



# FIXED INCOME INVESTOR UPDATE

July 2017



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# FORWARD-LOOKING STATEMENTS

Statements contained in this presentation that include company expectations or predictions should be considered forward-looking statements that are covered by the safe harbor protections provided under federal securities legislation and other applicable laws.

It is important to note that the actual results could differ materially from those projected in such forward-looking statements. For additional information that could cause actual results to differ materially from such forward-looking statements, refer to ONEOK's Securities and Exchange Commission filings.

This presentation contains factual business information or forward-looking information and is neither an offer to sell nor a solicitation of an offer to buy any securities of ONEOK.

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# KEY INVESTMENT CONSIDERATIONS

## *PREDOMINANTLY FEE-BASED EARNINGS*

- Committed to investment-grade ratings – strong balance sheet, liquidity and financial flexibility as a result of disciplined growth and prudent financial actions
  - Merger with ONEOK Partners created ~\$30 billion enterprise-value company that simplifies corporate structure while lowering cost of funding through elimination of IDRs and no cash taxes expected through 2021
  - BBB/Baa3 credit ratings – cross guarantees executed between ONEOK and ONEOK Partners eliminates structural subordination
  - Target dividend coverage of greater than 1.2x
- Stable cash flows – sources of earnings nearly 90 percent fee based
  - Recontracting efforts in gathering and processing segment increased fee-based earnings – remaining direct commodity price exposure mitigated by hedging
  - Market-driven fee-based growth in NGL and natural gas segments
- Supply and market diversification – strategic, integrated assets in growing NGL-rich plays and major market areas
  - Well positioned in the STACK and SCOOP plays, Williston and Permian Basins



# ONEOK OVERVIEW

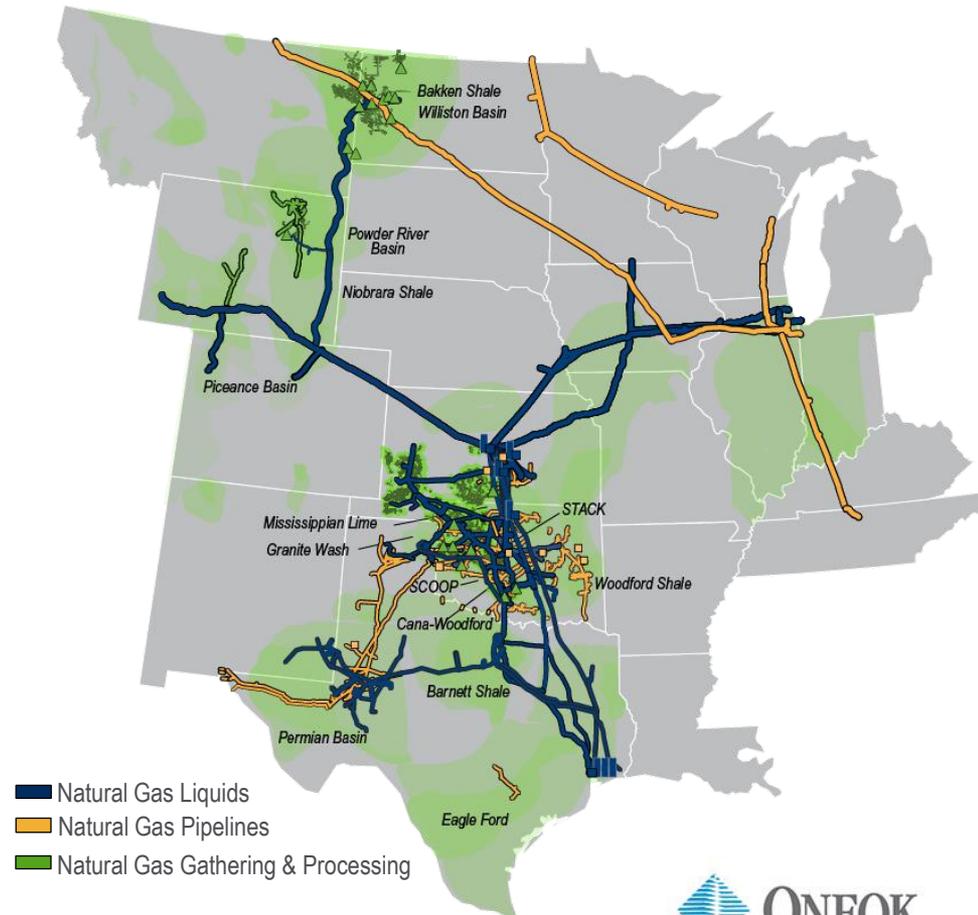


# ONEOK OVERVIEW

*EXTENSIVE. INTEGRATED. RELIABLE. DIVERSIFIED.*

**OKE**  
**LISTED**  
**NYSE**

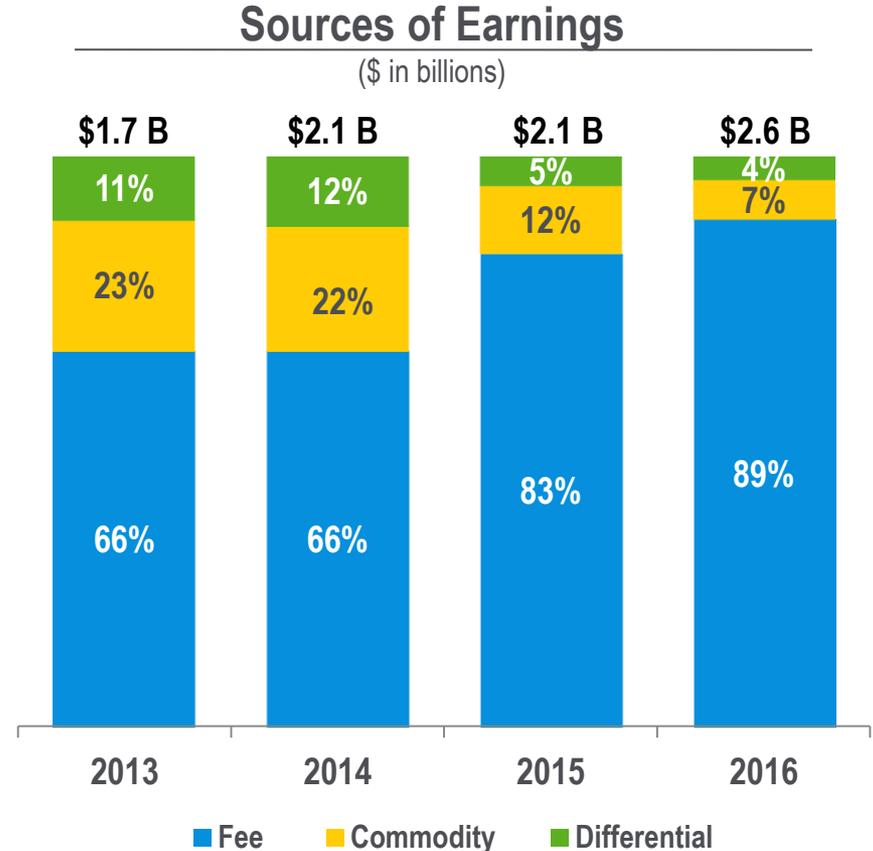
- Approximately 38,000-mile network of natural gas liquids and natural gas pipelines
- Provides midstream services to producers, processors and customers
- Supply in attractive basins
- Significant basin diversification across asset footprint
- Growth expected to be fueled by:
  - Industry fundamentals from increased producer activity
  - Highly productive basins
  - Increased ethane demand from the petrochemical industry and increased NGL exports



