ONEOK INC /NEW/
Form DEF 14A
April 01, 2015
Table of Contents

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14A 101)

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to §240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ONEOK, Inc.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

x No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

¨ Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

Table of Contents

NOTICE OF ANNUAL MEETING

AND PROXY STATEMENT

Annual Meeting of Shareholders

Wednesday, May 20, 2015

Table of Contents

OUR VALUES

Ethics: Our actions are founded on trust, honesty and integrity through open communications and adherence to the highest standards of personal, professional and business ethics.

Quality: Our commitment to quality drives us to make continuous improvements in our quest for excellence.

Diversity: We value diversity, as well as the dignity and worth of each employee, and believe that a diverse and inclusive workforce is critical to our continued success.

Value: We are committed to creating value for all stakeholders employees, customers, investors and our communities through the optimum development and utilization of our resources.

Service: We provide responsive, flexible service to customers and commit to preserving the environment, providing a safe work environment and improving the quality of life for employees where they live and work.

OUR VISION

To be a pure-play general partner that creates exceptional value for all stakeholders through our ownership in ONEOK Partners by:

Providing management and resources to ONEOK Partners enabling it to execute its growth strategies and allowing ONEOK to grow its dividend.

Maximizing dividend payout while maintaining prudent financial strength and flexibility.

Attracting, selecting, developing and retaining a diverse group of employees to support strategy execution.

OUR MISSION

To provide reliable energy and energy-related services in a safe and environmentally responsible manner to our stakeholders through our ownership in ONEOK Partners.

Table of Contents

April 1, 2015

Dear Shareholder:

You cordially are invited to attend the annual meeting of shareholders of ONEOK, Inc., which will be held at 9:00 a.m. Central Daylight Time on Wednesday, May 20, 2015, at ONEOK Plaza, 100 West Fifth Street, Tulsa, Oklahoma 74103.

The matters to be considered and voted on at the meeting are set forth in the attached notice of the annual meeting and are described in the attached proxy statement. A copy of our 2014 annual report to shareholders also is enclosed. A report on our 2014 performance will be presented at the meeting.

We look forward to greeting as many of our shareholders as possible at the annual meeting. We know, however, that most of our shareholders will be unable to attend. Therefore, proxies are being solicited so that each shareholder has an opportunity to vote by proxy. You can authorize a proxy over the Internet or by telephone. Instructions for using these convenient services are included in the proxy statement and on the proxy card. Of course, if you prefer, you may vote by mail by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

If your shares are held by a broker, bank, trustee or other similar fiduciary, unless you provide your broker, bank, trustee or other similar fiduciary with voting instructions, your shares will not be voted in the election of directors or in certain other important proposals as described in the accompanying proxy statement. Consequently, please provide your voting instructions to your broker, bank, trustee or other similar fiduciary in a timely manner to ensure that your shares will be voted.

Regardless of the number of shares you own, your vote is important. I urge you to submit your proxy as soon as possible so that you can be sure your shares will be voted.

Thank you for your investment in ONEOK and your continued support.

Very truly yours,

John W. Gibson

Chairman of the Board

Table of Contents

ONEOK, INC. NOTICE OF 2015 ANNUAL MEETING OF SHAREHOLDERS

Time and date	May 20, 2015, at 9:00 a.m. Central Daylight Time
Place	ONEOK Plaza, 100 West Fifth Street, Tulsa, Oklahoma 74103
Items of business	(1) To consider and vote on the election of the 10 director nominees named in the accompanying proxy statement to serve on our Board of Directors.
	(2) To consider and vote on the ratification of the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm of ONEOK, Inc., for the year ending December 31, 2015.
	(3) To consider and vote on our executive compensation on a non-binding, advisory basis.
	(4) To consider and vote on such other business as may come properly before the meeting or any adjournment or postponement of the meeting.
	These matters are described more fully in the accompanying proxy statement.
Record date	March 23, 2015. Only shareholders of record at the close of business on the record date are entitled to receive notice of, and to vote at, the annual meeting.
Proxy voting	*YOUR VOTE IS IMPORTANT*
	The vote of every shareholder is important. The Board of Directors appreciates the cooperation of shareholders in directing proxies to vote at the meeting. To make it easier for you to vote, Internet and telephone voting are available. The instructions in the accompanying proxy statement and attached to your proxy card describe how to use these convenient voting methods. Of course, if you prefer, you may vote by mail by completing your proxy card and returning it in the enclosed, postage-paid envelope. You may revoke your proxy at any time by following the procedures set forth in the accompanying proxy statement.

Whether or not you expect to attend the meeting in person, we urge you to vote your shares at your earliest convenience. This will ensure the presence of a quorum at the meeting. Voting your shares promptly, via the Internet, by telephone, or by signing, dating and returning the enclosed proxy card will save us the expense of additional solicitation. Submitting your proxy now will not prevent you from voting your shares at the meeting, if you desire to do so, as your proxy is revocable at your option.

Table of Contents

Important Notice Regarding Internet Availability of Proxy Materials. This notice of Annual Meeting and proxy statement and form of proxy are being distributed and made available on or about April 1. This proxy statement and our 2014 annual report to shareholders are available on our website at *www.oneok.com*. Additionally, and in accordance with the rules of the Securities and Exchange Commission, you may access this proxy statement and our 2014 annual report at *okevote.oneok.com*, which does not have cookies that identify visitors to the site.

By order of the Board of Directors,

Eric Grimshaw

Secretary

Tulsa, Oklahoma

April 1, 2015

Table of Contents

PROXY STATEMENT

This proxy statement describes important issues affecting our company and is furnished in connection with the solicitation of proxies by our Board of Directors for use at our 2015 annual meeting of shareholders to be held at the time and place set forth in the accompanying notice. The approximate date of the mailing of this proxy statement and accompanying proxy card is April 1, 2015.

Unless we otherwise indicate or unless the context indicates otherwise, all references in this proxy statement to ONEOK , we, our, us, the company or similar references mean ONEOK, Inc. and its predecessors and subsidiari references to ONEOK Partners or the partnership means ONEOK Partners, L.P. and its subsidiaries.

Summary Proxy Information	**6**
Business Highlights	6
Compensation Highlights	9
Shareholder Actions	12
About the 2015 Annual Meeting	**13**
Outstanding Stock and Voting	**17**
Voting	17
Quorum	17
Matters to Be Voted upon	18
Votes Required	18
Revoking a Proxy	18
Proxy Solicitation	18
Governance of the Company	**19**
Corporate Governance Guidelines	19
Code of Business Conduct and Ethics	19
Director Independence	19
Board Leadership Structure	20
Lead Independent Director	21
Succession Planning	21
Risk Oversight	21
Board and Committee Membership	22
Director Nominations	25
Director Compensation	26
Compensation Committee Interlocks and Insider Participation	29
Executive Sessions of the Board	29
Communications with Directors	29
Complaint Procedures	29
Corporate Responsibility	**30**
Safety and Health	30
Environmental Performance	30
Community Investments	31
Political Advocacy and Contributions	**32**
Proposal 1 Election of Directors	**33**

Annual Election by Majority Vote	33
Board Qualifications	33
Director Nominees	34

Table of Contents

Proposal 2 Ratify the Selection of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm for the Year Ending December 31, 2015	**44**
Ratification of Selection of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm for 2015	44
Audit and Non-Audit Fees	44
Audit Committee Policy on Services Provided by the Independent Registered Public Accounting Firm	45
2015 Report of the Audit Committee	45
Stock Ownership	**47**
Holdings of Major Shareholders	47
Holdings of Officers and Directors	47
Section 16(a) Beneficial Ownership Reporting Compliance	49
Executive Compensation Discussion and Analysis	**50**
Executive Summary	50
Executive Compensation Philosophy	54
Compensation Methodology	55
Components of Compensation	60
Determination of 2014 Compensation	61
2014 Annual Short-Term Incentive Awards	62
Long-Term Incentive Awards	64
Clawback Provisions	66
Securities Trading Policy	67
Share Ownership Guidelines	67
Change-in-Control Payments	67
Reimbursement from ONEOK Partners	68
Internal Revenue Service Limitations on Deductibility of Executive Compensation	68
Executive Compensation Committee Report	68
Named Executive Officer Compensation	70
2014 Grants of Plan-Based Awards	73
Outstanding Equity Awards	74
Option Exercises and Stock Vested	77
Pension Benefits	78
Potential Post-Employment Payments and Payments upon a Change in Control	81
Proposal 3 Advisory Vote on Executive Compensation	**86**
Introduction	86
Our Executive Compensation Program	86
Vote Required and Board Recommendation	87
Related-Person Transactions	**88**
Shareholder Proposals	**89**
Householding	**89**
Annual Report on Form 10-K	**90**
Other Matters	**90**

To assist you in reviewing the company s 2014 performance and voting your shares, we would like to call your attention to key elements of our 2015 proxy statement and our 2014 annual report to shareholders. The following is only a summary. For more complete information about these topics, please review the complete proxy statement and our 2014 annual report to shareholders.

BUSINESS HIGHLIGHTS

ONE Gas, Inc. Separation. In January 2014, we completed the separation of our natural gas distribution business into a stand-alone, publicly traded company known as ONE Gas, Inc. (NYSE: OGS). In addition, during the first quarter 2014, we completed our exit from the operations of our energy services business segment through a wind down process. In connection with the separation transaction, John W. Gibson retired as our Chief Executive Officer and Terry K. Spencer was named our President and Chief Executive Officer and became a member of our Board of Directors, effective January 31, 2014. Mr. Gibson continues to serve as the non-executive Chairman of the Board. The successful completion of the ONE Gas, Inc. separation transaction demonstrated our commitment to create long-term, sustainable shareholder value. The separation transaction created a new ONEOK that, as a pure-play general partner of ONEOK Partners, is now focused on providing management and resources to ONEOK Partners and creating value for our shareholders through its ownership in the partnership. We now have a more tailored growth strategy, more efficient return of capital to shareholders, improved investor transparency and better shareholder alignment.

The impact of operating solely as the general partner of ONEOK Partners was immediate, as we increased our quarterly cash dividend by 16 cents per share, or 40 percent, to 56 cents per share in April 2014 our first dividend increase as a pure-play general partner of ONEOK Partners.

ONEOK Partners increased its cash distributions declared by 6 percent in 2014, and we received, through our limited and general partner interests in ONEOK Partners, distributions of $605 million in 2014, an increase of 13 percent compared with 2013. As a result, we were able to deliver significant

value to our shareholders in the form of a 44 percent increase in our 2014 dividends compared with 2013.

ONEOK Partners businesses generated significant growth in 2014 as operating income increased more than 19 percent in each of its natural gas gathering and processing, natural gas liquids and natural gas pipelines business segments compared with 2013. ONEOK Partners has benefited from the completion of $3.2 billion of capital-growth projects and acquisitions in 2014 and the completion of approximately $8 billion in capital-growth projects and acquisitions since 2006. These capital investments have resulted in a 36,000-mile integrated natural gas and natural gas liquids pipeline network with a significant platform of fee-based business as well as associated volume growth in the natural gas gathering and processing business, higher margin natural gas liquids volumes from new natural gas processing plant connections in the natural gas liquids business, and increased natural gas volumes transported and stored in the natural gas pipelines business.

Market Conditions. The global demand for crude oil has continued to increase, but significantly higher supply has led to a dramatic fall in crude oil prices. Commodity prices declined sharply in the fourth quarter 2014 and continued to decline into early 2015. West Texas Intermediate crude oil prices declined to less than $50.00 per barrel in early 2015, compared with approximately $90.00 per barrel in September

2014. New York Mercantile Exchange natural gas prices also declined to less than $3.00 per MMBtu in early 2015, compared with prices in excess of $4.00 per MMBtu in September 2014. The decline in crude oil prices has also contributed to lower natural gas liquids product prices and narrow natural gas liquids product price differentials.

Table of Contents

Because crude oil and natural gas producers received higher market prices on a heating-value basis for crude oil and natural gas liquids compared with natural gas, many producers in North America focused their drilling activity in natural gas liquids-rich shale areas throughout the country that produce crude oil and associated natural gas liquids-rich natural gas rather than areas that produce dry natural gas. This resulted in crude oil, natural gas and natural gas liquids production increasing at a rate faster than demand.

The recent decline in crude oil, natural gas, and natural gas liquids prices, along with announced reductions in oil and gas producer drilling activities, are expected to slow supply growth in the United States in 2015. However, we continue to expect demand for midstream infrastructure development to be driven by producers who need to connect production with end-use markets where current infrastructure is insufficient or nonexistent.

Financial Performance. In connection with the completion of the separation of our former natural gas distribution business into a stand-alone publicly traded company called ONE Gas, Inc. and the wind down of our energy services business, we reported such businesses as discontinued operations and references to income from continuing operations reflect the continuing operations of ONEOK Partners and ONEOK as its general partner. All references to income as used in this Business Highlights section refer to income from continuing operations.
Our 2014 operating income was approximately $1.14 billion, compared with approximately $880.6 million in 2013, due primarily to higher volumes across ONEOK Partners systems. 2014 income from continuing operations attributable to us was approximately $319.7 million, or $1.52 per diluted share, which includes non-cash impairment charges of approximately $76.4 million, or $0.09 per diluted share. 2013 income from continuing operations attributable to us was approximately $278.7 million, or $1.33 per diluted share.

Dividend Increase. During 2014, we paid cash dividends of $2.125 per share, an increase of approximately 44 percent over the $1.48 per share paid during 2013. We paid total aggregate cash dividends to our shareholders of $443.8 million in 2014, an approximate 45.7 percent increase compared with the $304.7 million paid in 2013. In January
2015, we declared a quarterly dividend of $0.605 per share ($2.42 per share on an annualized basis), an increase of approximately 3 percent from the previous quarter and approximately 51 percent over the $0.40 per share dividend declared in January 2014.

Shareholder Return. The market price of our common stock was $49.79 per share at December 31, 2014, a decrease of approximately 19.9 percent over the past year. The market price of our common stock was $68.49 per share on January 31, 2014. On February 3, 2014, the first day ONEOK traded as a pure play general partner of ONEOK
Partners following completion of the ONE Gas, Inc. separation transaction, the market price of our common stock was $57.92 per share, an approximate 15 percent decrease compared with January 31, 2014. This decrease was largely related to ONE Gas, Inc. s market value no longer being reflected in our stock price.

Our one-, three-, five- and 10-year total shareholder returns as of December 31, 2014 (total shareholder return includes share price appreciation/depreciation, dividend reinvestments, stock splits and the impact of the separation of our natural gas

distribution business to ONE Gas, Inc. during the periods presented), compared with the referenced indices, are as follows:

(1) The ONEOK peer group used in this table is the same peer group that will be used in determining our level of performance under our 2014 performance units at the end of the three-year performance period and 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 Resources Partners LP; and The Williams Companies, Inc.

COMPENSATION HIGHLIGHTS

Program Design. A principal feature of our compensation program is the determination of executive pay by our Executive Compensation Committee (referred to as the Executive Compensation Committee or the Committee) and Board of Directors based on a comprehensive review of quantitative and qualitative factors designed to produce long-term business success. Our executive officer compensation program is designed to attract, motivate and retain the key executives who drive our success and who are leaders in the industry, to reward company performance and to align the long-term interests of our executive officers with those of our shareholders.

Our compensation philosophy and related governance features are complemented by several specific elements that are designed to achieve these objectives:

Our compensation program:

- provides a competitive total pay opportunity;
- consists of significant stock-based (at risk) compensation;
- links a significant portion of total compensation to performance that we believe will create long-term shareholder value;
- determines long- and short-term incentive awards based on the executive officer s contributions to business performance;

- enhances retention by subjecting a significant portion of total compensation to multi-year vesting requirements; and
- does not encourage unnecessary or excessive risk taking.

The components of our executive compensation program have remained substantially the same for several years. We believe our program is designed effectively, is well aligned with the interests of our shareholders and is instrumental to achieving our business goals.

The main objectives of our compensation program are to pay for performance, to align our named executive officers interests with those of our shareholders and to attract and retain qualified executives.

The Executive Compensation Committee makes all compensation decisions regarding our named executive officers that are then submitted to the full Board of Directors for ratification.

The Executive Compensation Committee is composed solely of persons who qualify as independent directors

under the listing standards of the New York Stock Exchange (NYSE).

We provide the following primary elements of compensation for our executive officers, including the named executive officers (as defined in 2014 Executive Compensation Highlights at page 51): base salary, annual short-term cash incentive awards and long-term equity incentive awards.

The Executive Compensation Committee references the median level of the market when determining all elements of compensation with the possibility of above-market short-term incentive and long-term incentive payments for executive and company performance that exceeds our expectations.

We implement our pay-for-performance philosophy with a short-term incentive program that provides for cash payments based on achievement of financial and operational goals established annually by our Executive Compensation Committee.

We encourage alignment of our executive officers interests with those of our shareholders through the award of performance-based long-term incentive equity grants, of which 20 percent are restricted units and 80 percent are performance units.

Our executive officers, including the named executive officers, receive no significant perquisites or other personal benefits.

We have market competitive stock ownership guidelines for our executive officers and our non-management directors. As of December 31, 2014, each of the named executive officers and each non-management member of our board of directors satisfied his or her individual stock ownership requirements under the guidelines.

We have adopted compensation recovery (clawback) provisions that permit the Executive Compensation Committee to use appropriate discretion to seek recoupment of grants of performance units (including any shares earned and the proceeds from any sale of such shares) and short-term cash incentive awards paid to an employee in the event that fraud, negligence or individual misconduct by such employee is determined to be a contributing factor to our having to restate all or a portion of our financial statements.

Our Board has adopted a policy prohibiting officers, members of our Board of Directors and certain employees designated as insiders under our Securities/Insider Trading Policy from engaging in short sales, derivative or speculative transactions in our securities, or purchasing or using, directly or indirectly through family members or other persons or entities, financial instruments (including puts or calls, prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of our securities. This policy was adopted as a sound governance practice, and we are not aware of any such behavior by any of our officers, directors or the designated employees.

Our Board has adopted a policy prohibiting officers and directors from holding our securities in a margin account or pledging our securities as collateral for a loan. An exception to this prohibition may be granted by the Chief Executive Officer when an officer or director wishes to pledge shares of our stock as collateral for a loan (but not including a margin account); the officer or director clearly demonstrates the financial capacity to repay the loan without resorting to the pledged securities; and the terms of the loan prohibit the sale of any of our stock held as collateral when the officer or director is not permitted to trade in our stock. We are not aware of any officer or member of our Board of Directors who has pledged any of his or her shares of our common stock.

The Executive Compensation Committee engages an executive compensation consultant that is independent under the Securities and Exchange Commission rules and NYSE listing standards to provide advice and expertise on our executive and director compensation program design and implementation.

Key Components of our Compensation Program in 2014 are Unchanged; Revisions Made to our Peer Group and Short-Term Incentive Plan Metrics. In reviewing our compensation program during 2014, our Executive Compensation Committee took into account, among other factors, the strong shareholder vote at our 2014 annual meeting in favor (97.2 percent of the shares

voted) of our 2013 compensation program and our pay practices as well as the impact on our compensation program of the separation of our former natural gas distribution business into a stand-alone, publicly traded company known as ONE Gas, Inc. Accordingly, the Executive Compensation Committee determined that no changes to the components of our compensation program were necessary in 2014. However, the Committee revised the financial and operating performance metrics used in our 2014 short-term incentive plan, and our executive compensation peer group, in each case to reflect our new status as a pure play general partner of ONEOK Partners. The Committee also authorized certain adjustments to the number of our outstanding 2012 and 2013 restricted stock units and performance units for the purpose of preserving the intrinsic value of our 2012 and 2013 grants of restricted stock units and performance
units immediately prior to the separation. In making these revisions and adjustments, the Committee has continued to apply the same principles it has historically applied in determining the nature and amount of our executive compensation.

Link between Executive Compensation and Performance. Our Board of Directors awarded Mr. Spencer incentive compensation for 2014 that was commensurate with our business results, including payment of an annual short-term cash incentive award of $468,000 and a long-term equity incentive award with a grant date target value of $2.3 million. Consistent with our executive compensation philosophy, a significant majority of Mr. Spencer s total direct compensation of approximately $3.4 million for 2014 was incentive based and at risk, as illustrated by the following chart:

The compensation of our other named executives set forth in the following table further reflects both our 2014 performance and our pay-for-performance compensation philosophy. The compensation information reflected in the table is included in

the Summary Compensation Table for Fiscal 2014 under the caption Executive Compensation Discussion and Analysis in this proxy statement.

Named Executive Officer	**2014 Base Salary**	**2014 Short-Term Cash Incentive Award**	**2014 Long-Term Incentive Award Value**	**2014 Total Direct Compensation**
Derek S. Reiners	$ 375,000	$ 150,000	$ 845,029	$ 1,370,029
Robert F. Martinovich	$ 500,000	$ 225,000	$ 845,029	$ 1,570,029
Stephen W. Lake	$ 450,000	$ 190,000	$ 845,029	$ 1,485,029
Wesley J. Christensen	$ 400,000	$ 195,000	$ 845,029	$ 1,440,029

Table of Contents

SHAREHOLDER ACTIONS

Election of Directors (Proposal 1). You will find in this proxy statement important information about the qualifications and experience of each of the 10 director nominees, each of whom is a current director. The Corporate Governance Committee performs an annual assessment of the performance of the Board of Directors to ensure that our directors have the skills and experience to oversee effectively our company. All of our directors have proven leadership, sound judgment, integrity and a commitment to the success of our company, and our Board of Directors recommends that shareholders **vote in favor** of each nominee for re-election.

Ratification of our Independent Auditor (Proposal 2). You will also find in this proxy statement important information about our independent auditor, PricewaterhouseCoopers LLP. We believe PricewaterhouseCoopers LLP continues to provide high-quality service to our company, and our Board of Directors recommends that shareholders **vote in favor** of ratification.

Advisory Vote on Executive Compensation (Proposal 3). Our shareholders have the opportunity to cast a non-binding, advisory vote on our executive compensation program. As recommended by our shareholders at our 2011 annual meeting, we intend to provide our shareholders with an annual opportunity to vote on executive compensation until the next non-binding vote on the frequency of our advisory vote on executive compensation. We were gratified that shareholders holding 97.2 percent of our shares that were voted last year on our executive compensation supported the design and practices of our executive compensation program. In evaluating this say on pay proposal, we recommend that you review our Compensation Discussion and Analysis in this proxy statement, which explains how and why the Executive Compensation Committee made its 2014 executive compensation decisions. Our Board of Directors recommends that shareholders **vote in favor** of our executive compensation program.

The following questions and answers are provided for your convenience and briefly address some commonly asked questions about our 2015 annual meeting of shareholders. Please

also consult the more detailed information contained elsewhere in this proxy statement and the documents referred to in this proxy statement.

Why did I receive these proxy materials?

We are providing these proxy materials in connection with the solicitation by the Board of Directors of ONEOK, Inc. of proxies to be voted at our 2015 annual meeting of shareholders and at any adjournment or postponement of the meeting. You are invited to attend our annual meeting of shareholders on May 20, 2015, at 9:00 a.m., Central Daylight Time. The meeting will be held at our company headquarters at ONEOK Plaza, 100 West Fifth Street, Tulsa, Oklahoma. For directions to the meeting, please visit our website at *www.oneok.com*.

Who is soliciting my proxy?

Our Board of Directors is sending you this proxy statement in connection with its solicitation of proxies for use at our 2015 annual meeting of shareholders. Certain of our directors, officers and employees also may solicit proxies on our behalf in person or by mail, telephone, fax or email.

Who may attend and vote at the annual meeting?

All shareholders who held shares of our common stock at the close of business on March 23, 2015, may attend and vote at the meeting. If your shares are held in the name of a broker, bank, trustee or other holder of record, often referred to as being held in street name, bring a copy of your brokerage account statement or a voting instruction card, which you may obtain from your broker, bank, trustee or other holder of record of your shares.

Please note: no cameras, recording equipment, electronic devices, large bags, briefcases or packages will be permitted in the meeting.

Will the annual meeting be webcast?

Our annual meeting also will be webcast on May 20, 2015. You are invited to visit *www.oneok.com* at 9:00 a.m., Central Daylight Time, on May 20, 2015, to access the webcast of the meeting. Registration for the webcast is required. An archived copy of the webcast also will be available on our website for 30 days following the meeting.

How do I vote?

If you were a shareholder of record at the close of business on the record date of March 23, 2015, you have the right to vote the shares you held of record that day in person at the meeting or you may appoint a proxy through the Internet, by telephone or by mail to vote your shares on your behalf. The Internet and telephone methods of voting generally are available 24 hours a day and will ensure that your proxy is confirmed and posted immediately. These methods of voting are also available to shareholders who hold their shares in our Direct Stock Purchase and Dividend Reinvestment Plan (Direct Stock Purchase and Dividend Reinvestment Plan), our Employee Stock Purchase Plan

(Employee Stock Purchase Plan), our 401(k) Plan and our Profit Sharing Plan (Profit Sharing Plan). You may revoke your proxy any time before the annual meeting by following the procedures outlined below under the caption What can I do if I change my mind after I vote my shares? Please help us save time and postage costs by appointing a proxy via the Internet or by telephone.

When you appoint a proxy via the Internet, by telephone or by mailing a signed proxy card, you are appointing John W. Gibson, Chairman of the Board, and Stephen W. Lake, Senior Vice President, General Counsel and Assistant Secretary, as your representatives at the annual meeting, and they will vote your shares as you have instructed them. If you appoint a proxy via the Internet, by telephone or by mailing a signed proxy card but do not provide voting instructions, your shares will be voted ***for*** the election of each proposed director nominee named in this proxy statement and ***for*** proposal numbers 2 and 3.

To appoint a proxy to vote your shares on your behalf, please select from the following options:

Table of Contents

Via the Internet

Go to the website at *www.proxypush.com/oke*, which is available 24 hours a day, 7 days a week, until 11:59 p.m. (Central Daylight Time) on May 19, 2015.

Enter the control number that appears on your proxy card. This process is designed to verify that you are a shareholder and allows you to vote your shares and confirm that your instructions have been properly recorded.

Follow the simple instructions.

If you appoint a proxy via the Internet, you do not have to return your proxy card.

By telephone

On a touch-tone telephone, call toll-free 1-866-883-3382, 24 hours a day, 7 days a week, until 11:59 p.m. (Central Daylight Time) on May 19, 2015.

Enter the control number that appears on your proxy card. This process is designed to verify that you are a shareholder and allows you to vote your shares and confirm that your instructions have been recorded properly.

Follow the simple recorded instructions.

If you appoint a proxy by telephone, you do not have to return your proxy card.

By mail

Mark your selections on the proxy card.

Date and sign your name exactly as it appears on your proxy card.

Mail the proxy card in the enclosed postage-paid envelope.

If mailed, your completed and signed proxy card must be received prior to the commencement of voting at the annual meeting.

What if my shares are held by my broker, bank, trustee or other similar fiduciary?

If your shares are held in a brokerage account or by a bank, trustee or other similar fiduciary, your shares are considered to be held in street name. If you held shares in street name as of the record date of March 23, 2015, this proxy statement and our 2014 annual report to shareholders should have been

forwarded to you by your broker, bank, trustee or other similar fiduciary, together with a voting instruction card. You have the right to direct your broker, bank, trustee or other similar fiduciary how to vote your shares by using the voting instruction card or by following any instructions provided by your broker, bank, trustee or other similar fiduciary for voting via the Internet or telephone.

Under the rules of the NYSE, unless you provide your broker, bank, trustee or other similar fiduciary with your instructions on how to vote your shares, your broker, bank, trustee or other similar fiduciary will only be permitted to vote your shares on the ratification of the selection of our independent registered public accounting firm and will not be able to vote your shares on any of the other matters to be presented at the annual meeting. Consequently, unless you respond to their request for your voting instructions in a timely manner, your shares held by your broker, bank, trustee or other similar fiduciary will not be voted on any of these other matters (which is referred to as a broker non-vote).

Please provide your voting instructions to your broker, bank, trustee or other similar fiduciary so that your shares may be voted.

What can I do if I change my mind after I vote my shares?

If you were a shareholder of record at the close of business on the record date, you have the right to revoke your proxy at any time before it is voted at the meeting by:

(1) notifying our corporate secretary in writing;

(2) authorizing a later proxy via the Internet or by telephone;

(3) returning a later-dated proxy card; or

(4) voting at the meeting in person.

If your shares are held in a brokerage account or by a bank or other similar fiduciary, you may revoke any voting instructions you may have previously provided only in accordance with revocation instructions provided by the broker, bank, trustee or other similar fiduciary.

Is my vote confidential?

Proxy cards, ballots and voting tabulations that identify individual shareholders are mailed and returned directly to our stock transfer agent who is responsible for tabulating the vote

Table of Contents

in a manner that protects your voting privacy. It is our policy to protect the confidentiality of shareholder votes throughout the voting process. The vote of any shareholder will not be disclosed to our directors, officers or employees, except:

(1) to meet legal requirements;

(2) to assert or defend claims for or against us; or

(3) in those limited circumstances where:

(a) a proxy solicitation is contested (which, to our knowledge, is not the case in connection with the 2015 annual meeting),

(b) a shareholder writes comments on a proxy card, or

(c) a shareholder authorizes disclosure.

The vote tabulator and the inspector of election has been, and will remain, independent of us. This policy does not prohibit shareholders from disclosing the nature of their votes to our directors, officers or employees, or prevent us from voluntarily communicating with our shareholders, ascertaining which shareholders have voted or making efforts to encourage shareholders to vote.

Who will count the vote?

Representatives of our stock transfer agent, Wells Fargo Bank, N.A., will tabulate the votes and act as the inspector of the election.

How is common stock held in our 401(k) Plan and our Profit Sharing Plan voted?

If you hold shares of our common stock through our 401(k) Plan or our Profit Sharing Plan, in order for those shares to be voted as you wish, you must instruct the trustee of these plans, Fidelity Management Trust Company, how to vote those shares by providing your instructions via the Internet, by telephone or by mail in the manner outlined above. If you fail to provide your instructions or if you return an instruction card with an unclear voting designation or with no voting designation at all, then the trustee will vote the shares in your account in proportion to the way the other participants in each respective plan vote their shares. These votes receive the same confidentiality as all other shares voted.

To allow sufficient time for voting by the trustee of our 401(k) Plan and our Profit Sharing Plan, your voting instructions must be received by May 17, 2015.

How will shares for which a proxy is appointed be voted on any other business conducted at the annual meeting that is not described in this proxy statement?

Although we do not know of any business to be considered at the 2015 annual meeting other than the proposals described in this proxy statement, if any other business is properly presented at the annual meeting, your proxy gives authority to John W. Gibson, Chairman of the Board, and Stephen W. Lake, our Senior Vice President, General Counsel and Assistant Secretary, to vote on these matters at their discretion.

What shares are included on the proxy card(s)?

The shares included on your proxy card(s) represent all of the shares that you owned of record as of the close of business on March 23, 2015, including those shares held in our Direct Stock Purchase and Dividend Reinvestment Plan and Employee Stock Purchase Plan, but excluding any shares held for your account by Fidelity Management Trust Company, as trustee for our 401(k) Plan and our Profit Sharing Plan. If you do not authorize a proxy via the Internet, by telephone or by mail, your shares, except for those shares held in our 401(k) Plan and our Profit Sharing Plan, will not be voted. Please refer to the discussion above for an explanation of the voting procedures for your shares held by our 401(k) Plan and our Profit Sharing Plan.

What does it mean if I receive more than one proxy card?

If your shares are registered differently and are in more than one account, you will receive more than one proxy card. Please sign and return all proxy cards, or appoint a proxy via the Internet or telephone, to ensure that all your shares are voted. We encourage you to have all accounts registered in the same name and address whenever possible.

Why did we receive just one copy of the proxy statement and annual report when we have more than one stock account in our household?

We have adopted a procedure approved by the Securities and Exchange Commission called householding. This procedure permits us to send a single copy of the proxy statement and annual report to a household if the shareholders provide written or implied consent. Shareholders continue to receive a separate proxy card for each stock account. We previously mailed a notice to eligible registered shareholders stating our intent to utilize this rule unless the shareholder provided an

objection. If you are a registered shareholder and received only one copy of the proxy statement and annual report in your household, we will promptly deliver copies, to the extent you request them, for each member of your household who was a registered shareholder as of the record date. You may make this request by calling Wells Fargo Shareowner Services at 1-877-602-7615, or by providing written instructions to Wells Fargo Shareowner Services, Attn: Householding/ONEOK, Inc., P.O. Box 64854, St. Paul, Minnesota 55164-0854. You also may contact Wells Fargo Shareowner Services in the same manner if you are currently receiving a single copy of the proxy statement and annual report in your household and desire to receive separate copies in the future for each member of your household who is a registered shareholder or if your household is currently receiving multiple copies of the proxy statement and annual report and you desire to receive a single copy in the future for your entire household. If you are not a registered shareholder and your shares are held by a broker, bank, trustee or other holder of record, you will need to contact that entity to revoke your election and receive multiple copies of these documents.

Is there a list of shareholders entitled to vote at the annual meeting?

The names of shareholders of record entitled to vote at the annual meeting will be available at the annual meeting and for 10 days prior to the meeting for any purpose relevant to the meeting between the hours of 9:00 a.m. and 4:30 p.m. CDT at our principal executive offices at 100 West Fifth Street, Tulsa, Oklahoma, and may be viewed by contacting our corporate secretary.

May I access the notice of annual meeting, proxy statement, 2014 annual report and accompanying documents on the Internet?

The notice of annual meeting, proxy statement, 2014 annual report and accompanying documents are currently available on

our website at *www.oneok.com*. Additionally, in accordance with rules of the Securities and Exchange Commission, you may access this proxy statement, our 2014 annual report and any other proxy materials we use at *okevote.oneok.com*.

Instead of receiving future copies of our proxy and annual report materials by mail, shareholders may elect to receive an email that will provide electronic links to these proxy and annual report materials. Opting to receive your proxy materials online will save us the cost of producing and mailing documents to your home or business and also will give you an electronic link to the proxy voting site. You may log on to *www.proxypush.com/oke* and follow the prompts to enroll in the electronic proxy delivery service. If you hold your shares in a brokerage account, you also may have the opportunity to receive copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by your broker, bank, trustee or other holder of record of your shares regarding the availability of this service.

What out-of-pocket costs will we incur in soliciting proxies?

Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut 06902, will assist us in the distribution of proxy materials and solicitation of votes for a fee of $11,000, plus out-of-pocket expenses. We also reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for their reasonable expenses for forwarding proxy materials to our shareholders. We will pay all costs of soliciting proxies.

How can I find out the results of the voting at the annual meeting?

Preliminary voting results will be announced at the annual meeting. Voting results will be published in a Current Report on Form 8-K that we will file with the Securities and Exchange Commission within four business days after the annual meeting.

VOTING

Only shareholders of record at the close of business on March 23, 2015, are entitled to receive notice of and to vote at the annual meeting. As of that date, 208,753,107 shares of our common stock were outstanding. Each outstanding share entitles the holder to one vote on each matter submitted to a vote of shareholders at the meeting.

Shareholders of record may vote in person or by proxy at the annual meeting. All properly submitted proxies received prior to the commencement of voting at the annual meeting will be voted in accordance with the voting instructions contained on the proxy. Shares for which signed proxies are properly submitted without voting instructions will be voted:

(1) **FOR** the election of each of the 10 nominees for director named in this proxy statement to serve a one-year term;

(2) **FOR** the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2015; and

(3) **FOR** the advisory proposal to approve our executive compensation.

While we know of no other matters that are likely to be brought before the meeting, in the event any other business properly comes before the meeting, proxies will be voted in the discretion of the persons named in the proxy. The persons named as proxies were designated by our Board of Directors.

To vote shares held in street name through a broker, bank, trustee or other similar fiduciary, a shareholder must provide voting instructions to his or her broker, bank or other similar fiduciary. Brokerage firms, banks, trustees and other similar fiduciaries are required to request voting instructions for shares they hold on behalf of their customers and others. We encourage you to provide instructions to your brokerage firm, bank, trustee or other similar fiduciary on how to vote your shares. If your shares are held in street name, to be able to vote those shares in person at the annual meeting, you must obtain a proxy, executed in your favor, from the broker, bank or other similar fiduciary who held those shares as of the close of business on March 23, 2015.

The rules of the NYSE determine whether proposals presented at shareholder meetings are routine or non-routine. If a

proposal is routine, a broker, bank, trustee or other similar fiduciary holding shares for an owner in street name may vote for the proposal without receiving voting instructions from the owner under certain circumstances. If a proposal is non-routine, the broker, bank, trustee or other similar fiduciary may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when the broker, bank, trustee or other similar fiduciary is unable to vote on a proposal because the proposal is non-routine and the owner does not provide any voting instructions. Under the rules of the NYSE, Proposals 1 and 3 are considered to be non-routine, and Proposal 2 is considered to be routine. Accordingly, if you do not provide voting instructions to your brokerage firm, bank, trustee or other similar fiduciary holding your shares, your brokerage firm, bank, trustee or other similar fiduciary will not be permitted under the rules of the NYSE to vote your shares on Proposals 1 and 3 and will only be permitted under the

rules of the NYSE to vote your shares on Proposal 2 at its discretion.

Please provide your voting instructions to your broker, bank, trustee or other similar fiduciary so that your shares may be voted.

Representatives of our stock transfer agent, Wells Fargo Bank, N.A., will be responsible for tabulating and certifying the votes cast at the meeting.

QUORUM

The holders of a majority of the shares entitled to vote at the annual meeting, present in person or by proxy, constitute a quorum for the transaction of business at the annual meeting. In determining whether we have a quorum, we count abstentions and broker non-votes as present.

If a quorum is not present at the scheduled time of the meeting, the shareholders who are present in person or by proxy may adjourn the meeting until a quorum is present. If the time and place of the adjourned meeting are announced at the time the adjournment is taken, no other notice will be given. However, if the adjournment is for more than 30 days, or if a new record date is set for the adjourned meeting, a notice will be given to each shareholder entitled to receive notice of, and to vote at, the meeting.

