HIGHWOODS PROPERTIES INC
Form 4
June 04, 2007

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
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(Print or Type Responses)

1. Name and Address of Reporting Person *
FRITSCH EDWARD J

(Last) (First) (Middle)

C/O HIGHWOODS PROPERTIES, INC., 3100 SMOKETREE COURT, SUITE 600

(Street)

RALEIGH, NC 27604

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
HIGHWOODS PROPERTIES INC [HIW]

3. Date of Earliest Transaction (Month/Day/Year)
05/31/2007

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
President & CEO

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	05/31/2007		M		25,000	A	$ 20.69	305,970	D	
Common Stock	05/31/2007		S		25,000	D	$ 42	280,970	D	
Common Stock	06/01/2007		M		900	A	$ 20.69	281,870	D	
Common Stock	06/01/2007		S		900	D	$ 44.42	280,970	D	
	06/01/2007		M		100	A		281,070	D	

Common Stock					$ 20.69		
Common Stock	06/01/2007	S	100	D	$ 44.41	280,970	D
Common Stock	06/01/2007	M	700	A	$ 20.69	281,670	D
Common Stock	06/01/2007	S	700	D	$ 44.31	280,970	D
Common Stock	06/01/2007	M	800	A	$ 20.69	281,760	D
Common Stock	06/01/2007	S	800	D	$ 44.29	280,970	D
Common Stock	06/01/2007	M	100	A	$ 20.69	281,070	D
Common Stock	06/01/2007	S	100	D	$ 44.21	280,970	D
Common Stock	06/01/2007	M	500	A	$ 20.69	281,470	D
Common Stock	06/01/2007	S	500	D	$ 44.2	280,970	D
Common Stock	06/01/2007	M	2,900	A	$ 20.69	283,870	D
Common Stock	06/01/2007	S	2,900	D	$ 44.19	280,970	D
Common Stock	06/01/2007	M	1,200	A	$ 20.69	282,170	D
Common Stock	06/01/2007	S	1,200	D	$ 44.18	280,970	D
Common Stock	06/01/2007	M	3,400	A	$ 20.69	284,370	D
Common Stock	06/01/2007	S	3,400	D	$ 44.08	280,970	D
Common Stock	06/01/2007	M	2,100	A	$ 20.69	283,070	D
Common Stock	06/01/2007	S	2,100	D	$ 44.07	280,970	D
Common Stock	06/01/2007	M	1,000	A	$ 20.69	281,970	D
Common Stock	06/01/2007	S	1,000	D	$ 44.05	280,970	D
	06/01/2007	M	2,100	A		283,070	D

Common Stock							$ 20.69		
Common Stock	06/01/2007		S		2,100	D	$ 44.04	280,970	D
Common Stock	06/01/2007		M		300	A	$ 20.69	281,270	D
Common Stock	06/01/2007		S		300	D	$ 44.02	280,970	D
Common Stock	06/01/2007		M		1,000	A	$ 20.69	281,970	D
Common Stock	06/01/2007		S		1,000	D	$ 43.97	280,970	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
								Date Exercisable	Expiration Date	Title	Amount or Number of Shares		
				Code	V	(A)	(D)						

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
FRITSCH EDWARD J C/O HIGHWOODS PROPERTIES, INC. 3100 SMOKETREE COURT, SUITE 600 RALEIGH, NC 27604	X		President & CEO	

Signatures

/s/Edward J. Fritsch	06/04/2007
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. 0pt">Transportation margin 18.3 19.0 45.3 48.0 (0.7)(4%) (2.7)(6%)
Net margin, excluding other revenues
$148.9 $149.5 $376.9 $382.6 $(0.6)(0%) $(5.7)(1%)

Natural gas prices decreased during the three and six months ended June 30, 2012, compared with the same periods last year. The decrease in natural gas prices had a direct impact on our revenues and cost of sales.

Net margin decreased for the three months ended June 30, 2012, compared with the same period last year, due primarily to the following:

- a decrease of $4.2 million due to expiration of the Integrity Management Program (IMP) rider, which allowed Oklahoma Natural Gas to recover certain deferred pipeline-integrity costs in Oklahoma. This decrease is offset by lower regulatory amortization in depreciation and amortization expense; offset partially by
    - an increase of $1.9 million from new rates and surcharge recoveries in Texas and Kansas.

Net margin decreased for the six months ended June 30, 2012, compared with the same period last year, due primarily to the following:

- a decrease of $8.5 million due to expiration of the IMP rider. This decrease is offset by lower regulatory amortization in depreciation and amortization expense; and
- a decrease of $2.9 million from lower transportation volumes due to weather-sensitive customers in Kansas and Oklahoma; offset partially by
    - an increase of $4.2 million from new rates and surcharge recoveries in Texas and Kansas.

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Operating costs decreased for the three months ended June 30, 2012, compared with the same period last year, due primarily to the following:

- a decrease of $3.3 million in share-based compensation costs from common stock awarded in the prior year to employees as part of ONEOK's stock award program and the appreciation in ONEOK's share price during 2011;
- a decrease of $1.4 million in bad-debt expense; offset partially by
- an increase of $1.8 million in legal costs;
- an increase of $1.4 million in higher outside service costs due primarily to expenses associated with IMP activities, pipeline maintenance and other consulting services; and
- an increase of $1.0 million in pension costs as a result of the annual change in our estimated discount rate.

Operating costs decreased for the six months ended June 30, 2012, compared with the same period last year, due primarily to the following:

- a decrease of $10.3 million in share-based compensation costs from common stock awarded in the prior year to employees as part of ONEOK's stock award program and the appreciation in ONEOK's share price during 2011; offset partially by
- an increase of $3.8 million from higher outside service costs due primarily to expenses associated with IMP activities in Oklahoma;
- an increase of $3.3 million in legal costs; and
- an increase of $2.0 million in pension costs as a result of the annual change in our estimated discount rate.

Depreciation and amortization expense decreased for the three and six months ended June 30, 2012, due primarily to a decrease of $4.2 million and $8.5 million, respectively, in regulatory amortization associated with the expiration of the IMP rider, which allowed us to defer recognition of certain pipeline-integrity costs in Oklahoma; offset partially by an increase of $1.6 million and $3.4 million, respectively, in higher depreciation expense associated with additional capital expenditures.

Capital Expenditures - Our capital expenditures program includes expenditures for pipeline integrity, automated meter reading, extending service to new areas, modifications to customer-service lines, increasing system capabilities, relocating facilities to accommodate government construction and replacements. It is our practice to maintain and upgrade facilities to ensure safe, reliable and efficient operations.

Capital expenditures increased for the three and six months ended June 30, 2012, compared with the same periods last year, primarily as a result of increased spending on pipeline replacements.

Selected Operating Information - The following tables set forth certain selected information for the regulated operations of our Natural Gas Distribution segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
Number of Customers	2012	2011	2012	2011
Residential	1,933,646	1,924,608	1,939,201	1,931,569
Commercial	153,020	153,734	154,457	155,087
Industrial	1,214	1,237	1,232	1,242
Wholesale/public authority	2,750	2,736	2,726	2,760
Transportation	11,911	11,677	11,894	11,643
Total customers	2,102,541	2,093,992	2,109,510	2,102,301

	Three Months Ended June 30,		Six Months Ended June 30,	
Volumes (MMcf)	2012	2011	2012	2011
Gas sales				
Residential	9,021	12,336	58,718	70,801
Commercial	3,593	4,343	16,690	19,898
Industrial	383	287	725	710
Wholesale/public authority	2,326	393	4,833	1,562
Total volumes sold	15,323	17,359	80,966	92,971
Transportation	45,842	46,433	103,375	108,882
Total volumes delivered	61,165	63,792	184,341	201,853

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Residential and commercial volumes decreased for the three and six months ended June 30, 2012, compared with the same periods last year, due primarily to warmer temperatures in the first and second quarters of 2012; however, the impact on margins was mitigated largely by weather normalization mechanisms. Wholesale sales represent contracted gas volumes that exceed the needs of our residential, commercial and industrial customer base and are available for sale to other parties. Wholesale volumes increased for 2012, compared to 2011; however, the impact to margins was minimal.