# ONEOK SOURCES OF EARNINGS

CONTINUED FEE-BASED GROWTH ACROSS MULTIPLE SUPPLY BASINS AND MARKETS

- Volume risk
  - Exists primarily in natural gas gathering and processing and natural gas liquids segments
    - Ethane opportunity impacts the natural gas liquids segment
  - Mitigated by supply and market diversity, firm-based, frac-or-pay and ship-or-pay contracts
  - Mitigated by significant acreage dedications in the core areas of the basins we operate in
- Commodity price risk significantly reduced
  - Recontracting efforts increased fee-based earnings and decreased commodity exposure
  - Remaining commodity exposure mitigated by hedging
- Price differential risk
  - NGL location price differentials between Mid-Continent and Gulf Coast and product price differentials
  - Optimization expected to remain less of a contributor
    - Assets can be utilized to capture location and product price differentials

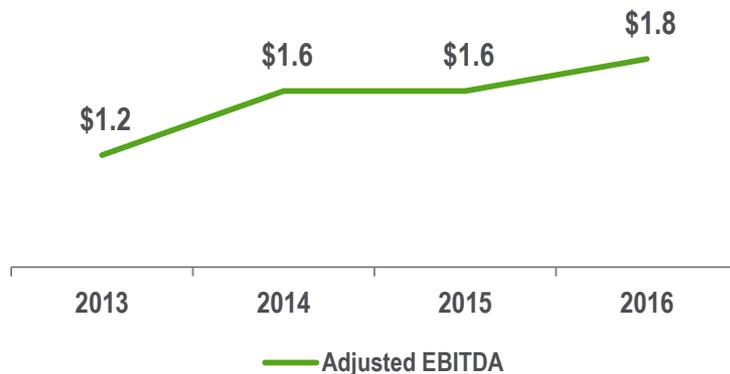


# OKE – STRONG BALANCE SHEET

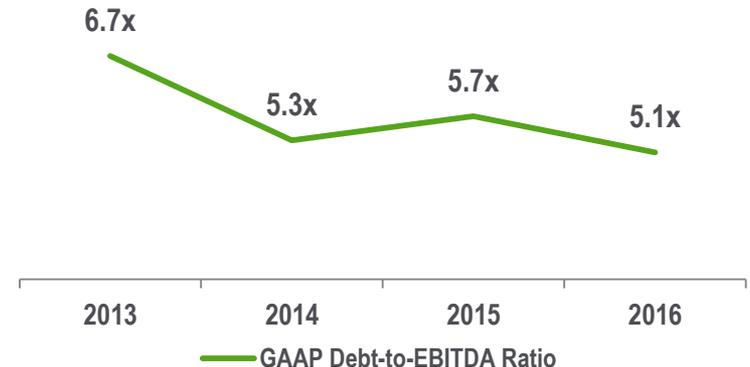
COMMITTED TO INVESTMENT-GRADE CREDIT RATING

- Leverage target
  - GAAP debt-to-EBITDA ratio < 4.0x
- Committed to taking necessary steps to maintain investment-grade credit ratings
- Credit ratings:
  - S&P: BBB
  - Moody's: Baa3
- New \$2.5 billion revolving credit facility

OKE Adjusted EBITDA Growth  
(\$ in Billions)



OKE Consolidated GAAP  
Debt-to-EBITDA Ratio



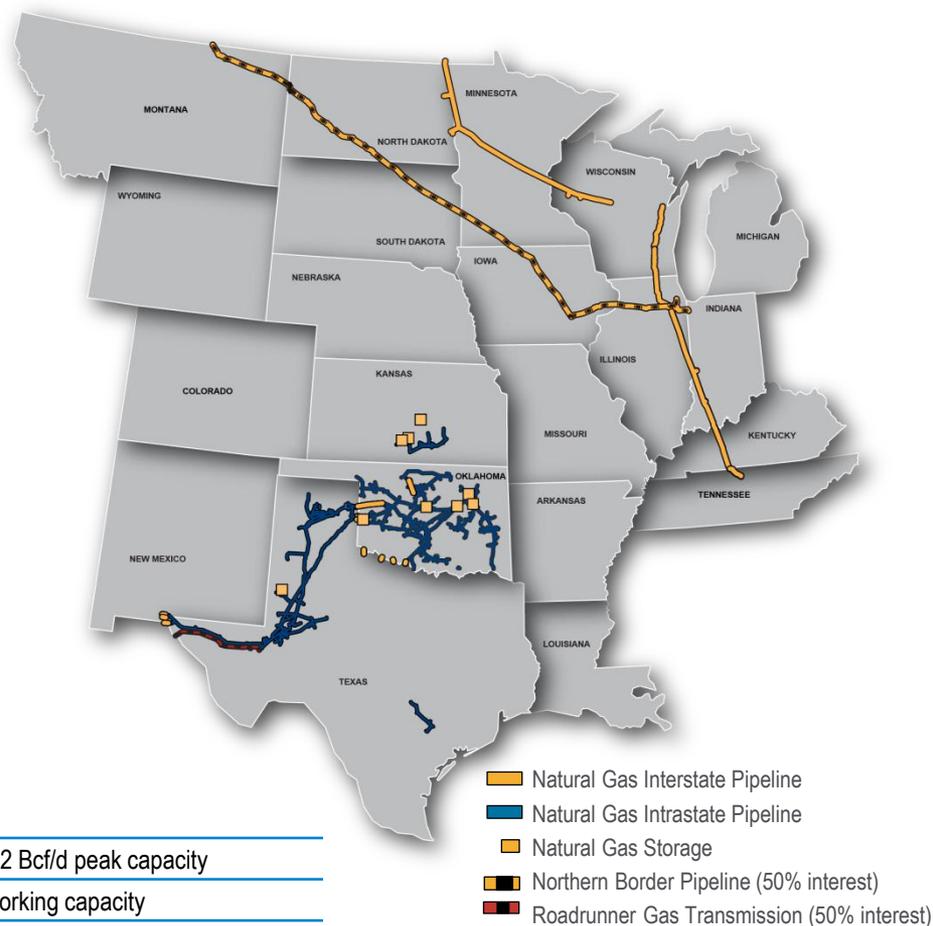
# BUSINESS SEGMENTS



# NATURAL GAS PIPELINES

## CONNECTIVITY TO KEY MARKETS

- Predominantly fee-based income
- 92% of transportation capacity contracted under firm **demand-based rates** in 2016
- 82% of contracted system transportation capacity serves end-use markets in 2016
  - Connected directly to end-use markets
    - Local natural gas distribution companies
    - Electric-generation facilities
    - Large industrial companies
- 65% of storage capacity contracted under firm, **fee-based arrangements** in 2016