Table of Contents

MATTERS TO BE VOTED UPON

At the annual meeting, the following matters will be voted upon:

(1) the election of each of the 10 nominees for director named in this proxy statement to serve a one-year term;

(2) the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2015;

(3) an advisory vote on executive compensation; and

(4) such other business as may properly come before the meeting, or any adjournment or postponement of the meeting.

VOTES REQUIRED

Proposal 1 Election of Directors. Our bylaws provide for majority voting for directors in uncontested elections. We expect that the election of directors at our 2015 annual meeting will be uncontested. Under the majority voting standard, the election of directors is decided by the affirmative vote of a majority of the votes cast with respect to that nominee s election by the shareholders present in person or by proxy at the meeting and entitled to vote for the election of directors. In other words, to be elected a nominee must receive a number of for votes that exceeds the number of against votes cast with respect to that director s election. Abstentions and broker non-votes, if any, do not count as for or against votes cast with respect to the election of directors.

Our Corporate Governance Guidelines require that if in an uncontested election a nominee for director does not receive the requisite majority vote, he or she must promptly, following certification of the shareholder vote, tender his or her resignation to our Board of Directors. The Board (excluding the director who tendered the resignation) will then evaluate the resignation in light of the best interests of our company and our shareholders in determining whether to accept or reject the resignation, or whether other action should be taken. In reaching its decision, the Board may consider any factors it deems relevant, including the director s qualifications, the director s past and expected future contributions to the company, the overall composition of the board and whether accepting the tendered resignation would cause the company to fail to comply with any applicable rule or regulation (including NYSE listing requirements and the federal securities laws). The Board will act on the tendered resignation and publicly disclose

its decision and rationale within 90 days following certification of the shareholder vote.

Proposal 2 Ratification of Selection of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm for the Year Ending December 31, 2015.

Proposal 3 Advisory Vote on Executive Compensation.

In accordance with our bylaws, approval of each of proposals 2 and 3 requires the affirmative vote of a majority of the voting power of the shareholders present in person or by proxy and entitled to vote on this proposal at the meeting. Abstentions will have the same effect as votes against this proposal and broker non-votes do not count as entitled to vote for purposes of determining the outcome of the vote on this proposal.

REVOKING A PROXY

Any shareholder may revoke his or her proxy at any time before it is voted at the meeting by (1) notifying our corporate secretary in writing (the mailing address of our corporate secretary is 100 West Fifth Street, Tulsa, Oklahoma 74103), (2) authorizing a later proxy via the Internet or by telephone, (3) returning a later dated proxy card, or (4) voting at the meeting in person. A shareholder s presence without voting at the annual meeting will not automatically revoke a previously delivered proxy and any revocation during the meeting will not affect votes previously taken.

If your shares are held in a brokerage account or by a bank, trustee or other similar fiduciary, you may revoke any voting instructions you may have previously provided in accordance with the revocation instructions provided by the broker, bank, trustee or other similar fiduciary.

PROXY SOLICITATION

Solicitation of proxies will be primarily by mail and telephone. We have engaged Morrow & Co., LLC, 470 West Avenue, Stamford, Connecticut 06902, to solicit proxies for a fee of $11,000, plus out-of-pocket expenses. In addition, certain of our officers, directors and employees may solicit proxies on our behalf in person or by mail, telephone, fax or email, for which such persons will receive no additional compensation. We will pay all costs of soliciting proxies. We will also reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for their reasonable expenses for forwarding proxy materials to our shareholders.

Our Board of Directors and management are committed to maintaining strong corporate governance practices that allocate rights and responsibilities among our Board, management and our shareholders in a manner that benefits the long-term interest of our shareholders. Our corporate governance practices are designed not just to satisfy regulatory and stock exchange requirements, but also to provide for effective oversight and management of our company.

Our Corporate Governance Committee engages in a regular process of reviewing our corporate governance practices, including comparing our practices with those recommended by various corporate governance authorities, the expectations of our shareholders and the practices of other leading public companies. Our Corporate Governance Committee also reviews regularly our corporate governance practices in light of proposed and adopted laws and regulations, including the rules of the Securities and Exchange Commission and the rules and listing standards of the NYSE.

CORPORATE GOVERNANCE GUIDELINES

Our Board of Directors has adopted corporate governance guidelines that address key areas of our corporate governance, including: the Board s mission and responsibilities; Board membership and leadership; the structure and function of the Board s committees; meetings of the Board and its committees, including attendance requirements and executive sessions; Board compensation; Board and officer share ownership requirements; succession planning; evaluation of the performance of our Board; and Board access to management and independent advisors. Our Board periodically reviews our corporate governance guidelines and may revise the guidelines from time to time as conditions warrant. The full text of our corporate governance guidelines is published on and may be printed from our website at *www.oneok.com* and is also available from our corporate secretary upon request.

CODE OF BUSINESS CONDUCT AND ETHICS

Our Board of Directors has adopted a code of business conduct and ethics that applies to our directors, officers (including our principal executive and financial officers, principal accounting officer, controllers and other persons performing similar functions) and all other employees. We require all directors, officers and employees to adhere to our code of business conduct and ethics in addressing the legal and ethical

issues encountered in conducting their work for our company. Our code of business conduct and ethics requires that our directors, officers and employees avoid conflicts of interest, comply with all applicable laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in our company s best interest. All directors, officers and employees are required to report any conduct that they believe to be an actual or apparent violation of our code of business conduct and ethics.

The full text of our code of business conduct and ethics is published on and may be printed from our website at *www.oneok.com* and is also available from our corporate secretary upon request. We intend to disclose on our website any future amendments to, or waivers from, our code of business conduct and ethics, as required by the rules of the Securities and Exchange Commission and the NYSE.

DIRECTOR INDEPENDENCE

Our corporate governance guidelines provide that a majority of our Board of Directors will be independent under the applicable independence requirements of the NYSE. These guidelines and the rules of the NYSE provide that, in qualifying a director as independent, the Board must make an affirmative determination that the director has no material relationship with our company, either directly or as a partner, shareholder or officer of an organization that has a relationship with our company. In making this determination with respect to each director serving on the Executive Compensation Committee, under the rules of the NYSE, the Board is required to consider all factors specifically relevant to determining whether the director has a relationship to our company which is material to that director s ability to be independent from management in connection with the duties of a member of that committee.

Our Board of Directors has also adopted director independence guidelines that specify the types of relationships the Board has determined to be categorically immaterial. Directors who meet these standards are considered to be independent. The full text of our director independence guidelines is published on and may be printed from our website at *www.oneok.com* and is also available from our corporate secretary upon request.

Our Board of Directors has determined affirmatively that members James C. Day, Julie H. Edwards, William L. Ford, Bert H. Mackie, Steven J. Malcolm, Jim W. Mogg, Pattye L. Moore, Gary D. Parker and Eduardo A. Rodriguez have no material relationship with our company, and each qualifies as independent under our corporate governance guidelines, our director independence guidelines and the rules of the NYSE. Accordingly, nine out of our current 11 directors qualify as independent.

BOARD LEADERSHIP STRUCTURE

During 2014, our Board was led by John W. Gibson, who is our non-executive Chairman of the Board, in consultation and coordination with Jim W. Mogg, who is our lead independent director and the Chairman of the Corporate Governance Committee. Effective January 31, 2014, Mr. Gibson retired as our Chief Executive Officer and Terry K. Spencer was named our President and Chief Executive Officer and became a member of our Board. In addition, our Audit Committee and Executive Compensation Committee are each led by a chair and vice chair, each of whom is an independent director.

Our corporate governance guidelines provide that our Board of Directors retains the right to exercise its discretion in combining or separating the offices of the Chairman of the Board and Chief Executive Officer. Our Board reviews the issue as a part of its succession planning process. The Board believes that it is advantageous for the Board to maintain flexibility to determine on a case-by-case basis and, if necessary, change the board leadership structure in order to meet our needs at any time, based on the individuals then available and the circumstances then presented.

In planning for the succession of Mr. Spencer as Chief Executive Officer, the Board carefully reviewed the Board s leadership structure and determined that it would be appropriate to separate the roles of the Chairman of the Board and Chief Executive Officer, effective upon Mr. Spencer s appointment.

The Board believes that maintaining Mr. Gibson s continuing service as non-executive Chairman of the Board following his retirement as Chief Executive Officer presently provides the most effective leadership model for our Board and our company. In making this determination, the Board considered the advantages to our company of maintaining the continuity of Mr. Gibson s effective leadership as Chairman of the Board based on, among other factors, his strong leadership skills, his extensive knowledge and experience regarding our operations and the industries and markets in which we compete, as well as his ability to promote communication and to synchronize strategic objectives and activities between our Board and our senior management. The Board also believes this leadership structure continues to ensure significant independent oversight of management, as Mr. Spencer is the only member of the Board who is also an employee of our company, and Messrs. Gibson and Spencer are the only members of the Board who do not meet the independence criteria set forth in our director independence guidelines and the independence criteria established by the NYSE. In addition, our Board has an ongoing practice of holding executive sessions, without management present, as part of each regularly scheduled in-person Board meeting.

In accordance with our corporate governance guidelines, the Board continues to retain the authority to combine the positions of Chairman and Chief Executive Officer in the future if it determines that doing so is in the best interests of

our company and our shareholders.

LEAD INDEPENDENT DIRECTOR

Our corporate governance guidelines vest the lead independent director who, under these guidelines, is also chair of our Corporate Governance Committee, with various key responsibilities, including leading the Board s process for selecting both the Chairman of the Board and the Chief Executive Officer. The guidelines provide that the lead independent director shall have served as a director for a minimum of three years, shall serve for a term of three to five years as determined by the Board of Directors, and that the duties of the lead independent director include but are not limited to:

- presiding as the chair at all meetings of the Board at which the Chairman of the Board is not present, including executive sessions of the independent directors;
- serving as liaison between the Chairman of the Board and the independent directors;
- approving information sent to the Board;
- approving meeting agendas for the Board; and
- approving meeting schedules to assure that there is sufficient time for discussion of all agenda items.

In addition, the lead independent director has the authority to call meetings of the independent directors and, if requested by major shareholders, will ensure that he or she is available for consultation and direct communication.

SUCCESSION PLANNING

A key responsibility of the Chief Executive Officer and the Board is ensuring that an effective process is in place to provide continuity of leadership over the long term at all levels in our company. Each year, succession-planning reviews are held at every significant organizational level of the company, culminating in a full review of senior leadership talent by our independent directors. During this review, the Chief Executive Officer, the Chairman of the Board and the independent directors discuss future candidates for senior leadership positions, succession timing for those positions and development plans for the highest-potential candidates. This process ensures continuity of leadership over the long term, and it forms the basis on which our company makes ongoing leadership assignments. It is a key success factor in managing the long-term planning and investment lead times of our business.

RISK OVERSIGHT

We engage in an annual comprehensive enterprise risk-management (ERM) process to identify and manage risk. Our annual ERM assessment is designed to enable our Board of Directors to establish a mutual understanding with management of the effectiveness of our risk-management practices and capabilities, to review our risk exposure and to elevate certain key risks for discussion at the Board level. Risk management is an integral part of our annual strategic

planning process, which addresses, among other things, the risks and opportunities facing our company.

Our ERM program is overseen by our Chief Financial Officer. The program is a companywide process designed to identify, assess, monitor and manage risks that could affect our ability to fulfill our business objectives or execute our corporate strategy. Our ERM process involves the identification and assessment of a broad range of risks and the development of plans to mitigate these risks. These risks generally relate to the strategic, operational, financial, regulatory compliance and human resources aspects of our business.

Not all risks can be dealt with in the same way. Some risks may be easily perceived and controllable. Other risks are unknown. Some risks can be avoided or mitigated by particular behavior, and some risks are unavoidable as a practical matter. For some risks, the potential adverse impact would be minor and, as a matter of business judgment, it may not be appropriate to allocate significant resources to avoid the adverse impact. In other cases, the adverse impact could be significant, and it is prudent to expend resources to seek to avoid or mitigate the potential adverse impact. In some cases, a higher degree of risk may be acceptable because of a greater perceived potential for reward. Management is responsible for identifying risk and risk controls related to our significant business activities; mapping the risks to our corporate strategy; and developing programs and recommendations to determine the sufficiency of risk identification, the balance of potential risk to potential reward and the appropriate manner in which to control and mitigate risk.

The Board implements its risk oversight responsibilities by having management provide periodic briefing and informational sessions on the significant voluntary and involuntary risks that our company faces and how our company is seeking to control and mitigate those risks. In some cases, as with risks relating

Table of Contents

to significant acquisitions, risk oversight is addressed as part of the full Board s ongoing engagement with the Chief Executive Officer and management.

The Board annually reviews a management assessment of the various operational and regulatory risks facing our company, their relative magnitude and management s plan for mitigating these risks. This review is conducted in conjunction with the Board s review of our company s business strategy at its annual strategic planning meeting and at other meetings as appropriate.

In certain cases, a Board committee is responsible for oversight of specific risk topics. For example, the Audit Committee oversees risk issues associated with our overall financial reporting and disclosure process and legal compliance, as well as reviewing policies and procedures on risk-control assessment and accounting-risk exposure, including our companywide risk control activities and our business continuity and disaster-recovery plans. The Audit Committee meets with our Chief Financial Officer and General Counsel, and meets with our Director Audit Services, as well as with our independent registered public accounting firm, in separate executive sessions at each of its in-person meetings

during the year at which time risk issues are discussed regularly.

In addition, our Executive Compensation Committee oversees risks related to our compensation program, as discussed in greater detail elsewhere in this proxy statement, and our Corporate Governance Committee oversees risks related to our governance practices and policies.

BOARD AND COMMITTEE MEMBERSHIP

Our business, property and affairs are managed under the direction of our Board of Directors. Members of our Board are kept informed of our business through discussions with our Chief Executive Officer and other officers, by reviewing materials provided to them periodically and in connection with Board and committee meetings, by visiting our offices and our operating facilities and by participating in meetings of the Board and its committees.

During 2014, the Board held ten regular meetings and two special meetings. All of our incumbent directors who served on the Board during 2014 attended at least 75 percent of the aggregate of all meetings of the Board and Board committees on which they served in 2014.

Table of Contents

Our corporate governance guidelines provide that members of our Board are expected to attend our annual meeting of shareholders. All members of our Board, other than Mr. Mackie, attended our 2014 annual meeting of shareholders.

The Board has four standing committees consisting of the Audit Committee, the Executive Compensation Committee, the Corporate Governance Committee and the Executive Committee. The table below provides the current membership of our Board and each of our Board committees.

Director	Audit	Executive Compensation	Corporate Governance	Executive
James C. Day	Member		Member	
Julie H. Edwards	Chair			Member
William L. Ford	Member		Member	
John W. Gibson				Chair
Bert H. Mackie[(1)]		Member	Vice Chair	
Steven J. Malcolm		Chair		Member
Jim W. Mogg			Chair	Member
Pattye L. Moore		Vice Chair	Member	
Gary D. Parker	Vice Chair		Member	
Eduardo A. Rodriguez		Member	Member	
Terry K. Spencer				Member

(1) Mr. Mackie will retire from our Board upon reaching his 73rd birthday in May of 2015.

Our Board has adopted written charters for each of its Audit, Executive Compensation, Corporate Governance and Executive Committees. Copies of the charters of each of these committees are available on and may be printed from our website at *www.oneok.com.* Copies are also available from our corporate secretary upon request. The responsibilities of our Board committees are summarized below. From time to time the Board, in its discretion, may form other committees.

The Audit Committee. The Audit Committee represents and assists our Board of Directors with the oversight of the integrity of our financial statements and internal control over financial reporting, our compliance with legal and regulatory requirements, the independence, qualifications and performance of our independent registered public accounting firm and the performance of our internal audit function. The responsibilities of the Audit Committee include:

- appointing, compensating and overseeing our independent auditor, including review of their qualifications, independence and performance;

- reviewing the scope, plans and results relating to the internal and external audits and our financial statements;
- monitoring and evaluating our financial condition;
- monitoring and evaluating the integrity of our financial reporting processes and procedures;
- assessing our significant financial risks and exposures and evaluating the adequacy of our internal controls in connection with such risks and exposures, including, but not limited to, internal controls over financial reporting and disclosure controls and procedures;
- reviewing policies and procedures on risk-control assessment and accounting risk exposure, including our companywide risk control activities and our business-continuity and disaster-recovery plans; and
- monitoring our compliance with our policies on ethical business conduct.

Our independent registered public accounting firm reports directly to our Audit Committee.

All members of our Audit Committee are independent under the independence requirements of the NYSE and the Securities and Exchange Commission applicable to audit committee

members. The Board has determined that James C. Day, Julie H. Edwards, William L. Ford and Gary D. Parker are each an audit committee financial expert under the applicable rules of the Securities and Exchange Commission.

The Audit Committee held six regular meetings and one special meeting in 2014.

The Executive Compensation Committee. Our Executive Compensation Committee is responsible for establishing and periodically reviewing our executive compensation policies and practices. This responsibility includes:

- evaluating, in consultation with our Corporate Governance Committee, the performance of our Chief Executive Officer, and recommending to our Board of Directors the compensation of our Chief Executive Officer and our other senior executive officers;
- reviewing and approving, in consultation with our Corporate Governance Committee, the annual objectives of our Chief Executive Officer;
- reviewing our executive compensation program to ensure the attraction, retention and appropriate compensation of executive officers in order to motivate their performance in the achievement of our business objectives and to align their interests with the long-term interests of our shareholders;
- assessing the risks associated with our compensation program; and
- reviewing and making recommendations to the full Board on executive officer and director compensation and personnel policies, programs and plans.

Our Executive Compensation Committee meets periodically during the year to review our executive and director compensation policies and practices. Executive officer salaries and short- and long-term incentive compensation are determined annually by this committee. The scope of the authority of this committee is not limited except as set forth in its charter and by applicable law. This committee has the authority to delegate duties to subcommittees of this committee, or to other standing committees of the Board of Directors, as it deems necessary or appropriate. This committee may not delegate to a subcommittee any authority required by any law, regulation or listing standard to be exercised by this committee as a whole.

All members of our Executive Compensation Committee are independent under the independence requirements of the NYSE applicable to compensation committee members.

The executive compensation group in our corporate human resources department supports, in consultation with our Chief Executive Officer, the Executive Compensation Committee in its work.

During 2014, the Executive Compensation Committee engaged Meridian Compensation Partners, LLC (Meridian Compensation Partners), as an independent executive compensation consultant to assist the committee in its evaluation of the amount and form of compensation paid in 2014 to our Chief Executive Officer, our other executive officers and our directors. Meridian Compensation Partners reported directly to the Executive Compensation

Committee. For more information on executive compensation and the role of this consultant, see Executive Compensation Discussion and Analysis Compensation Methodology The Role of the Independent Executive Compensation Consultant at page 56.

The Executive Compensation Committee held four regular and two special meetings in 2014.

The Corporate Governance Committee. Our Corporate Governance Committee is responsible for overseeing our company s governance, including the selection of directors and the Board s practices and effectiveness. These responsibilities include:

- identifying and recommending qualified director candidates, including qualified director candidates suggested by our shareholders in written submissions to our corporate secretary in accordance with our corporate governance guidelines and our bylaws or in accordance with the rules of the Securities Exchange Commission;
- making recommendations to the Board with respect to electing directors and filling vacancies on the Board;
- adopting an effective process for director selection and tenure by making recommendations on the Board s organization and practices and by aiding in identifying and recruiting director candidates;
- reviewing and making recommendations to the Board with respect to the organization, structure, size, composition and operation of the Board and its committees;

in consultation with our Chairman of the Board, our Chief Executive Officer and the Executive Compensation Committee, overseeing management succession and development; and

reviewing, assessing risk and making recommendations with respect to other corporate governance matters.
All members of our Corporate Governance Committee are independent under the independence requirements of the NYSE.

The Corporate Governance Committee held three meetings in 2014.

The Executive Committee. In the intervals between meetings of our Board of Directors, the Executive Committee may, except as otherwise provided in our bylaws and applicable law, exercise the powers and authority of the full Board in the management of our property, affairs and business. The function of this committee is to act on major matters where it deems action appropriate, which provides a degree of flexibility and ability to respond to time-sensitive business and legal matters without calling a special meeting of our full Board. The Executive Committee reports to the Board at its next meeting on any actions taken by the committee.

The Executive Committee held no meetings in 2014.

DIRECTOR NOMINATIONS

Our corporate governance guidelines provide that the Board of Directors is responsible for selecting candidates for board membership and delegates the screening process to the Corporate Governance Committee of the Board. This committee, with recommendations and input from our Chairman of the Board, our Chief Executive Officer and members of our Board, evaluates the qualifications of each director candidate and assesses the appropriate mix of skills, qualifications and characteristics required of Board members in the context of the perceived needs of the Board at a given point in time. The committee is responsible for recommending to the full Board candidates for nomination by the Board for election as members of our Board.

Our corporate governance guidelines provide that candidates for nomination by the Board must be committed to devote the time and effort necessary to be productive members of the Board and that, in nominating candidates, the Board will

endeavor to establish director diversity in personal background, race, gender, age and nationality. The guidelines also provide that the Board will seek to maintain a mix that includes, but is not limited to, the following areas of core competency: accounting and finance; investment banking; business judgment; management; energy industry knowledge; operations; crisis response; leadership; strategic vision; law; and corporate relations.

The Corporate Governance Committee s charter provides that it has the responsibility, in consultation with the Chairman of the Board and the Chief Executive Officer, to search for, recruit, screen, interview and select candidates for the position of director as necessary to fill vacancies on the Board or the additional needs of the Board and to consider management and shareholder recommendations for candidates for nomination by the Board. In carrying out this responsibility, the Corporate Governance Committee evaluates the qualifications and performance of incumbent directors and determines whether to recommend them for re-election to the Board. In addition, this committee determines, as necessary, the portfolio of skills, experience, diversity, perspective and background required for the effective functioning of the Board considering our business strategy and our regulatory, geographic and market environments. The Corporate Governance Committee has in the past retained an independent search consultant to

assist it from time to time in identifying and evaluating qualified director candidates.

Our corporate governance guidelines contain a policy regarding the Corporate Governance Committee s consideration of prospective director candidates recommended by shareholders for nomination by our Board. Under this policy, any shareholder who wishes to recommend a prospective candidate for nomination by our Board for election at our 2016 annual meeting should send a letter of recommendation to our corporate secretary at our principal executive offices by no later than September 30, 2015. The letter should include the name, address and number of shares owned by the recommending shareholder (including, if the recommending shareholder is not a shareholder of record, proof of ownership of the type referred to in Rule 14a-8(b)(2) of the proxy rules of the Securities and Exchange Commission), the prospective candidate s name and address, a description of the prospective candidate s background, qualifications and relationships, if any, with our company and all other information necessary for our Board to

determine whether the prospective candidate meets the independence standards under the rules of the NYSE and our director independence guidelines. A signed statement from the prospective candidate should accompany the letter of recommendation indicating that he or she consents to being considered as a nominee of the Board and that, if nominated by the Board and elected by the shareholders, he or she will serve as a director. The committee will evaluate prospective candidates recommended by shareholders for nomination by our Board in light of the various factors set forth above.

Neither the Corporate Governance Committee, the Board, nor our company itself discriminates in any way against prospective candidates for nomination by the Board on the basis of age, sex, race, religion, or other personal characteristics. There are no differences in the manner in which the Corporate Governance Committee or the Board evaluates prospective candidates based on whether the prospective candidate is recommended by a shareholder or by the Corporate Governance Committee, provided that the recommending shareholder furnishes to our company a letter of recommendation containing the information described above along with the signed statement of the prospective candidate referred to above.

In addition to having the ability to recommend prospective candidates for nomination by our Board, under our bylaws, shareholders may themselves nominate candidates for election at an annual meeting of shareholders so long as they are shareholders of record when they give the notice described below and on the record date for the relevant annual meeting. Any shareholder who desires to nominate candidates for election as directors at our 2016 annual meeting must follow the procedures set forth in our bylaws. Under these procedures, notice of a shareholder nomination for the election of a director must be received by our corporate secretary at our principal executive offices not less than 120 calendar days before the first anniversary of the date that our proxy statement was released to shareholders in connection with our 2015 annual meeting of shareholders (i.e., notice must be received no later than December 3, 2015). If the date of the 2016 annual meeting is more than 30 days after May 20, 2016, the first anniversary of our 2015 annual meeting, our corporate secretary must receive notice of a shareholder nomination by

the close of business on the tenth day following the earlier of the day on which notice of the date of the 2016 annual meeting is mailed to shareholders or the day on which public announcement of the 2016 annual meeting date is made. In addition, in accordance with our bylaws, the shareholder notice must contain certain information about the candidate the shareholder desires to nominate for election as a director, the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made.

DIRECTOR COMPENSATION

Compensation for each of our non-management directors for their service on our Board of Directors for the period of May 2013 through April 2014 and for the period May 2014 through April 2015 consists of an annual cash retainer of $65,000 and a common stock annual retainer with a value of $135,000 determined using the average of the high and low trading prices of our company s common stock on the NYSE on the date of the meeting of the Board of Directors immediately following the company s 2013 and 2014 annual shareholders meetings, respectively. The chairs of our Audit and Executive Compensation Committees receive an additional annual cash retainer of $15,000, and our lead director, who is also chair of our Corporate Governance Committee, receives an additional annual cash retainer of $20,000. Our non-executive Chairman of the Board received an additional annual cash retainer of $125,000 for his service for the period May 2014 through April 2015. In addition, for his service during the period February 1, 2014, through April 30, 2014, our non-executive Chairman of the Board received prorated portions of the annual cash and stock retainers paid to all non-management board members, as well as the prorated portion of the cash retainer for service as non-executive Chairman of the Board.

All directors are reimbursed for reasonable expenses incurred in connection with attendance at Board and committee meetings.

Our one management director, Terry K. Spencer, receives no compensation for his service as a director.

Our Board of Directors has established minimum share ownership guidelines for members of our Board that are discussed under Executive Compensation Discussion and Analysis Share Ownership Guidelines at page 67.

Table of Contents

The following table sets forth the compensation paid to our non-management directors in 2014.

Director	Fees Earned or Paid in Cash[1]	Stock Awards[1][2][3]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[4]	Total
James C. Day	$ 65,000	$ 135,000	$ _	$ 200,000
Julie H. Edwards	$ 80,000	$ 135,000	$ _	$ 215,000
William L. Ford	$ 65,000	$ 135,000	$ _	$ 200,000
John W. Gibson	$ 237,500	$ 168,750	$ 1,730	$ 407,980
Bert H. Mackie	$ 65,000	$ 135,000	$ _	$ 200,000
Steven J. Malcolm	$ 80,000	$ 135,000	$ _	$ 215,000
Jim W. Mogg	$ 85,000	$ 135,000	$ _	$ 220,000
Pattye L. Moore	$ 65,000	$ 135,000	$ 108	$ 200,108
Gary D. Parker	$ 65,000	$ 135,000	$ _	$ 200,000
Eduardo A. Rodriguez	$ 65,000	$ 135,000	$ _	$ 200,000

[1] Non-management directors may defer all or a part of their annual cash and stock retainers under our Deferred Compensation Plan for Non-Employee Directors. During the year ended December 31, 2014, $1,093,000 of the total amount payable for directors fees were deferred under this plan at the election of eight of our directors. Deferred amounts are treated, at the election of the participating director, either as phantom stock or as a cash deferral. Phantom stock deferrals are treated as though the deferred amount is invested in our common stock at the fair market value on the date the deferred amount was earned. Phantom stock earns the equivalent of dividends declared on our common stock, reinvested in phantom shares of our common stock based on the fair market value of our common stock on the payment date of each common stock dividend. The shares of our common stock reflected in a non-management director s phantom stock account are issued to the director under our Long-Term Incentive Plan on the last day of the director s service as a director or a later date selected by the director. Cash deferrals earn interest at a rate equal to Moody s Long-Term Corporate Bond Yield AAA on the first business day of the plan year, plus 100 basis points, which, at January 2, 2014, was 4.55 percent.

Table of Contents

The following table sets forth, for each non-management director, the amount of director compensation deferred during 2014 and cumulative deferred compensation as of December 31, 2014.

Director	Board Fees Deferred to Phantom Stock in 2014[(a)]	Dividends Earned on Phantom Stock and Reinvested in 2014[(b)]	Total Board Fees Deferred to Phantom Stock at December 31, 2014[(a)]	Total Phantom Stock Held at December 31, 2014	Board Fees Deferred to Cash in 2014	Total Board Fees Deferred to Cash at December 31, 2014[(c)]
James C. Day	$ 135,000	$ 78,117	$ 1,192,384	38,550	$ _	$ _
Julie H. Edwards	$ _	$ 3,009	$ 71,560	1,447	$ _	$ _
William L. Ford	$ 200,000	$ 328,493	$ 3,459,418	159,466	$ _	$ _
John W. Gibson[(d)]	$ 168,750	$ 3,447	$ 172,197	2,733	$ 237,500	$ 246,995
Bert H. Mackie	$ 135,000	$ 201,551	$ 2,238,403	97,931	$ _	$ _
Steven J. Malcolm	$ _	$ _	$ _	_	$ _	$ _
Jim W. Mogg	$ 177,500	$ 88,457	$ 1,420,600	43,829	$ _	$ _
Pattye L. Moore[(e)]	$ 135,000	$ 174,814	$ 2,067,360	85,068	$ 376	$ 8,115
Gary D. Parker	$ 135,000	$ 137,622	$ 1,698,546	67,176	$ _	$ _
Eduardo A. Rodriguez	$ 6,750	$ 5,121	$ 65,838	2,512	$ _	$ _

(a) Reflects the value of the annual cash and stock retainers (based on the average of our high and low stock price on the NYSE on the grant date) deferred by a director under our Deferred Compensation Plan for Non-Employee Directors.

(b) Dividend equivalents paid on phantom stock are reinvested in additional shares of phantom stock based on the average of the high and low trading prices of our common stock on the NYSE on the date the dividend equivalent was paid.

(c) The amounts shown for Mr. Gibson and Ms. Moore reflect the balances in their cash deferral accounts.

(d) The amounts for Mr. Gibson reflect board fees that were deferred to cash in 2014 by Mr. Gibson and interest accrued on these deferred fees. Cash deferrals earn interest at a rate equal to Moody s Long-Term

Corporate Bond Yield AAA on the first business day of the plan year, plus 100 basis points, which, at January 2, 2014, was 4.55 percent.

(e) The amounts for Ms. Moore reflects interest accrued on prior cash deferrals for Ms. Moore. No board fees were deferred to cash in 2014 by Ms. Moore. Interest earned is at a rate equal to Moody s Long-Term Corporate Bond Yield AAA on the first business day of the plan year, plus 100 basis points which, at January 2, 2014, was 4.55 percent.

(2) The amounts in this column reflect the aggregate grant date fair value, computed in accordance with Financial Accounting Standards Board s Accounting Standards Codification Topic 718, Compensation-Stock Compensation (ASC Topic 718), with respect to stock awards received by directors for service on our Board of Directors. Since the shares are issued free of any restrictions on the grant date, the grant date fair value of these awards is based on the average of our high and low stock price on the NYSE on the date of grant. The following table sets forth the number of shares and grant date fair value of such shares of our common stock issued to our non-management directors during 2014 for service on our Board.

Director	Shares Awarded in 2014	Aggregate Grant Date Fair Value
James C. Day	2,124	$ 135,000
Julie H. Edwards	2,124	$ 135,000
William L. Ford	2,124	$ 135,000
John W. Gibson	2,676	$ 168,750
Bert H. Mackie	2,124	$ 135,000
Steven J. Malcolm	2,124	$ 135,000
Jim W. Mogg	2,124	$ 135,000
Pattye L. Moore	2,124	$ 135,000
Gary D. Parker	2,124	$ 135,000
Eduardo A. Rodriguez	2,124	$ 135,000

(3) For the aggregate number of shares of our common stock and phantom stock held by each member of our Board of Directors at February 1, 2015, see Stock Ownership Holdings of Officers and Directors at page 47.

(4) Reflects above-market earnings on Board of Directors fees deferred to cash under our Deferred Compensation Plan for Non-Employee Directors which provides for payment of interest on cash deferrals at a rate equal to Moody s Long-Term Corporate Bond Yield AAA on the first business day of the plan year, plus 100 basis points, which, at January 2, 2014, was 4.55 percent.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

During 2014, Messrs. Mackie, Malcolm and Rodriguez and Ms. Moore served on our Executive Compensation Committee. No member of the Executive Compensation Committee was an officer or employee of the company or any of its subsidiaries during 2014, and no member of this committee was formerly an officer of the company or any of its subsidiaries. In addition, during 2014, none of our executive officers served as a member of a compensation committee or board of directors of any other entity of which any member of our Board was an executive officer.

EXECUTIVE SESSIONS OF THE BOARD

The non-management members and independent members of our Board of Directors meet in separate regularly scheduled executive sessions during each regular in-person meeting of the Board held during the year. We intend to continue this practice of regularly scheduled separate meetings of the non-management members and independent members of our Board. Our corporate governance guidelines provide that our lead independent director, who is the chair of our Corporate Governance Committee, presides as the chair at executive session meetings of the independent members of our Board.

COMMUNICATIONS WITH DIRECTORS

Our Board believes that it is management s role to speak for our company. Directors refer all inquiries regarding our company from institutional investors, analysts, the news media, customers or suppliers to our Chief Executive Officer or his

designee. Our Board also believes that any communications between members of the Board and interested parties, including shareholders, should be conducted with the knowledge of our Chief Executive Officer. Interested parties, including shareholders, may contact one or more members of our Board, including non-management directors and non-management directors as a group, by writing to the director or directors in care of our corporate secretary at our principal executive offices. A communication received from an interested party or shareholder will be forwarded promptly to the director or directors to whom the communication is addressed. A copy of the communication also will be provided to our Chief Executive Officer. We will not, however, forward sales or marketing materials, materials that are abusive, threatening or otherwise inappropriate, or correspondence not clearly identified as interested party or shareholder correspondence.

COMPLAINT PROCEDURES

Our Board of Directors has adopted procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and complaints or concerns under our Code of Business Conduct and Ethics. These procedures allow for the confidential and anonymous submission by employees of concerns regarding questionable accounting or auditing matters and matters arising under our Code of Business Conduct and Ethics. The full text of these procedures, known as our whistleblower policy, is published on and may be printed from our website at *www.oneok.com* and is also available from our corporate secretary upon request.

Table of Contents

ONEOK is the sole general partner of ONEOK Partners, one of the largest publicly traded master limited partnerships engaged in the natural gas gathering and processing, natural gas liquids and natural gas pipelines businesses. As we have evolved from a traditional natural gas distributor into a pure-play general partner of ONEOK Partners, we have maintained our focus on our stakeholders and our mission to provide management and resources to ONEOK Partners enabling it to operate in a safe, reliable and environmentally responsible manner.

SAFETY AND HEALTH

The safety of our employees, customers and communities where we operate is at the forefront of each business decision we make. By monitoring the integrity of our assets and promoting the safety and health of our employees, customers and communities, we are investing in the long-term sustainability of our businesses.

We continuously assess the risks our employees face in their jobs, and we work to mitigate those risks through training, appropriate engineering controls, work procedures and other preventive safety and health programs. Reducing incidents and improving our safety incident rates is important, but we are not focused only on statistics. Low incident rates alone cannot prevent a large-scale incident, which is why we continue to focus on enhancing our preventive safety programs, such as near-miss reporting, vehicle-safety monitoring, risk assessment and others.

2012-2014 Safety and Health Performance Updates and Highlights.

We were recognized at the 2013 Southern Gas Association s Environmental, Safety & Health Training Conference for our behavior-based safety training video used to teach employees how to identify and choose safe behaviors over unsafe behaviors.

ONEOK Partners natural gas liquids business was selected as the 2013 CEO Environment, Safety and Health (ESH) Leadership Award winner. The CEO ESH Leadership Award is presented annually to the business segment that demonstrates exceptional performance combined with proactive environmental, safety and health initiatives and the application of best practices.
We completed operational assessments of programs, processes and resources used to manage air emissions across major ONEOK Partners facilities.

ONEOK Partners ONEOK Rockies Midstream, L.L.C. and ONEOK Hydrocarbon, L.P. subsidiaries were recognized by BNSF Railway with the 2013 Product Stewardship Award, which recognizes companies that transported a minimum of 500 loaded tank cars of hazardous materials with zero non-accident releases during the entire transportation cycle.

In 2012, ONEOK Partners natural gas pipelines business achieved 12 consecutive months without an Occupational Safety and Health Administration (OSHA)-recordable injury or illness and earned an American Gas Association (AGA) Safety Achievement Award for achieving the lowest Days Away, Restricted or Transferred (DART)

incident rate among medium-sized transmission companies.

ENVIRONMENTAL PERFORMANCE

We continue to focus on being environmentally responsible while operating our assets safely and reliably. Because of the nature of our business, maintaining accurate emissions records and complying with regulatory reporting guidelines continues to be of primary importance to us. A number of emission-reduction efforts have been implemented across our operations, and we continue to look for new ways to improve our environmental stewardship.

Emissions at our facilities result from natural gas combustion from running natural gas compressor engines and process heaters, plus additional methane and carbon dioxide emissions from equipment leaks, venting and other processes common to natural gas systems.

2013-2014 Environmental Updates and Highlights.

In 2014, we created a new incentive compensation metric for inclusion in the 2014 short-term incentive plan that measures our environmental performance by tracking releases and other emission events that must be reported to regulatory agencies, per capacity unit. While we have measured the number of agency-reportable spills and releases since 2008, the new Agency Reportable Environmental Event Rate (AREER) metric is a subset of that measure. AREER is defined as the total number of releases and excess emission events that trigger a federal, state or local environmental-reporting requirement (with some exceptions to account for events outside of our control, planned maintenance and disputes in reporting requirements across our operations), divided by the applicable number of capacity units (miles of pipelines, storage capacity, natural gas liquids fractionation capacity and natural gas processing capacity).

