produced by natural gas processing plants, thereby affecting the demand for NGL gathering, fractionation and distribution services. Natural gas and propane are subject to weather-related seasonal demand. Other NGL products are affected by economic conditions and the demand associated with the various industries that utilize the commodity, such as butanes and natural gasoline used by the refining industry as blending stocks for motor fuel, denaturant for ethanol and diluents for crude oil. Ethane, propane, normal butane and natural gasoline are used by the petrochemical industry to produce chemical products, such as plastic, rubber and synthetic fibers. Several petrochemical companies are constructing new plants, plant expansions, additions or enhancements that improve the light-NGL feed capability of their facilities due primarily to the increased supply and attractive price of ethane, compared with crude oil-based alternatives, as a petrochemical feedstock in the United States. The demand is expected to increase significantly beginning in 2017 when many of the new petrochemical plants and plant modifications are expected to be completed. We do not expect the recent decline in crude oil, natural gas and natural gas liquids prices to impact adversely the construction of new petrochemical plants or plant modifications in the Gulf Coast region. In addition, we expect increased international demand for ethane, propane and butane to provide opportunities to increase fee-based earnings in ONEOK Partners' exchange and storage services and marketing activities.

Commodity Prices - The Natural Gas Liquids segment provides primarily fee-based services. However, ONEOK Partners is exposed to market risk associated with changes in the price of NGLs; the location differential between the Mid-Continent, Chicago, Illinois, and Gulf Coast regions; and the relative price differential between natural gas, NGLs and individual NGL products, which affect its NGL purchases and sales, and its exchange, storage, transportation, optimization and marketing financial results. Since 2013, supply growth from the development of NGL-rich areas and increased capacity available on pipelines that connect the Mid-Continent and Gulf Coast market centers resulted in NGL price differentials remaining narrow between the Mid-Continent market center at Conway, Kansas, and the Gulf Coast market center at Mont Belvieu, Texas. NGL storage revenue may be affected by price volatility and forward pricing of NGL physical contracts versus the price of NGLs on the spot market.

See additional discussion of commodity prices in the “Executive Summary” section.

Seasonality - ONEOK Partners’ natural gas liquids fractionation and pipeline operations typically experience some seasonal variation. Some NGL products stored and transported through its assets are subject to weather-related seasonal demand, such as propane, which can be used to heat homes during the winter heating season and for agricultural purposes such as crop drying in the fall. Demand for butanes and natural gasoline, which are primarily used by the refining industry as blending stocks for motor fuel, denaturant for ethanol and diluents for crude oil, may also be subject to some variability during seasonal periods when certain government restrictions on motor fuel blending products change. The ability of natural gas processors to produce NGLs also is affected by weather. Extreme weather conditions can impact the volumes of natural gas gathered and processed and NGL volumes gathered, transported and fractionated. Freeze-offs are a phenomenon where water produced from natural gas freezes at the wellhead or within the gathering system. This causes a temporary interruption in the flow of natural gas and,

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consequently, NGLs. Conversely, in periods of hot weather, the natural gas processing plants become less efficient in NGL recovery, and thus NGL recovery during the summer typically decreases.

Competition - The Natural Gas Liquids segment competes with other fractionators; intrastate and interstate pipeline companies; storage providers and gatherers and transporters for NGL supply in the Rocky Mountain, Permian, Mid-Continent and Gulf Coast regions. The factors that typically affect ONEOK Partners' ability to compete for NGL supply are:

- quality of services provided;
- producer drilling activity;
- the petrochemical industry's level of capacity utilization and feedstock requirements;
- fees charged under its contracts;
- current and forward NGL prices;
- location of its gathering systems relative to its competitors;
- location of its gathering systems relative to drilling activity;
- proximity to NGL supply areas and markets;
- efficiency and reliability of its operations;
- receipt and delivery capabilities that exist in each pipeline system, plant, fractionator and storage location; and
- cost of capital.

ONEOK Partners has responded to these factors by making capital investments to access new supplies; increasing gathering, fractionation and distribution capacity; increasing storage, withdrawal and injection capabilities; and reducing operating costs so that it may compete effectively. ONEOK Partners' competitors are constructing or have completed new natural gas liquids pipeline and fractionation projects to address the growing NGL supply and petrochemical demand. As ONEOK Partners' growth projects and those of its competitors have alleviated constraints between the Mid-Continent and Gulf Coast NGL market centers, we expect the narrow location price differentials between the two locations to continue. In addition, new natural gas liquids pipeline projects constructed by third parties are expected to bring incremental NGL supply from the Rocky Mountain, Marcellus and Utica basins to the Gulf Coast market center that may affect NGL prices, as well as compete with or displace NGL supply volumes from the Mid-Continent and Rocky Mountain regions where ONEOK Partners' assets are located. We believe ONEOK Partners' natural gas liquids fractionation, pipelines and storage assets are located strategically, connecting diverse supply areas to market centers.

Customers - The Natural Gas Liquids segment's customers are primarily NGL and natural gas gathering and processing companies; major and independent crude oil and natural gas production companies; propane distributors; ethanol producers; and petrochemical, refining and NGL marketing companies. ONEOK Partners earns fee revenue from NGL and natural gas gathering and processing customers and natural gas liquids pipeline transportation customers. ONEOK Partners is not typically exposed to material credit risk on the majority of its exchange services fee revenues, as ONEOK Partners purchases NGLs from its gathering and processing customers and deducts fees from the amounts it remits. This segment also earns commodity sales revenue on the downstream sales of NGL products. In 2015, more than 80 percent of this segment's commodity sales were made to investment-grade customers, as rated by S&P or Moody's, or our comparable internal ratings, or secured by letters of credit or other collateral. In addition, the majority of the Natural Gas Liquids segment's pipeline tariffs provide ONEOK Partners the ability to require security from shippers.

Government Regulation - The operations and revenues of ONEOK Partners' natural gas liquids pipelines are regulated by various state and federal government agencies. Its interstate natural gas liquids pipelines are regulated by the FERC, which has authority over the terms and conditions of service; rates, including depreciation and amortization policies; and initiation of service. In Oklahoma, Kansas and Texas, certain aspects of ONEOK Partners' intrastate natural gas liquids pipelines that provide common carrier service are subject to the jurisdiction of the OCC, KCC and

RRC, respectively.

PHMSA has asserted jurisdiction over certain portions of ONEOK Partners' fractionation facilities in Bushton, Kansas, that it believes are subject to its jurisdiction. ONEOK Partners has objected to the scope of PHMSA's jurisdiction and is seeking resolution of this matter. ONEOK Partners does not anticipate that the cost of compliance will have a material adverse effect on its consolidated results of operations, financial position or cash flows.

See further discussion in the "Regulatory, Environmental and Safety Matters" section.

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Natural Gas Pipelines

Overview - The Natural Gas Pipelines segment provides transportation and storage services to end users through its wholly owned assets and its 50 percent ownership in Northern Border Pipeline. ONEOK Partners' 50-50 Roadrunner joint venture currently is under construction, with Phase I expected to be completed in the first quarter 2016.

Interstate Pipelines - ONEOK Partners' interstate pipelines are regulated by the FERC and are located in North Dakota, Minnesota, Wisconsin, Illinois, Indiana, Kentucky, Tennessee, Oklahoma, Texas and New Mexico. ONEOK Partners' interstate pipeline companies include:

- Midwestern Gas Transmission, which is a bidirectional system that interconnects with Tennessee Gas Transmission Company's pipeline near Portland, Tennessee, and with several interstate pipelines at the Chicago Hub near Joliet, Illinois;
- Viking Gas Transmission, which is a bidirectional system that interconnects with a TransCanada Corporation pipeline near Emerson, Manitoba, and ANR Pipeline Company near Marshfield, Wisconsin;
- Guardian Pipeline, which interconnects with several pipelines at the Chicago Hub near Joliet, Illinois, and with local natural gas distribution companies in Wisconsin; and
- OkTex Pipeline, which has interconnections with several pipelines in Oklahoma, Texas and New Mexico.

Intrastate Pipelines - ONEOK Partners' intrastate natural gas pipeline assets in Oklahoma transport natural gas through the state and have access to the major natural gas producing formations, including the Cana-Woodford Shale, Woodford Shale, Springer Shale, Granite Wash, Stack, SCOOP and Mississippian Lime. ONEOK Partners' intrastate natural gas pipeline assets in Oklahoma serve end-use markets, such as local distribution companies and power generation companies. In Texas, ONEOK Partners' intrastate natural gas pipelines are connected to the major natural gas producing formations in the Texas Panhandle, including the Granite Wash formation and Delaware and Cline producing formations in the Permian Basin. The pipelines are capable of transporting natural gas throughout the western portion of Texas, including the Waha Hub where other pipelines may be accessed for transportation to western markets, exports to Mexico, the Houston Ship Channel market to the east and the Mid-Continent market to the north. ONEOK Partners also has access to the natural gas producing formations in south central Kansas. Through its Roadrunner joint venture, ONEOK Partners is constructing a pipeline to transport natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas. The Roadrunner pipeline will connect with ONEOK Partners' existing natural gas pipeline and storage infrastructure in Texas and, together with its WesTex intrastate natural gas pipeline expansion project, is expected to create a platform for future opportunities to deliver natural gas supply to Mexico.

Transportation Rates - ONEOK Partners' transportation contracts for its regulated natural gas activities are based upon rates stated in the respective tariffs. The tariffs provide both the general terms and conditions for the facilities and the maximum allowed rates customers can be charged by type of service, which may be discounted to meet competition if necessary. The rates are established at FERC or the appropriate state jurisdictional agencies. The revenues are primarily fee based from the following types of services:

- Firm service - Customers reserve a fixed quantity of pipeline capacity for a specified period of time, which obligates the customer to pay regardless of usage. Under this type of contract, the customer pays a monthly fixed fee and incremental fees, known as commodity charges, which are based on the actual volumes of natural gas they transport or store. In addition, ONEOK Partners may retain a percentage of fuel in-kind based on the volumes of natural gas transported. Under the firm service contract, the customer generally is guaranteed access to the capacity they reserve.
- Interruptible service - Under interruptible service transportation agreements, the customer may utilize available capacity after firm service requests are satisfied. The customer is not guaranteed use of ONEOK Partners' pipelines unless excess capacity is available. Customers typically are assessed fees, such as a commodity charge, and ONEOK Partners may retain a specified volume of natural gas in-kind based on their actual usage.

Storage - ONEOK Partners owns natural gas storage facilities located in Texas and Oklahoma that are connected to its intrastate natural gas pipelines. It also has underground natural gas storage facilities in Kansas. In Texas and Kansas, natural gas storage operations may be regulated by the state in which the facility operates and by the FERC for certain types of services. In Oklahoma, natural gas storage operations are not subject to rate regulation by the state and have market-based rate authority from the FERC for certain types of services.

Storage Rates - The revenues are primarily fee based from the following types of services:

- Firm Service - Customers reserve a specific quantity of storage capacity, including injection and withdrawal rights, and generally pay fixed fees based on the quantity of capacity reserved plus an injection and withdrawal fee. Firm storage contracts typically have terms longer than one year.

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- Park-and-Loan Service - An interruptible service offered to customers providing the ability to park (inject) or loan (withdraw) natural gas into or out of storage, typically for monthly terms. Customers reserve the right to park or loan natural gas based on a specified quantity, including injection and withdrawal rights when capacity is available.

Unconsolidated Affiliates - The Natural Gas Pipelines segment includes the following unconsolidated affiliates:

- 50 percent interest in Northern Border Pipeline, which owns a FERC-regulated interstate pipeline that transports natural gas from the Montana-Saskatchewan border near Port of Morgan, Montana, to a terminus near North Hayden, Indiana.
- 50 percent interest in Roadrunner, which is currently under construction, with Phase I expected to be completed in the first quarter 2016. The Roadrunner pipeline will transport natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas.

See Note P of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of unconsolidated affiliates.

Market Conditions and Seasonality - Supply - The development of natural gas produced from shale resource areas has continued to increase available supply across North America and has caused location and seasonal price differentials to narrow in the regions where ONEOK Partners operates.

Interstate - Guardian Pipeline, Midwestern Gas Transmission and Viking Gas Transmission access supply from the major producing regions of the Mid-Continent, Rocky Mountains, Canada, Gulf Coast and the Northeast. The current supply of natural gas for Northern Border Pipeline is primarily sourced from Canada; however, as the Williston Basin supply area continues to develop, more natural gas supply from this area is expected to be transported on Northern Border Pipeline to markets near Chicago. In addition, supply volumes from nontraditional natural gas production areas, such as the Marcellus and Utica shale area in the Northeast, may compete with and displace volumes from the Mid-Continent, Rocky Mountain and Canadian supply sources in our markets. Factors that may impact the supply of Canadian natural gas transported by ONEOK Partners' pipelines are primarily the availability of United States supply, Canadian natural gas available for export, Canadian storage capacity, government regulation and demand for Canadian natural gas in Canada and United States consumer markets.

Intrastate and Storage - ONEOK Partners' intrastate pipelines and storage assets may be impacted by the pace of drilling activity by crude oil and natural gas producers and the decline rate of existing production in the major natural gas production areas in the Mid-Continent region, which includes the Cana-Woodford Shale, Granite Wash and Mississippian Lime areas, Hugoton Basin and Central Kansas Uplift Basin.

Demand - Demand for services is related directly to the segment's access to supply and the demand for natural gas by the markets that its natural gas pipelines and storage facilities serve. Demand is also affected by weather, the economy, natural gas price volatility and regulatory changes.

- Weather - The effect of weather on its natural gas pipelines operations is discussed below under "Seasonality."
- Economy - The strength of the economy directly impacts manufacturing and industrial companies that consume natural gas.
- Price volatility - Commodity price volatility can influence producers' decisions related to the production of natural gas. This segment's pipeline customers, primarily natural gas and electric utilities, require natural gas to operate their businesses and generally are not impacted by location price differentials. However, narrower location price differentials may impact demand for the segment's services from natural gas marketers as discussed below under "Commodity Prices."
- Regulatory - Demand for this segment's services is also affected as coal-fired electric generators are retired and replaced with alternative power generation fuels such as natural gas. EPA regulations on emissions from coal-fired electric-generation plants, including the Maximum Achievable Control Technology Standards and the Mercury and

Air Toxics Standards, have increased the demand for natural gas as a fuel for electric generation, as well as related transportation and storage services. The demand for natural gas and related transportation and storage services is expected to increase over the next several years as these regulations continue to be implemented.

Commodity Prices - As a result of excess supplies of natural gas and the addition of natural gas infrastructure, the natural gas location and seasonal price differentials have remained narrow across the regions where ONEOK Partners operates. Although ONEOK Partners' revenues are primarily fee based, commodity prices can affect its results of operations.

- Transportation - ONEOK Partners is exposed to market risk through interruptible contracts or when existing firm contracts expire and are subject to renegotiation with customers that have competitive alternatives.

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- Storage - Natural gas storage revenue is impacted by the differential between forward pricing of natural gas physical contracts and the price of natural gas on the spot market.
- Fuel - ONEOK Partners' fuel costs and the value of the retained fuel in-kind received for its services also are impacted by changes in the price of natural gas.

Seasonality - Demand for natural gas is seasonal. Weather conditions throughout North America may significantly impact regional natural gas supply and demand. High temperatures may increase demand for gas-fired electric generation needed to meet the electricity demand required to cool residential and commercial properties. Cold temperatures may lead to greater demand for ONEOK Partners' transportation services due to increased demand for natural gas to heat residential and commercial properties. Low precipitation levels may impact the demand for natural gas that is used to fuel irrigation activity in the Mid-Continent region.

To the extent that pipeline capacity is contracted under firm-service transportation agreements, revenue, which is generated primarily from fixed fee charges, is not significantly impacted by seasonal throughput variations. However, when transportation agreements expire, seasonal demand may affect the value of firm-service transportation capacity.

Natural gas storage is necessary to balance the relatively steady natural gas supply with the seasonal demand of residential, commercial and electric-generation users. The majority of ONEOK Partners' storage capacity is contracted under firm-service agreements; however, it retains a portion of its storage capacity for operational purposes, and the remaining capacity is used to provide park-and-loan services.

Competition - This segment's natural gas pipelines and storage facilities compete directly with other intrastate and interstate pipeline companies and other storage facilities. Competition among pipelines and natural gas storage facilities is based primarily on fees for services, quality and reliability of services provided, current and forward natural gas prices, proximity to natural gas supply areas and markets, and access to capital. Competition for natural gas transportation services continues to increase as new infrastructure projects are completed and the FERC and state regulatory bodies continue to encourage more competition in the natural gas markets. Regulatory bodies also are encouraging the use of natural gas for electric generation that has traditionally been fueled by coal. The cost of coal and the associated rail transportation continues to compete with natural gas for this market; however, the clean-burning aspects of natural gas and abundance of supply make it an economically competitive and environmentally advantaged alternative. We believe that ONEOK Partners' pipelines and storage assets compete effectively due to their strategic locations connecting supply areas to market centers and other pipelines.

Customers - This segment's natural gas pipeline assets primarily serve local natural gas distribution companies, electric-generation facilities, large industrial companies, municipalities, irrigation customers and marketing companies. Utility customers generally require ONEOK Partners' services regardless of commodity prices. In 2015, more than 85 percent of the revenues in this segment were from investment-grade customers, as rated by S&P or Moody's, or our comparable internal ratings, or secured by letters of credit or other collateral. In addition, the majority of the Natural Gas Pipeline segment's pipeline tariffs provide ONEOK Partners the ability to require security from shippers.

Government Regulation - Interstate - ONEOK Partners' interstate natural gas pipelines are regulated under the Natural Gas Act and Natural Gas Policy Act, which give the FERC jurisdiction to regulate virtually all aspects of this business, such as transportation of natural gas, rates and charges for services, construction of new facilities, depreciation and amortization policies, acquisition and disposition of facilities, and the initiation and discontinuation of services.

In November 2012, the FERC initiated a review of Viking Gas Transmission's rates pursuant to Section 5 of the Natural Gas Act. The parties reached agreement on the terms of a settlement that provides for a 2 percent reduction in transportation rates. The settlement was approved by the FERC in December 2013, and the revised rates became effective January 1, 2014.

In August 2014, Viking Gas Transmission filed a prefiling “Stipulation and Agreement in Resolutions of All Issues Concerning Adjustment in Rates of Viking Gas Transmission Company” (settlement) with the FERC. The settlement was approved on October 1, 2014, and became final on October 31, 2014. Rates under the settlement became effective January 1, 2015.

Intrastate - ONEOK Partners’ intrastate natural gas pipelines in Oklahoma, Kansas and Texas are regulated by the OCC, KCC and RRC, respectively. While it has flexibility in establishing natural gas transportation rates with customers, there is a maximum rate that it can charge its customers in Oklahoma and Kansas. In Kansas and Texas, natural gas storage may be regulated by the state and by the FERC for certain types of services. In Oklahoma, natural gas storage is not subject to rate regulation by the state, and ONEOK Partners has market-based rate authority from the FERC for certain types of services.

See further discussion in the “Regulatory, Environmental and Safety Matters” section.

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SEGMENT FINANCIAL INFORMATION

Operating Income, Customers and Total Assets - See Note S of the Notes to Consolidated Financial Statements in this Annual Report for disclosure by segment of our operating income and total assets and for a discussion of revenues from external customers.

Other

Through ONEOK Leasing Company, L.L.C. and ONEOK Parking Company, L.L.C., we own an office building (ONEOK Plaza) and a parking garage in downtown Tulsa, Oklahoma, where our headquarters are located. ONEOK Leasing Company, L.L.C. leases excess office space to others and operates our headquarters office building. ONEOK Parking Company, L.L.C. owns and operates a parking garage adjacent to our headquarters.

REGULATORY, ENVIRONMENTAL AND SAFETY MATTERS

Environmental Matters - ONEOK Partners is subject to multiple historical preservation, wildlife preservation and environmental laws and/or regulations that affect many aspects of its present and future operations. Regulated activities include, but are not limited to, those involving air emissions, storm water and wastewater discharges, handling and disposal of solid and hazardous wastes, wetlands preservation, hazardous materials transportation, and pipeline and facility construction. These laws and regulations require ONEOK Partners to obtain and/or comply with a wide variety of environmental clearances, registrations, licenses, permits and other approvals. Failure to comply with these laws, regulations, licenses and permits may expose ONEOK Partners to fines, penalties and/or interruptions in its operations that could be material to our results of operations. For example, if a leak or spill of hazardous substances or petroleum products occurs from pipelines or facilities that ONEOK Partners owns, operates or otherwise uses, ONEOK Partners could be held jointly and severally liable for all resulting liabilities, including response, investigation and cleanup costs, which could affect materially our results of operations and cash flows. In addition, emissions controls and/or other regulatory or permitting mandates under the Clean Air Act and other similar federal and state laws could require unexpected capital expenditures at ONEOK Partners' facilities. We cannot assure that existing environmental statutes and regulations will not be revised or that new regulations will not be adopted or become applicable to ONEOK Partners.

In June 2013, the Executive Office of the President of the United States (the President) issued the President's Climate Action Plan, which includes, among other things, plans for further regulatory actions to reduce carbon emissions from various sources. In March 2014, the President released the Climate Action Plan - Strategy to Reduce Methane Emissions (Methane Strategy) that lists a number of actions the federal agencies will undertake to continue to reduce above-ground methane emissions from several industries, including the oil and natural gas sectors. The proposed measures outlined in the Methane Strategy include, without limitation, the following: collaboration with the states to encourage emission reductions; standards to minimize natural gas venting and flaring on public lands; policy recommendations for reducing emissions from energy infrastructure to increase the performance of the nation's energy transmission, storage and distribution systems; and continued efforts by PHMSA to require pipeline operators to take steps to eliminate leaks and prevent accidental methane releases and evaluate the progress of states in replacing cast-iron pipelines. The impact of any such regulatory actions on ONEOK Partners' facilities and operations is unknown. ONEOK Partners continues to monitor these developments and the impact they may have on its businesses. Revised or additional statutes or regulations that result in increased compliance costs or additional operating restrictions could have a significant impact on our financial position, results of operations and cash flows.

Pipeline Safety - ONEOK Partners is subject to PHMSA regulations, including pipeline asset integrity-management regulations. The Pipeline Safety Improvement Act of 2002 requires pipeline companies operating high-pressure pipelines to perform integrity assessments on pipeline segments that pass through densely populated areas or near specifically designated high-consequence areas. In January 2012, The Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 was signed into law. The law increased maximum penalties for violating federal pipeline safety regulations and directs the DOT and Secretary of Transportation to conduct further review or studies on issues that may or may not be material to ONEOK Partners. These issues include, but are not limited to, the following:

- an evaluation on whether hazardous natural gas liquids and natural gas pipeline integrity-management requirements should be expanded beyond current high-consequence areas;
- a review of all natural gas and hazardous natural gas liquids gathering pipeline exemptions;
- a verification of records for pipelines in Class 3 and 4 locations and high-consequence areas to confirm maximum allowable operating pressures; and

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- a requirement to test previously untested pipelines operating above 30 percent yield strength in high-consequence areas.

In October 2015, PHMSA issued a notice of proposed rule-making to its hazardous liquid pipeline safety regulations. Among other things, the proposed regulations would expand the current leak-detection requirements, apply new, more conservative repair criteria and establish timelines for inspecting pipeline facilities potentially affected by an extreme weather event or natural disaster. The proposal would also increase the stringency of integrity management program requirements and set deadlines for the use of internal inspection tools on certain systems. Comments on the proposed rule-making were due by January 2016. The potential capital and operating expenditures related to the referenced legislation and regulations are unknown, but we do not anticipate a material impact to ONEOK Partners' planned capital, operations and maintenance costs resulting from compliance with the current or pending regulations.

Air and Water Emissions - The Clean Air Act, the Clean Water Act, analogous state laws and/or regulations promulgated thereunder impose restrictions and controls regarding the discharge of pollutants into the air and water in the United States. Under the Clean Air Act, a federally enforceable operating permit is required for sources of significant air emissions. ONEOK Partners may be required to incur certain capital expenditures for air pollution-control equipment in connection with obtaining or maintaining permits and approvals for sources of air emissions. The Clean Water Act imposes substantial potential liability for the removal of pollutants discharged to waters of the United States and remediation of waters affected by such discharge.

Federal, state and regional initiatives to measure and regulate GHG emissions are underway. ONEOK Partners monitors all relevant federal and state legislation to assess the potential impact on its operations. The EPA's Mandatory Greenhouse Gas Reporting Rule requires annual GHG emissions reporting from affected facilities and the carbon dioxide emission equivalents for the natural gas delivered by ONEOK Partners and the emission equivalents for all NGLs produced by ONEOK Partners as if all of these products were combusted, even if they are used otherwise.

ONEOK Partners' 2014 total reported emissions were approximately 45.7 million metric tons of carbon dioxide equivalents. This total includes direct emissions from the combustion of fuel in ONEOK Partners' equipment, such as compressor engines and heaters, as well as carbon dioxide equivalents from natural gas and NGL products delivered to customers and produced as if all such fuel and NGL products were combusted. The additional cost to gather and report this emission data did not have, and we do not expect it to have, a material impact on our results of operations, financial position or cash flows. In addition, Congress has considered, and may consider in the future, legislation to reduce GHG emissions, including carbon dioxide and methane. Likewise, the EPA may institute additional regulatory rule-making associated with GHG emissions from the oil and natural gas industry. At this time, no rule or legislation has been enacted that assesses any costs, fees or expenses on any of these emissions.

In April 2014, the EPA and the United States Army Corps of Engineers proposed a joint rule-making to redefine the definition of "Waters of the United States" under the Clean Water Act. The final rule was published in June 2015 and became effective on August 28, 2015. Multiple legal actions on the final rule were filed. In October 2015, the Unites States Court of Appeals for the Sixth Circuit entered an order of stay, which is still in effect, and postponed the effect of the final rule nationwide until it decided further proceedings in the case. The final rule is not expected to result in material impacts on ONEOK Partners' projects, facilities and operations.

The EPA's "Triggering and Tailoring Rules" regulate GHG emissions at new or modified facilities that meet certain criteria. Affected facilities are required to review best available control technology (BACT) and conduct air-quality analysis, impact analysis and public reviews with respect to such emissions. At current emission threshold levels, this rule has had a minimal impact on ONEOK Partners' existing facilities. In addition, in June 2014, the Supreme Court of the United States (Supreme Court), in a case styled, Utility Air Regulatory Group v. EPA, 530 U.S. (2014), held that an industrial facility's potential to emit GHG emissions alone cannot subject a facility to the permitting requirements for major stationary source provisions of the Clean Air Act. The decision invalidated the EPA’s current Triggering and Tailoring Rule for GHG Prevention of Significant Deterioration (PSD) and Title V requirements as applied to facilities considered major sources only for GHGs (referred to as Step 2 sources). However, the Supreme Court also ruled that to the extent a source pursues a capital project (new construction or expansion of existing facility), which otherwise subjects the source to major source PSD permitting for conventional criteria pollutants, the permitting authorities may impose BACT analysis and emission limits for GHGs from those sources.

In April 2015, the United States Court of Appeals for the District of Columbia Circuit (D.C. Circuit), on remand from the Supreme Court, issued its order following the Supreme Court’s decision in Utility Air Regulatory Group v. EPA. The D.C. Circuit’s order: (1) formally vacated EPA regulations implementing the Tailoring Rule to the extent that they require a stationary source to obtain a PSD or Title V permit based solely on the source’s GHG emissions; and (2) ordered the EPA to consider whether any further revisions to its regulations are appropriate in light of the Supreme Court’s decision. In April

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2015, the EPA issued a direct final rule to allow for the rescission of Clean Air Act PSD permits issued by the EPA or delegated state and local permitting authorities under Step 2 of the GHG Tailoring Rule. The direct final rule was to become effective unless adverse comments were received by the EPA. In August 2015, the EPA published the direct final rule to confirm that no adverse comments were received and that the rule was now in effect. We do not expect the direct final rule to have a material impact on ONEOK Partners' existing operations or design decisions for new project applications.

In July 2011, the EPA issued a proposed rule that would change the air emissions New Source Performance Standards, also known as NSPS, and Maximum Achievable Control Technology requirements applicable to the oil and natural gas industry, including natural gas production, processing, transmission and underground storage sectors. In April 2012, the EPA released the final rule, which includes new NSPS and air toxic standards for a variety of sources within natural gas processing plants, oil and natural gas production facilities and natural gas transmission stations. The rule also regulates emissions from the hydraulic fracturing of wells for the first time. The NSPS final rule became effective in October 2012, but the dates for compliance vary and depend in part upon the type of affected facility and the date of construction, reconstruction or modification.

In September 2015, the EPA published several proposed rule-makings that affect the oil and gas industry. The rule-makings included, but were not limited to, proposed amendments to the NSPS rule. The proposed amendments to the NSPS rule included, in part, the proposed direct regulation of methane emissions for the first time as an individual air pollutant from oil and gas sources, as part of the President's Methane Strategy. The public comments period on the proposed rule-makings ended on December 4, 2015.

In October 2015, the EPA issued a final rule-making to amend downward the National Ambient Air Quality Standards (NAAQS) for ground level ozone. The final rule requires revised designations of the areas in the various states for classification as in attainment or nonattainment for the new ozone NAAQS. Any areas determined to not attain the ozone NAAQS will implicate more strict air permitting requirements for new or modified sources that emit pollutants that contribute to ground level ozone.

At this time we do not anticipate a material impact to our planned capital, operations and maintenance costs resulting from compliance with the current or pending regulations outlined above. However, the EPA may issue additional responses, amendments and/or policy guidance on the final rules, which could alter our present expectations. Generally, the EPA rule-makings will require expenditures for updated emissions controls, monitoring and record-keeping requirements at affected facilities. We do not expect these expenditures will have a material impact on our results of operations, financial position or cash flows.

CERCLA - The federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), also commonly known as Superfund, imposes strict, joint and several liability, without regard to fault or the legality of the original act, on certain classes of "persons" (defined under CERCLA) who caused and/or contributed to the release of a hazardous substance into the environment. These persons include, but are not limited to, the owner or operator of a facility where the release occurred and/or companies that disposed or arranged for the disposal of the hazardous substances found at the facility. Under CERCLA, these persons may be liable for the costs of cleaning up the hazardous substances released into the environment, damages to natural resources and the costs of certain health studies. We do not expect ONEOK Partners' responsibilities under CERCLA will have a material impact on our results of operations, financial position or cash flows.

Chemical Site Security - The United States Department of Homeland Security (Homeland Security) released the Chemical Facility Anti-Terrorism Standards in 2007, and the new final rule associated with these regulations was issued in December 2014. ONEOK Partners provided information regarding its chemicals via Top-Screens submitted to Homeland Security, and its facilities subsequently were assigned one of four risk-based tiers ranging from high

(Tier 1) to low (Tier 4) risk, or not tiered at all due to low risk. To date, four of its facilities have been given a Tier 4 rating. Facilities receiving a Tier 4 rating are required to complete Site Security Plans and possible physical security enhancements. We do not expect the Site Security Plans and possible security enhancement costs to have a material impact on our results of operations, financial position or cash flows.

Pipeline Security - The United States Department of Homeland Security's Transportation Security Administration and the DOT have completed a review and inspection of ONEOK Partners' "critical facilities" and identified no material security issues. Also, the Transportation Security Administration has released new pipeline security guidelines that include broader definitions for the determination of pipeline "critical facilities." ONEOK Partners has reviewed its pipeline facilities according to the new guideline requirements, and there have been no material changes required to date.

Environmental Footprint - ONEOK Partners' environmental and climate change strategy focuses on minimizing the impact of its operations on the environment. These strategies include: (i) developing and maintaining an accurate GHG emissions inventory according to current rules issued by the EPA; (ii) improving the efficiency of its various pipelines, natural gas

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processing facilities and natural gas liquids fractionation facilities; (iii) following developing technologies for emissions control and the capture of carbon dioxide to keep it from reaching the atmosphere; and (iv) utilizing practices to reduce the loss of methane from its facilities.