Regulatory Initiatives - Oklahoma - In March 2012, Oklahoma Natural Gas filed a Performance Based Rate Change (PBRC) filing seeking to increase base rates by $16.2 million. A Joint Stipulation was approved by the OCC in July 2012. This agreement provides for a $9.5 million rate increase and modifications to Oklahoma Natural Gas' PBRC tariff. The modified tariff narrows the range of allowed regulated return on equity (ROE) to a range of 10.0 percent to 11.0 percent from our previous range of 9.75 percent to 11.25 percent; increases the ROE reflected in any rate increase resulting from a revenue deficiency to 10.5 percent from 10.25 percent; and reduces the number of allowed pro forma adjustments that can be proposed by Oklahoma Natural Gas.

In May 2011, the OCC approved a portfolio of conservation and energy-efficiency programs and authorized recovery of costs and performance incentives. The agreement allows Oklahoma Natural Gas to pursue key energy-efficiency programs and allows the company to earn up to $1.5 million annually, if program objectives are achieved. Based on customer interest in the rebate programs through June 2012, we anticipate several rebate programs being fully subscribed by customers during calendar 2012.

Kansas - In May 2012, Kansas Gas Service submitted an application to increase its overall annual revenues by $32.7 million. The request includes a $50.7 million increase in base rates and an $18.0 million reduction in amounts currently recovered through surcharges. The KCC has 240 days to issue an order and is expected to make a final ruling by January 14, 2013.

In March 2012, Kansas Gas Service submitted an application to the KCC to approve the implementation of a cast-iron pipeline-replacement program that would accelerate the rate at which we are replacing cast-iron pipe. The application seeks a surcharge that would recover the carrying charges and depreciation expense associated with the investment as the costs are incurred. The total cost of the replacement program is estimated to be $8.8 million annually over an eight-year period.

The KCC approved an application from Kansas Gas Service to increase the Gas System Reliability Surcharge by an additional $2.9 million effective January 2012. This surcharge is a capital-recovery mechanism that allows for rate adjustment, providing recovery of and a return on incremental safety-related and government-mandated capital investments made between rate cases.

Texas - Texas Gas Service made annual filings for interim rate relief under the Gas Reliability Infrastructure Program (GRIP) statute with the cities of Austin, Texas, and surrounding communities in February 2012 and El Paso, Texas, in April 2012. GRIP is a capital-recovery mechanism that allows for an interim rate adjustment providing recovery and a return on incremental capital investments made between rate cases. In May 2012, the City of Austin, Texas, approved a $3.5 million increase pursuant to this filing. In July 2012, the city of El Paso approved a $1.3 million increase.

In January 2012, the Texas Railroad Commission approved the settlement between Texas Gas Service and the City of El Paso that allows for recovery of 2010-2013 pipeline-integrity expenditures and partial recovery of rate-case expenses. The settlement did not have a material impact on our results of operations.

In the normal course of business, Texas Gas Service has filed rate cases and requests for GRIP and cost-of-service adjustments in various other Texas jurisdictions to address investments in rate base and changes in expense. Annual rate increases totaling $5.3 million associated with these filings have been approved in 2012.

Energy Services

Overview - Our Energy Services segment is a provider of natural gas supply and risk-management services for natural gas and electric utilities and commercial and industrial customers. We use a network of leased storage and transportation capacity to supply natural gas to our customers. This network connects the major supply and demand centers throughout the United States and into Canada and, coupled with our industry knowledge and market intelligence, allows us to provide our customers with customized services in a more efficient and reliable manner than they can achieve independently.

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We follow a strategy of optimizing our storage and cross-regional transportation capacity through the application of market knowledge and effective risk management. We seek to maximize value by actively hedging the risks associated with seasonal and location price differentials that are inherent to storage and transportation contracts. At the same time, we attempt to capitalize on opportunities created by market volatility, weather-related events, supply-demand imbalances and market inefficiencies, which allow us to capture additional margin. Using market information, we manage these asset-based positions and seek to provide incremental margin in our trading portfolio.

To ensure natural gas is available when our customers need it, we offer premium services and products that satisfy our customers' nonuniform supply needs such as swing and peaking natural gas load requirements on a year-round basis. Types of premium services include next-day and no-notice services. Next-day services allow our customers to call on additional gas supply, up to an amount agreed upon in a service contract, and expect delivery the following day. No-notice services allow customers to call on additional natural gas supply and expect immediate delivery. We also provide weather-related protection and other custom solutions based on our customers' specific needs. Our storage and transportation assets enable us to provide these services and provide us with opportunities to capture daily, monthly and seasonal value due to market inefficiencies. We expect premium-services margins will be lower than the prior year due to lower natural gas prices.

As a result of significant increases in the supply of natural gas, primarily from shale production across North America, location and seasonal price differentials have narrowed significantly, resulting in reduced opportunities to capture margins with our firm transportation and storage capacity. Additionally, price volatility in the natural gas markets remains relatively low as compared with volatility in the past, which, coupled with a fairly flat forward price curve, reduces the value of the demand fee we receive for premium services and further limits opportunities to optimize our assets. We have undertaken several steps to better align fixed costs with the current business environment, including attempts to renegotiate various natural gas storage and transportation contracts. Contract renegotiation activities that we have taken or expect to take include renewing contracts at current market rates at contract expiration, extending contracts in order to negotiate a more favorable rate or paying to terminate contracts in areas that are no longer strategic to our business. For the six months ended June 30, 2012, we recognized charges to our earnings as a result of certain of these actions. As we continue our contract renegotiation activities, it is possible we may recognize additional charges to our earnings in the future. We expect these contractual changes to result in less storage and transportation capacity under lease and a better alignment of our contracted natural gas transportation and storage capacity with the needs of our premium-services customers. We also expect the reduction in our contracted natural gas transportation and storage capacity will reduce our operating costs and working-capital requirements.

Selected Financial Results - The following table sets forth certain selected financial results for our Energy Services segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months 2012 vs. 2011		Six Months 2012 vs. 2011	
Financial Results	2012	2011	2012	2011	Increase (Decrease)		Increase (Decrease)	
	(Millions of dollars)							
Revenues	$ 268.9	$ 616.0	$ 729.7	$ 1,507.8	$ (347.1)	(56%)	$ (778.1)	(52%)
Cost of sales and fuel	279.3	616.4	755.6	1,452.3	(337.1)	(55%)	(696.7)	(48%)
Net margin	(10.4)	(0.4)	(25.9)	55.5	(10.0)	*	(81.4)	*
Operating costs	4.6	5.3	9.4	13.3	(0.7)	(13%)	(3.9)	(29%)
Depreciation and amortization	0.1	0.1	0.2	0.2	-	0 %	-	-
Goodwill impairment	-	-	10.3	-	-	-	10.3	100 %

Operating income (loss)	$ (15.1)	$ (5.8)	$ (45.8)	$ 42.0	$ (9.3) *	$ (87.8) *
* Percentage change is greater than 100 percent.						