In 2013, ONEOK Partners participated for the first time in the Carbon Disclosure Project (CDP), an international organization that works to disclose the greenhouse gas emissions of major companies. In 2012, the CDP received carbon data from more than 4,100 companies in more than 60 countries. ONEOK continued to participate in this program in 2014.

In 2014, specific efforts by ONEOK Partners related to methane emissions included:

- Accelerating the construction of pipeline connections between its natural gas gathering systems and new third-party producing oil and natural gas wells, particularly in the Williston Basin in North Dakota, where the natural gas might, in the interim, otherwise be flared or vented into the atmosphere by producers;
- Participating with other energy companies in the North Dakota Flaring Task Force to reduce natural gas flaring in North Dakota to 15 percent of production by the first quarter 2016 and to 5-10 percent by the fourth quarter 2020;
- Using vapor-recovery units to capture natural gas that otherwise would be vented;
- Installing compression-optimization tools on certain transmission pipelines, which has decreased emissions;
- Using hot taps instead of complete venting/flaring of pipeline segments when making connections;
- Reducing pressures on compressors and pipelines prior to venting to conserve natural gas and reduce emissions when taking assets offline for maintenance or other reasons; and
- Implementing rigorous and regular leak-inspection programs for all of our natural gas pipelines and processing plants.

ONEOK Partners also actively participates in the Environmental Protection Agency s Natural Gas STAR Program to reduce methane emissions. In 2010, ONEOK Partners was named the program s natural gas gathering and processing partner of the year.

In 2013, we reported total emissions of approximately 46.7 million metric tons of carbon dioxide equivalents (CO2e). Of these emissions, approximately 1.7 million metric tons of CO2e less than 3 percent of our total emissions were directly attributable to our operations. The remaining emissions reported represent estimated emissions from the products we deliver to our customers.

COMMUNITY INVESTMENTS

We are committed to being active members of the communities where we operate. Investing in the areas where we have operations and where our employees live and work is not only the right thing to do it is smart business. By contributing financially and through volunteer work, we can help build stronger communities and create a better environment for our employees, customers and the general public.

We accomplish this in a number of ways, including grants from the ONEOK Foundation, corporate contributions to nonprofit organizations and by community volunteer efforts. Primary focus areas for our community investments are education, health and human services, environmental, arts and culture, and community improvement. We give priority consideration to educational programs and to health and human services organizations, particularly those with programs that help people become self-sufficient.

Table of Contents

2013-2014 Community Investments Updates and Highlights

In 2014, the ONEOK Foundation contributed approximately $2.8 million and ONEOK made corporate contributions of approximately $2.7 million to support local nonprofit organizations. In 2014, our employees volunteered more than 2,900 hours in our communities, with a value of approximately $66,000 (based on the current volunteer-hour value of $22.50).

We received the 2013 Oklahoma Business Ethics Consortium s Compass Award, recognizing us as a leader in promoting integrity at work and building an ethical business culture.

POLITICAL ADVOCACY AND CONTRIBUTIONS

We actively participate in the political process through the lobbying efforts of our government relations department, involvement in multiple business and industry trade organizations, and through the ONEOK, Inc. Employee Political Action Committee (ONEOK PAC).

Political contributions to federal, state and local candidates are made by the ONEOK PAC which is funded by voluntary contributions from eligible company employees. The ONEOK PAC s activities are guided by a steering committee comprised of senior management and a contribution committee comprised of ONEOK PAC members and are subject to

comprehensive regulation, including detailed disclosure requirements. ONEOK PAC contributions are reported to the Federal Election Commission and applicable state regulatory authorities. During 2014, the ONEOK PAC made contributions to state and federal candidates for office in the amount of $174,115. We also paid $325,862 to state and federal contract lobbyists

We belong to a number of trade associations that participate in the political process. Our sole purpose in becoming a member of these trade associations is not for political purposes, as we may not agree with all positions taken by trade associations on issues. The benefits that we receive from trade associations are primarily expertise and the ability to gain insight on industry related matters. In 2014, we paid dues of approximately $976,000 to 19 trade and industry associations, of which approximately 21 percent was allocated by those associations to lobby expenses and political expenditures.

As a company, we do not contribute corporate funds to political candidates, political action committees or so-called 501(c)(4) social welfare organizations.

Our lobbying and political activities are reviewed annually by the Board of Directors. We believe this oversight process ensures accountability and transparency for our lobbying and political activities.

Table of Contents

ELECTION OF DIRECTORS

ANNUAL ELECTION BY MAJORITY VOTE

Our certificate of incorporation provides for the annual election of directors. Our Board of Directors currently consists of 11 members, each of whose terms will expire at the 2015 annual meeting. Our bylaws provide that a director will retire from the Board on the director s 73rd birthday. Bert H. Mackie, a current member of our Board, will be required to retire from the Board upon reaching his 73rd birthday in May of 2015. Therefore, Mr. Mackie is not standing for re-election at the annual meeting and, in accordance with our bylaws, the Board has reduced the size of the Board to 10 members effective upon Mr. Mackie s retirement. Accordingly, the remaining 10 current members of our Board of Directors named in this proxy statement will stand for re-election at the annual meeting.

In addition, as more fully described above, our bylaws provide for majority voting for directors in uncontested elections and our corporate governance guidelines require that a nominee for director who does not receive the requisite majority vote in an uncontested election must promptly tender his or her resignation to our Board of Directors for its consideration.

The persons named in the accompanying proxy card intend to vote such proxy in favor of the election of each of the nominees named below, who are all currently directors, unless the proxy provides for a vote against the director. Although the Board has no reason to believe that the nominees will be unable to serve as directors, if a nominee withdraws or otherwise becomes unavailable to serve, the persons named as proxies will vote for any substitute nominee designated by the Board, unless contrary instructions are given on the proxy. Except for these nominees, no other person has been recommended to our Board as a potential nominee or otherwise nominated for election as a director.

BOARD QUALIFICATIONS

Our corporate governance guidelines provide that our Corporate Governance Committee will evaluate the qualifications of each director candidate and assess the

appropriate mix of skills and characteristics required of board members in the context of the perceived needs of the Board at a given point in time. Each director also is expected to:

- exhibit high standards of integrity, commitment and independence of thought and judgment;
- use his or her skills and experiences to provide independent oversight to the business of our company;
- be willing to devote sufficient time to carrying out his or her duties and responsibilities effectively;

- devote the time and effort necessary to learn the business of the company and the Board;
- represent the long-term interests of all shareholders; and
- participate in a constructive and collegial manner.

In addition, our governance guidelines provide that, in nominating candidates, the Board will endeavor to establish director diversity in personal background, race, gender, age and nationality, and to maintain a mix that includes, but is not limited to, the following areas of core competency: accounting and finance; investment banking; business judgment; management; energy industry knowledge; operations; crisis response; leadership; strategic vision; law; and corporate relations.

Your Board of Directors believes that each member of our Board possesses the necessary integrity, skills and qualifications to serve on our Board and that their individual and collective skills and qualifications provide them with the ability to engage management and each other in a constructive and collaborative fashion and, when necessary and appropriate, challenge management in the execution of our business operations and strategy.

Set forth below is certain information with respect to each nominee for election as a director, each of whom is a current director.

Table of Contents

YOUR BOARD UNANIMOUSLY RECOMMENDS A VOTE FOR EACH NOMINEE.

DIRECTOR NOMINEES

Age 72 Director since 2004 Independent Committees: Audit Corporate Governance	Mr. Day served as Chairman of the Board of Noble Corporation, a U.K.-based offshore drilling contractor, until May 2007, and as a consultant until May 1, 2009. He served as Chairman of the Board from 1992, as Chief Executive Officer from 1984 to October 2006, and as President of Noble Corporation from 1984 to 1999 and again from 2003 to February 2006. Mr. Day is a director of Tidewater, Inc., a publicly traded provider of marine support services for the offshore energy industry, and EOG Resources, Inc., a publicly traded oil and gas exploration and production company. He is a trustee of The Samuel Roberts Noble Foundation, Inc., and is the founder, a director and the President of The James C. and Teresa K. Day Foundation. Mr. Day formerly served as a director for Global Industries and Noble Energy Corporation. He serves, and has served, on the boards of numerous civic and business organizations and not-for-profit associations. Mr. Day has extensive senior management and operational experience in the oil and gas industry as a result of his service as Chairman, President and Chief Executive Officer of Noble Corporation where he has demonstrated a strong track record of achievement, sound judgment and risk management. During almost 30 years of Mr. Day s leadership, Noble Corporation grew from approximately $32 million in market capitalization to almost $9 billion and its employee count rose from approximately 400 to 6,000. For his achievements, Mr. Day was recognized for four consecutive years by Institutional Investor Magazine as one of the Top Performing CEOs in the energy sector. He has also been recognized for his contributions to the industry by the Offshore Energy Center, Spindletop International and the University of Oklahoma. Mr. Day is the recipient of the American Petroleum Institute s Gold Medal for distinguished achievement, the organization s highest award. He has led several key industry associations, serving as Chairman of the National Ocean Industries Association, President of the International Association of Drilling Contractors, and as a member of the board of directors of the American Petroleum Institute. Mr. Day has shown leadership and has been effective as a past chair of our Executive Compensation Committee. His directorships at other companies also provide him with extensive corporate governance experience. In light of Mr. Day s extensive industry, executive, managerial and financial experience and knowledge, our Board of Directors has concluded that Mr. Day should continue as a member of our Board.

Table of Contents

DIRECTOR NOMINEES

Age 56 Director since 2007	Ms. Edwards retired in 2007 from Southern Union Company where she served as Senior Vice President-Corporate Development from November 2006 to January 2007 and as Senior Vice President and Chief Financial Officer from July 2005 to November 2006. Prior to June 2005, she was an executive officer of Frontier Oil Corporation, having served as Chief Financial Officer from 1994 to 2005 and as Treasurer from 1991 to 1994. Prior to joining Frontier Oil Corporation in 1991, Ms. Edwards was an investment banker with Smith Barney, Harris, Upham & Co., Inc. in New York and Houston, after joining the company as an associate in 1985, when she graduated from the Wharton School of the University of Pennsylvania with an M.B.A. Prior to attending Wharton, she worked as an exploration geologist in the oil industry, having earned a B.S. in Geology and Geophysics from Yale University in 1980.
Independent Committees: Audit (Chair) Executive	Ms. Edwards previously served on our Board of Directors in 2004 and 2005. She is also a member of the Board of Directors of ONEOK Partners GP, L.L.C., the sole general partner of ONEOK Partners, L.P., and is a member of the Board of Directors of Noble Corporation, a U.K.-based offshore drilling contractor. She was a member of the Board of Directors of NATCO Group, Inc., an oil field services and equipment manufacturing company, from 2004 until its sale to Cameron International Corporation in November 2009. In addition to her experience from service on the boards of directors of several public companies, Ms. Edwards brings to our Board broad experience and understanding of various segments within the energy industry (exploration and production, refining and marketing, natural gas transmission, processing and distribution, production technology and contract drilling), and significant senior accounting, finance, capital markets, corporate development and management experience and expertise. Ms. Edwards currently serves as chair of our Audit Committee. In light of Ms. Edwards extensive industry, executive, managerial and financial experience and knowledge, our Board of Directors has concluded that Ms. Edwards should continue as a member of our Board.

Table of Contents

DIRECTOR NOMINEES

Age 72	
Director since 1981	Mr. Ford has served as President of Shawnee Milling Company since 1979. He serves, and has served, on the boards of numerous civic and business organizations and not-for-profit associations.
Independent Committees: Audit Corporate Governance	As the long-time President of Shawnee Milling Company, Mr. Ford has extensive senior management, operational and entrepreneurial experience. In this role, Mr. Ford is responsible for all aspects of Shawnee Milling Company s business, including strategic planning, operating and capital budgets, labor relations and regulatory compliance. During his tenure as President, Shawnee Milling has experienced substantial growth. Mr. Ford also serves as a trustee of the University of Oklahoma Foundation and on the Advisory Board of the University of Oklahoma Price College of Business. In addition, as a long-time member of our Board of Directors, Mr. Ford has extensive knowledge of our business and has shown leadership and has been effective in his role as past chair of our Executive Compensation Committee and our Corporate Governance Committee. In light of Mr. Ford s extensive business experience and his in-depth knowledge of our company, our Board of Directors has concluded that Mr. Ford should continue as a member or our Board.

DIRECTOR NOMINEES

Age 62 Director since 2006 Non Independent (former Chief Executive Officer)	Mr. Gibson is the non-executive Chairman of the Board of ONEOK, Inc. and ONEOK Partners GP, L.L.C., the general partner of ONEOK Partners, L.P. He served as our Chief Executive Officer from January 1, 2007, to January 31, 2014. He was appointed Chairman of the Board of ONEOK Partners GP, L.L.C. in 2007 and of ONEOK, Inc. in May 2011, and served as our President from 2010 through 2011. He also served as Chief Executive Officer of ONEOK Partners GP, L.L.C. from 2007 until January 31, 2014, and served as President from 2010 through 2011. From 2005 until May 2006, he was President of ONEOK Energy Companies, which included our natural gas gathering and processing, natural gas liquids, pipelines and storage and energy services business segments. Prior to that, he was our President, Energy, from May 2000 to 2005. Mr. Gibson joined ONEOK in May 2000 from Koch Energy, Inc., a subsidiary of Koch Industries, where he was an Executive Vice President. His career in the energy industry began in 1974 as a refinery engineer with Exxon USA. He spent 18 years with Phillips Petroleum Company in a variety of domestic and international positions in its natural gas, natural gas liquids and exploration and production businesses. He holds an engineering degree from Missouri University of Science and Technology, formerly known as the University of Missouri at Rolla. Mr. Gibson also serves as the non-executive Chairman of the Board of ONE Gas, Inc. and as a member of the Board of Directors of BOK Financial Corporation and is a member of the Board of Trustees of Missouri University of Science and Technology.
Committees: Executive (Chair)	Mr. Gibson has served in a variety of roles of continually increasing responsibility at ONEOK since 2000, ONEOK Partners GP, L.L.C. since 2004 and, prior to 2000, at Koch Energy, Inc., Exxon USA and Phillips Petroleum. In these roles, Mr. Gibson had direct responsibility for and extensive experience in strategic and financial planning, acquisitions and divestitures, operations, management supervision and development, and compliance. As the executive responsible for numerous merger and acquisition transactions over the course of his career, Mr. Gibson has significant experience in assessing acquisition opportunities and in structuring, financing and completing merger and acquisition transactions. Over the course of his lengthy career in a variety of sectors of the oil and gas industry, Mr. Gibson has gained extensive management and operational experience and has demonstrated a strong track record of leadership, strategic vision and risk management. In light of Mr. Gibson s role as the former Chief Executive Officer of our company and his extensive industry and managerial experience and knowledge, our Board of Directors has concluded that Mr. Gibson should continue as a member of our Board.

Table of Contents

DIRECTOR NOMINEES

Age 66

Director since 2012

Independent

Committees:

Executive Compensation (Chair)

Executive

Mr. Malcolm served as President of The Williams Companies, Inc. (Williams) from September 2001 until January 2011, Chief Executive Officer of Williams from January 2002 to January 2011, and Chairman of the Board of Directors of Williams from May 2002 to January 2011. Mr. Malcolm served as Chairman of the Board and Chief Executive Officer of Williams Partners GP LLC, the general partner of Williams Partners L.P., from 2005 to January 2011.

Mr. Malcolm began his career at Cities Service Company in refining, marketing, and transportation services in 1970. Mr. Malcolm joined Williams in 1984 and performed roles of increasing responsibility related to business development, gas management and supply, and gathering and processing. Mr. Malcolm was Senior Vice President and General Manager of Williams Field Services Company, a subsidiary of Williams, from 1994 to 1998. He was President and Chief Executive Officer of Williams Energy Services, LLC, a subsidiary of Williams, from 1998 to 2001. He was Executive Vice President of Williams from May 2001 to September 2001 and Chief Operating Officer of Williams from September 2001 to January 2002. Mr. Malcolm was also a director of Williams Partners GP LLC, and Williams Pipeline GP LLC, the general partner of Williams Pipeline Partners L.P.

Mr. Malcolm currently serves as a director of BOK Financial Corporation. He is also a member of the Board of Directors of ONEOK Partners GP, L.L.C. Mr. Malcolm also serves on the boards of the YMCA of Greater Tulsa, the YMCA of the USA, the Oklahoma Center for Community and Justice, the University of Tulsa Board of Trustees and the Missouri University of Science and Technology Board of Trustees. In light of Mr. Malcolm s extensive industry, financial, corporate governance, public policy and government, operating and compensation experience, and strong track record of leadership and strategic vision, the Board of Directors has concluded that Mr. Malcolm should continue as a member of our Board.

Table of Contents

DIRECTOR NOMINEES

Age 66 Director since 2007 Independent Committees: Corporate Governance (Chair) Executive	Mr. Mogg served as Chairman of the Board of DCP Midstream GP, LLC, the general partner of DCP Midstream Partners, L.P., from August 2005 to April 2007. In addition to presiding over board meetings and providing strategic oversight, he was involved in launching DCP Midstream Partners as a public company. From January 2004 to September 2006, Mr. Mogg served as Group Vice President, Chief Development Officer and advisor to the Chairman of Duke Energy Corporation, and, in that capacity, was responsible for the merger and acquisition, strategic planning and human resources activities of Duke Energy. Additionally, Duke Energy affiliates, Crescent Resources and TEPPCO Partners, LP, reported to Mr. Mogg, and he was the executive sponsor of Duke Energy s Finance and Risk Management Committee of the Board of Directors. Mr. Mogg served as President and Chief Executive Officer of DCP Midstream, LLC from December 1994 to March 2000, and as Chairman, President and Chief Executive Officer from April 2000 through December 2003. Under Mr. Mogg s leadership, DCP Midstream became the nation s largest producer of natural gas liquids and one of the largest gatherers and processors of natural gas. DCP Midstream achieved this significant growth via acquisitions, construction and optimization of assets. DCP Midstream was the general partner of TEPPCO Partners, LP and, as a result, Mr. Mogg was Vice Chairman of TEPPCO Partners from April 2000 to May 2002 and Chairman from May 2002 to February 2005. Mr. Mogg serves on the Board of Directors of Bill Barrett Corporation, where he is currently the non-executive Chairman of the Board, and Matrix Service Company. He is also a member of the Board of Directors of ONEOK Partners GP, L.L.C., the sole general partner of ONEOK Partners, L.P. Mr. Mogg has extensive senior management experience in a variety of sectors in the oil and natural gas industry as a result of his service at DCP Midstream and Duke Energy where he demonstrated a strong track record of achievement and sound judgment. As the executive responsible for numerous merger and acquisition transactions at DCP Midstream, TEPPCO Partners, and Duke Energy, he has significant experience in assessing acquisition opportunities and in structuring, financing and completing merger and acquisition transactions. In addition, Mr. Mogg s current and previous directorships at other companies, including publicly traded master limited partnerships, provide him with extensive corporate and limited partnership governance experience. As a result of his experience, Mr. Mogg is qualified to analyze the various financial and operational aspects of our company. In light of Mr. Mogg s extensive industry and executive managerial experience and knowledge, the Board of Directors has concluded that Mr. Mogg should continue as a member of our Board.

Table of Contents

DIRECTOR NOMINEES

Age 57 Director since 2002 Independent	Ms. Moore currently serves as the non-executive Chairman of the Board of Red Robin Gourmet Burgers (NASDAQ: RRGB) and is a director of ONE Gas, Inc. In addition, Ms. Moore is a business strategy consultant, speaker and the author of Confessions from the Corner Office, a book on leadership instincts, published by Wiley & Sons in 2007. She also serves on the Board of Directors of QuikTrip Corporation. Ms. Moore served on the Board of Directors of Sonic Corp. from 2000 through January 2006 and was the President of Sonic from January 2002 to November 2004. She held numerous senior management positions during her 12 years at Sonic, including Executive Vice President, Senior Vice President-Marketing and Brand Development and Vice President-Marketing.
Committees: Executive Compensation (Vice Chair) Corporate Governance	Ms. Moore has extensive senior management, marketing, business strategy, brand development and corporate governance experience as a result of her service at Red Robin and Sonic, her service on other boards and her consulting career. In her role as President of Sonic Corp., Ms. Moore was responsible for company and franchise operations, purchasing and distribution, and marketing and brand development for the 3,000 unit chain with more than $3 billion in system wide sales. As a business strategy consultant and as a board member, Ms. Moore has extensive experience in leadership, management development and strategic planning. In addition, Ms. Moore s directorships at other companies provide her with extensive corporate governance and executive compensation experience. Ms. Moore also has extensive experience as a member of the board of directors of numerous non-profit organizations, including serving as Chairman of the Board of the National Arthritis Foundation. In light of Ms. Moore s extensive executive managerial experience and her leadership skills, our Board of Directors has concluded that Ms. Moore should continue as a member of our Board.

Table of Contents

DIRECTOR NOMINEES

Age 69 Director since 1991 Independent Committees: Audit (Vice Chair) Corporate Governance	Mr. Parker, a certified public accountant, is the senior shareholder of Moffitt, Parker & Company, Inc. and has been President of the firm since 1982. He is a director of Firstar Financial Corp. and Firstar Bank, N.A. in Muskogee, Oklahoma. In addition, he currently serves as a director/trustee of several state and local civic and not-for-profit organizations. Mr. Parker has extensive public accounting practice experience and expertise in accounting, auditing, financial reporting, taxation and management consulting. Mr. Parker s operational and entrepreneurial experience, background in public accounting and his directorships at other companies provide him with comprehensive financial, audit and executive compensation experience. Mr. Parker s directorships at other companies also provide him with extensive corporate governance experience. In light of Mr. Parker s extensive accounting, finance and audit experience, our Board of Directors has concluded that Mr. Parker should continue as a member of our Board.

DIRECTOR NOMINEES

Age 59 Director since 2004 Independent Committees: Executive Compensation Corporate Governance	Mr. Rodriguez is President of Strategic Communications Consulting Group and is a director of ONE Gas, Inc. Mr. Rodriguez previously served as Executive Vice President of Hunt Building Corporation, a privately held company engaged in construction and real estate development headquartered in El Paso, Texas. He also served as a member of the Board of Directors of Hunt Building Corporation. Prior to his three years with Hunt Building Corporation, Mr. Rodriguez spent 20 years in the electric utility industry at El Paso Electric Company, a publicly traded, investor-owned utility, where he served in various senior-level executive positions, including General Counsel, Senior Vice President for Customer and Corporate Services, Executive Vice President and as Chief Operating Officer. Mr. Rodriguez is a licensed attorney in the states of Texas and New Mexico and is admitted to the United States District Court for the Western District of Texas. Mr. Rodriguez has had extensive senior management, operational, entrepreneurial and legal experience in a variety of industries as a result of his service at Strategic Communications Consulting Group, Hunt Building Corporation and El Paso Electric Company. Mr. Rodriguez has engaged in the practice of law for more than 30 years. In addition to his extensive legal experience, Mr. Rodriguez s senior management positions have included responsibility for strategic planning, corporate governance and regulatory compliance. In these positions, he has demonstrated a strong track record of achievement and sound judgment. Mr. Rodriguez has also shown leadership and has been effective in his role as a past chair of our Audit Committee. In light of Mr. Rodriguez s extensive legal and business experience and knowledge, our Board of Directors has concluded that Mr. Rodriguez should continue as a member of our Board.

DIRECTOR NOMINEES

Age 55 Director since 2014 Non Independent (Chief Executive Officer)	Mr. Spencer became our Chief Executive Officer and the Chief Executive Officer of ONEOK Partners GP, L.L.C., the sole general partner of ONEOK Partners, L.P., and a member of our Board of Directors, effective January 31, 2014. Mr. Spencer is also our President and President of ONEOK Partners GP, L.L.C. He is also a member of the Board of Directors of ONEOK Partners GP, L.L.C. Mr. Spencer joined our company in 2001 as director, project development, of natural gas gathering and processing. Later, he served as Vice President of natural gas supply and project development in the natural gas gathering and processing segment. In 2005, Mr. Spencer became Senior Vice President of our natural gas liquids business following the asset acquisition from Koch. He became President of natural gas liquids in 2006. From 2007 to 2009, he was Executive Vice President of our company, with responsibilities for ONEOK Partners, L.P. s natural gas liquids gathering and fractionation, and pipeline segments, as well as the Company s energy services segment. He served as Chief Operating Officer of ONEOK Partners GP, L.L.C. and was responsible for the partnership s three operating segments natural gas gathering and processing, natural gas liquids and natural gas pipelines. Mr. Spencer is a member of the Gas Processors Association Board of Directors and its executive and finance committee. He earned a Bachelor of Science degree in petroleum engineering in 1981 from the University of Alabama in Tuscaloosa.
Committees: Executive	Mr. Spencer has served in a variety of roles of continually increasing responsibility at ONEOK since 2001 and ONEOK Partners GP, L.L.C. since 2004. In these roles, Mr. Spencer has had direct responsibility for and extensive experience in strategic and financial planning, acquisitions and divestitures, operations, management supervision and development, and compliance. Mr. Spencer has significant experience in assessing acquisition opportunities and in structuring, financing and completing merger and acquisition transactions. In addition, during the course of his lengthy career in a variety of sectors of the oil and gas industry, Mr. Spencer has gained extensive management and operational experience and has demonstrated a strong track record of leadership, strategic vision and risk management. In light of Mr. Spencer s role as Chief Executive Officer of our company and his extensive industry and managerial experience and knowledge, our Board of Directors has concluded that Mr. Spencer should continue as a member of our Board.

Table of Contents

RATIFY THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR THE YEAR ENDING DECEMBER 31, 2015

RATIFICATION OF SELECTION OF

PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2015

The Audit Committee has the sole authority and responsibility to hire, evaluate and, where appropriate, replace the company s independent auditor and, in its capacity as a committee of our Board of Directors, is directly responsible for the appointment, compensation and general oversight of the work of the independent auditor. The Audit Committee is responsible for approving the audit and permissible non-audit services provided by the independent auditor and the associated fees.

The Audit Committee evaluates the performance of our independent auditor, including the senior audit engagement team, each year and determines whether to reengage the current independent auditor or consider other audit firms. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors capabilities and the auditors technical expertise and knowledge of our operations and industry. In connection with the mandated rotation of the independent auditor s lead engagement partner, the Audit Committee and its chairperson are directly involved in the selection of the new lead engagement partner.

Based on this evaluation, the Audit Committee has appointed PricewaterhouseCoopers LLP to serve as our independent auditor for the fiscal year ending December 31, 2015. PricewaterhouseCoopers LLP has served as our independent auditor for eight years and is considered by management to be well qualified. Further, the Audit Committee and the Board of Directors believe that the continued retention of PricewaterhouseCoopers LLP to serve as our independent auditor is in the best interests of the company and its shareholders.

Our Board of Directors has ratified the selection by our Audit Committee of PricewaterhouseCoopers LLP to serve as our independent (consistent with Securities and Exchange

Commission and NYSE policies regarding independence) registered public accounting firm for 2015. As a matter of good corporate governance, the Audit Committee submits its selection of our independent auditor to our shareholders for ratification. If the shareholders should not ratify the appointment of PricewaterhouseCoopers LLP, the Audit Committee will reconsider the appointment.

In carrying out its duties in connection with the 2014 audit, PricewaterhouseCoopers LLP had unrestricted access to our Audit Committee to discuss audit findings and other financial matters. Representatives of PricewaterhouseCoopers LLP will be present at the annual meeting to answer questions. They also will have the opportunity to make a statement if they desire to do so.

Approval of this proposal to ratify the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the voting power of the shareholders present in person or by proxy and entitled to vote on this proposal at the meeting. Abstentions will have the effect of a vote against the proposal.

Your Board unanimously recommends a vote FOR the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2015.

AUDIT AND NON-AUDIT FEES

Audit services provided by PricewaterhouseCoopers LLP during the 2014 and 2013 fiscal years included an integrated audit of our consolidated financial statements and internal control over financial reporting, review of our unaudited quarterly financial statements, consents and review of documents filed with the Securities and Exchange Commission, and performance of certain agreed-upon procedures.

The following table presents fees billed for services rendered by PricewaterhouseCoopers LLP for the years ended December 31, 2014 and 2013.

	2014	2013
	Thousands of Dollars	
Audit fees[1][2]	$ 910	$ 2,659
Audit related fees	$ _	$ _
Tax fees	$ _	$ _
All other fees	$ 5	$ 5
Total	$ 915	$ 2,664

(1) 2014 and 2013 audit fees include approximately $200,000 and $1.5 million, respectively, related to audit services provided for the audit of the annual financial statements and reviews of unaudited quarterly financial information included in, and consents related to, the Registration Statement on Form 10 filed with the Securities and Exchange Commission by ONE Gas, Inc. in connection with the separation transaction.

(2) PricewaterhouseCoopers is also the independent auditor for ONEOK Partners. The fees reflected in the table do not include fees billed by PricewaterhouseCoopers to ONEOK Partners for services rendered during the years presented.

AUDIT COMMITTEE POLICY ON SERVICES PROVIDED BY THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Consistent with Securities and Exchange Commission and NYSE policies regarding auditor independence, the Audit Committee has the responsibility for appointing, setting compensation and overseeing the work of our independent auditor. In furtherance of this responsibility, the Audit Committee has established a policy with respect to the pre-approval of audit and permissible non-audit services provided by our independent auditor.

Prior to engagement of PricewaterhouseCoopers LLP as our independent auditor for the 2015 audit, a plan was submitted to and approved by the Audit Committee setting forth the audit services expected to be rendered during 2015, which are comprised of work performed in the audit of our financial statements and to attest and report on our internal controls over financial reporting, as well as work that only the independent auditor can reasonably be expected to provide, including quarterly review of our unaudited financial statements, comfort letters, statutory audits, attest services, consents and assistance with the review of documents filed with the Securities and Exchange Commission.

The Audit Committee has adopted a policy that provides that fees for audit, audit related and tax services that are not included in the independent auditor s annual services plan, and for services for which fees are not determinable on an annual basis, are pre-approved if the fees for such services will not

exceed $75,000. In addition, the policy provides that the Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

2015 REPORT OF THE AUDIT COMMITTEE

The purpose of the Audit Committee is to assist the Board of Directors with the oversight of the integrity of the company s financial statements and internal control over financial reporting, the company s compliance with legal and regulatory requirements, the independence, qualifications and performance of the company s independent registered public accounting firm and the performance of the company s internal audit function. The Audit Committee s function is more fully described in its charter, which the Board reviews and approves on an annual basis. The charter is on and may be printed from the company s website at *www.oneok.com* and is also available from the company s corporate secretary upon request. The Board of Directors annually reviews the definition of independence for audit committee members contained in the listing standards for the NYSE and applicable rules of the Securities and Exchange Commission, as well as our director independence guidelines, and has determined that each member of the Audit Committee is independent under those standards.

Management is responsible for the preparation, presentation and integrity of the company s financial statements, accounting and financial reporting principles, internal controls and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. The company s independent registered public accounting firm, PricewaterhouseCoopers LLP, is responsible for performing an independent audit of the company s consolidated financial statements and the company s internal control over financial reporting and expressing an opinion on the conformity of those financial statements with generally accepted accounting principles and on the effectiveness of the company s internal control over financial reporting.

In this context, the Audit Committee has met and held discussions with management and the company s independent registered public accounting firm, PricewaterhouseCoopers LLP, regarding the fair and complete presentation of the company s financial results and management s report on its assessment of the company s internal control over financial reporting. The Audit Committee has discussed the significant accounting policies applied by the company in its financial statements, as well as alternative treatments. Management has represented to the Audit Committee that the company s consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the independent auditor.

The Audit Committee has also reviewed and discussed with both management and the independent registered public accounting firm management s assessment of the company s internal control over financial reporting. In addition, the Audit Committee has discussed the independent auditor s report on the company s internal control over financial reporting. The Audit Committee has also discussed with the company s independent auditor the matters required to be discussed by Public Company Accounting Oversight Board (United States) Auditing Standard No. 16, Communications with Audit Committees, and Rule 2-07 of the Securities and Exchange Commission s Regulation S-X (Communication with Audit Committees).

In addition, the Audit Committee has discussed with the independent registered public accounting firm the firm s independence from the company and its management, including the matters in the written disclosures and the letter received from PricewaterhouseCoopers LLP as required by the applicable requirements of the Public Company Accounting Oversight Board (United States) regarding the independent accountant s communications with the Audit Committee concerning independence. While no non-audit services were provided by PricewaterhouseCoopers LLP in 2013 or 2014, the Audit Committee will also consider in the future whether the provision of non-audit services to the company by PricewaterhouseCoopers LLP is compatible with maintaining that firm s independence. The Audit Committee has concluded that the independent registered public accounting firm is independent from the company and its management.

The Audit Committee discussed with the company s internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with both the internal and independent auditors, with and without management present, to discuss the results of their examinations, the assessments of the company s internal control over financial reporting and the overall quality of the company s financial reporting. Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the audited financial statements of the company as of and for the year ended December 31, 2014, in the company s Annual Report on Form 10-K for the year ended December 31, 2014, for filing with the Securities and Exchange Commission.

Respectfully submitted by the members of the Audit Committee of the Board of Directors:

Julie H. Edwards, *Chair*

Gary D. Parker, *Vice Chair*

James C. Day

William L. Ford

Table of Contents

HOLDINGS OF MAJOR SHAREHOLDERS

The following table sets forth the beneficial owners of 5 percent or more of our common stock known to us at December 31, 2014.

Title of Class	Name and Address of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
Common Stock	The Vanguard Group, Inc. 100 Vanguard Blvd. Malvern, PA 19355	18,678,797[(1)]	8.97%[(1)]
Common Stock	BlackRock, Inc. 55 East 52nd Street New York, NY 10022	14,057,446[(2)]	6.8%[(2)]

(1) Based upon an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 11, 2015, in which The Vanguard Group, Inc. reported that, as of December 31, 2014, The Vanguard Group, Inc. directly and through its wholly-owned subsidiaries, Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd., beneficially owned in the aggregate 18,678,797 shares of our common stock. Of such shares, The Vanguard Group, Inc. reported it had sole dispositive power with respect to 18,340,551 shares, shared dispositive power with respect to 338,246 shares, and sole voting power with respect to 376,253 shares.

(2) Based upon an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 9, 2015, in which BlackRock, Inc. reported that, as of December 31, 2014, BlackRock, Inc. through certain of its subsidiaries, beneficially owned in the aggregate 14,057,446 shares of our common stock with respect to which BlackRock, Inc. had sole voting power with respect to 12,247,129 shares, and sole dispositive power with respect to 14,057,446 shares.

HOLDINGS OF OFFICERS AND DIRECTORS

The following table sets forth the number of shares of our common stock and the number of common units of our affiliate, ONEOK Partners, beneficially owned as of February 1, 2015, by (1) each director and nominee for director, (2) each of

the executive officers named in the Summary Compensation Table for Fiscal 2014 under the caption Executive Compensation Discussion and Analysis in this proxy statement, and (3) all directors and executive officers as a group.

Name of Beneficial Owner	Shares of ONEOK Common Stock Beneficially Owned[(1)]	ONEOK Directors Deferred Compensation Plan Phantom Stock[(2)]	Total Shares of ONEOK Common Stock Beneficially Owned Plus ONEOK Directors Deferred Compensation Plan Phantom Stock	ONEOK Percent of Class[(3)]	Common Units of ONEOK Partners, Beneficially Owned[(4)]	ONEOK Partners, Percent of Class[(5)]
Wesley J. Christensen [(6)]	19,390		19,390	*		*
James C. Day [(7)]	32,600	38,550	71,150	*		**
Julie H. Edwards	37,499	1,447	38,946	*		**
William L. Ford [(8)]	52,289	159,466	211,755	*		**
John W. Gibson [(9)]	930,222	2,733	932,955	*	70,000	**
Stephen W. Lake	19,140		19,140	*		*
Bert H. Mackie [(10)]	38,476	97,931	136,407	*		**
Steven J. Malcolm	10,213		10,213	*		**
Robert F. Martinovich [(11)]	185,784		185,784	*	288	**
Jim W. Mogg		43,829	43,829	*	2,000	**
Pattye L. Moore	2,000	85,068	87,068	*	1,400	**
Gary D. Parker [(12)]	38,332	67,176	105,508	*		**
Derek S. Reiners	35,175		35,175	*		**
Eduardo A. Rodriguez	18,223	2,512	20,735	*		**
Terry K. Spencer	273,401		273,401	*		**
All directors and executive officers as a group	1,720,868	498,712	2,219,580	*	76,088	**

*Less than 1 percent.

(1) Includes shares of common stock held by members of the family of the director or executive officer for which the director or executive officer has sole or shared voting or investment power, shares of common stock held in our Direct Stock Purchase and Dividend Reinvestment Plan, shares held through our 401(k) Plan, shares held through our Profit Sharing Plan, and shares issuable pursuant to our 2012 grants of restricted stock units and performance units upon vesting on February 15, 2015.

The following table sets forth for the persons indicated the number of shares of our common stock that are held on the person s behalf by the trustee of our 401(k) Plan and our Profit Sharing Plan as of February 1, 2015, and the shares issuable upon vesting of the 2012 grants of restricted stock units and performance units.

Executive Officer/Director	RSU Equity Grants Vesting within 60 Days	PSU Equity Grants Vesting within 60 Days	Stock Held by 401(k) Plan	Stock Held by Profit Sharing Plan
Wesley J. Christensen	1,856	7,424		
James C. Day				
Julie H. Edwards				
William L. Ford				
John W. Gibson		45,632		
Stephen W. Lake	3,480	13,920		
Bert H. Mackie				
Steven J. Malcolm				
Robert F. Martinovich	8,120	32,480	10,333	
Jim W. Mogg				
Pattye L. Moore				
Gary D. Parker				
Derek S. Reiners	1,856	7,424	1,253	426
Eduardo A. Rodriguez				
Terry K. Spencer	9,280	37,120	18,475	
All directors and executive officers as a group	25,520	146,784	34,119	426

(2) Represents shares of phantom stock credited to a director s account under our Deferred Compensation Plan for Non-Employee Directors. Each share of phantom stock is equal to one share of our common stock. Phantom stock has no voting or other shareholder rights, except that dividend equivalents are paid on phantom stock and reinvested in additional shares of phantom stock based on the average of the high and low trading prices of our common stock on the NYSE on the date the dividend equivalent was paid. Shares of phantom stock do not give the holder beneficial ownership of any shares of our common stock because they do not give such holder the power to vote or dispose of any shares of our common stock.