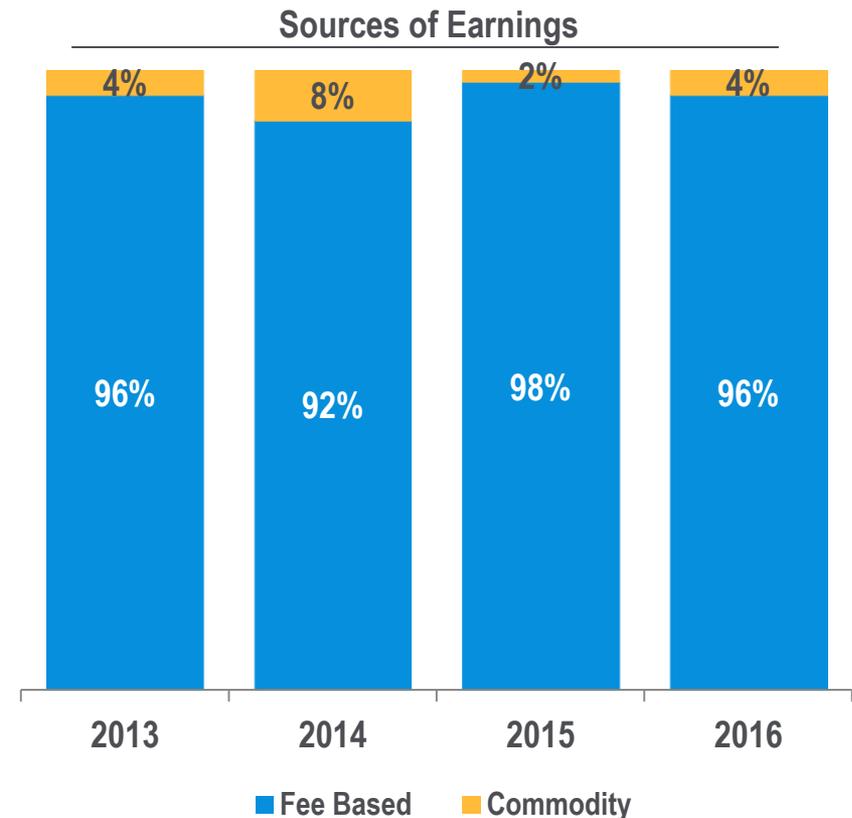


Pipelines	6,590 miles, 7.2 Bcf/d peak capacity
Storage	58 Bcf active working capacity
	As of March 31, 2017

# NATURAL GAS PIPELINES

## *PREDOMINANTLY FEE BASED*

- Firm demand-based contracts serving primarily investment-grade utility customers
- Roadrunner Gas Transmission pipeline project and WesTex pipeline expansion enhance export capability to Mexico
  - Completed in 2016
  - Contract terms of 25 years
- Fee-based earnings further enhanced with the completion of a natural gas compressor station project on Midwestern Gas Transmission in 2016

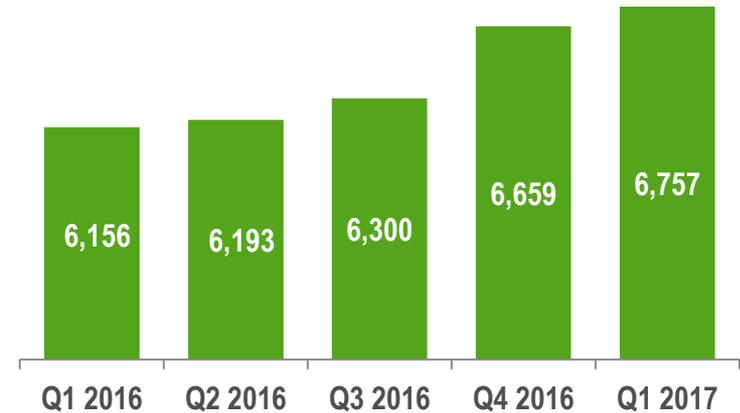


# NATURAL GAS PIPELINES

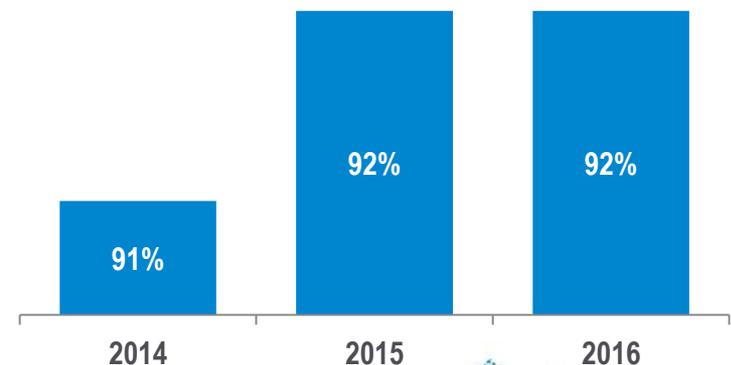
WELL-POSITIONED AND MARKET-CONNECTED

- Firm demand-based contracts serving primarily investment-grade utility customers
- Well-positioned for additional natural gas takeaway options out of the Permian Basin and STACK and SCOOP plays
- Capital-growth projects:
  - Supported by long-term, firm fee-based agreements
  - 100 MMcf/d westbound ONEOK Gas Transmission (OGT) Pipeline expansion out of the STACK play
    - Expected completion second-quarter 2018
  - 22-mile, 55 MMcf/d OGT pipeline project to serve a new utility-owned electric generation facility in Oklahoma City
    - Expected completion third-quarter 2017

Natural Gas Transportation Capacity Contracted (MDth/d)



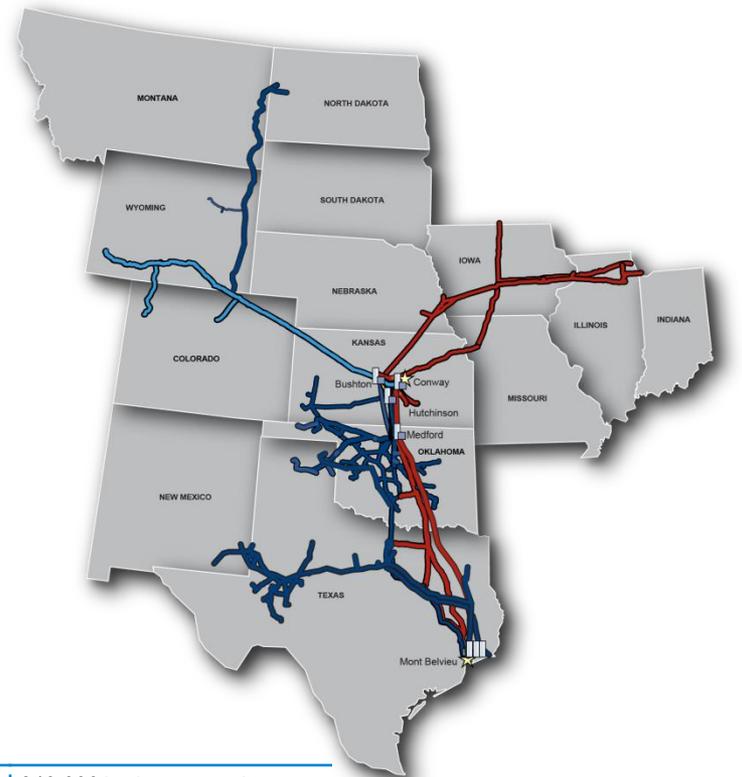
Transportation Capacity Subscribed



# NATURAL GAS LIQUIDS

ONE OF THE LARGEST IN THE U.S.