The following table sets forth our margins by activity for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,		Three Months 2012 vs. 2011 Increase (Decrease)		Six Months 2012 vs. 2011 Increase (Decrease)	
	2012	2011	2012	2011				
	(Millions of dollars)							
Marketing, storage and transportation revenues, gross	$ 26.7	$ 39.4	$ 55.5	$ 136.7	$ (12.7)	(32 %)	$ (81.2)	(59 %)
Storage and transportation costs	37.6	39.6	82.1	81.4	(2.0)	(5 %)	0.7	1 %
Marketing, storage and transportation, net	(10.9)	(0.2)	(26.6)	55.3	(10.7)	*	(81.9)	*
Financial trading, net	0.5	(0.2)	0.7	0.2	0.7	*	0.5	*
Net margin	$ (10.4)	$ (0.4)	$ (25.9)	$ 55.5	$ (10.0)	*	$ (81.4)	*
* Percentage change is greater than 100 percent.								

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Marketing, storage and transportation revenues, gross, primarily includes marketing, purchases and sales, premium services and the impact of cash flow and fair value hedges and other derivative instruments used to manage our risk associated with these activities. Storage and transportation costs primarily include the cost of leasing capacity, storage injection and withdrawal fees, fuel charges and gathering fees. Risk-management and operational decisions have an impact on the net result of our marketing, premium services and storage activities. We evaluate our strategies on an ongoing basis to optimize the value of our contracted assets and to minimize the financial impact of market conditions on the services we provide.

Our storage and transportation costs decreased 5 percent for the three months ended June 30, 2012, compared with the three months ended June 30, 2011, due primarily to reduced transportation capacity, offset partially by an increase in storage demand fees and a loss resulting from the release to a third party of contracted transportation capacity that expires in December 2012.

Our storage and transportation costs remained relatively unchanged for the six months ended June 30, 2012, compared with the six months ended June 30, 2011, due primarily to an increase in storage demand fees and a loss resulting from the release to a third party of contracted transportation capacity that expires in December 2012, offset by reduced transportation capacity.

For additional information on transportation and storage capacity refer to “Selected Operating Information” below.

Financial trading, net, includes activities that are executed generally using financially settled derivatives. These activities are normally short term in nature, with a focus on capturing short-term price volatility. Revenues in our Consolidated Statements of Income include financial trading margins, as well as certain physical natural gas transactions with our trading counterparties. Revenues and cost of sales and fuel from such physical transactions are reported on a net basis.

Revenues and cost of sales and fuel decreased for the three and six months ended June 30, 2012, compared with the same periods last year, due primarily to lower natural gas prices.

Net margin decreased for the three months ended June 30, 2012, compared with the same period last year, due primarily to the following:

- a decrease of \$8.7 million in transportation margins, net of hedging, due primarily to lower hedge settlements in 2012;
- a decrease of \$2.1 million in premium-services margins, associated primarily with lower demand fees; and
- storage and marketing margins, net of hedging activities, were relatively unchanged but reflect:
  - an increase of \$12.8 million due to higher realized seasonal storage price differentials; offset by
  - a decrease of \$6.8 million from unrealized fair value changes on nonqualifying economic hedges;
  - a decrease of \$3.7 million due primarily to decreased marketing activities; and
  - a decrease of \$1.4 million due to higher demand fees on storage contracts.

Net margin decreased for the six months ended June 30, 2012, compared with the same period last year, due primarily to the following:

- a decrease of \$65.4 million in storage and marketing margins, net of hedging activities, due primarily to the following:
  - a decrease of \$29.9 million related to the reclassification of deferred losses into current earnings from accumulated other comprehensive income on certain financial contracts that were used to hedge forecasted purchases of natural gas, as a result of the continued decline in natural gas prices. The combination of the cost basis of the forecasted

inventory and the financial contracts exceeds the amount expected to be recovered through sales of that inventory after considering related sales hedges, requiring reclassification of the loss from accumulated other comprehensive income (loss) to current period earnings;

- a decrease of $15.1 million due to lower realized seasonal storage price differentials;
- a decrease of $9.3 million due to unrealized fair value changes on nonqualifying economic hedges;
- a decrease of $6.2 million due primarily to decreased marketing activities; and
- a decrease of $3.7 million due to higher demand fees on storage contracts;

- a decrease of $13.6 million in transportation margins, net of hedging, due primarily to the following:
  - lower hedge settlements in 2012; and
  - release of contracted transportation capacity to a third party resulting in the recognition of a loss in the first half of 2012, which will reduce our overall loss on the transportation contract expiring in December 2012; and

- a decrease of $3.2 million in premium-services margins, associated primarily with lower demand fees.

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Operating costs decreased for the three and six months ended June 30, 2012, compared with the same periods last year due primarily to lower employee related expenses.

We also recognized an expense of $10.3 million related to the impairment of our goodwill in the first quarter of 2012. Given the continued significant decline in natural gas prices and its effect on location and seasonal price differentials, we performed an interim impairment assessment in the first quarter of 2012 that reduced our goodwill balance to zero.

Selected Operating Information - The following table sets forth certain selected operating information for our Energy Services segment for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
Operating Information	2012	2011	2012	2011
Natural gas marketed (Bcf)	150	192	368	452
Natural gas gross margin ($/Mcf)	$ (0.06)	$ -	$ (0.06)	$ 0.13
Physically settled volumes (Bcf)	322	405	739	899

Natural gas volumes marketed and physically settled volumes decreased for the three and six months ended June 30, 2012, compared with the same periods last year, due primarily to lower transported volumes and reduced transportation capacity. Transportation capacity in certain markets was not utilized due to the economics of the location differentials as a result of increased supply of natural gas, primarily from shale production, and increased pipeline capacity as a result of pipeline construction.

At June 30, 2012, our natural gas transportation capacity was 1.1 Bcf/d, of which 1.0 Bcf/d was contracted under long-term natural gas transportation contracts, compared with 1.2 Bcf/d of total capacity and 1.2 Bcf/d of long-term capacity at June 30, 2011. Approximately 6 percent of our transportation capacity expires by the end of 2012, and approximately an additional 69 percent expires by the end of 2015.

Approximately 35.0 MMcf/d of transportation capacity expired in the first quarter of 2012, an additional 46.2 MMcf/d expired on April 1, 2012, and 59.8 MMcf/d will expire in the fourth quarter of 2012. We do not expect to renew any of this transportation capacity.

Our natural gas in storage at June 30, 2012, was 58.6 Bcf, compared with 43.3 Bcf at June 30, 2011. At June 30, 2012, our total natural gas storage capacity under lease was 72.4 Bcf, compared with 72.6 Bcf at June 30, 2011. At June 30, 2012, our natural gas storage capacity under lease had a maximum withdrawal capability of 2.3 Bcf/d and maximum injection capability of 1.3 Bcf/d. Approximately 15.2 Bcf of storage capacity expired on April 1, 2012, of which 12.7 Bcf was renewed at market rates. We have no additional storage capacity contracts expiring for the remainder of 2012; approximately 88 percent expires by the end of 2015.

Reducing storage and transportation capacity continues to be a focus as we reduce fixed costs and align our capacity with the needs of our premium-services customers. It is possible that we may recognize charges to our earnings in the future as a result of these actions.

CONTINGENCIES

Legal Proceedings - We are a party to various litigation matters and claims that have arisen in the normal course of our operations. While the results of litigation and claims cannot be predicted with certainty, and we are unable to estimate reasonably possible losses, 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. Additional information about our legal proceedings is included under Part I, Item 3, Legal Proceedings, in our Annual Report.