(3) The percent of our voting securities owned is based on our outstanding shares of common stock on February 1, 2015. Shares of our common stock issuable upon vesting of outstanding equity awards within 60 days of February 1, 2015, are deemed to be outstanding and to be beneficially owned by the director or executive officer holding such equity awards for the purpose of computing the percentage ownership of that person but are not treated as outstanding for the purpose of computing the percentage ownership of any other person.

(4) Includes common units held by members of the family of the director or executive officer for which the director or executive officer has sole or shared voting or investment power. Does not include approximately 19.8 million common units or approximately 73 million Class B units (which represent 100 percent of the outstanding Class B units) of ONEOK Partners, held by ONEOK and its subsidiaries, which, when combined with the 2 percent general partner interest held by a subsidiary of ONEOK, represent an approximate 37.8 percent interest in ONEOK Partners at February 1, 2015, with respect to which each officer and director disclaims beneficial ownership.

(5) The percent of ONEOK Partners voting securities owned is based on the outstanding common units on February 1, 2015.

(6) Excludes 4,755 shares, the receipt of which was deferred by Mr. Christensen upon vesting in January 2009; 4,229 shares, the receipt of which was deferred upon vesting in January 2010; and 4,443 shares, the receipt of which was deferred upon vesting in January 2011, in each case under the deferral provisions of our Equity Compensation Plan (ECP), which shares will be issued to Mr. Christensen upon his separation of service from our company.

(7) Includes 32,600 shares held by The James and Teresa Day Family Trust 1998.

(8) Includes 3,932 shares held by The William L. Ford Revocable Trust.

(9) Excludes 295,544 shares, the receipt of which was deferred by Mr. Gibson upon vesting in January 2012 under the deferral provisions of our Equity Compensation Plan (ECP), which shares will be issued to Mr. Gibson on July 17, 2015.

(10) Includes 4,000 shares held in accounts of third parties over which Mr. Mackie has shared investment power. Mr. Mackie disclaims beneficial ownership of these shares.

(11) Excludes 11,418 shares, the receipt of which was deferred by Mr. Martinovich upon vesting in January 2011, under the deferral provisions of our ECP, which shares will be issued to Mr. Martinovich upon his separation of service from our company.

(12) Includes 1,880 shares held by Mrs. Gary D. Parker. Mr. Parker disclaims beneficial ownership of these shares.

SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934, as amended (the Exchange Act), requires our directors, executive officers and beneficial owners of 10 percent or more of our common stock to file with the Securities and Exchange Commission and the NYSE initial reports of ownership and reports of changes in ownership of our common stock. Based

solely on a review of the copies of reports furnished to us and representations that no other reports were required, we believe that all of our directors, executive officers, and holders of 10 percent or more of our outstanding shares during the fiscal year ended December 31, 2014, complied on a timely basis with all applicable filing requirements under Section 16(a) of the Exchange Act.

Table of Contents

DISCUSSION AND ANALYSIS

EXECUTIVE SUMMARY

Our Business

We are the sole general partner and, as of December 31, 2014, owned 37.8 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 is a leader in the gathering, processing, storage and transportation of natural gas in the United States and applies its core capabilities of gathering, processing, fractionating, transporting, storing and marketing natural gas and natural gas liquids through the re-bundling of services across the energy value chains, primarily through vertical integration, to provide its customers with premium services at lower costs. ONEOK Partners owns one of the nation s premier natural gas liquids systems, connecting natural gas liquids supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers.

Business Highlights

While 2014 marked another year of uncertainty and challenges in the U.S. economy, especially in the financial and energy markets, our performance in 2014 was solid and continued to reflect our attention to prudent capital deployment and effective execution of our business strategies. Consequently, in 2014, as in 2013, we were able to deliver strong results for our shareholders in a challenging economic environment.

In January 2014, we completed the separation of our natural gas distribution business into a stand-alone, publicly traded company known as ONE Gas, Inc. In addition, during the first quarter of 2014, we completed our exit from the operations of our energy services business segment through a wind down process. In connection with the separation transaction, John W. Gibson retired as our Chief Executive Officer and Terry K. Spencer was named our President and Chief Executive Officer and became a member of our Board of Directors effective January 31, 2014. Mr. Gibson continues to serve as the non-executive Chairman of the Board. We also revised our executive compensation peer group to reflect our new status as a pure play general partner of ONEOK Partners.

The successful completion of the ONE Gas, Inc. separation transaction demonstrated our commitment to create long-term, sustainable shareholder value. The separation transaction created a new ONEOK that, as a pure-play general partner of ONEOK Partners, is now focused on providing management and resources to ONEOK Partners and creating value for our shareholders through its ownership in the partnership. We now have a more tailored growth strategy, more efficient return of capital to shareholders, improved investor transparency and better shareholder alignment.

The impact of operating solely as the general partner of ONEOK Partners was immediate, as we increased our quarterly cash dividend by 16 cents per share, or 40 percent, to 56 cents per share in April 2014 our first dividend increase as a pure-play general partner of ONEOK Partners.

ONEOK Partners increased its cash distributions by 6 percent in 2014, and we received, through our limited and general partner interests in ONEOK Partners, distributions of $605 million in 2014, an increase of 13 percent compared with 2013. As a result, we were able to deliver significant value to our shareholders in the form of a 44 percent increase in our 2014 dividends compared with 2013.

ONEOK Partners businesses generated significant growth in 2014 as operating income increased more than 19 percent in each business segment compared with 2013. ONEOK Partners has benefited from the completion of $3.2 billion of capital-growth projects and acquisitions in 2014 and the completion of approximately $8 billion in capital-growth projects and acquisitions since 2006. These capital investments have resulted in a 36,000-mile integrated natural gas and natural gas liquids pipeline network with a significant platform of fee-based business model as well as associated volume growth in the natural gas gathering and processing business, higher margin natural gas liquids volumes from new natural gas processing plant connections in the natural gas liquids business, and increased natural gas volumes transported and stored in the natural gas pipelines business.

Financial Performance

In connection with the completion of the separation of our former natural gas distribution business into a stand-alone

publicly traded company called ONE Gas, Inc. and the wind down of our energy services business, we reported such businesses as discontinued operations and references to income from continuing operations reflects the continuing operations of ONEOK Partners and ONEOK as its general partner. All references to income as used in this Financial Performance section refer to income from continuing operations.

Our 2014 operating income was approximately $1.14 billion, compared with approximately $880.6 million in 2013, due primarily to higher volumes across ONEOK Partners systems. 2014 income from continuing operations attributable to us was approximately $319.7 million, or $1.52 per diluted share, which includes non-cash impairment charges of approximately $76.4 million, or $0.09 per diluted share. 2013 income from continuing operations attributable to us was approximately $278.7 million, or $1.33 per diluted share.

Dividends

During 2014, we paid cash dividends of $2.125 per share, an increase of approximately 43.6 percent from the $1.48 per share paid during 2013. We paid total aggregate cash dividends to our shareholders of $443.8 million in 2014, an approximate 45.7 percent increase, compared with $304.7 million paid in 2013. In January 2015, we declared a

dividend of $0.605 per share ($2.42 per share on an annualized basis), an increase of 3 percent from the previous quarter and approximately 51.3 percent from the $0.40 per share dividend declared in January 2014.

Stock Price

The market price of our common stock was $49.79 per share at December 31, 2014, a decrease of approximately 19.9 percent over the past year. The market price of our common stock was $68.49 per share on January 31, 2014. On February 3, 2014, the first day ONEOK traded as a pure play general partner of ONEOK Partners following completion of the ONE Gas, Inc. separation transaction, the market price of our common stock was $57.92 per share, an approximate 15 percent decrease compared with January 31, 2014. This decrease was primarily related to ONE Gas, Inc. s market value no longer being reflected in our stock price.

Shareholder Return

Our one-, three-, five- and 10-year total shareholder returns as of December 31, 2014 (total shareholder return includes share price appreciation/depreciation, dividend reinvestments, stock splits and the impact of the separation of our natural gas distribution business to ONE Gas, Inc. during the periods presented), compared with the referenced indices, are as follows:

	ONEOK	ONEOK, Inc. Peer Group[1]	S&P 500 Index
One-year	-5%	8%	14%
Three-year	44%	56%	74%
Five-year	200%	132%	105%
10-year	469%	331%	109%

(1) The ONEOK peer group used in this table is the same peer group that will be used in determining our level of performance under our 2014 performance units at the end of the three-year performance period and 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 Resources Partners LP; and The Williams Companies, Inc.

2014 Executive Compensation Highlights

Due to a disciplined effort to achieve our strategic, operating and financial goals, management has strengthened the company s position in the current uncertain and volatile industry climate and enabled us to continue to focus on future

growth. We attribute a meaningful portion of this success to our incentive compensation program that is designed to pay for performance and to closely align our executives interests with those of our shareholders.

Our named executive officers for 2014 were John W. Gibson, Terry K. Spencer, Derek S. Reiners, Robert F. Martinovich, Stephen W. Lake and Wesley J. Christensen (referred to throughout as our named executive officers). The Committee s primary actions regarding 2014 compensation of our named executive officers included:

Revising the composition of our executive compensation peer group to reflect our continuation as the sole general partner of ONEOK Partners following the completion in the first quarter of 2014 of the separation of our former natural gas distribution business into a stand-alone publicly traded company called ONE Gas, Inc. and the wind down of our former energy services business.

Increasing the base salary of Terry K. Spencer in connection with his new role as Chief Executive Officer; increasing the base salary of Derek S. Reiners to reflect his added experience as our Chief Financial Officer; and increasing the base salary of Wesley J. Christensen to reflect his added experience and additional responsibilities in his position. In addition, the short-term incentive targets for Messrs. Spencer, Reiners, Christensen and Stephen W. Lake were increased and the long-term incentive targets for each named executive officer, except Robert F. Martinovich, were increased, in each case to further align their respective compensation to competitive market data for their respective positions.

Setting the metrics under our short-term cash incentive plan for 2014 to reflect our continuation as the sole general partner of ONEOK Partners following the ONE Gas, Inc. separation and the wind down of our former energy services business. 2014 short-term incentive metrics included two financial metrics ONEOK Partners distributable cash flow per limited partner unit (new for 2014) and ONEOK Partners return on invested capital and two operational metrics a total recordable incident rate and an agency reportable environmental event rate (new for 2014).

Ratifying the company s level of achievement with respect to the 2014 goals resulting in a corporate performance payout factor of 66.8 percent for our named executive officers with respect to 2014 performance.

Adjusting the number of outstanding 2012 and 2013 restricted stock units and performance units by issuing additional restricted stock units and performance units with
the same vesting period and other terms and conditions to employees remaining at ONEOK for the purpose of preserving the intrinsic value of the 2012 and 2013 grants immediately prior to the separation of ONE Gas, Inc.

Approving long-term equity incentive grants to our named executive officers consisting of approximately 80 percent of the value in performance units and 20 percent of the value in restricted stock units.

Ratifying, based on our total shareholder return performance relative to our peers, a 200 percent payout to our named executive officers with respect to performance units granted in 2011 that vested in January, 2014. This level of payout was achieved due to our relative total shareholder return being above the 90th percentile of the total shareholder return of the specified peer group of energy companies.

Specific Compensation Program Features

Our compensation philosophy and related governance features are complemented by several specific elements that are designed to align our executive compensation with long-term shareholder interests.

The components of our executive compensation program have remained substantially the same for several years. We believe our program is designed effectively, well aligned with the interests of our shareholders and instrumental to achieving our business goals.

The main objectives of our compensation program are to pay for performance, to align our executive officers interests with those of our shareholders and to attract and retain qualified executives.

All compensation decisions regarding our named executive officers are made by the Committee and are then submitted to the full Board of Directors for ratification.

We provide the following primary elements of compensation for our named executive officers: base salary, annual short-term cash incentive awards and long-term equity incentive awards.

The Committee references the median level of the market when determining all elements of compensation with the possibility of above-market short-term incentive and long-term incentive payments for executive and company performance that exceeds our expectations.

We implement our pay-for-performance philosophy with a short-term incentive program providing for cash payments based on achievement of financial and operational goals established annually by the Committee and long-term performance-based equity incentive awards providing for vesting levels based on our total shareholder return over the vesting period compared with a specified peer group of energy companies.

We encourage alignment of our named executive officers interests with those of our shareholders through the award of long-term incentive equity grants, of which 80 percent are performance-vesting stock units and 20 percent are time-vesting restricted stock units.

Our executive officers, including the named executive officers, receive no significant perquisites or other personal benefits.

We have market competitive stock ownership guidelines for our executive officers, including the named executive officers and members of our Board of Directors. As of December 31, 2014, each of the named executive officers and members of our Board of Directors satisfied his or her individual stock ownership requirements under the guidelines.

We have adopted clawback provisions permitting the Committee to use appropriate discretion to seek recoupment of grants of performance units (including any shares earned and the proceeds from any sale of such shares) and short-term cash incentive awards paid to employees in the event of any fraud, negligence or intentional misconduct by such employees that is determined to be a contributing factor to our having to restate all or a portion of our financial statements. We intend to adopt a general clawback policy covering our annual and long-term incentive award plans and arrangements once the Securities and Exchange Commission adopts final clawback rules pursuant to The Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010.

Our Board has adopted a policy prohibiting officers, members of our Board of Directors and certain employees designated as insiders under our Securities/Insider Trading Policy from engaging in short sales, derivative or speculative transactions in our securities, or purchasing or using, directly or indirectly through family members or other persons or
entities, financial instruments (including puts or calls, prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of our securities.

Our Board has adopted a policy prohibiting officers and directors from holding our securities in a margin account or pledging our securities as collateral for a loan. An exception to this prohibition may be granted by the Chief Executive Officer where an officer or director wishes to pledge shares of our stock as collateral for a loan (but not including a margin account), the officer or director clearly demonstrates the financial capacity to repay the loan without resort to the pledged securities, and the terms of the loan prohibit the sale of any of our stock held as collateral when the officer or director is not permitted to trade in our stock. We are not aware of any officer or member of our Board of Directors who has pledged any of his or her shares of our common stock.

The Committee engages an independent executive compensation consultant that is independent under the Securities and Exchange Commission rules and NYSE listing standards to provide advice and expertise on the design and implementation of our executive and director compensation programs.

The Committee will continue to monitor executive compensation trends and developments to ensure that we provide the appropriate types and levels of incentives in order to remain competitively positioned to attract and retain the executive talent necessary to achieve our strategic, financial and operational goals.

Specific Corporate Governance Features

We seek to maintain good governance standards, including standards applicable to the oversight of our executive compensation policies and practices. The following policies and practices were in effect during 2014.

The Committee is composed solely of independent directors.

The Committee s independent executive compensation consultant, Meridian Compensation Partners, is retained directly by the Committee and performs no other services for the company.

Table of Contents

The Committee regularly meets in executive session with and without the representatives of the Committee s independent executive compensation consultant.

The Committee conducts an annual review and approval of our compensation program to ensure that the risks arising from the program are not reasonably likely to have a material adverse effect on our company.

EXECUTIVE COMPENSATION PHILOSOPHY

Our executive compensation philosophy is based on the following core elements: paying for performance and providing a competitive compensation package to attract and retain qualified executives while ensuring our compensation program does not provide incentives for excessive risk taking.

Pay-for-Performance

We structure our compensation program to align the interests of our employees, including our named executive officers, with the interests of our shareholders. We believe an employee s compensation should be tied directly to the achievement of our strategic, financial and operating goals, all of which are designed to deliver value to our shareholders. Therefore, a significant part of each executive s pay is at risk, in the form of an annual short-term cash incentive award and long-term, equity-based incentive awards. The amount of the annual short-term incentive award paid depends on our company s performance against financial and operating objectives, as well as the executive meeting key leadership and development standards. The portion of our executives compensation in the form of equity awards ties their compensation directly to creating shareholder value over the long-term. We believe this combination of annual short-term incentive awards and long-term equity awards aligns the incentives of our senior executives with our shareholders.

Competitive Pay

We believe a competitive compensation program is an important tool to help us attract and retain talented executives capable of leading our company in the competitive business environment in which we operate. We seek to establish total compensation opportunities for our named executive officers that compare near the median of compensation opportunities awarded at our peer companies. Eventual earned compensation from these opportunities can vary based on the company and individual performance. In certain circumstances,

we may target pay above or below the competitive median. For example, to recognize an individual s unique qualifications or performance, we may choose to set their expected pay level above the median. However, if the executive is new to the role, we may set his or her expected pay below the median level.

Our compensation program is designed with the following principles in mind:

pay our employees equitably and fairly relative to one another and industry peers based on their responsibilities, the capabilities and experience they possess, the performance they demonstrate and market conditions;

motivate our executives to perform with the highest integrity for the benefit of our shareholders;

- conduct our business and manage our assets in a safe and environmentally responsible manner;
- promote a non-discriminatory work environment that enables us to benefit from the diversity of thought that comes with a diverse workforce; and
- continue our focus on sound governance practices by implementing executive compensation best practices and policies.

Risk Assessment

The Committee believes our compensation program does not provide incentives for excessive risk-taking, and therefore does not produce risks that are reasonably likely to have a material adverse effect on the company for the following reasons:

- our compensation program is the same for all officers and employees across all of our business units;
- our base salary component of compensation is market based and does not encourage risk-taking because it is a fixed amount; and
- our current short- and long-term incentive plan awards have the following risk-limiting characteristics:
  - awards to each executive officer are subject to fixed maximums established by the Committee;
  - awards are made based on the review and approval by the Committee of a variety of indicators of performance,

thus diversifying the risk associated with any single indicator of performance;

- short- and long-term incentive awards are not tied to formulas that could focus executives on specific short-term outcomes;
- the Committee approves the final short- and long-term incentive plan award payouts after the review and confirmation of individual executive, operating and financial performance;
- short-term cash and long-term performance-unit incentive awards are subject to clawback provisions;
- for executive officers, a significant portion of incentive award value is delivered in the form of our common stock that vests over multiple years, which aligns the interests of executive officers to long-term shareholder interests; and
- executive officers are subject to share-ownership guidelines.

COMPENSATION METHODOLOGY

The Executive Compensation Committee

The Committee has the responsibility for reviewing, approving and recommending our executive compensation program to the full Board for ratification. The Committee is composed entirely of individuals who qualify as independent directors under the listing standards of the NYSE. The role of the Committee is to oversee our compensation and benefit plans and policies, direct the administration of these plans and review and approve annually all compensation decisions relating to our executive officers, including compensation decisions for our named executive officers.

The Committee s practice is to review our executive officer compensation program and make specific decisions in February of each year, including review and approval of base salaries; review and approval of the achievement of short-term cash incentive goals for the prior year; review and approval of short-term cash incentive program targets for the upcoming fiscal year; review and approval of the level of vesting of long-term incentive grants which vest during the year; and review and approval of new long-term incentive grants. This review coincides with our Board of Directors review of our financial and operating results for the most recently completed year and

allows the Committee to consider those results, as well as our financial and operating plan for the upcoming year, as it makes compensation decisions. The Committee submits its decisions regarding compensation of our Chief Executive Officer, our other executive officers and our non-management directors to the Board for ratification.

The Committee recognizes the importance of maintaining sound basic principles for the development and administration of our compensation and benefit programs. The Committee has adopted practices to enhance the Committee s ability to carry out effectively its responsibilities, as well as to ensure we maintain strong links between executive pay and performance. Examples of practices the Committee has adopted include:

holding executive sessions without company management present at every in-person meeting of the Committee;

reviewing compensation tally sheets for the named executive officers on an annual basis;

engaging an independent executive compensation consultant to advise the Committee on executive compensation issues;

meeting with the independent executive compensation consultant in executive session without management present at each regularly scheduled in-person meeting of the Committee to discuss our compensation program and actions on a confidential basis;

evaluating the performance of the Committee each year; and

assessing the performance of the Committee s independent executive compensation consultant each year.

Following our 2014 annual meeting of shareholders, the Committee took into account the affirmative vote by 97.2 percent of our shareholders who voted on our executive compensation at our 2014 annual meeting of shareholders and determined to continue to apply the same principles the Committee has used historically in determining the nature and amount of executive compensation.

The Role of Executive Management in the Executive Compensation Process

Each year, our executive management presents our annual strategic and financial plan to our Board of Directors for

approval. The presentation includes a review of the expected financial and operating performance of each of ONEOK Partners business segments, the expected financial performance of the company and ONEOK Partners on a consolidated basis, the capital expenditure plan, as well as a consolidated five-year strategic and financial outlook. The criteria and targets for our annual short-term cash incentive awards are recommended by executive management to the Committee based on the Board-approved strategic and financial plan, as well as management s judgment regarding the challenges facing our business segments, economic trends related to these businesses and the overall economy. Upon the completion of each fiscal year, and once financial and operating results are final, executive management reviews our actual performance relative to the criteria and targets established for the performance year to determine the short-term cash incentive awards to be presented to the Committee for each executive.

In making individual compensation decisions, the Committee reviews the recommendations from the Chief Executive Officer with respect to all named executive officers other than himself. The Committee reviews and discusses these recommendations in executive session and reaches its own decision with respect to the compensation of the named executive officers, including the Chief Executive Officer. In turn, the Committee presents its compensation decisions with respect to the Chief Executive Officer and the other named executive officers to our full Board of Directors for ratification.

The executive compensation group in our corporate human resources department supports both the Committee and senior management in establishing management s recommendations regarding annual performance metrics and targets and providing periodic analyses and research regarding our executive compensation program.

The Role of the Independent Executive Compensation Consultant

The Committee has the authority under its charter to engage the services of outside advisors, experts and others to assist the Committee in the performance of its duties. During 2014, the Committee engaged Meridian Compensation Partners to serve as the Committee s independent executive compensation consultant on matters related to executive and director compensation. The independent executive

compensation consultant reports directly to the Committee and provides no other services to us.

The Committee annually reviews and establishes the scope of the engagement of the Committee s executive compensation consultant, which is reflected in an annual engagement letter between the consultant and the Committee. During 2014, the scope of the assignment and the material instructions regarding the services of the executive compensation consultant were:

- provide advice to the Committee with respect to executive compensation matters in light of the company s business strategy, pay philosophy, prevailing market practices, shareholder interests and relevant regulatory mandates;

- provide advice on our executive pay philosophy;

- provide advice on the composition of our compensation peer group for competitive compensation analysis;

provide comprehensive competitive market studies to assist the Committee in its consideration of base salary, annual cash incentive opportunity, long-term incentive awards, benefits, incidental perquisites and severance arrangements for our Chief Executive Officer and senior management;

provide incentive plan design advice for both annual and various long-term incentive vehicles and other compensation and benefit programs that meet company objectives;

apprise the Committee regarding emerging best practices and changes in the regulatory and corporate governance environment;

provide advice and competitive market data on director compensation;

attend periodic meetings with our Vice President Human Resources, and our Vice President, Associate General Counsel and Secretary as required from time to time to discuss executive compensation issues and prepare for Committee meetings;

assist with preparation of the Executive Compensation Discussion and Analysis to be included in our annual proxy statement;

assist with the Committee s annual review of compensation tally sheets for our Chief Executive Officer and the other named executive officers; and

periodically review the Committee s charter.
In addition, the engagement letter requests the consultant be available to assist the Committee with respect to other executive compensation matters that may arise throughout the year.

The executive compensation consultant attended each regularly scheduled in-person meeting of the Committee in 2014. During a portion of each regular, in-person meeting, the executive compensation consultant met with the Committee in executive session without members of management present. The executive compensation consultant also communicates with members of the Committee outside of the Committee s meetings as desired by the Committee members. The executive compensation consultant reviews briefing materials, including those with respect to individual compensation matters prepared by management for the Committee, reviews recommendations and proposals being submitted to the Committee and provides perspective, advice and recommendations to the Committee regarding the recommendations of management. The executive compensation consultant also gathers and provides competitive market data and other background information for consideration by the Committee.

Our Vice President Human Resources and our Vice President, Associate General Counsel and Secretary worked with the executive compensation consultant from time to time during the year as necessary to support the work of the executive compensation consultant on behalf of the Committee.

It is the Committee s view that its executive compensation consultant should be able to render candid and direct advice independent of management s influence and numerous steps have been taken to satisfy this objective. The executive compensation consultant is engaged by and reports directly to the Committee on matters related to compensation. As noted above, representatives of the executive compensation consultant meet separately with the Committee members outside the presence of management at each regular, in-person meeting and also speak separately with the Committee chair and vice-chair and other Committee members between meetings, as necessary or desired. The executive

compensation consultant interacts from time to time directly with our Vice President Human Resources and our Vice President, Associate General Counsel and Secretary in compensation-related activities such as compensation data collection, analysis and interpretation and application of new regulatory requirements. The interactions of the executive compensation consultant with management are limited to those that are on the Committee s behalf or related to proposals that will be presented to the Committee for review and approval.

At least annually, the Committee conducts a review of the executive compensation consultant s performance and independence. This review includes an evaluation of the services that the executive compensation consultant has provided to the Committee, the related fees and the procedures implemented by the executive compensation consultant with respect to maintaining its independence. During 2014, Meridian Compensation Partners did not advise us or deliver any other services other than the referenced compensation consulting services provided to the Committee. We paid fees to Meridian Compensation Partners of approximately $212,000 for services to the Committee in 2014, which included approximately $61,000 related to the separation of ONE Gas, Inc.

In February 2015, the Committee considered the independence of Meridian Compensation Partners in light of Securities and Exchange Commission rules and NYSE listing standards regarding the independence of consultants to compensation committees. The Committee requested and received a letter from Meridian Compensation Partners addressing the consulting firm s independence, including the following factors: (1) other services provided to us by the consultant; (2) fees paid by us as a percentage of the consulting firm s total revenue; (3) policies or procedures maintained by the consulting firm that are designed to prevent a conflict of interest; (4) any business or personal relationships between the individual consultants involved in the engagement and any member of the Committee; (5) any company stock owned by the individual consultants involved in the engagement; and (6) any business or

personal relationships between our executive officers and the consulting firm or the individual consultants involved in the engagement. The

Committee discussed these considerations and concluded that the work of the consultant did not raise any conflict of interest and that the consultant was independent of the Committee and our company.

Competitive Assessment

For 2014 compensation decisions, the Committee asked Meridian Compensation Partners to assist it with the annual competitive assessment of its executive compensation program. The Committee reviewed independent executive compensation data compiled by Meridian Compensation Partners to assess competitive executive compensation levels for our executive officers.

The Committee considers a number of factors in structuring our compensation program and making compensation decisions. This includes the compensation practices of select peer companies in the energy industry, which we refer to as

our Energy Peers. The Committee s independent consultant

annually reviews the peer group with the Committee to assess its continued appropriateness and applicability to our company. The 2014 Energy Peers were updated to both reflect the

separation of our former natural gas distribution business and an updated assessment of appropriate industry peers. The following companies were added to our Energy Peers: Boardwalk Pipeline Partners, LP, Buckeye Partners, L.P., NuStar Energy L.P., and Plains All American Pipeline, L.P. The following companies were removed from the Energy Peers: AGL Resources, Inc., Atmos Energy Corporation, Enbridge, Inc., Enterprise Products Partners, L.P., Kinder Morgan Energy Partners, L.P., Questar Corporation, and TransCanada Corp. The 2014 Energy Peers were recommended by Meridian Compensation Partners and management, and were selected because they have significant lines of business in the energy industry that are similar to our businesses and because the size of their operations (e.g., enterprise value, market value) and the skills and experience required of their senior management to effectively operate their businesses are also similar to our businesses. The Committee believes that reference to the Energy Peers is appropriate when reviewing our compensation program because we compete with these companies for executive talent. Our Energy Peers for 2014 were:

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 Resources Partners LP

The Williams Companies, Inc.

The Committee attempts to set the compensation opportunities of our executive officers at levels that are competitive with the Energy Peers and uses market comparison data from each company s proxy regarding these companies as a guide. The Committee reviews the median salary, annual cash incentive and long-term equity compensation (and the combined total of these elements) of persons holding the same or similar positions at the Energy Peers, based on the most recent market data available. The Committee then generally seeks to set the compensation of our executive officers for each of these elements within a

competitive range of the median, assuming payout of performance-based compensation at target. An executive s actual compensation may vary from the target amount set by the Committee based on individual and the company performance, as well as changes in our stock price. The use of market comparison data, however, is just one of the tools the Committee uses to determine executive compensation, and the Committee retains the flexibility to set target compensation opportunities at levels it deems appropriate for an individual or for a specific element of compensation.

To assess the relative competitiveness of compensation for each named executive officer, the Committee s established practice is to review the peer group base salary, short-term incentives, long-term incentives and total target compensation opportunities for the 25th, 50th and 75th percentiles. Because 2014 base salary and annual short-term incentive and long-term incentive target amounts established by the Committee for the named executive officers were between the 25th and 75th percentiles, the Committee determined that 2014 compensation levels fell within the Committee s established parameters.

Tally Sheets

To better understand the total executive compensation package, the Committee reviewed compensation tally sheets with respect to our named executive officers. These tally sheets were prepared by our human resources department working with the Committee s executive compensation consultant. Each of these tally sheets presented the dollar amount of each component of the named executive officers compensation, including current cash compensation (base salary and any annual short-term cash incentive payment), accumulated deferred compensation balances, outstanding long-term equity awards, retirement benefits, incidental perquisites and any other compensation. These tally sheets also reflected potential payments under selected termination of employment and change-in-control scenarios.

The purpose of these tally sheets is to summarize all of the elements of actual and potential future compensation of our named executive officers so that the Committee may analyze both the individual elements of compensation (including the compensation mix), as well as the aggregate total amount of actual and projected compensation.

Compensation Mix

In determining the overall mix of 2014 compensation for our named executive officers, the Committee considered the competitive market data assembled by its executive compensation consultant in order to assess an appropriate allocation between cash and non-cash compensation. We pay base salary and short-term incentives in the form of cash, which is consistent with competitive market practices. The long-term incentive components of our executive compensation are structured to be paid in shares of our

common stock, which is also consistent with competitive market practice.

A significant portion of total executive compensation is at risk based on both the annual and long-term performance of our company that aligns the interests of our executives with the interests of our shareholders. In 2014, grants to our named executive officers consisted of approximately 80 percent of the value in performance-vesting stock units and 20 percent of the value in time-vested restricted stock units, consistent with our pay-for-performance philosophy. In addition, the payment of long-term incentive compensation in the form of our common stock helps to align the interests of our executive officers with the interests of our shareholders and assists our executives in establishing a meaningful ownership position in our company and in meeting our share-ownership guidelines.

Personal Performance

Executive compensation decisions include an assessment of individual performance, including the named executive officer s contribution to our overall performance for the applicable performance period. Individual performance criteria include:

- business results achieved;
- problem analysis;
- directing business activities;
- utilization of human, capital and material resources;
- initiation of and response to change;
- leadership, planning and organizational abilities;
- decision-making;
- time management;
- communication and employee relations;
- safety;
- regulatory compliance; and
- customer satisfaction.

The Committee, in consultation with our Corporate Governance Committee, completes an individual performance assessment of the Chief Executive Officer each year. This performance assessment is summarized and presented to the Chief Executive

Officer for discussion and is reviewed by the Committee in executive session when evaluating the compensation of the Chief Executive Officer. The other named executive officers are also evaluated each year through our performance appraisal process by the Chief Executive Officer. These performance assessments are considered each year in connection with the overall compensation review process for our executives.

There are no differences in the Committee s compensation policies and practices for determining the compensation awarded to the Chief Executive Officer and the other named executive officers. All executive officers are subject to the same compensation policies. Differences in levels of compensation are attributable to differences in roles and responsibilities, and the Committee s practice of setting pay levels to reflect competitive market conditions on a position by position basis.

COMPONENTS OF COMPENSATION

Total Compensation

The Committee strives to provide a comprehensive executive compensation program that is competitive and performance based. To that end, executive compensation is tied directly to our operating and financial performance. In structuring executive compensation, the Committee considers long- and short-term financial performance, shareholder return, business unit performance, safety, environmental and regulatory compliance and the previously referenced individual performance criteria.

We believe our executive compensation program also must be internally consistent and equitable in order for the company to achieve its corporate objectives. In setting the elements and amounts of compensation, the Committee does not consider amounts of compensation realizable from prior compensation, except when making grants of long-term, equity-based incentive grants each year, the Committee considers, among other factors it deems relevant, the size of grants of long-term, equity-based compensation made in prior years.

Annual Cash Compensation

As in prior years, annual cash compensation in 2014 for the named executive officers consists of two components: base salary and a variable, at-risk annual short-term cash incentive award that is earned based on both the company s financial performance and the executive officer s individual performance.

Base Salary

Annual base salary is designed to compensate executives for their level of responsibility, experience, tenure, sustained individual performance and contribution to our company. Salaries are reviewed annually. While the Committee considers our overall financial performance in establishing levels of executive compensation each year, there are no specific, objective financial results that are quantified by the Committee in establishing or changing the base salaries of our executive officers.

Annual Short-Term Cash Incentive Awards

Variable, at-risk annual short-term cash incentive awards are made under our annual incentive plan and are designed to communicate a collective annual corporate goal, to provide our officers with a direct financial interest in our performance and profitability and to reward performance. The 2014 performance goals established under the short-term cash incentive plan and the company s performance relative to such goals are described under 2014 Annual

Short-Term Incentive Awards.

Long-Term Equity Incentive Awards

Annual grants of long-term equity incentive awards are made under our Long-Term Incentive Plan and our ECP. Since 2004, grants under these plans have consisted of restricted stock units and performance units. These annual grants are designed to provide a meaningful incentive to enhance long-term shareholder value. A higher ratio of performance units to restricted stock units is granted to higher-level officers and those with more direct ability to impact the performance of the company.

Retirement Benefits

We have a defined contribution 401(k) retirement plan covering all of our employees, and we match contributions of our employees under this plan up to 6 percent of eligible compensation. We also maintain a defined benefit pension plan covering our named executive officers, other than Messrs. Martinovich, Reiners and Lake, and certain other employees hired prior to January 1, 2005, and a Profit Sharing Plan covering Messrs. Martinovich, Reiners and Lake, and other employees hired after December 31, 2004. Under the Profit Sharing Plan, we made a contribution to the plan each calendar quarter during 2014 that will result in allocation to the

participant s plan account of an amount equal to one percent of the participant s eligible compensation for that quarter. We also made an additional discretionary contribution to the participant s account at year end equal to three percent of the participant s eligible 2014 compensation. The Profit Sharing Plan does not provide for any contributions to be made by plan participants.

In addition, we have a supplemental executive retirement plan for the benefit of certain officers, including Messrs. Gibson and Spencer. No new participants in our supplemental executive retirement plan have been approved since 2005 and the plan was closed to new participants in 2013. Additional details regarding our retirement plan and supplemental executive retirement plan are provided under Pension Benefits.

We also sponsor employee health and welfare plans that provide post-retirement medical and life insurance benefits to full-time employees who retire from our company. The pre-Medicare post-retirement plans are contributory, with retiree contributions adjusted periodically, and contain other cost-sharing features such as deductibles and co-insurance. The retiree medical plan for Medicare-eligible retirees is an account-based plan pursuant to which certain employee groups are eligible for company contributions that can be applied toward the purchase of Medicare supplement policies through a private exchange.

Nonqualified Deferred Compensation Plan

Our nonqualified deferred compensation plan is available to certain officers who are subject to certain limits established by the Internal Revenue Code of 1986, as amended (the Tax Code), with respect to their qualified benefit plan contributions. Because these arrangements, by their nature, are tied to the qualified plan benefits, they are not considered by the Committee when establishing salary and short-term and long-term incentive measures and amounts. Officers also are eligible to defer the receipt of their long-term equity incentive awards granted under our ECP.

Perquisites and Other Benefits

The company provides only minimal perquisites to the named executive officers, which are not taken into account by the

Committee when establishing salary and short- and long-term incentive compensation.

DETERMINATION OF 2014 COMPENSATION

For each of our named executive officers, 2014 base salary and short- and long-term incentive targets were determined following consideration of referenced market data for our Energy Peers, compiled and furnished by the executive compensation consultant to the Committee, internal equity considerations and a subjective determination of the achievement of the referenced individual performance criteria. The Committee does not use objective targets when evaluating performance with respect to those individual performance criteria, and does not have a specific weighting for any of the factors. The final determination is based upon all of the individual performance criteria, considered in the aggregate and in light of the surrounding circumstances, but such determination and the assessment of each individual factor is entirely subjective. The Committee includes and reviews those subjective factors to ensure that it undertakes a comprehensive review of individual performance when setting compensation.

When targeted levels of individual performance and company financial performance are achieved, the Committee seeks to pay our named executive officers a base salary and short- and long-term incentives at approximately the median level of pay for that position at our Energy Peers and other organizations with which we compete for

executive talent as referenced in the market data. In determining 2014 compensation levels, the Committee targeted compensation opportunities between the 25th and 50th percentiles of peer compensation opportunities based on each executive s tenure with us, level of responsibility and time in the executive s current position.

Generally, the Committee prefers a total compensation mix that favors a larger portion of compensation at risk, resulting in a large portion of compensation being granted in the form of long-term incentive awards to promote strong alignment with shareholder goals. For 2014, the Committee determined that the compensation of each of the named executive officers was within the desired competitive range and, as a result, did not make any material changes to their compensation opportunity, except that the Committee: increased the base salary of Terry K. Spencer in connection with his new role as Chief Executive

Table of Contents

Officer; increased the base salary of Derek S. Reiners to reflect his added experience as our Chief Financial Officer; and increased the base salary of Wesley J. Christensen to reflect his added experience and additional responsibilities in his position. In addition, the short-term incentive targets for Messrs. Spencer, Reiners, Christensen and Stephen W. Lake were increased and the long-term incentive targets for each named executive officer, except Robert F. Martinovich, were increased, in each case to further align their respective compensation to competitive market data for their respective positions.