- Provides fee-based services to natural gas processors and customers
  - Gathering, fractionation, transportation, marketing and storage
- Extensive NGL gathering system
  - Connected to nearly 200 natural gas processing plants in the Mid-Continent, Barnett Shale, Rocky Mountain regions and Permian Basin
    - Represents 90 percent of pipeline-connected natural gas processing plants located in Mid-Continent
      - Well positioned to capture growth in SCOOP/STACK and Cana-Woodford
    - Contracted NGL volumes exceed physical volumes – minimum volume commitments
- Extensive NGL fractionation system
  - Fractionation capacity near two market hubs
    - Conway, KS and Medford, OK – 500,000 bpd capacity
    - Mont Belvieu, TX – 340,000 bpd capacity
- Bakken NGL Pipeline offers exclusive pipeline takeaway from the Williston Basin
- Links key NGL market centers at Conway, Kansas, and Mont Belvieu, Texas
- North System supplies Midwest refineries and propane markets



Fractionation	840,000 bpd net capacity
Isomerization	9,000 bpd capacity
E/P Splitter	40,000 bpd
Storage	26 MMBbl capacity
Distribution	4,380 miles of pipe with 1,060 mbpd capacity
Gathering – Raw Feed	7,140 miles of pipe with 1,485 MBpd capacity
<i>As of March 31, 2017</i>	

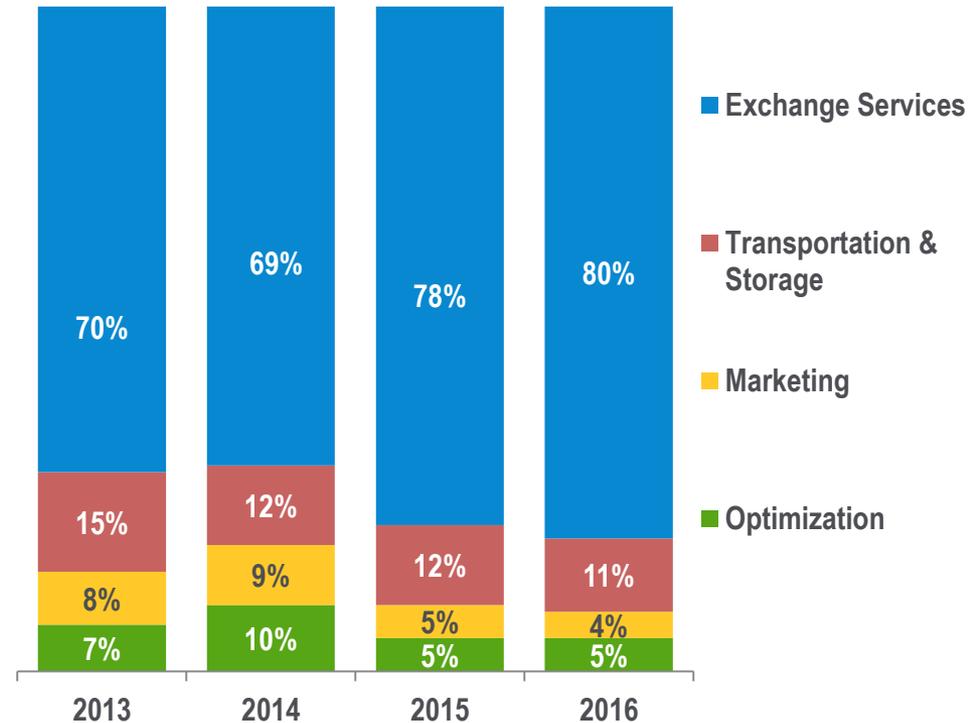
- NGL Gathering Pipelines
- NGL Distribution Pipelines
- ★ NGL Market Hub
- NGL Fractionator
- Overland Pass Pipeline (50% interest)
- NGL Storage



# NATURAL GAS LIQUIDS

## PREDOMINANTLY FEE BASED

- Exchange Services - **Primarily fee based**
  - Gather, fractionate and transport raw NGL feed to storage and market hubs
- Transportation & Storage Services - **Fee based**
  - Transport NGL products to market centers and provide storage services for NGL products
- Marketing - **Differential based**
  - Purchase for resale approximately 70% of fractionator supply on an index-related basis and truck and rail services
- Optimization - **Differential based**
  - Obtain highest product price by directing product movement between market hubs and convert normal butane to iso-butane



Focused on increasing fee-based exchange-services earnings



# NATURAL GAS LIQUIDS

## VOLUME UPDATE

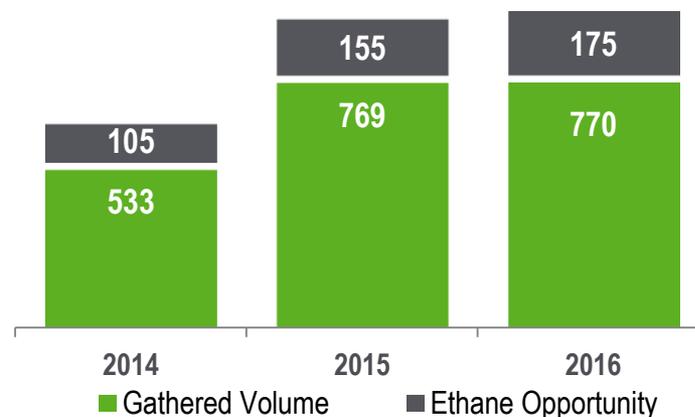
- Connected to nearly 200 natural gas processing
  - Three third-party processing plant connections completed during first quarter 2017: Mid-Continent region (1), Permian Basin (1), Rocky Mountain region (1)
- Increased producer activity in NGL-rich basins such as the Mid-Continent region and Permian Basin
- Recently announced Sterling III and Mid-Continent NGL system expansions to accommodate accelerated producer investments in the STACK
- First-quarter ethane rejection averaged approximately 150,000 bpd

Region/ Asset	First Quarter 2017 – Average Gathered Volumes	Average Bundled Rate (per gallon)
Bakken NGL Pipeline	130,000 bpd	~ 30 cents*
Mid-Continent	456,000 bpd	< 9 cents*
West Texas LPG system	178,000 bpd	< 3 cents**

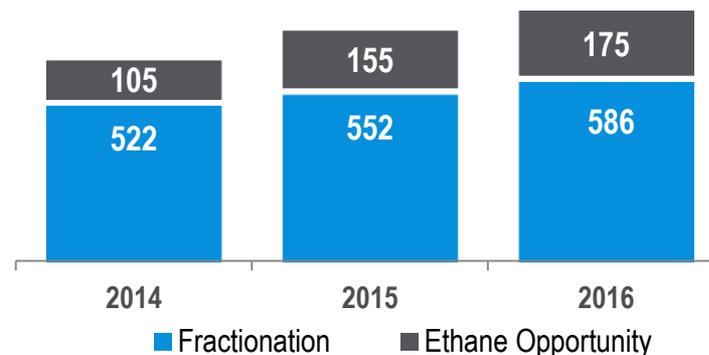
\* Includes transportation and fractionation