ONEOK Partners participates in the EPA's Natural Gas STAR Program to reduce voluntarily methane emissions. ONEOK Partners continues to focus on maintaining low rates of lost-and-unaccounted-for methane gas through expanded implementation of best practices to limit the release of natural gas during pipeline and facility maintenance and operations.

EMPLOYEES

At January 31, 2016, we employed 2,364 people.

EXECUTIVE OFFICERS

All executive officers are elected annually by our Board of Directors. Our executive officers listed below include the officers who have been designated by our Board of Directors as our Section 16 executive officers.

Name and Position	Age	Business Experience in Past Five Years	
John W. Gibson	63	2014 to present	Chairman of the Board, ONEOK and ONEOK Partners
Chairman of the Board		2012 to 2014	Chairman and Chief Executive Officer, ONEOK and ONEOK Partners
		2011	Chairman, President and Chief Executive Officer, ONEOK
		2011	Vice Chairman of the Board of Directors, ONEOK
		2010 to 2011	President and Chief Executive Officer, ONEOK
		2010 to 2011	Chairman, President and Chief Executive Officer, ONEOK Partners
Terry K. Spencer	56	2014 to present	President and Chief Executive Officer, ONEOK and ONEOK Partners
President and Chief Executive Officer		2012 to 2014	President, ONEOK and ONEOK Partners
		2010 to present	Member of the Board of Directors, ONEOK Partners
		2009 to 2011	Chief Operating Officer, ONEOK Partners
Robert F. Martinovich	58	2015 to present	Executive Vice President and Chief Administrative Officer, ONEOK and ONEOK Partners
Executive Vice President and Chief Administrative Officer		2014 to 2015	Executive Vice President, Commercial, ONEOK and ONEOK Partners
		2013 to 2014	Executive Vice President, Operations, ONEOK and ONEOK Partners
		2012	Executive Vice President, Chief Financial Officer and Treasurer, ONEOK and ONEOK Partners
		2011 to 2012	Member of the Board of Directors, ONEOK Partners
		2011	Senior Vice President, Chief Financial Officer and Treasurer, ONEOK and ONEOK Partners
			Chief Operating Officer, ONEOK

		2009 to 2011	
Walter S. Hulse III	52	2015 to present	Executive Vice President, Strategic Planning and Corporate Affairs, ONEOK and ONEOK Partners
Executive Vice President, Strategic Planning and Corporate Affairs		2012 to 2015	Managing Member, Spinnaker Strategic Advisory Services, LLC
		2007 to 2011	Vice Chairman of Investment Banking and Managing Director, UBS Securities LLC
Wesley J. Christensen	62	2014 to present	Senior Vice President, Operations, ONEOK and ONEOK Partners
Senior Vice President, Operations		2011 to 2014	Senior Vice President, Operations, ONEOK Partners
		2007 to 2011	Senior Vice President, Natural Gas Liquids Operations
Stephen W. Lake	52	2012 to present	Senior Vice President, General Counsel and Assistant Secretary, ONEOK and ONEOK Partners
Senior Vice President, General Counsel and Assistant Secretary		2011	Senior Vice President, Associate General Counsel and Assistant Secretary, ONEOK and ONEOK Partners
		2008 to 2011	Executive Vice President and General Counsel, McJunkin Red Man Corporation
Derek S. Reiners	44	2013 to present	Senior Vice President, Chief Financial Officer and Treasurer, ONEOK and ONEOK Partners
Senior Vice President, Chief Financial Officer and Treasurer		2009 to 2012	Senior Vice President and Chief Accounting Officer, ONEOK and ONEOK Partners
Sheppard F. Miers III	47	2013 to present	Vice President and Chief Accounting Officer, ONEOK and ONEOK Partners
Vice President and Chief Accounting Officer		2009 to 2012	Vice President and Controller, ONEOK Partners

No family relationships exist between any of the executive officers, nor is there any arrangement or understanding between any executive officer and any other person pursuant to which the officer was selected.

INFORMATION AVAILABLE ON OUR WEBSITE

We make available, free of charge, on our website (www.oneok.com) copies of our Annual Reports, Quarterly Reports, Current Reports on Form 8-K, amendments to those reports filed or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act and reports of holdings of our securities filed by our officers and directors under Section 16 of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. Copies of our Code of Business Conduct and Ethics, Governance Guidelines, Bylaws and the written charter of our Audit Committee also are available on our website, and we will provide copies of these documents upon request. Our website and any contents thereof are not incorporated by reference into this report.

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We also make available on our website the Interactive Data Files required to be submitted and posted pursuant to Rule 405 of Regulation S-T.

ITEM 1A. RISK FACTORS

Our investors should consider the following risks that could affect us and our business. Although we have tried to identify key factors, our investors need to be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Risks related to ONEOK Partners' business discussed below will also affect us indirectly as we are the sole general partner and, as of December 31, 2015, owned 41.2 percent of ONEOK Partners. Investors should carefully consider the following discussion of risks and the other information included or incorporated by reference in this Annual Report, including "Forward-Looking Statements," which are included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

RISK FACTORS INHERENT IN ONEOK'S BUSINESS

Our cash flow depends heavily on the earnings and distributions of ONEOK Partners.

Our partnership interest in ONEOK Partners is our primary cash-generating source. Therefore, our cash flow is heavily dependent upon the ability of ONEOK Partners to make cash distributions to its partners. A significant decline in ONEOK Partners' earnings and/or cash distributions could have a corresponding negative impact on us. For information on the risk factors inherent in the business of ONEOK Partners, see the section below entitled "Additional Risk Factors Related to ONEOK Partners' Business" and Item 1A, Risk Factors in the ONEOK Partners' Annual Report.

Our indebtedness could impair our financial condition and our ability to fulfill our obligations.

As of December 31, 2015, we had total indebtedness of approximately $1.6 billion, which excludes the debt of ONEOK Partners. Our indebtedness could have significant consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our senior notes and our other indebtedness due to the increased debt-service obligations, which could, in turn, result in an event of default on such other indebtedness or our senior notes;
- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or general business purposes;
- diminish our ability to withstand a downturn in our business or the economy;
- require us to dedicate a substantial portion of our cash flow from operations to debt-service payments, reducing the availability of cash for working capital, capital expenditures, acquisitions, dividends or general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which ONEOK Partners operates; and
- place us at a competitive disadvantage compared with our competitors that have proportionately less debt.

We are not prohibited under the indentures governing our senior notes from incurring additional indebtedness, but our debt agreements do subject us to certain operational limitations summarized in the next paragraph. If we incur significant additional indebtedness, it could worsen the negative consequences mentioned above and could affect adversely our ability to repay our other indebtedness.

Our revolving debt agreements with banks contain provisions that restrict our ability to finance future operations or capital needs or to expand or pursue our business activities. For example, certain of these agreements contain provisions that, among other things, limit our ability to make loans or investments, make material changes to the nature of our business, merge, consolidate or engage in asset sales, grant liens or make negative pledges. Certain agreements also require us to maintain certain financial ratios, which limit the amount of additional indebtedness we can incur, as described in the "Liquidity and Capital Resources" section of Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation. These restrictions could result in higher costs of borrowing and impair our ability to generate additional cash. Future financing agreements we may enter into may contain similar or more restrictive covenants.

If we are unable to meet our debt-service obligations, we could be forced to restructure or refinance our indebtedness, seek additional equity capital or sell assets. We may be unable to obtain financing or sell assets on satisfactory terms, or at all.

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Federal, state and local jurisdictions may challenge our tax return positions.

The positions taken in our federal and state tax return filings require significant judgments, use of estimates and the interpretation and application of complex tax laws. Significant judgment is also required in assessing the timing and amounts of deductible and taxable items. Despite management’s belief that our tax return positions are fully supportable, certain positions may be successfully challenged by federal, state and local jurisdictions.

The separation of ONE Gas could result in substantial tax liability.

We have received a private letter ruling from the IRS substantially to the effect that, for U.S. federal income tax purposes, the separation and certain related transactions qualify under Sections 355 and/or 368 of the U.S. Internal Revenue Code of 1986, as amended. If the factual assumptions or representations made in the request for the private letter ruling prove to have been inaccurate or incomplete in any material respect, then we will not be able to rely on the ruling. Furthermore, the IRS does not rule on whether a distribution such as the separation satisfies certain requirements necessary to obtain tax-free treatment under section 355 of the Code. The private letter ruling was based on representations by us that those requirements were satisfied, and any inaccuracy in those representations could invalidate the ruling. In connection with the separation, we obtained an opinion of outside legal and tax counsel, substantially to the effect that, for U.S. federal income tax purposes, the separation and certain related transactions qualify under Sections 355 and 368 of the Code. The opinion relies on, among other things, the continuing validity of the private letter ruling and various assumptions and representations as to factual matters made by us which, if inaccurate or incomplete in any material respect, would jeopardize the conclusions reached by such counsel in its opinion. The opinion will not be binding on the IRS or the courts, and there can be no assurance that the IRS or the courts would not challenge the conclusions stated in the opinion or that any such challenge would not prevail.

We have a holding company structure in which our subsidiaries conduct our operations and own our operating assets.

We are a holding company, and our subsidiaries conduct all of our operations and own all of our operating assets. We do not have significant assets other than our interests in ONEOK Partners and the equity in our subsidiaries. As a result, our ability to pay dividends to our shareholders and to service our debt depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, partnership agreements, credit facilities, applicable state partnership laws and other laws and regulations. If we are unable to obtain funds from our subsidiaries, we may not be able to pay dividends to our shareholders or to pay interest or principal on our debt when due.

Although we control ONEOK Partners, we may have conflicts of interest with ONEOK Partners that could subject us to claims that we have breached our fiduciary duty to ONEOK Partners and its unitholders.

We are the sole general partner and owned 41.2 percent of ONEOK Partners as of December 31, 2015. Conflicts of interest may arise between us and ONEOK Partners and its unitholders In resolving these conflicts, we may favor our own interests and the interests of our affiliates over the interests of ONEOK Partners and its unitholders as long as the resolution does not conflict with the Partnership Agreement or our fiduciary duties to ONEOK Partners and its unitholders.

If we are not fully reimbursed or indemnified for obligations and liabilities we incur in managing the business and affairs of ONEOK Partners, the value of our shares could decline.

In our capacity as the general partner of ONEOK Partners, we may make expenditures on ONEOK Partners’ behalf for which we will seek reimbursement from ONEOK Partners. In addition, under Delaware partnership law, we have, in our capacity as ONEOK Partners’ general partner, unlimited liability for the obligations of ONEOK Partners, such as

ONEOK Partners' debts and environmental liabilities, except for those contractual obligations of ONEOK Partners that are expressly made without recourse to the general partner and as limited by the Partnership Agreement. To the extent we incur obligations on behalf of ONEOK Partners, we are entitled to be reimbursed or indemnified by ONEOK Partners. If ONEOK Partners is unable or unwilling to reimburse or indemnify us, we may be unable to satisfy these liabilities or obligations, which would likely reduce the value of our shares.

ONEOK Partners' unitholders have the right to remove us as their general partner with the approval of the holders of 66 2/3 percent of all units, excluding the units held by us, which would cause us to lose our general partner interest and incentive distribution rights in OKS and the ability to manage them.

We currently manage ONEOK Partners through our ownership of its general partner interest. The Partnership Agreement gives common unitholders of ONEOK Partners the right to remove the general partner of ONEOK Partners upon the affirmative vote

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of holders of 66 2/3 percent of ONEOK Partners' outstanding units, excluding the units held by the general partner and its affiliates. If we were removed as general partner of ONEOK Partners, we would receive cash or common units in exchange for our 2.0 percent general partner interest and incentive distribution rights, and our Class B units would have the right to share in Partnership quarterly cash distributions based on 123.5 percent of the amount of any Partnership cash distribution, but we would lose the ability to manage ONEOK Partners. Although the common units or cash we would receive are intended under the terms of the Partnership Agreement to fully compensate us in the event such an exchange is required, the value of these common units or investments we make with the cash over time may not be equivalent to the value of the general partner interest and the incentive distribution rights had we retained them.

A reduction in ONEOK Partners' cash distributions would disproportionately affect the amount of cash distributions to which we are entitled.

Through our ownership of the incentive distribution rights in ONEOK Partners, we are entitled to receive our pro rata share of specified percentages of total cash distributions made by ONEOK Partners as it reaches established target cash distribution levels as specified in the the Partnership Agreement. We currently receive a portion of our pro rata share of cash distributions from ONEOK Partners based on the highest incremental percentage, 50 percent, to which we are entitled pursuant to our incentive distribution rights in ONEOK Partners. As a result, any reduction in quarterly cash distributions from ONEOK Partners would have the effect of disproportionately reducing the amount of all cash distributions that we receive from ONEOK Partners based on our ownership interest in the incentive distribution rights in ONEOK Partners as compared to cash distributions we receive on our General Partner interest in ONEOK Partners and our ONEOK Partners common units.

Cash distributions on our incentive distribution rights in ONEOK Partners are more uncertain than cash distributions on the common and Class B units we hold.

Our ownership of the incentive distribution rights in ONEOK Partners entitles us to receive our pro rata share of specified percentages of total cash distributions made by ONEOK Partners with respect to any particular quarter only in the event that ONEOK partners distributes more than $0.3025 per unit for such quarter. As a result, the holders of ONEOK Partners' common and Class B units have a priority over the holders of ONEOK Partners' incentive distribution rights to the extent of cash distributions by ONEOK Partners up to and including $0.3025 per unit for any quarter. This priority results in greater certainty of common unitholders and Class B unitholders receiving distributions, when compared to holders of incentive distribution rights.

ONEOK Partners may issue additional units, which may increase the risk that ONEOK Partners will not have sufficient available cash to maintain or increase its per unit cash distribution level.

ONEOK Partners may issue additional units, including units that rank senior to the ONEOK Partners' common units, Class B units and the incentive distribution rights as to quarterly cash distributions. The payment of cash distributions on those additional units may increase the risk that ONEOK Partners may not have sufficient cash available to maintain or increase its per unit distribution level, which in turn may impact the available cash that we receive from ONEOK Partners to pay dividends. To the extent these units are senior to the common units, Class B units or the incentive distribution rights, there is an increased risk that we will not receive the same level or increased cash distributions on the common units, Class B units and incentive distribution rights we own. Neither the common units, Class B units nor the incentive distribution rights are entitled to any arrearages from prior quarters.

Our ability to sell our partnership interests in ONEOK Partners may be limited by securities law restrictions and liquidity constraints.

All of the approximately 41.3 million common units and approximately 73.0 million Class B units of ONEOK Partners that we own are either unregistered, restricted or control securities or registered control securities within the meaning of Rule 144 under the Securities Act, and thus cannot be sold by us without registration or an applicable exemption from registration. Pursuant to the terms of the Partnership Agreement, we only have registration rights with respect to such ONEOK Partners common units and Class B units if Rule 144 of the Securities Act (or any successor rule or regulation to Rule 144) or another exemption from registration is not available to enable us to dispose of such ONEOK Partners common units or Class B units at the time we desire to do so without registration under the Securities Act. Due to the foregoing limitation, we are primarily limited to sales pursuant to Rule 144, which limits selling into the market in any three-month period to an amount of ONEOK Partners' common and/or Class B units that does not exceed the greater of 1 percent of the total number of ONEOK Partners' common units outstanding or the average weekly reported trading volume of ONEOK Partners' common units for the four calendar weeks prior to the sale. In addition, we face contractual limitations on our ability to sell our general partner interest and incentive distribution rights, and the market for such interests is illiquid.

Holders of our common stock may not receive dividends in the amount identified in guidance, or any dividends at all.

We may not have sufficient cash each quarter to pay dividends or maintain current or expected levels of dividends. The actual amount of cash we pay in the form of dividends may fluctuate from quarter to quarter and will depend on various factors, some of which are beyond our control, including the amount of cash that ONEOK Partners distributes to us, our working capital needs, our ability to borrow, the restrictions contained in our indentures and credit facility, our debt service requirements and the cost of acquisitions, if any. A failure either to pay dividends or to pay dividends at expected levels could result in a loss of investor confidence, reputational damage and a decrease in the value of our stock price.

The cost of providing pension and postretirement health care benefits to eligible employees and qualified retirees is subject to changes in pension fund values and changing demographics and may increase.

We have a defined benefit pension plan for certain employees and postretirement welfare plans that provide postretirement medical and life insurance benefits to certain employees who retire with at least five years of service. The cost of providing these benefits to eligible current and former employees is subject to changes in the market value of our pension and postretirement benefit plan assets, changing demographics, including longer life expectancy of plan participants and their beneficiaries and changes in health care costs. For further discussion of our defined benefit pension plan, see Note N of the Notes to Consolidated Financial Statements in this Annual Report.

Any sustained declines in equity markets and reductions in bond yields may have a material adverse effect on the value of our pension and postretirement benefit plan assets. In these circumstances, additional cash contributions to our pension plans may be required, which could aversely impact our business, financial condition and liquidity.

RISK FACTORS INHERENT IN BOTH ONEOK AND ONEOK PARTNERS

Market volatility and capital availability could affect adversely our business.

The capital and global credit markets have experienced volatility and disruption in the past. In many cases during these periods, the capital markets have exerted downward pressure on equity values and reduced the credit capacity for certain companies. Much of ONEOK Partners’ business is capital intensive, and its ability to grow is dependent, in part, upon our and ONEOK Partners’ ability to access capital at rates and on terms we determine to be attractive. Similar or more severe levels of global market disruption and volatility may have an adverse effect on us or ONEOK Partners resulting from, but not limited to, disruption of access to capital and credit markets, difficulty in obtaining financing necessary to expand facilities or acquire assets, increased financing costs and increasingly restrictive covenants. If we or ONEOK Partners’ are unable to access capital at competitive rates, ONEOK Partners’ strategy of enhancing the earnings potential of its existing assets, including through capital-growth projects and acquisitions of complementary assets or businesses, may be affected adversely. A number of factors could affect adversely our and ONEOK Partners’ ability to access capital, including: (i) general economic conditions; (ii) capital market conditions; (iii) market prices for natural gas, NGLs and other hydrocarbons; (iv) the overall health of the energy and related industries; (v) ability to maintain investment-grade credit ratings; (vi) unit price and (vii) capital structure. If our and ONEOK Partners’ ability to access capital becomes constrained significantly, our and ONEOK Partners’ interest costs and cost of equity will likely increase and could affect adversely our financial condition and future results of operations.

Our operating results may be affected materially and adversely by unfavorable economic and market conditions.

Economic conditions worldwide have from time to time contributed to slowdowns in the oil and natural gas industry, as well as in the specific segments and markets in which ONEOK Partners operates, resulting in reduced demand and increased price competition for its products and services. ONEOK Partners' operating results in one or more geographic regions may also be affected by uncertain or changing economic conditions within that region. Volatility in commodity prices may have an impact on many of ONEOK Partners' customers, which, in turn, could have a negative impact on their ability to meet their obligations to ONEOK Partners. If global economic and market conditions (including volatility in commodity markets) or economic conditions in the United States or other key markets remain uncertain or persist, spread or deteriorate further, we and ONEOK Partners may experience material impacts on our businesses, financial condition, results of operations and liquidity.

Terrorist attacks directed at our or ONEOK Partners' facilities could affect adversely our business.

The United States government has issued warnings that energy assets, specifically the nation's pipeline infrastructure, may be future targets of terrorist organizations. These developments may subject ONEOK Partners' operations to increased risks. Any

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future terrorist attack that targets ONEOK Partners' facilities, those of its customers and, in some cases, those of other pipelines, or our facilities could have a material adverse effect on our business.

Our businesses are subject to market and credit risks.

We and ONEOK Partners are exposed to market and credit risks in all of our operations. To reduce the impact of commodity price fluctuations, ONEOK Partners uses derivative transactions, such as swaps, futures and forwards, to hedge anticipated purchases and sales of natural gas, NGLs and crude oil and firm transportation commitments. Interest-rate swaps are also used to manage interest-rate risk. However, derivative instruments do not eliminate the risks. Specifically, such risks include commodity price changes, market supply shortages, interest-rate changes and counterparty default. The impact of these variables could result in our and ONEOK Partners' inability to fulfill contractual obligations, significantly higher energy or fuel costs relative to corresponding sales contracts, or increased interest expense.

We or ONEOK Partners may not be able to make additional strategic acquisitions or investments.

Our and ONEOK Partners' ability to make strategic acquisitions and investments will depend on:

- the extent to which acquisitions and investment opportunities become available;
- success in bidding for the opportunities that do become available;
- regulatory approval, if required, of the acquisitions or investments on favorable terms; and
- access to capital, including the ability to use our or equity in acquisitions or investments, and the terms upon which we obtain capital.

If we or ONEOK Partners are unable to make strategic investments and acquisitions, we or ONEOK Partners may be unable to grow.

Acquisitions that appear to be accretive may nevertheless reduce our cash from operations on a per-share basis.

Any acquisition involves potential risks that may include, among other things:

- inaccurate assumptions about volumes, revenues and costs, including potential synergies;
- an inability to integrate successfully the businesses we acquire;
- decrease in our liquidity as a result of our using a significant portion of our available cash or borrowing capacity to finance the acquisition;
- a significant increase in our interest expense and/or financial leverage if we incur additional debt to finance the acquisition;
- the assumption of unknown liabilities for which we are not indemnified, our indemnity is inadequate or our insurance policies may exclude from coverage;
- an inability to hire, train or retain qualified personnel to manage and operate the acquired business and assets;
- limitations on rights to indemnity from the seller;
- inaccurate assumptions about the overall costs of equity or debt;
- the diversion of management's and employees' attention from other business concerns;
- unforeseen difficulties operating in new product areas or new geographic areas;
- increased regulatory burdens;
- customer or key employee losses at an acquired business; and
- increased regulatory requirements.

If we or ONEOK Partners consummate any future acquisitions, our capitalization and results of operations may change significantly, and investors will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of our resources to future acquisitions.

We or ONEOK Partners may engage in acquisitions, divestitures and other strategic transactions, the success of which may impact results of operations.

We or ONEOK Partners may engage in acquisitions, divestitures and other strategic transactions. If we or ONEOK Partners are unable to integrate successfully businesses that we acquire with our respective existing businesses, our results of operations may be affected materially and adversely. Similarly, we or ONEOK Partners may from time to time divest portions of our respective businesses, which may also affect materially and adversely our results of operations.

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Our and ONEOK Partners' established risk-management policies and procedures may not be effective, and employees may violate our risk-management policies.

We have developed and implemented a comprehensive set of policies and procedures that involve both our senior management and the Audit Committee of our Board of Directors to assist us in managing risks associated with, among other things, the marketing, trading and risk-management activities associated with our business segments. Our risk policies and procedures are intended to align strategies, processes, people, information technology and business knowledge so that risk is managed throughout the organization. As conditions change and become more complex, current risk measures may fail to adequately assess the relevant risk due to changes in the market and the presence of risks previously unknown to us. Additionally, if employees fail to adhere to our policies and procedures or if our policies and procedures are not effective, potentially because of future conditions or risks outside of our control, we may be exposed to greater risk than we had intended. Ineffective risk-management policies and procedures or violation of risk-management policies and procedures could have an adverse affect on our earnings, financial position or cash flows.

Our use of financial instruments to hedge interest-rate risk may result in reduced income.

We and ONEOK Partners utilize financial instruments to mitigate our exposure to interest-rate fluctuations. Hedging instruments that are used to reduce our exposure to interest-rate fluctuations could expose us to risk of financial loss, including where we have contracted for variable-rate swap instruments to hedge fixed-rate instruments and the variable rate exceeds the fixed rate. In addition, these hedging arrangements may limit the benefit we would otherwise receive if we had contracted for fixed-rate swap agreements to hedge variable-rate instruments and the variable rate falls below the fixed rate.

An impairment of goodwill, long-lived assets, including intangible assets, and equity-method investments could reduce our earnings.

Goodwill is recorded when the purchase price of a business exceeds the fair market value of the tangible and separately measurable intangible net assets. GAAP requires us to test goodwill and intangible assets with indefinite useful lives for impairment on an annual basis or when events or circumstances occur indicating that goodwill might be impaired. Long-lived assets, including intangible assets with finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the investments ONEOK Partners accounts for under the equity method, the impairment test considers whether the fair value of the equity investment as a whole, not the underlying net assets, has declined and whether that decline is other than temporary. For example, if the current energy commodity price environment persists for a prolonged period or further declines, it could result in lower volumes delivered to ONEOK Partners' systems and impairments of ONEOK Partners' assets or equity-method investments. If we determine that an impairment is indicated, we would be required to take an immediate noncash charge to earnings with a correlative effect on our equity and balance sheet leverage as measured by consolidated debt to total capitalization.

A breach of information security, including a cybersecurity attack, or failure in of one or more key information technology or operational systems, or those of third parties, may affect adversely our operations, financial results or reputation.

Our businesses are dependent upon our operational systems to process a large amount of data and complex transactions. The various uses of these IT systems, networks and services include, but are not limited to:

- controlling ONEOK Partners' plants and pipelines with industrial control systems including Supervisory Control and Data Acquisition (SCADA);
- collecting and storing customer, employee, investor and other stakeholder information and data;

- processing transactions;
- summarizing and reporting results of operations;
- hosting, processing and sharing confidential and proprietary research, business plans and financial information;
- complying with regulatory, legal or tax requirements;
- providing data security; and
- handling other processing necessary to manage our business.

If any of our systems are damaged, fail to function properly or otherwise become unavailable, we may incur substantial costs to repair or replace them and may experience loss or corruption of critical data and interruptions or delays in our ability to perform critical functions, which could adversely affect our business and results of operations. Our financial results could also be affected adversely if an employee causes our operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our operational systems. In addition, dependence upon automated systems may

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further increase the risk that operational system flaws, employee tampering or manipulation of those systems will result in losses that are difficult to detect.

Due to increased technology advances, we have become more reliant on technology to help increase efficiency in our businesses. We use computer programs to help run our financial and operations organizations, and this may subject our business to increased risks. In recent years, there has been a rise in the number of cyberattacks on companies' network and information systems by both state-sponsored and criminal organizations, and as a result, the risks associated with such an event continue to increase. A significant failure, compromise, breach or interruption in our systems could result in a disruption of our operations, customer dissatisfaction, damage to our reputation and a loss of customers or revenues. If any such failure, interruption or similar event results in the improper disclosure of information maintained in our information systems and networks or those of our vendors, including personnel, customer and vendor information, we could also be subject to liability under relevant contractual obligations and laws and regulations protecting personal data and privacy. Efforts by us and our vendors to develop, implement and maintain security measures may not be successful in preventing these events from occurring, and any network and information systems-related events could require us to expend significant resources to remedy such event. Although we believe that we have robust information security procedures and other safeguards in place, as cyberthreats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and/or to investigate and remediate information security vulnerabilities.

Cyberattacks against us or others in our industry could result in additional regulations. Current efforts by the federal government, such as the Improving Critical Infrastructure Cybersecurity executive order, and any potential future regulations could lead to increased regulatory compliance costs, insurance coverage cost or capital expenditures. We cannot predict the potential impact to our business or the energy industry resulting from additional regulations.

If we fail to maintain an effective system of internal controls, we may not be able to report accurately our financial results or prevent fraud. As a result, current and potential holders of our equity and debt securities could lose confidence in our financial reporting, which would harm our business and cost of capital.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. We cannot be certain that our efforts to maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to continue to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002. Any failure to maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our equity interests.

Changes in interest rates could affect adversely our business.

We use both fixed- and variable-rate debt, and we are exposed to market risk due to the floating interest rates on our short-term borrowings. From time to time, we use interest-rate derivatives to hedge interest obligations on specific debt issuances, including anticipated debt issuances. These hedges may be ineffective, and our results of operations, cash flows and financial position could be affected adversely by significant fluctuations or increases or decreases in interest rates from current levels.

A shortage of skilled labor may make it difficult for us to maintain labor productivity and competitive costs, which could affect operations and cash flows available for distribution.

Our operations require skilled and experienced workers with proficiency in multiple tasks. In recent years, a shortage of workers trained in various skills associated with the midstream energy business has caused us to conduct certain operations without full staff, thus hiring outside resources, which may decrease productivity and increase costs. This shortage of trained workers is the result of experienced workers reaching retirement age and increased competition for workers in certain areas, combined with the difficulty of attracting new workers to the midstream energy industry. This shortage of skilled labor could continue over an extended period. If the shortage of experienced labor continues or worsens, it could have an adverse impact on labor productivity and costs and our ability to expand production in the event there is an increase in the demand for our products and services, which could affect adversely our operations and cash flows available for distribution to ONEOK Partners' unitholders and, in turn, to cash flows available for dividends to ONEOK shareholders.

ADDITIONAL RISK FACTORS RELATED TO ONEOK PARTNERS' BUSINESS

Risks related to ONEOK Partners' business discussed below will also affect us as we are the sole general partner and, as of December 31, 2015, owned 41.2 percent of ONEOK Partners.

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Increased competition could have a significant adverse financial impact on ONEOK Partners' business.

The natural gas and natural gas liquids industries are expected to remain highly competitive. The demand for natural gas and NGLs is primarily a function of commodity prices, including prices for alternative energy sources, customer usage rates, weather, economic conditions and service costs. ONEOK Partners' ability to compete also depends on a number of other factors, including competition from other companies for its existing customers; the efficiency, quality and reliability of the services it provides; and competition for throughput at its gathering systems, pipelines, processing plants, fractionators and storage facilities.

The volatility of natural gas, crude oil and NGL prices could affect adversely ONEOK Partners' cash flows.

A significant portion of ONEOK Partners' revenues are derived from the sale of commodities that are received as payment for natural gas gathering and processing services, for the transportation and storage of natural gas, and from the purchase and sale of NGLs and NGL products. Commodity prices have been volatile and are likely to continue to be so in the future. The prices ONEOK Partners receives for its commodities are subject to wide fluctuations in response to a variety of factors beyond ONEOK Partners' control, including, but not limited to, the following:

- overall domestic and global economic conditions;
- relatively minor changes in the supply of, and demand for, domestic and foreign energy;
- market uncertainty;
- the availability and cost of third-party transportation, natural gas processing and fractionation capacity;
- the level of consumer product demand and storage inventory levels;
- ethane rejection;
- geopolitical conditions impacting supply and demand for natural gas, NGLs and crude oil;
- weather conditions;
- domestic and foreign governmental regulations and taxes;
- the price and availability of alternative fuels;
- speculation in the commodity futures markets;
- the effects of imports and exports on the price of natural gas, crude oil, NGL and liquefied natural gas;
- the effect of worldwide energy-conservation measures; and
- the impact of new supplies, new pipelines, processing and fractionation facilities on location price differentials.

These external factors and the volatile nature of the energy markets make it difficult to reliably estimate future prices of commodities and the impact commodity price fluctuations have on ONEOK Partners' customers and their need for its services. As commodity prices decline, ONEOK Partners is paid less for its commodities, thereby reducing its cash flow. In addition, crude oil, natural gas and NGL production could also decline due to lower prices.

If the level of drilling and production in the Mid-Continent, Rocky Mountain, Permian Basin and Gulf Coast regions declines substantially near its assets, ONEOK Partners' volumes and revenue could decline.