LIQUIDITY AND CAPITAL RESOURCES

General - ONEOK and ONEOK Partners have relied primarily on operating cash flow, commercial paper, bank credit facilities, debt issuances and/or the issuance of equity for their liquidity and capital resource requirements. ONEOK and ONEOK Partners fund operating expenses, debt service, dividends to shareholders and distributions to unitholders primarily with operating cash flow. Capital expenditures are funded by short- and long-term debt, issuances of equity and operating cash flow. We expect to continue to use these sources for our liquidity and capital resource needs. Neither ONEOK nor ONEOK Partners guarantees the debt or other similar commitments to unaffiliated parties, and ONEOK does not guarantee the debt or other similar commitments of ONEOK Partners.

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ONEOK’s and ONEOK Partners’ ability to continue to access capital markets for debt and equity financing under reasonable terms depends on market conditions and ONEOK’s and ONEOK Partners’ respective financial condition and credit ratings. We anticipate that our cash flow generated from operations, existing capital resources, including proceeds from the issuance of our $700 million, 4.25-percent senior notes in January 2012 and distributions from ONEOK Partners will enable us to maintain our current and planned level of operations and fund any share repurchases under our three-year, $750-million stock repurchase program. ONEOK Partners anticipates that its cash flow generated from operations, proceeds from its March 2012 equity offering, existing capital resources and ability to obtain financing will enable it to maintain its current and planned level of operations. Additionally, ONEOK Partners expects to fund its future capital expenditures with short- and long-term debt, the issuance of equity and operating cash flows.

Capitalization Structure - The following table sets forth our consolidated capitalization structure as of the dates indicated:

	June 30, 2012	December 31, 2011
Long-term debt	55%	56%
Total equity	45%	44%
Debt (including notes payable)	58%	60%
Total equity	42%	40%

For purposes of determining compliance with financial covenants in the ONEOK 2011 Credit Agreement, which are described below, the debt of ONEOK Partners is excluded. The following table sets forth ONEOK’s capital structure, excluding the debt of ONEOK Partners, for the periods indicated:

	June 30, 2012	December 31, 2011
Long-term debt	45%	31%
ONEOK shareholders' equity	55%	69%
Debt (including notes payable)	52%	45%
ONEOK shareholders' equity	48%	55%

Stock Repurchase Program - In June 2012, we entered into an accelerated share repurchase agreement (the ASR Agreement) with Goldman, Sachs & Co. (Goldman), pursuant to which we paid $150 million to Goldman and received from Goldman approximately 2.9 million shares of our common stock, representing approximately 80 percent of the estimated total number of shares to be repurchased. The ASR Agreement is scheduled to end in September 2012, although the termination date may be accelerated. We expect to receive the balance of the shares at the conclusion of the ASR Agreement. The specific number of shares that we ultimately will repurchase will be based on the volume weighted average price per share of our common stock during the repurchase period, subject to other adjustments pursuant to the terms and conditions of the ASR Agreement. At settlement, under certain circumstances, Goldman may be required to deliver additional shares of our common stock to us, or, under certain circumstances, we may be required to deliver shares of our common stock or we may elect to make a cash payment to Goldman.

The ASR Agreement is part of our three-year stock repurchase program that was authorized by our Board of Directors on October 21, 2010, to buy up to $750 million of our common stock, subject to the limitation that purchases will not exceed $300 million in any one calendar year. Pursuant to the Board's authorization, following this transaction and our repurchase of $300 million in 2011, an additional $300 million may yet be purchased pursuant to the program, of which a maximum of $150 million of additional shares of our common stock may be purchased in 2012.

Short-term Liquidity - ONEOK's principal sources of short-term liquidity consist of cash generated from operating activities, quarterly distributions from ONEOK Partners and the issuance of commercial paper. ONEOK Partners' principal sources of short-term liquidity consist of cash generated from operating activities, the issuance of commercial paper and distributions received from unconsolidated affiliates. To the extent commercial paper is unavailable, ONEOK's and ONEOK Partners' respective revolving credit agreements may be utilized.

ONEOK 2011 Credit Agreement - The ONEOK 2011 Credit Agreement, which is scheduled to expire in April 2016, contains certain financial, operational and legal covenants. Among other things, these covenants include maintaining ONEOK's stand-alone debt-to-capital ratio of no more than 67.5 percent at the end of any calendar quarter, limitations on the ratio of indebtedness secured by liens and indebtedness of subsidiaries to consolidated net tangible assets, a requirement that

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ONEOK maintains the power to control the management and policies of ONEOK Partners, and a limit on new investments in master limited partnerships. The ONEOK 2011 Credit Agreement also contains customary affirmative and negative covenants, including covenants relating to liens, investments, fundamental changes in the nature of ONEOK's businesses, transactions with affiliates, the use of proceeds and a covenant that limits ONEOK's ability to restrict its subsidiaries' ability to pay dividends. The debt covenant calculations in the ONEOK 2011 Credit Agreement exclude the debt of ONEOK Partners. In the event of a breach of certain covenants by ONEOK, amounts outstanding under the ONEOK 2011 Credit Agreement may become due and payable immediately. At June 30, 2012, ONEOK's stand-alone debt-to-capital ratio, as defined by the ONEOK 2011 Credit Agreement, was 50.5 percent, and ONEOK was in compliance with all covenants under the ONEOK 2011 Credit Agreement.

Under the terms of the ONEOK 2011 Credit Agreement, ONEOK may request an increase in the size of the facility to an aggregate of $1.7 billion from $1.2 billion by either commitments from new lenders or increased commitments from existing lenders. The ONEOK 2011 Credit Agreement is available to repay our commercial paper notes, if necessary. Amounts outstanding under the commercial paper program reduce the borrowing capacity under the ONEOK 2011 Credit Agreement.

The total amount of short-term borrowings authorized by ONEOK's Board of Directors is $2.8 billion. At June 30, 2012, ONEOK had $571.9 million of commercial paper outstanding, $1.7 million in letters of credit issued under the ONEOK 2011 Credit Agreement and approximately $22.8 million of cash and cash equivalents. ONEOK had approximately $626.4 million of credit available at June 30, 2012, under the ONEOK 2011 Credit Agreement. As of June 30, 2012, ONEOK could have issued $2.4 billion of additional short- and long-term debt under the most restrictive provisions contained in its various borrowing agreements.

ONEOK Partners 2011 Credit Agreement - The ONEOK Partners 2011 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 2011 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 of the acquisition and the two following quarters. Upon breach of certain covenants by ONEOK Partners in the ONEOK Partners 2011 Credit Agreement, amounts outstanding under the ONEOK Partners 2011 Credit Agreement, if any, may become due and payable immediately. At June 30, 2012, ONEOK Partners' ratio of indebtedness to adjusted EBITDA was 2.3 to 1, and ONEOK Partners was in compliance with all covenants under the ONEOK Partners 2011 Credit Agreement.

The ONEOK Partners 2011 Credit Agreement includes a $100-million sublimit for the issuance of standby letters of credit and also features an option to request an increase in the size of the facility to an aggregate of $1.7 billion from $1.2 billion by either commitments from new lenders or increased commitments from existing lenders. The ONEOK Partners 2011 Credit Agreement is available to repay ONEOK Partners' commercial paper notes, if necessary. Amounts outstanding under ONEOK Partners' commercial paper program reduce the borrowing capacity under the ONEOK Partners 2011 Credit Agreement.