\*\* Includes transportation

Gathered Volume (MBbl/d)



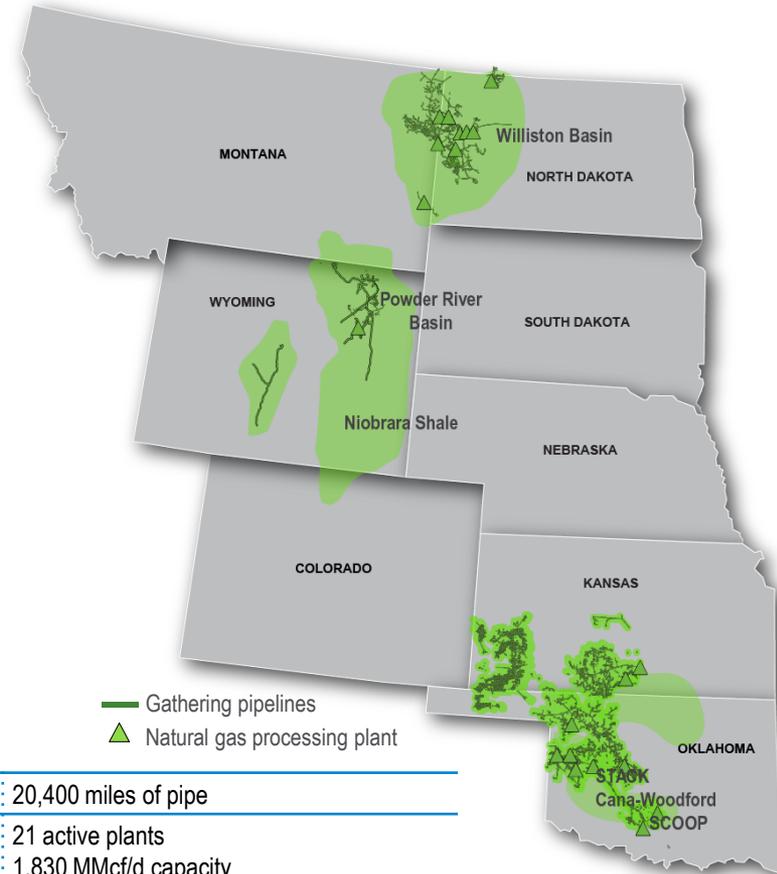
Fractionation Volume (MBbl/d)



# NATURAL GAS GATHERING AND PROCESSING

## SERVING PRODUCERS IN KEY BASINS

- Provides gathering, compression, treating and processing services to producers
- Diverse contract portfolio
  - More than 2,000 contracts
  - Percent of proceeds (POP) with fees
    - Restructured significant POP with fee contracts to include a larger fee component
- Natural gas supplies from three core areas:
  - Williston Basin
    - Bakken
    - Three Forks
  - Mid-Continent
    - STACK
    - SCOOP
    - Cana-Woodford Shale
    - Mississippian Lime
    - Granite Wash, Hugoton, Central Kansas Uplift
  - Powder River Basin
    - Crude oil and NGL-rich Niobrara, Sussex and Turner formations



Gathering	20,400 miles of pipe
Processing	21 active plants 1,830 MMcf/d capacity
Volumes	1,985 BBTu/d or 1,515 MMcf/d gathered 1,865 BBTu/d or 1,400 MMcf/d processed; 795 BBTu/d residue gas sold 170 MBbl/d NGLs sold
<i>As of March 31, 2017</i>	

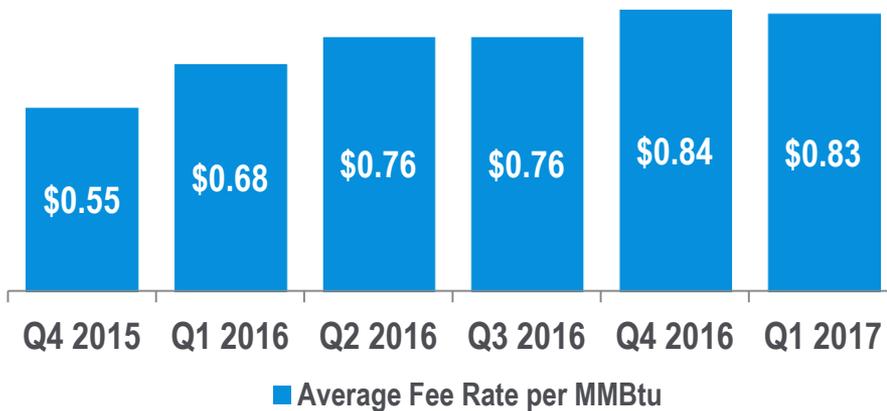
# NATURAL GAS GATHERING AND PROCESSING

## PRIMARILY FEE BASED

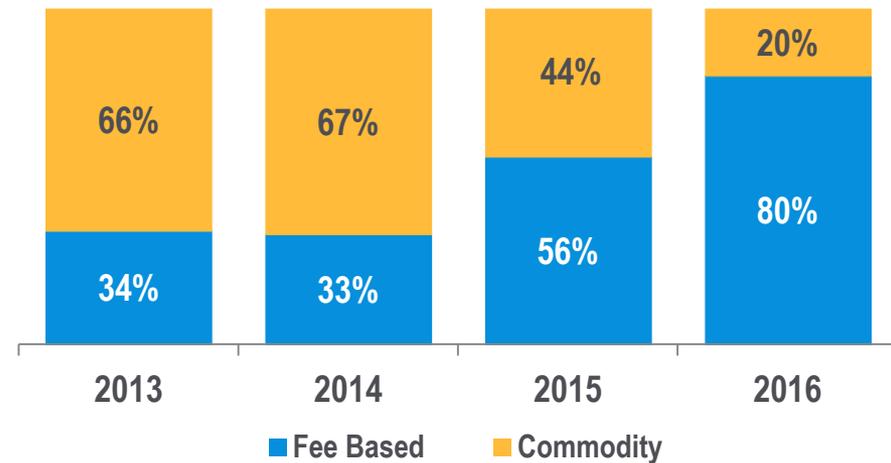
- Achieved increased fee-based contract mix by restructuring percent-of-proceeds (POP) contracts with a fee component to include a higher fee rate
  - Increasing fee-based earnings while providing enhanced services to customers