ONEOK Partners' gathering and transportation pipeline systems are connected to, and dependent on the level of production from, natural gas and crude oil wells, from which production will naturally decline over time. As a result, its cash flows associated with these wells will also decline over time. In order to maintain or increase throughput levels on ONEOK Partners' gathering and transportation pipeline systems and the asset utilization rates at its processing and fractionation plants, it must continually obtain new supplies. ONEOK Partners' ability to maintain or expand its businesses depends largely on the level of drilling and production by third parties in the Mid-Continent, Rocky Mountain, Permian Basin and Gulf Coast regions. ONEOK Partners' natural gas and NGL supply volumes may be impacted if producers curtail or redirect drilling and production activities. Drilling and production are impacted by factors beyond ONEOK Partners’ control, including:

- demand and prices for natural gas, NGLs and crude oil;
- producers’ access to capital;
- producers’ finding and development costs of reserves;
- producers’ desire and ability to obtain necessary permits in a timely and economic manner;
- natural gas field characteristics and production performance;
- surface access and infrastructure issues; and
- capacity constraints on natural gas, crude oil and natural gas liquids infrastructure from the producing areas and ONEOK Partners’ facilities.

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Commodity prices have declined substantially and experienced significant volatility. Drilling and production activity levels may vary across ONEOK Partners' geographic areas; however, a prolonged period of low commodity prices may reduce drilling and production activities across all areas. If ONEOK Partners' is not able to obtain new supplies to replace the natural decline in volumes from existing wells or because of competition, throughput on its gathering and transportation pipeline systems and the utilization rates of its processing and fractionation facilities would decline, which could have a material adverse effect on its business, results of operations, financial position and cash flows, and its ability to make cash distributions.

ONEOK Partners is exposed to the credit risk of its customers or counterparties, and its credit risk management may not be adequate to protect against such risk.

ONEOK Partners is subject to the risk of loss resulting from nonpayment and/or nonperformance by ONEOK Partners' customers or counterparties. ONEOK Partners' customers or counterparties may experience rapid deterioration of their financial condition as a result of changing market conditions, commodity prices or financial difficulties that could impact their creditworthiness or ability to pay ONEOK Partners for its services. ONEOK Partners assesses the creditworthiness of its customers or counterparties and obtains collateral or contractual terms as it deems appropriate. ONEOK Partners cannot, however, predict to what extent its business may be impacted by deteriorating market or financial conditions, including possible declines in its customers' and counterparties' creditworthiness. The recent decline in commodity prices has negatively impacted the financial condition of certain customers and counterparties and further declines, a prolonged low commodity price environment, or continued volatility could impact their ability to meet their financial obligations to ONEOK Partners. ONEOK Partners' customers and counterparties may not perform or adhere to its existing or future contractual arrangements. To the extent ONEOK Partners' customers and counterparties are in financial distress or commence bankruptcy proceedings, contracts with them may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code. If ONEOK Partners fails to assess adequately the creditworthiness of existing or future customers and counterparties, any material nonpayment or nonperformance by its customers and counterparties due to inability or unwillingness to perform or adhere to contractual arrangements could have a material adverse impact on ONEOK Partners' business, results of operations, financial condition and ability to make cash distributions to its unitholders.

ONEOK Partners' primary market areas are located in the Mid-Continent, Rocky Mountain, Permian Basin and Gulf Coast regions of the U.S. ONEOK Partners' revenues are derived primarily from major integrated and independent exploration and production, pipeline, marketing and petrochemical companies. Therefore ONEOK Partners' customers and counterparties may be similarly affected by changes in economic, regulatory or other factors that may affect its overall credit risk.

Some of ONEOK Partners' nonregulated businesses have a higher level of risk than its regulated businesses.

Some of ONEOK Partners' nonregulated operations, which include its natural gas gathering and processing business and most of its natural gas liquids business, have a higher level of risk than its regulated operations, which include a portion of its natural gas pipelines business and a portion of its natural gas liquids business. ONEOK Partners expects to continue investing in natural gas and natural gas liquids projects and other related projects, some or all of which may involve nonregulated businesses or assets. These projects could involve risks associated with operational factors, such as competition and dependence on certain suppliers and customers; and financial, economic and political factors, such as rapid and significant changes in commodity prices, the cost and availability of capital and counterparty risk, including the inability of a counterparty, customer or supplier to fulfill a contractual obligation.

Measurement adjustments on ONEOK Partners' pipeline system can be affected materially by changes in estimation, type of commodity and other factors.

Natural gas and natural gas liquids measurement adjustments occur as part of the normal operating conditions associated with ONEOK Partners' assets. The quantification and resolution of measurement adjustments are complicated by several factors including: (1) the significant number (i.e., thousands) of meters that ONEOK Partners uses throughout its natural gas and natural gas liquids systems, primarily around its gathering and processing assets; (2) varying qualities of natural gas in the streams gathered and processed and the mixed nature of NGLs gathered and fractionated through ONEOK Partners' systems; and (3) variances in measurement that are inherent in metering technologies. Each of these factors may contribute to measurement adjustments that can occur on ONEOK Partners' systems, which could affect negatively its business, financial position, results of operations and cash flows.

Many of ONEOK Partners' pipeline and storage assets have been in service for several decades.

Many of ONEOK Partners' pipeline and storage assets are designed as long-lived assets. Over time the age of these assets could result in increased maintenance or remediation expenditures and an increased risk of product releases and associated

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costs and liabilities. Any significant increase in these expenditures, costs or liabilities could materially adversely affect ONEOK Partners' results of operations, financial position or cash flows, as well as its ability to pay cash distributions.

ONEOK Partners does not hedge fully against commodity price changes, seasonal price differentials, product price differentials or location price differentials. This could result in decreased revenues, increased costs and lower margins, adversely affecting its results of operations.

Certain of ONEOK Partners' businesses are exposed to market risk and the impact of market fluctuations of natural gas, NGLs and crude oil prices. Market risk refers to the risk of loss of cash flows and future earnings arising from adverse changes in commodity prices. ONEOK Partners' primary commodity price exposures arise from:

- the value of the NGLs and natural gas it receives as a portion of its compensation for the natural gas gathering and processing services it provides;
- the price differentials between the individual NGL products with respect to ONEOK Partners' NGL transportation and fractionation agreements;
- the location price differentials in the price of natural gas and NGLs with respect to ONEOK Partners' natural gas and NGL transportation businesses;
- the seasonal price differentials of natural gas and NGLs related to storage operations; and
- the fuel costs and the value of the retained fuel in-kind in ONEOK Partners' natural gas pipelines and storage operations.

To manage the risk from market price fluctuations of natural gas, NGLs and crude oil prices, ONEOK Partners may use derivative instruments such as swaps, futures, forwards and options. However, it does not hedge fully against commodity price changes and, therefore, it retains some exposure to market risk. Accordingly, any adverse changes to commodity prices could result in decreased revenue and increased costs.

ONEOK Partners' use of financial instruments and physical forward transactions to hedge market-risk exposure to commodity price and interest-rate fluctuations may result in reduced income.

ONEOK Partners utilizes financial instruments and physical forward transactions to mitigate its exposure to interest rate and commodity price fluctuations. Hedging instruments that are used to reduce ONEOK Partners' exposure to interest-rate fluctuations could expose it to risk of financial loss where it has contracted for variable-rate swap instruments to hedge fixed-rate instruments and the variable rate exceeds the fixed rate. In addition, these hedging arrangements may limit the benefit ONEOK Partners would otherwise receive if it had contracted for fixed-rate swap agreements to hedge variable-rate instruments and the variable rate falls below the fixed rate. Hedging arrangements that are used to reduce ONEOK Partners' exposure to commodity price fluctuations limit the benefit it would otherwise receive if market prices for natural gas, crude oil and NGLs exceed the stated price in the hedge instrument for these commodities.

ONEOK Partners' may not be able to develop and execute growth projects and acquire new assets which could result in reduced cash distributions to its unitholders and to ONEOK.

ONEOK Partners' primary business objectives are to generate cash flow sufficient to pay quarterly cash distributions to unitholders and to increase these distributions over time. ONEOK Partners' ability to maintain and grow its distributions to unitholders, including ONEOK, depends on the growth of its existing businesses and strategic acquisitions. If ONEOK Partners is unable to implement business development opportunities and finance such activities on economically acceptable terms, its future growth will be limited, which could impact adversely its and our results of operations and cash flows.

Growing ONEOK Partners’ business by constructing new pipelines and plants or making modifications to its existing facilities subjects ONEOK Partners to construction risk and supply risks should adequate natural gas or NGL supply be unavailable upon completion of the facilities.

One of the ways ONEOK Partners may grow its businesses is through the construction of new pipelines and new gathering, processing, storage and fractionation facilities and through modifications to ONEOK Partners’ existing pipelines and existing gathering, processing, storage and fractionation facilities. The construction and modification of pipelines and gathering, processing, storage and fractionation facilities may face the following risks:

- projects may require significant capital expenditures, which may exceed ONEOK Partners’ estimates, and involves numerous regulatory, environmental, political, legal and weather-related uncertainties;
- projects may increase demand for labor, materials and rights of way, which may, in turn, affect ONEOK Partners’ costs and schedule;

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- ONEOK Partners may be unable to obtain new rights of way to connect new natural gas or NGL supplies to its existing gathering or transportation pipelines;
- if ONEOK Partners undertakes these projects, it may not be able to complete them on schedule or at the budgeted cost;
- ONEOK Partners' revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if ONEOK Partners builds a new pipeline, the construction will occur over an extended period of time, and it will not receive any material increases in revenues until after completion of the project;
- ONEOK Partners' may have only limited natural gas or NGL supply committed to these facilities prior to their construction;
- ONEOK Partners may construct facilities to capture anticipated future growth in production in a region in which anticipated production growth does not materialize;
- ONEOK Partners may rely on estimates of proved reserves in its decision to construct new pipelines and facilities, which may prove to be inaccurate because there are numerous uncertainties inherent in estimating quantities of proved reserves; and
- ONEOK Partners may be required to rely on third parties downstream of its facilities to have available capacity for its delivered natural gas or NGLs, which may not yet be operational.

As a result, new facilities may not be able to attract enough natural gas or NGLs to achieve ONEOK Partners' expected investment return, which could affect materially and adversely ONEOK Partners' results of operations, financial condition and cash flows.

If production from the Western Canada Sedimentary Basin remains flat or declines, and demand for natural gas from the Western Canada Sedimentary Basin is greater in market areas other than the Midwestern United States, demand for ONEOK Partners' interstate gas transportation services could decrease significantly.

ONEOK Partners depends on a portion of natural gas supply from the Western Canada Sedimentary Basin for some of ONEOK Partners' interstate pipelines, primarily Viking Gas Transmission and ONEOK Partners' investment in Northern Border Pipeline, that transport Canadian natural gas from the Western Canada Sedimentary Basin to the Midwestern United States market area. If demand for natural gas increases in Canada or other markets not served by ONEOK Partners' interstate pipelines and/or production remains flat or declines, demand for transportation service on ONEOK Partners' interstate natural gas pipelines could decrease significantly, which could impact adversely its and our results of operations and cash flows.

ONEOK Partners may not be able to replace, extend or add additional customer contracts or contracted volumes on favorable terms, or at all, which could affect ONEOK Partners' financial condition, the amount of cash available to pay distributions and its ability to grow.

Although many of ONEOK Partners' customers and suppliers are subject to long-term contracts, if it is unable to replace or extend such contracts, add additional customers or otherwise increase the contracted volumes of natural gas and NGLs provided to it by current producers, in each case on favorable terms, if at all, ONEOK Partners' financial condition, growth plans and the amount of cash available to pay distributions could be adversely affected. ONEOK Partners' ability to replace, extend or add additional customer or supplier contracts, or increase contracted volumes of natural gas and NGLs from current producers, on favorable terms, or at all, is subject to a number of factors, some of which are beyond ONEOK Partners' control, including:

- the level of existing and new competition in ONEOK Partners' businesses or from alternative fuel sources, such as electricity, coal, fuel oils or nuclear energy;
- natural gas and NGL prices, demand, availability; and
- margins in ONEOK Partners' markets.

Mergers between ONEOK Partners' customers and competitors could result in lower volumes being gathered, processed, fractionated, transported or stored on its assets, thereby reducing the amount of cash it generates.

Mergers between ONEOK Partners' existing customers and its competitors could provide strong economic incentives for the combined entities to utilize their existing gathering, processing, fractionation and/or transportation systems instead of ONEOK Partners' in those markets where the systems compete. As a result, ONEOK Partners could lose some or all of the volumes and associated revenues from these customers, and it could experience difficulty in replacing those lost volumes and revenues. Because most of ONEOK Partners' operating costs are fixed, a reduction in volumes could result not only in less revenue but also in a decline in cash flow, which would reduce its ability to pay cash distributions to its unitholders.

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ONEOK Partners is subject to strict regulations at many of its facilities regarding employee safety, and failure to comply with these regulations could affect adversely ONEOK Partners’ business, financial position, results of operations and cash flows.

The workplaces associated with ONEOK Partners’ facilities are subject to the requirements of OSHA and comparable state statutes that regulate the protection of the health and safety of workers. The failure to comply with OSHA requirements or general industry standards, including keeping adequate records or occupational exposure to regulated substances could expose it to civil or criminal liability, enforcement actions, and regulatory fines and penalties and could have a material adverse effect on ONEOK Partners’ business, financial position, results of operations and cash flows.

ONEOK Partners’ operations are subject to operational hazards and unforeseen interruptions that could affect materially and adversely ONEOK Partners’ business and for which neither we nor ONEOK Partners may be insured adequately.

ONEOK Partners’ operations are subject to all of the risks and hazards typically associated with the operation of natural gas and natural gas liquids gathering, transportation and distribution pipelines, storage facilities and processing and fractionation plants. Operating risks include but are not limited to leaks, pipeline ruptures, the breakdown or failure of equipment or processes, and the performance of pipeline facilities below expected levels of capacity and efficiency. Other operational hazards and unforeseen interruptions include adverse weather conditions, accidents, explosions, fires, the collision of equipment with ONEOK Partners’ pipeline facilities (for example, this may occur if a third party were to perform excavation or construction work near ONEOK Partners’ facilities) and catastrophic events such as tornados, hurricanes, earthquakes, floods or other similar events beyond ONEOK Partners’ control. It is also possible that ONEOK Partners’ facilities could be direct targets or indirect casualties of an act of terrorism. A casualty occurrence might result in injury or loss of life, extensive property damage or environmental damage. Liabilities incurred and interruptions to the operations of ONEOK Partners’ pipelines or other facilities caused by such an event could reduce revenues generated by ONEOK Partners and increase expenses, thereby impairing our or ONEOK Partners’ ability to meet our respective obligations. Insurance proceeds may not be adequate to cover all liabilities or expenses incurred or revenues lost, and neither we nor ONEOK Partners are fully insured against all risks inherent in our respective businesses.

As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Consequently, neither we nor ONEOK Partners may be able to renew existing insurance policies or purchase other desirable insurance on commercially reasonable terms, if at all. If either we or ONEOK Partners were to incur a significant liability for which either we or ONEOK Partners was not insured fully, it could have a material adverse effect on our or ONEOK Partners’ financial position and results of operations. Further, the proceeds of any such insurance may not be paid in a timely manner and may be insufficient if such an event were to occur.

ONEOK Partners does not own all of the land on which its pipelines and facilities are located, and it leases certain facilities and equipment, which could disrupt its operations.

ONEOK Partners does not own all of the land on which certain of its pipelines and facilities are located and are, therefore, subject to the risk of increased costs to maintain necessary land use. ONEOK Partners obtains the rights to construct and operate certain of its pipelines and related facilities on land owned by third parties and governmental agencies for a specific period of time. Loss of these rights, through its inability to renew right-of-way contracts on acceptable terms or increased costs to renew such rights, could have a material adverse effect on ONEOK Partners’ financial condition, results of operations and cash flows.

Pipeline safety laws and regulations may impose significant costs and liabilities.

New pipeline safety legislation that was signed into law in 2012, The Pipeline Safety, Regulatory Certainty, and Job Creation Act of 2011 ("2011 Pipeline Safety Act"), directed the Secretary of Transportation to promulgate new safety regulations for natural gas and hazardous liquids pipelines, including expanded integrity management requirements, automatic or remote-controlled valve use, excess flow valve use, leak detection system installation, testing to confirm the material strength of certain pipelines and operator verification of records confirming the maximum allowable pressure of certain gas transmission pipelines. The 2011 Pipeline Safety Act also increased the maximum penalty for violation of pipeline safety regulations from $100,000 to $200,000 per violation per day and also from $1 million to $2 million for a related series of violations. These regulations could cause ONEOK Partners to incur capital and operating expenditures for pipeline replacements or repairs, additional monitoring equipment or more frequent inspections or testing of its pipeline facilities, preventive or mitigating measures and other tasks that could result in higher operating costs or capital expenditures.

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ONEOK Partners is subject to comprehensive energy regulation by governmental agencies, and the recovery of its costs are dependent on regulatory action.

Federal, state and local agencies have jurisdiction over many of ONEOK Partners' activities, including regulation by the FERC of its interstate pipeline assets. The profitability of ONEOK Partners' regulated operations is dependent on its ability to pass through costs related to providing energy and other commodities to its customers by filing periodic rate cases. The regulatory environment applicable to ONEOK Partners' regulated businesses could impair its ability to recover costs historically absorbed by its customers.

ONEOK Partners is unable to predict the impact that the future regulatory activities of these agencies will have on its operating results. Changes in regulations or the imposition of additional regulations could have an adverse impact on ONEOK Partners' business, financial condition and results of operations.

ONEOK Partners' regulated pipelines' transportation rates are subject to review and possible adjustment by federal and state regulators.

Under the Natural Gas Act, which is applicable to interstate natural gas pipelines, and the Interstate Commerce Act, which is applicable to crude oil and natural gas liquids pipelines, ONEOK Partners' interstate transportation rates, which are regulated by the FERC, must be just and reasonable and not unduly discriminatory.

Shippers may protest ONEOK Partners' pipeline tariff filings, and the FERC and/or state regulatory agencies may investigate tariff rates. Further, the FERC may order refunds of amounts collected under newly filed rates that are determined by the FERC to be in excess of a just and reasonable level. In addition, shippers may challenge by complaint the lawfulness of tariff rates that have become final and effective. The FERC and/or state regulatory agencies also may investigate tariff rates absent shipper complaint. Any finding that approved rates exceed a just and reasonable level on the natural gas pipelines would take effect prospectively. In a complaint proceeding challenging natural gas liquids pipeline rates, if the FERC determines existing rates exceed a just and reasonable level, it could require the payment of reparations to complaining shippers for up to two years prior to the complaint. Any such action by the FERC or a comparable action by a state regulatory agency could affect adversely ONEOK Partners' pipeline businesses' ability to charge rates that would cover future increases in costs, or even to continue to collect rates that cover current costs and provide for a reasonable return. We can provide no assurance that ONEOK Partners' pipeline systems will be able to recover all of their costs through existing or future rates.

ONEOK Partners' regulated pipeline companies have recorded certain assets that may not be recoverable from its customers.

Accounting policies for FERC-regulated companies permit certain assets that result from the regulated rate-making process to be recorded on ONEOK Partners' balance sheet that could not be recorded under GAAP for nonregulated entities. ONEOK Partners considers factors such as regulatory changes and the impact of competition to determine the probability of future recovery of these assets. If ONEOK Partners determines future recovery is no longer probable, ONEOK Partners would be required to write off the regulatory assets at that time.

Compliance with environmental regulations that ONEOK Partners is subject to may be difficult and costly.

ONEOK Partners is subject to multiple environmental laws and regulations affecting many aspects of present and future operations, including air emissions, water quality, wastewater discharges, solid and hazardous wastes, and hazardous material and substance management. These laws and regulations require ONEOK Partners to obtain and comply with a wide variety of environmental registrations, licenses, permits, inspections and other approvals. Failure to comply with these laws, regulations, permits and licenses may expose ONEOK Partners to fines, penalties and/or interruptions in its operations that could be material to its results of operations. If a leak or spill of hazardous substance occurs from ONEOK Partners' pipelines, gathering lines or facilities in the process of transporting natural gas or NGLs or at any facility that ONEOK Partners owns, operates or otherwise uses, ONEOK Partners could be held jointly and severally liable for all resulting liabilities, including investigation and clean-up costs, which could affect materially its results of operations and cash flows. In addition, emission controls required under the federal Clean Air Act and other similar federal and state laws could require unexpected capital expenditures at ONEOK Partners' facilities. ONEOK Partners cannot assure that existing environmental regulations will not be revised or that new regulations will not be adopted or become applicable to it. Revised or additional regulations that result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from customers, could have a material adverse effect on ONEOK Partners' business, financial condition and results of operations.

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ONEOK Partners' operations are subject to federal and state laws and regulations relating to the protection of the environment, which may expose it to significant costs and liabilities.

The risk of incurring substantial environmental costs and liabilities is inherent in ONEOK Partners' business. ONEOK Partners' operations are subject to extensive federal, state and local laws and regulations governing the discharge of materials into, or otherwise relating to the protection of, the environment. Examples of these laws include:

- the Clean Air Act and analogous state laws that impose obligations related to air emissions;
- the Clean Water Act and analogous state laws that regulate discharge of waste water from ONEOK Partners' facilities to state and federal waters;
- the federal CERCLA and analogous state laws that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by ONEOK Partners or locations to which ONEOK Partners has sent waste for disposal; and
- the federal Resource Conservation and Recovery Act and analogous state laws that impose requirements for the handling and discharge of solid and hazardous waste from ONEOK Partners' facilities.

Various federal and state governmental authorities, including the EPA, have the power to enforce compliance with these laws and regulations and the permits issued under them. Violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Joint and several, strict liability may be incurred without regard to fault under the CERCLA, Resource Conservation and Recovery Act and analogous state laws for the remediation of contaminated areas.

There is an inherent risk of incurring environmental costs and liabilities in ONEOK Partners' business due to its handling of the products it gathers, transports, processes and stores, air emissions related to its operations, past industry operations and waste disposal practices, some of which may be material. Private parties, including the owners of properties through which ONEOK Partners' pipeline systems pass, may have the right to pursue legal actions to enforce compliance as well as to seek damages for noncompliance with environmental laws and regulations or for personal injury or property damage arising from ONEOK Partners' operations. Some sites ONEOK Partners operates are located near current or former third-party hydrocarbon storage and processing operations, and there is a risk that contamination has migrated from those sites to ONEOK Partners' sites. In addition, increasingly strict laws, regulations and enforcement policies could increase significantly ONEOK Partners' compliance costs and the cost of any remediation that may become necessary, some of which may be material. Additional information is included under Item 1, Business under "Regulatory, Environmental and Safety Matters" and in Note R of the Notes to Consolidated Financial Statements in this Annual Report.

ONEOK Partners' insurance may not cover all environmental risks and costs or may not provide sufficient coverage in the event an environmental claim is made against ONEOK Partners. ONEOK Partners' business may be affected materially and adversely by increased costs due to stricter pollution-control requirements or liabilities resulting from noncompliance with required operating or other regulatory permits. New environmental regulations might also materially and adversely affect ONEOK Partners' products and activities, and federal and state agencies could impose additional safety requirements, all of which could affect materially ONEOK Partners' profitability.

ONEOK Partners may face significant costs to comply with the regulation of GHG emissions.

GHG emissions originate primarily from combustion engine exhaust, heater exhaust and fugitive methane gas emissions. Various federal and state legislative proposals have been introduced to regulate the emission of GHGs, particularly carbon dioxide and methane, and the United States Supreme Court has ruled that carbon dioxide is a pollutant subject to regulation by the EPA. In addition, there have been international efforts seeking legally binding reductions in emissions of GHGs.

ONEOK Partners believes it is likely that future governmental legislation and/or regulation may require it either to limit GHG emissions from its operations or to purchase allowances for such emissions that are actually attributable to its NGL customers. However, it cannot predict precisely what form these future regulations will take, the stringency of the regulations, or when they will become effective. Several legislative bills have been introduced in the United States Congress that would require carbon dioxide emission reductions. Previously considered proposals have included, among other things, limitations on the amount of GHGs that can be emitted (so called “caps”) together with systems of emissions allowances. These proposals could require ONEOK Partners to reduce emissions, even though the technology is not currently available for efficient reduction, or to purchase allowances for such emissions. Emissions also could be taxed independently of limits.

In addition to activities on the federal level, state and regional initiatives could also lead to the regulation of GHG emissions sooner and/or independent of federal regulation. These regulations could be more stringent than any federal legislation that is adopted.

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Future legislation and/or regulation designed to reduce GHG emissions could make some of its activities uneconomic to maintain or operate. Further, ONEOK Partners may not be able to pass on the higher costs to its customers or recover all costs related to complying with GHG regulatory requirements. Its future results of operations, cash flows or financial condition could be adversely affected if such costs are not recovered through regulated rates or otherwise passed on to its customers.

ONEOK Partners continues to monitor legislative and regulatory developments in this area. Although the regulation of GHG emissions may have a material impact on its operations and rates, ONEOK Partners believes it is premature to attempt to quantify the potential costs of the impacts.

ONEOK Partners is subject to physical and financial risks associated with climate change.

There is a growing belief that emissions of GHGs may be linked to global climate change. Climate change creates physical and financial risk. ONEOK Partners' customers' energy needs vary with weather conditions, primarily temperature and humidity. For residential customers, heating and cooling represent their largest energy use. To the extent weather conditions may be affected by climate change, customers' energy use could increase or decrease depending on the duration and magnitude of any changes. Increased energy use due to weather changes may require ONEOK Partners to invest in more pipelines and other infrastructure to serve increased demand. A decrease in energy use due to weather changes may affect its financial condition through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Weather conditions outside of ONEOK Partners' operating territory could also have an impact on its revenues. Severe weather impacts its operating territories primarily through hurricanes, thunderstorms, tornados and snow or ice storms. To the extent the frequency of extreme weather events increases, this could increase its cost of providing service. ONEOK Partners may not be able to pass on the higher costs to its customers or recover all the costs related to mitigating these physical risks. To the extent financial markets view climate change and emissions of GHGs as a financial risk, this could affect negatively its ability to access capital markets or cause ONEOK Partners to receive less favorable terms and conditions in future financings. Its business could be affected by the potential for lawsuits against GHG emitters, based on links drawn between GHG emissions and climate change.

ONEOK Partners' business is subject to regulatory oversight and potential penalties.

The natural gas industry historically has been subject to heavy state and federal regulation that extends to many aspects of ONEOK Partners' businesses and operations, including:
- rates, operating terms and conditions of service;
- the types of services ONEOK Partners may offer it customers;
- construction of new facilities;
- the integrity, safety and security of facilities and operations;
- acquisition, extension or abandonment of services or facilities;
- reporting and information posting requirements;
- maintenance of accounts and records; and
- relationships with affiliate companies involved in all aspects of the natural gas and energy businesses.

Compliance with these requirements can be costly and burdensome. Future changes to laws, regulations and policies in these areas may impair ONEOK Partners' ability to compete for business or to recover costs and may increase the cost and burden of operations. ONEOK Partners cannot guarantee that state or federal regulators will authorize any projects or acquisitions that it may propose in the future. Moreover, ONEOK Partners cannot guarantee that, if granted, any such authorizations will be made in a timely manner or will be free from potentially burdensome conditions.

Failure to comply with all applicable state or federal statutes, rules and regulations and orders, could bring substantial penalties and fines. For example, under the Energy Policy Act of 2005, the FERC has civil penalty authority under the Natural Gas Act to impose penalties for current violations of up to $1 million per day for each violation.

Finally, ONEOK Partners cannot give any assurance regarding future state or federal regulations under which it will operate or the effect such regulations could have on its or our business, financial condition and results of operations and cash flows.

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Demand for natural gas and for certain of ONEOK Partners’ products and services is highly weather sensitive and seasonal.

The demand for natural gas and for certain of ONEOK Partners’ businesses’ products, such as propane, is weather sensitive and seasonal, with a portion of revenues derived from sales for heating during the winter months. Weather conditions influence directly the volume of, among other things, natural gas and propane delivered to customers. Deviations in weather from normal levels and the seasonal nature of certain of ONEOK Partners’ businesses can create variations in earnings and short-term cash requirements.

Energy efficiency and technological advances may affect the demand for natural gas and affect adversely ONEOK Partners’ operating results.

More strict local, state and federal energy-conservation measures in the future or technological advances in heating, including installation of improved insulation and the development of more efficient furnaces, energy generation or other devices could affect the demand for natural gas and adversely affect ONEOK Partners’ and our results of operations and cash flows.

In the competition for customers, ONEOK Partners may have significant levels of uncontracted or discounted capacity on its natural gas and natural gas liquids pipelines, processing, fractionation and storage assets.

ONEOK Partners’ natural gas and natural gas liquids pipelines, processing, fractionation and storage assets compete with other pipelines, processing, fractionation and storage facilities for natural gas and NGL supplies delivered to the markets it serves. As a result of competition, at any given time ONEOK Partners may have significant levels of uncontracted or discounted capacity on its pipelines, processing, fractionation and in its storage assets, which could have a material adverse impact on ONEOK Partners’ or our results of operations and cash flows.

Any reduction in ONEOK Partners’ credit ratings could affect materially and adversely its business, financial condition, liquidity and results of operations.

ONEOK Partners’ senior unsecured long-term debt and commercial paper program have been assigned an investment-grade rating of “Baa2” (Negative) and Prime-2, respectively, by Moody’s and “BBB” (Negative) and A-2, respectively, by S&P We cannot provide assurance that any of its current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant. Specifically, if Moody’s or S&P were to downgrade ONEOK Partners’ long-term debt or commercial paper rating, particularly below investment grade, its borrowing costs would increase, which would affect adversely its financial results, and its potential pool of investors and funding sources could decrease. Ratings from credit agencies are not recommendations to buy, sell or hold ONEOK Partners’ securities. Each rating should be evaluated independently of any other rating.

An event of default may require ONEOK Partners to offer to repurchase certain of its senior notes or may impair its ability to access capital.

The indentures governing ONEOK Partners’ senior notes include an event of default upon the acceleration of other indebtedness of $100 million or more. Such events of default would entitle the trustee or the holders of 25 percent in aggregate principal amount of ONEOK Partners’ outstanding senior notes to declare those senior notes immediately due and payable in full. ONEOK Partners may not have sufficient cash on hand to repurchase and repay any accelerated senior notes, which may cause ONEOK Partners to borrow money under its credit facilities or seek alternative financing sources to finance the repurchases and repayment. ONEOK Partners could also face difficulties accessing capital or its borrowing costs could increase, impacting its ability to obtain financing for acquisitions or capital expenditures, to refinance indebtedness and to fulfill its debt obligations.

ONEOK Partners' indebtedness could impair its financial condition and ability to fulfill its obligations.

As of December 31, 2015, ONEOK Partners had total indebtedness of approximately $7.3 billion. Its indebtedness could have significant consequences. For example, it could:

- make it more difficult to satisfy its obligations with respect to its senior notes and other indebtedness, which could in turn result in an event of default on such other indebtedness or its senior notes;
- impair its ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or general business purposes;
- diminish its ability to withstand a downturn in its business or the economy;

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- require it to dedicate a substantial portion of its cash flow from operations to debt-service payments, thereby reducing the availability of cash for working capital, capital expenditures, acquisitions, distributions to partners and general partnership purposes;
- limit its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates; and
- place it at a competitive disadvantage compared with its competitors that have proportionately less debt.

ONEOK Partners is not prohibited under the indentures governing its senior notes from incurring additional indebtedness, but its debt agreements do subject it to certain operational limitations summarized in the next paragraph. ONEOK Partners' incurrence of significant additional indebtedness would exacerbate the negative consequences mentioned above and could affect adversely its ability to repay its senior notes and other indebtedness.

ONEOK Partners' debt agreements contain provisions that restrict its ability to finance future operations or capital needs or to expand or pursue its business activities. For example, certain of these agreements contain provisions that, among other things, limit its ability to make loans or investments, make material changes to the nature of its business, merge, consolidate or engage in asset sales, grant liens or make negative pledges. Certain agreements also require it to maintain certain financial ratios, which limit the amount of additional indebtedness it can incur. For example, the ONEOK Partners Credit Agreement contains a financial covenant requiring it to maintain a ratio of indebtedness to adjusted EBITDA (EBITDA, as defined in the ONEOK Partners Credit Agreement, adjusted for all noncash charges and increased for projected EBITDA from certain lender-approved capital expansion projects) of no more than 5.0 to 1. If ONEOK Partners consummates one or more acquisitions in which the aggregate purchase price is $25 million or more, the allowable ratio of indebtedness to adjusted EBITDA will increase to 5.5 to 1 for the quarter in which the acquisition was completed and the two following quarters.