The total amount of short-term borrowings authorized by the Board of Directors of ONEOK Partners GP, the general partner of ONEOK Partners, is $2.5 billion. At June 30, 2012, ONEOK Partners had $24.0 million of commercial paper outstanding, no letters of credit issued, no borrowings outstanding under the ONEOK Partners 2011 Credit Agreement, approximately $92.2 million of cash and $1.2 billion of credit available under the ONEOK Partners 2011 Credit Agreement. As of June 30, 2012, ONEOK Partners could have issued $4.8 billion of short- and long-term debt to meet its liquidity needs under the most restrictive provisions contained in its various borrowing agreements.

Effective August 1, 2012, ONEOK Partners extended the maturity date of its Partnership 2011 Credit Agreement from August 1, 2016, to August 1, 2017, pursuant to an extension agreement between ONEOK Partners and its lenders.

Recent events in the European economy could impact European banks. Various European-based banks participate in the ONEOK 2011 Credit Agreement and ONEOK Partners 2011 Credit Agreement, representing an aggregate of $340 million and $342 million in committed capacity, respectively. These banks are of significant scale and international diversification, which we believe minimizes the risk of these banks being unable to fulfill their commitments to us or ONEOK Partners under our respective credit agreements. Should any of these banks be unable to fund any future borrowings under the credit agreements, we believe other funding sources would likely be available to replace the European banks' commitments.

Long-term Financing - In addition to the principal sources of short-term liquidity discussed above, ONEOK expects to fund its longer-term cash requirements by issuing equity or long-term notes. ONEOK Partners expects to fund its longer-term cash 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 leaseback of facilities.

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ONEOK and ONEOK Partners are subject to changes in the debt and equity markets, and there is no assurance they will be able or willing to access the public or private markets in the future. ONEOK and ONEOK Partners may choose to meet their cash requirements by utilizing some combination of cash flows from operations, borrowing under existing commercial paper or credit facilities, altering the timing of controllable expenditures, restricting future acquisitions and capital projects, or pursuing other debt or equity financing alternatives. Some of these alternatives could involve higher costs or negatively affect their respective credit ratings, among other factors. Based on ONEOK's and ONEOK Partners' investment-grade credit ratings, general financial condition and market expectations regarding their future earnings and projected cash flows, ONEOK and ONEOK Partners believe that they will be able to meet their respective cash requirements and maintain their investment-grade credit ratings.

ONEOK Debt Issuance - In January 2012, we completed an underwritten public offering of $700 million, 4.25-percent senior notes due 2022. The net proceeds from the offering, after deducting underwriting discounts and offering expenses, of approximately $694.3 million were used to repay amounts outstanding under our commercial paper program. We will pay interest on the senior notes due 2022 on February 1 and August 1 of each year, beginning August 1, 2012.

The indenture governing ONEOK's senior notes due 2022 includes an event of default upon 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 the outstanding senior notes due 2022 to declare those senior notes immediately due and payable in full.

ONEOK may redeem its senior notes due 2022 at a redemption price equal to the principal amount, plus accrued and unpaid interest, starting three months before the maturity date. Prior to this date, ONEOK may redeem the senior notes due 2022, in whole or in part, at any time for a redemption price equal to the principal amount plus accrued and unpaid interest and a make-whole premium. The redemption price will never be less than 100 percent of the principal amount of the respective note plus accrued and unpaid interest to the redemption date. ONEOK's senior notes due 2022 are senior unsecured obligations, ranking equally in right of payment with all of ONEOK's existing and future unsecured senior indebtedness.

ONEOK Partners' Debt Maturities - ONEOK Partners repaid its $350 million, 5.9-percent senior notes upon maturity in April 2012 with a portion of the proceeds from its March 2012 equity issuance.

ONEOK Partners' Equity Issuance - In March 2012, ONEOK Partners completed an underwritten public offering of 8,000,000 common units at a public offering price of $59.27 per common unit, generating net proceeds of approximately $460 million. ONEOK Partners also sold 8,000,000 common units to us in a private placement, generating net proceeds of approximately $460 million. In conjunction with the issuances, we contributed $19.1 million in order to maintain our 2-percent general partner interest in ONEOK Partners. ONEOK Partners used the proceeds from the offerings to repay approximately $295.0 million of borrowing under its $1.2 billion commercial paper program, to repay amounts on the maturity of their $350 million, 5.9-percent senior notes due April 2012 and for other general partnership purposes, including capital expenditures. As a result of these transactions, our aggregate ownership interest in ONEOK Partners increased to 43.4 percent from 42.8 percent.

Interest-rate Swaps - ONEOK and ONEOK Partners each 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. ONEOK had interest-rate swaps with notional values totaling $500 million at December 31, 2011. In January 2012, ONEOK entered into additional interest-rate swaps with notional amounts totaling $200 million. Upon issuance in January 2012 of our $700 million, 4.25-percent senior notes due 2022, ONEOK settled all $700 million of its interest-rate swaps and realized a loss of $44.1 million in accumulated other comprehensive income that will be amortized to interest expense over the term of the hedged debt. At June 30, 2012, and December 31, 2011, ONEOK Partners had forward-starting interest-rate swaps with notional amounts totaling $1 billion and $750 million, respectively. In July 2012, ONEOK Partners entered into additional forward-starting interest-rate swaps with settlement dates greater than 12 months with notional amounts totaling $400 million.

Capital Expenditures - ONEOK's and ONEOK Partners' capital expenditures are financed typically through operating cash flows, short- and long-term debt and the issuance of equity. Capital expenditures were $780.7 million and $523.7 million for the six months ending June 30, 2012 and 2011, respectively, exclusive of acquisitions. Of these amounts, ONEOK Partners' capital expenditures were $636.2 million and $410.2 million for the six months ended June 30, 2012 and 2011, respectively, exclusive of acquisitions. Capital expenditures for 2012 increased, compared with the same period last year, due primarily to the growth projects in ONEOK Partners' natural gas gathering and processing and natural gas liquids businesses.

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The following table sets forth our 2012 projected capital expenditures, excluding AFUDC:

2012 Projected Capital Expenditures

	(Millions of dollars)	
ONEOK Partners	$	2,045
Natural Gas Distribution		272
Other		32
Total projected capital expenditures	$	2,349

Credit Ratings - Our credit ratings as of June 30, 2012, are shown in the table below:

	ONEOK		ONEOK Partners	
Rating Agency	Rating	Outlook	Rating	Outlook
Moody's	Baa2	Stable	Baa2	Stable
S&P	BBB	Stable	BBB	Stable

ONEOK's and ONEOK Partners' commercial paper programs are each rated Prime-2 by Moody's and A2 by S&P. ONEOK's and ONEOK Partners' credit ratings, which currently are investment grade, may be affected by a material change in financial ratios or a material event affecting the business. The most common criteria for assessment of credit ratings are the debt-to-capital ratio, business risk profile, pre-tax and after-tax interest coverage, and liquidity. ONEOK and ONEOK Partners currently do not anticipate their respective credit ratings to be downgraded; however, if ONEOK's or ONEOK Partners' credit ratings were downgraded, the cost to borrow funds under their respective commercial paper programs and credit agreements would increase, and ONEOK or ONEOK Partners potentially could lose access to the commercial paper market. In the event that ONEOK is unable to borrow funds under its commercial paper program and there has not been a material adverse change in its business, ONEOK would continue to have access to the ONEOK 2011 Credit Agreement, which expires in April 2016. 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 2011 Credit Agreement, which expires in August 2017. An adverse rating change alone is not a default under the ONEOK 2011 Credit Agreement or the ONEOK Partners 2011 Credit Agreement.