2014 ANNUAL SHORT-TERM INCENTIVE AWARDS

Following the completion of the separation of our natural gas distribution business into a stand-alone, publicly traded company and the wind down of our energy services business, the Committee adopted financial and operational metrics under the 2014 short-term incentive plan that were designed to reflect the continuation of our business as the sole general partner of ONEOK Partners.

The Committee approved a threshold, target and maximum level for each measure. These levels are based on the expectation that there is: a high likelihood the threshold will be achieved; a reasonable likelihood the target will be achieved; and a low likelihood the maximum will be achieved.

Based upon the company s performance against these measures, targeted annual short-term cash incentive awards for 2014 company performance could range from zero to a maximum of 200 percent of target. In determining the actual annual short-term incentive award to be paid to each executive, assuming the company s performance measures are met, the award is adjusted based on individual performance, specifically, the individual s contributions to achieving corporate goals and the behaviors exhibited by the individual that are described above. As in past years, tying the annual short-term cash incentive award to individual performance raises the level of personal accountability for each executive officer.

Financial Measures

The 2014 short-term incentive plan included the measurement of financial results that take into account the impact of anticipated market conditions (commodity prices, natural gas

liquids price differentials and natural gas and natural gas liquids volumes). The financial measures included in the 2014 short-term incentive plan were:

ONEOK Partners distributable cash flow (DCF) per limited partner unit (LP Unit) was a new financial measure for 2014, replacing ONEOK earnings per share. ONEOK Partners DCF per LP Unit is defined Adjusted EBITDA (as defined below) less interest expense, maintenance capital expenditures and equity earnings from investments, adjusted for cash distributions received from unconsolidated affiliates and certain other items and less distributions to the general partner, divided by the weighted-average number of ONEOK Partners limited partner units outstanding at the end of the fiscal year. Adjusted EBITDA is defined as net income adjusted for interest expense, depreciation and amortization, income taxes and allowance for equity funds used during construction. ONEOK Partners DCF per LP Unit and Adjusted EBITDA do not include the cumulative effects of accounting changes reported below the line. ONEOK Partners DCF per LP Unit measures the amount of cash generated by ONEOK Partners to payout in the form of distributions to its unitholders. The threshold for ONEOK Partners DCF per LP Unit was the previous year s actual results for DCF per LP unit.

ONEOK Partners return on invested capital (ROIC) is a financial measure used also in 2013. ONEOK Partners ROIC is earnings before interest and taxes (EBIT) divided by invested capital, where invested capital is the daily average for the fiscal year of short-term debt, less cash, long-term debt and equity, excluding accumulated other comprehensive income. ROIC is a critical indicator of how effectively we use our capital invested in our operations and is an important measurement for judging how much value we are creating for our shareholders. The computed ROIC percentage can be compared with the cost of capital, which is what investors would expect to receive if they were to invest their capital elsewhere. The relationship between the threshold, target and maximum for the ONEOK Partners ROIC in 2014 was the same as was approved in 2013 (the 2014 target was 8.6 percent higher than the 2014 threshold, and the 2014 maximum was 6.2 percent higher than the 2014 target).

Table of Contents

Operational Measures

The operational measures included in the 2014 short-term incentive plan were:

Total Recordable Incident Rate (TRIR). TRIR is the number of Occupational Safety and Health Administration incidents per 200,000 work-hours. The inclusion of this important safety factor is designed to emphasize our commitment to the safe operation of our business and to reward safe behavior throughout our company. The 2014 target for TRIR represented a 15 percent improvement from the previous year s target results.

A new metric known as Agency Reportable Environmental Event Rate (AREER). While the company has been measuring the number of agency reportable spills and releases since 2008, the AREER is a refined subset of that measure. The AREER is a company-specific measure since there is no comprehensive industry metric for environmental performance. AREER is defined as the total number of releases and excess emission events that trigger a federal, state or local environmental reporting requirement (with some exceptions to account for events outside our control, planned maintenance and disparities in reporting requirements across our operations), divided by the applicable number of capacity units (miles of pipelines, storage capacity, natural gas liquids fractionation capacity and natural gas processing capacity). Using capacity units allows the AREER measure to take into account future changes in our asset base. The 2014 AREER target was set at the previous year s actual results since this was a new measure. The 2014 AREER target was 42 events which was set after we reviewed 2013 AREER performance and determined that we had 42 events in 2013 that met this new definition. Our 2014 target AREER of 42 events, divided by 49.0 capacity units, equals 0.86 events per capacity unit.

The 2014 annual short-term cash incentive plan measures and weighting were developed and recommended to the Committee by executive management, were reviewed and approved by the Committee, and were ratified by our Board of Directors in February 2014. The 2014 metrics and targets are summarized as follows:

ONEOK, Inc. Corporate Criteria 2014 Fiscal Year	**Threshold (0% of Target)**	**Target (100% of Target)**	**Maximum (200% of Target)**	**Weight**	**Target Percentage of Target Payable**	**Maximum Percentage of Target Payable**
ONEOK Partners Distributable Cash Flow Per Unit	$2.99	$3.47	$3.95	40%	40%	80%
ONEOK Partners Return On Invested Capital	9.9%	10.8%	11.4%	40%	40%	80%
Total Recordable Incident Rate	0.97	0.84	0.71	10%	10%	20%
Agency Reportable Environmental Event Rate	0.99	0.86	0.73	10%	10%	20%
				Total	100%	200%

For each performance measure in the table above, no incentive amount would be paid for that measure if the company s actual result was below the threshold level. If our actual result was between the stated performance levels, the percentage payable was interpolated between the stated payout percentages. Maximum corporate payout percentages were set for each performance level. The cumulative maximum corporate payout percentage was 200 percent of target for 2014.

The awards under the 2014 annual incentive plan were eligible for further adjustment based upon the recommendation of our Chief Executive Officer as a result of his assessment of

business segment performance and its contribution to our overall performance. The Chief Executive Officer did not recommend, and the Committee did not make, any further adjustment to the 2014 annual short-term incentive awards for the named executive officers.

In addition to taking into account the established corporate criteria and the allocation to business units based upon their respective performance, annual short-term cash incentive awards to the named executive officers and all other participants are subject to further adjustment through the application of an individual performance multiplier ranging from zero to 125 percent. The individual performance multiplier is set

Table of Contents

by the Committee annually, taking into consideration management s recommendation regarding individual performance and contribution. The named executive officers

maximum incentive award for 2014 could have been as high as 250 percent of their target award, taking into account the

maximum corporate payout percentage of 200 percent and the maximum individual performance multiplier of 125 percent.

The following table sets forth the 2014 target and maximum award opportunity for each of the named executive officers expressed as a percentage of his base salary.

Name	Target Award as Percentage of Base Pay	Maximum Award as a Percentage of Base Pay
John W. Gibson [(1)]	100%	250%
Terry K. Spencer	100%	250%
Derek S. Reiners	65%	163%
Robert F. Martinovich	70%	175%
Stephen W. Lake	65%	163%
Wesley J. Christensen	70%	175%

(1) Mr. Gibson retired as our Chief Executive Officer on January 31, 2014. As a result, Mr. Gibson s 2014 short-term incentive payout was prorated.

At the regular meeting of the Committee held in February 2015, the Committee determined that payouts under the 2014 short-term incentive plan would be based on a 66.8 percent corporate multiplier. This determination was made following the calculation of the year-end results of the company s achievement with respect to the four objective performance criteria referenced above. The percentage multiplier was calculated based on a sum of the following determinations:

the 2014 ONEOK Partners DCF per LP Unit was $3.39 which was above the threshold but below the target. As a result, the weighted average percentage of 33.3 percent was earned toward the overall corporate multiplier;

the 2014 ONEOK Partners ROIC was 10.41 percent, which exceeded the 2014 ROIC threshold but was below the 2014 performance target. As a result, the weighted percentage of 22.7 percent was earned toward the overall corporate multiplier;

the 2014 TRIR performance measure was 0.83, which was better than the 2014 recordable incident rate performance target. As a result a weighted percentage of 10.8 percent was earned toward the overall corporate multiplier; and

the 2014 AREER was below the threshold. As a result, zero percent was earned toward the overall corporate multiplier.

These performance measure percentages were added together to arrive at the 66.8 percent multiplier.

To determine the short-term awards payable to each of our named executive officers with respect to 2014, the company s 66.8 percent multiplier was multiplied by the named executive officer s base salary, times his short-term incentive percentage as set forth in the table above, and times his individual performance multiplier as described above. The annual calculation for our named executive officers may be stated as follows: short-term incentive award = corporate performance multiplier x base salary x established short-term incentive percentage x established individual performance multiplier.

The Committee did not exercise its discretion to adjust the amount of the 2014 corporate multiplier for extraordinary circumstances.

The Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for Fiscal 2014 on page 70 contains the annual short-term incentive awards under the annual officer incentive plan earned by each of the named executive officers for 2014 and paid in 2015.

LONG-TERM INCENTIVE AWARDS

Overview

We maintain a Long-Term Incentive Plan (LTI Plan) and the ECP, pursuant to which various types of long-term equity

incentives may be granted, including restricted and performance units. We have not granted stock options since 2007, and no options are held by our named executive officers or any other employee. Participation in the LTI Plan and the ECP is limited to those officers and employees who are in a position to contribute significantly to our long-term growth and profitability. These plans are administered by the Committee, and the Committee is authorized to make all grants of long-term incentive awards under the plans, as well as to make all decisions and interpretations required to administer the plans.

Equity-based long-term incentive awards are approved and granted on an annual cycle, typically in the first quarter of each year. Awards made by the Committee in 2014 were based upon competitive market data provided to the Committee by the Committee s executive compensation consultant, as well as the Committee s assessment of our overall performance and the individual executive s performance and contribution. The Committee also considered the size of equity grants made in prior years to each executive.

The form of award agreements for the ECP provide that the Committee may approve the deferral by officers, for income-tax-planning purposes, of the receipt of shares otherwise issuable to participants upon vesting of performance units granted to them under the plan. With respect to any such deferrals, the issuance of shares is deferred until the date indicated in the participant s election. Dividend equivalents are earned on the deferred awards during the deferral period and are deemed to be reinvested in our common stock. At the distribution date, the remaining state and federal taxes are due, and the net shares are distributed to participants based on the number of shares deferred and the fair market value of our common stock price on that date.

2014 Awards

In 2014, restricted stock units were granted pursuant to the LTI Plan and performance units were granted pursuant to the ECP. With respect to awards to our named executive officers in 2014, 80 percent were performance-vested stock awards and 20 percent were time-vested restricted stock unit awards, reflecting our practice to deliver more value in awards based on a performance metric than in awards based on a time-based service metric. The aggregate grant date fair value of the restricted stock units and performance units granted under the LTI Plan and the ECP to the named

executive officers in 2014, as determined in accordance with ASC Topic 718, is shown in the Stock Awards column of the Summary Compensation Table for Fiscal 2014 on page 70.

2014 Restricted Units. Restricted stock units granted under the LTI Plan in 2014 vest three years from the date of grant, at which time the holder is entitled to one share of our common stock for each restricted stock unit held. If a holder of restricted stock units retires, becomes disabled or dies prior to vesting, the restricted stock units will vest immediately on a prorated basis based on the number of full months elapsed from the date of grant and the date of such holder s retirement, disability or death. In cases of termination of employment for any reason other than retirement, disability or death restricted stock units are forfeited. In the event of a change in control of the company, restricted stock unit awards vest as of the effective date of the change in control. Dividend equivalents are payable with respect to these restricted stock units over the term of the vesting period.

2014 Performance Units. Performance units granted under the ECP in 2014 vest three years from the date of grant, at which time the holder is entitled to receive a percentage of the performance units granted in shares of our common stock. The number of shares of common stock to be issued upon vesting will range from zero to 200 percent of the number of units granted based on our total shareholder return (TSR) over the performance period of February 19, 2014, to February 19, 2017, compared with the TSR of a peer group, consisting of the following companies: Boardwalk Pipeline Partners, LP; Buckeye Partners, L.P.; CenterPoint Energy, Inc.; Energy Transfer Partners, L.P.;

EQT Corporation; MDU Resources Group, Inc.; Magellan Midstream Partners, L.P.; MarkWest Energy Partners, L.P.; 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 Resources Partners LP; and The Williams Companies, Inc. TSR includes both the change in market price of the stock and the value of dividends paid and reinvested in the stock during the three-

year performance period. Peer companies that are no longer publicly traded on the closing date of the performance period will not be considered in the performance calculation.

The following table reflects the percentage of units that will be earned at the end of the performance period based on our TSR

performance during such period as compared with our peer group:

ONEOK TSR Ranking vs. ONEOK Peer Group	Percentage of Performance Units Earned
90th percentile and above	200%
75th percentile	150%
50th percentile	100%
25th percentile	50%
Below the 25th percentile	0%

If our TSR ranking at the end of the performance period is between the stated percentage levels set forth in the table above, the percentages of performance units earned will be interpolated between the earnings levels.

If a holder of performance units retires, becomes disabled, dies or is terminated other than for cause prior to vesting, the performance units will vest based on the performance results at the end of the performance period on a prorated basis based on the number of full months elapsed from the date of grant and the date of such holder s retirement, disability, death or involuntary termination other than for cause. In cases of termination of employment for any reason other than retirement, disability, death or involuntary termination other than for cause, performance units are forfeited. Outstanding performance units that vest in connection with a change of control will vest in an amount based on the total shareholder return performance results over the period from the date of grant through the effective date of the change of control. Dividend equivalents are payable with respect to these performance units over the term of the vesting period.

2014 Separation Transaction One Time Adjustment Grants

On January 31, 2014, we completed the separation of our former natural gas distribution business into a stand-alone, publicly traded company known as ONE Gas, Inc. As a result of this transaction, the number of unvested 2012 and 2013 restricted stock units and performance units held by employees who remained as employees of ONEOK following the separation transaction was adjusted by issuing additional

restricted stock units and additional performance units to these employees to preserve the intrinsic value of the awards held by them immediately prior to the separation. There were no changes to the original vesting or performance criteria of the 2012 and 2013 restricted stock units and performance units and none of the 2012 or 2013 restricted stock units or performance units vested as a result of the separation transaction. See footnote (3) to the Outstanding Equity Awards at 2014 Fiscal Year table under the caption Outstanding Equity Awards in this proxy statement.

CLAWBACK PROVISIONS

Our Board believes that employees who are responsible for material noncompliance with applicable financial reporting requirements resulting in accounting errors leading to a financial statement restatement should not benefit monetarily from such noncompliance. We have adopted clawback provisions to permit our Board or a committee of our Board to use appropriate discretion to recapture grants of performance units and short-term cash incentive awards paid to employees who bear responsibility for such noncompliance. We believe that these clawbacks discourage employees from taking actions that could result in material excessive risk to us.

Our outstanding performance-unit grants contain provisions that allow the Committee, in its sole discretion, to seek recoupment of the grant of the performance units, any resulting shares earned and the gross proceeds from the sale of such shares in the event of fraud, negligence or intentional misconduct by the holder of the performance units that is

determined to be a contributing factor to our having to restate all or a portion of our financial statements.

In addition, our annual short-term incentive plan provides that the Committee, in its sole discretion, may call for repayment of all or a portion of a short-term cash incentive award to a participant in the event of fraud, negligence or intentional misconduct by the participant that is determined to be a contributing factor to our having to restate all or a portion of our financial statements.

In fiscal 2014, we had no financial statement corrections requiring a restatement, and the Board has not needed to consider taking any action under these clawback provisions.

SECURITIES TRADING POLICY

We have a policy that employees, including our officers and directors, may not purchase or sell our stock when they are in possession of material non-public information. This policy also provides that officers, directors and employees in certain designated work groups may trade in our securities only during open window periods (beginning the third day after our release of quarterly or annual earnings and continuing until the first day of the following calendar quarter) and must pre-clear all purchases and sales of our securities with our senior management. This policy also prohibits officers, members of our Board of Directors and employees in certain designated work groups from engaging in short sales, derivative or speculative transactions in our securities, or purchasing or using, directly or indirectly through family members or other persons or entities, financial instruments (including puts or calls, prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of our securities.

The policy also prohibits officers and directors from holding our securities in a margin account or pledging our securities as collateral for a loan. An exception to this prohibition may be granted by the Chief Executive Officer when an officer or director wishes to pledge shares of our stock as collateral for a loan (but not including a margin account), the officer or director clearly demonstrates the financial capacity to repay the loan without resorting to the pledged securities, and the terms of the loan prohibit the sale of any of our stock held as collateral when the officer or director is not permitted to trade in our stock.

SHARE OWNERSHIP GUIDELINES

Our Board of Directors strongly advocates executive share ownership as a means to align executive interests with those of our shareholders and has adopted share-ownership guidelines for our Chief Executive Officer and all other officers of the company. These guidelines are mandatory and generally must be achieved by each officer over the course of the later of five years after becoming an officer or three years after January 31, 2014, the effective date of the separation of ONE Gas, Inc. The ownership guideline for the Chief Executive Officer is a share ownership position with a value of six times base salary. The ownership guidelines for the other officers provide for share ownership positions ranging from two to five times base salary, depending on the office held. As of December 31, 2014, each of the named executive officers satisfied his individual stock ownership requirements under the guidelines.

Our Board of Directors has also established minimum share-ownership guidelines for our directors that provide that, within five years after joining the Board, each non-management director will own shares of our common stock having a minimum value of five times the annual cash retainer paid for service on our Board. As of December 31, 2014, each member of our Board satisfied this stock ownership guideline.

No named executive officer or member of our Board of Directors has pledged any of their shares of our common stock.

CHANGE-IN-CONTROL PAYMENTS

Our senior management and other employees have built our company into the successful enterprise that it is today, and we believe that it is important to protect their interests in the event of a change in control of our company. Further, it is our belief that the interests of our shareholders will be best served if the interests of our senior management are aligned with our shareholders, and that providing change in control benefits should mitigate the reluctance of senior management to pursue potential change-in-control transactions that may be in the best interests of our shareholders.

We have a Change-in-Control Plan that provides for certain payments in the event of termination of employment of an executive officer of our company (including the named executive officers) following a change in control. The plan does

not provide for additional pension benefits upon a change in control. In addition, the plan does not provide a tax gross-up feature but provides plan participants a net best approach to excise taxes in determining the benefit payable to a participant under the plan. This approach determines a participant s net best benefit based on the full benefit being paid to a participant and the participant paying the applicable federal excise tax, if any, or reducing the benefit to a level that would not trigger the payment of federal excise tax. To determine the levels of benefits to be paid to the named executive officers under the plan when the plan was adopted, the Committee consulted with Meridian Compensation Partners, its independent executive compensation consultant, to determine competitive practices in our industry with respect to change in control arrangements. The Committee determined that the levels of benefits provided under the plan, including the payment of various multiples of salary and target short-term incentive compensation, accomplished our objective of providing competitive benefits and that these benefits are consistent with the general practice among our peers. The Committee annually reviews the eligible participants and benefit levels under the plan. Under this plan, all change-in-control benefits are double trigger and are payable only if the officer s employment is terminated without just cause or by the officer for good reason at any time during the two years following a change in control.

The 2014 separation of our natural gas distribution business into a standalone, publicly traded company known as ONE Gas, Inc. was not considered a change in control under any of our benefit plans.

For additional information on this plan, see Potential Post-Employment Payments and Payments upon a Change in Control below.

REIMBURSEMENT FROM ONEOK PARTNERS

We have entered into a services agreement with ONEOK Partners pursuant to which we provide various services to ONEOK Partners, including the services of certain members of our management who serve as officers of the sole general partner of ONEOK Partners. Under the services agreement, we allocate to and are reimbursed by ONEOK Partners all or a portion of the total compensation paid by us to Messrs.

Gibson, Spencer, Reiners, Martinovich, Christensen and Lake in connection with their services rendered on behalf of ONEOK Partners. In 2014, the respective portions of total compensation paid to such individuals for which we were reimbursed by ONEOK Partners were as follows: Mr. Gibson (95.7 percent), Mr. Spencer (95.7 percent), Mr. Martinovich (95.7 percent), Mr. Reiners (95.7 percent), Mr. Christensen (100 percent), and Mr. Lake (95.7 percent). This allocation is determined using the modified Distrigas method, a widely recognized method of allocating costs, which uses a combination of ratios that include gross plant and investment, operating income and labor expense.

INTERNAL REVENUE SERVICE LIMITATIONS ON DEDUCTIBILITY OF EXECUTIVE COMPENSATION

Section 162(m) of the Tax Code, places a limit of $1,000,000 on the amount of compensation our company may deduct in any one year with respect to its Chief Executive Officer or any of the three other most highly compensated executive officers, other than the principal financial officer, who are employed by us on the last day of the taxable year. There is an exception to the $1,000,000 limitation for performance-based compensation that meets certain requirements. To maintain flexibility in compensating executive officers in a manner designed to promote varying corporate goals in the best interest of our company, the Committee has not adopted a policy requiring all compensation to be fully deductible under Section 162(m).

EXECUTIVE COMPENSATION COMMITTEE REPORT

The Executive Compensation Committee of the Board of Directors has the responsibility for reviewing and recommending to the full Board of Directors the company s executive compensation program. The Committee is composed entirely of persons who qualify as independent directors under the listing standards of the NYSE.

In this context, the Committee has met, reviewed and discussed with management the Compensation Discussion and Analysis contained in this proxy statement. Based on this review and discussion, the Committee recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the Compensation Discussion and Analysis in this proxy statement.

Table of Contents

Respectfully submitted by the members of the Executive Compensation Committee of the Board of Directors:

Steven J. Malcolm, *Chair*

Pattye L. Moore, *Vice Chair*

Bert H. Mackie

Eduardo A. Rodriguez

Table of Contents

NAMED EXECUTIVE OFFICER COMPENSATION

The following table reflects the compensation paid to the named executive officers in respect of our 2014 fiscal year.

Name and Principal Position	Year	Salary	Stock Awards[1]	Non-Equity Incentive Plan Compensation[2]	Change in Pension Value and Nonqualified Deferred Compensation Earnings[3]	All Other Compensation[4]	Total
John W. Gibson	2014	$ 79,167[5]	$ —	$ 54,000[6]	$ 3,767,497	$ 5,146	$ 3,905,810
Chairman and Chief Executive Officer through January 30, 2014	2013	$ 950,000	$ 2,979,895	$ 447,000	$ —	$ 120,732	$ 4,497,627
Chairman of the Board effective January 31, 2014	2012	$ 950,000	$ 3,339,711	$ 1,050,000	$ 3,578,970	$ 147,411	$ 9,066,092
Terry K. Spencer	2014	$ 700,000	$ 2,254,239	$ 468,000	$ 563,529	$ 57,154	$ 4,042,922
President through January 30, 2014	2013	$ 600,000	$ 1,364,875	$ 235,000	$ 45,587	$ 67,932	$ 2,313,394
President and Chief Executive Officer effective January 31, 2014	2012	$ 600,000	$ 1,649,240	$ 520,000	$ 531,532	$ 75,411	$ 3,376,183
Derek S. Reiners	2014	$ 375,000	$ 845,029	$ 150,000	$ —	$ 47,254	$ 1,417,283
Senior Vice President, Chief Financial Officer and Treasurer	2013	$ 325,000	$ 541,391	$ 85,000	$ —	$ 44,382	$ 995,773
	2012	$ 290,000	$ 329,848	$ 160,000	$ —	$ 57,061	$ 836,909
Robert F. Martinovich	2014	$ 500,000	$ 845,029	$ 225,000	$ —	$ 67,054	$ 1,637,083
Executive Vice President, Operations through January 30, 2014	2013	$ 500,000	$ 813,271	$ 160,000	$ —	$ 80,382	$ 1,553,653
Executive Vice President, Commercial effective January 31, 2014 through February 17, 2015	2012	$ 500,000	$ 1,443,085	$ 385,000	$ —	$ 113,361	$ 2,441,446

Executive Vice President and Chief Administrative Officer effective February 18, 2015							
Stephen W. Lake	2014	$ 450,000	$ 845,029	$ 190,000	$ _	$ 58,054	$ 1,543,083
Senior Vice President, General	2013	$ 450,000	$ 541,391	$ 120,000	$ _	$ 67,332	$ 1,178,723
	2012	$ 425,000	$ 618,465	$ 290,000	$ _	$ 66,961	$ 1,400,426
Counsel and Assistant Secretary							
Wesley J. Christensen	2014	$ 400,000	$ 845,029	$ 195,000	$ 138,304	$ 40,654	$ 1,618,987
Senior Vice President, Operations	2013	$ 340,000	$ 541,391	$ 100,000	$ 33,100	$ 43,482	$ 1,057,973
	2012	$ 300,000	$ 329,848	$ 220,000	$ 102,794	$ 46,211	$ 998,853

(1) The amounts included in the table relate to restricted stock units and performance-units granted under our LTI Plan and our ECP, respectively, and reflect the aggregate grant date fair value calculated pursuant to ASC Topic 718. Material assumptions used in the calculation of the value of these equity grants are included in Note M to our audited

Table of Contents

financial statements for the year ended December 31, 2014, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2015.

The aggregate grant date fair value of restricted stock units for purposes of ASC Topic 718 was determined based on the closing price of our common stock on the grant date, adjusted for the current dividend yield. With respect to the performance units, the aggregate grant date fair value for purposes of ASC Topic 718 was determined using the probable outcome of the performance conditions as of the grant date based on a valuation model that considers the market condition (total shareholder return) and using assumptions developed from historical information of the company and each of the referenced peer companies. The value included for the performance units is based on 100 percent of the performance units vesting at the end of the three-year performance period. Using the maximum number of shares issuable upon vesting of the performance units (200 percent of the units granted), the aggregate grant date fair value of the performance units would be as follows:

Name	**2014**	**2013**	**2012**
John W. Gibson	$	$ 4,858,670	$ 5,493,744
Terry K. Spencer	$ 3,708,300	$ 2,225,365	$ 2,712,960
Derek S. Reiners	$ 1,388,850	$ 883,870	$ 542,592
Robert F. Martinovich	$ 1,388,850	$ 1,325,805	$ 2,373,840
Stephen W. Lake	$ 1,388,850	$ 883,870	$ 1,017,360
Wesley J. Christensen	$ 1,388,850	$ 883,870	$ 542,592

(2) Reflects short-term cash incentives earned in 2012, 2013 and 2014 and paid in 2013, 2014 and 2015, respectively, under our annual short-term incentive plan. For a discussion of the performance criteria established by the Committee for awards under the 2014 annual short-term incentive plan, see 2014 Annual Short-Term Incentive Awards above.

(3) The amounts reflected represent the aggregate change during 2014 in the actuarial present value of the named executive officers accumulated benefits under our qualified Retirement Plan and Supplemental Executive Retirement Plan. For a description of these plans, see Pension Benefits below. The change in the present value of the accrued pension benefit is impacted by variables such as additional years of service, age and the discount rate used to calculate the present value of the change. For 2014, the change in pension value reflects not only the increase due to additional service and pay for the year, but also an increase in present value due to the lower discount rate (4.50 percent for fiscal 2014, down from 5.25 percent in 2013). The Retirement Plan was closed to new participants as of December 31, 2004, and the named executive officers who participate in the plan are Messrs. Gibson, Spencer and Christensen. Messrs. Gibson, Spencer and Christensen also participate in our Supplemental Executive Retirement Plan. This plan has not accepted any new participants since December 31, 2004.

During 2013, the pension value for Mr. Gibson decreased $564,987. There were no above-market or preferential earnings credited on any named executive officer s non-qualified deferred compensation.

Table of Contents

(4) Reflects (i) the amounts paid as our dollar-for-dollar match of contributions made by the named executive officer under our Nonqualified Deferred Compensation Plan and our 401(k) Plan as well as quarterly and annual Company contributions to our Profit Sharing Plan and corresponding excess contributions to our Nonqualified Deferred Compensation Plan, (ii) amounts paid for length of service awards, and (iii) the value of shares received under our Employee Stock Award Program as of the date of issuance as follows:

Name	Year	Match Under Nonqualified Deferred Compensation Plan[a]	Match Under 401(k) Plan[b]	Company Contribution to Profit Sharing Plan[c]	Service Award	Stock Award
John W. Gibson	2014	$	$ 4,750	$	$	$ 396
	2013	$ 104,700	$ 15,300	$	$	$ 732
	2012	$ 132,000	$ 15,000	$	$	$ 411
Terry K. Spencer	2014	$ 40,500	$ 15,600	$	$	$ 1,054
	2013	$ 51,900	$ 15,300	$	$	$ 732
	2012	$ 60,000	$ 15,000	$	$	$ 411
Derek S. Reiners	2014	$ 20,000	$ 15,600	$ 10,400	$ 200	$ 1,054
	2013	$ 20,700	$ 15,300	$ 7,650	$	$ 732
	2012	$ 29,150	$ 15,000	$ 12,500	$	$ 411
Robert F. Martinovich	2014	$ 40,000	$ 15,600	$ 10,400	$	$ 1,054
	2013	$ 56,700	$ 15,300	$ 7,650	$	$ 732
	2012	$ 85,250	$ 15,000	$ 12,500	$ 200	$ 411
Stephen W. Lake	2014	$ 31,000	$ 15,600	$ 10,400	$	$ 1,054
	2013	$ 43,650	$ 15,300	$ 7,650	$	$ 732
	2012	$ 39,050	$ 15,000	$ 12,500	$	$ 411
Wesley J. Christensen	2014	$ 24,000	$ 15,600	$	$	$ 1,054
	2013	$ 27,450	$ 15,300	$	$	$ 732
	2012	$ 30,800	$ 15,000	$	$	$ 411

(a) For additional information on our Nonqualified Deferred Compensation Plan, see Pension Benefits Nonqualified Deferred Compensation Plan below.

(b) Our 401(k) Plan is a tax-qualified plan that covers substantially all of our employees. Employee contributions are discretionary. Subject to certain limits, we match 100 percent of employee contributions to the plan up to a maximum of 6 percent of eligible compensation.

(c) At December 31, 2014, our Profit Sharing Plan covered all full-time employees hired after December 31, 2004, and employees who accepted a one-time opportunity to opt out of our Retirement Plan. We plan to make a contribution to the Profit Sharing Plan each quarter equal to 1 percent of each participant s eligible compensation

during the quarter. Additional discretionary employer contributions may be made at the end of each year. Employee contributions are not allowed under the plan.

The named executive officers did not receive other perquisites or other personal benefits with an aggregate value of $10,000 or more during 2012, 2013 or 2014.

(5) Mr. Gibson retired as our Chief Executive Officer on January 31, 2014. His annual salary prior to his retirement was $950,000. For a description of director fees received by Mr. Gibson in 2014, see Director Compensation at page 26

(6) As a result of his retirement as our Chief Executive Officer effective January 31, 2014, Mr. Gibson s 2014 short-term incentive payout was prorated.

Table of Contents

2014 GRANTS OF PLAN-BASED AWARDS

The following table reflects the grants of plan-based awards to the named executive officers during 2014.

Name	Grant Date	Threshold	Target	Maximum	Threshold	Target	Maximum	All Other Stock Awards: Number of Shares of Stock or Units[3]	Grant Date Fair Value of Stock Awards[4]
John W. Gibson[5]									
Restricted Units	2/19/2014								$
Performance Units	2/19/2014								$
Short-Term Incentive	1/1/2014	$	$ 79,167	$ 197,917					
Terry K. Spencer									
Restricted Units	2/19/2014							6,575	$ 400,089
Performance Units	2/19/2014					26,300	52,600		$ 1,854,150
Short-Term Incentive	1/1/2014	$	$ 700,000	$ 1,750,000					
Derek S. Reiners									
Restricted Units	2/19/2014							2,475	$ 150,604
Performance Units	2/19/2014					9,850	19,700		$ 694,425
Short-Term Incentive	1/1/2014	$	$ 243,750	$ 609,375					
Robert F. Martinovich									
Restricted Units	2/19/2014							2,475	$ 150,604
Performance Units	2/19/2014					9,850	19,700		$ 694,425
Short-Term Incentive	1/1/2014	$	$ 350,000	$ 875,000					
Stephen W. Lake									
Restricted Units	2/19/2014							2,475	$ 150,604
Performance Units	2/19/2014					9,850	19,700		$ 694,425
Short-Term Incentive	1/1/2014	$	$ 292,500	$ 731,250					
Wesley J. Christensen									
Restricted Units	2/19/2014							2,475	$ 150,604
Performance Units	2/19/2014					9,850	19,700		$ 694,425
Short-Term Incentive	1/1/2014	$	$ 280,000	$ 700,000					

(1) Reflects estimated payments that could have been made under our 2014 annual short-term cash incentive plan. The plan provides that our officers may receive annual short-term incentive cash awards based on the performance and

profitability of the company, the performance of particular business units of the company and individual performance during the relevant fiscal year. The corporate and business-unit criteria and individual performance criteria are established annually by the Committee. The Committee also establishes annual target awards for each officer expressed as a percentage of their base salaries. The actual amounts earned by the named executive officers in 2014 under the plan and paid in 2015 are set forth under the Non-Equity Incentive Plan Compensation column in the Summary Compensation Table for Fiscal 2014 above.

(2) Reflects the performance units that could be earned pursuant to awards granted under our ECP that are earned three years from the date of grant, at which time the holder is entitled to receive a percentage (0 to 200 percent) of the performance-units granted based on our total shareholder return over the period of February 19, 2014, to February 19, 2017, compared with the total shareholder return of the referenced peer group. One share of our common stock is payable in respect of each performance unit that vests. Performance units are also subject to accelerated vesting upon a change in control based on actual total shareholder return performance relative to the designated peer group as of the effective date of the change in control.

(3) Reflects restricted stock units granted under our LTI Plan that vest three years from the date of grant, at which time the grantee is entitled to receive the grant in shares of our common stock.

(4) With respect to the performance units, the aggregate grant date fair value for purposes of ASC Topic 718 was determined using the probable outcome of the performance conditions as of the grant date based on a valuation model that considers market conditions (such as total shareholder return) and using assumptions developed from historical information of the company and each of the peer companies referenced under Long-Term Incentive Awards 2014 Awards above. This amount is consistent with the estimate of aggregate compensation cost to be recognized over the performance period determined as of the grant date under ASC Topic 718. The value presented is based on 100 percent of the performance units vesting at the end of the three-year performance period.

(5) Mr. Gibson retired as our Chief Executive Officer effective January 31, 2014.

OUTSTANDING EQUITY AWARDS

The following table shows the outstanding equity awards held by the named executive officers as of December 31, 2014.

Name	Number of Securities Underlying Unexercised Options Exercisable	Number of Securities Underlying Unexercised Options Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Unearned Options	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested[1][3][4]	Market Value of Shares or Units of Stock That Have Not Vested	Equity Incentive Plan Awards: Number of Unearned Shares, Units or Other Rights That Have Not Vested[2][3][4]	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested
John W. Gibson[5]				$			$		$
Terry K. Spencer				$		22,570	$ 1,123,741	55,628	$ 2,769,730
Derek S. Reiners				$		6,977	$ 347,364	14,775	$ 735,649
Robert F. Martinovich				$		14,557	$ 724,771	43,507	$ 2,166,210
Stephen W. Lake				$		8,601	$ 428,223	21,271	$ 1,059,085

Wesley J. Christensen	$	6,977	$	347,364	14,775	$	735,649

(1) Represents restricted stock units that have not yet vested, including additional restricted stock units issued to the named executive officers in connection with the ONE Gas, Inc. separation transaction. Restricted stock units vest three years from the date of grant, at which time the grantee is entitled to receive one share of our common stock for each vested restricted stock unit.

Table of Contents

The following table reflects the vesting schedule for our outstanding restricted stock units.

Name	Number of Restricted Units	Vest Date
Terry K. Spencer	9,280	on February 15, 2015
	6,527	on February 20, 2016
	6,763	on February 19, 2017
Derek S. Reiners	1,856	on February 15, 2015
	2,575	on February 20, 2016
	2,546	on February 19, 2017
Robert F. Martinovich	8,120	on February 15, 2015
	3,891	on February 20, 2016
	2,546	on February 19, 2017
Stephen W. Lake	3,480	on February 15, 2015
	2,575	on February 20, 2016
	2,546	on February 19, 2017
Wesley J. Christensen	1,856	on February 15, 2015
	2,575	on February 20, 2016
	2,546	on February 19, 2017

(2) Represents performance units that have not yet vested, including additional performance units issued to the named executive officers in connection with the ONE Gas, Inc. separation transaction. Performance units vest three years from the date of grant, at which time the holder is entitled to receive a percentage (0 to 200 percent) of the performance-units granted based on our total shareholder return over the three-year performance period, compared with the total shareholder return of the referenced peer group. One share of our common stock is payable in respect of each performance-unit granted that becomes vested.

The following table reflects the projected vesting level based on our total shareholder return compared with the total shareholder return of the referenced peer group at December 31, 2014 for our outstanding performance units due to vest on February 15, 2015 (100 percent),, February 20, 2016 (70 percent) and February 19, 2017 (zero percent).