These restrictions could result in higher costs of borrowing and impair ONEOK Partners' ability to generate additional cash. Future financing agreements ONEOK Partners may enter into may contain similar or more restrictive covenants.

If ONEOK Partners is unable to meet its debt-service obligations, it could be forced to restructure or refinance its indebtedness, seek additional equity capital or sell assets. It may be unable to obtain financing, raise equity or sell assets on satisfactory terms, or at all.

Borrowings under the ONEOK Partners Credit Agreement and its senior notes are nonrecourse to ONEOK, and ONEOK does not guarantee the debt, commercial paper or other similar commitments of ONEOK Partners.

ONEOK Partners has adopted certain valuation methodologies that may result in a shift of income, gain, loss and deduction between the general partner and the unitholders. The IRS may challenge this treatment, which could adversely affect the value of its limited partner units.

When ONEOK Partners issues additional units or engages in certain other transactions, ONEOK Partners determines the fair market value of its assets and allocates any unrealized gain or loss attributable to its assets to the capital accounts of its unitholders and its general partner. ONEOK Partners' methodology may be viewed as understating the value of its assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and the general partner, which may be unfavorable to such unitholders. Moreover, under ONEOK Partners' current valuation methods, subsequent purchasers of common units may have a greater portion of their Internal Revenue Code Section 743(b) adjustment allocated to ONEOK Partners' tangible assets and a lesser portion allocated to ONEOK Partners' intangible assets. The IRS may challenge ONEOK Partners' valuation methods or ONEOK Partners' allocation of the Section 743(b) adjustment attributable to ONEOK Partners' tangible and intangible assets, and allocations of income, gain, loss and deduction between the general partner and certain of ONEOK Partners' unitholders.

A successful IRS challenge to these methods or allocations could affect adversely the amount of taxable income or loss being allocated to ONEOK Partners' unitholders. It also could affect the amount of gain from ONEOK Partners unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to ONEOK Partners unitholders' tax returns without the benefit of additional deductions.

ONEOK Partners' treatment of a purchaser of common units as having the same tax benefits as the seller could be challenged, resulting in a reduction in value of the common units.

Because ONEOK Partners cannot match transferors and transferees of common units, ONEOK Partners is required to maintain the uniformity of the economic and tax characteristics of these units in the hands of the purchasers and sellers of these units. ONEOK Partners does so by adopting certain depreciation conventions that do not conform to all aspects of existing United States Treasury regulations. A successful IRS challenge to these conventions could affect adversely the tax benefits to a

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unitholder of ownership of the common units and could have a negative impact on their value or result in audit adjustments to ONEOK Partners unitholders' tax returns.

Increased regulation of exploration and production activities, including hydraulic fracturing, could result in reductions or delays in drilling and completing new oil and natural gas wells, which could impact adversely ONEOK Partners' revenues by decreasing the volumes of unprocessed natural gas and NGLs transported on its or its joint ventures' natural gas and natural gas liquids pipelines.

The natural gas industry is relying increasingly on natural gas supplies from nonconventional sources, such as shale and tight sands. Natural gas extracted from these sources frequently requires hydraulic fracturing, which involves the pressurized injection of water, sand, and chemicals into the geologic formation to stimulate natural gas production. Recently, there have been initiatives at the federal and state levels to regulate or otherwise restrict the use of hydraulic fracturing or the disposal of waste water used in the hydraulic fracturing process, and several states have adopted regulations that impose more stringent permitting, disclosure and well-completion requirements on hydraulic fracturing operations. Legislation or regulations placing restrictions on hydraulic fracturing activities, including waste-water disposal, could impose operational delays, increased operating costs and additional regulatory burdens on exploration and production operators, which could reduce their production of unprocessed natural gas and, in turn, adversely affect ONEOK Partners' revenues and results of operations by decreasing the volumes of unprocessed natural gas and NGLs gathered, treated, processed, fractionated and transported on ONEOK Partners' or its joint ventures' natural gas and natural gas liquids pipelines, several of which gather unprocessed natural gas and NGLs from areas where the use of hydraulic fracturing is prevalent.

Continued development of new supply sources could impact demand.

The discovery of nonconventional natural gas production areas nearer to certain market areas that ONEOK Partners serves may compete with natural gas originating in production areas connected to ONEOK Partners' systems. For example, the Marcellus Shale in Pennsylvania, New York, West Virginia and Ohio may cause natural gas in supply areas connected to ONEOK Partners' systems to be diverted to markets other than its traditional market areas and may affect capacity utilization adversely on ONEOK Partners' pipeline systems and ONEOK Partners' ability to renew or replace existing contracts at rates sufficient to maintain current revenues and cash flows. In addition, supply volumes from these nonconventional natural gas production areas may compete with and displace volumes from the Mid-Continent, Permian, Rocky Mountains and Canadian supply sources in certain of ONEOK Partners' markets. In the Natural Gas Gathering and Processing segment, the development of these new nonconventional reserves could move drilling rigs from ONEOK Partners' current service areas to other areas, which may reduce demand for ONEOK Partners' services. In the Natural Gas Pipelines segment, the displacement of natural gas originating in supply areas connected to ONEOK Partners' pipeline systems by these new supply sources that are closer to the end-use markets could result in lower transportation revenues, which could have a material adverse impact on ONEOK Partners' business, financial condition, results of operations and cash flows.

A court may use fraudulent conveyance considerations to avoid or subordinate the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes.

Various applicable fraudulent conveyance laws have been enacted for the protection of creditors. A court may use fraudulent conveyance laws to subordinate or avoid the guarantee of certain of ONEOK Partners' senior notes issued the Intermediate Partnership. It is also possible that under certain circumstances, a court could hold that the direct obligations of the Intermediate Partnership could be superior to the obligations under that guarantee.

A court could avoid or subordinate the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes in favor of the Intermediate Partnership's other debts or liabilities to the extent that the court determined either of the following were true at the time the Intermediate Partnership issued the guarantee:

- the Intermediate Partnership incurred the guarantee with the intent to hinder, delay or defraud any of its present or future creditors or the Intermediate Partnership contemplated insolvency with a design to favor one or more creditors to the total or partial exclusion of others; or
- the Intermediate Partnership did not receive fair consideration or reasonable equivalent value for issuing the guarantee and, at the time it issued the guarantee, the Intermediate Partnership:
  - was insolvent or rendered insolvent by reason of the issuance of the guarantee;
  - was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital; or
  - intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

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The measure of insolvency for purposes of the foregoing will vary depending upon the law of the relevant jurisdiction. Generally, however, an entity would be considered insolvent for purposes of the foregoing if:

- the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets at a fair valuation;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

Among other things, a legal challenge of the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes on fraudulent conveyance grounds may focus on the benefits, if any, realized by the Intermediate Partnership as a result of ONEOK Partners' issuance of such senior notes. To the extent the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes is avoided as a result of fraudulent conveyance or held unenforceable for any other reason, the holders of such senior notes would cease to have any claim in respect of the guarantee.

ONEOK Partners may be unable to cause its joint ventures to take or not to take certain actions unless some or all of its joint-venture participants agree.

ONEOK Partners participates in several joint ventures. Due to the nature of some of these arrangements, each participant in these joint ventures has made substantial investments in the joint venture and, accordingly, has required that the relevant charter documents contain certain features designed to provide each participant with the opportunity to participate in the management of the joint venture and to protect its investment, as well as any other assets that may be substantially dependent on or otherwise affected by the activities of that joint venture. These participation and protective features customarily include a corporate governance structure that requires at least a majority-in-interest vote to authorize many basic activities and requires a greater voting interest (sometimes up to 100 percent) to authorize more significant activities. Examples of these more significant activities are large expenditures or contractual commitments, the construction or acquisition of assets, borrowing money or otherwise raising capital, transactions with affiliates of a joint-venture participant, litigation and transactions not in the ordinary course of business, among others. Thus, without the concurrence of joint-venture participants with enough voting interests, ONEOK Partners may be unable to cause any of its joint ventures to take or not to take certain actions, even though those actions may be in the best interest of ONEOK Partners or the particular joint venture.

Moreover, any joint-venture owner generally may sell, transfer or otherwise modify its ownership interest in a joint venture, whether in a transaction involving third parties or the other joint-venture owners. Any such transaction could result in ONEOK Partners being required to partner with different or additional parties.

ONEOK Partners' operating cash flow is derived partially from cash distributions it receives from its unconsolidated affiliates.

ONEOK Partners' operating cash flow is derived partially from cash distributions it receives from its unconsolidated affiliates, as discussed in Note P of the Notes to Consolidated Financial Statements. The amount of cash that ONEOK Partners' unconsolidated affiliates can distribute principally depends upon the amount of cash flow these affiliates generate from their respective operations, which may fluctuate from quarter to quarter. ONEOK Partners does not have any direct control over the cash distribution policies of its unconsolidated affiliates. This lack of control may contribute to ONEOK Partners' not having sufficient available cash each quarter to continue paying distributions at its current levels.

Additionally, the amount of cash that ONEOK Partners has available for cash distribution depends primarily upon its cash flow, including cash flow from financial reserves and working capital borrowings, and is not solely a function of profitability, which will be affected by noncash items such as depreciation, amortization and provisions for asset impairments. As a result, ONEOK Partners may be able to make cash distributions during periods when it records losses and may not be able to make cash distributions during periods when it records net income.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

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ITEM 2. PROPERTIES

Natural Gas Gathering and Processing

Property - The Natural Gas Gathering and Processing segment owns the following assets:

- approximately 11,300 miles and 7,600 miles of natural gas gathering pipelines in the Mid-Continent and Rocky Mountain regions, respectively;
- nine natural gas processing plants with approximately 785 MMcf/d of processing capacity in the Mid-Continent region, and 11 natural gas processing plants with approximately 965 MMcf/d of processing capacity in the Rocky Mountain region; and
- approximately 15 MBbl/d of natural gas liquids fractionation capacity at various natural gas processing plants in the Mid-Continent and Rocky Mountain regions.

As discussed further in “Growth Projects” in the Natural Gas Gathering and Processing segment’s discussion in Item 7, Management’s Discussion and Analysis of Financial Condition and Results of Operations, ONEOK Partners also is constructing the following:

- one additional natural gas processing plant in the Rocky Mountain region, which will provide approximately 80 MMcf/d of combined processing capacity; and
- two de-ethanizers in the Rocky Mountain region, which will remove ethane from the natural gas stream, which we expect to be sold under a long-term contract to a customer who plans to transport the ethane on a third-party pipeline.

Utilization - The utilization rates for ONEOK Partners’ natural gas processing plants were approximately 76 percent and 84 percent for 2015 and 2014, respectively. ONEOK Partners calculates utilization rates using a weighted-average approach, adjusting for the dates that assets were placed in service.

Natural Gas Liquids

Property - The Natural Gas Liquids segment owns the following assets:

- approximately 2,800 miles of non-FERC-regulated natural gas liquids gathering pipelines with peak capacity of approximately 800 MBbl/d;
- approximately 170 miles of non-FERC-regulated natural gas liquids distribution pipelines with peak transportation capacity of approximately 66 MBbl/d;
- approximately 4,300 miles of FERC-regulated natural gas liquids gathering pipelines with peak capacity of approximately 683 MBbl/d;
- approximately 4,200 miles of FERC-regulated natural gas liquids and refined petroleum products distribution pipelines with peak capacity of 993 MBbl/d;
- one natural gas liquids fractionator in Oklahoma with operating capacity of approximately 210 MBbl/d, two natural gas liquids fractionators in Kansas with combined operating capacity of 280 MBbl/d and two natural gas liquids fractionators in Texas with combined operating capacity of 150 MBbl/d;
- 80 percent ownership interest in one natural gas liquids fractionator in Texas with ONEOK Partners’ proportional share of operating capacity of approximately 128 MBbl/d;
- interest in one natural gas liquids fractionator in Kansas with ONEOK Partners’ proportional share of operating capacity of approximately 11 MBbl/d;
- one isomerization unit in Kansas with operating capacity of 9 MBbl/d;
- six natural gas liquids storage facilities in Oklahoma, Kansas and Texas with operating storage capacity of approximately 23.2 MMBbl;
- eight natural gas liquids product terminals in Missouri, Nebraska, Iowa and Illinois;

- above- and below-ground storage facilities associated with ONEOK Partners' FERC-regulated natural gas liquids pipeline operations in Iowa, Illinois, Nebraska and Kansas with combined operating capacity of 978 MBbl; and
- one ethane/propane splitter in Texas with operating capacity of 32 MBbl/d of purity ethane and 8 MBbl/d of propane.

In addition, ONEOK Partners leases approximately 2.5 MMBbl of combined NGL storage capacity at facilities in Kansas and Texas and has access to 60 MBbl/d of natural gas liquids fractionation capacity in Texas through a fractionation service agreement.

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As discussed further in "Growth Projects" in the Natural Gas Liquids segment's discussion in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, ONEOK Partners also has a 25 MBbl/d expansion of its Bakken NGL Pipeline and additional NGL infrastructure in the Rocky Mountain region in various stages of construction.

Utilization - The utilization rates for ONEOK Partners' various assets, including leased assets, have been impacted by ethane rejection. The utilization rates for 2015 and 2014, respectively, were as follows:

- its non-FERC-regulated natural gas liquids gathering pipelines were approximately 65 percent and 62 percent;
- its FERC-regulated natural gas liquids gathering pipelines were approximately 75 percent and 79 percent;
- its FERC-regulated natural gas liquids distribution pipelines were approximately 43 percent and 47 percent;
- its natural gas liquids fractionators were approximately 66 percent and 70 percent; and
- its average contracted natural gas liquids storage volumes were approximately 66 percent and 69 percent of storage capacity.

ONEOK Partners calculates utilization rates using a weighted-average approach, adjusting for the dates that assets were placed in service. ONEOK Partners' fractionation utilization rate reflects approximate proportional capacity associated with its ownership interests.

Natural Gas Pipelines

Property - The Natural Gas Pipelines segment owns the following assets:

- approximately 1,500 miles of FERC-regulated interstate natural gas pipelines with approximately 3.2 Bcf/d of peak transportation capacity;
- approximately 5,200 miles of state-regulated intrastate transmission pipelines with peak transportation capacity of approximately 3.2 Bcf/d; and
- approximately 55.4 Bcf of total active working natural gas storage capacity.

ONEOK Partners' storage includes four underground natural gas storage facilities in Oklahoma, two underground natural gas storage facilities in Kansas and two underground natural gas storage facilities in Texas.

As discussed further in "Growth Projects" in the Natural Gas Pipelines segment's discussion in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, ONEOK Partners also is constructing or plans to construct the following:

- one intrastate transmission pipeline in the Permian Basin through a 50-50 joint venture, which will provide approximately 640 MMcf/d of transportation capacity; and
- one wholly owned intrastate transmission pipeline expansion in the Permian Basin, which will provide 260 MMcf/d of incremental transportation capacity.

Utilization - ONEOK Partners' natural gas pipelines were approximately 92 percent subscribed in 2015 and 91 percent subscribed in 2014, and its natural gas storage facilities were 71 percent subscribed in 2015 and 76 percent subscribed in 2014.

Other

Property - We own the 17-story ONEOK Plaza office building, with approximately 505,000 square feet of net rentable space, and an associated parking garage.

ITEM 3. LEGAL PROCEEDINGS

Gas Index Pricing Litigation - We, ONEOK Energy Services Company, L.P. (OESC) and one other affiliate are defending, either individually or together, against the following lawsuits that claim damages resulting from the alleged market manipulation or false reporting of prices to gas index publications by us and others: Sinclair Oil Corporation v. ONEOK Energy Services Corporation, L.P., et al. (filed in the United States District Court for the District of Wyoming in September 2005, transferred to MDL-1566 in the United States District Court for the District of Nevada); Reorganized FLI, Inc. (formerly J.P. Morgan Trust Company) v. ONEOK, Inc., et al. (filed in the District Court of Wyandotte County, Kansas, in October 2005, transferred to MDL-1566 in the United States District Court for the District of Nevada); Learjet, Inc., et al. v. ONEOK, Inc., et al. (filed in the District Court of Wyandotte, Kansas, in November 2005, transferred to MDL-1566 in the United States District Court for the District of Nevada); Arandell Corporation, et al. v. Xcel Energy, Inc., et al. (filed in the Circuit Court for Dane County, Wisconsin, in December 2006, transferred to MDL-1566 in the United States District Court for the District of Nevada);

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Heartland Regional Medical Center, et al. v. ONEOK, Inc., et al. (filed in the Circuit Court of Buchanan County, Missouri, in March 2007, transferred to MDL-1566 in the United States District Court for the District of Nevada); NewPage Wisconsin System v. CMS Energy Resource Management Company, et al. (filed in the Circuit Court for Wood County, Wisconsin, in March 2009, transferred to MDL-1566 in the United States District Court for the District of Nevada and now consolidated with the Arandell case). In each of these lawsuits, the plaintiffs allege that we, OESC and one other affiliate and approximately nine other energy companies and their affiliates engaged in an illegal scheme to inflate natural gas prices by providing false information to gas price index publications. All of the complaints arise out of a CFTC investigation into and reports concerning false gas price index-reporting or manipulation in the energy marketing industry during the years from 2000 to 2002.

On July 18, 2011, the trial court granted judgments in favor of ONEOK, Inc., OESC and other unaffiliated entities in the following cases: Reorganized FLI, Learjet, Arandell, Heartland, and NewPage. The court also granted judgment in favor of OESC on all state law claims asserted in the Sinclair case. On August 18, 2011, the trial court entered an order approving a stipulation by the plaintiffs and our affiliate, Kansas Gas Marketing Company (“KGMC”), for a dismissal without prejudice of the plaintiffs’ claims against KGMC in the Learjet and Heartland cases.

On April 10, 2013, the United States Court of Appeals for the Ninth Circuit reversed the summary judgments that had been granted in favor of ONEOK, OESC and other unaffiliated defendants in the following cases: Reorganized FLI, Learjet, Arandell, Heartland and NewPage. The Ninth Circuit also reversed the summary judgment that had been granted in favor of OESC on all state law claims asserted in the Sinclair case. On April 21, 2015, the United States Supreme Court affirmed the decision of the Ninth Circuit. The cases have now been remanded back to the trial court (the United States District Court for the District of Nevada) for further proceedings.

Because of the uncertainty surrounding the Gas Index Pricing Litigation, including an insufficient description of the purported classes and other related matters, we cannot reasonably estimate a range of potential exposures at this time. However, it is reasonably possible that the ultimate resolution of these matters could result in future charges that may be material to our results of operations.

Other Legal Proceedings - We and ONEOK Partners are party to various other litigation matters and claims that have arisen in the normal course of our operations. While the results of these various other litigation matters and claims cannot be predicted with certainty, we believe the reasonably possible losses from such matters, individually and in the aggregate, are not material. Additionally, we believe the probable final outcome of such matters will not have a material adverse effect on our consolidated results of operations, financial position or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT’S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION AND HOLDERS

Our common stock is listed on the NYSE under the trading symbol “OKE.” The corporate name ONEOK is used in newspaper stock listings. The following table sets forth the high and low closing prices of our common stock for the periods indicated:

	Year Ended December 31, 2015		Year Ended December 31, 2014	
	High	Low	High	Low
First Quarter	$49.92	$40.23	$68.49	$57.78
Second Quarter	$51.07	$38.83	$68.08	$58.48
Third Quarter	$41.40	$30.86	$70.98	$62.03
Fourth Quarter	$39.58	$18.93	$64.72	$44.30

At February 16, 2016, there were 14,399 holders of record of our 209,989,711 outstanding shares of common stock.

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DIVIDENDS

The following table sets forth the quarterly dividends declared and paid per share of our common stock during the periods indicated:

	Years Ended December 31,		
	2015	2014	2013
First Quarter	$0.605	$0.40	$0.36
Second Quarter	$0.605	$0.56	$0.36
Third Quarter	$0.605	$0.575	$0.38
Fourth Quarter	$0.615	$0.59	$0.38
Total	$2.43	$2.125	$1.48

In January 2016, we declared a dividend of $0.615 per share ($2.46 per share on an annualized basis), which was paid on February 12, 2016, to shareholders of record as of February 1, 2016.

ISSUER PURCHASES OF EQUITY SECURITIES

We repurchased no shares of our common stock for the year ended December 31, 2015. The repurchase program, authorized by our Board of Directors in October 2010, terminated on December 31, 2013, and as of December 31, 2015, we have no authorization to repurchase shares.

EMPLOYEE STOCK AWARD PROGRAM

Under our Employee Stock Award Program, we issued, for no monetary consideration, to all eligible employees one share of our common stock when the per-share closing price of our common stock on the NYSE was for the first time at or above $13 per share, and one additional share of common stock when the per-share closing price of our common stock on the NYSE was at or above each one dollar increment above $13. No shares were issued to employees under this program during 2015. Shares issued to employees under this program during 2014 totaled 49,864, and compensation expense related to the Employee Stock Award Plan was $2.1 million. For 2013, the number of shares issued under this program totaled 63,975, and compensation expense related to the Employee Stock Award Plan was $3.6 million.

The total number of shares of our common stock available for issuance under this program is 900,000. The shares issued under this program have not been registered under the Securities Act, in reliance upon the position taken by the SEC (see Release No. 6188, dated February 1, 1980) that the issuance of shares to employees pursuant to a program of this kind does not require registration under the Securities Act. See Note M of the Notes to Consolidated Financial Statements in this Annual Report for additional information about the employee stock award program and other equity compensation plans.

PERFORMANCE GRAPH

The following performance graph compares the performance of our common stock with the S&P 500 Index, the Alerian MLP Index and a ONEOK Peer Group during the period beginning on December 31, 2010, and ending on December 31, 2015.

The graph assumes a $100 investment in our common stock and in each of the indices at the beginning of the period and a reinvestment of dividends paid on such investments throughout the period.

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Value of $100 Investment, Assuming Reinvestment of Dividends,
at December 31, 2010, and at the End of Every Year Through December 31, 2015,
in ONEOK, Inc., the S&P 500 Index, the Alerian MLP Index and a ONEOK Peer Group

	Cumulative Total Return Years Ended December 31, 2011	2012	2013	2014	2015
ONEOK, Inc.	$161.13	$163.61	$244.90	$231.84	$121.93
S&P 500 Index	$102.08	$118.39	$156.70	$178.10	$180.56
ONEOK Peer Group (a)	$116.53	$124.05	$168.71	$184.37	$138.37
Alerian MLP Index (b)	$113.83	$119.32	$152.25	$159.51	$107.63

(a) - The ONEOK Peer Group is comprised of the following companies: Boardwalk Pipeline Partners, LP; Buckeye Partners L.P.; CenterPoint Energy, Inc.; Energy Transfer Partners, L.P; EQT Corporation; Magellan Midstream Partners, L.P; MarkWest Energy Partners, L.P*; MDU Resources Group, Inc.; National Fuel Gas Company; NiSource Inc.; NuStar Energy L.P.; OGE Energy Corp.; Plains All American Pipeline, L.P.; Sempra Energy; Spectra Energy Corp.; Targa Resource Partners LP; and The Williams Companies, Inc.
(b) - The Alerian MLP Index is comprised of the following companies: Access Midstream Partners L.P.; Altas Pipeline Partners L.P.; AmeriGas Partners L.P.; Alliance Resource Partners L.P.; Atlas Resource Partners L.P.; Breitburn Energy Partners L.P.; Buckeye Partners L.P.; Calumet Specialty Products Partners L.P.; Crestwood Midstream Partners L.P.; DCP Midstream Partners L.P.; Enbridge Energy Partners L.P.; Enable Midstream Partners L.P.; EnLink Midstream Partners L.P.; Enterprise Products Partners L.P.; EQT Midstream Partners L.P.; Energy Transfer Partners L.P.; EV Energy Partners L.P.; Ferrellgas Partners L.P.; Genesis Energy L.P; Golar LNG Partners L.P.; Hi-Crush Partners L.P.; Legacy Reserves L.P.; Linn Energy L.L.C.; Memorial Production Partners L.P.; Martin Midstream Partners L.P.; Magellan Midstream Partners L.P.; MPLX L.P.; MarkWest Energy Partners L.P.*; NGL Energy Partners L.P.; Targa Resources Partners L.P.; Navios Maritime Partners L.P.; Natural Resources Partners L.P.; NuStar Energy L.P; Oiltanking Partners L.P.; Plains All American Pipeline L.P; Phillips 66 Partners L.P.; Regency Energy Partners L.P.; Seadrill Partners L.L.C.; Spectra Energy Partners L.P.; Suburban Propane Partners L.P.; Sunoco Logistics Partners L.P.; TC Pipelines L.P.; Teekay LNG Partners L.P.; Tesoro Logistics L.P.; Teekay Offshore Partners L.P.; Valero Energy Partners L.P.; Vanguard Natural Resources L.L.C.; Western Gas Partners L.P.; Williams Partners L.P.

*As of December 4, 2015, Markwest Energy Partners (MWE) ceased to be a publicly traded partnership and became a wholly owned subsidiary of MPLX LP (NYSE: MPLX).

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ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data for each of the periods indicated:

	Years Ended December 31,				
	2015	2014	2013	2012	2011
	(Millions of dollars except per share amounts)				
Revenues	$7,763.2	$12,195.1	$11,871.9	$10,184.1	$11,325.0
Income from continuing operations	$385.3	$668.7	$589.1	$677.7	$644.9
Income from continuing operations attributable to ONEOK	$251.1	$319.7	$278.7	$294.8	$245.8
Net income attributable to ONEOK	$245.0	$314.1	$266.5	$360.6	$360.6
Total assets	$15,446.1	$15,261.8	$17,692.2	$15,857.1	$13,691.3
Long-term debt, including current maturities	$8,434.2	$7,160.8	$7,715.0	$6,480.8	$3,923.6
Earnings per share - continuing operations					
Basic	$1.19	$1.53	$1.35	$1.43	$1.17
Diluted	$1.19	$1.52	$1.33	$1.40	$1.15
Earnings per share - total					
Basic	$1.17	$1.50	$1.29	$1.75	$1.72
Diluted	$1.16	$1.49	$1.27	$1.71	$1.68
Dividends declared per common share	$2.43	$2.125	$1.48	$1.27	$1.08

ITEM 7. MANAGEMENT’S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with Item 1, Business, our audited Consolidated Financial Statements and the Notes to Consolidated Financial Statements in this Annual Report.

RECENT DEVELOPMENTS

Due to the separation of our former natural gas distribution business on January 31, 2014, the wind down of our former energy services business on March 31, 2014, and the subsequent reporting of such businesses as discontinued operations, income from continuing operations reflects the continuing operations of ONEOK Partners and of ONEOK as its general partner. All references to income as used in Management’s Discussion and Analysis of Financial Condition and Results of Operations refer to income from continuing operations. Please refer to the “Financial Results and Operating Information” and “Liquidity and Capital Resources” sections of Management’s Discussion and Analysis of Financial Condition and Results of Operations and our Consolidated Financial Statements and Notes to Consolidated Financial Statements in this Annual Report for additional information. ONEOK and its subsidiaries own all of the general partner interest and certain limited partner interests, which, together, represented a 41.2 percent ownership interest at December 31, 2015, in ONEOK Partners, one of the largest publicly traded master limited partnerships.

Due in part to the rapid growth in crude oil and natural gas production in the United States, the global supply of crude oil and natural gas exceeded demand and led to a dramatic fall in commodity prices beginning in the fourth quarter 2014. Lower crude oil and natural gas prices persisted throughout 2015 and are expected to remain low in 2016. The production growth and decline in crude oil prices have also contributed to lower NGL product prices, as well as narrow NGL product price differentials.

WTI crude oil prices declined to an average of approximately $50.00 per barrel in 2015, compared with prices averaging approximately $93.00 per barrel in 2014. NYMEX natural gas prices also declined to an average of approximately $2.60 per MMBtu in 2015, compared with prices averaging approximately $4.30 per MMBtu in 2014.

OPIS Conway propane prices averaged less than $0.41 per gallon in 2015, compared with prices averaging more than $1.10 per gallon in 2014. At December 31, 2015, prices for WTI crude oil, NYMEX natural gas and OPIS Conway propane declined to approximately $35.00 per barrel, $2.30 per MMBtu and $0.33 per gallon, respectively, and remained weak into early 2016.

ONEOK Partners has mitigated partially its exposure to the current commodity price environment by growing its fee-based business. ONEOK Partners has a predominantly fee-based business in the Natural Gas Liquids and Natural Gas Pipelines segments and, historically to a lesser extent, in the Natural Gas Gathering and Processing segment. In 2015, however, the Natural Gas Gathering and Processing segment restructured many POP with fee contracts associated with a significant amount

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of its gathered volumes to increase the fee-based component and will continue to seek opportunities to similarly restructure additional contracts in 2016. These restructured contracts favorably impacted ONEOK Partners' 2015 results, and it expects to receive the full benefit of the improved earnings from these contracts in its 2016 financial results. In the fourth quarter 2015, the Natural Gas Gathering and Processing segment's fee revenues averaged $0.55 per MMBtu, compared with an average of $0.36 per MMBtu in 2014. As a result of these restructured contracts, we expect the Natural Gas Gathering and Processing segment's fee-based earnings to increase significantly to more than 75 percent in 2016 and ONEOK Partners' consolidated fee-based earnings to increase to approximately 85 percent in 2016. To further mitigate the impact of lower commodity prices, ONEOK Partners has hedged a significant portion of the Natural Gas Gathering and Processing segment's expected equity volumes for 2016 and 2017. The Natural Gas Liquids and Natural Gas Pipelines segments continue to provide primarily fee-based services, and many of the contracts in these segments include fixed fee, minimum volume or firm demand charge agreements that provide a minimum level of revenues regardless of commodity prices or volumetric throughput.

The current weakened commodity price environment, resulting from factors beyond our control, is creating challenges for ONEOK Partners' crude oil and natural gas producer customers and resulted in decreased drilling activity in 2015, compared with 2014. In the Williston Basin, the number of rigs drilling on acreage dedicated to ONEOK Partners decreased from approximately 80 rigs in January 2015 to approximately 30 rigs in December 2015. Despite the sustained lower crude oil, natural gas and NGL prices and reduced capital spending by producers, we continue to expect demand for midstream services and infrastructure development to be driven by producers who need to connect production with end-use markets where current infrastructure is insufficient or nonexistent. ONEOK Partners' natural gas and NGL volumes increased in 2015, particularly in the Williston Basin, as producers are focusing their drilling in the most productive areas and are using more efficient drilling and completion techniques. We expect this lower commodity price environment to continue in 2016, which will impact ONEOK Partners' net realized prices for natural gas, NGLs and condensate, as well as our financial results. If the low commodity price environment persists for a prolonged period or prices decline further, volumes across ONEOK Partners' assets may grow more slowly than in the past or decline.