Our Energy Services segment relies upon the investment-grade rating of ONEOK's senior unsecured long-term debt to reduce its collateral requirements. If ONEOK's credit ratings were to decline below investment grade, our ability to participate in energy marketing and trading activities could be significantly limited. Without an investment-grade rating, we may be required to fund margin requirements with our counterparties with cash, letters of credit or other negotiable instruments. At June 30, 2012, ONEOK could have been required to fund approximately $3.1 million in margin requirements related to financial contracts upon such a downgrade. A decline in ONEOK's credit rating below investment grade also may impact significantly other business segments.

In the normal course of business, ONEOK's and ONEOK Partners' counterparties provide secured and unsecured credit. In the event of a downgrade in ONEOK's or ONEOK Partners' credit ratings or a significant change in ONEOK's or ONEOK Partners' counterparties' evaluation of our creditworthiness, ONEOK or 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.

Commodity Prices - We are subject to commodity price volatility. Significant fluctuations in commodity prices will impact our overall liquidity due to the impact commodity price changes have on our 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. We believe that ONEOK's and ONEOK Partners' available credit and cash and cash equivalents are adequate to meet liquidity requirements associated with commodity price volatility. See Note D of the Notes to Consolidated Financial Statements; the discussion under ONEOK Partners' "Commodity Price Risk" in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations; and Energy Services' discussion under "Commodity Price Risk" in Item 3, Quantitative and Qualitative Disclosures about Market Risk, for information on our hedging activities.

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

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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 impact net income but may not result in actual cash receipts or payments during the period.

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

	Six Months Ended June 30, 2012	Six Months Ended June 30, 2011	Variances 2012 vs. 2011 Increase (Decrease)
	(Millions of dollars)		
Total cash provided by (used in):			
Operating activities	$ 652.6	$ 875.6	$ (223.0)
Investing activities	(738.4)	(508.8)	(229.6)
Financing activities	125.9	79.8	46.1
Change in cash and cash equivalents	40.1	446.6	(406.5)
Change in cash and cash equivalents included in discontinued operations	8.8	(4.7)	13.5
Change in cash and cash equivalents from continuing operations	48.9	441.9	(393.0)
Cash and cash equivalents at beginning of period	66.0	30.3	35.7
Cash and cash equivalents at end of period	$ 114.9	$ 472.2	$ (357.3)

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.

Cash flows from operating activities, before changes in operating assets and liabilities, were $705.9 million for the six months ended June 30, 2012, compared with $623.0 million for the same period in 2011. The increase was due primarily to changes in net margin and operating expenses discussed in Financial Results and Operating Information on page 38.

The changes in operating assets and liabilities decreased operating cash flows $53.3 million for the six months ended June 30, 2012, compared with an increase of $252.6 million for the same period last year. The change was due primarily to the collection and payment of trade receivables and payables, resulting from the timing of invoices collected from customers and paid to vendors and suppliers, which vary from period to period; and the change in gas and natural gas liquids in storage primarily at ONEOK Partners' natural gas liquids business and our Energy Services segment. The change in natural gas and natural gas liquids in storage results from changes in storage levels and the impact of commodity prices on the purchase cost of inventory, both which vary from period to period.

Investing Cash Flows - Cash used in investing activities increased for the six months ended June 30, 2012, compared with cash used in investing activities for the same period in 2011, due primarily to ONEOK Partners' growth projects in its natural gas gathering and processing and natural gas liquids businesses, offset partially by proceeds from the sale of ONEOK Energy Marketing Company.

Financing Cash Flows - Cash provided by financing activities increased for the six months ended June 30, 2012, compared with the same period in 2011. The change is a result of our January 2012 debt issuance and the ONEOK Partners equity issuances in March 2012, offset partially by increased distributions to noncontrolling interests and increased dividends.

REGULATORY

Financial Markets Legislation - The Dodd-Frank Act represents a far-reaching overhaul of the framework for regulation of United States financial markets. Various regulatory agencies, including the SEC and the CFTC, have proposed regulations for implementation of many of the provisions of the Dodd-Frank Act. The CFTC has issued final regulations for certain provisions of the Dodd-Frank Act, but others remain outstanding. In July 2012, the CFTC issued an order that further defers the effective date of the provisions of the Dodd-Frank Act that require a rulemaking, such as definitions of certain terms, until the earlier of the effective date of the final rule defining the referenced terms or December 31, 2012. The CFTC issued the definitional rules in late May and early July 2012 that will become effective 60 days after publication in the Federal Register. We are reviewing the rules to ascertain how we may be affected by them. Based on our assessment of the regulations issued to date and those proposed, we expect to be able to continue to participate in financial markets for hedging certain risks

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inherent in our business, including commodity and interest-rate risks; however, the capital requirements and costs of hedging may increase as a result of the legislation. We also may incur additional costs associated with our compliance with the new regulations and anticipated additional record keeping, reporting and disclosure obligations; however, we do not believe the costs will be material. These requirements could affect adversely market liquidity and pricing of derivative contracts making it more difficult to execute our risk-management strategies in the future. Also, the anticipated increased costs of compliance by dealers and counterparties likely will be passed on to customers, which could decrease the benefits of hedging to us and could reduce our profitability and liquidity.

Other - Several regulatory initiatives impacted the earnings and future earnings potential for our Natural Gas Distribution segment. See discussion of our Natural Gas Distribution segment's regulatory initiatives beginning on page 48.

ENVIRONMENTAL AND SAFETY MATTERS

Environmental Matters - We are subject to multiple historical and wildlife preservation laws and environmental regulations affecting many aspects of our present and future operations. Regulated activities include those involving air emissions; storm water and wastewater discharges; handling and disposal of solid and hazardous wastes; hazardous materials transportation; and pipeline and facility construction. These laws and regulations require us to obtain and 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 us to fines, penalties and/or interruptions in our operations that could be material to our results of operations. If a leak or spill of hazardous substances or petroleum products occurs from pipelines or facilities that we own, operate or otherwise use, we 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, emission controls required under the Clean Air Act and other similar federal and state laws could require unexpected capital expenditures at our facilities. We cannot assure that existing environmental regulations will not be revised or that new regulations will not be adopted or become applicable to us. Revised or additional regulations that result in increased compliance costs or additional operating restrictions could have a material adverse effect on our business, financial condition, results of operations and cash flows.

Additional information about our environmental matters is included in Note M of the Notes to Consolidated Financial Statements in this Quarterly Report.

Pipeline Safety - We are subject to Pipeline and Hazardous Materials Safety Administration regulations, including 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 new 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 us. These issues include but are not limited to:

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

The potential capital and operating expenditures related to this legislation, the associated regulations or other new pipeline safety regulations are unknown.

Air and Water Emissions - The Clean Air Act, the Clean Water Act and analogous state laws 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. We 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 greenhouse gas emissions are under way. We are monitoring federal and state legislation to assess the potential impact on our operations. The EPA's Mandatory Greenhouse Gas Reporting Rule, released in September 2009, requires greenhouse gas emissions reporting for affected facilities on an annual

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basis and requires us to track the emission equivalents for the natural gas delivered by us to our distribution customers and emission equivalents for all NGLs delivered to customers of ONEOK Partners. Our 2010 total reported emissions were less than 66.6 million metric tons of carbon dioxide equivalents. This total includes direct emissions from the combustion of fuel in our equipment, such as compressor engines and heaters, as well as carbon dioxide equivalents from natural gas and NGL products delivered to customers, as if all such fuel and NGL products were combusted with the resulting carbon dioxide injected directly into disposal wells. We reported 2011 greenhouse gas emissions for a portion of our facilities by March 31, 2012, as required by the EPA, and will report for the remainder of our facilities by September 30, 2012. Also, the EPA released a subpart to the Mandatory Greenhouse Gas Reporting Rule that will require the reporting of vented and fugitive emissions of methane from our facilities. The new requirements began in January 2011, with the first reporting of fugitive emissions due September 30, 2012. We do not expect the cost to gather this emission data 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 greenhouse gas emissions, including carbon dioxide and methane. At this time, no rule or legislation has been enacted that assesses any costs, fees or expenses on any of these emissions.