Name	Number of Performance Units	Vest Date
Terry K. Spencer	37,120	on February 15, 2015
	18,508	on February 20, 2016
		on February 19, 2017
Derek S. Reiners	7,424	on February 15, 2015
	7,351	on February 20, 2016
		on February 19, 2017
Robert F. Martinovich	32,480	on February 15, 2015
	11,027	on February 20, 2016
		on February 19, 2017
Stephen W. Lake	13,920	on February 15, 2015
	7,351	on February 20, 2016
		on February 19, 2017
Wesley J. Christensen	7,424	on February 15, 2015
	7,351	on February 20, 2016
		on February 19, 2017

(3) On January 31, 2014 we completed the separation of our former natural gas distribution business into a stand-alone, publicly traded company known as ONE Gas, Inc. As a result of this transaction, we made certain adjustments to the number of our outstanding 2012 and 2013 restricted stock units and performance units held by employees, including the named executive officers, for the purpose of preserving the intrinsic value of each award immediately prior to the separation. The adjustments were made by the issuance of additional restricted stock units

and performance units with the same terms and vesting periods of the outstanding 2012 and 2013 restricted stock units and performance units. The additional units issued to the named executive officers are included in the table above and are as follows:

Name	Restricted	Performance	Restricted	Performance
John W. Gibson		2,300		6,624
Terry K. Spencer	870	3,447	1,280	5,120
Derek S. Reiners	344	1,369	256	1,024
Robert F. Martinovich	518	2,054	1,120	4,480
Stephen W. Lake	344	1,369	480	1,920
Wesley J. Christensen	344	1,369	256	1,024

(4) The terms of our restricted stock units provide that any such unvested units will vest upon a change in control. Our performance units will vest upon a change in control based on our total shareholder return relative to the designated peer group over the period from the date of grant through the effective date of the change in control. See Post-Employment Payments and Payments upon a Change in Control.

(5) Mr. Gibson s unvested restricted units vested and were paid to him on a prorated basis upon his retirement as Chief Executive Officer on January 31, 2014, as follows: 64 percent of the restricted units that were scheduled to vest on February 15, 2015, and 31 percent of the restricted units that were scheduled to vest on February 20, 2016, for a total of 13,978 shares. Mr. Gibson s performance units also vested on a prorated basis upon his retirement on January 31, 2014. No shares will be paid out to Mr. Gibson in connection with these vested performance units until the conclusion of their respective performance periods. A total of 108,007 performance units vested upon Mr. Gibson s retirement and will be paid out (including dividend equivalents earned prior to pay out) on a prorated basis at the conclusion of the vesting period as follows: 64 percent of the performance units scheduled to pay out on February 15, 2015; and 31 percent of the performance units scheduled to pay out on February 20, 2016.

OPTION EXERCISES AND STOCK VESTED

The following table sets forth stock awards held by the named executive officers that vested during 2014, including restricted units and performance units that were granted in 2011 and, with respect to Mr. Gibson, restricted units granted in 2012 and 2013 that vested upon his retirement as Chief Executive

Officer effective January 31, 2014. No named executive officer exercised any options during 2014, and no named executive officer or any other employee currently holds any unexercised options.

Name	Number of Shares Acquired on Exercise	Value Realized on Exercise	Number of Shares Acquired on Vesting[2]	Value Realized on Vesting[3]
John W. Gibson[4]		$	238,978	$ 15,458,851
Terry K. Spencer		$	103,500	$ 6,677,820
Derek S. Reiners		$	18,000	$ 1,161,360
Robert F. Martinovich		$	76,500	$ 4,935,780
Stephen W. Lake		$		$
Wesley J. Christensen		$	18,000	$ 1,161,360

[1] Certain of the named executive officers elected to have vested shares withheld to cover applicable state and federal taxes incurred upon vesting. As a result, the net shares received upon the vesting and the related net value realized are as follows:

Name	Net Shares Acquired on Exercise	Net Value Realized on Exercise	Net Shares Acquired on Vesting	Net Value Realized on Vesting
John W. Gibson		$	128,389	$ 8,304,895
Terry K. Spencer		$	56,845	$ 3,667,733
Derek S. Reiners		$	11,692	$ 754,436
Robert F. Martinovich		$	42,586	$ 2,747,715
Stephen W. Lake		$		$

Wesley J. Christensen	$	11,693	$	754,473

(2) Includes restricted stock units and performance units granted in 2011 that vested in 2014 and that were paid in shares of our common stock. Performance units vested at 200 percent of the initial grant. This level of payout was achieved due to our relative total shareholder return being above the 90th percentile of the total shareholder return of the specified peer group of energy companies.

(3) The value received on vesting represents the market value of the shares received based on the average of the high and low prices of our common stock on the NYSE on the date of vesting.

(4) Mr. Gibson s unvested restricted units vested and were paid to him on a prorated basis upon his retirement as Chief Executive Officer on January 31, 2014, as follows: 64 percent of the restricted units that were scheduled to vest on February 15, 2015, and 31 percent of the restricted units that were scheduled to vest on February 20, 2016. Mr. Gibson s performance units also vested on a prorated basis upon his retirement on January 31, 2014. No shares will be paid out to Mr. Gibson in connection with these vested performance units until the conclusion of their respective performance periods. The performance units vested on a prorated basis as follows: 64 percent of the performance units scheduled to vest on February 15, 2015; and 31 percent of the performance units scheduled to vest on February 20, 2016.

Table of Contents

PENSION BENEFITS

The following table sets forth the estimated present value of accumulated benefits as of December 31, 2014, and payments

made during 2014, in respect of each named executive officer under each of the referenced retirement plans.

Name	Plan Name	Number of Years Credited Service	Present Value of Accumulated Benefit[1]	Payments During Last Fiscal Year
John W. Gibson	Supplemental Executive Retirement Plan	24.00[2]	$ 17,216,097	$ 972,573
	Retirement Plan	14.00[3]	$ 853,204	$ 48,199
Terry K. Spencer	Supplemental Executive Retirement Plan	13.25	$ 1,487,760	$
	Retirement Plan	13.25	$ 588,800	$
Derek S. Reiners	Supplemental Executive Retirement Plan		$	$
	Retirement Plan		$	$
Robert F. Martinovich	Supplemental Executive Retirement Plan		$	$
	Retirement Plan		$	$
Stephen W. Lake	Supplemental Executive Retirement Plan		$	$
	Retirement Plan		$	$
Wesley J. Christensen	Supplemental Executive Retirement Plan		$	$
	Retirement Plan	10.00	$ 575,235	$

(1) Each executive officer s benefit is determined as of age 62 when an unreduced benefit can be received under the plans. The present value of the unreduced benefit is determined using the assumptions from the pension plan measurement date of December 31, 2014. Material assumptions used in the calculation of the present value of accumulated benefits are included in Note N to our audited financial statements for the year ended December 31, 2014, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 25, 2015.

(2)

Pursuant to a 2000 agreement between the company and Mr. Gibson, 10 additional years of service are included for purposes of calculating Mr. Gibson s benefits under our Supplemental Executive Retirement Plan. This additional 10 years of service results in a benefit augmentation with an actuarial present value of $5,420,790, or $27,839.24 per month.

(3) Mr. Gibson s actual service is 13 years and eight months. There is no resulting benefit augmentation with respect to the additional four months credit to Mr. Gibson s years of service.

Table of Contents

Retirement Plan

The ONEOK, Inc. Retirement Plan is a defined benefit pension plan qualified under the Tax Code and is subject to the Employee Retirement Income Security Act of 1974, as amended. At December 31, 2014, the plan covered full-time employees hired prior to January 1, 2005. Employees hired after January 1, 2005, and employees who accepted a one-time opportunity to opt out of our Retirement Plan in 2004 are now covered by our Profit Sharing Plan.

Benefits under our Retirement Plan generally become vested and non-forfeitable after completion of five years of continuous employment. Under the plan, a vested participant receives a monthly retirement benefit at normal retirement age, unless an early retirement benefit is elected under the plan, in which case the retirement benefit may be actuarially reduced for early commencement. Generally, participants retiring on or after age 62 through normal retirement age receive 100 percent of their accrued monthly benefit which may be reduced depending on the optional form of payment elected at retirement. Benefits are calculated at retirement date based on a participant s credited service, limited to a maximum of 35 years, and final average earnings. The earnings utilized in the Retirement Plan benefit formula for employees includes the base salary and short-term incentive compensation paid to an employee during the period of the employee s final average earnings, less any amounts deferred under our non-qualified deferred compensation plan. The period of final average earnings means the employee s highest earnings during any 60 consecutive months during the last 120 months of employment. The amount of eligible compensation that may be considered in calculating retirement benefits is also subject to limitations in the Tax Code.

Supplemental Executive Retirement Plan

We maintain a Supplemental Executive Retirement Plan (SERP) as a supplemental retirement benefit plan for certain

officers. The SERP provides that officers may be selected for participation in a supplemental retirement benefit or an excess retirement benefit, or both. If a participant is eligible for both the supplemental retirement benefit and the excess retirement benefit, the excess retirement benefit and benefits payable under our Retirement Plan are treated as an offset that reduces the supplemental retirement benefit.

Participants in the SERP were selected by our Chief Executive Officer or, in the case of our Chief Executive Officer, by our Board of Directors. Our Board of Directors may amend or terminate the SERP at any time, provided that accrued benefits to current participants may not be reduced.

No new participants have been added to our SERP since 2005, and, in November 2013, our Board of Directors approved an amendment to the SERP that closed the SERP to any additional participants as of January 1, 2014.

Supplemental benefits payable to participating employees in the SERP are based upon a specified percentage (reduced for early retirement and commencement of payment of benefits under the SERP) of the highest 36 consecutive months compensation of the employee s last 60 months of service. The excess retirement benefit under the SERP pays a benefit equal at least to the benefit that would be payable to the participant under our Retirement Plan if limitations imposed by the Tax Code were not applicable, less the benefit payable under our Retirement Plan with such limitations. Benefits under the SERP are offset by the payment of benefits under our Retirement Plan that were or would have been paid if Retirement Plan benefits were commenced at the same time as the SERP benefits. We fund benefits payable under the SERP through a rabbi trust arrangement.

Table of Contents

Nonqualified Deferred Compensation Plan

The following table sets forth certain information regarding the participation by the named executive officers in our Nonqualified Deferred Compensation Plan.

Name	Year	Executive Contributions in Last Fiscal Year	Registrant Contributions in Last Fiscal Year[1]	Aggregate Earnings in Last Fiscal Year[2]	Aggregate Withdrawals / Distributions	Aggregate Balance at Last Fiscal Year End[3]
John W. Gibson[4]	2014	$ 1,583	$ _	$ (331,523)	$ 18,028,951	$ 16,340,699
	2013	$ 121,500	$ 854,064	$ 10,468,554	$ _	$ 34,699,590
	2012	$ 149,000	$ 13,574,860	$ (263,266)	$ _	$ 23,255,472
Terry K. Spencer	2014	$ 207,000	$ 40,500	$ 188,948	$ _	$ 1,834,827
	2013	$ 270,500	$ 51,900	$ 300,660	$ _	$ 1,398,379
	2012	$ 180,000	$ 60,000	$ 81,908	$ _	$ 775,319
Derek S. Reiners	2014	$ 10,100	$ 20,000	$ 28,413	$ _	$ 352,947
	2013	$ 37,350	$ 20,700	$ 61,347	$ _	$ 294,434
	2012	$ 37,400	$ 29,150	$ 17,506	$ _	$ 175,037
Robert F. Martinovich	2014	$ 32,100	$ 40,000	$ (31,502)	$ _	$ 1,823,406
	2013	$ 45,600	$ 74,866	$ 421,793	$ _	$ 1,782,808
	2012					

Income (loss) applicable to common shares:				
Income (loss) from continuing operations	$ (24,635)	$ (4,187)	$ (31,750)	$ 1,141
Income from discontinued operations		13,817		17,773
Net income (loss)	$ (24,635)	$ 9,630	$ (31,750)	$ 18,914
Denominator:				
Denominator for basic earnings per share - weighted - average shares	30,727	30,346	30,559	30,384

Effect of dilutive securities Employee stock options and nonvested restricted stock							844
Denominator for diluted earnings per share - adjusted weighted - average shares and assumed conversions		30,727		30,346		30,559	31,228
Basic earnings (loss) per share:							
Income (loss) from continuing operations	$	(0.80)	$	(0.14)	$	(1.04)	$ 0.04
Income from discontinued operations				0.46			0.58
Net income (loss)	$	(0.80)	$	0.32	$	(1.04)	$ 0.62
Diluted earnings (loss) per share:							
Income (loss) from continuing operations	$	(0.80)	$	(0.14)	$	(1.04)	$ 0.04
Income from discontinued operations				0.46			0.57
Net income (loss)	$	(0.80)	$	0.32	$	(1.04)	$ 0.61

The Company computes basic earnings (loss) per share by dividing net income (loss) by the weighted average number of shares outstanding for the period. The Company reported a net loss from continuing operations for the three and six months ended October 28, 2007, and for the three months ended October 29, 2006, and thus reported no dilutive effect upon the number of shares outstanding for the calculation of diluted earnings per share for that

time period. For the six months ended October 29, 2006, diluted earnings per share was determined as net income divided by the weighted average number of shares outstanding for the period, after applying the treasury method to determine any incremental shares associated with stock options outstanding. Anti-dilutive stock options representing 1,944,612, 891,292, 308,239 and 54,040 shares were excluded from the calculation of potential common shares for diluted earnings per share for the three and six months ended October 28, 2007 and the three and six months ended October 29, 2006, respectively.

8. Accumulated Comprehensive Income

As a result of the operations of the Company s international subsidiaries with functional currencies other than the U.S. dollar, a resulting currency translation adjustment is necessary. The assets and liabilities of the Company s international subsidiaries are translated using the exchange rate in effect at the balance sheet date, with the resulting translation adjustment recognized as accumulated other comprehensive income. The net change in foreign currency translation adjustments in accumulated other comprehensive income was an increase of $0.9 million and $2.1 million for the three and six months ended October 28, 2007, respectively.

The Company uses interest rate swap agreements to convert portions of the Company s July 2007 Credit Facility variable rate debt to a fixed-rate basis. The Company records unrealized gains and losses on these interest rate swaps as accumulated other comprehensive income. The net change in accumulated other comprehensive income related to the unrealized loss on interest rate swap contracts for the three and six months ended October 28, 2007 was $1.8 million.

The following table sets forth total comprehensive income (loss) for the three and six months ended October 28, 2007 and October 29, 2006 (in thousands).

	Three Months Ended		Six Months Ended	
	October 28, 2007	October 29, 2006 (Restated)	October 28, 2007	October 29, 2006 (Restated)
Net income (loss)	$ (24,635)	$ 9,630	$ (31,750)	$ 18,914
Unrealized loss on interest rate swaps, net of income taxes	(1,811)		(1,811)	
Foreign current translation adjustment	866	729	2,063	1,469
Total comprehensive income (loss)	$ (25,580)	$ 10,359	$ (31,498)	$ 20,383

9. Stock-Based Compensation

The Company has three stock-based compensation plans, the 1992 Stock Option Plan, the 1993 Stock Option Plan and the 2000 Stock Option Plan as amended. The plans provide for the issuance of incentive stock options and nonqualified options which have a maximum term of 10 years and are, generally, exercisable in yearly installments of 20% commencing one year after the date of grant. The Company has 966,369 shares available for future issuance under its equity compensation plans as of October 28, 2007.

The fair value of each option grant is estimated on the date of the grant using the Black-Scholes-Merton option-pricing model with the range of assumptions disclosed in the following table for the periods presented.

	Six Months Ended	
	October 28, 2007	October 29, 2006
Weighted average expected volatility	43.63%	52.50%
Weighted average expected term in years	6.82	5.85
Expected dividend yield	0.00%	0.00%
Weighted average risk-free interest rate	4.53%	4.69%
Weighted average fair value of options granted	$ 10.47	$ 13.65

Weighted average volatility is calculated using the historical volatility of the Company s stock prices over a range of dates equal to the expected term of a grant s options. The weighted average expected term is calculated using

historical data that is representative of the option for which the fair value is to be determined. The expected term represents the period of time that options granted are expected to be outstanding. The weighted average risk-free rate is based on the U.S. Treasury yield curve in effect at the time of the grant for the approximate period of time equivalent to the grant s expected term. The estimated rate of forfeitures for executives increased from 17.7% in fiscal 2007 to 25.5% in fiscal 2008, and for optionees beneath the executive level, it increased from 31.9% to 42.7% over the same reporting period. The impact of these changes in forfeiture estimates decreased expense approximately $0.5 million and was recorded as a cumulative adjustment on the consolidated statement of operations in the first quarter of fiscal 2008.

Total stock option expense included in the expense category corresponding to the employees regular compensation in the accompanying consolidated statements of operations was $2.9 million and $3.8 million for the three and six months ended October 28, 2007, respectively and $2.6 million and $4.1 million for the three and six months ended October 29, 2006, respectively. As of October 28, 2007, there was $12.0 million in unrecognized stock compensation costs, related to unvested options, which the Company expects it will recognize over the remaining vesting period of 5 years with a weighted average period of 4.0 years. With the exception of 50,000 options which vest and become exercisable 50% upon the date of grant and 50% upon the one-year anniversary of the grant date, the options granted during the six months ended October 28, 2007, vest 20% per year for 5 years on the anniversary of the grant date. The Company recognizes compensation expense for these grants on a straight-line basis over the requisite service period for each separately vesting portion of the award as if the award was, in substance, multiple awards.

	Options	Total Weighted Average Exercise Price
Outstanding options at April 29, 2007	2,957,073	$ 17.96
Options granted	1,027,300	21.04
Options exercised	(523,942)	9.31
Options forfeited and expired	(221,881)	21.96
Outstanding options at October 28, 2007	3,238,550	$ 20.06
Outstanding exercisable options at October 28, 2007	1,430,790	$ 17.53

10. Hurricanes and Related Charges

In the fall of 2005, the Company s properties in Biloxi, Mississippi, Lake Charles, Louisiana and Pompano Beach, Florida were struck by hurricanes Katrina, Rita and Wilma, respectively.

The Company has insurance coverage related to the three hurricanes for property damage and destruction, business interruption insurance for incremental costs incurred and business interruption insurance for lost profits. The Company has received partial proceeds from its insurance carriers related to losses the Company has sustained. The Company believes it will ultimately collect more than the $75.9 million related to the property impairment as the insurance coverage is for replacement value and the insurance receivable recorded for the property impairment represents the net book value of the assets at the date of loss. In addition, the Company has not yet received proof of losses on open claims under the business interruption loss of profits coverage related to the claim in Biloxi. The Company continues to negotiate with its insurers to settle its claims. The timeline for final settlement of the claims is expected to occur within one year.

The following table shows the activity flowing through the insurance accounts (in thousands):

	Total Incurred as of October 28, 2007	April 29, 2007
Property impairment (1)	$ 75,868	$ 75,868
Incremental costs incurred (2)	88,018	84,793
Loss of income (3)	2,817	2,817
Hurricane related charges, net (4)	(4,776)	(4,776)
Insurance receivable, gross	$ 161,927	$ 158,702
Insurance receipts	(106,755)	(102,662)
Insurance receivable, net	$ 55,172	$ 56,040

(1) Represents the book value of property impairments recognized at the date of loss as a receivable under the Company s insurance policies.

(2) Insured incremental costs incurred by the Company totaling $88.0 million were recorded as an insurance receivable for $62.2 million in fiscal year 2006, $22.6 million in fiscal 2007, and $3.2 million for the six months ended October 28, 2007.

(3) During the fourth quarter of fiscal 2007, the Company recorded a gain and insurance receivable of $2.8 million as the result of a proof of loss under the business interruption-lost profits coverage.

(4) Primarily represents deductibles under insurance policies recorded as a hurricane related charge during fiscal 2006.

During November 2007, the Company received unallocated advances from its insurance carriers totaling $47.0 million, which will be applied against the insurance receivable discussed above.

11. Goodwill and Other Intangible Assets

The changes in the carrying amount of goodwill and other intangible assets are as follows (in thousands):

	Goodwill	Gaming Licenses	Customer Lists, net	Trademarks	Total Other Intangibles Assets, net
April 29, 2007 balance	$ 297,268	$ 61,953	$	$ 12,201	$ 74,154
Acquisition of Caruthersville		4,566	868	100	5,534
Acquisition of Coventry trademark				133	133
October 28, 2007 balance	$ 297,268	$ 66,519	$ 868	$ 12,434	$ 79,821

Acquisition - On June 10, 2007, the Company acquired 100% of the membership interests of Atzar Missouri Riverboat Gaming Company, L.L.C., a Missouri limited liability company located in Caruthersville, Missouri. The purchase price was approximately $45.0 million subject to finalization of certain adjustments in accordance with the Purchase Agreement dated March 16, 2007. The Company is finalizing the asset valuation and certain closing date adjustments with the seller. Therefore, the allocation of the purchase price and the valuation of the assets and liabilities are preliminary as of October 28, 2007. Any adjustments are not expected to be material. The estimated fair value of long-term assets acquired and liabilities assumed at the acquisition date was $45.2 million, of which $39.7 million relate to fixed assets and $5.5 million relate to intangible assets.

12. Contingencies

Legal and Regulatory Proceedings - Lady Luck Gaming Corporation (now a wholly owned subsidiary of the Company) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. The payment Lady Luck is alleged to have been required to make totals approximately 6.5 million Euros (which was approximately $8.9 million as of October 28, 2007 based on published exchange rates). Although it is difficult to determine the damages being sought from the lawsuits, the

action may seek damages up to that aggregate amount plus interest from the date of the action. The Athens Civil Court of First Instance granted judgment in Lady Luck s favor and dismissed the civil lawsuit. Appeals to both the Athens Civil Appeals Court and the Greek Civil Supreme Court have been dismissed. The Greek Civil Supreme Court denied the appeal on the basis that the Administrative Court is the competent court to hear the matter. During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits. The Company is awaiting a decision following that hearing. The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. The Company intends to continue a vigorous and appropriate defense to the claims asserted in this matter.

The Company is subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and is subject to cleanup requirements at certain of its facilities as a result thereof. The Company has not made, and does not anticipate making, material expenditures, nor does it anticipate incurring delays with respect to environmental remediation or protection. However, in part because the Company s present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and that the Company will not experience material liabilities or delays.

The Company is subject to various contingencies and litigation matters and has a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, the Company believes that they will not have a material adverse effect on its consolidated financial position, results of operations or cash flows.

Income Taxes **- The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and foreign jurisdictions. As of April 30, 2007, the Company was no longer subject to examination of its U.S. federal income tax returns filed for tax years prior to 2003. The IRS is currently examining the Company s federal income tax returns for the 2004 and 2005 tax years which relate to the Company s fiscal years ended April 24, 2005 and April 30, 2006, respectively. The tax returns for subsequent years are also subject to examination.**

The Company files in numerous state jurisdictions with varying statutes of limitation. Our unrecognized state tax benefits are related to state tax returns open from tax years 2001 through 2006 depending on each state s statute of limitations.

13. Accounting Pronouncements

Adoption of New Accounting Pronouncements **-** In July 2006, the FASB issued Interpretation No. 48, *Accounting for Uncertainty in Income Taxes* (FIN 48). This interpretation clarified the accounting for uncertainty in income taxes recognized in the financial statements in accordance with FASB Statement No. 109, *Accounting for Income Taxes.*

The Company adopted the provisions of FIN 48 on April 30, 2007. The adoption of FIN 48 did not have any impact on the Company s consolidated statement of operation or stockholders equity within the consolidated balance sheet. As of April 30, 2007, the Company had a total of $24.2 million of unrecognized tax benefits. The total amount of these unrecognized tax benefits that, if recognized, would affect the effective tax rate is $9.0 million. The Company recognizes accrued interest and penalties related to unrecognized tax benefits in income tax expense. This policy did not change as a result of the adoption of FIN 48. The Company had $3.6 million in interest related to unrecognized tax benefits accrued as of April 30, 2007 and no amounts were accrued for penalties. However, FIN 48 did require a reclassification of unrecognized tax benefits from deferred income taxes to current liabilities and long-term liabilities. At April 30, 2007, the Company reclassified $12.1 million from Income taxes payable and $9.1 million from Deferred income taxes to Other current accrued liabilities ($10.3 million) and Other accrued liabilities ($10.9 million).

For the six months ended October 28, 2007, the Company s unrecognized tax benefit decreased by $0.4 million. This amount is comprised of a $0.5 million decrease related to the partial resolution of an Iowa income tax examination covering the 2001 through 2004 tax years. This amount is partially offset by a $0.1 million increase related to the pending filing of amended Mississippi income tax returns for the 2003 and 2004 tax years. The Company expects the amount of unrecognized tax benefits will further decrease in fiscal 2008 by $12.1 million which is comprised of $5.8 million related

to the pending filing of amended Iowa income tax returns for the 2002 through 2005 tax years and $6.3 million related to the need to file amended federal income tax returns for the 2003 through 2005 tax years.

As of October 28, 2007, the Company has recognized $0.3 million of previously unrecognized tax benefits which affect the effective tax rate. This amount is comprised of $0.4 million related to the partial resolution of the Iowa income tax examination as referred to above and partially offset by $0.1 million related to the amended Mississippi income tax returns as referred to above. The Company will not recognize any tax benefits in income tax expense as a result of the anticipated $12.1 million further reduction in the unrecognized tax benefits as referred to above.

As of October 28, 2007, the Company s interest related to unrecognized tax benefits is unchanged. This is the result of an increase of $0.8 million related to additional interest accrued on uncertain tax positions through October 28, 2007 and a decrease of $0.8 million related to the partial resolution of the Iowa income tax examination referred to above.

New Pronouncements - In September 2006, the FASB issued SFAS No. 157, Fair Value Measurements (SFAS 157) which defines fair value, establishes a framework for measuring fair value in GAAP, and expands disclosures about fair value measurements. SFAS 157 applies under other accounting pronouncements that require or permit fair value measurements, the FASB having previously concluded in those accounting pronouncements that fair value is the relevant measurement attribute. SFAS 157 is effective for financial statements issued for fiscal years beginning after November 15, 2007, and interim periods within those fiscal years. We are currently evaluating the impact that the adoption of SFAS 157 will have on our consolidated financial statements.

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities (SFAS 159). SFAS 159 permits companies to choose to measure many financial instruments and certain other items at fair value. The objective is to improve financial reporting by providing companies with the opportunity to mitigate volatility in reported earnings caused by measuring related assets and liabilities differently without having to apply complex hedge accounting provisions. The fair value option established by SFAS 159 permits all companies to choose to measure eligible items at fair value at specified election dates. At each subsequent reporting date, companies shall report in earnings any unrealized gains and losses on items for which the fair value option has been elected. SFAS 159 is effective as of the beginning of a company s first fiscal year that begins after November 15, 2007. Early adoption is permitted as of the beginning of a fiscal year that begins on or before November 15, 2007, provided the company also elects to apply the provisions of SFAS 157. We are currently evaluating whether to adopt the fair value option under SFAS 159 and evaluating what impact such adoption would have on our consolidated financial statements.

14. Subsequent Event

On November 13, 2007, the Company and its wholly owned subsidiary, Casino America of Colorado, Inc., executed an agreement with Nevada Gold & Casinos, Inc. and its subsidiary Blackhawk Gold, Ltd. (Nevada Gold), pursuant to which Isle of Capri will acquire the 43% interest in Isle of Capri Black Hawk, L.L.C., which is currently owned by Nevada Gold. Under the terms of the agreement, the Company has agreed to pay $64.6 million for the remaining 43% interest, payable in cash upon closure of the sale. Upon closing, Isle of Capri Black Hawk, L.L.C. would become an indirect wholly owned subsidiary of Isle of Capri. The closing of the transaction is subject to the approval of Nevada Gold s stockholders and certain other customary closing conditions.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, an

15. Consolidating Condensed Financial Information

Certain of the Company s wholly owned subsidiaries have fully and unconditionally guaranteed the payment of all obligations under the Company s 7% Senior Subordinated Notes and were also guarantors under our 9% Senior Subordinated Notes redeemed during August 2007.

The following wholly owned subsidiaries of the Company are co-borrowers, on a joint and several basis, under the July 2007 Credit Facility and are guarantors of the 7% Senior Subordinated Notes: Riverboat Corporation of Mississippi; Riverboat Services, Inc.; CSNO, L.L.C.; St. Charles Gaming Company, Inc.; IOC Holdings, L.L.C.; Grand Palais Riverboat, Inc.; LRGP Holdings, L.L.C.; P.P.I, Inc.; Isle of Capri Casino Colorado, Inc.; IOC-Coahoma, Inc.; IOC-Natchez, Inc.; IOC-Lula, Inc.; IOC-Boonville, Inc.; IOC-Kansas City, Inc.; Isle of Capri Bettendorf, L.C.; Isle of Capri Marquette, Inc.; IOC-Davenport, Inc.; LL Holding Corporation; IOC-St. Louis County, Inc.; IOC-Black Hawk County, Inc.; IOC-PA, L.L.C.; IOC-City of St. Louis, L.L.C.; IOC-Manufacturing, Inc.; and Riverboat Corporation of Mississippi Vicksburg. Each of the subsidiaries guarantees is joint and several with the guarantees of the other subsidiaries.

The following subsidiaries are not guarantors or co-borrowers under the July 2007 Credit Facility or the 7% Senior Subordinated Notes: Isle of Capri Black Hawk, L.L.C.; Isle of Capri Black Hawk Capital Corp.; IC Holdings Colorado, Inc.; CCSC/Blackhawk, Inc.; IOC-Black Hawk Distribution Company, L.L.C.; Blue Chip Casinos, PLC; Isle of Capri of Jefferson County, Inc.; Casino Parking, Inc.; Isle of Capri-Bahamas, Ltd.; ASMI Management, Inc.; IOC Development Company, L.L.C.; Casino America, Inc.; International Marco Polo Services, Inc.; Isle of Capri of Michigan L.L.C.; Isle of Capri Bettendorf Marina Corp.; IOC Services, L.L.C.; Capri Air, Inc.; Lady Luck Gaming Corp.; Lady Luck Gulfport, Inc.; Lady Luck Vicksburg, Inc.; Lady Luck Biloxi, Inc.; Lady Luck Central City, Inc.; Pompano Park Holdings, L.L.C.; Casino America of Colorado, Inc.; JPLA Pelican, L.L.C.; IOC-Cameron, L.L.C.; The Isle of Capri Casinos Limited, IOC Pittsburgh, Inc. and Capri Insurance Corporation.

Consolidating condensed balance sheets as of October 28, 2007 and April 29, 2007 are as follows (in thousands):

	As of October 28, 2007				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Current assets	$ 58,177	$ 162,226	$ 72,416	$ (21,672)	$ 271,147
Intercompany receivables	1,265,173	(305,864)	(68,730)	(890,579)	
Investments in subsidiaries	267,807	297,582		(565,389)	
Property and equipment, net	14,867	1,024,781	390,437		1,430,085
Other assets	16,372	372,412	33,265	(3,000)	419,049
Total assets	$ 1,622,396	$ 1,551,137	$ 427,388	$ (1,480,640)	$ 2,120,281
Current liabilities	$ 51,979	$ 103,077	$ 63,019	$ (20,590)	$ 197,485
Intercompany payables		796,771	154,786	(951,557)	
Long-term debt, less current maturities	1,306,250	5,699	199,357		1,511,306
Other accrued liabilities	5,132	76,016	41,192		122,340
Minority interest				30,115	30,115
Stockholders equity	259,035	569,574	(30,966)	(538,608)	259,035
Total liabilities and stockholders equity	$ 1,622,396	$ 1,551,137	$ 427,388	$ (1,480,640)	$ 2,120,281

	As of April 29, 2007				
	Isle of Capri Casinos, Inc. (Parent Obligor)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating and Eliminating Entries	Isle of Capri Casinos, Inc. Consolidated
Current assets	$ 110,189	$ 152,937	$ 70,420	$ (13,208)	$ 320,338
Intercompany receivables	1,130,006	(455,871)	(25,468)	(648,667)	
Investments in subsidiaries	269,631	289,857		(559,488)	
Property and equipment, net	19,644	946,127	372,799		1,338,570
Other assets	19,248	366,889	36,446	(5,800)	416,783
Total assets	$ 1,548,718	$ 1,299,939	$ 454,197	$ (1,227,163)	$ 2,075,691
Current liabilities	$ 61,274	$ 122,089	$ 60,889	$ (8,511)	$ 235,741
Intercompany payables		539,023	151,017	(690,040)	
Long-term debt, less current maturities	1,200,500	3,495	206,390		1,410,385
Other accrued liabilities	5,122	75,791	38,994		119,907
Minority interest				27,836	27,836
Stockholders equity	281,822	559,541	(3,093)	(556,448)	281,822
Total liabilities and stockholders equity	$ 1,548,718	$ 1,299,939	$ 454,197	$ (1,227,163)	$ 2,075,691

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Consolidating condensed statements of operations for the three and six months ended October 28, 2007 and October 29, 2006 are as follows (in thousands):

	For the Three Months Ended October 28, 2007 (Unaudited)				
Statement of Operations	**Isle of Capri Casinos, Inc. (Parent Obligor)**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidating and Eliminating Entries**	**Isle of Capri Casinos, Inc. Consolidated**
Revenues:					
Casino	$	$ 230,751	$ 47,531	$	$ 278,282
Rooms, food, beverage and other	42	41,871	11,797	(3,189)	50,521
Gross revenues	42	272,622	59,328	(3,189)	328,803
Less promotional allowances		39,687	10,278		49,965
Net revenues	42	232,935	49,050	(3,189)	278,838
Operating expenses:					
Casino		32,642	8,692		41,334
Gaming taxes		63,317	8,648		71,965
Rooms, food, beverage and other	18,388	90,355	22,205	(2,982)	127,966
Management fee expense (revenue)	(6,727)	6,982	(255)		
Depreciation and amortization	1,769	27,346	6,154		35,269
Total operating expenses	13,430	220,642	45,444	(2,982)	276,534
Operating income (loss)	(13,388)	12,293	3,606	(207)	2,304
Interest expense, net	(7,578)	(14,568)	(5,890)		(28,036)
Loss on extinguishment of debt	(11,468)				(11,468)
Equity in income (loss) of subsidiaries	(4,830)	2,394	(2,429)	4,865	
Income (loss) before income taxes and minority interest	(37,264)	119	(4,713)	4,658	(37,200)
Income tax (provision) benefit	12,629	999	983		14,611
Minority interest				(2,046)	(2,046)
Net income (loss)	$ (24,635)	$ 1,118	$ (3,730)	$ 2,612	$ (24,635)

	For the Three Months Ended October 29, 2006 (Unaudited) (Restated)				
Statement of Operations	**Isle of Capri Casinos, Inc. (Parent Obligor)**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidating and Eliminating Entries**	**Isle of Capri Casinos, Inc. Consolidated**
Revenues:					
Casino	$	$ 201,815	$ 47,422	$	$ 249,237
Rooms, food, beverage and other	98	40,889	11,890	(3,573)	49,304
Gross revenues	98	242,704	59,312	(3,573)	298,541
Less promotional allowances		43,601	11,716		55,317
Net revenues	98	199,103	47,596	(3,573)	243,224
Operating expenses:					
Casino		33,203	8,367		41,570
Gaming taxes		44,143	8,933		53,076
Rooms, food, beverage and other	11,010	78,286	24,644	(3,625)	110,315
Management fee expense (revenue)	(7,200)	7,201	(1)		
Depreciation and amortization	374	19,122	4,808		24,304
Total operating expenses	4,184	181,955	46,751	(3,625)	229,265
Operating income (loss)	(4,086)	17,148	845	52	13,959
Interest expense, net	(6,433)	(8,522)	(4,976)		(19,931)

Equity in income (loss) of subsidiaries	64	3,970	(4,146)	112	
Income (loss) from continuing operations before income taxes and minority interest	(10,455)	12,596	(8,277)	164	(5,972)
Income tax (provision) benefit	6,268	(6,584)	2,616		2,300
Minority interest				(515)	(515)
Income (loss) from continuing operations	(4,187)	6,012	(5,661)	(351)	(4,187)
Income from discontinued operations, net of taxes		13,817			13,817
Equity in earnings of discontinued operations	13,817			(13,817)	
Income from discontinued operations, net of taxes	13,817	13,817		(13,817)	13,817
Net income (loss)	$ 9,630	$ 19,829	$ (5,661)	$ (14,168)	$ 9,630

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

	For the Six Months Ended October 28, 2007				
Statement of Operations	**Isle of Capri Casinos, Inc. (Parent Obligor)**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidating and Eliminating Entries**	**Isle of Capri Casinos, Inc. Consolidated**
Revenues:					
Casino	$	$ 459,568	$ 95,948	$	$ 555,516
Rooms, food, beverage and other	73	86,553	22,799	(6,419)	103,006
Gross revenues	73	546,121	118,747	(6,419)	658,522
Less promotional allowances		80,624	20,527		101,151
Net revenues	73	465,497	98,220	(6,419)	557,371
Operating expenses:					
Casino		64,135	16,560		80,695
Gaming taxes		123,609	17,428		141,037
Rooms, food, beverage and other	29,571	181,313	44,875	(6,297)	249,462
Management fee expense (revenue)	(15,144)	15,348	(204)		
Depreciation and amortization	2,574	52,055	11,198		65,827
Total operating expenses	17,001	436,460	89,857	(6,297)	537,021
Operating income (loss)	(16,928)	29,037	8,363	(122)	20,350
Interest expense, net	(15,759)	(25,969)	(11,028)		(52,756)
Loss on extinguishment of debt	(13,660)				(13,660)
Equity in income (loss) of subsidiaries	(3,804)	7,726	(3,504)	(418)	
Income (loss) before income taxes and minority interest	(50,151)	10,794	(6,169)	(540)	(46,066)
Income tax (provision) benefit	18,401	(1,218)	1,106		18,289
Minority interest				(3,973)	(3,973)
Net income (loss)	$ (31,750)	$ 9,576	$ (5,063)	$ (4,513)	$ (31,750)

	For the Six Months Ended October 29, 2006 (Restated)				
Statement of Operations	**Isle of Capri Casinos, Inc. (Parent Obligor)**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidating and Eliminating Entries**	**Isle of Capri Casinos, Inc. Consolidated**
Revenues:					
Casino	$	$ 430,260	$ 96,597	$	$ 526,857
Rooms, food, beverage and other	52	86,423	24,400	(7,147)	103,728
Gross revenues	52	516,683	120,997	(7,147)	630,585
Less promotional allowances		90,602	22,791		113,393
Net revenues	52	426,081	98,206	(7,147)	517,192
Operating expenses:					
Casino		67,310	16,290		83,600
Gaming taxes		93,029	18,390		111,419
Rooms, food, beverage and other	22,494	159,888	53,803	(7,601)	228,584
Management fee expense (revenue)	(16,941)	17,050	(109)		
Depreciation and amortization	821	37,977	9,492		48,290
Total operating expenses	6,374	375,254	97,866	(7,601)	471,893
Operating income (loss)	(6,322)	50,827	340	454	45,299
Interest expense, net	(11,382)	(18,025)	(10,011)		(39,418)
Equity in income (loss) of subsidiaries	9,251	6,917	(7,047)	(9,121)	
Income (loss) from continuing operations before income taxes and minority interest	(8,453)	39,719	(16,718)	(8,667)	5,881

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Income tax (provision) benefit	9,594	(17,776)	4,995		(3,187)
Minority interest				(1,553)	(1,553)
Income (loss) from continuing operations	1,141	21,943	(11,723)	(10,220)	1,141
Income from discontinued operations, net of taxes		17,773			17,773
Equity in earnings of discontinued operations	17,773			(17,773)	
Income from discontinued operations, net of taxes	17,773	17,773		(17,773)	17,773
Net income (loss)	$ 18,914	$ 39,716	$ (11,723)	$ (27,993)	$ 18,914

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Consolidating condensed statements of cash flows for the six months ended October 28, 2007 and October 29, 2006 are as follows (in thousands):

	For the Six Months Ended October 28, 2007 (Unaudited)				
Statement of Cash Flows	**Isle of Capri Casinos, Inc. (Parent Obligor)**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidating and Eliminating Entries**	**Isle of Capri Casinos, Inc. Consolidated**
Net cash provided by (used in) operating activities	$ (39,170)	$ 30,469	$ 9,393	$ (2,074)	$ (1,382)
Net cash provided by (used in) investing activities	(781)	(132,736)	(25,971)		(159,488)
Net cash provided by (used in) financing activities	(28,018)	100,001	13,744	2,074	87,801
Effect of foreign currency exchange rates on cash and cash equivalents			(84)		(84)
Net increase (decrease) in cash and cash equivalents	(67,969)	(2,266)	(2,918)		(73,153)
Cash and cash equivalents at beginning of the period	82,895	70,638	34,581		188,114
Cash and cash equivalents at end of the period	$ 14,926	$ 68,372	$ 31,663	$	$ 114,961

	For the Six Months Ended October 29, 2006 (Unaudited) (Restated)				
Statement of Cash Flows	**Isle of Capri Casinos, Inc. (Parent Obligor)**	**Guarantor Subsidiaries**	**Non-Guarantor Subsidiaries**	**Consolidating and Eliminating Entries**	**Isle of Capri Casinos, Inc. Consolidated**
Net cash provided by (used in) operating activities	$ 6,972	$ 15,740	$ (10,964)	$ (19,767)	$ (8,019)
Net cash provided by (used in) investing activities	(57,114)	106,250	(23,570)	(11,096)	14,470
Net cash provided by (used in) financing activities	63,277	(136,388)	39,182	30,863	(3,066)
Effect of foreign currency exchange rates on cash and cash equivalents			24		24
Net increase (decrease) in cash and cash equivalents	13,135	(14,398)	4,672		3,409
Cash and cash equivalents at beginning of the period	29,187	67,494	24,368		121,049
Cash and cash equivalents at end of the period	$ 42,322	$ 53,096	$ 29,040	$	$ 124,458

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

ITEM 2. MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

All statements other than statements of historical or current facts included in this quarterly report on Form 10-Q or incorporated by reference herein, including, without limitation, statements regarding our future financial position, business strategy, budgets, projected costs and plans and objectives of management for future operations, are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements generally can be identified by the use of forward-looking terminology such as may , will , expect , intend , estimate , anticipate , believe or continue or the negative thereof or variations thereon or similar terminology. Although we believe tha expectations reflected in such forward-looking statements are reasonable, we can give no assurance that such expectations will prove to have been correct.

Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to:

- the effect of significant competition from other gaming operations in the markets in which we operate;
- the effects of changes in gaming authority regulations;
- the effects of changes in gaming taxes;
- the effects of changes in non-gaming regulations;
- loss of key personnel;
- the impact of inclement weather on our patronage;
- the timing and amount of collection of insurance receivables;
- the effects of construction and related disruptions associated with expansion projects at existing facilities;
- the effects of increases in energy and fuel prices;
- the effects of increases in construction costs;
- general and regional economic conditions;
- the effects of limitations imposed by our substantial indebtedness;
- the availability and cost of financing;
- the outcome of pending litigation;

political conditions and regulatory uncertainties in the U.S. and international venues in which we operate or are pursuing development opportunities;

All subsequent written and oral forward-looking statements attributable to us, or persons acting on our behalf, are expressly qualified in their entirety by these cautionary statements.

Our Internet website is http://www.islecorp.com. We make our filings available free of charge on our Internet website as soon as reasonably practical after we electronically file such reports with, or furnish them to, the SEC.

Executive Overview

We are a leading developer, owner and operator of branded gaming facilities and related lodging and entertainment facilities in regional markets in the United States and internationally. We continue to investigate developing new locations, purchasing existing operations and expanding our current properties. These activities require capital-intensive investments that have long-term return potential. We have intentionally sought geographic diversity to limit the risks caused by weather, regional economic difficulties and local gaming authorities and regulations. We currently operate casinos in Mississippi, Louisiana, Missouri, Iowa, Colorado and Florida. Internationally we operate casinos in Coventry, England and Freeport, Grand Bahama. We also operate a harness racing track and casino in Florida. Additionally, we have a controlling interest in and manage casinos in Dudley and Wolverhampton, England.

Our operating results have been affected by the acquisition or opening of new properties, losses from the early retirement of debt, write offs and other valuation charges, pre-opening expenses and increases in competition. This Management s Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with and give consideration to the following:

Opening of New Properties - During the first six months of fiscal year 2008, we experienced an increase in gaming revenues due primarily to the acquisition of our Caruthersville, Missouri casino in June 2007, the opening of our

Waterloo and Coventry casinos in June 2007 and July 2007, respectively, and the opening of the slot gaming facility at our Pompano Park Facility in April 2007.

Losses from Early Extinguishment of Debt - In the second quarter of fiscal 2008, we recognized an $11.5 million loss from early extinguishment of debt related to the early retirement of our 9% Senior Subordinated Notes. This loss included a $9.0 million call premium and a $2.5 million write-off of deferred financing costs. Proceeds from a $200.0 million term loan under our July 2007 Credit Facility were used to finance the extinguishment. Total loss from early extinguishment of debt for the six months ended October 28, 2007 of $13.7 million also includes a $2.2 million loss from the early extinguishment of our February 2005 Credit Facility replaced with our July 2007 Credit Facility.

Write-offs and Other Valuation Charges - The results from operations for the second quarter of fiscal 2008 include $6.5 million of write-offs of costs related to the termination of our plans to develop a new casino in west Harrison County, Mississippi and the write-off of construction projects in Davenport, Iowa and Kansas City, Missouri which we cancelled during the second fiscal quarter of 2007.

Pre-Opening Expenses - In fiscal year 2008, we opened our new Waterloo and Coventry properties. In late fiscal 2007 we opened the slot gaming facility at the Pompano Park property. For the three and six months ended October 28, 2007, we recorded pre-opening expenses related to these properties in the amounts of $0.3 million and $6.5 million, respectively. This is compared to pre-opening expenses recorded during the three and six months ended October 29, 2006 of $0.4 million and $0.6 million, respectively.

Increased Competition - Following the impact of Hurricane Katrina in the fall of 2005, our Mississippi properties in Biloxi and Natchez experienced strong revenue growth as a result of limited competition on the Gulf Coast. Since that time, the Gulf Coast has seen recovery in casino development which, combined with the closure of the Biloxi/Ocean Springs bridge, has significantly reduced our market share in Biloxi. Patron counts have been reduced at our Natchez property as gaming patrons who were displaced by hurricanes have returned to the Gulf Coast. In Louisiana, our Lake Charles property experienced higher gaming revenues in fiscal year 2007 due to the closure of competitors as a result of Hurricane Rita. Competition has reopened which has resulted in decreased gaming revenues at our Lake Charles property in fiscal year 2008. Our Quad City and Marquette properties have experienced increased competition in many of their feeder markets which has continued to have a negative impact on gaming revenues at these properties.

Results of Operations

Our results of operations for the three and six months ended October 28, 2007 and October 29, 2006 reflect the consolidated operations of all of our subsidiaries. The Vicksburg and Bossier City properties are reflected as discontinued operations for the periods prior to their sale in July 2006. A discussion of overall results by state for the six months ended October 28, 2007 compared to the six months ended October 29, 2006 follows:

Mississippi - Our three continuing casino operations contributed 17.3% of our net revenues for the six months ended October 28, 2007. Net revenues and income from operations at our Biloxi property decreased significantly from abnormally high prior year operating results due to increased competition in the market as competitors have re-opened after closures caused by Hurricane Katrina. Additionally, the Biloxi property remains negatively impacted by the destruction of the Biloxi/Ocean Springs bridge, which is the primary thoroughfare for travelers from Alabama and Florida to east Biloxi where our Biloxi property is located. Two lanes of the new Biloxi/Ocean Springs bridge opened in November 2007 and the complete new bridge with six lanes is scheduled to open prior to the summer of 2008. Our Natchez property continues to experience decreases in both net revenues and income from operations primarily resulting from the re-opening of competing casinos along the Gulf Coast. Net revenues at the Lula property decreased due to increased competition impacting certain of the property s outlying primary feeder markets and disruption due to renovations of the casino floor.

Louisiana - Our casino in Lake Charles contributed 13.4% of our net revenues for the six months ended October 28, 2007. Lake Charles experienced a decrease in net revenues due to increased competition in the market as competitors have fully re-opened following closures caused by Hurricane Rita and post hurricane normalization of population levels in the property s feeder markets. While experiencing a decline in net revenues, income from operations increased due primarily to decreased promotional and marketing expenses as well as overall cost control efforts.

Missouri - Our three casinos in Missouri contributed 16.7% of our net revenues for the six months ended October 28, 2007. Net revenues increased primarily due to the acquisition of the Caruthersville property on June 11, 2007. A

decrease in net revenues at Kansas City is due to aggressive marketing by our competition in the Kansas City marketplace. Income from operations increased in the second quarter of fiscal 2008 due to the Caruthersville acquisition as well as overall cost control efforts at our other Missouri properties.

Iowa - Our four casinos in Iowa contributed 23.0% of our net revenues for the six months ended October 28, 2007. Net revenues and income from operations increased primarily due to the opening of the Waterloo property on June 30, 2007. Combined net revenues decreased moderately at our Marquette and two Quad City properties due primarily to the impact of increased competition. However, combined income from operations for these properties increased due to cost control efforts.

Colorado - Our two casinos in Black Hawk, Colorado contributed 14.1% of our net revenues for the six months ended October 28, 2007. Our Colorado properties experienced minor decreases in net revenues primarily due to a planned reduction in complimentary rooms and food and beverages. Income from operations increased at both Colorado properties due to decreases in marketing expenses and overall cost control efforts.

Florida - The Pompano Park racetrack and casino contributed 13.1% of our net revenues for the six months ended October 28, 2007. Net revenues and income from operations reflect the opening of the slot gaming facility on April 14, 2007.

International Operations - Net revenues increased primarily due to the opening of the Coventry, England property in July 2007. Loss from operations for the six months ended October 28, 2007 includes $2.8 million in pre-opening costs.

We believe that our historical results of operations may not be indicative of our future results of operations because of the substantial present and expected future increase in competition for gaming customers in each of our markets, as new gaming facilities open and existing gaming facilities expand or enhance their facilities. We also believe our operating results may be materially affected by declines in the economy and adverse weather.

Net revenues and operating income (loss) for the three and six months ended October 28, 2007 and October 29, 2006 are as follows:

	Net Revenues Three Months Ended		Operating Income (Loss) Three Months Ended	
(in thousands)	**October 28, 2007**	**October 29, 2006 (Restated)**	**October 28, 2007**	**October 29, 2006 (Restated)**
Mississippi				
Biloxi	$ 21,020	$ 37,611	$ (1,724)	$ 7,805
Natchez	8,765	9,639	1,611	1,673
Lula	18,549	19,912	1,582	1,453
Mississippi Total	48,334	67,162	1,469	10,931
Louisiana				
Lakes Charles	37,502	39,952	3,855	3,413
Missouri				
Kansas City	18,766	19,880	828	1,008
Boonville	20,403	20,349	4,912	4,307
Caruthersville (1)	7,459		1,130	
Missouri Total	46,628	40,229	6,870	5,315
Iowa				
Bettendorf	23,133	22,049	4,655	4,007
Davenport	13,068	15,303	1,344	1,699
Marquette	8,875	10,178	1,316	1,312
Waterloo (2)	18,955		996	(44)
Iowa Total	64,031	47,530	8,311	6,974
Colorado				
Black Hawk/Colorado Central Station	39,314	39,502	10,038	5,962
Florida				
Pompano (2)	36,396	4,424	(1,161)	(2,342)
International				
Blue Chip	2,077	1,712	(560)	(1,378)
Coventry (2)	1,575		(6,058)	(569)
Our Lucaya	2,879	2,591	(899)	(1,195)
International Total	6,531	4,303	(7,517)	(3,142)
Other	102	122	(19,561)	(13,152)
	$ 278,838	$ 243,224	$ 2,304	$ 13,959

	Net Revenues Six Months Ended		Operating Income (Loss) Six Months Ended	
(in thousands)	**October 28, 2007**	**October 29, 2006 (Restated)**	**October 28, 2007**	**October 29, 2006 (Restated)**
Mississippi				
Biloxi	$ 47,772	$ 90,466	$ (217)	$ 26,114
Natchez	18,420	20,796	3,676	4,007
Lula	38,065	41,283	4,176	4,652
Mississippi Total	104,257	152,545	7,635	34,773
Louisiana				
Lakes Charles	80,503	84,619	10,526	9,441
Missouri				
Kansas City	38,476	40,590	3,244	2,021
Boonville	41,069	40,470	10,296	8,350
Caruthersville (1)	11,839		1,956	
Missouri Total	91,384	81,060	15,496	10,371
Iowa				
Bettendorf	46,580	45,427	9,884	8,906

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Davenport	26,677	32,238	3,562	5,311
Marquette	18,372	20,379	3,258	2,770
Waterloo (2)	27,069		(225)	(96)
Iowa Total	118,698	98,044	16,479	16,891
Colorado				
Black Hawk/Colorado Central Station	78,529	79,117	19,942	13,094
Florida				
Pompano (2)	70,593	10,256	(5,615)	(3,711)
International				
Blue Chip	4,555	3,891	(662)	(1,696)
Coventry (2)	1,976		(11,005)	(1,170)
Our Lucaya	6,709	7,521	(958)	(3,957)
International Total	13,240	11,412	(12,625)	(6,823)
Other	167	139	(31,488)	(28,737)
	$ 557,371	$ 517,192	$ 20,350	$ 45,299

(1) Reflects results since the June, 2007 acquisition effective date.

(2) Waterloo, Pompano, and Coventry opened for operations in June 2007, April 2007 and July 2007, respectively.

Note: The table excludes our Vicksburg and Bossier City properties which have been classified as discontinued operations.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Revenues

Revenues for the three and six months ended October 28, 2007 and October 29, 2006 are as follows:

	Three Months Ended			
(in thousands)	**October 28, 2007**	**October 29, 2006 (Restated)**	**Variance**	**Percentage Variance**
Revenues:				
Casino	$ 278,282	$ 249,237	$ 29,045	11.7%
Rooms	13,080	13,319	(239)	-1.8%
Pari-mutuel commissions and fees	3,838	3,832	6	0.2%
Food, beverage and other	33,603	32,153	1,450	4.5%
Gross revenues	328,803	298,541	30,262	10.1%
Less promotional allowances	49,965	55,317	(5,352)	-9.7%
Net revenues	$ 278,838	$ 243,224	35,614	14.6%

	Six Months Ended			
(in thousands)	**October 28, 2007**	**October 29, 2006 (Restated)**	**Variance**	**Percentage Variance**
Revenues:				
Casino	$ 555,516	$ 526,857	$ 28,659	5.4%
Rooms	26,921	27,970	(1,049)	-3.8%
Pari-mutuel commissions and fees	8,414	8,793	(379)	-4.3%
Food, beverage and other	67,671	66,965	706	1.1%
Gross revenues	658,522	630,585	27,937	4.4%
Less promotional allowances	101,151	113,393	(12,242)	-10.8%
Net revenues	$ 557,371	$ 517,192	40,179	7.8%

Casino Revenues - Casino revenues increased $29.0 million, or 11.7% and $28.7 million, or 5.4% for the three and six months ended October 28, 2007, respectively, compared to the three and six months ended October 29, 2006. Our increased casino revenues were primarily a result of the opening or acquisition of new casino properties in Caruthersville, Waterloo, Pompano and Coventry, and increases in casino revenues at Bettendorf driven by the opening of our new hotel. These increases in casino revenues were partially offset by decreases in casino revenues at certain of our other casino properties due to increased competition from new casino properties, the reopening of casinos damaged by hurricanes and changes in promotional spending by our competitors and us within our markets.

Casino revenues at Biloxi decreased by $17.8 million and $45.8 million for the three and six months ended October 28, 2007, respectively, due to increased competition and post-hurricane normalization.

Casino revenues at Natchez decreased by $0.9 million and $2.4 million for the three and six months ended October 28, 2007, respectively, due to reopening of Gulf Coast casinos closed due to hurricane damage.

Casino revenues at Lula decreased by $1.7 million and $3.3 million for the three and six months ended October 28, 2007, respectively, due to increased competition impacting certain of the property s outlying primary feeder markets and disruption due to renovations of the casino floor.

Casino revenues at Lake Charles decreased by $3.2 million and $5.2 million for the three and six months ended October 28, 2007, respectively, due to post-hurricane normalization.

Casino revenues at Kansas City decreased by $1.4 million and $2.8 million for the three and six months ended October 28, 2007, respectively, due to an increase in promotional spending by our competitors and the opening of a new hotel in April, 2007 by one of our competitors in the Kansas City market.

Casino revenues at Caruthersville which we acquired in June 2007 were $7.7 million and $12.2 million for the three and six months ended October 28, 2007, respectively.

Casino revenues at Bettendorf increased by $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively, reflecting the benefit of our new hotel which opened in May 2007.

Casino revenues at Davenport decreased by $2.7 million and $6.8 million for the three and six months ended October 28, 2007, respectively, due to increased competition.

Casino revenues at Marquette decreased by $0.9 million and $1.2 million for the three and six months ended October 28, 2007, respectively, due to increased competition.

Casino revenues at Waterloo which we opened in June 2007 were $18.4 million and $25.9 million for the three and six months ended October 28, 2007, respectively.

Casino revenues at our two properties in Black Hawk, Colorado decreased by $1.4 million and $1.7 million for the three and six months ended October 28, 2007, respectively, due to our decision to reduce marketing costs to less profitable customer marketing segments.

Casino revenues at Pompano Park following the opening of our casino in April 2007, were $31.1 million and $58.2 million for the three and six months ended October 28, 2007, respectively.

Casino revenues at Coventry which we opened in July 2007 were $0.9 million and $1.2 million for the three and six months ended October 28, 2007, respectively.

Rooms Revenue - Rooms revenue decreased $0.2 million, or 1.8% and $1.0 million or 3.7% for the three and six months ended October 28, 2007, respectively, compared to the three and six months ended October 29, 2006, primarily resulting from the decreased revenue at the properties in Biloxi and Lula related to increased competition and post hurricane normalization, which was partially offset by the new hotels in Bettendorf and Waterloo, and a decrease at our Colorado properties due to changes in our marketing.

Rooms revenue at Biloxi decreased by $1.1 million and $2.6 million for the three and six months ended October 28, 2007, respectively, due to increased competition and post-hurricane normalization.

Rooms revenue at Lula decreased by $0.5 million and $0.9 million for the three and six months ended October 28, 2007, respectively, due to increased competition impacting certain of the property s outlying primary feeder markets and disruption due to renovations of the casino floor.

Rooms revenue at Bettendorf increased by $0.9 million and $1.5 million for the three and six months ended October 28, 2007, respectively, due to the opening of our new 258 room hotel in May 2007.

Rooms revenue at Waterloo increased by $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively, due to the opening of our new 195 room hotel in June 2007.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Rooms revenue at our property in Black Hawk, Colorado decreased by $0.2 million and $0.5 million for the three and six months ended October 28, 2007, respectively, due to our decision to reduce hotel complimentaries to less profitable customer marketing segments.

Pari-mutuel Commissions and Fees - Pari-mutuel commissions earned at Pompano Park for the three months ended October 28, 2007 remained flat over the second quarter of fiscal year 2007 while decreasing $0.4 million or 4.3% for the six months ended October 28, 2007 due to decreased wagering on simulcast races.

Food, Beverage and Other Revenues - Food, beverage and other revenues increased $1.4 million, or 4.5% and $0.7 million, or 1.1% for the three and six months ended October 28, 2007, respectively, compared to the three and six months ended October 29, 2006. Our increased food, beverage and other revenues were primarily a result of the opening or acquisition of new casino properties in Caruthersville, Waterloo, Pompano and Coventry. These increases in food, beverage and other revenues were partially offset by decreases in food, beverage and other revenues at certain of our other properties due to increased competition from new casino properties, the reopening of casinos damaged by hurricanes and changes in our promotional spending.

Food, beverage and other revenues at Biloxi decreased by $2.7 million and $5.6 million for the three and six months ended October 28, 2007, respectively, due to increased competition and post-hurricane normalization.

Food, beverage and other revenues at Lula decreased by $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively, due to increased competition and post-hurricane normalization.

Food, beverage and other revenues at Lula decreased by $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively, due to increased competition impacting certain of the property s primary feeder markets and disruption due to renovations of the casino floor.

Food, beverage and other revenues at Caruthersville which we acquired in June 2007 were $0.3 million and $0.4 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other revenues at Davenport decreased by $0.5 million and $0.6 million for the three and six months ended October 28, 2007, respectively, due to increased competition.

Food, beverage and other revenues at Waterloo which we opened in June 2007 were $2.1 million and $2.9 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other revenues at our two properties in Black Hawk, Colorado decreased by $0.1 million and $0.8 million for the three and six months ended October 28, 2007, respectively, due to our decision to reduce marketing costs to less profitable customer marketing segments.

Food, beverage and other revenues at Pompano Park increased following the opening of our casino in April 2007, by $3.1 million and $6.0 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other revenues at Coventry which we opened in July 2007 were $0.8 million and $0.9 million for the three and six months ended October 28, 2007, respectively.

Promotional Allowances - Promotional allowances, which are made up of complimentaries, cash points and coupons, are rewards that we give our loyal customers to encourage them to continue to patronize our properties. Promotional allowances decreased $5.4 million, or 9.7% and $12.2 million, or 10.8% for the three and six months ended October 28, 2007, respectively, compared to the three and six months ended October 29, 2006. Considering the acquisition or opening of new properties for which our promotional allowances increased $4.8 million and $6.5 million for the three and six months ended October 28, 2007, respectively, same property promotional allowances decreased $10.2 million and $18.7 million for the three and six months periods, respectively, compared to the three and six months ended October 29, 2006.

Promotional allowances at Biloxi decreased by $4.9 million and $11.3 million for the three and six months ended October 28, 2007, respectively, relating to decreases in gross revenues due to increased competition and post-hurricane normalization.

Promotional allowances at Lula decreased by $1.5 million and $1.9 million for the three and six months ended October 28, 2007, respectively, relating to decreases in gross revenues due to increased competition impacting certain of the property s primary feeder markets and disruption due to renovations of the casino floor.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, an

Promotional allowances at Caruthersville which we acquired in June 2007 were $0.5 million and $0.8 million for the three and six months ended October 28, 2007, respectively.

Promotional allowances at Bettendorf increased by $0.7 million and $1.7 million for the three and six months ended October 28, 2007, respectively, relating to increases in revenues and complimentaries following the opening of our new 258 room hotel in May 2007.

Promotional allowances at Davenport decreased by $0.9 million and $1.8 million for the three and six months ended October 28, 2007, respectively, relating to decreases in gross revenues due to increased competition.

Promotional allowances at Waterloo which we opened in June 2007 were $2.3 million and $2.7 million for the three and six months ended October 28, 2007, respectively.

Promotional allowances at our two properties in Black Hawk, Colorado decreased by $1.6 million and $2.4 million for the three and six months ended October 28, 2007, respectively, due to our decision to reduce marketing costs to less profitable customer marketing segments which reduced our gross revenues by $1.7 million and $3.0 million for the corresponding periods.

Promotional allowances at Pompano Park increased due to the opening of our casino in April 2007, by $1.9 million and $2.7 million for the three and six months ended October 28, 2007, respectively.

Promotional allowances at Coventry which we opened in July 2007 were $0.1 million and $0.2 million for the three and six months ended October 28, 2007, respectively.

Operating Expenses

Operating expenses for the three and six month periods ended October 28, 2007 and October 29, 2006 are as follows:

	Three Months Ended			
(in thousands)	**October 28, 2007**	**October 29, 2006 (Restated)**	**Variance**	**Percentage Variance**
Operating expenses:				
Casino	$ 41,330	$ 41,570	$ (240)	-0.6%
Gaming taxes	71,965	53,076	18,889	35.6%
Rooms	3,164	2,429	735	30.3%
Pari-mutuel commissions and fees	3,172	3,070	102	3.3%
Food, beverage and other	11,400	7,506	3,894	51.9%
Marine and facilities	16,781	15,634	1,147	7.3%
Marketing and administrative	73,683	67,832	5,851	8.6%
Corporate and development	12,919	12,790	129	1.0%
Write-offs and other valuation charges	6,526	665	5,861	881.4%
Pre-opening	324	389	(65)	-16.7%
Depreciation and amortization	35,270	24,304	10,966	45.1%
Total operating expenses	$ 276,534	$ 229,265	47,269	20.6%

	Six Months Ended			
(in thousands)	**October 28, 2007**	**October 29, 2006 (Restated)**	**Variance**	**Percentage Variance**
Operating expenses:				
Casino	$ 80,693	$ 83,600	$ (2,907)	-3.5%
Gaming taxes	141,037	111,419	29,618	26.6%
Rooms	6,345	4,880	1,465	30.0%
Pari-mutuel commissions and fees	6,844	6,896	(52)	-0.8%
Food, beverage and other	23,029	16,592	6,437	38.8%
Marine and facilities	33,271	30,746	2,525	8.2%
Marketing and administrative	142,999	140,332	2,667	1.9%
Corporate and development	23,993	27,835	(3,842)	-13.8%
Write-offs and other valuation charges	6,526	665	5,861	881.4%
Pre-opening	6,457	638	5,819	912.1%
Depreciation and amortization	65,827	48,290	17,537	36.3%
Total operating expenses	$ 537,021	$ 471,893	65,128	13.8%

Casino - Casino operating expenses decreased $0.2 million, or 0.6%, and $2.9 million or 3.5% in the three and six months ended October 28, 2007, respectively, compared to the same period in the prior year. Considering the acquisition or opening of new properties for which our casino expenses increased $7.2 million and $10.8 million for the three and six months ended October 28, 2007, respectively, same property casino expenses decreased $7.5 million and $13.8 million for the three and six month periods, respectively, as compared to the three and six months ended October 29, 2006. Overall casino expenses for the three and six months ended October 28, 2007 and October 29, 2006, decreased in proportion to casino revenue from 16.7% to 14.9% and from 15.9% to 14.5%, respectively.

Casino expenses at Biloxi decreased by $3.1 million and $6.0 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Casino expenses at Natchez decreased by $0.3 million and $0.8 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Lula decreased by $1.1 million and $1.3 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Lake Charles decreased by $0.9 million and $1.7 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Caruthersville which we acquired in June 2007 were $0.8 million and $1.3 million for the three and six months ended October 28, 2007, respectively.

Casino expenses at Davenport decreased by $0.4 million and $0.8 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Waterloo which we opened in June 2007 were $2.3 million and $2.9 million for the three and six months ended October 28, 2007, respectively.

Casino expenses at our two properties in Black Hawk, Colorado decreased by $1.6 million and $2.3 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Casino expenses at Pompano Park which opened in April 2007 were $3.0 million and $5.4 million for the three and six months ended October 28, 2007, respectively. Casino expenses for Pompano Park for the three and six months ended October 29, 2006, prior to the opening of our new casino, were $0.3 million and $0.5 million, respectively.

Casino expenses at Coventry which we opened in July 2007 were $1.4 million and $1.7 million for the three and six months ended October 28, 2007, respectively.

Gaming Taxes - State and local gaming taxes increased $18.9 million, or 35.6%, and $29.6 million, or 26.6% for three and six months ended October 28, 2007, respectively, as compared to the same periods in the prior fiscal year. Considering the acquisition or opening of new properties for which our gaming taxes increased $24.0 million and $41.8 million for the three and six months ended October 28, 2007, respectively, same property gaming taxes decreased $5.1 million and $12.2 million for the three and six months ended October 28, 2007, respectively, as compared to the three and six months ended October 29, 2006. This decrease in same property gaming taxes for the comparative three and six month periods ended October 28, 2007 as compared to comparable periods ended October 29, 2006 corresponds to the reductions in gaming revenues. The effective rate for gaming taxes as a percentage of gaming revenue increased from 21.3% to 25.9% and from 21.1% to 25.4 % for the three and six month periods ended October 28, 2007, respectively, compared to the same period in the prior fiscal year due to a change in the mix of gaming revenues derived from states with higher gaming tax rates.

Gaming taxes at Biloxi decreased by $2.0 million and $5.3 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Gaming taxes at Lake Charles decreased by $1.0 million and $1.5 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Gaming taxes at Kansas City decreased by $0.6 million and $1.2 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Gaming taxes at Caruthersville which we acquired in June 2007 were $2.2 million and $3.4 million for the three and six months ended October 28, 2007, respectively.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, an

Gaming taxes at Davenport decreased by $0.8 million and $2.3 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in casino revenues.

Gaming taxes at Waterloo which we opened in June 2007 were $5.5 million and $7.4 million for the three and six months ended October 28, 2007, respectively.

Gaming taxes at Pompano Park following the opening of our casino in April 2007 were $16.2 million and $30.8 million for the three and six months ended October 28, 2007, respectively. Gaming taxes for the same period in the previous year related to pari-mutuel racing, prior to the opening of our new casino, gaming taxes were minimal.

Gaming taxes at Coventry which we opened in July 2007 were $0.1 million and $0.1 million for the three and six months ended October 28, 2007, respectively.

Rooms - Rooms expense increased $0.7 million, or 30.2%, and $1.5 million, or 30.0%, for the three and six month periods ended October 28, 2007, respectively, compared to the same periods in the prior fiscal year. Rooms expense reflect increased room capacity due to the opening of the Waterloo property hotel and the Bettendorf property hotel expansion. These expenses directly relate to the cost of providing hotel rooms. A reduction in complimentary hotel rooms provided to our customers also increases our rooms expense as the cost of rooms expense allocated to casino expense is reduced.

Rooms expense at Biloxi decreased by $0.3 million and $0.7 million for the three and six months ended October 28, 2007, respectively, due to a reduction in complimentary rooms offered to our customers reducing the allocation of costs to casino expenses.

Rooms expense at Bettendorf increased by $0.2 million and $0.3 million for the three and six months ended October 28, 2007, respectively, due to the opening of our new 258 room hotel expansion in May 2007.

Rooms expense at Waterloo increased by $0.2 million and $0.3 million for the three and six months ended October 28, 2007, respectively, due to the opening of our new 195 room hotel in June 2007.

Pari-mutuel Commissions and Fees - Pari-mutuel operating costs of the Pompano Park property increased $0.1 million for the three months ended October 28, 2007 compared to the three months ended October 29, 2006. Such costs remain stable for the comparable six month periods ended October 28, 2007 and October 29, 2006. Such costs consist primarily of compensation, benefits, purses, simulcast fees and other direct costs of track operations.

Food Beverage and Other - Food, beverage and other expenses increased $3.9 million, or 51.9%, and $6.4 million or 38.8% in the three and six months ended October 28, 2007, respectively, compared to the same period in prior year. Considering the acquisition or opening of new properties for which our food beverage and other expenses increased $4.4 million and $8.1 million for the three and six months ended October 28, 2007, respectively, same property food, beverage and other expenses decreased $0.5 million and $1.7 million for the three and six months periods, respectively, as compared to the three and six months ended October 29, 2006. This decrease in same property food beverage and other expenses for the three and six month periods ended October 28, 2007 as compared to periods ended October 29, 2006 reflects reductions in our food, beverage and other revenues.

Food, beverage and other expenses at Biloxi decreased by $0.4 million and $0.9 million for the three and six months ended October 28, 2007, respectively, corresponding to a reduction in food, beverage and other revenues.

Food, beverage and other expenses at Caruthersville which we acquired in June 2007 were $0.1 million and $0.1 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other expenses at Waterloo which we opened in June 2007 were $1.2 million and $1.7 million for the three and six months ended October 28, 2007, respectively.

Food, beverage and other expenses at Pompano Park following the opening of our casino in April 2007 were $2.7 million and $5.9 million for the three and six months ended October 28, 2007, respectively. Food, beverage and other expenses for Pompano Park for the three and six months ended October 29, 2006, prior to the opening of our new casino, were $0.3 million and $0.6 million, respectively.

Food, beverage and other expenses at Coventry which we opened in July 2007 were $0.8 million and $1.0 million for the three and six months ended October 28, 2007, respectively.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state juris ons, an

Marine and Facilities - These expenses include salaries, wages and benefits of the marine and facilities departments, operating expenses of the marine crews, insurance, maintenance of public areas, housekeeping and general maintenance of the riverboats and pavilions. Marine and facilities expenses increased $1.1 million, or 7.3%, and $2.5 million or 8.2% in the three and six months ended October 28, 2007, respectively, compared to the same period in prior year. Considering the acquisition or opening of new properties for which our marine and facilities expenses increased $2.8 million and $5.2 million for the three and six months ended October 28, 2007, respectively, same property marine and facilities expenses decreased $1.7 million and $2.7 million for the three and six months periods, respectively, as compared to the three and six months ended October 29, 2006. This decrease in same property marine and facilities expenses for the three and six month periods ended October 28, 2007 as compared to periods ended October 29, 2006 is primarily the result of staff reductions and labor cost management.

Marine and facilities expenses at Biloxi decreased by $0.5 million and $0.8 million for the three and six months ended October 28, 2007, respectively, corresponding to staff reductions.

Marine and facilities expenses at Caruthersville which we acquired in June 2007 were $0.3 million and $0.6 million for the three and six months ended October 28, 2007, respectively.

Marine and facilities expenses at Waterloo which we opened in June 2007 were $0.6 million and $0.9 million for the three and six months ended October 28, 2007, respectively.

Marine and facilities expenses at Pompano Park following the opening of our casino in April 2007 were $2.4 million and $5.1 million for the three and six months ended October 28, 2007, respectively. Marine and facilities expenses

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, an

for Pompano Park for the three and six months ended October 29, 2006, prior to the opening of our new casino, were $0.9 million and $1.7 million, respectively.

Marine and facilities expenses at Coventry which we opened in July 2007 were $0.4 million and $0.4 million for the three and six months ended October 28, 2007, respectively.

Marketing and Administrative - These expenses include salaries, wages and benefits of the marketing and sales departments, as well as promotions, direct mail, advertising, special events and entertainment. Administrative expenses include administration and human resource department expenses, rent, new development activities, professional fees and property taxes. Marketing and administrative expenses increased $5.9 million, or 8.6% and $2.7 million or 1.9% in the three and six months ended October 28, 2007, respectively, compared to the same period in prior year. Considering the acquisition or opening of new properties for which our marketing and administrative expenses increased $14.4 million and $24.7 million for the three and six months ended October 28, 2007, respectively, same property marketing and administrative expenses decreased $8.6 million and $22.0 million for the three and six months periods, respectively, as compared to the three and six months ended October 29, 2006. This decrease in same property marketing and administrative expenses for the three and six month periods ended October 28, 2007 as compared to periods ended October 29, 2006 reflects our decision to reduce marketing costs to less profitable customer marketing segments and to reduce our administrative costs.

Marketing and administrative expenses at Biloxi decreased $1.8 million and $5.3 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and reduced expenses related to a decline in business over the prior year period as a result of increased competition as the Biloxi market continues to recover from Hurricane Katrina.

Marketing and administrative expenses at Natchez decreased $0.4 million and $0.7 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions, administrative cost improvements and a reduction in marketing expenses related to a decline in business over the prior year period as a result of the re-opening of competing casinos along the Gulf Coast.

Marketing and administrative expenses at Lula decreased $0.7 million and $1.9 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and a reduction in promotional and complimentary expenses.

Marketing and administrative expenses at Lake Charles decreased $0.5 million and $1.2 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and a reduction in promotional and complimentary expenses.

Marketing and administrative expenses at Kansas City decreased $0.8 million and $1.3 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and a reduction in promotional and complimentary expenses.

Marketing and administrative expenses at Boonville decreased $0.2 million and $0.5 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to staff reductions and lower insurance premiums over prior year.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Marketing and administrative expenses at Caruthersville which we acquired in June 2007 were $2.2 million and $3.4 million for the three and six months ended October 28, 2007, respectively.

Marketing and administrative expenses at our Quad City and Marquette properties decreased collectively $2.2 million and $3.8 million for the three and six months ended October 28, 2007, respectively. These decreases are related to cost control efforts.

Marketing and administrative expenses at Waterloo which we opened in June 2007 were $5.0 million and $7.0 million for the three and six months ended October 28, 2007, respectively.

Marketing and administrative expenses at our two properties in Black Hawk, Colorado decreased $1.9 million and $3.7 million for the three and six months ended October 28, 2007, respectively. These decreases are primarily related to a decrease in promotional and complimentary expenses.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, an

Marketing and administrative expenses at Pompano Park following the opening of our casino in April 2007 were $6.1 million and $13.9 million for the three and six months ended October 28, 2007, respectively, compared to $1.8 million and $3.7 million compared to the same period in the prior year.

Marketing and administrative expenses at Coventry which we opened in July 2007 were $3.0 million and $4.2 million for the three and six months ended October 28, 2007, respectively.