Average Fee Rate

51% increase Q4 2015 – Q1 2017



Contract Mix by Earnings



# NATURAL GAS GATHERING AND PROCESSING

## VOLUME UPDATE

### Mid-Continent

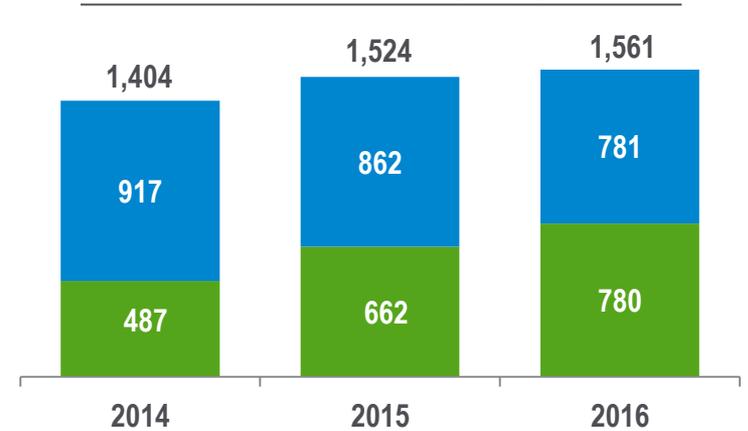
- Increased producer activity expected in the STACK and SCOOP plays
- Recently announced construction of a nearly 30-mile natural gas gathering pipeline to access an additional 200 MMcf/d processing capacity in the STACK region to support increasing producer activity on dedicated acreage

### Williston Basin

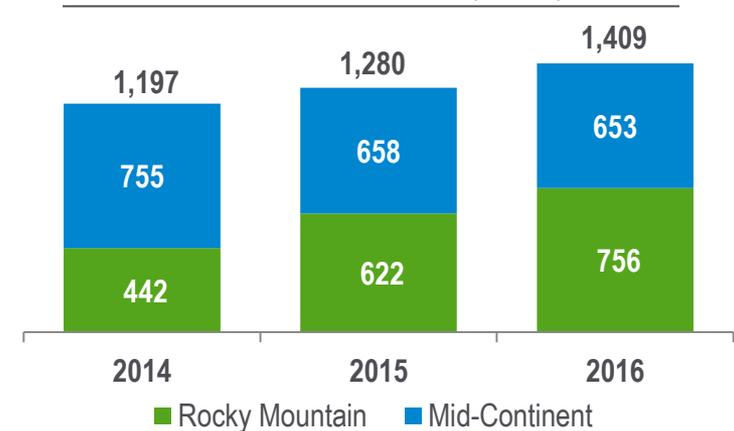
- Increased well completions and rig activity expected in 2017
  - Approximately 75 well connects completed in the first quarter
- Processed volumes averaged more than 800 MMcf/d in April 2017

Region	First Quarter 2017 – Average Gathered Volumes	First Quarter 2017 – Average Processed Volumes
Rocky Mountain	742 MMcf/d	735 MMcf/d
Mid-Continent	773 MMcf/d	662 MMcf/d

Gathered Volumes (MMcf/d)



Processed Volumes (MMcf/d)



■ Rocky Mountain ■ Mid-Continent



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# SUMMARY

## *KEY INVESTMENT CONSIDERATIONS*

- Committed to investment-grade ratings – strong balance sheet, liquidity and financial flexibility as a result of disciplined growth and prudent financial actions
  - Merger with ONEOK Partners created ~\$30 billion enterprise-value company that simplifies corporate structure while lowering cost of funding through elimination of IDRs and no cash taxes expected through 2021
  - BBB/Baa3 credit ratings – cross guarantees executed between ONEOK and ONEOK Partners eliminates structural subordination
  - Target dividend coverage of greater than 1.2x
- Stable cash flows – sources of earnings nearly 90 percent fee based
  - Recontracting efforts in gathering and processing segment increased fee-based earnings – remaining direct commodity price exposure mitigated by hedging
  - Market-driven fee-based growth in NGL and natural gas segments
- Supply and market diversification – strategic, integrated assets in growing NGL-rich plays and major market areas
  - Well positioned in the STACK and SCOOP plays, Williston and Permian Basins





# APPENDIX

# ONEOK GROWTH: 2006 – 2016

\$9 BILLION INVESTED IN INFRASTRUCTURE WITH ROOM FOR GROWTH

## 2. Niobrara/Powder River Basin

- Niobrara NGL Lateral
- OPPL Expansion
- Sage Creek and NGL Infrastructure Acquisition

## 4. Permian Basin and Gulf Coast

- Roadrunner Gas Transmission Pipeline
- WestTex Transmission Pipeline Expansion
- Sterling I Expansion
- Sterling I and II Reconfiguration
- Sterling III and Arbuckle Pipelines
- MB II and III Fractionators
- Mont Belvieu E/P Splitter
- Ethane Header Pipeline
- West Texas LPG Pipeline System Acquisition

## 1. Bakken/Williston Basin

- Plants: Garden Creek I, II and III; Grasslands Plant Expansion; Stateline I and II; Lonesome Creek; and Bear Creek
- Bakken NGL Pipeline and Expansion Phase I
- Stateline de-ethanizers
- Field Compression and Related Infrastructure
- Divide County Gathering System
- Related NGL Infrastructure

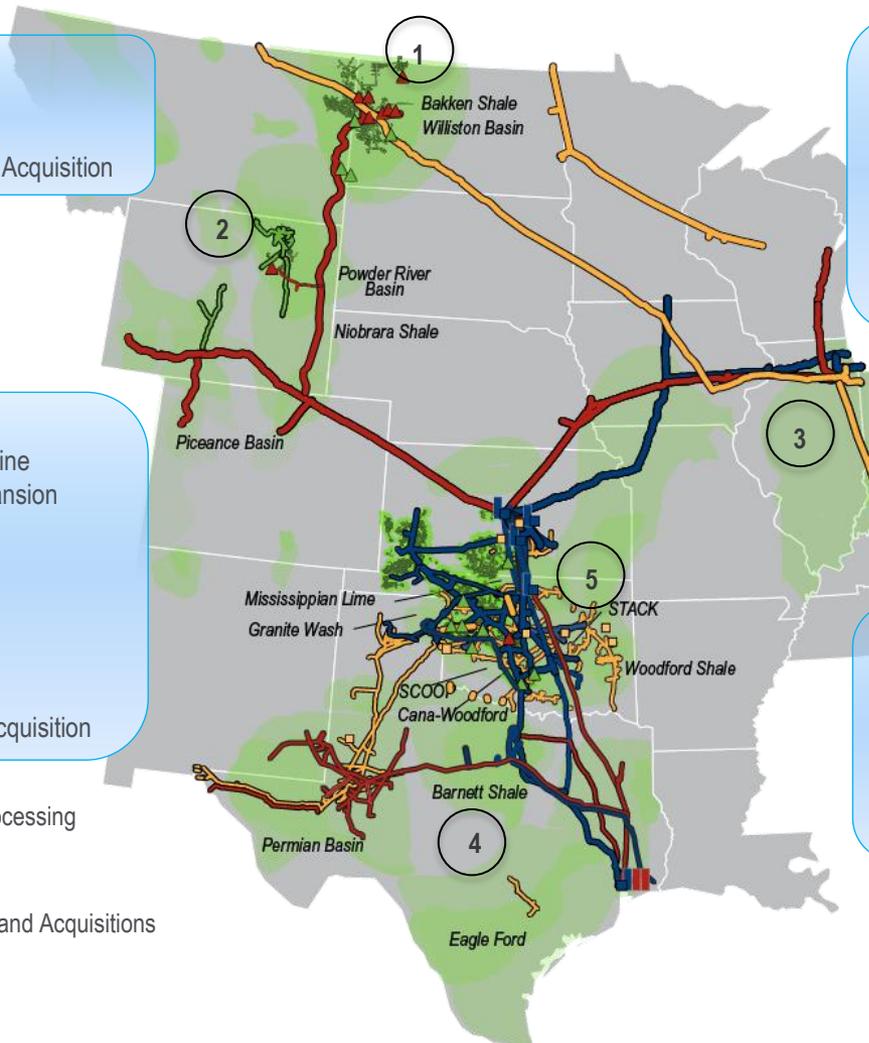
## 3. Midwest Region

- MGT Compressor Station
- Midwestern Extension
- Guardian II Expansion
- North System Acquisition