Although drilling has slowed, many of ONEOK Partners' customers continue to drill new wells in the most productive areas, and improvements in drilling and completion technology are resulting in higher volumes from the wells that are completed. These new technologies, such as multi-well pads and more efficient drilling rigs, are resulting in lower drilling and completion costs, which are mitigating partially the lower commodity prices for ONEOK Partners' producer customers. In addition, new wells drilled using horizontal drilling technologies tend to produce volumes at higher initial production rates resulting generally in higher initial decline rates than conventional vertical wells; however, the decline rates flatten out over time. A significant portion of ONEOK Partners' Williston Basin gathering and processing assets are in the most productive areas, which typically produce at higher initial production rates compared with other areas, have the highest natural gas content and have slower natural gas declines than crude oil. We expect ONEOK Partners' natural gas gathered and processed volumes in the Williston Basin to continue to grow in 2016, despite expected reductions in producer drilling activity. The significant drilling activity in recent years in the Williston Basin has caused natural gas production to exceed the capacity of existing natural gas gathering and processing infrastructure, which results in the flaring of natural gas (the controlled burning of natural gas at the wellhead) by producers. We expect ONEOK Partners to capture a substantial amount of natural gas currently being flared by producers due to an additional processing plant and compression projects that were placed in service in late 2015 and projects that are expected to be completed in 2016. Additionally, we expect ONEOK Partners to benefit from production from new wells on ONEOK Partners' dedicated acreage in the Williston Basin that have been drilled previously but have not yet been completed or connected to its system by expanding its natural gas gathering and processing and natural gas liquids gathering infrastructure in the Williston Basin.

We expect ethane rejection to persist at current levels, which have exceeded 150 MBbl/d on ONEOK Partners' natural gas liquids system during 2015, until ethylene producers increase their capacity to consume additional ethane feedstock volumes through plant modifications, plant expansions and the completion of announced new world-scale ethylene production projects, which are anticipated to begin coming on line in 2017. Ethane rejection is expected to continue to have a significant impact on our and ONEOK Partners' financial results into 2017.

Beginning in June 2015, the Natural Gas Gathering and Processing segment reduced its level of ethane rejection in the Williston Basin to alleviate downstream NGL product specification issues, which offsets partially the financial impact of ethane rejection. We expect this decreased level of ethane rejection to continue throughout 2016. In addition, the Natural Gas Liquids segment's integrated assets enable ONEOK Partners to mitigate partially this impact through minimum volume commitments, contract modifications that vary fees for ethane and other NGL products, and ONEOK Partners' ability to utilize the transportation capacity made available due to ethane rejection to capture additional NGL location price differentials, when they exist, in its optimization activities.

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ONEOK Partners' Growth Projects - In 2015, crude oil and natural gas producers continued to drill for crude oil and NGL-rich natural gas in many regions where ONEOK Partners has operations, including in the Bakken Shale and Three Forks formations in the Williston Basin; in the Cana-Woodford Shale, Woodford Shale, Springer Shale, Stack and SCOOP areas in the Mid-Continent region; and in the Permian Basin. In response to this continued production of crude oil, natural gas and NGLs, and higher demand for NGL products from the petrochemical industry, ONEOK Partners has completed growth projects and acquisitions in these regions. In addition, ONEOK Partners' current projects are expected to expand the natural gas gathering and processing and natural gas liquids gathering infrastructure in the Williston Basin to capture natural gas currently being flared by producers. Through its Roadrunner joint venture, ONEOK Partners is constructing a pipeline to transport natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas. The Roadrunner pipeline will connect with ONEOK Partners' existing natural gas pipeline and storage infrastructure in Texas and, together with ONEOK Partners' WesTex intrastate natural gas transmission pipeline expansion project, is expected to create a platform for future opportunities to deliver natural gas supply to Mexico. The execution of these capital investments aligns with ONEOK Partners' strategy to generate consistent growth and sustainable earnings. ONEOK Partners' contractual commitments from crude oil and natural gas producers, natural gas processors and electric generators are expected to provide incremental cash flows and long-term fee-based earnings.

While reduced crude oil and natural gas producer drilling activity is slowing supply growth, we expect ONEOK Partners to complete its previously announced projects to meet crude oil and natural gas producers' demand for its gathering, processing, fractionation and transportation services. ONEOK Partners has suspended capital expenditures for certain natural gas processing plants and related infrastructure to align with the needs of its customers. ONEOK Partners could resume its suspended capital-growth projects when market conditions improve and customers' needs change. In 2016, we expect lower capital spending for ONEOK Partners, compared with spending levels from 2013 through 2015, due to the current commodity price environment and ONEOK Partners' alignment of capital-growth projects with the needs of its customers. If the current commodity price environment persists for a prolonged period, it may further impact the timing or demand for additional infrastructure projects or growth opportunities in the future.

WesTex Transmission Pipeline Expansion - In July 2015, ONEOK Partners announced plans to invest $70 million to $100 million to expand its WesTex intrastate natural gas pipeline system in the Permian Basin in the Natural Gas Pipelines segment. WesTex, which had qualifying open season bids in excess of 500 MMcf/d, plans to utilize 240 MMcf/d of existing capacity and create additional capacity by expanding its system by 260 MMcf/d by the first quarter 2017. This expansion project is supported by firm demand charge transportation agreements and is complementary to ONEOK Partners' recently announced Roadrunner joint venture pipeline project discussed below.

See additional discussion of ONEOK Partners' other growth projects in the "Financial Results and Operating Information" section in the Natural Gas Gathering and Processing, Natural Gas Liquids and Natural Gas Pipelines segments.

Roadrunner - In March 2015, ONEOK Partners entered into a 50-50 joint venture with a subsidiary of Fermaca Infrastructure B.V. (Fermaca), a Mexico City-based natural gas infrastructure company, to construct a pipeline to transport natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas. The pipeline will connect with ONEOK Partners' existing natural gas pipeline and storage infrastructure in Texas. These integrated assets are also expected to provide markets in Mexico access to upstream supply basins in West Texas and the Mid-Continent region, which adds location and price diversity to their supply mix and supports the plan of Mexico's national electric utility, Comisión Federal de Electricidad, to replace fuel oil-based power plants with natural gas-fueled power plants, which are more economical and produce fewer GHG emissions. The estimated total cost of the project is approximately $430 million to $480 million. ONEOK Partners contributed approximately $30 million to Roadrunner in 2015 and expects to contribute approximately $50 million to Roadrunner during 2016.

Roadrunner has all permits needed to complete construction on Phase I and all permits needed to begin construction on Phase II. Construction on both Phase I and Phase II is ongoing and we expect Phase I to be completed in the first quarter 2016.

Roadrunner entered into a $230 million senior secured credit facility for the construction and operation of the pipeline. The senior secured credit facility expires seven years after the Roadrunner in-service date of Phase II, which is expected to be completed in the first quarter 2017. In addition, Roadrunner executed interest-rate swaps to hedge the variability of its interest payments during the term of the credit facility. Roadrunner's credit facility is nonrecourse to ONEOK and ONEOK Partners, and neither ONEOK nor ONEOK Partners guarantees Roadrunner's debts or obligations under the credit facility.

See additional discussion in the "Financial Results and Operating Information" section in the Natural Gas Pipelines segment.

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Impairment Charges - In the fourth quarter 2015, ONEOK Partners recorded $264.3 million of noncash impairment charges, primarily related to its long-lived assets and equity investments in the dry natural gas area of the Powder River Basin.

Dividends/Distributions - During 2015, we paid dividends totaling $2.43 per share, an increase of approximately 14 percent from the $2.125 per share paid during 2014. We declared a quarterly dividend of $0.615 per share ($2.46 per share on an annualized basis) in January 2016, an increase of approximately 2 percent from the $0.605 declared in January 2015. During 2015, ONEOK Partners paid cash distributions totaling $3.16 per unit, an increase of approximately 5 percent over the $3.01 per unit paid during 2014. ONEOK Partners paid total cash distributions to us in 2015 of $706.3 million, which includes $310.2 million resulting from our limited-partner interest and $396.1 million related to our general partner interest. A cash distribution from ONEOK Partners of $0.79 per unit ($3.16 per unit on an annualized basis) was declared in January 2016.

ONEOK Debt Issuance - In August 2015, we completed an underwritten public offering of $500 million of 7.5 percent senior notes due 2023. The net proceeds, after deducting underwriting discounts, commissions and other expenses, were approximately $487.1 million. We used the proceeds together with cash on hand to purchase $650 million of additional common units from ONEOK Partners.

ONEOK Partners Debt Issuances - In January 2016, ONEOK Partners entered into the $1.0 billion senior unsecured Term Loan Agreement with a syndicate of banks that matures in January 2019. Proceeds from the Term Loan Agreement effectively refinance ONEOK Partners' 2016 debt maturities.

In March 2015, ONEOK Partners completed an underwritten public offering of $800 million of senior notes, generating net proceeds of approximately $792.3 million. ONEOK Partners used the proceeds to repay amounts outstanding under its commercial paper program and for general partnership purposes.

ONEOK Partners Equity Issuances - In August 2015, ONEOK Partners completed a private placement of 21.5 million common units at a price of $30.17 per unit with us. Additionally, ONEOK Partners completed a concurrent sale of approximately 3.3 million common units at a price of $30.17 per unit to funds managed by Kayne Anderson Capital Advisors in a registered direct offering, which were issued through ONEOK Partners' existing "at-the-market" equity program. The combined offerings generated net cash proceeds of approximately $749 million to ONEOK Partners. In conjunction with these issuances, ONEOK Partners GP contributed approximately $15.3 million in order to maintain our 2 percent general partner interest in ONEOK Partners. ONEOK Partners used the proceeds for general partnership purposes, including capital expenditures and repayment of commercial paper borrowings.

During 2015, ONEOK Partners sold 10.5 million common units through its "at-the-market" equity program, including the units sold to funds managed by Kayne Anderson Capital Advisors in the offering discussed above. The net proceeds, including ONEOK Partners GP's contribution to maintain our 2 percent general partner interest in ONEOK Partners, were approximately $381.6 million, which were used for general partnership purposes, including repayment of commercial paper borrowings.

As a result of these transactions, our aggregate ownership interest in ONEOK Partners increased to 41.2 percent at December 31, 2015, compared with 37.8 percent at December 31, 2014.

See Note Q of the Notes to Consolidated Financial Statements in this Annual Report for a discussion of ONEOK Partners' issuance of common units and distributions to noncontrolling interests.

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FINANCIAL RESULTS AND OPERATING INFORMATION

Consolidated Operations

Selected Financial Results - The following table sets forth certain selected consolidated financial results for the periods indicated:

Financial Results	Years Ended December 31, 2015	2014	2013	Variances 2015 vs. 2014 Increase (Decrease)		Variances 2014 vs. 2013 Increase (Decrease)	
	(Millions of dollars)						
Revenues							
Commodity sales	$6,098.3	$10,725.0	$10,549.2	$(4,626.7)	(43)%	$175.8	2%
Services	1,665.0	1,470.1	1,322.7	194.9	13%	147.4	11%
Total revenues	7,763.3	12,195.1	11,871.9	(4,431.8)	(36)%	323.2	3%
Cost of sales and fuel (exclusive of items shown separately below)	5,641.1	10,088.5	10,222.2	(4,447.4)	(44)%	(133.7)	(1)%
Operating costs	693.3	674.9	541.7	18.4	3%	133.2	25%
Depreciation and amortization	354.6	294.7	239.3	59.9	20%	55.4	23%
Impairment of long-lived assets	83.7	—	—	83.7	*	—	—%
Gain (loss) on sale of assets	5.6	6.6	11.9	(1.0)	(15)%	(5.3)	(45)%
Operating income	$996.2	$1,143.6	$880.6	$(147.4)	(13)%	$263.0	30%
Equity in net earnings from investments	$125.3	$117.4	$110.5	$7.9	7%	$6.9	6%
Impairment of equity investments	$(180.6)	$(76.4)	$—	$104.2	*	$76.4	*
Interest expense	$(416.8)	$(356.2)	$(270.6)	$60.6	17%	$85.6	32%
Income from continuing operations	$385.3	$668.7	$589.1	$(283.4)	(42)%	$79.6	14%
Income (loss) from discontinued operations, net of tax	$(6.1)	$(5.6)	$(12.1)	$(0.5)	(9)%	$6.5	(54)%
Net income attributable to noncontrolling interests	$134.2	$349.0	$310.4	$(214.8)	(62)%	$38.6	12%
Net income attributable to ONEOK	$245.0	$314.1	$266.5	$(69.1)	(22)%	$47.6	18%
Capital expenditures (a)	$1,188.3	$1,779.2	$2,256.6	$(590.9)	(33)%	$(477.4)	(21)%

* Percentage change is greater than 100 percent or is not meaningful.
(a) - Includes capital expenditures of discontinued operations of $23.9 million and $292.1 million for the years ended December 31, 2014 and 2013, respectively.

Due to the nature of ONEOK Partners' contracts, changes in commodity prices and volumes affect both commodity sales and cost of sales and fuel in our Consolidated Statements of Income and therefore the impact is largely offset between the two line items. As a result, we consider operating income provided by revenues less cost of sales and fuel meaningful and necessary to understand our results of operations.

2015 vs. 2014 - Services revenues increased for 2015, compared with 2014, due primarily to higher natural gas and NGL volumes from recently completed capital projects and acquisitions in the Natural Gas Gathering and Processing and Natural Gas Liquids segments and higher fees resulting from contract restructuring in the Natural Gas Gathering and Processing segment.

Commodity sales revenues and costs of sales and fuel decreased for 2015, compared with 2014, due to the sharp decline in commodity prices that began in the fourth quarter 2014 and continued throughout 2015 and higher propane and natural gas prices, as well as wider NGL location and product price differentials experienced in the first quarter 2014 as a result of unusually high weather-related seasonal demand. The impact from the price decrease was offset partially by higher gathered and processed volumes in the Natural Gas Gathering and Processing segment and higher NGL volumes transported on gathering lines and fractionated in the Natural Gas Liquids segment in 2015, compared with 2014.

Operating costs and depreciation and amortization expense increased for 2015, compared with 2014, due primarily to the growth of ONEOK Partners' operations related to the completed capital projects, including acquisitions, in the Natural Gas Gathering and Processing and Natural Gas Liquids segments. This increase was offset partially by decreased operating costs due to lower rates charged by service providers.

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ONEOK Partners recorded $264.3 million and $76.4 million of noncash impairment charges, primarily related to its long-lived assets and equity investments in the dry natural gas area of the Powder River Basin in 2015 and 2014, respectively.

Equity in net earnings from investments increased for 2015, compared with 2014, due primarily to higher volumes in 2015 delivered to Overland Pass Pipeline from the Bakken NGL Pipeline in the Natural Gas Liquids segment.

Interest expense increased for 2015, compared with 2014, primarily as a result of higher interest costs incurred associated with ONEOK Partners' issuance of $800 million of senior notes in March 2015, higher interest rates on ONEOK Partners' short-term borrowings, lower capitalized interest due to capital-growth projects completed and placed in service in 2014, and higher interest costs incurred associated with our $500 million debt issuance in August 2015.

Income from continuing operations decreased in 2015, compared with 2014, due primarily to the factors discussed above and a $26.4 million net reduction in deferred income tax expense in the first quarter 2014 as a result of the separation of our former natural gas distribution business and the wind down of the energy services business.

Net income attributable to noncontrolling interests, which reflects primarily the portion of ONEOK Partners that we do not own, decreased in 2015, compared with 2014, due primarily to lower earnings at ONEOK Partners and impairment charges discussed above.

Capital expenditures decreased for 2015, compared with 2014, due to the completion of several large capital-growth projects in 2014, suspension of several projects and the timing of expenditures in 2015 for ONEOK Partners' capital-growth projects.

Additional information regarding the financial results and operating information is provided in the following discussion for each of the segments.

2014 vs. 2013 - Revenues less cost of sales and fuel for 2014, compared with 2013, increased due primarily to higher volumes across ONEOK Partners' systems. ONEOK Partners' new natural gas processing plants in the Williston Basin and Mid-Continent region resulted in increased natural gas volumes gathered, processed and sold in the Natural Gas Gathering and Processing segment and, combined with third-party plant connections, increased NGL volumes transported in the Natural Gas Liquids segment's exchange-services business. ONEOK Partners' optimization, marketing, isomerization and differentials-based businesses benefited from wider realized NGL product price differentials in 2014, compared with 2013, primarily related to increased weather-related seasonal demand for propane during the first quarter 2014 and wider realized NGL product price differentials between normal butane and iso-butane. The Natural Gas Pipelines segment also experienced higher transportation revenues, primarily from increased rates and higher contracted capacity and higher storage revenues from park-and-loan activity. These increases were offset partially by the impact of ethane rejection in the Natural Gas Liquids segment and lower contracted storage capacity in the Natural Gas Pipelines segment.

Operating costs and depreciation and amortization expense increased for 2014, compared with 2013, due primarily to the growth of ONEOK Partners' operations related to the completed capital projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments.

In 2014, ONEOK Partners recorded $76.4 million of noncash impairment charges related to its equity investment in Bighorn Gas Gathering in the Natural Gas Gathering and Processing segment.

Equity in net earnings from investments increased for 2014, compared with 2013, due primarily to higher volumes in 2014 delivered to Overland Pass Pipeline from the Bakken NGL Pipeline in the Natural Gas Liquids segment.

Interest expense increased for 2014, compared with 2013, primarily as a result of higher interest costs incurred associated with a full year of interest costs on ONEOK Partners' issuance of $1.25 billion of senior notes in September 2013.

Capital expenditures decreased for 2014, compared with 2013, due primarily to the timing of expenditures related to growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments.

Additional information regarding the financial results and operating information is provided in the following discussion for each of the segments.

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Natural Gas Gathering and Processing

Growth Projects - The Natural Gas Gathering and Processing segment is investing in growth projects in NGL-rich areas in the Williston Basin, Stack, SCOOP, Cana-Woodford Shale, Woodford Shale, Springer Shale and the Powder River Basin areas that ONEOK Partners expects will enable it to meet the needs of crude oil and natural gas producers in those areas. Nearly all of the new natural gas production is from horizontally drilled wells in nonconventional resource areas. These wells tend to produce volumes at higher initial production rates resulting generally in higher initial decline rates than conventional vertical wells; however, the decline rates flatten out over time. These wells are expected to have long productive lives.

In 2014 and 2015, ONEOK Partners completed the following projects:

Completed Projects	Location	Capacity	Approximate Costs (a) (In millions)	Completion Date
Rocky Mountain Region				
Garden Creek II processing plant and infrastructure	Williston Basin	100 MMcf/d	$310	August 2014
Garden Creek III processing plant and infrastructure	Williston Basin	100 MMcf/d	$310	October 2014
Lonesome Creek processing plant and infrastructure	Williston Basin	200 MMcf/d	$580 - $620	November 2015
Sage Creek infrastructure	Powder River Basin	Various	$35	December 2015
Natural gas compression	Williston Basin	100 MMcf/d	$70 - $80	December 2015
Mid-Continent Region				
Canadian Valley processing plant and infrastructure	Cana-Woodford Shale	200 MMcf/d	$255	March 2014

(a) Excludes AFUDC.

ONEOK Partners has the following natural gas processing plants and related infrastructure in various stages of construction:

Projects in Progress	Location	Capacity	Approximate Costs (a) (In millions)	Expected Completion Date
Rocky Mountain Region				
Stateline de-ethanizers	Williston Basin	26 MBbl/d	$60 - $80	Third quarter 2016
Bear Creek processing plant and infrastructure	Williston Basin	80 MMcf/d	$230 - $330	Third quarter 2016
Bronco processing plant and infrastructure	Powder River Basin	50 MMcf/d	$130 - $200	Suspended
Demicks Lake processing plant and infrastructure	Williston Basin	200 MMcf/d	$475 - $670	Suspended
Mid-Continent Region				
Knox processing plant and infrastructure	SCOOP	200 MMcf/d	$240 - $470	Suspended
Total			$1,135 - $1,750	

(a) Excludes AFUDC.

As a result of reductions in crude oil and natural gas drilling by producers due to the decline in crude oil, natural gas and NGL prices and our expectation of slower supply growth or declines, ONEOK Partners suspended capital expenditures for certain natural gas processing plants and field infrastructure. ONEOK Partners could resume its suspended capital-growth projects when market conditions improve and its customers’ needs change. If the current commodity price environment persists for a prolonged period, it may further impact the timing or demand for these projects and additional infrastructure projects or growth opportunities in the future.

For a discussion of ONEOK Partners’ capital expenditure financing, see “Capital Expenditures” in the “Liquidity and Capital Resources” section.

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Selected Financial Results - The Natural Gas Gathering and Processing segment's financial results for the year ended December 31, 2015, reflect the benefits from the completed projects in the table above.

The following table sets forth certain selected financial results for the Natural Gas Gathering and Processing segment for the periods indicated:

Financial Results	Years Ended December 31, 2015	2014	2013	Variances 2015 vs. 2014 Increase (Decrease)		Variances 2014 vs. 2013 Increase (Decrease)	
	(Millions of dollars)						
NGL sales	$554.3	$1,434.4	$1,095.5	$(880.1)	(61)%	$338.9	31%
Condensate sales	55.1	110.8	113.2	(55.7)	(50)%	(2.4)	(2)%
Residue natural gas sales	839.5	1,140.5	620.5	(301.0)	(26)%	520.0	84%
Gathering, compression, dehydration and processing fees and other revenue	388.2	281.9	222.3	106.3	38%	59.6	27%
Cost of sales and fuel (exclusive of items shown separately below)	1,265.6	2,305.7	1,550.9	(1,040.1)	(45)%	754.8	49%
Operating costs	272.4	257.7	193.3	14.7	6%	64.4	33%
Depreciation and amortization	150.0	123.8	103.9	26.2	21%	19.9	19%
Impairment of long-lived assets	73.7	—	—	73.7	*	—	—%
Gain (loss) on sale of assets	2.8	0.2	0.4	2.6	*	(0.2)	(50)%
Operating income	$78.2	$280.6	$203.8	$(202.4)	(72)%	$76.8	38%
Equity in net earnings from investments	$17.9	$20.3	$23.5	$(2.4)	(12)%	$(3.2)	(14)%
Impairment of equity investments	$(180.6)	$(76.4)	$—	$104.2	*	$76.4	*
Capital expenditures	$887.9	$898.9	$774.4	$(11.0)	(1)%	$124.5	16%
Cash paid for acquisitions	$—	$—	$241.9	$—	—%	$(241.9)	(100)%

* Percentage change is greater than 100 percent or is not meaningful.

Commodity prices declined sharply in the fourth quarter 2014 and continued to decline throughout 2015. We expect lower commodity prices to continue throughout 2016. Therefore, we also expect crude oil, natural gas and NGL supply growth to continue to slow. As crude oil and natural gas exploration and production capital investment has decreased due to market conditions, crude oil and natural gas producers are focusing their drilling activities in the most productive areas that are most economical to develop and have higher production volumes, which offsets partially the reduction in drilling activity. The lower commodity price environment had a significant impact on the Natural Gas Gathering and Processing segment's financial results in 2015, compared with 2014, but was mitigated partially by restructured contracts primarily in the fourth quarter 2015.

2015 vs. 2014 - Operating income provided by revenues less cost of sales and fuel decreased primarily as a result of the following:

- a decrease of $209.7 million due primarily to lower net realized NGL, natural gas and condensate prices; and
- a decrease of $10.4 million due primarily to decreased ethane rejection to maintain downstream NGL product specifications; offset partially by
- an increase of $91.6 million due primarily to restructured contracts resulting in higher average fee rates and a lower percentage of proceeds retained from the sale of commodities under POP with fee contracts; and
- an increase of $38.1 million due primarily to natural gas volume growth in the Williston Basin, offset partially by unplanned operational outages in the Williston Basin and decreased natural gas volumes in the Cana-Woodford Shale.

Operating costs increased due primarily to the growth of ONEOK Partners' operations and reflect the following:

- an increase of $13.8 million in higher outside service expenses due primarily to the completion of growth projects;
- an increase of $10.5 million in employee-related costs due to higher labor and employee benefit costs resulting from the completion of growth projects; and
- an increase of $3.1 million due to higher ad valorem taxes resulting from the completion of growth projects; offset partially by
- a decrease of $12.7 million in materials and supplies due primarily to lower chemical costs.

Depreciation and amortization expense increased due to the completion of growth projects.

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ONEOK Partners recorded $254.3 million and $76.4 million of noncash impairment charges primarily related to its long-lived assets and equity investments in the dry natural gas area of the Powder River Basin in 2015 and 2014, respectively. See additional discussion in “Impairment Charges” below.

Capital expenditures decreased due primarily to the timing of ONEOK Partners’ growth projects discussed above.

See “Capital Expenditures” in “Liquidity and Capital Resources” for additional detail of ONEOK Partners’ projected capital expenditures.

2014 vs. 2013 - Operating income provided by revenues less cost of sales and fuel increased primarily as a result of the following:

- an increase of $147.6 million due primarily to natural gas volume growth in the Williston Basin and Cana-Woodford Shale and increased ownership of the Maysville, Oklahoma, natural gas processing plant resulting in higher natural gas volumes gathered, compressed, processed, transported and sold, higher NGL volumes sold and higher fees, offset partially by wellhead freeze-offs due to severely cold weather in the first quarter 2014;
- an increase of $11.3 million due primarily to higher net realized natural gas and NGL prices; and
- an increase of $8.8 million due primarily to higher average fee rates and a lower percentage of proceeds retained from the sale of commodities under POP with fee contracts; offset partially by
- a decrease of $6.4 million due to a condensate contract settlement in 2013.

Operating costs increased due primarily to the growth of ONEOK Partners’ operations and reflect the following:

- an increase of $46.3 million in higher materials and supplies, and outside service expenses; and
- an increase of $21.2 million in employee-related costs due to higher labor and employee benefit costs; offset partially by
- a decrease of $3.2 million due to lower ad valorem tax expense resulting from capitalized taxes related to construction projects.

Depreciation and amortization expense increased due to the completion of growth projects and acquisitions.

In 2014, ONEOK Partners recorded $76.4 million of noncash impairment charges related to its equity investment in Bighorn Gas Gathering.

Capital expenditures increased due primarily to the timing of ONEOK Partners’ growth projects discussed above.

Selected Operating Information - The following tables set forth selected operating information for the Natural Gas Gathering and Processing segment for the periods indicated:

	Years Ended December 31,		
Operating Information (a)	2015	2014	2013
Natural gas gathered (BBtu/d)	1,932	1,733	1,347
Natural gas processed (BBtu/d) (b)	1,687	1,534	1,094
NGL sales (MBbl/d)	129	104	79
Residue natural gas sales (BBtu/d)	853	714	497
Realized composite NGL net sales price ($/gallon) (c) (d)	$0.34	$0.93	$0.87
Realized condensate net sales price ($/Bbl) (c) (e)	$37.81	$76.43	$86.00
Realized residue natural gas net sales price ($/MMBtu) (c) (e)	$3.64	$3.92	$3.53
Average fee rate ($MMBtu)	$0.44	$0.36	$0.34

(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.

Natural gas gathered and processed, NGL sales and residue natural gas sales increased in 2015, compared with 2014, due to the completion of growth projects in the Williston Basin, offset partially by unplanned outages in the Williston Basin during the third quarter and natural gas volume declines in the Cana-Woodford Shale. In 2016, we expect ONEOK Partners' average natural gas gathered volumes to increase in the Cana-Woodford Shale as a result of wells completed in late 2015. Natural gas

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gathered and processed, NGL sales and residue natural gas sales increased in 2014, compared with 2013, due to the completion of growth projects in the Williston Basin and the Mid-Continent areas, offset partially by natural declines in the Powder River Basin.

The quantity and composition of NGLs and natural gas have varied as new plants were placed in service and to ensure natural gas and natural gas liquids pipeline specifications were met. Beginning in June 2015, ONEOK Partners reduced the level of ethane rejection in the Rocky Mountain region to address downstream NGL product specifications. In 2016, we expect additional volumes from the Lonesome Creek and Bear Creek processing plants in the Williston Basin to further reduce the level of ethane rejection. We expect the decreased level of ethane rejection to continue throughout 2016.

	Years Ended December 31,		
Equity Volume Information (a)	2015	2014	2013
NGL sales (MBbl/d)	20.9	16.5	14.4
Condensate sales (MBbl/d)	2.8	3.1	2.4
Residue natural gas sales (BBtu/d)	136.2	118.2	71.7

(a) - Includes volumes for consolidated entities only.

Commodity Price Risk - The Natural Gas Gathering and Processing segment is exposed to commodity price risk as a result of receiving commodities as a portion of ONEOK Partners’ compensation for its services. See discussion regarding ONEOK Partners’ commodity price risk under “Commodity Price Risk” in Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

Impairment Charges - Crude oil and natural gas producers have primarily focused their development efforts on crude oil and NGL-rich supply basins rather than in areas with dry natural gas production, such as the coal-bed methane production areas in the Powder River Basin. The reduced development activities and production declines in the dry natural gas area of the Powder River Basin have resulted in lower natural gas volumes available to be gathered. Due to the continued and greater than expected decline in volumes gathered in the dry natural gas area of the Powder River Basin, ONEOK Partners evaluated its long-lived assets and equity investments in this area and determined that it will cease operations of its wholly owned coal-bed methane natural gas gathering system in 2016. This resulted in a $63.5 million noncash impairment charge to ONEOK Partners’ long-lived assets in the fourth quarter 2015. Bighorn Gas Gathering, in which ONEOK Partners owns a 49 percent equity interest, and Fort Union Gas Gathering, in which ONEOK Partners owns a 37 percent equity interest, are both partially supplied with volumes from ONEOK Partners’ wholly owned coal-bed methane natural gas gathering system. ONEOK Partners also owns a 35 percent equity interest in Lost Creek Gathering Company, which also is located in a dry natural gas area. ONEOK Partners reviewed its Bighorn Gas Gathering, Fort Union Gas Gathering and Lost Creek Gathering Company equity investments and recorded noncash impairment charges of $180.6 million in the fourth quarter 2015. The remaining net book value of ONEOK Partners’ equity investments in this dry natural gas area is $35.0 million.

In the fourth quarter 2015, ONEOK Partners also recorded a noncash impairment charge of approximately $10.2 million related to a previously idled asset, as the expectation for future use of the asset changed.

During 2014, Bighorn Gas Gathering recorded an impairment of its underlying assets when the operator determined that the volume decline would be sustained for the foreseeable future. As a result, ONEOK Partners reviewed its equity investment in Bighorn Gas Gathering for impairment and recorded noncash impairment charges of $76.4 million in 2014 related to Bighorn Gas Gathering.

Natural Gas Liquids

Growth Projects - ONEOK Partners’ growth strategy in the Natural Gas Liquids segment is focused around the crude oil and NGL-rich natural gas drilling activity in shale and other nonconventional resource areas from the Rocky Mountain region through the Mid-Continent region into Texas and New Mexico. Crude oil, natural gas and NGL production from this activity; higher petrochemical industry demand for NGL products; and increased exports have resulted in ONEOK Partners making additional capital investments to expand its infrastructure to bring these commodities from supply basins to market. Expansion of the petrochemical industry in the United States is expected to increase ethane demand significantly beginning in 2017, and international demand for NGLs, particularly propane, also is increasing and is expected to continue to do so in the future.

The Natural Gas Liquids segment invests in NGL-related projects to accommodate the transportation, fractionation and storage of NGL supply from shale and other resource development areas across ONEOK Partners’ asset base and alleviate expected

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infrastructure constraints between the Mid-Continent and Gulf Coast market centers to meet increasing petrochemical industry and NGL export demand in the Gulf Coast.

ONEOK Partners completed the following growth projects in this segment in 2014 and 2015:

Completed Projects	Location	Capacity	Approximate Costs (a) (In millions)	Completion Date
Ethane/Propane Splitter	Gulf Coast	40 MBbl/d	$46	March 2014
Sterling III Pipeline and reconfigure Sterling I and II	Mid-Continent Region	193 MBbl/d	$808	March 2014
Bakken NGL Pipeline expansion - Phase I	Rocky Mountain Region	75 MBbl/d	$90	September 2014
Niobrara NGL Lateral	Powder River Basin	90 miles	$65	September 2014
West Texas LPG (b)	Permian Basin	2,600 miles	$800	November 2014
MB-3 Fractionator	Gulf Coast	75 MBbl/d	$530	December 2014
NGL Pipeline and Hutchinson Fractionator infrastructure	Mid-Continent Region	95 miles	$120	April 2015

(a) Excludes AFUDC.
(b) Acquisition.