Corporate and Development - During the three and six month periods ended October 28, 2007, our corporate and development expenses were $12.9 million and $24.0 million, respectively, compared to $12.8 million and $27.8 million for the three and six months ended October 29, 2006. Corporate and development expenses for the three and six months ended October 28, 2007 include increased professional services costs of $2.9 million and $4.6 million, respectively, and increased salaries, wages and benefits of $0.8 million and $1.7 million, respectively. The results for the three and six months ended October 29, 2006 included $3.7 million and $6.9 million, respectively, of increased development costs over the same period in fiscal 2008, and $1.0 million and $3.6 million, respectively, in office relocation costs..

Pre-opening - Pre-opening expenses for the six months ended October 28, 2007 included $3.4 million, $2.8 million and $0.3 million for Waterloo, Coventry and Pompano, respectively. Of these $6.5 million in pre-opening costs, $0.3 million were expensed during the three months ended October 28, 2007 at Waterloo as we completed the opening of our pool area. Pre-opening expenses during the six months ended October 29, 2006 included $0.6 million total pre-opening costs for our Waterloo, Coventry and Pompano Park properties with $0.4 million of these pre-opening costs expensed during the three months ended October 29, 2006.

Write-offs and Other Valuation Charges - We recognized $6.5 million in impairment charges for the three and six months ended October 28, 2007 primarily related to the costs associated with the termination of our lease to develop a new casino in west Harrison County, Mississippi and the write-off of construction projects we decided to terminate in Davenport and Kansas City. During the three and six months ended October 29, 2006 we recognized a $0.7 million impairment charge relating to real property at Blue Chip.

Depreciation and Amortization - Depreciation and amortization expense for the three and six months ended October 28, 2007 increased $11.0 million or 45.2%, and $17.6 million or 36.3%, respectively, due to our hotel expansion at our Bettendorf property, the acquisition of Caruthersville, the opening of our Waterloo and Coventry properties, and the opening of the slot gaming facility at the Pompano Park property.

Depreciation and amortization at Biloxi increased by $0.6 million and $1.2 million for the three and six months ended October 28, 2007, respectively, primarily due to the completion of the atrium expansion.

Depreciation and amortization at Caruthersville which we acquired in June 2007 were $0.7 million and $1.0 million for the three and six months ended October 28, 2007, respectively.

Depreciation and amortization at Bettendorf increased by $0.5 million and $1.2 million for the three and six months ended October 28, 2007, following the opening of our new 258 room hotel in May 2007.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, an

Depreciation and amortization at Waterloo which we opened in June 2007 were $2.8 million and $3.7 million for the three and six months ended October 28, 2007, respectively.

Depreciation and amortization at Pompano Park following the opening of our casino in April 2007 increased $3.9 million and $7.7 million for the three and six months ended October 28, 2007, respectively.

Depreciation and amortization at Coventry which we opened in July 2007 were $1.9 million and $2.8 million for the three and six months ended October 28, 2007, respectively.

Other Income (Expense), Income Taxes, Minority Interest and Discontinued Operations

Interest expense, interest income, loss on early extinguishment of debt, income tax (provision) benefit, minority interest and income from discontinued operations, net of income taxes for the three and six month periods ended October 28, 2007 and October 29, 2006 are as follows:

(in thousands)	Three Months Ended October 28, 2007	Three Months Ended October 29, 2006 (Restated)	Variance	Percentage Variance
Interest expense	$ (29,176)	$ (23,394)	$ (5,782)	24.7%
Interest income	1,140	3,463	(2,323)	-67.1%
Loss on early extinguishment of debt	(11,468)		(11,468)	100.0%
Income tax (provision) benefit	14,611	2,300	12,311	535.3%
Minority interest	(2,046)	(515)	(1,531)	297.3%
Income from discontinued operations, net of income taxes		13,817	(13,817)	-100.0%

(in thousands)	Six Months Ended October 28, 2007	Six Months Ended October 29, 2006 (Restated)	Variance	Percentage Variance
Interest expense	$ (54,990)	$ (43,450)	$ (11,540)	26.6%
Interest income	2,234	4,032	(1,798)	-44.6%
Loss on early extinguishment of debt	(13,660)		(13,660)	100.0%
Income tax (provision) benefit	18,289	(3,187)	21,476	-673.9%
Minority interest	(3,973)	(1,553)	(2,420)	155.8%
Income from discontinued operations, net of income taxes		17,773	(17,773)	-100.0%

Interest Expense - Interest expense increased $5.8 million and $11.5 million for the three and six months ended October 28, 2007 compared to the same period in the prior year. This increase is primarily attributable to higher debt balances on our July 2007 Credit Facility to fund property and equipment additions.

Interest Income - During the three and six months periods ended October 28, 2007, our interest income was $1.1 million and $3.4 million, respectively, compared to $2.2 million and $4.0 million for the three and six months ended October 29, 2006. The change in interest income reflects changes in our invested cash balances and interest rates.

Loss on Early Extinguishment of Debt - During the three months ended October 28, 2007 we recorded loss on early extinguishment of debt of $11.5 million from the early redemption of our $200.0 million 9% Senior Subordinated Notes at 104.5%. This $11.5 million loss included the $9.0 million call premium and a write-off of deferred financing costs of $2.5 million. During the first quarter of fiscal 2008, we replaced our February 2005 Credit Facility with our July 2007 Credit Facility resulting in a loss on early extinguishment of debt of $2.2 million from the write-off of deferred financing costs. Both of the transactions result in a loss on early of extinguishment of debt of $13.7 million for the six months ended October 28, 2007.

Income Tax (Provision) Benefit - Our effective income tax rates were as follows:

	Three Months Ended October 28, 2007	Three Months Ended October 29, 2006	Six Months Ended October 28, 2007	Six Months Ended October 29, 2006
Continuing operations	39.28%	38.51%	39.70%	54.19%
Total	39.28%	39.03%	39.70%	42.28%

The primary reasons for the difference between the Company s effective tax rates and the statutory tax rates were permanent differences from non-deductible expenses, employment tax credits, changes in state valuation allowances, international operations, taxes related to minority

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

interests, and qualified stock option expenses that are not deductible.

Minority Interests - During the three and six months periods ended October 28, 2007, our minority interest expense was $2.0 million and $4.0 million, respectively, compared to $0.5 million and $1.6 million for the three and six months ended October 29, 2006. Minority interests are recorded for our minority partners interest in our Colorado and international operations.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, an

Income From Discontinued Operations - On July 31, 2006, we completed the sale of our Bossier City and Vicksburg properties. Income from discontinued operations for the three and six months ended October 29, 2006 include pretax operating (loss) income of ($1.5) million and $5.5 million, respectively, a gain on sale of discontinued operations of $24.1 million and applicable tax provisions resulting in income from discontinued operations for the three and six month periods ended October 29, 2006 of $13.8 million and $17.8 million, respectively.

Liquidity and Capital Resources

Cash Flows from Operating Activities - During the six months ended October 28, 2007, we used $1.4 million in cash flows from operating activities compared to using $8.0 million during the six months ended October 29, 2006.

Cash Flows used in Investing Activities - During the six months ended October 28, 2007 we used $159.5 million for investing activities compared to generating $14.5 million during the six months ended October 29, 2006. Significant investing activities for the six months ended October 28, 2007 included the acquisition of our Caruthersville casino during July of 2007 for $43.0 million and purchases of property and equipment of $117.8 million for property and equipment. For the six months ended October 29, 2006, significant investing activities included proceeds from the sale of our Bossier City and Vicksburg properties totaling $238.7 million offset by the purchase of property and equipment for $165.2 million.

Cash Flows from Financing Activities - During the six months ended October 28, 2007 our net cash flows from financing activities provided $87.8 million primarily including:

Extinguishment and repayment of the February 2005 Credit Facility including $210.0 million in revolver loans and $293.5 million in term loans.

Borrowings under our new July 2007 Credit Facility including $115.0 million in revolver loans and $700.0 million in terms loans.

Payments on deferred financing costs of $8.4 million associated with our new credit facility.

Extinguishment and repayment of our $200.0 million Senior Subordinated notes plus a call premium of $9.0 million.

Proceeds from the exercise of stock options of $4.6 million and tax benefits of $1.5 million related to such exercises.

Payments on other debt in the amount of $12.6 million.

During the six months ended October 29, 2006, our net cash flows from financing activities used $3.1 million primarily including:

Net payments on our February 2005 Credit Facility and other debt of $1.5 million.

Repurchased 255,721 shares of our common stock at an average price of $21.21 per share for an aggregate of $5.5 million.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Proceeds from the exercise of stock options of $1.5 million and tax benefits of $0.5 million related to such exercises.

We made net borrowings under the Isle-Black Hawk s senior secured credit facility of $2.9 million.

Net payments on other property debt of $1.0 million.

Capital Expenditures - Historically, we have made significant investments in property and equipment. In the future, we expect continued significant investments in property and equipment. The following table reflects expenditures and accruals for property and equipment on major projects approved by the Board of Directors for which we are committed as of October 28, 2007 and projected expenditures for these projects. These amounts do not include any expenditures and accruals prior to the beginning of fiscal 2007.

		Remaining			
Property	**Project**		**Fiscal Year Ended April 27, 2008**		**Thereafter**
		(dollars in millions)			
Isle-Biloxi	Casino construction	$	2.5		(see below)
Isle-Bettendorf	Hotel construction		2.9		
Isle-Pompano	Casino construction		6.1		
Isle-Waterloo	Casino and hotel construction		5.0		15.0
Various	IGT Advantage program		5.9		
Various	Slot programs		6.3		
Various	Other capital improvements		22.9		7.0
Total		$	51.6	$	22.0

Biloxi - We have completed certain site preparation, foundation and other construction at our Biloxi casino property. We are currently reviewing our site master plan to determine the scope of the casino rebuilding project. Following completion of the site master plan and Board of Directors approval, we expect to commit additional capital expenditures for the construction of a permanent casino complex. We expect insurance proceeds to fund a portion of these capital expenditures. Following the destruction of our casino by Hurricane Katrina, we built a temporary casino with expenditures of $52.7 million in fiscal 2007.

Bettendorf - We have constructed a new 258 room hotel and additional parking budgeted at $45.0 million which opened May 21, 2007. As of October 28, 2007, we have spent $42.1 million of our budgeted construction costs.

Pompano Park - We constructed a gaming and entertainment complex including 1,500 slot machines, two restaurants and a feature bar at our Pompano Park site adjacent to the existing harness racing facility. Slot machine operations commenced April 14, 2007. Two additional restaurants and a new poker room with 34 tables on the second floor of the new facility opened in May 2007.

Waterloo - On June 30, 2007 we opened our new single level casino facility with 1,300 gaming positions, two restaurants, a 200-room hotel and 1,000 parking spaces. A third restaurant opened at the beginning of the second

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, an

quarter of fiscal 2008. During the third quarter of fiscal 2008 we will open the pool area of the facility. A nightclub and spa additions are in the preliminary stages.

IGT Advantage program - In January 2005, we announced plans to deploy the IGT AdvantageTM Casino System with a total cost of the project estimated to be $20.2 million. In 2006, the project was expanded by $14.9 million, during fiscal year 2007 for a total project amount of approximately $35.1 million. As of October 28, 2007, we have capitalized $28.8 million at Biloxi, Lula, Lake Charles and Natchez, leaving a remaining budget of approximately $5.9 million. We expect these product upgrades will allow us to operate more competitively within our markets. Our slot improvement initiative also includes an increased ticket-in/ticket-out slot product offering.

Cancellation of Capital Projects - During the fiscal quarter ended October 28, 2007, we decided to cancel certain capital projects in west Harrison County, Mississippi; Kansas City, Missouri and Davenport, Iowa. During the quarter we recorded a write off of $6.5 million for costs associated with these capital projects which had previously been capitalized and have no future capital expenditures committed for these projects as of October 28, 2007.

Other - The other capital improvements at all of our properties consists of numerous capital expenditures related to the purchase of furniture and equipment and the renovation and upgrade of hotel rooms, restaurants and other areas of our properties.

Development and Other Projects: As part of our business development activities, from time to time we enter into agreements which could result in the acquisition or development of businesses or assets. Our business development efforts and related agreements may require the expenditure of cash. The amount and timing of our cash expenditures may vary based upon our evaluation of development opportunities.

All of our development plans are subject to obtaining permits, licenses and approvals from appropriate regulatory and other agencies and, in certain circumstances, negotiating acceptable leases. In addition, many of the plans are preliminary, subject to continuing refinement or otherwise subject to change.

Current development activities include but are not limited to:

Acquisition of Colorado Minority Interests - On November 13, 2007, the Company and its subsidiary, Casino America of Colorado, Inc., executed an agreement with Nevada Gold & Casinos, Inc. and its subsidiary Blackhawk Gold, Ltd. (Nevada Gold), pursuant to which we will acquire the 43% interest in Isle of Capri Black Hawk, L.L.C., which is currently owned by Nevada Gold. Under the terms of the agreement, we have agreed to pay $64.6 million for the 43% interest, payable in cash upon closure of the sale. Upon closing, Isle of Capri Black Hawk, L.L.C. would become a wholly owned subsidiary. The closing of the transaction is subject to the approval of Nevada Gold s stockholders and certain other customary closing conditions.

Florida Gaming Corporation: On October 29, 2004, we loaned $5.0 million to Florida Gaming Corporation (Florida Gaming). Interest accrues on the unpaid principal balance of the loan at an annual rate of 6.0% and is paid in arrears on the first day of each fiscal quarter. The loan is secured by a pledge of all of the issued and outstanding shares of capital stock of Florida Gaming Centers, Inc. (FGC), a wholly owned subsidiary of Florida Gaming. The entire unpaid principal amount of the loan and unpaid interest thereon is payable on the earlier of (1) the sale

of all or any material portion of the assets of, or all or any substantial equity interest in FGC, or (2) December 31, 2008. Concurrently with the loan, Florida Gaming and FGC entered into a letter agreement with us pursuant to which Florida Gaming and FGC gave us exclusive negotiating rights with respect to the acquisition of all or substantially all of FGC s Miami jai alai business for a period ending no later than December 31, 2008.

Availability of Cash and Debt - At October 28, 2007, we had cash and cash equivalents and marketable securities of $133.0 million. Additionally, as of October 28, 2007, we had $516.3 million of unused capacity under lines of credit and available term debt consisting of $341.3 million in unused credit capacity under the July 2007 Credit Facility revolving loan commitment, $175.0 million in an unused delayed draw under the July 2007 Credit Facility (net line of credit availability under our July 2007 Credit Facility was approximately $163.5 million, due to limitations imposed by our debt incurrence covenant as of October 28, 2007), $41.0 million of unused credit capacity under the Isle-Black Hawk senior secured credit facility (limited to use by the Isle-Black Hawk Credit Facility) and $0.3 million in unused credit capacity under the Blue Chip Credit Facility. The revolving loan commitment on the July 2007 Credit Facility is a variable rate instrument based on, at our option, LIBOR or our lender s prime rate plus the applicable interest rate spread, and is effective through July 2012. Our lines of credit are also at variable rates based on our lender s prime rate and are subject to annual renewal.

While, we believe that existing cash, cash flow from operations and available borrowings under our existing credit facilities will be sufficient to support our working capital needs, planned capital expenditures and debt service requirements for the foreseeable future, there is no assurance that these sources will in fact provide adequate funding for the expenditures described above or that planned capital investments will be sufficient to allow us to remain competitive in our existing markets. We are highly leveraged and may be unable to obtain additional debt or equity financing on acceptable terms. As a result, limitations on our capital resources could delay or cause us to abandon certain plans for capital improvements at our existing properties and/or development of new properties. We will continue to evaluate our planned capital expenditures at each of our existing locations in light of the operating performance of the facilities at such locations.

Critical Accounting Estimates

Our consolidated financial statements are prepared in accordance with U.S. generally accepted accounting principles that require our management to make estimates and assumptions that affect reported amounts and related disclosures. Management identifies critical accounting estimates as:

those that require the use of assumptions about matters that are inherently and highly uncertain at the time the estimates are made;

those estimates where, had we chosen different estimates or assumptions, the resulting differences would have had a material impact on our financial condition, changes in financial condition or results of

operations; and

those estimates that, if they were to change from period to period, likely would result in a material impact on our financial condition, changes in financial condition or results of operations.

Based upon management s discussion of the development and selection of these critical accounting estimates with the Audit Committee of our Board of Directors, we believe the following accounting estimates involve a higher degree of judgment and complexity.

Goodwill and Other Intangible Assets

At October 28, 2007, we had goodwill and other intangible assets with indefinite useful lives of $377.1 million, representing 17.8% of total assets. Statement of Financial Accounting Standards (SFAS) No. 142 Goodwill and Other Intangible Assets (SFAS 142), requires goodwill and other intangible assets with indefinite useful lives be tested for impairment annually or more frequently if an event occurs or circumstances change that may reduce the fair value of our goodwill and other intangible assets below their carrying value. For properties with goodwill and/or other intangible assets with indefinite lives, this test requires the comparison of the implied fair value of each property to carrying value. The implied fair value includes estimates of future cash flows that are based on reasonable and supportable assumptions and represent our best estimates of the cash flows expected to result from the use of the assets and their eventual disposition. Changes in estimates or application of alternative assumptions and definitions could produce significantly different results.

Property and Equipment

At October 28, 2007, we had property and equipment, net of accumulated depreciation of $1,430.1 million, representing 67.4% of total assets. We capitalize the cost of property and equipment. Maintenance and repairs that neither materially add to the value of the property nor appreciably prolong its life are charged to expense as incurred. We depreciate property and equipment on a straight-line basis over their estimated useful lives. The estimated useful lives are based on the nature of the assets as well as our current operating strategy. Future events such as property expansions, new competition, changes in technology and new regulations could result in a change in the manner in which we are using certain assets requiring a change in the estimated useful lives of such assets.

Impairment of Long-lived Assets

During the first six months of fiscal 2007, we placed in service $23.2 million in long-lived assets related to our operations in Coventry, England, $47.6 million in Waterloo, Iowa and $80.7 million in long-lived assets as a part of our other operations. We evaluate long-lived assets for impairment using Statement of Financial Accounting Standards No. 144, Accounting for the Impairment or Disposal of Long-Lived Assets (SFAS 144), which addresses financial accounting and reporting for the impairment or disposal of long-lived assets. In assessing the recoverability of the carrying value of property, equipment and other long-lived assets, we make assumptions regarding future cash flows and residual values. If these estimates or the related assumptions are not achieved or change in the future, we may be required to record an impairment loss for these assets. In evaluating impairment of long-lived assets for newly opened operations, estimates of future cash flows and residual values may require some period of actual results to provide the basis for an opinion of future cash flows and residual values used in the determination of an impairment loss for these assets. Such an impairment loss would be recognized as a non-cash component of operating income.

Self-Insurance Liabilities

We are self-funded up to a maximum amount per claim for our employee-related health care benefits program, workers compensation insurance and general liability insurance. Claims in excess of this maximum are fully insured through a stop-loss insurance policy. We accrue a discounted estimate for workers compensation insurance and general liabilities based on claims filed and estimates of claims incurred but not reported. The estimates have been discounted at 6% at October 28, 2007 and April 29, 2007. We rely on independent consultants to assist in the determination of estimated accruals. While the total cost of claims incurred depends on future developments, such as increases in health care costs, in our opinion, recorded reserves are adequate to cover future claims payments.

Insurance Accounting

We have insurance coverage related to damage from three hurricanes for property damage incurred, property operating costs during the operational downtime of the hurricanes, incremental costs incurred related to hurricane damage and recovery activities and business interruption insurance for lost profits during the period directly related to the hurricanes. The insurance claim is subject to the use of estimates and negotiations with our insurance. The

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, an

total amount of impairments, losses recognized and expenses incurred of have been recorded in our statement of operations as Hurricane related charges, net and have been offset by the amount we believe is probable to be collected from our insurance carriers under our policy coverages. We have received partial proceeds from our insurance carriers related to the losses we have sustained, and through October 28, 2007 have received advances of $106.8 million. At October 29, we have an insurance receivable of $55.2 million and additional claims pending in excess of our receivable. When we, and our insurance carriers agree on the final amount of the insurance proceeds we are entitled to, we will also record any related gain in this account. Our insurance policies also provide coverage for the loss of profits caused by the storms. Any lost profit recoveries will be recognized when agreed to with our insurance carriers and will be reflected in the related properties revenues.

Income Tax Assets and Liabilities

We account for income taxes in accordance with Statement of Financial Accounting Standards No. 109, Accounting for Income Taxes (SFAS 109). SFAS 109 requires that we recognize a current tax asset or liability for the estimated taxes payable or refundable based upon application of the enacted tax rates to taxable income in the current year. Additionally, we are required to recognize a deferred tax liability or asset for the estimated future tax effects attributable to temporary differences. Temporary differences occur when differences arise between: (a) the amount of taxable income and pretax financial income for a year and (b) the tax basis of assets or liabilities and their reported amounts in financial statements. SFAS 109 also requires that any deferred tax asset recognized must be reduced by a valuation allowance for any tax benefits that, in our judgment and based upon available evidence, may not be realizable.

As of April 30, 2007, we adopted FASB Interpretation No. 48, Accounting for Uncertainty in Income Taxes - an Interpretation of FASB Statement No. 109 (FIN 48). FIN 48 requires that tax positions be assessed using a two-step process. A tax position is recognized if it meets a more likely than not threshold, and is measured at the largest amount of benefit that is greater than 50 percent likely of being realized. Uncertain tax positions must be reviewed at each balance sheet date. Liabilities recorded as a result of this analysis must generally be recorded separately from any current or deferred income tax accounts, and are classified as current Other accrued liabilities or long-term Other long-term liabilities based on the time until expected payment.

We recognize accrued interest and penalties related to unrecognized tax benefits in income tax expense. This policy did not change as a result of the adoption of FIN 48.

Contingencies

We are involved in various legal proceedings and have identified certain loss contingencies. We record liabilities related to these contingencies when it is determined that a loss is probable and reasonably estimable in accordance with Statement of Financial Accounting Standards No. 5, Accounting for Contingencies. These assessments are based on our knowledge and experience as well as the advice of legal counsel regarding current and past events. Any such estimates are also subject to future events, court rulings, negotiations between the parties and other uncertainties. If an actual loss differs from our estimate, or the actual outcome of any of the legal proceedings differs from expectations, operating results could be impacted.

Slot Club Awards

We reward our slot customers for their loyalty based on the dollar amount of play on slot machines. We accrue for these slot club awards based on an estimate of the value of the outstanding awards utilizing the age and prior history of redemptions. Future events, such as a change in our marketing strategy or new competition, could result in a change in the value of the awards.

Stock Based Compensation

We apply the FASB Statement of Financial Accounting Standards No. 123 (revised 2004), Share-Based Payment (SFAS 123(R)). The estimate of the fair value of the stock options is calculated using the Black-Scholes-Merton option-pricing model. This model requires the use of various assumptions, including the historical volatility, the risk free interest rate, estimated expected life of the grants, the estimated dividend yield and estimated rate of forfeitures. Total stock option expense is included in the expense category corresponding to the employees regular compensation in the accompanying consolidated statements of operations. As of October 28, 2007, there was $12.0 million in unrecognized stock compensation costs that we will expense over the remaining vesting period, approximately 5.0 years with a weighted average period of 4.0 years.

The estimated rate of forfeitures for executives increased from 17.7% in fiscal 2007 to 25.5% in fiscal 2008, and for optionees beneath the executive level, it increased from 31.9% to 42.7% over the same reporting period.

Income Taxes - The Company files income tax returns in the U.S. federal jurisdiction, various state jurisdictions, and

The cumulative impact of these changes in forfeiture estimates decreased expense approximately $0.5 million during the fiscal quarter ended October 28, 2007.

New Development Projects and Pre-opening costs

We pursue development opportunities for new gaming facilities in our ongoing efforts to grow and develop the Company. Projects that have not yet been deemed as probable to reach completion because they have not yet met certain conditions, including receipt of sufficient regulatory approvals, site control or related permits and or probable financing are considered by us to be in the development stage. In accordance with Statement of Position 98-5 Reporting on the Costs of Start-Up Activities (SOP 98-5), all costs related to projects in the development stage are recorded as an expense of new development at the corporate level and recorded on the accompanying consolidated statement of operations in the operating expense line item Corporate & development . Items for which a future value is probable, regardless of the project s outcome, may be subject to capitalization and subsequent depreciation and amortization.

Once a development project has received sufficient regulatory approval, site control and related permits and financing has been deemed probable, it is deemed to be an approved project. For approved projects, certain eligible costs related to approved projects are capitalized, in accordance with Statement of Financial Accounting Standards No. 67 (SFAS 67) Accounting for Costs and Initial Rental Operations of Real Estate Projects , which are classified under the line item Property and equipment, net on the balance sheet. Costs that are not capital in nature but either retain value or represent future liability, such as refundable utility deposits or a note payable, receive the appropriate balance sheet treatment. All costs that are neither eligible for capitalization nor eligible for other balance sheet treatment, such as payroll, advertising, utilities and travel, are recorded as operating expenses when incurred and reported under the line item Preopening .

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk is the risk of loss arising from adverse changes in market rates and prices, including interest rates, foreign currency exchange rates, commodity prices and equity prices. Our primary exposure to market risk is interest rate risk associated with our Isle of Capri Casinos, Inc. senior secured credit facility (July 2007 Credit Facility) and the Isle of Capri Black Hawk, L.L.C. senior secured credit facility (Isle-Black Hawk Credit Facility).

Senior Secured Credit Facilities

As of October 28, 2007, Isle of Capri Casinos, Inc. and Isle of Capri Black Hawk, L.L.C. had outstanding interest rate swap agreements with an aggregate notional value of $350.0 million and $40.0 million, respectively, or approximately 38% of total outstanding variable rate debt. The swap agreements effectively convert portions of variable rate debt to a fixed-rate basis until the respective swap agreements terminate, which occurs during the fourth quarter of fiscal year 2008 through fiscal year 2011. As of October 28, 2007, the Isle of Capri Black Hawk, L.L.C. interest rate swap agreements were not designated and therefore any change in the fair value of the related swap agreements were recorded in Food, beverage and other within the consolidated statements of operations. As of October 28, 2007, the Isle of Capri Casinos, Inc. interest rate swap agreements met the criteria for hedge accounting for cash flow hedges and were fully effective. As a result, there was no impact on our consolidated statement of operations from changes in fair value.

The following table provides information at October 28, 2007, about our financial instruments that are sensitive to changes in interest rates. The table presents principal cash flows and related weighted average interest rates by expected maturity dates.

Interest Rate Sensitivity

Principal (Notional) Amount by Expected Maturity

Average Interest (Swap) Rate

Fiscal year (dollars in millions)	**For 6 months ending April 27, 2008**	**2009**	**2010**	**2011**	**2012**	**Thereafter**	**Total**
Liabilities							
Long-term debt, including current portion							
Fixed rate	$ 0.1	$ 0.9	$ 1.1	$ 0.4	$ 0.4	$ 504.1	$ 507.0
Average interest rate	7.00%	7.00%	7.00%	7.00%	7.00%	7.00%	
Variable rate	$ 4.5	$ 9.4	$ 10.9	$ 108.3	$ 98.8	$ 782.5	$ 1,014.4
Average interest rate (1)	6.45%	6.10%	6.47%	6.77%	7.01%	6.91%	
Interest Rate Derivative Financial Instruments Related to Debt							
Isle of Capri Casinos, Inc. interest rate swaps							
Pay fixed/receive variable (2)	$ 350.0	$ 350.0	$ 350.0	$ 250.0			
Average pay rate	4.69%	4.69%	4.69%	4.76%	0%	0%	
Average receive rate	4.82%	4.21%	4.37%	4.75%	0%	0%	
Isle of Capri Black Hawk, L.L.C. Interest rate swaps							
Pay fixed/receive variable LIBOR (2):	$ 40.0						
Average pay rate	3.80%	0%	0%	0%	0%	0%	
Average receive rate	4.99%	0%	0%	0%	0%	0%	

(1) For LIBOR based variable rate debt, the Average interest rate represents the 3-month LIBOR average interest rate as derived from the forward yield curve based on market conditions in effect as of Friday, October 26, 2007, plus the respective margin in effect as of October 28, 2007.

(2) Represents the 3-month LIBOR average interest rate as derived from the forward yield curve based on market conditions in effect as of Friday, October 26, 2007.

We are also exposed to market risks relating to fluctuations in currency exchange rates related to our ownership interests and development activities in the United Kingdom. We attempt to minimize our foreign exchange risk through obtaining, when it is practical to do so, financing in the United Kingdom.

ITEM 4.   CONTROLS AND PROCEDURES

EVALUATION OF DISCLOSURE CONTROLS AND PROCEDURES

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed in our Exchange Act reports is recorded, processed, summarized and reported within the time periods specified in the SEC s rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, as appropriate, to allow timely decisions regarding required disclosure.

Our management is responsible for establishing and maintaining adequate internal control over financial reporting for the Company, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we conducted an evaluation of the effectiveness of our internal control over financial reporting based on the framework in Internal Control-Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

Because of its inherent limitations, systems of internal control over financial reporting can provide only reasonable assurance with respect to financial statement preparation and presentation.

We carried out an evaluation, under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, of the effectiveness of the design and operation of our disclosure controls and procedures. Based on the foregoing, our Chief Executive Officer and Chief Financial Officer concluded that the design and operation of certain of our disclosure controls and procedures were not effective as of October 28, 2007 because of the continued existence of the material weakness related to accounting for leases as described in Management s Report on Internal Control Over Financial Reporting in Item 9A. Controls and Procedures in our Annual Report on Form 10-K for the year ended April 29, 2007 (Management s Report).

To address our material weakness related to accounting for leases, in June 2007 the Company engaged a third party professional services firm to review all of the Company s leases to verify the Company is recording leases in accordance with generally accepted accounting principles, based on lease terms. In addition, the Company implemented a revised Summary of Procedures for lease accounting on May 18, 2007. These updated procedures state the technical guidance on accounting for leases and instituted a multi-level review control for new leases at the property level and at the corporate office. The effectiveness of these control changes has not been fully evaluated as of October 28, 2007.

REMEDIATION OF MATERIAL WEAKNESSES

As discussed above, as of April 29, 2007, the Company identified a material weakness in our internal control over accounting for leases. We are currently addressing this material weakness and expect to have this material weakness remediated by April 27, 2008.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

Except as otherwise discussed above, there have been no changes in the Company s internal control over financial reporting during the fiscal quarter ended October 28, 2007, that have materially affected, or are reasonably likely to materially affect, the Company s internal control over financial reporting.

PART II OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Lady Luck Gaming Corporation (now a wholly owned subsidiary of the Company) and several joint venture partners have been defendants in the Greek Civil Court and the Greek Administrative Court in similar lawsuits brought by the country of Greece through its Minister of Tourism (now Development) and Finance. The actions allege that the defendants failed to make specified payments in connection with the gaming license bid process for Patras, Greece. The payment Lady Luck is alleged to have been required to make totals approximately 6.5 million Euros (which was approximately $8.9 million as of October 28, 2007 based on published exchange rates). Although it is difficult to determine the damages being sought from the lawsuits, the action may seek damages up to that aggregate amount plus interest from the date of the action. The Athens Civil Court of First Instance granted judgment in Lady Luck s favor and dismissed the civil lawsuit. Appeals to both the Athens Civil Appeals Court and the Greek Civil Supreme Court have been dismissed. The Greek Civil Supreme Court denied the appeal on the basis that the Administrative Court is the competent court to hear the matter. During October 2005, after the administrative lawsuit had been dismissed by both the Athens Administrative Court of First Instance and the Athens Administrative Court of Appeals on the basis that the Administrative Court did not have jurisdiction, the Administrative Supreme Court remanded the matter back to the Athens Administrative Appeals Court for a hearing on the merits. We are awaiting a decision following that hearing. The outcome of this matter is still in doubt and cannot be predicted with any degree of certainty. We intend to continue a vigorous and appropriate defense to the claims asserted in this matter.

We are subject to certain federal, state and local environmental protection, health and safety laws, regulations and ordinances that apply to businesses generally, and are subject to cleanup requirements at certain of our facilities as a result thereof. We have not made, and do not anticipate making, material expenditures, nor do we anticipate incurring delays with respect to environmental remediation or protection. However, in part because our present and future development sites have, in some cases, been used as manufacturing facilities or other facilities that generate materials that are required to be remediated under environmental laws and regulations, there can be no guarantee that additional pre-existing conditions will not be discovered and that we will not experience material liabilities or delays.

We are subject to various contingencies and litigation matters and have a number of unresolved claims. Although the ultimate liability of these contingencies, this litigation and these claims cannot be determined at this time, we believe that they will not have a material adverse effect on our consolidated financial position, results of operations or cash flows.

ITEM 1A. RISK FACTORS

There are no material changes to the disclosure regarding risk factors presented in our Annual Report on Form 10-K for the fiscal year ended April 29, 2007.

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

The following table provides information related to our purchases of Isle of Capri Casinos, Inc. common stock:

Period	Total Number of Shares Purchased	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (1)	Maximum Number of Shares that May Yet Be Purchased Under the Programs (1)
July 30, 2007 to August 26, 2007		$		1,173,594
August 27, 2007 to September 30, 2007	69,386	18.70	69,386	1,104,208
October 1, 2007 to October 28, 2007				1,104,208
Total	69,386	$ 18.70	69,386	1,104,208

(1) We have purchased our common stock under two separate repurchase programs. The first program, which allowed repurchase of up to 1,500,000 shares was announced on November 15, 2000, and subsequently expanded to allow repurchase of an additional 1,500,000 shares, as announced on January 11, 2001. The current program was announced on October 25, 2002 and allows for the repurchase of up to 1,500,000 shares. On October 7, 2005 the board also approved the repurchase of an additional 1,500,000 shares. To date, we have purchased 4,895,792 shares of our common stock under the two programs. These programs have no approved dollar amounts, nor expiration dates.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES

None.

ITEM 4. SUBMISSION OF MATTERS SUBJECT TO A VOTE OF SECURITY HOLDERS

The Annual Meeting of Stockholders was held on October 16, 2007, at which the following matters were submitted to a vote of the stockholders:

(1) To elect nine persons to the Board of Directors.

(2) To approve amendments to the 2000 Long-Term Stock Incentive Plan to (i) increase the number of shares of our common stock available for issuance thereunder by 1,000,000 shares; and (ii) increase the limitation on the number of shares which may be subject to the award or grant to any individual in a single fiscal year to 500,000 shares.

At the Annual Meeting of Stockholders, each of the following individuals was elected to serve as a director of the Company until his successor is elected and qualified or until his earlier death, resignation, removal or disqualification:

Name	Number Voted	For	Withheld
Bernard Goldstein	27,195,520	22,619,463	4,576,057
Robert S. Goldstein	27,195,520	22,381,269	4,814,251
Alan J. Glazer	27,195,520	26,425,595	769,925
W. Randolph Baker	27,195,520	26,921,861	273,659
Jeffrey D. Goldstein	27,195,520	22,581,151	4,614,369
John G. Brackenbury	27,195,520	22,097,486	5,098,034
Shaun R. Hayes	27,195,520	26,825,313	370,207
Lee S. Wielansky	27,195,520	21,898,082	5,297,438
James B. Perry	27,195,520	26,969,486	226,034

Additionally at the Annual Meeting of Stockholders, the holders of record of the shares of Common Stock entitled to vote at the meeting voted in favor of, voted against or abstained from voting with respect to the approval of the amendments to the 2000 Long-Term Stock Incentive Plan

as set forth below:

Shares Voted	Votes For	Votes Against	Abstained	Broker Non-Vote
27,195,520	18,209,259	5,015,086	6,436	3,964,739

ITEM 5. OTHER INFORMATION

None.

ITEM 6. EXHIBITS

See the Index to Exhibits following the signature page hereto for a list of the exhibits filed pursuant to Item 601 of Regulation S-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

ISLE OF CAPRI CASINOS, INC.

Dated: December 6, 2007

/s/ DONN R. MITCHELL, II
Donn R. Mitchell, II
Senior Vice President and Chief Financial Officer
(Principal Financial Officer and Authorized Officer)

EXHIBIT NUMBER	DESCRIPTION
10.1	Employment Agreement dated as of July 16, 2007 between Isle of Capri Casinos, Inc. and Virginia McDowell (1)
10.2	Credit Agreement dated July 26, 2007, among Isle of Capri Casinos, Inc., as Borrower, the lenders partythereto, Credit Suisse, Cayman Islands Branch, as Administrative Agent, Issuing Bank and Swing Line Lender, Credit Suisse Securities (USA) LLC, as Lead Arranger and Bookrunner, Deutsche Bank Securities Inc. and CIBC World Markets Corp., as Co-Syndication Agents, and U.S. Bank, N.A. and Wachovia Bank, National Association, as Co-Documentation Agents (2)
10.3	Amended and Restated Isle of Capri Casinos, Inc. 2000 Long-Term Stock Incentive Plan (3)
31.1	Certification of Chief Executive Officer pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.
31.2	Certification of Chief Financial Officer pursuant to Rule 13a 14(a) under the Securities Exchange Act of 1934, filed under Exhibit 31 of Item 601 of Regulation S-K.
32.1	Certification of Chief Executive Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) filed under Exhibit 32 of Item 601 of Regulation S-K.
32.2	Certification of Chief Financial Officer pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (18 U.S.C. Section 1350) filed under Exhibit 32 of Item 601 of Regulation S-K.
(1)	Filed as an exhibit to Isle of Capri Casino, Inc. s Current Report on Form 8-K filed on July 20, 2007 (File No. 0-20538) and incorporated herein by reference
(2)	Filed as an exhibit to Isle of Capri Casino, Inc. s Current Report on Form 8-K filed on July 31, 2007 (File No. 0-20538) and incorporated herein by reference.
(3)	Filed as an exhibit to Isle of Capri Casinos, Inc. s Proxy Statement for the fiscal year ended April 29, 2007 (File No. 0-20538) and incorporated herein by reference.