In May 2010, the EPA finalized the “Tailoring Rule” that will regulate greenhouse gas emissions at new or modified facilities that meet certain criteria. Affected facilities will be required to review best available control technology, conduct air-quality analysis, impact analysis and public reviews with respect to such emissions. The rule was phased in beginning January 2011, and at current emission threshold levels, we believe it will have a minimal impact on our existing facilities. The EPA has stated it will consider lowering the threshold levels over the next five years, which could increase the impact on our existing facilities; however, potential costs, fees or expenses associated with the potential adjustments are unknown.

In addition, the EPA has issued a rule on air-quality standards, “National Emission Standards for Hazardous Air Pollutants for Reciprocating Internal Combustion Engines,” also known as RICE NESHAP, with a compliance date in 2013. The rule will require capital expenditures over the next two years for the purchase and installation of new emissions-control equipment. We do not expect these expenditures to have a material impact on our results of operations, financial position or cash flows.

In July 2011, the EPA issued a proposed rule that would change the air emission New Source Performance Standards, also known as NSPS, and Maximum Achievable Control Technology requirements applicable to the oil and gas industry, including natural gas production, processing, transmission and underground storage. 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 EPA’s final rule reflects significant changes from the proposal issued in 2011 and allows for more manageable compliance options. The NSPS final rule will become effective after it is published in the Federal Register. It will require expenditures for updated emissions controls, monitoring and record keeping requirements at affected facilities. We do not expect these expenditures to have a material impact on our results of operations, financial position or cash flows.

Superfund - The Comprehensive Environmental Response, Compensation and Liability Act, also known as CERCLA or Superfund, imposes liability, without regard to fault or the legality of the original act, on certain classes of persons that contributed to the release of a hazardous substance into the environment. These persons include the owner or operator of a facility where the release occurred and 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. Neither we nor ONEOK Partners expect our respective current responsibilities under CERCLA, for this facility and any other, to have a material impact on our respective results of operations, financial position or cash flows.

Chemical Site Security - The United States Department of Homeland Security (Homeland Security) released an interim rule in April 2007 that requires companies to provide reports on sites where certain chemicals, including many hydrocarbon products, are stored. We completed the Homeland Security assessments, and our 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 our 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 enhancements cost to have a material impact on our results of operations, financial position or cash flows.

Pipeline Security - Homeland Security's Transportation Security Administration and the DOT have completed a review and inspection of our "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." We have reviewed our pipeline facilities according to the new guideline requirements, and there have been no material changes required to date.

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Environmental Footprint - Our environmental and climate change strategy focuses on taking steps to minimize the impact of our operations on the environment. These strategies include: (i) developing and maintaining an accurate greenhouse gas emissions inventory according to current rules issued by the EPA; (ii) improving the efficiency of our various pipelines, natural gas processing facilities and natural gas liquids fractionation facilities; (iii) following developing technologies for emission control; and (iv) following developing technologies to capture carbon dioxide to keep it from reaching the atmosphere.

ONEOK Partners participates in the EPA's Natural Gas STAR Program to reduce voluntarily methane emissions. We continue to focus on maintaining low rates of lost-and-unaccounted-for natural gas through expanded implementation of best practices to limit the release of natural gas during pipeline and facility maintenance and operations. Our most recent calculation of our annual lost-and-unaccounted-for natural gas, for all of our business operations, is less than 1 percent of total throughput.

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 Quarterly 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.

Information about our estimates and critical accounting policies is included under Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, "Estimates and Critical Accounting Policies," in our Annual Report.

FORWARD-LOOKING STATEMENTS

Some of the statements contained and incorporated in this Quarterly Report are forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. The forward-looking statements relate to our anticipated financial performance, liquidity, management's plans and objectives for our future operations, 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 the Private Securities Litigation Reform Act of 1995. 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 Quarterly 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, which are applicable only as of the date of this Quarterly Report. 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, including energy sales and 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 status of deregulation of retail natural gas distribution;

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- 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;
- changes in demand for the use of natural gas and crude oil because of market conditions caused by concerns about global warming;
- 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;
- the results of administrative proceedings and litigation, regulatory actions, rule changes and receipt of expected clearances involving the OCC, KCC, Texas regulatory authorities or any other local, state or federal regulatory body, including the FERC, the National Transportation Safety Board, the Pipeline and Hazardous Materials Safety Administration, 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;
- 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;
- adverse labor relations;
- 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;

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- 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 possible loss of natural gas distribution franchises or other adverse effects caused by the actions of municipalities;
- 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 Item 1A, Risk Factors, in our Annual Report. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. 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.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our quantitative and qualitative disclosures about market risk are consistent with those discussed in Part II, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, in our Annual Report.

COMMODITY PRICE RISK

See Note D of the Notes to Consolidated Financial Statements and the discussion under ONEOK Partners' "Commodity Price Risk" in Item 2, Management's Discussion and Analysis of Financial Condition and Results of Operations, in this Quarterly Report for information on our hedging activities.

Energy Services

Fair Value Component of the Energy Marketing and Risk Management Assets and Liabilities - The following table sets forth the fair value component of the energy marketing and risk management assets and liabilities, excluding $22.1 million and $80.7 million of net assets at June 30, 2012, and December 31, 2011, respectively, from derivative instruments declared as either fair value or cash flow hedges for the periods indicated:

Fair Value Component of Energy Marketing and Risk Management Assets and Liabilities

	(Thousands of dollars)
Net fair value of derivatives outstanding at December 31, 2011	$ 12,609
	(6,300)

Derivatives reclassified or otherwise settled during the period		
Fair value of new derivatives entered into during the period		6,480
Other changes in fair value		(3,849)
Net fair value of derivatives outstanding at June 30, 2012 (a)	$	8,940

(a) - The maturities of derivatives are based on injection and withdrawal periods from April through March, which is consistent with our business strategy. The maturities are as follows: $7.3 million matures through March 2013 and $1.6 million matures through March 2016.

The change in the net fair value of derivatives outstanding includes the effect of settled energy contracts and current period changes resulting primarily from newly originated transactions and the impact of market movements on the fair value of energy marketing and risk management assets and liabilities.

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For further discussion of fair value measurements and derivative instruments, see the "Estimates and Critical Accounting Policies" section of Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, in our Annual Report. Also, see Notes C and D of the Notes to Consolidated Financial Statements in this Quarterly Report.

Value-at-Risk (VAR) Disclosure of Commodity Price Risk - The potential impact on our future earnings, as measured by VAR, was $3.2 million and $1.8 million at June 30, 2012 and 2011, respectively. The following table sets forth the average, high and low VAR calculations for the periods indicated:

	Three Months Ended June 30,		Six Months Ended June 30,	
Value-at-Risk	2012	2011	2012	2011
	(Millions of dollars)			
Average	$ 2.9	$ 3.7	$ 2.7	$ 3.5
High	$ 4.0	$ 6.6	$ 4.0	$ 6.6
Low	$ 1.8	$ 1.6	$ 1.8	$ 1.6

Our VAR calculation includes derivatives, executory storage and transportation agreements and their related hedges. The variations in the VAR data are reflective of market volatility and changes in our portfolio during the year. The decrease in average VAR for June 30, 2012, compared with June 30, 2011, was due primarily to a decrease in total transportation capacity over the five-year period that VAR is calculated.