ONEOK Partners has the following projects in various stages of construction:

Projects in Progress	Location	Capacity	Approximate Costs (a) (In millions)	Expected Completion Date
Bear Creek NGL infrastructure	Williston Basin	40 miles	$35-$45	Third quarter 2016
Bakken NGL Pipeline expansion - Phase II	Rocky Mountain Region	25 MBbl/d	$100	Third quarter 2018
Bronco NGL infrastructure	Powder River Basin	65 miles	$45-$60	Suspended
Demicks Lake NGL infrastructure	Williston Basin	12 miles	$10-$15	Suspended
Total			$190-$220	

(a) Excludes AFUDC.

As a result of reductions in crude oil and natural gas drilling activities and the expectation of continued slower supply growth or declines due to the lower crude oil, natural gas and NGL prices, ONEOK Partners has suspended capital expenditures for certain natural gas liquids infrastructure projects related to planned natural gas processing plants. ONEOK Partners could resume its suspended capital-growth projects when market conditions improve and its customers' needs change. If the current commodity price environment persists for a prolonged period, it may further impact the timing or demand for these projects and additional infrastructure projects or growth opportunities in the future.

For a discussion of ONEOK Partners' capital expenditure financing, see “Capital Expenditures” in the “Liquidity and Capital Resources” section.

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Selected Financial Results - The Natural Gas Liquids segment's financial results for the year ended December 31, 2015, reflect the benefits from the completed growth projects in the table above.

The following tables set forth certain selected financial results and operating information for the Natural Gas Liquids segment for the periods indicated:

Financial Results	Years Ended December 31, 2015	2014	2013	Variances 2015 vs. 2014 Increase (Decrease)		Variances 2014 vs. 2013 Increase (Decrease)	
	(Millions of dollars)						
NGL and condensate sales	$5,200.8	$9,462.4	$9,857.7	$(4,261.6)	(45)%	$(395.3)	(4)%
Exchange service and storage revenues	1,199.7	988.8	839.3	210.9	21%	149.5	18%
Transportation revenues	179.2	94.2	81.0	85.0	90%	13.2	16%
Cost of sales and fuel (exclusive of items shown separately below)	5,328.3	9,435.3	9,908.1	(4,107.0)	(44)%	(472.8)	(5)%
Operating costs	314.5	296.4	236.6	18.1	6%	59.8	25%
Depreciation and amortization	158.7	124.1	89.2	34.6	28%	34.9	39%
Impairment of long-lived assets	10.0	—	—	10.0	*	—	—%
Gain (loss) on sale of assets	(0.9)	(0.6)	0.8	(0.3)	50%	(1.4)	*
Operating income	$767.3	$689.0	$544.9	$78.3	11%	$144.1	26%
Equity in net earnings from investments	$38.7	$27.3	$22.0	$11.4	42%	$5.3	24%
Capital expenditures	$226.1	$798.0	$1,128.3	$(571.9)	(72)%	$(330.3)	(29)%
Cash paid for acquisitions, net of cash received	$—	$800.9	$153.0	$(800.9)	(100)%	$647.9	*

* Percentage change is greater than 100 percent or is not meaningful.

Crude prices declined sharply beginning in the fourth quarter 2014 and remained relatively low throughout 2015, which impacted NGL prices as NGL prices generally are linked to crude oil prices. These lower prices decreased both ONEOK Partners' NGL and condensate sales revenue and cost of sales and fuel in our Consolidated Statements of Income. Therefore, the impact is largely offset between revenues and cost of sales and fuel.

In the first quarter 2014, ONEOK Partners experienced increased propane demand and prices, which impacted its results of operations in 2014, due to colder than normal weather. The price of propane in the Mid-Continent market and the wider location price differentials between the Mid-Continent and Gulf Coast market centers peaked in late January 2014 and returned to then historical levels by the end of February 2014 as supply and demand balanced.

2015 vs. 2014 - Operating income provided by revenues less cost of sales and fuel increased primarily as a result of the following:

- an increase of $191.0 million in fee-based exchange-services, which resulted from increased volumes from new plants connected in the Williston Basin and Mid-Continent region and higher revenues from customers with minimum volume obligations;
- an increase of $81.8 million in the transportation business due primarily to the acquisition of the West Texas LPG system in the Permian Basin, which was acquired in November 2014; and
- an increase of $23.8 million resulting from decreased ethane rejection in the Williston Basin resulting from downstream NGL product specification issues, offset partially by higher ethane rejection in the Mid-Continent region; offset partially by
- a decrease of $118.4 million in the optimization, marketing and differentials-based activities, which resulted from a $66.3 million decrease due primarily to narrower NGL product price differentials, a $27.7 million decrease due

primarily to narrower NGL location price differentials and a $24.4 million decrease in the marketing business. A portion of this decrease relates to the increased demand for propane experienced during the first quarter 2014;
- a decrease of $29.9 million related to lower isomerization volumes resulting from narrower NGL price differential between normal butane and iso-butane; and
- a decrease of $6.9 million due to the impact of operational losses in 2015 and operational measurement gains in 2014.

Operating costs increased primarily as a result of the completion of ONEOK Partners' growth projects and acquisition and include the following:
- an increase of $29.2 million due to the West Texas LPG acquisition; and

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- an increase of $6.5 million due to higher ad valorem taxes; offset partially by
- a decrease of $17.6 million due to reduced operating costs resulting from lower rates charged by service providers, primarily from $6.6 million lower outside services, $5.0 million lower supplies and expenses and $3.2 million lower chemicals and materials.

Depreciation and amortization expense increased due primarily to ONEOK Partners' completed capital projects and acquisition.

In the fourth quarter 2015, ONEOK Partners recorded a noncash impairment charge of approximately $10.0 million related to a previously idled asset, as the expectation for future use of the asset changed.

Equity in net earnings from investments increased in 2015, compared with 2014, due primarily to higher volumes delivered to Overland Pass Pipeline from ONEOK Partners' Bakken NGL Pipeline.

Capital expenditures decreased due primarily to the completion of several growth projects in 2014.

2014 vs. 2013 - ONEOK Partners experienced significantly higher prices in the first quarter 2014 due to severely cold weather, compared with 2013. In response to increased heating demand, propane prices increased significantly at the Mid-Continent market center at Conway, Kansas, compared with the Gulf Coast market center at Mont Belvieu, Texas, in the first quarter 2014. The price of propane in the Mid-Continent market and the wider location price differentials between the Mid-Continent and Gulf Coast market centers peaked in late January 2014 and returned to historical levels by the end of February 2014 as supply and demand balanced.

Operating income provided by revenues less cost of sales and fuel increased primarily as a result of the following:
- an increase of $157.4 million in fee-based exchange and transportation services, which resulted from increased volumes from new plants connected in the Williston Basin and Mid-Continent region, and higher fees for exchange-services activities resulting from contract renegotiations, offset partially by lower volumes from the termination of a contract;
- an increase of $79.8 million in the optimization, marketing and differentials-based activities, which resulted from a $31.4 million increase due primarily to wider realized NGL product price differentials; a $25.2 million increase in the marketing business related primarily to increased weather-related seasonal demand for propane during the first quarter 2014, and marketing and truck and rail activities in the second, third and fourth quarters 2014; and a $23.2 million increase due primarily to significantly wider NGL location price differentials, primarily related to increased weather-related seasonal demand for propane during the first quarter 2014, offset partially by lower optimization volumes in the second, third and fourth quarters 2014 when differentials narrowed; and
- an increase of $22.8 million related to higher isomerization volumes resulting from the wider NGL product price differential between normal butane and iso-butane; offset partially by
- a decrease of $18.3 million resulting from the impact of ethane rejection, which resulted in lower NGL volumes; and
- a decrease of $6.0 million due to the impact of lower operational measurement gains.

Operating costs increased primarily as a result of the completion of ONEOK Partners' growth projects, which include the following:
- an increase of $20.1 million due to higher outside services expenses associated primarily with scheduled maintenance and the growth of operations related to completed capital projects;
- an increase of $15.5 million due to higher ad valorem taxes related to its completed capital projects;
- an increase of $14.9 million due to higher employee-related costs due primarily to higher labor and employee benefit costs; and
- an increase of $3.4 million due to higher chemical, materials and supplies expense.

Depreciation and amortization expense increased due primarily to ONEOK Partners' completed capital projects.

Equity in net earnings from investments increased in 2014, compared with 2013, due primarily to higher volumes delivered to Overland Pass Pipeline from ONEOK Partners' Bakken NGL Pipeline that was placed in service in April 2013 and revenues from minimum volume agreements, offset partially by increased ethane rejection and higher operating costs.

Capital expenditures decreased due primarily to timing of expenditures on ONEOK Partners' growth projects discussed above.

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Selected Operating Information - The following tables set forth selected operating information for the Natural Gas Liquids segment for the periods indicated:

	Years Ended December 31,		
Operating Information	2015	2014	2013
NGL sales (MBbl/d)	660	615	657
NGLs transported - gathering lines (MBbl/d) (a)	769	533	547
NGLs fractionated (MBbl/d) (b)	552	522	535
NGLs transported - distribution lines (MBbl/d) (a)	428	408	435
Average Conway-to-Mont Belvieu OPIS price differential - ethane in ethane/propane mix ($/gallon)	$0.02	$0.05	$0.04

(a) - Includes volumes for consolidated entities only.
(b) - Includes volumes at company-owned and third-party facilities.

2015 vs. 2014 - NGLs transported on gathering lines and NGLs fractionated increased due to increased volumes from new plant connections in the Williston Basin and Mid-Continent region and decreased ethane rejection in the Rocky Mountain region, offset partially by increased ethane rejection in the Mid-Continent region. The decreased ethane rejection in the Rocky Mountain region began in June 2015 due to downstream NGL product specifications and increased gathered volumes by approximately 20 MBbl/d in the second half of 2015. We expect this decreased level of rejection to continue throughout 2016. NGLs transported on gathering lines also increased significantly due to volumes from the Permian Basin transported on the West Texas LPG system, which was acquired in November 2014.

NGLs transported on distribution lines increased due primarily to higher gathered and fractionated volumes as discussed above and due to increased volumes transported for ONEOK Partners' optimization business.

2014 vs. 2013 - NGLs transported on gathering lines and NGLs fractionated decreased due primarily to the termination of a low fee-rate contract and increased ethane rejection in the Mid-Continent and Rocky Mountain regions, offset partially by volumes from new plants connected in the Williston Basin and Mid-Continent region and from the West Texas LPG system acquired in November 2014.

NGLs transported on distribution lines decreased due primarily to lower volumes transported for ONEOK Partners' optimization business due to narrower location price differentials during the second, third and fourth quarters 2014 between the Conway and Mont Belvieu market centers and increased ethane rejection, offset partially by an increase in exchange volumes delivered to Mont Belvieu due to the completed Sterling III Pipeline, which was placed in service in March 2014; and higher NGL volumes, primarily propane, during the first quarter 2014, transported to the Mid-Continent region due to increased demand.

Natural Gas Pipelines

Growth Projects - The following projects are in various stages of construction. Roadrunner is a 50 percent-owned joint venture equity-method investment project. WesTex is a wholly owned project.

Projects in Progress	Location	Capacity	Approximate Costs (a)	Expected Completion Date
			(In millions)	
WesTex Pipeline Expansion	Permian Basin	260 MMcf/d	$70-$100	First quarter 2017
Roadrunner Gas Transmission Pipeline - Equity-Method Investment				
Phase I (b)	Permian Basin	170 MMcf/d	$190-$210	First quarter 2016
Phase II (b)	Permian Basin	400 MMcf/d	$210-$230	First quarter 2017
Phase III (b)	Permian Basin	70 MMcf/d	$30-$40	2019

Roadrunner Gas Transmission Pipeline Total	$430-$480

(a) - Excludes AFUDC.
(b) - 50-50 joint venture equity-method investment. Approximate costs represents total project costs, which are expected to be financed with approximately 50 percent equity contributions and 50 percent debt issued by Roadrunner. We expect ONEOK Partners to make equity contributions for approximately 25 percent of the total project costs.

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Roadrunner - In March 2015, ONEOK Partners entered into a 50-50 joint venture with a subsidiary of Fermaca, a Mexico City-based natural gas infrastructure company, to construct a pipeline to transport natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas. The Roadrunner pipeline will connect with ONEOK Partners' existing natural gas pipeline and storage infrastructure in Texas and, together with its WesTex intrastate natural gas transmission pipeline expansion project, is expected to create a platform for future opportunities to deliver natural gas supply to Mexico. These integrated assets also are expected to provide markets in Mexico access to upstream supply basins in West Texas and the Mid-Continent region, which adds location and price diversity to their supply mix and supports the plan of Mexico's national electric utility, Comisión Federal de Electricidad, to replace oil-fueled power plants with natural gas-fueled power plants, which are more economical and produce fewer GHG emissions.

The Roadrunner pipeline was fully subscribed for its initial design through an open season process held in December 2014. Precedent agreements representing the initial design capacity have been executed with the Comisión Federal de Electricidad and a Fermaca subsidiary. All transportation agreements are firm demand charge and have a term of 25 years. Additional capacity could become available through future expansions depending on market demand.

ONEOK Partners is managing the construction of the project and will be the operator of the pipeline upon its completion. The estimated total cost of the project is approximately $430 million to $480 million. ONEOK Partners contributed approximately $30 million to Roadrunner for the year ended December 31, 2015. ONEOK Partners expects to contribute approximately $50 million to Roadrunner during 2016. Roadrunner entered into a $230 million senior secured credit facility for the construction and operation of the pipeline. The senior secured credit facility expires seven years after the Roadrunner Phase II in-service date, which is expected to be completed in the first quarter 2017. In addition, Roadrunner executed interest-rate swaps to hedge the variability of its interest payments during the term of the credit facility. Roadrunner's credit facility is nonrecourse to ONEOK and ONEOK Partners, and neither ONEOK nor ONEOK Partners guarantees Roadrunner's debts or obligations under the credit facility.

Roadrunner has all permits needed to complete construction on Phase I and all permits needed to begin construction on Phase II. Construction on both Phase I and Phase II is ongoing and we expect Phase I to be completed in the first quarter 2016.

WesTex Pipeline Expansion - In July 2015, ONEOK Partners announced that it plans to expand the capacity of the WesTex intrastate natural gas pipeline by constructing two new compressor stations and upgrading or expanding three existing compressor stations. The expansion project is approximately 90 percent subscribed with long-term firm demand charge transportation contracts and will complement the Roadrunner pipeline project. Together, these projects provide markets in Mexico access to upstream supply basins in West Texas and the Mid-Continent region.

Selected Financial Results and Operating Information - The following tables set forth certain selected financial results and operating information for the Natural Gas Pipelines segment for the periods indicated:

Financial Results	Years Ended December 31, 2015	2014	2013	Variances 2015 vs. 2014 Increase (Decrease)		Variances 2014 vs. 2013 Increase (Decrease)	
	(Millions of dollars)						
Transportation revenues	$258.6	$270.5	$233.0	$(11.9)	(4)%	$37.5	16%
Storage revenues	57.1	64.0	70.4	(6.9)	(11)%	(6.4)	(9)%
Natural gas sales and other revenues	16.7	15.9	22.1	0.8	5%	(6.2)	(28)%
Cost of sales and fuel (exclusive of items shown separately below)	34.5	21.9	39.8	12.6	58%	(17.9)	(45)%
Operating costs	105.7	111.0	101.2	(5.3)	(5)%	9.8	10%

Depreciation and amortization	43.5	43.3	43.5	0.2	— %	(0.2)	— %
Gain (loss) on sale of assets	4.3	6.8	10.6	(2.5)	(37)%	(3.8)	(36)%
Operating income	$153.0	$181.0	$151.6	$(28.0)	(15)%	$29.4	19 %
Equity in net earnings from investments	$68.7	$69.8	$65.0	$(1.1)	(2)%	$4.8	7 %
Capital expenditures	$58.2	$43.0	$34.7	$15.2	35 %	$8.3	24 %
Cash paid for acquisitions	$—	$14.0	$—	$(14.0)	(100)%	$14.0	*

* Percentage change is greater than 100 percent or is not meaningful.

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2015 vs. 2014 - Operating income provided by revenues less cost of sales and fuel decreased primarily as a result of the following:

- a decrease of $24.3 million from lower short-term natural gas storage services as a result of weather-related seasonal demand associated with severely cold weather in the first quarter 2014;
- a decrease of $10.0 million from lower net retained fuel due to lower natural gas prices and natural gas volumes retained; and
- a decrease of $5.0 million from lower park-and-loan services on ONEOK Partners' interstate pipelines as a result of weather-related seasonal demand due to severely cold weather in the first quarter 2014; offset partially by
- an increase of $8.6 million due to higher transportation revenues, primarily from increased rates on intrastate pipelines and higher rates on Viking Gas Transmission, offset partially by decreased interruptible transportation revenues from lower natural gas volumes transported.

Operating costs decreased primarily as a result of lower materials and supplies and outside services expenses.

Gain on sale of assets decreased in 2015 primarily as a result of excess pad gas sales of $4.3 million in 2015, compared with $6.8 million in the prior year.

Equity in net earnings from investments decreased $1.1 million due primarily to decreased park-and-loan services on Northern Border Pipeline as a result of weather-related seasonal demand due to severely cold weather in the first quarter 2014, offset partially by an increase in contracted firm transportation.

Capital expenditures increased due primarily to a compressor station expansion project.

2014 vs. 2013 - Operating income provided by revenues less cost of sales and fuel increased primarily as a result of the following:

- an increase of $26.3 million due to higher transportation revenues primarily from increased rates on intrastate pipelines, higher contracted capacity and rates on Midwestern Gas Transmission and increased interruptible transportation revenues from higher natural gas volumes transported;
- an increase of $17.6 million from higher short-term natural gas storage services due to higher park-and-loan activity as a result of weather-related seasonal demand primarily in the first quarter 2014 and greater capacity available for such services;
- an increase of $5.1 million due to increased park-and-loan services on ONEOK Partners' interstate pipelines as a result of weather-related seasonal demand in the first quarter 2014;
- an increase of $5.0 million from higher net retained fuel due to higher natural gas prices and natural gas volumes retained; and
- an increase of $3.1 million from additional storage services to meet utility customers' peak-day demand; offset partially by
- a decrease of $14.3 million due to lower storage revenues from lower contracted firm capacity.

Operating costs increased primarily as a result of increased employee-related costs due to higher labor and employee benefit costs, as well as higher expenditures for outside services associated with scheduled maintenance and higher materials and supplies expenses.

Gain on sale of assets decreased in 2014 as a result of excess pad gas sales of $6.8 million in 2014, compared with $10.5 million in the prior year.

Equity in net earnings from investments increased $4.8 million due primarily to increased park-and-loan services on Northern Border Pipeline as a result of increased weather-related seasonal demand in the first quarter 2014, offset partially by lower contracted capacity.

	Years Ended December 31,		
Operating Information (a)	2015	2014	2013
Natural gas transportation capacity contracted (MDth/d)	5,840	5,781	5,524
Transportation capacity subscribed	92 %	91 %	90 %
Average natural gas price			
Mid-Continent region ($/MMBtu)	$2.42	$4.33	$3.61

(a) - Includes volumes for consolidated entities only.

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ONEOK Partners' natural gas pipelines primarily serve end users, such as natural gas distribution and electric-generation companies, that require natural gas to operate their businesses regardless of location price differentials. The development of shale and other resource areas has continued to increase available natural gas supply resulting in narrower location and seasonal price differentials. As additional supply is developed, ONEOK Partners expects crude oil and natural gas producers to demand incremental services in the future to transport their production to market. The abundance of shale gas supply and new regulations on emissions from coal-fired electric-generation plants may also increase the demand for ONEOK Partners' services from electric-generation companies as they convert to a natural gas fuel source. Conversely, contracted capacity by certain customers that are focused on capturing location or seasonal price differentials may decrease in the future due to narrowing price differentials. Overall, ONEOK Partners expects its fee-based earnings in this segment to remain relatively stable with growth in the Permian Basin as it completes construction of its Roadrunner joint venture and its WesTex pipeline expansion.

In August 2014, Viking Gas Transmission filed a "Stipulation and Agreement in Resolutions of All Issues Concerning Adjustment in Rates of Viking Gas Transmission Company" (settlement) with the FERC. The settlement was approved on October 1, 2014, and became final on October 31, 2014. Rates under the settlement became effective January 1, 2015.

Northern Border Pipeline, in which ONEOK Partners has a 50 percent ownership interest, has contracted substantially all of its long-haul transportation capacity through the first quarter 2017.

CONTINGENCIES

Gas Index Pricing Litigation - As previously reported, ONEOK and its subsidiary, OESC, along with several other energy companies, are defending multiple lawsuits arising from alleged market manipulation or false reporting of natural gas prices to natural gas-index publications alleged to have occurred prior to 2003. On April 10, 2013, the United States Court of Appeals for the Ninth Circuit reversed the summary judgments that had been granted in favor of ONEOK, OESC and other unaffiliated defendants in the following cases: Reorganized FLI, Learjet, Arandell, Heartland and NewPage. The Ninth Circuit also reversed the summary judgment that had been granted in favor of OESC on all state law claims asserted in the Sinclair case. On April 21, 2015, the United States Supreme Court affirmed the decision of the Ninth Circuit. The cases have now been remanded back to the trial court (the United States District Court for the District of Nevada) for further proceedings.

Because of the uncertainty surrounding the Gas Index Pricing Litigation, including an insufficient description of the purported classes and other related matters, we cannot reasonably estimate a range of potential exposures at this time. However, it is reasonably possible that the ultimate resolution of these matters could result in future charges that may be material to our results of operations.

Other Legal Proceedings - We and ONEOK Partners are party to various other litigation matters and claims that have arisen in the normal course of our operations. While the results of these various other litigation matters and claims cannot be predicted with certainty, we believe the reasonably possible losses from such matters, individually and in the aggregate, are not material. Additionally, we believe the probable final outcome of such matters will not have a material adverse effect on our consolidated results of operations, financial position or cash flows.

LIQUIDITY AND CAPITAL RESOURCES

General - We fund operating expenses, debt service and dividends to shareholders primarily from cash distributions received from ONEOK Partners.

Neither ONEOK nor ONEOK Partners guarantees the debt or other similar commitments of unaffiliated parties. ONEOK does not guarantee the debt or other similar commitments of ONEOK Partners, and ONEOK Partners does not guarantee the debt or other similar commitments of ONEOK.

ONEOK - ONEOK’s primary source of cash inflows are distributions to us from our general partner and limited partner interests in ONEOK Partners. The cash distributions that we expect to receive from ONEOK Partners are expected to provide sufficient resources to fund our operations, debt service and quarterly cash dividends. At December 31, 2015, we had approximately $92.5 million of cash on hand. Our next long-term debt maturity is in 2022.

In March 2014, we completed the wind down of our energy services business. We expect future cash expenditures associated with the released transportation and storage capacity from the wind down of our energy services business to be approximately $37 million with approximately $19 million in 2016, $10 million in 2017, $4 million in 2018 and $4 million from 2019 through 2023.

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ONEOK Partners - ONEOK Partners relies primarily on operating cash flows, commercial paper, bank credit facilities, debt issuances and the issuance of common units for its liquidity and capital resources requirements. As of December 31, 2015, ONEOK Partners had $5.1 million of cash on hand and available capacity under its Partnership Credit Agreement of $1.8 billion. In addition, in January 2016, ONEOK Partners entered into the $1.0 billion senior unsecured Term Loan Agreement with a syndicate of banks that matures in January 2019.

ONEOK Partners funds its operating expenses, debt service and cash distributions to its limited partners and general partner primarily with operating cash flows. To the extent operating cash flows are not sufficient to fund its cash distributions, ONEOK Partners may utilize short- and long-term debt and issuances of equity, as necessary. Capital expenditures are funded by operating cash flows, short- and long-term debt and issuances of equity. ONEOK Partners' ability to continue to access capital markets for debt and equity financing under reasonable terms depends on its financial condition, credit ratings and market conditions. The significant decline in commodity prices has increased the cost of debt and equity financing for ONEOK Partners and others in the industry. While lower commodity prices and industry uncertainty may result in increased financing costs, ONEOK Partners expects to utilize its commercial paper program, Partnership Credit Agreement, Term Loan Agreement and cash from operations to fund its announced growth capital expenditures, refinance its senior notes maturities and meet its working capital needs through 2016 and well into 2017. However, ONEOK Partners may access the capital markets to issue debt or equity securities prior to that time as it considers prudent to provide liquidity for new capital projects, to maintain investment-grade credit ratings or other partnership purposes.

Cash Management - We and ONEOK Partners each use similar centralized cash management programs that concentrate the cash assets of our operating subsidiaries in joint accounts for the purposes of providing financial flexibility and lowering the cost of borrowing, transaction costs and bank fees. Both centralized cash management programs provide that funds in excess of the daily needs of the operating subsidiaries are concentrated, consolidated or otherwise made available for use by other entities within the respective consolidated groups. ONEOK Partners' operating subsidiaries participate in these programs to the extent they are permitted pursuant to FERC regulations or their operating agreements. Under these cash management programs, depending on whether a participating subsidiary has short-term cash surpluses or cash requirements, we and ONEOK Partners provide cash to our respective subsidiaries or the subsidiaries provide cash to us.

Short-term Liquidity - ONEOK's sources of short-term liquidity are quarterly distributions from ONEOK Partners, cash on hand of $92.5 million as of December 31, 2015, and access to our $300 million ONEOK Credit Agreement. We terminated our commercial paper program in February 2014. At December 31, 2015, ONEOK had no short-term debt outstanding.

ONEOK Partners' principal sources of short-term liquidity consist of cash generated from operating activities, distributions received from its equity-method investments and proceeds from its commercial paper program, the ONEOK Partners Credit Agreement and its "at-the-market" equity program.

ONEOK Partners had working capital (defined as current assets less current liabilities) deficits of approximately $697 million and $1.3 billion as of December 31, 2015 and 2014, respectively. Although working capital is influenced by several factors, including, among other things, (i) the timing of (a) scheduled debt payments, (b) the collection and payment of accounts receivable and payable, and (c) equity and debt issuances, and (ii) the volume and cost of inventory and commodity imbalances, ONEOK Partners' working capital deficit at December 31, 2014, was driven primarily by ONEOK Partners' capital-growth projects and ONEOK Partners' $800 million acquisition of West Texas LPG in November 2014, which were initially funded with short-term borrowings under its commercial paper program. ONEOK Partners repaid these short-term borrowings with cash from operations, its March 2015 debt issuance, equity issued through its "at-the-market" equity program and its August 2015 equity issuances. ONEOK Partners' working capital deficit at December 31, 2015, was driven primarily by its capital-growth projects. ONEOK Partners may have working capital deficits in future periods as it continues to finance its capital-growth projects, often initially with short-term borrowings. We do not expect ONEOK Partners’ working capital deficit to have an adverse impact to our or ONEOK Partners’ cash flows or operations. The consolidated working capital balance is impacted primarily by ONEOK Partners’ working capital balance.

The weighted-average interest rate at December 31, 2015, on ONEOK Partners’ short-term borrowings was 1.43 percent. Based on the forward LIBOR curve, we expect the interest rates on ONEOK Partners’ short-term borrowings to increase in 2016, compared with interest rates on amounts outstanding at December 31, 2015.

ONEOK Credit Agreement - In January 2016, we extended the term of our ONEOK Credit Agreement by one year to January 2020. At December 31, 2015, we had $1.1 million in letters of credit issued under the ONEOK Credit Agreement and approximately $92.5 million of cash and cash equivalents. We had $298.9 million of credit available at December 31, 2015, under the ONEOK Credit Agreement.

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The ONEOK Credit Agreement is a $300 million revolving credit facility and contains certain financial, operational and legal covenants. Among other things, these covenants include maintaining a ratio of indebtedness to Consolidated EBITDA (EBITDA, as defined in the ONEOK Credit Agreement) of no more than 4.0 to 1. Upon breach of certain covenants by us in the ONEOK Credit Agreement, amounts outstanding under our ONEOK Credit Agreement, if any, may become due and payable immediately. At December 31, 2015, our ratio of indebtedness to Consolidated EBITDA was 2.3 to 1, and we were in compliance with all covenants under the ONEOK Credit Agreement.

The ONEOK Credit Agreement also includes a $50 million sublimit for the issuance of standby letters of credit and a $50 million sublimit for swingline loans. Under the terms of the ONEOK Credit Agreement, we may request an increase in the size of the facility to an aggregate of $500 million from $300 million by either commitments from new lenders or increased commitments from existing lenders. The ONEOK Credit Agreement contains provisions for an applicable margin rate and an annual facility fee, both of which adjust with changes in our credit rating. Based on our current credit rating, borrowings, if any, will accrue interest at LIBOR plus 145 basis points, and the annual facility fee is 30 basis points.

ONEOK Partners Credit Agreement - At December 31, 2015, ONEOK Partners had $246.3 million of commercial paper outstanding, $14 million of letters of credit issued and $300 million of borrowings outstanding under the ONEOK Partners Credit Agreement. At December 31, 2015, ONEOK Partners had approximately $5.1 million of cash and cash equivalents and approximately $1.8 billion of credit available under the ONEOK Partners Credit Agreement.

In January 2016, ONEOK Partners extended the term of its ONEOK Partners Credit Agreement by one year to January 2020. The ONEOK Partners Credit Agreement is a $2.4 billion revolving credit facility and includes a $100 million sublimit for the issuance of standby letters of credit and a $150 million swingline sublimit. The ONEOK Partners Credit Agreement is available for general partnership purposes. During the first quarter 2015, ONEOK Partners increased the size of the ONEOK Partners Credit Agreement and commercial paper program each to $2.4 billion from $1.7 billion. Amounts outstanding under ONEOK Partners’ commercial paper program reduce the borrowing capacity under the ONEOK Partners Credit Agreement.

The ONEOK Partners Credit Agreement contains provisions for an applicable margin rate and an annual facility fee, both of which adjust with changes in ONEOK Partners’ credit rating. Under the terms of the ONEOK Partners Credit Agreement, based on ONEOK Partners’ current credit rating, borrowings, if any, will accrue at LIBOR plus 117.5 basis points, and the annual facility fee is 20 basis points. The ONEOK Partners Credit Agreement is guaranteed fully and unconditionally by the Intermediate Partnership.

The ONEOK Partners Credit Agreement contains certain financial, operational and legal covenants. Among other things, these covenants include maintaining a ratio of indebtedness to adjusted EBITDA (EBITDA, as defined in the ONEOK Partners Credit Agreement, adjusted for all noncash charges and increased for projected EBITDA from certain lender-approved capital expansion projects) of no more than 5.0 to 1. If ONEOK Partners consummates one or more acquisitions in which the aggregate purchase price is $25 million or more, the allowable ratio of indebtedness to adjusted EBITDA will be increased to 5.5 to 1 for the quarter in which the acquisition was completed and the two following quarters. As a result of the West Texas LPG acquisition ONEOK Partners completed in the fourth quarter 2014, the allowable ratio of indebtedness to adjusted EBITDA increased to 5.5 to 1 through the second quarter 2015. If ONEOK Partners were to breach certain covenants in the ONEOK Partners Credit Agreement, amounts outstanding under the ONEOK Partners Credit Agreement, if any, may become due and payable immediately. At December 31, 2015, ONEOK Partners’ ratio of indebtedness to adjusted EBITDA was 4.4 to 1, and ONEOK Partners was in compliance with all covenants under the ONEOK Partners Credit Agreement. At December 31, 2015, ONEOK Partners could have issued $1.0 billion of incremental short- and long-term debt to meet its liquidity needs under the most restrictive provisions contained in its various borrowing agreements.

Borrowings under the ONEOK Partners Credit Agreement, ONEOK Partners’ Term Loan Agreement and ONEOK Partners’ senior notes are nonrecourse to ONEOK, and ONEOK does not guarantee ONEOK Partners’ debt, commercial paper or other similar commitments.