## 5. Mid-Centrist Region

- Canadian Valley Plant
- NGL Plant Connections
- Bushton Fractionator Expansion
- NGL Pipeline and Hutchinson Fractionator Infrastructure
- Maysville Plant Acquisition

- Natural Gas Gathering & Processing
- Natural Gas Liquids
- Natural Gas Pipelines
- Completed Growth Projects and Acquisitions



# STACK AND SCOOP



# STACK AND SCOOP PLAYS\*

RELIABLE FULL-SERVICE PROVIDER

## Natural Gas Liquids

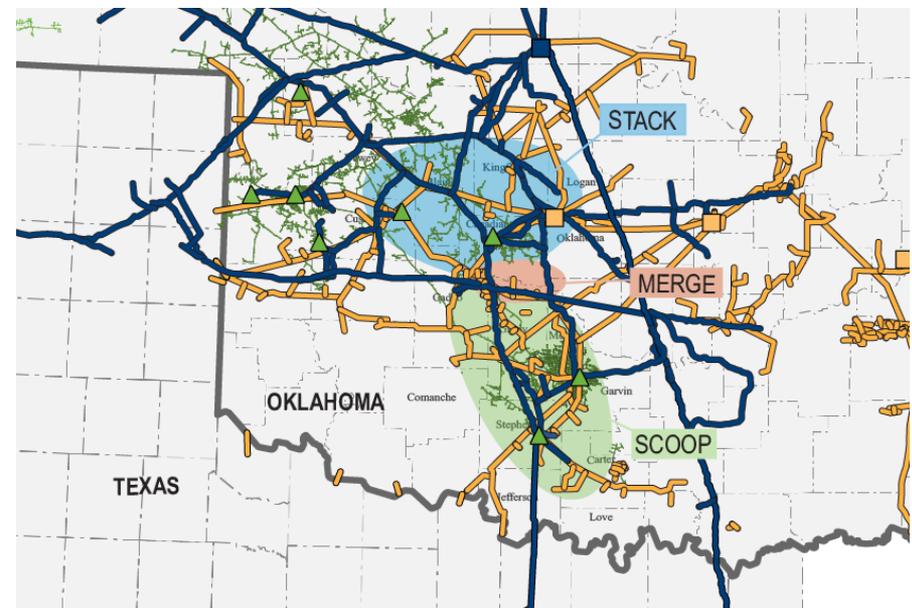
- Approximately 100 third-party plant connections in Mid-Continent
- Sterling III and Mid-Continent NGL system expansions recently announced to accommodate accelerated producer investments in the STACK

## Natural Gas Gathering and Processing

- Access to nearly 700 MMcf/d of processing capacity through integrated asset network

## Natural Gas Pipelines

- Extensive pipeline footprint across the region
- Flexibility from approximately 50 Bcf of storage capacity
- Opportunities to match supply with markets



■ Natural Gas Liquids ■ Natural Gas Pipelines ■ Natural Gas Gathering & Processing

\*STACK: Sooner Trend (oil field), Anadarko (basin), Canadian and Kingfisher (counties)

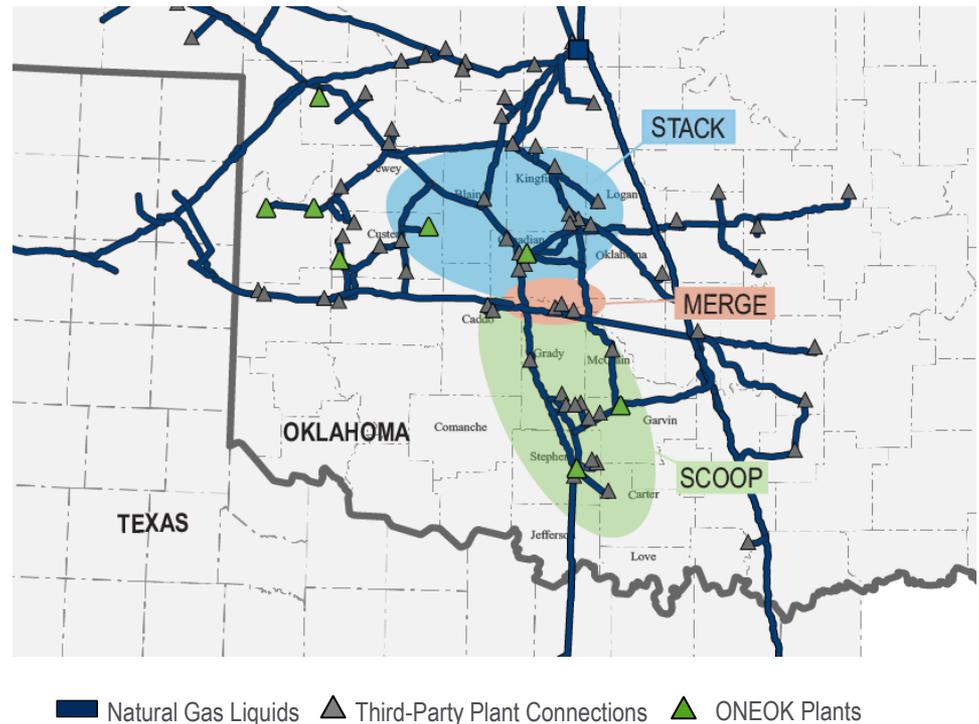
\*SCOOP: South Central Oklahoma Oil Province

# STACK AND SCOOP PLAYS

## FULL-SERVICE CAPABILITY

### Natural Gas Liquids

- Currently gathering approximately 150,000 – 200,000 bpd of NGLs
- More than 110 existing plant connections in the Mid-Continent
- Sterling III and Mid-Continent NGL system expansions recently announced to accommodate accelerated producer investments in the STACK
  - Supported by long-term contract with EnLink Midstream to connect natural gas processing plants in the STACK play
  - Expanding Sterling III pipeline to 250,000 bpd, from 190,000 bpd
  - Connecting Arbuckle Pipeline to EnLink's Cajun-Sibon Pipeline in southeast Texas
  - \$130 million investment for both projects, expected to be complete by year-end 2018