To the extent open commodity positions exist, fluctuating commodity prices can impact our financial results and financial position either favorably or unfavorably. As a result, we cannot predict with precision the impact risk-management decisions may have on our business, operating results or financial position.

INTEREST-RATE RISK

We are subject to the risk of interest-rate fluctuation in the normal course of business. We manage interest-rate risk through the use of fixed-rate debt, floating-rate debt and interest-rate swaps. At June 30, 2012, the interest rate on all of ONEOK's and ONEOK Partners' long-term debt was fixed.

ONEOK and ONEOK Partners each 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. ONEOK had interest-rate swaps with notional values totaling $500 million at December 31, 2011. In January 2012, ONEOK entered into additional interest-rate swaps with notional amounts totaling $200 million. Upon issuance in January 2012 of our $700 million, 4.25-percent senior notes due 2022, ONEOK settled all $700 million of its interest-rate swaps and realized a loss of $44.1 million in accumulated other comprehensive income that will be amortized to interest expense over the term of the hedged debt. At June 30, 2012, and December 31, 2011, ONEOK Partners had forward-starting interest-rate swaps with notional amounts totaling $1 billion and $750 million, respectively. In July 2012, ONEOK Partners entered into additional forward-starting interest-rate swaps with settlement dates greater than 12 months with notional amounts totaling $400 million.

ITEM 4. CONTROLS AND PROCEDURES

Quarterly Evaluation of Disclosure Controls and Procedures - Our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report based on the evaluation of the controls and procedures required by Rules 13a-15(b) of the Exchange Act.

Changes in Internal Control Over Financial Reporting - There have been no changes in our internal control over financial reporting during the second quarter ended June 30, 2012, that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

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PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Additional information about our legal proceedings is included under Part I, Item 3, Legal Proceedings, in our Annual Report.

ITEM 1A. RISK FACTORS

Our investors should consider the risks set forth in Part I, Item 1A, Risk Factors, of our Annual Report that could affect us and our business. Although we have tried to discuss 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. Investors should carefully consider the discussion of risks and the other information included or incorporated by reference in this Quarterly Report, including “Forward-Looking Statements,” which are included in Part I, Item 2, Management’s Discussion and Analysis of Financial Condition and Results of Operations.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

The following table sets forth information relating to our purchases of our common stock for the periods indicated:

Period	Total Number of Shares Purchased		Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs	Maximum Number (or Approximate Dollar Value) of Shares (or Units) that May Be Purchased Under the Plans or Programs	
April 1-30, 2012	3,200	(a)	$8.44	-		
May 1-31, 2012	-		-	-		
June 1-30, 2012	3,642,061	(a) (b)	$8.44	3,641,661		
Total	3,645,261		$8.44	3,641,661	$ 300,000,000	(c)

(a) - Includes shares withheld pursuant to attestation of ownership and deemed tendered to us in connection with the exercise
of stock options under the ONEOK, Inc. Long-Term Incentive Plan.

(b) - Includes an estimated 3,641,661 shares based on the June 11, 2012, closing stock price of $41.19, to be purchased pursuant to
our $150 million accelerated share repurchase agreement discussed under "Liquidity and Capital Resources" in Item 2,
Management's Discussion and Analysis of Financial Condition and Results of Operations in this Quarterly Report. In June
2012, we received approximately 2.9 million shares, representing approximately 80 percent of the estimated total number of
shares to be repurchased. We expect to receive the balance of the shares at the termination of the agreement, which is
scheduled for September, although the termination may be accelerated.

(c) - The maximum approximate dollar value of shares that may yet be purchased pursuant to our approximately $750 million

stock repurchase program that was announced on October 21, 2010, subject to the limitations that purchases will not exceed
$300 million in any one calendar year and that a maximum of $150 million of additional shares of our common stock may be
purchased in 2012. The program will terminate upon the completion of the repurchase of $750 million of common stock or on
December 31, 2013, whichever occurs first.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

Not Applicable.

ITEM 4. MINE SAFETY DISCLOSURES

Not Applicable.

ITEM 5. OTHER INFORMATION

Not Applicable.

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ITEM 6. EXHIBITS

Readers of this report should not rely on or assume the accuracy of any representation or warranty or the validity of any opinion contained in any agreement filed as an exhibit to this Quarterly Report, because such representation, warranty or opinion may be subject to exceptions and qualifications contained in separate disclosure schedules, may represent an allocation of risk between parties in the particular transaction, may be qualified by materiality standards that differ from what may be viewed as material for securities law purposes, or may no longer continue to be true as of any given date. All exhibits attached to this Quarterly Report are included for the purpose of complying with requirements of the SEC. Other than the certifications made by our officers pursuant to the Sarbanes-Oxley Act of 2002 included as exhibits to this Quarterly Report, all exhibits are included only to provide information to investors regarding their respective terms and should not be relied upon as constituting or providing any factual disclosures about us, any other persons, any state of affairs or other matters.

The following exhibits are filed as part of this Quarterly Report:

Exhibit No.	Exhibit Description
3.1	Amendment dated May 23, 2012, to the ONEOK, Inc. Amended and Restated Certificate of Incorporation (incorporated by reference to Exhibit 3.1 to ONEOK, Inc.'s Current Report on Form 8-K filed on May 25, 2012).
10.1	Accelerated Share Repurchase Agreement dated June 11, 2012, by and between ONEOK, Inc. and Goldman Sachs & Co.
10.2	ONEOK, Inc. Employee Stock Purchase Plan as amended and restated effective as of May 23, 2012.
10.3	Extension Agreement dated August 1, 2012, among ONEOK Partners, L.P., as Borrower, each of the existing Lenders, and Citibank, N.A., as Administrative Agent, Swing Line Lender and L/C Issuer (incorporated by reference to Exhibit 10.1 to ONEOK Partners, L.P.'s report on Form 10-Q filed on August 1, 2012, (File No. 1-12202)).
31.1	Certification of John W. Gibson pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Robert F. Martinovich pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of John W. Gibson pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished only pursuant to Rule 13a-14(b)).
32.2	Certification of Robert F. Martinovich pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished only pursuant to Rule 13a-14(b)).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definitions Document
101.LAB	XBRL Taxonomy Label Linkbase Document

101.PRE	XBRL Taxonomy Presentation Linkbase Document

Attached as Exhibit 101 to this Quarterly Report are the following XBRL-related documents: (i) Document and Entity Information; (ii) Consolidated Statements of Income for the three and six months ended June 30, 2012 and 2011; (iii) Consolidated Statements of Comprehensive Income for the three and six months ended June 30, 2012 and 2011; (iv) Consolidated Balance Sheets at June 30, 2012, and December 31, 2011; (v) Consolidated Statements of Cash Flows for the six months ended June 30, 2012 and 2011; (vi) Consolidated Statement of Changes in Equity for the six months ended June 30, 2012; and (vii) Notes to Consolidated Financial Statements.

We also make available on our website the Interactive Data Files submitted as Exhibit 101 to this Quarterly Report.

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SIGNATURE

Pursuant to the requirements of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ONEOK, Inc.
Registrant

Date: August 1, 2012 By: /s/ Robert F. Martinovich
Robert F. Martinovich
Executive Vice President,
Chief Financial Officer and Treasurer
(Principal Financial Officer)

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