Long-term Financing - We expect ONEOK Partners to fund its longer-term financing requirements by issuing common units or long-term notes. Other options to obtain financing include, but are not limited to, issuance of convertible debt securities, asset securitization and the sale and lease back of facilities.

ONEOK Partners’ ability to obtain financing is subject to changes in the debt and equity markets, and there is no assurance it will be able or willing to access the public or private markets in the future. ONEOK Partners may choose to meet its cash requirements by utilizing some combination of cash flows from operations, borrowing under its commercial paper program or the ONEOK Partners Credit Agreement, altering the timing of controllable expenditures, restricting future acquisitions and capital projects, selling assets or pursuing other debt or equity financing alternatives. Some of these alternatives could result in higher costs or negatively affect its respective credit ratings, among other factors. Based on ONEOK Partners' investment-grade credit ratings, general financial condition and expectations regarding its future earnings and projected cash flows, we expect ONEOK Partners will be able to meet its cash requirements and maintain investment-grade credit ratings.

ONEOK Debt Issuance - In August 2015, we completed an underwritten public offering of $500 million, 7.5 percent senior notes due 2023. The net proceeds, after deducting underwriting discounts, commissions and other expenses, were approximately $487.1 million. We used the proceeds together with cash on hand to purchase $650 million of additional common units from ONEOK Partners.

ONEOK Debt Repayment - In February 2014, we retired approximately $152.5 million, excluding accrued and unpaid interest, of our 4.25 percent senior notes due 2022 through a tender offer. The total amount paid, including fees and other charges, was approximately $150.0 million.

In March 2014, we repaid our $400 million, 5.2 percent senior notes due in 2015 for $430.1 million, including accrued but unpaid interest to the redemption date. We recorded a loss on extinguishment of $24.8 million related to the early retirement of long-term debt, which is included in other expense in our Consolidated Statements of Income. We reclassified a loss of $4.6 million, net of tax of $3.1 million, from accumulated other comprehensive income (loss) for terminated cash flow hedges related to the debt retirements, which is included in interest expense in our Consolidated Statements of Income.

ONEOK Partners' Debt Issuances and Maturities - In January 2016, ONEOK Partners entered into the $1.0 billion senior unsecured delayed-draw Term Loan Agreement with a syndicate of banks, which may be drawn by April 7, 2016. ONEOK Partners expects to draw the full $1.0 billion available under the agreement and use the proceeds to effectively refinance its $650 million, 3.25 percent senior notes that matured on February 1, 2016, and its $450 million, 6.15 percent senior notes that mature on October 1, 2016. The Term Loan Agreement matures in January 2019 and will bear interest at LIBOR plus a margin that is based on the credit ratings assigned to ONEOK Partners' senior, unsecured, long-term indebtedness. Based on ONEOK Partners' current applicable credit rating, borrowings on the Term Loan Agreement will accrue at LIBOR plus 130.0 basis points. The Term Loan Agreement contains an option, which may be exercised up to two times, to extend the term of the loan, in each case, for an additional one-year term subject to approval of the banks. The Term Loan Agreement provides an option to prepay, without penalty or premium, the amount outstanding, or any portion thereof and contains substantially the same covenants as those contained in the ONEOK Partners Credit Agreement.

In March 2015, ONEOK Partners completed an underwritten public offering of $800 million of senior notes, consisting of $300 million, 3.8 percent senior notes due 2020, and $500 million, 4.9 percent senior notes due 2025. The net proceeds, after deducting underwriting discounts, commissions and offering expenses, were approximately $792.3 million. ONEOK Partners used the proceeds to repay amounts outstanding under its commercial paper program and for general partnership purposes.

In September 2013, ONEOK Partners completed an underwritten public offering of $1.25 billion of senior notes, consisting of $425 million, 3.2 percent senior notes due 2018, $425 million, 5.0 percent senior notes due 2023 and $400 million, 6.2 percent senior notes due 2043. A portion of the net proceeds from the offering of approximately $1.24 billion was used to repay amounts outstanding under its commercial paper program, and the balance was used for general partnership purposes, including but not limited to capital expenditures and acquisitions.

ONEOK Partners' Equity Issuances - In August 2015, ONEOK Partners completed a private placement of 21.5 million common units at a price of $30.17 per unit with us. Additionally, ONEOK Partners completed a concurrent sale of approximately 3.3 million common units at a price of $30.17 per unit to funds managed by Kayne Anderson Capital Advisors in a registered direct offering, which were issued through its existing “at-the-market” equity program. The combined offerings generated net cash proceeds of approximately $749 million to ONEOK Partners. In conjunction with these issuances, ONEOK Partners GP contributed approximately $15.3 million in order to maintain our 2 percent general partner interest in ONEOK Partners. ONEOK Partners used the proceeds for general partnership purposes, including capital expenditures and repayment of commercial paper borrowings.

ONEOK Partners has an “at-the-market” equity program for the offer and sale from time to time of its common units, up to an aggregate amount of $650 million. The program allows ONEOK Partners to offer and sell its common units at prices it deems appropriate through a sales agent. Sales of common units are made by means of ordinary brokers’ transactions on the NYSE, in block transactions or as otherwise agreed to between ONEOK Partners and the sales agent. ONEOK Partners is under no obligation to offer and sell common units under the program. At December 31, 2015, ONEOK Partners had approximately $138 million of registered common units available for issuance through its “at-the-market” equity program.

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During the year ended December 31, 2015, ONEOK Partners sold 10.5 million common units through its "at-the-market" equity program, including the units sold to funds managed by Kayne Anderson Capital Advisors in the offering discussed above. The gross proceeds, including ONEOK Partners GP's contribution to maintain our 2 percent general partner interest in ONEOK Partners, were approximately $384.4 million. Net cash proceeds, after deducting agent commissions and other related costs, were approximately $381.6 million to ONEOK Partners, which were used for general partnership purposes, including repayment of commercial paper borrowings.

As a result of these transactions, our aggregate ownership interest in ONEOK Partners increased to 41.2 percent at December 31, 2015, from 37.8 percent at December 31, 2014.

In May 2014, ONEOK Partners completed an underwritten public offering of 13.9 million common units at a public offering price of $52.94 per common unit, generating net proceeds of approximately $714.5 million. In conjunction with this issuance, ONEOK Partners GP contributed approximately $15.0 million in order to maintain our 2 percent general partner interest in ONEOK Partners. ONEOK Partners used the proceeds for general partnership purposes, including capital expenditures and repayment of commercial paper borrowings.

During the year ended December 31, 2014, ONEOK Partners sold 7.9 million common units through its "at-the-market" equity program. The gross proceeds, including ONEOK Partners GP's contribution to maintain our 2 percent general partner interest in ONEOK Partners, were approximately $408.1 million. Net cash proceeds, after deducting agent commissions and other related costs, were approximately $402.1 million to ONEOK Partners, which were used for general partnership purposes.

In August 2013, ONEOK Partners completed an underwritten public offering of 11.5 million common units at a public offering price of $49.61 per common unit, generating net proceeds of approximately $553.4 million. In conjunction with this issuance, ONEOK Partners GP contributed approximately $11.6 million in order to maintain our 2 percent general partner interest in ONEOK Partners. ONEOK Partners used a portion of the proceeds from its August 2013 equity issuance to repay amounts outstanding under its commercial paper program, and the balance was used for general partnership purposes.

During the year ended December 31, 2013, ONEOK Partners sold 681,000 common units through its "at-the-market" equity program. The gross proceeds, including ONEOK Partners GP's contribution to maintain our 2 percent general partner interest in ONEOK Partners, were approximately $36.6 million. Net cash proceeds, after deducting agent commissions and other related costs, were approximately $36.1 million to ONEOK Partners, which were used for general partnership purposes.

Interest-rate Swaps - ONEOK Partners has entered into forward-starting interest-rate swaps to hedge the variability of interest payments on a portion of forecasted debt issuances that may result from changes in the benchmark interest rate before the debt is issued. Upon ONEOK Partners' debt issuance in March 2015, ONEOK Partners paid $55.1 million to settle $500 million of its interest-rate swaps. At December 31, 2015, ONEOK Partners had forward-starting interest-rate swaps with notional amounts totaling $400 million that were designated as cash flow hedges and have settlement dates of less than 12 months.

In January 2016, ONEOK Partners entered into forward-starting interest-rate swaps with notional amounts totaling $1.0 billion for the period of April 2016 through July 2018 and forward-starting interest-rate swaps with notional amounts totaling $500 million for the period of July 2018 through January 2019 that were designated as cash flow hedges to hedge the variability of its LIBOR-based interest payments.

Capital Expenditures - ONEOK Partners' capital expenditures are financed typically through operating cash flows, short- and long-term debt and the issuance of equity. ONEOK Partners' capital expenditures were approximately $1.2

billion, $1.7 billion and $1.9 billion for 2015, 2014 and 2013, respectively. Capital expenditures for ONEOK Partners for 2015 decreased, compared with 2014, due primarily to the completion of several large projects in 2014. ONEOK Partners realigned its capital-growth projects with the needs of its crude oil and natural gas producer customers, which included suspending, reducing or eliminating certain capital-growth projects to reduce its capital expenditures. Capital expenditures decreased for 2014, compared with 2013, due primarily to the timing of expenditures on growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments.

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The following table sets forth ONEOK Partners’ 2016 projected capital expenditures, excluding AFUDC:
2016 Projected Capital Expenditures

	(Millions of dollars)
Natural Gas Gathering and Processing	$355
Natural Gas Liquids	125
Natural Gas Pipelines	100
Other	20
Total projected capital expenditures	$600

In 2016, we expect lower capital spending at ONEOK Partners, compared with spending levels from 2013 through 2015, due to the current commodity price environment and alignment of capital-growth projects with the needs of ONEOK Partners’ customers. ONEOK Partners expects to finance 2016 capital expenditures with cash flows from operations and short-term borrowings and does not expect a need to issue public debt or equity in 2016 and well into 2017. However, ONEOK Partners may access the capital markets to issue debt or equity securities prior to that time as it considers prudent to provide liquidity for new capital projects, to maintain investment-grade credit ratings or other partnership purposes.

ONEOK’s capital expenditures were approximately $2 million, $33 million and $317 million for 2015, 2014 and 2013, respectively. Capital expenditures for ONEOK decreased due to the separation of the natural gas distribution business.

Unconsolidated Affiliates - The Overland Pass Pipeline Company limited liability company agreement provides that distributions to Overland Pass Pipeline Company’s members are to be made on a pro rata basis according to each member’s ownership interest. The Overland Pass Pipeline Company Management Committee determines the amount and timing of such distributions. Any changes to, or suspension of, cash distributions from Overland Pass Pipeline Company requires the unanimous approval of the Overland Pass Pipeline Management Committee. Cash distributions are equal to 100 percent of available cash as defined in the limited liability company agreement.

The Northern Border Pipeline partnership agreement provides that distributions to Northern Border Pipeline’s partners are to be made on a pro rata basis according to each partner’s percentage interest. The Northern Border Pipeline Management Committee determines the amount and timing of such distributions. Any changes to, or suspension of, the cash distribution policy of Northern Border Pipeline requires the unanimous approval of the Northern Border Pipeline Management Committee. Cash distributions are equal to 100 percent of distributable cash flow as determined from Northern Border Pipeline’s financial statements based upon EBITDA less interest expense and maintenance capital expenditures. Loans or other advances from Northern Border Pipeline to its partners or affiliates are prohibited under its credit agreement.

The Roadrunner limited liability agreement provides that distributions to members are made on a pro rata basis according to each member’s ownership interest. Cash distributions are paid within 45 days following the end of each quarter. Any changes to, or suspension of, the cash distributions from Roadrunner requires approval of the Roadrunner Management Committee. Voting rights for the Roadrunner Management Committee are allocated on a pro rata basis according to each member’s ownership interest. Cash distributions are equal to 100 percent of available cash, as defined in the limited liability company agreement.

West Texas LPG Pipeline - The limited partnership agreement of WTLPG provides that distributions to the partners are to be made on a pro rata basis according to each partner’s ownership interest. Cash distributions to the partners are currently declared and paid by WTLPG each calendar quarter. Any changes to, or suspension of, the cash distributions from WTLPG requires the approval of a minimum of 90 percent of the ownership interest and a minimum of two general partners of WTLPG. Cash distributions are equal to 100 percent of distributable cash as defined in the limited partnership agreement of WTLPG.

Credit Ratings - ONEOK and ONEOK Partners' credit ratings as of February 16, 2016, are shown in the table below:

	ONEOK		ONEOK Partners	
Rating Agency	Rating	Outlook	Rating	Outlook
Moody's	Ba1	Stable	Baa2	Negative
S&P	BB+	Negative	BBB	Negative

In connection with our August 2015 $500 million notes offering, Moody's downgraded ONEOK's rating to Ba1 and S&P affirmed ONEOK's rating but revised our outlook to negative from stable. In August 2015, Moody's and S&P affirmed ONEOK Partners' current credit ratings and revised its outlook to negative from stable.

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ONEOK Partners’ commercial paper program is rated Prime-2 by Moody’s and A-2 by S&P. ONEOK Partners’ credit ratings, which are investment grade, may be affected by a material change in financial ratios or a material event affecting its business and industry. The most common criteria for assessment of ONEOK Partners’ credit ratings are the debt-to-EBITDA ratio, interest coverage, business risk profile and liquidity.

Recent declines in the energy commodity price environment and its impact on ONEOK Partners’ results of operations and cash flows could cause the credit rating agencies to downgrade its credit ratings. If ONEOK Partners’ credit ratings were downgraded, the cost to borrow funds under its commercial paper program and the ONEOK Partners Credit Agreement would increase, and ONEOK Partners could potentially lose access to the commercial paper market. In the event that ONEOK Partners is unable to borrow funds under its commercial paper program and there has not been a material adverse change in its business, ONEOK Partners would continue to have access to the ONEOK Partners Credit Agreement, which expires in January 2020. An adverse credit rating change alone is not a default under the ONEOK Credit Agreement or the ONEOK Partners Credit Agreement. A downgrade in ONEOK Partners’ credit ratings would likely result in a downgrade to ONEOK’s credit ratings. However, we would not expect a downgrade to our credit ratings to have a material impact on our results of operations.

In the normal course of business, ONEOK Partners’ counterparties provide secured and unsecured credit. In the event of a downgrade in ONEOK Partners’ credit ratings or a significant change in ONEOK Partners’ counterparties’ evaluation of its creditworthiness, ONEOK Partners could be required to provide additional collateral in the form of cash, letters of credit or other negotiable instruments as a condition of continuing to conduct business with such counterparties. ONEOK Partners may be required to fund margin requirements with its counterparties with cash, letters of credit or other negotiable instruments.

ONEOK Partners Cash Distributions - ONEOK Partners distributes 100 percent of its available cash, as defined in its Partnership Agreement that generally consists of all cash receipts less adjustments for cash disbursements and net change to reserves, to its general and limited partners. Distributions are allocated to the general partner and limited partners according to their partnership percentages of 2 percent and 98 percent, respectively. The effect of any incremental allocations for incentive distributions to the general partner is calculated after the allocation to the general partner’s partnership interest and before the allocation to the limited partners.

In the second and third quarters of 2015, ONEOK Partners’ cash flow from operations exceeded its cash distributions. However, for the year ended December 31, 2015, ONEOK Partners’ cash distributions exceeded its cash flow from operations. As a result, ONEOK Partners utilized cash from operations, its commercial paper program and distributions received from its equity-method investments to fund its cash distributions. We expect increases in cash flows from operations in 2016, compared with 2015, due primarily to completion of ONEOK Partners’ growth projects that we expect will provide increasing volumes in the Natural Gas Gathering and Processing and Natural Gas Liquids segments and higher fee revenues as a result of restructured contracts that we expect will provide increasing operating income in the Natural Gas Gathering and Processing segment.

Energy Commodity Prices - ONEOK Partners is subject to commodity price volatility. Significant fluctuations in commodity prices will affect its overall liquidity due to the impact commodity price changes have on its cash flows from operating activities, including the impact on working capital for NGLs and natural gas held in storage, margin requirements and certain energy-related receivables. The decline in commodity prices has contributed to a decrease in ONEOK Partners’ common unit price. While lower commodity prices and industry uncertainty may result in increased financing costs, we believe ONEOK Partners has secured sufficient access to the financial resources and liquidity necessary to meet its requirements for working capital, debt service payments and capital expenditures through 2016 and well into 2017. We believe that its available credit and cash and cash equivalents are adequate to meet liquidity requirements associated with commodity price volatility. See discussion under “Commodity Price Risk” in Item 7A, Quantitative and Qualitative Disclosures about Market Risk, for information on ONEOK Partners’ hedging activities.

Pension and Postretirement Benefit Plans - Information about our pension and postretirement benefits plans, including anticipated contributions, is included under Note N of the Notes to Consolidated Financial Statements in this Annual Report.

During 2015, we made no contributions to our defined benefit pension plans, and $2.0 million in contributions to our postretirement benefit plans. We expect to make no contributions to our defined benefit pension plan and approximately $2.0 million in contributions to our postretirement plans in 2016.

CASH FLOW ANALYSIS

We use the indirect method to prepare our Consolidated Statements of Cash Flows. Under this method, we reconcile net income to cash flows provided by operating activities by adjusting net income for those items that affect net income but do not result in actual cash receipts or payments during the period and for operating cash items that do not impact net income. These reconciling items include depreciation and amortization, allowance for equity funds used during construction, gain or loss on sale of assets, deferred income taxes, equity in net earnings from investments, distributions received from unconsolidated affiliates, share-based compensation expense, other amounts and changes in our assets and liabilities not classified as investing or financing activities.

The following table sets forth the changes in cash flows by operating, investing and financing activities for the periods indicated:

	Years Ended December 31,		
	2015	2014	2013
	(Millions of dollars)		
Total cash provided by (used in):			
Operating activities	$1,007.0	$1,285.6	$1,294.8
Investing activities	(1,190.7)	(2,566.2)	(2,642.0)
Financing activities	108.5	1,304.5	912.9
Change in cash and cash equivalents	(75.2)	23.9	(434.3)
Change in cash and cash equivalents included in discontinued operations	—	3.3	2.9
Change in cash and cash equivalents from continuing operations	(75.2)	27.2	(431.4)
Cash and cash equivalents at beginning of period	172.8	145.6	577.0
Cash and cash equivalents at end of period	$97.6	$172.8	$145.6

Operating Cash Flows - Operating cash flows are affected by earnings from our business activities. Changes in commodity prices and demand for our services or products, whether because of general economic conditions, changes in supply, changes in demand for the end products that are made with our products or increased competition from other service providers, could affect our earnings and operating cash flows.

2015 vs. 2014 - Cash flows from operating activities, before changes in operating assets and liabilities, were approximately $1.16 billion in 2015, compared with $1.23 billion in 2014. The decrease was due primarily to higher interest expense and operating costs, offset partially by higher operating income provided by revenues less cost of sales and fuel at ONEOK Partners, as discussed in “Financial Results and Operating Information.”

The changes in operating assets and liabilities decreased operating cash flows by approximately $149.0 million in 2015, compared with an increase of $58.3 million in 2014. The decrease was due primarily to the billing, collection and payment of trade receivables and payables resulting from the timing of cash collections from customers and payments made to vendors and suppliers, which vary from period to period. This change is also due to the change in natural gas and NGL volumes in storage. In the first quarter 2015, ONEOK Partners also paid $55.1 million to settle forward-starting interest-rate swaps in connection with its March 2015 debt offering.

2014 vs. 2013 - Cash flows from operating activities, before changes in operating assets and liabilities, were approximately $1.2 billion in 2014, compared with $1.3 billion in 2013. The decrease was due primarily to 2013 operating activities including a full year of operations of our former natural gas distribution business, which was separated from ONEOK on January 31, 2014, as discussed in Note B, offset partially by higher operating income from ONEOK Partners, as discussed in “Financial Results and Operating Information.”

The changes in operating assets and liabilities increased operating cash flows by approximately $58.3 million in 2014, compared with a decrease of $7.2 million in 2013. The increase was due primarily to the collection and payment of trade receivables and payables resulting from the timing of cash collections from customers and paid to vendors and suppliers, which vary from period to period. This change is also due to the change in NGL volumes in storage. These increases were offset partially by higher settlements of liabilities associated with the wind down of our former energy services business and higher imbalances.

Investing Cash Flows - Cash used in investing activities decreased for 2015, compared with 2014, due primarily to the completion of growth projects at ONEOK Partners, the West Texas LPG acquisition in 2014 and the timing of capital expenditures for ONEOK Partners’ growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments, offset partially by contributions made to Roadrunner in 2015. ONEOK Partners also had an acquisition in the first quarter 2014 in the Natural Gas Pipelines segment.

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Cash used in investing activities decreased for 2014, compared with 2013, due primarily to decreased capital expenditures due to the separation of ONE Gas and lower ONEOK Partners capital expenditures primarily in the Natural Gas Liquids segment, due to the timing of expenditures, offset partially by the acquisition of the West Texas LPG system.

Financing Cash Flows - Cash provided by financing activities decreased for 2015, compared with 2014, due primarily to repayment of short-term borrowings at ONEOK Partners associated with completing the West Texas LPG acquisition, increased distributions from ONEOK Partners to noncontrolling interests and increased ONEOK dividends. Additionally, ONEOK and ONEOK Partners combined raised capital of approximately $1.7 billion through both debt and equity issuances, net of ONEOK's purchase of additional common units in ONEOK Partners, compared with approximately $2.3 billion in 2014, which includes senior notes issued by ONE Gas in January 2014, which at the time was our consolidated subsidiary. These were offset partially by repayments of long-term debt of approximately $7.7 million in 2015, compared with approximately $557.7 million in 2014, and ONEOK's repayment of approximately $564.5 million of commercial paper in 2014 with proceeds received from ONE Gas.

Cash provided by financing activities increased for 2014, compared with 2013. The increases were due primarily to the issuance of $1.2 billion of ONE Gas debt, higher issuances of ONEOK Partners common units and ONEOK Partners' short-term borrowings associated with completing the West Texas LPG acquisition. This was offset partially by ONEOK's repayment of long-term debt from the proceeds received from ONE Gas. Cash flows also were affected by increased distributions from ONEOK Partners to noncontrolling interests and increased ONEOK dividends in 2014, compared with 2013.

IMPACT OF NEW ACCOUNTING STANDARDS

Information about the impact of new accounting standards is included in Note A of the Notes to Consolidated Financial Statements in this Annual Report.

ESTIMATES AND CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements and related disclosures in accordance with GAAP requires us to make estimates and assumptions with respect to values or conditions that cannot be known with certainty that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Although we believe these estimates and assumptions are reasonable, actual results could differ from our estimates.

The following is a summary of our most critical accounting policies, which are defined as those estimates and policies most important to the portrayal of our financial condition and results of operations and requiring management's most difficult, subjective or complex judgment, particularly because of the need to make estimates concerning the impact of inherently uncertain matters. We have discussed the development and selection of our estimates and critical accounting policies with the Audit Committee of our Board of Directors.

Derivatives and Risk-Management Activities - We and ONEOK Partners utilize derivatives to reduce our market-risk exposure to commodity price and interest-rate fluctuations and to achieve more predictable cash flows. The accounting for changes in the fair value of a derivative instrument depends on whether it qualifies and has been designated as part of a hedging relationship. When possible, we implement effective hedging strategies using derivative financial instruments that qualify as hedges for accounting purposes. We have not used derivative instruments for trading purposes.

For a derivative designated as a cash flow hedge, the effective portion of the gain or loss from a change in fair value of the derivative instrument is deferred in accumulated other comprehensive income (loss) until the forecasted transaction affects earnings, at which time the fair value of the derivative instrument is reclassified into earnings. The ineffective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is recognized in earnings.

We assess the effectiveness of hedging relationships quarterly by performing an effectiveness test on our hedging relationships to determine whether they are highly effective on a retrospective and prospective basis. We do not believe that changes in our fair value estimates of our derivative instruments have a material impact on our results of operations, as the majority of our derivatives are accounted for as cash flow hedges for which ineffectiveness is not material. However, if a derivative instrument is ineligible for cash flow hedge accounting or if we fail to appropriately designate it as a cash flow hedge, changes in fair value of the derivative instrument would be recorded currently in earnings. Additionally, if a cash flow hedge ceases to qualify for hedge accounting treatment because it is no longer probable that the forecasted transaction will occur, the change in fair value of the derivative instrument would be recognized in earnings. For more information on commodity price sensitivity and a discussion of the market risk of pricing changes, see Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

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See Notes D and E of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of fair value measurements and derivatives and risk-management activities.

Impairment of Goodwill and Long-Lived Assets, including Intangible Assets - We assess our goodwill and indefinite-lived intangible assets for impairment at least annually on July 1, unless events or changes in circumstances indicate an impairment may have occurred before that time. While there have been sharp declines in commodity prices over the past year, ONEOK Partners is responding to the low commodity price environment by suspending certain capital-growth projects, aligning operating costs with the needs of its crude oil and natural gas producer customers, utilizing hedging to partially mitigate the low commodity prices and actively working to increase the fee-based component in the POP with fee contracts in the Natural Gas Gathering and Processing segment, which is the segment with the most commodity price exposure. Each reporting period, we assess these qualitative factors to determine whether it is more likely than not that the fair value of each of the reporting units is less than its carrying amount. At July 1, 2015, due to the current commodity price environment, we elected to perform a quantitative assessment, or Step 1 analysis, to test our goodwill for impairment. The assessment included the commodity price assumptions, expected contractual terms, anticipated operating costs and volume estimates. Our goodwill impairment analysis performed as of July 1, 2015, did not result in an impairment charge nor did our analysis reflect any reporting units at risk. In each reporting unit, the fair value substantially exceeded its carrying value. At December 31, 2015, we performed a qualitative review given the decline in commodity prices, ONEOK Partners' unit price and our share price since our assessment as of July 1, 2015, and determined that no event has occurred indicating that the implied fair value of each of the reporting units is less than the carrying value of its net assets.

As part of our goodwill impairment test, we may first assess qualitative factors (including macroeconomic conditions, industry and market considerations, cost factors and overall financial performance) to determine whether it is more likely than not that the fair value of each of our reporting units is less than its carrying amount. If further testing is necessary or a quantitative test is elected, we perform a two-step impairment test for goodwill. In the first step, an initial assessment is made by comparing the fair value of a reporting unit with its book value, including goodwill. If the fair value is less than the book value, an impairment is indicated, and we must perform a second test to measure the amount of the impairment. In the second test, we calculate the implied fair value of the goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value determined in step one of the assessment. If the carrying value of the goodwill exceeds the implied fair value of the goodwill, we will record an impairment charge.

To estimate the fair value of our reporting units, we use two generally accepted valuation approaches, an income approach and a market approach, using assumptions consistent with a market participant's perspective. Under the income approach, we use anticipated cash flows over a period of years plus a terminal value and discount these amounts to their present value using appropriate discount rates. Under the market approach, we apply EBITDA multiples to forecasted EBITDA. The multiples used are consistent with historical asset transactions. The forecasted cash flows are based on average forecasted cash flows for a reporting unit over a period of years.

The following table sets forth our goodwill, by segment, for the periods indicated:

	December 31, 2015	December 31, 2014
	(Thousands of dollars)	
Natural Gas Gathering and Processing	$122,291	$122,291
Natural Gas Liquids	268,544	268,544
Natural Gas Pipelines	134,700	134,700
Total goodwill	$525,535	$525,535

As part of our indefinite-lived intangible asset impairment test, we first assess qualitative factors similar to those considered in the goodwill impairment test to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If further testing is necessary, we compare the estimated fair value of our indefinite-lived intangible asset with its book value. The fair value of our indefinite-lived intangible asset is estimated using the market approach. Under the market approach, we apply multiples to forecasted cash flows of the assets associated with our indefinite-lived intangible asset. The multiples used are consistent with historical asset transactions. After assessing qualitative and quantitative factors, we determined that there were no impairments to our indefinite-lived intangible asset in 2015. There were also no impairment charges resulting from our 2014 or 2013 annual impairment tests.

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We assess our long-lived assets, including intangible assets with finite useful lives, for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable. An impairment is indicated if the carrying amount of a long-lived asset exceeds the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If an impairment is indicated, we record an impairment loss equal to the difference between the carrying value and the fair value of the long-lived asset.

For the investments we account for under the equity method, the impairment test considers whether the fair value of the equity investment as a whole, not the underlying net assets, has declined and whether that decline is other than temporary. Therefore, we periodically reevaluate the amount at which we carry our equity-method investments to determine whether current events or circumstances warrant adjustments to our carrying value.

Impairment Charges - ONEOK Partners recorded $264.3 million and $76.4 million of noncash impairment charges, primarily related to its long-lived assets and equity investments in the dry natural gas area of the Powder River Basin in 2015 and 2014, respectively.

Our impairment tests require the use of assumptions and estimates such as industry economic factors and the profitability of future business strategies. If actual results are not consistent with our assumptions and estimates or our assumptions and estimates change due to new information, we may be exposed to future impairment charges.

See Notes F, G and P of the Notes to Consolidated Financial Statements for our long-lived assets, goodwill and equity-method investments disclosures.

Pension and Postretirement Employee Benefits - We have a defined benefit retirement plan covering certain full-time employees. We sponsor welfare plans that provide postretirement medical and life insurance benefits to certain employees who retire with at least five years of service. The expense and liability related to these plans is calculated using statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, expected return on plan assets, rate of future compensation increases, age and employment periods. In determining the projected benefit obligations and costs, assumptions can change from period to period and may result in material changes in the costs and liabilities we recognize. See Note N of the Notes to Consolidated Financial Statements in this Annual Report for additional information.

During 2015, we recorded net periodic benefit costs of $21.9 million related to our defined benefit pension and postretirement benefits plans in continuing operations.

In connection with the separation of the natural gas distribution business, ONEOK entered into an Employee Matters Agreement with ONE Gas, which provides that employees of ONE Gas no longer participate in benefit plans sponsored or maintained by ONEOK, as of January 1, 2014. The ONEOK defined benefit pension plan and postretirement benefit plans transferred an allocable portion of assets and obligations related to those employees transferring to ONE Gas to newly established trusts for the ONE Gas plans. This resulted in a decrease in ONEOK's sponsored qualified and nonqualified pension and postretirement plan obligations of approximately $1.1 billion and a decrease in ONEOK's sponsored pension and postretirement plan assets of approximately $1.0 billion. Additionally, as a result of the transfer of unrecognized losses to ONE Gas, ONEOK's deferred income taxes and regulatory assets decreased approximately $86.0 million and $331.1 million, respectively.

We estimate that in 2016, we will record net periodic benefit costs of $17.2 million related to our defined benefit pension and postretirement benefits plans.

The following table sets forth the weighted-average assumptions used to determine our estimated 2016 net periodic benefit cost related to our defined benefit pension plans, and sensitivity to changes with respect to these assumptions.

	Rate Used	Cost Sensitivity (a)	Obligation Sensitivity (b)
		(Millions of dollars)	
Discount rate	5.25%	$1.4	$12.0
Expected long-term return on plan assets	7.75%	$0.7	$—

(a) - Approximate impact a quarter percentage point decrease in the assumed rate would have on net periodic pension costs.
(b) - Approximate impact a quarter percentage point decrease in the assumed rate would have on defined benefit pension obligation.

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A quarter percentage point change in either of the assumed rates would not have a significant impact on our postretirement benefit plan costs or obligation. Assumed health care cost-trend rates have an effect on the amounts reported for our postretirement benefit plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point Increase	One Percentage Point Decrease
	(Millions of dollars)	
Effect on total of service and interest cost	$0.2	$(0.2)
Effect on postretirement benefit obligation	$0.9	$(0.8)

During 2015, we made no contributions to our defined benefit pension plan and $2.0 million in contributions to our postretirement benefit plans for our continuing operations. At December 31, 2015, we expect to make no contributions to our defined benefit pension plan and approximately $2.0 million in contributions to our postretirement plans in 2016.

Contingencies - Our accounting for contingencies covers a variety of business activities, including contingencies for legal and environmental exposures. We accrue these contingencies when our assessments indicate that it is probable that a liability has been incurred or an asset will not be recovered and an amount can be reasonably estimated. We expense legal fees as incurred and base our legal liability estimates on currently available facts and our assessments of the ultimate outcome or resolution. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than the completion of a remediation feasibility study. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. Our expenditures for environmental evaluation, mitigation, remediation and compliance to date have not been significant in relation to our financial position or results of operations, and our expenditures related to environmental matters had no material effect on earnings or cash flows during 2015, 2014 or 2013. Actual results may differ from our estimates resulting in an impact, positive or negative, on earnings.

See Note R of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of contingencies.

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CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The following table sets forth our contractual obligations related to debt, operating leases and other long-term obligations as of December 31, 2015. For additional discussion of the debt agreements, see Note I of the Notes to the Consolidated Financial Statements in this Annual Report. The table below includes the contractual obligations of our former energy services business as ONEOK remains responsible for those obligations. The table below does not include the obligations of our former natural gas distribution business as those obligations have been transferred to and are now the responsibility of ONE Gas as of the separation on January 31, 2014.

	Payments Due by Period						
Contractual Obligations	Total	2016	2017	2018	2019	2020	Thereafter
ONEOK	(Millions of dollars)						
Long-term debt	$1,634.9	$3.0	$3.0	$3.0	$3.0	$3.0	$1,619.9
Interest payments on debt	1,040.4	97.2	97.0	96.8	96.7	96.5	556.2
Operating leases	1.0	0.4	0.3	0.2	0.1	—	—
Energy Services firm transportation and storage contracts	36.8	19.3	9.7	4.0	0.9	0.9	2.0
Employee benefit plans	33.0	2.0	9.0	10.0	12.0	—	—
ONEOK total	$2,746.1	$121.9	$119.0	$114.0	$112.7	$100.4	$2,178.1
ONEOK Partners							
ONEOK Partners senior notes	$6,800.0	$1,100.0	$400.0	$425.0	$500.0	$300.0	$4,075.0
Guardian Pipeline senior notes	51.9	7.7	7.7	7.7	7.7	7.7	13.4
Interest payments on debt	4,284.1	324.7	299.1	288.5	242.3	233.2	2,896.3
Short-term borrowings	546.3	546.3	—	—	—	—	—
Operating leases	12.4	2.3	1.7	1.7	1.4	1.0	4.3
Firm transportation and storage contracts	248.4	45.8	42.1	40.6	36.2	35.8	47.9
Financial and physical derivatives	121.6	121.6	—	—	—	—	—
Purchase commitments, rights of way and other	305.4	74.3	74.1	74.4	31.2	31.3	20.1
ONEOK Partners total	$12,370.1	$2,222.7	$824.7	$837.9	$818.8	$609.0	$7,057.0
Total	$15,116.2	$2,344.6	$943.7	$951.9	$931.5	$709.4	$9,235.1

Long-term debt - The amount of principal due in each period.

Interest payments on debt - Interest payments are calculated by multiplying long-term debt principal amount by the respective coupon rates.

Operating leases - Our operating leases include leases for office space, pipeline equipment and vehicles.

Firm transportation and storage contracts - The Natural Gas Gathering and Processing and Natural Gas Liquids segments are party to fixed-price contracts for firm transportation and storage capacity.

Energy services firm transportation and storage contracts - These obligations include future payments related to released contracts. See additional information in Note B in the Notes to the Consolidated Financial Statements.

Financial and physical derivatives - These are obligations arising from ONEOK Partners' fixed- and variable-price purchase commitments for physical and financial commodity derivatives. Estimated future variable-price purchase commitments are based on market information at December 31, 2015. Actual future variable-price purchase obligations may vary depending on market prices at the time of delivery. Sales of the related physical volumes and net positive settlements of financial derivatives are not reflected in the table above.

Employee benefit plans - We expect to make no contributions to our defined benefit pension plan and approximately $2.0 million in contributions to our postretirement plans in 2016. See Note N of the Notes to Consolidated Financial Statements in this Annual Report for discussion of our employee benefit plans.

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Purchase commitments, rights of way and other - Purchase commitments include commitments related to ONEOK Partners' growth capital expenditures and other rights-of-way and contractual commitments. Purchase commitments exclude commodity purchase contracts, which are included in the "Financial and physical derivatives" amounts.

FORWARD-LOOKING STATEMENTS

Some of the statements contained and incorporated in this Annual Report are forward-looking statements as defined under federal securities laws. The forward-looking statements relate to our anticipated financial performance (including projected operating income, net income, capital expenditures, cash flow and projected levels of dividends and distributions), liquidity, management's plans and objectives for our future growth projects and other future operations (including plans to construct additional natural gas and natural gas liquids pipelines and processing facilities and related cost estimates), our business prospects, the outcome of regulatory and legal proceedings, market conditions and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under federal securities legislation and other applicable laws. The following discussion is intended to identify important factors that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Forward-looking statements include the items identified in the preceding paragraph, the information concerning possible or assumed future results of our operations and other statements contained or incorporated in this Annual Report identified by words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "should," "goal," "guidance," "could," "may," "continue," "might," "potential," "scheduled" and other words and terms of similar meaning.

One should not place undue reliance on forward-looking statements. Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements. Those factors may affect our operations, markets, products, services and prices. In addition to any assumptions and other factors referred to specifically in connection with the forward-looking statements, factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement include, among others, the following:

- the effects of weather and other natural phenomena, including climate change, on our operations, demand for our services and energy prices;
- competition from other United States and foreign energy suppliers and transporters, as well as alternative forms of energy, including, but not limited to, solar power, wind power, geothermal energy and biofuels such as ethanol and biodiesel;
- the capital intensive nature of our businesses;
- the profitability of assets or businesses acquired or constructed by us;
- our ability to make cost-saving changes in operations;
- risks of marketing, trading and hedging activities, including the risks of changes in energy prices or the financial condition of our counterparties;
- the uncertainty of estimates, including accruals and costs of environmental remediation;
- the timing and extent of changes in energy commodity prices;
- the effects of changes in governmental policies and regulatory actions, including changes with respect to income and other taxes, pipeline safety, environmental compliance, climate change initiatives and authorized rates of recovery of natural gas and natural gas transportation costs;
- the impact on drilling and production by factors beyond our control, including the demand for natural gas and crude oil; producers' desire and ability to obtain necessary permits; reserve performance; and capacity constraints on the pipelines that transport crude oil, natural gas and NGLs from producing areas and our facilities;
- difficulties or delays experienced by trucks, railroads or pipelines in delivering products to or from our terminals or pipelines;

- changes in demand for the use of natural gas, NGLs and crude oil because of market conditions caused by concerns about climate change;
- conflicts of interest between us, ONEOK Partners, and related parties of ONEOK Partners;
- the impact of unforeseen changes in interest rates, equity markets, inflation rates, economic recession and other external factors over which we have no control, including the effect on pension and postretirement expense and funding resulting from changes in stock and bond market returns;
- our indebtedness could make us vulnerable to general adverse economic and industry conditions, limit our ability to borrow additional funds and/or place us at competitive disadvantages compared with our competitors that have less debt, or have other adverse consequences;
- actions by rating agencies concerning the credit ratings of ONEOK and ONEOK Partners;

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- the results of administrative proceedings and litigation, regulatory actions, rule changes and receipt of expected clearances involving any local, state or federal regulatory body, including the FERC, the National Transportation Safety Board, the PHMSA, the EPA and CFTC;
- our ability to access capital at competitive rates or on terms acceptable to us;
- risks associated with adequate supply to our gathering, processing, fractionation and pipeline facilities, including production declines that outpace new drilling or extended periods of ethane rejection;
- the risk that material weaknesses or significant deficiencies in our internal controls over financial reporting could emerge or that minor problems could become significant;
- the impact and outcome of pending and future litigation;
- the ability to market pipeline capacity on favorable terms, including the effects of:
  - future demand for and prices of natural gas, NGLs and crude oil;
  - competitive conditions in the overall energy market;
  - availability of supplies of Canadian and United States natural gas and crude oil; and
  - availability of additional storage capacity;
- performance of contractual obligations by our customers, service providers, contractors and shippers;
- the timely receipt of approval by applicable governmental entities for construction and operation of our pipeline and other projects and required regulatory clearances;
- our ability to acquire all necessary permits, consents or other approvals in a timely manner, to promptly obtain all necessary materials and supplies required for construction, and to construct gathering, processing, storage, fractionation and transportation facilities without labor or contractor problems;
- the mechanical integrity of facilities operated;
- demand for our services in the proximity of our facilities;
- our ability to control operating costs;
- acts of nature, sabotage, terrorism or other similar acts that cause damage to our facilities or our suppliers' or shippers' facilities;
- economic climate and growth in the geographic areas in which we do business;
- the risk of a prolonged slowdown in growth or decline in the United States or international economies, including liquidity risks in United States or foreign credit markets;
- the impact of recently issued and future accounting updates and other changes in accounting policies;
- the possibility of future terrorist attacks or the possibility or occurrence of an outbreak of, or changes in, hostilities or changes in the political conditions in the Middle East and elsewhere;
- the risk of increased costs for insurance premiums, security or other items as a consequence of terrorist attacks;
- risks associated with pending or possible acquisitions and dispositions, including our ability to finance or integrate any such acquisitions and any regulatory delay or conditions imposed by regulatory bodies in connection with any such acquisitions and dispositions;
- the impact of uncontracted capacity in our assets being greater or less than expected;
- the ability to recover operating costs and amounts equivalent to income taxes, costs of property, plant and equipment and regulatory assets in our state and FERC-regulated rates;
- the composition and quality of the natural gas and NGLs we gather and process in our plants and transport on our pipelines;
- the efficiency of our plants in processing natural gas and extracting and fractionating NGLs;
- the impact of potential impairment charges;
- the risk inherent in the use of information systems in our respective businesses, implementation of new software and hardware, and the impact on the timeliness of information for financial reporting;
- our ability to control construction costs and completion schedules of our pipelines and other projects; and
- the risk factors listed in the reports we have filed and may file with the SEC, which are incorporated by reference.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other factors could also have material adverse effects on our future results. These and other risks are described in greater detail in Part I, Item 1A, Risk Factors, in this Annual Report and in our other filings that we make with the SEC, which are available via the SEC's website at www.sec.gov and our website at www.oneok.com. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. Any such forward-looking statement speaks only as of the date on which such statement is made, and other than as required under securities laws, we undertake no obligation to update publicly any forward-looking statement whether as a result of new information, subsequent events or change in circumstances, expectations or otherwise.

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ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk discussed below includes forward-looking statements and represents an estimate of possible changes in future earnings that could occur assuming hypothetical future movements in interest rates or commodity prices. Our views on market risk are not necessarily indicative of actual results that may occur and do not represent the maximum possible gains and losses that may occur since actual gains and losses will differ from those estimated based on actual fluctuations in interest rates or commodity prices and the timing of transactions.

ONEOK Partners is exposed to market risk due to commodity price and interest-rate volatility and we are exposed to market risk due to interest-rate volatility. Market risk is the risk of loss arising from adverse changes in market rates and prices. We and ONEOK Partners may use financial instruments, including forward sales, swaps, options and futures, to manage the risks of certain identifiable or anticipated transactions and achieve a more predictable cash flow. Our and ONEOK Partners' risk-management functions follow established policies and procedures to monitor ONEOK Partners' natural gas, condensate and NGL marketing activities and our and ONEOK Partners' interest rates to ensure our hedging activities mitigate market risks. Neither we nor ONEOK Partners use financial instruments for trading purposes.

We record derivative instruments at fair value. We estimate the fair value of derivative instruments using available market information and appropriate valuation techniques. Changes in derivative instruments' fair values are recognized in earnings unless the instrument qualifies as a hedge and meets specific hedge accounting criteria. The effective portion of qualifying derivative instruments' gains and losses may offset the hedged items' related results in earnings for a fair value hedge or be deferred in accumulated other comprehensive income (loss) for a cash flow hedge.

COMMODITY PRICE RISK

Although ONEOK Partners' businesses are predominately fee based, in the Natural Gas Gathering and Processing segment, ONEOK Partners is exposed to commodity price risk as a result of receiving commodities as a portion of its compensation for services associated with its POP with fee contracts. ONEOK Partners has restructured a portion of its POP with fee contracts to include significantly higher fees, which reduces its equity volumes and the related commodity price exposure. However, under certain POP with fee contracts ONEOK Partners' fee revenues may increase or decrease if production volumes, delivery pressures or commodity prices change relative to specified thresholds.

ONEOK Partners also is exposed to basis risk between the various production and market locations where it receives and sells commodities.

As part of its hedging strategy, ONEOK Partners uses the previously described commodity derivative financial instruments and physical-forward contracts to minimize the impact of near-term price fluctuations related to natural gas, NGLs and condensate. As of December 31, 2015, ONEOK Partners had $49.8 million of commodity-related derivative assets and $8.0 million of commodity-related derivative liabilities, excluding the impact of netting.

The following tables set forth hedging information for the Natural Gas Gathering and Processing segment's forecasted equity volumes for the periods indicated:

	Year Ending December 31, 2016			
	Volumes Hedged	Average Price		Percentage Hedged
NGLs - excluding ethane (MBbl/d) - Conway/Mont Belvieu	7.9	$0.48	/ gallon	80%
Condensate (MBbl/d) - WTI-NYMEX	1.7	$59.24	/ Bbl	57%
Natural gas (BBtu/d) - NYMEX and basis	74.1	$2.96	/ MMBtu	83%

	Year Ending December 31, 2017			
	Volumes Hedged	Average Price		Percentage Hedged
NGLs - excluding ethane (MBbl/d) - Conway/Mont Belvieu	1.0	$0.40	/ gallon	9%
Condensate (MBbl/d) - WTI-NYMEX	1.5	$43.65	/ Bbl	49%
Natural gas (BBtu/d) - NYMEX and basis	50.6	$2.62	/ MMBtu	48%

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We expect ONEOK Partners' natural gas liquids and natural gas commodity price sensitivity within this segment to decrease in 2016, compared with 2015, as a result of the restructured contracts completed in 2015. The Natural Gas Gathering and Processing segment's commodity price sensitivity is estimated as a hypothetical change in the price of NGLs, crude oil and natural gas at December 31, 2015, excluding the effects of hedging and assuming normal operating conditions. Condensate sales are based on the price of crude oil. We estimate the following for ONEOK Partners' forecasted equity volumes:

- a $0.01 per-gallon change in the composite price of NGLs would change 12-month operating income by approximately $1.8 million for the year ending December 31, 2016, compared with approximately $3.0 million estimated at December 31, 2014 for the year ended December 31, 2015;
- a $1.00 per-barrel change in the price of crude oil would change 12-month operating income by approximately $1.3 million for the year ending December 31, 2016, compared with approximately $1.6 million estimated at December 31, 2014 for the year ended December 31, 2015; and
- a $0.10 per-MMBtu change in the price of residue natural gas would change 12-month operating income by approximately $3.3 million for the year ending December 31, 2016, compared with approximately $5.2 million estimated at December 31, 2014 for the year ended December 31, 2015.

We estimate the following for ONEOK Partners' forecasted equity volumes, including the effects of hedging information set forth above, and assuming normal operating conditions, for the year ending December 31, 2016:

- a $0.01 per-gallon change in the composite price of NGLs would change 12-month operating income by approximately $0.6 million;
- a $1.00 per-barrel change in the price of crude oil would change 12-month operating income by approximately $0.7 million; and
- a $0.10 per-MMBtu change in the price of residue natural gas would change 12-month operating income by approximately $0.5 million.

These estimates do not include any effects on demand for ONEOK Partners' services or natural gas processing plant operations that might be caused by, or arise in conjunction with, commodity price fluctuations. For example, a change in the gross processing spread may cause a change in the amount of ethane extracted from the natural gas stream, impacting gathering and processing financial results for certain contracts.

The Natural Gas Liquids segment is exposed to location price differential risk primarily as a result of the relative value of NGL purchases at one location and sales at another location. To a lesser extent, ONEOK Partners is exposed to commodity price risk resulting from the relative values of the various NGL products to each other, NGLs in storage and the relative value of NGLs to natural gas. ONEOK Partners utilizes physical-forward contracts and commodity derivative financial instruments to reduce the impact of price fluctuations related to NGLs.

The Natural Gas Pipelines segment is exposed to commodity price risk because its intrastate and interstate natural gas pipelines retain natural gas from its customers for operations or as part of its fee for services provided. When the amount of natural gas consumed in operations by these pipelines differs from the amount provided by its customers, ONEOK Partners' pipelines must buy or sell natural gas, or store or use natural gas from inventory, which can expose it to commodity price risk depending on the regulatory treatment for this activity. To the extent that commodity price risk in the Natural Gas Pipelines segment is not mitigated by fuel cost-recovery mechanisms, ONEOK Partners uses physical-forward sales or purchases to reduce the impact of price fluctuations related to natural gas. At December 31, 2015 and 2014, there were no financial derivative instruments with respect to its natural gas pipeline operations.

See Note E of the Notes to Consolidated Financial Statements in this Annual Report for more information on ONEOK Partners' hedging activities.

INTEREST-RATE RISK

We and ONEOK Partners are exposed to interest-rate risk through the ONEOK Credit Agreement, the ONEOK Partners Credit Agreement, ONEOK Partners’ commercial paper program and long-term debt issuances. Future increases in LIBOR, corporate commercial paper rates or corporate bond rates could expose us and ONEOK Partners to increased interest costs on future borrowings. We and ONEOK Partners manage interest-rate risk through the use of fixed-rate debt, floating-rate debt and interest-rate swaps. Interest-rate swaps are agreements to exchange interest payments at some future point based on specified notional amounts. At December 31, 2015 and 2014, ONEOK Partners had forward-starting interest-rate swaps with notional amounts totaling $400 million and $900 million, respectively, that have been designated as cash flow hedges of the variability of interest payments on a portion of forecasted debt issuances that may result from changes in the benchmark interest rate before the debt is issued. Future issuances of long-term debt could be impacted by increases in interest rates, which could

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result in higher interest costs. At December 31, 2015, ONEOK Partners had derivative liabilities of $9.9 million related to these interest-rate swaps. At December 31, 2014, ONEOK Partners had derivative assets of $2.3 million and derivative liabilities of $44.8 million related to these interest-rate swaps.

In January 2016, ONEOK Partners entered into forward-starting interest-rate swaps with notional amounts totaling $1.0 billion for the period of April 2016 through July 2018 and forward-starting interest-rate swaps with notional amounts totaling $500 million for the period of July 2018 through January 2019 that were designated as cash flow hedges to hedge the variability on our LIBOR-based interest payments.

See Note E of the Notes to Consolidated Financial Statements in this Annual Report for more information on ONEOK Partners' hedging activities.

COUNTERPARTY CREDIT RISK

ONEOK and ONEOK Partners assess the creditworthiness of their counterparties on an ongoing basis and require security, including prepayments and other forms of collateral, when appropriate. Certain of ONEOK Partners' counterparties to the Natural Gas Gathering and Processing segment's natural gas sales, the Natural Gas Liquids segment's marketing activities and the Natural Gas Pipelines segment's storage activities may be impacted by the depressed commodity price environment and could experience financial problems, which could result in nonpayment and/or nonperformance, which could adversely impact our results of operations.

Customer concentration - In 2015, no single customer represented more than 10 percent of our consolidated revenues and only 15 customers individually represented one percent or more of our consolidated revenues.

Natural Gas Gathering and Processing - The Natural Gas Gathering and Processing segment's customers are primarily large integrated and independent exploration and production companies. ONEOK Partners is not typically exposed to material credit risk with exploration and production customers under POP with fee contracts as it receives proceeds from the sale of commodities and remits a portion of those proceeds back to the crude oil and natural gas producers. In 2015, 99 percent of the downstream commodity sales in the Natural Gas Gathering and Processing segment were made to investment-grade customers, as rated by S&P or Moody's, or our comparable internal ratings, or secured by letters of credit or other collateral.

Natural Gas Liquids - The Natural Gas Liquids segment's customers are primarily NGL and natural gas gathering and processing companies; major and independent crude oil and natural gas production companies; propane distributors; ethanol producers; and petrochemical, refining and NGL marketing companies. ONEOK Partners earns fee revenue from NGL and natural gas gathering and processing customers and natural gas liquids pipeline transportation customers. ONEOK Partners is not typically exposed to material credit risk on the majority of its exchange services fee revenues, as ONEOK Partners purchases NGLs from its gathering and processing customers and deducts fees from the amounts it remits. ONEOK Partners also earns sales revenue on the downstream sales of NGL products. In 2015, more than 80 percent of this segment's commodity sales were made to investment-grade customers, as rated by S&P or Moody's, or our comparable internal ratings, or secured by letters of credit or other collateral. In addition, the majority of the Natural Gas Liquids segment's pipeline tariffs provide ONEOK Partners the ability to require security from shippers.

Natural Gas Pipelines - The Natural Gas Pipelines segment's customers are primarily local natural gas distribution companies, electric-generation facilities, large industrial companies, municipalities, irrigation customers and marketing companies. In 2015, more than 85 percent of the revenues in this segment were from investment-grade customers, as rated by S&P or Moody's, or our comparable internal ratings, or secured by letters of credit or other collateral. In addition, the majority of the Natural Gas Pipeline segment's pipeline tariffs provide ONEOK Partners the ability to require security from shippers.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
ONEOK, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, shareholders' equity and cash flows present fairly, in all material respects, the financial position of ONEOK, Inc. and its subsidiaries (the Company) at December 31, 2015 and 2014, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2015, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Tulsa, Oklahoma
February 23, 2016

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2015	2014	2013
	(Thousands of dollars, except per share amounts)		
Revenues			
Commodity sales	$6,098,343	$10,724,981	$10,549,157
Services	1,664,863	1,470,110	1,322,722
Total revenues	7,763,206	12,195,091	11,871,879
Cost of sales and fuel (exclusive of items shown separately below)	5,641,052	10,088,548	10,222,213
Operations and maintenance	605,748	599,143	479,165
Depreciation and amortization	354,620	294,684	239,343
Impairment of long-lived assets (Note F)	83,673	—	—
General taxes	87,583	75,744	62,421
Gain (loss) on sale of assets	5,629	6,599	11,881
Operating income	996,159	1,143,571	880,618
Equity in net earnings from investments (Note P)	125,300	117,415	110,517
Impairment of equity investments (Note P)	(180,583)	(76,412)	—
Allowance for equity funds used during construction	2,179	14,937	30,522
Other income	368	5,598	18,158
Other expense	(4,760)	(29,073)	(13,999)
Interest expense (net of capitalized interest of $36,572, $54,813 and $56,506, respectively)	(416,787)	(356,163)	(270,646)
Income before income taxes	521,876	819,873	755,170
Income taxes (Note O)	(136,600)	(151,158)	(166,080)
Income from continuing operations	385,276	668,715	589,090
Income (loss) from discontinued operations, net of tax (Note B)	(6,081)	(5,607)	(12,129)
Net income	379,195	663,108	576,961
Less: Net income attributable to noncontrolling interests	134,218	349,001	310,428
Net income attributable to ONEOK	$244,977	$314,107	$266,533
Amounts attributable to ONEOK:			
Income from continuing operations	$251,058	$319,714	$278,662
Income (loss) from discontinued operations	(6,081)	(5,607)	(12,129)
Net income	$244,977	$314,107	$266,533
Basic earnings per share:			
Income from continuing operations (Note L)	$1.19	$1.53	$1.35
Income (loss) from discontinued operations	(0.02)	(0.03)	(0.06)
Net income	$1.17	$1.50	$1.29
Diluted earnings per share:			
Income from continuing operations (Note L)	$1.19	$1.52	$1.33
Income (loss) from discontinued operations	(0.03)	(0.03)	(0.06)
Net income	$1.16	$1.49	$1.27
Average shares (thousands)			
Basic	210,208	209,391	206,044
Diluted	210,541	210,427	209,695
Dividends declared per share of common stock	$2.43	$2.125	$1.48

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
	2015	2014	2013
	(Thousands of dollars)		
Net income	$379,195	$663,108	$576,961
Other comprehensive income (loss), net of tax			
Unrealized gains (losses) on energy marketing and risk-management assets/liabilities, net of tax of $(5,845), $10,029 and $(5,574), respectively	39,730	(58,307)	25,609
Realized (gains) losses in net income, net of tax of $8,815, $(14,098) and $(1,905), respectively	(54,709)	41,723	7,926
Unrealized holding gains (losses) on available-for-sale securities, net of tax of $648, $(106) and $112, respectively	(955)	98	(177)
Change in pension and postretirement benefit plan liability, net of tax of $(10,278), $15,781 and $(52,436), respectively	15,416	(23,672)	83,126
Total other comprehensive income (loss), net of tax	(518)	(40,158)	116,484
Comprehensive income	378,677	622,950	693,445
Less: Comprehensive income attributable to noncontrolling interests	124,589	326,598	332,101
Comprehensive income attributable to ONEOK	$254,088	$296,352	$361,344

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	December 31, 2014
Assets	(Thousands of dollars)	
Current assets		
Cash and cash equivalents	$97,619	$172,812
Accounts receivable, net	593,979	745,494
Materials and supplies	76,696	55,833
Natural gas and natural gas liquids in storage	128,084	134,134
Commodity imbalances	38,681	64,788
Other current assets	39,946	117,466
Assets of discontinued operations (Note B)	205	16,717
Total current assets	975,210	1,307,244
Property, plant and equipment		
Property, plant and equipment	14,530,460	13,602,647
Accumulated depreciation and amortization	2,156,471	1,940,210
Net property, plant and equipment (Note F)	12,373,989	11,662,437
Investments and other assets		
Investments in unconsolidated affiliates (Note P)	948,221	1,132,653
Goodwill and intangible assets (Note G)	1,017,258	1,014,740
Other assets	112,598	124,679
Assets of discontinued operations (Note B)	18,835	20,020
Total investments and other assets	2,096,912	2,292,092
Total assets	$15,446,111	$15,261,773

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	December 31, 2015	December 31, 2014
Liabilities and equity	(Thousands of dollars)	
Current liabilities		
Current maturities of long-term debt (Note I)	$110,650	$10,650
Short-term borrowings (Note H)	546,340	1,055,296
Accounts payable	615,982	891,413
Commodity imbalances	74,460	104,650
Accrued interest	129,043	104,877
Other current liabilities	132,556	180,558
Liabilities of discontinued operations (Note B)	29,235	44,901
Total current liabilities	1,638,266	2,392,345
Long-term debt, excluding current maturities (Note I)	8,323,582	7,150,142
Deferred credits and other liabilities		
Deferred income taxes (Note O)	1,436,715	1,395,222
Other deferred credits	264,248	281,757
Liabilities of discontinued operations (Note B)	16,964	36,424
Total deferred credits and other liabilities	1,717,927	1,713,403
Commitments and contingencies (Note R)		
Equity (Note J)		
ONEOK shareholders' equity:		
Common stock, $0.01 par value:		
authorized 600,000,000 shares; issued 245,811,180 shares and outstanding 209,731,028 shares at December 31, 2015; issued 245,811,180 shares and outstanding 208,322,247 shares at December 31, 2014	2,458	2,458
Paid-in capital	1,378,444	1,541,583
Accumulated other comprehensive loss (Note K)	(127,242)	(136,353)
Retained earnings	—	138,128
Treasury stock, at cost: 36,080,152 shares at December 31, 2015 and 37,488,933 shares at December 31, 2014	(917,862)	(953,701)
Total ONEOK shareholders' equity	335,798	592,115
Noncontrolling interests in consolidated subsidiaries	3,430,538	3,413,768
Total equity	3,766,336	4,005,883
Total liabilities and equity	$15,446,111	$15,261,773

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2015	2014	2013
	(Thousands of dollars)		
Operating activities			
Net income	$379,195	$663,108	$576,961
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	354,620	306,038	384,377
Impairment charges	264,256	76,412	—
Charges attributable to exit activities	—	1,739	138,559
Equity in net earnings from investments	(125,300)	(117,415)	(110,517)
Distributions received from unconsolidated affiliates	122,003	117,912	106,364
Deferred income taxes	137,737	156,728	151,515
Share-based compensation expense	16,435	26,226	46,194
Pension and postretirement benefit expense, net of contributions	14,814	18,093	56,600
Allowance for equity funds used during construction	(2,179)	(14,937)	(30,522)
Gain on sale of assets	(5,629)	(6,599)	(11,881)
Other	—	—	(5,656)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	157,051	381,513	(189,809)
Natural gas and natural gas liquids in storage	6,050	160,860	99,937
Accounts payable	(205,143)	(417,993)	165,076
Commodity imbalances, net	(4,083)	(90,354)	(52,233)
Settlement of exit activities liabilities	(38,536)	(51,757)	(17,756)
Accrued interest	24,166	(4,351)	15,977
Energy marketing and risk-management assets and liabilities	(32,370)	59,539	25,072
Other assets and liabilities, net	(56,107)	20,848	(53,491)
Cash provided by operating activities	1,006,980	1,285,610	1,294,767
Investing activities			
Capital expenditures (less allowance for equity funds used during construction)	(1,188,312)	(1,779,150)	(2,256,585)
Cash paid for acquisitions, net of cash received	—	(814,934)	(394,889)
Contributions to unconsolidated affiliates	(27,540)	(1,063)	(35,308)
Distributions received from unconsolidated affiliates	33,915	21,107	31,134
Proceeds from sale of assets	3,825	7,817	13,617
Other	(12,607)	—	—
Cash used in investing activities	(1,190,719)	(2,566,223)	(2,642,031)
Financing activities			
Borrowing (repayment) of short-term borrowings, net	(508,956)	490,834	(252,708)
Issuance of ONE Gas debt, net of discounts	—	1,199,994	—
Issuance of long-term debt, net of discounts	1,291,506	—	1,247,822
ONE Gas long-term debt financing costs	—	(9,663)	—
Debt financing costs	(17,515)	—	(10,246)
Repayment of long-term debt	(7,753)	(557,679)	(7,868)
Issuance of common stock	20,669	19,150	20,602
Issuance of common units, net of issuance costs	375,660	1,113,139	583,929
Dividends paid	(509,197)	(443,817)	(304,742)

Cash of ONE Gas at separation	—	(60,000)	—
Distributions to noncontrolling interests	(535,825)	(447,459)	(374,142)
Excess tax benefit from share-based awards	—	—	10,312
Cash provided by financing activities	108,589	1,304,499	912,959
Change in cash and cash equivalents	(75,150)	23,886	(434,305)
Change in cash and cash equivalents included in discontinued operations	(43)	3,361	2,848
Change in cash and cash equivalents from continuing operations	(75,193)	27,247	(431,457)
Cash and cash equivalents at beginning of period	172,812	145,565	577,022
Cash and cash equivalents at end of period	$97,619	$172,812	$145,565
Supplemental cash flow information:			
Cash paid for interest, net of amounts capitalized	$367,835	$340,144	$294,240
Cash paid (refunds received) for income taxes	$3,324	$(11,881)	$(16,640)

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	ONEOK Shareholders' Equity			
	Common Stock Issued	Common Stock	Paid-in Capital	Accumulated Other Comprehensive Income (Loss)
	(Shares)	(Thousands of dollars)		
January 1, 2013	245,811,180	$2,458	$1,324,698	$(216,798)
Net income	—	—	—	—
Other comprehensive income (loss)	—	—	—	94,811
Common stock issued	—	—	(16,549)	—
Common stock dividends - $1.48 per share (Note J)	—	—	—	—
Issuance of common units of ONEOK Partners (Note Q)	—	—	87,295	—
Distributions to noncontrolling interests	—	—	—	—
Other	—	—	38,156	—
December 31, 2013				