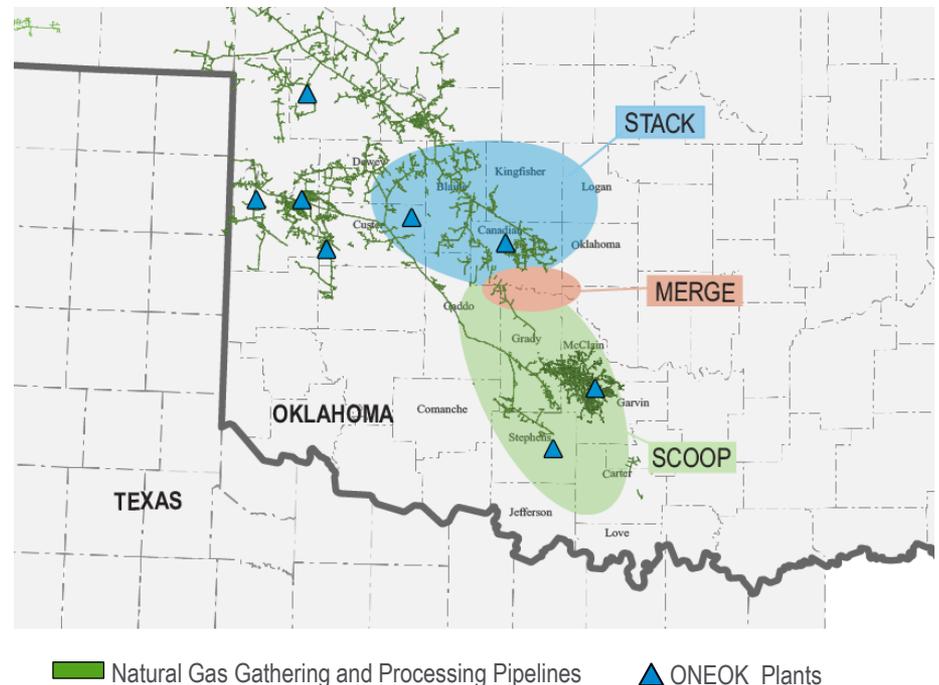


# STACK AND SCOOP PLAYS

## WELL-POSITIONED GATHERING AND PROCESSING ASSETS

### Natural Gas Gathering and Processing

- Approximately 200,000 acres dedicated to ONEOK in the STACK
- Producer results continue to improve through enhanced well completions and rig efficiencies
- Integrated network of plants with a total capacity of nearly 700 MMcf/d
- Construction of a nearly 30-mile natural gas gathering pipeline recently announced to support increasing producer activity on dedicated acreage
  - Supported by long-term processing services agreement with a third party
  - Access to an additional 200 MMcf/d processing capacity in the STACK region
  - \$40 million investment to be complete by year-end 2017

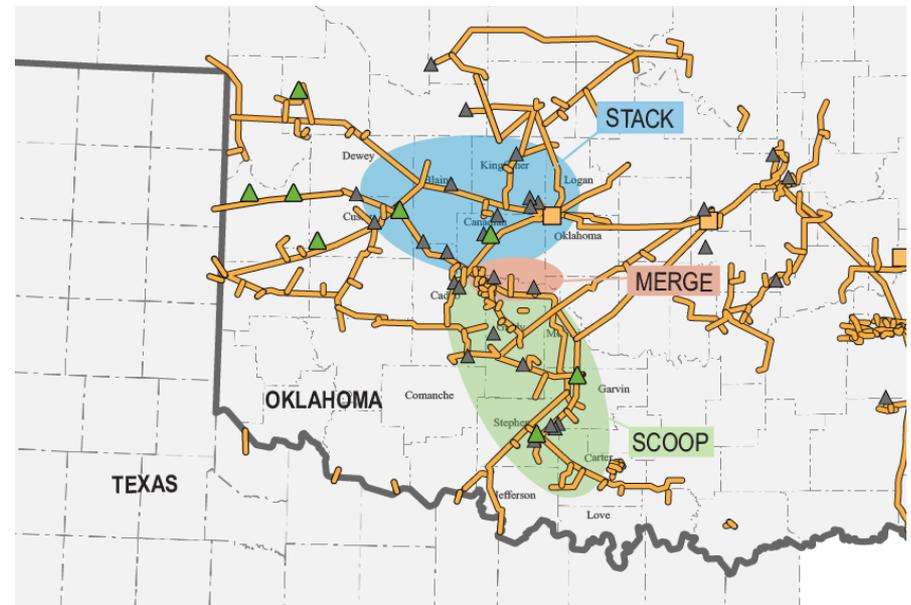


# STACK AND SCOOP PLAYS

## PROVIDING CONNECTIVITY

### Natural Gas Pipelines

- Connected to 34 natural gas processing plants in Oklahoma with a total capacity of 1.8 Bcf/d
- Access to on-system utility and industrial markets with peak demand of approximately 2.4 Bcf/d
- Westbound expansion of ONEOK Gas Transmission Pipeline out of the STACK
  - Firm commitment for 100 MMcf/d secured
  - Initial expansion design consists of adding compression
  - Ongoing market discussions to scale up project by adding compression
- Approximately 50 Bcf of natural gas storage capacity in Oklahoma



- Natural Gas Pipelines
- ▲ Third-Party Plant Connections
- ▲ ONEOK Plants
- Natural Gas Storage

# PERMIAN BASIN



# PERMIAN BASIN

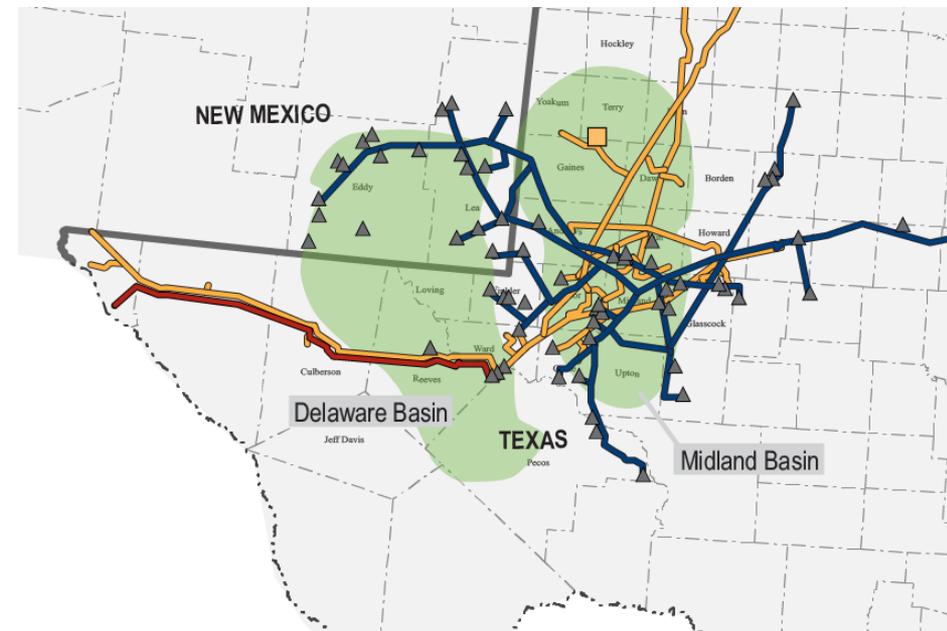
## RELIABLE SERVICE PROVIDER

### Natural Gas Liquids

- Nearly 40 third-party natural gas processing plant connections in the Permian Basin
- One new natural gas processing plant connection in the Permian Basin completed in the first quarter 2017
- West Texas LPG pipeline system expandable through additional pump stations and pipeline looping

### Natural Gas Pipelines

- Connected to more than 25 natural gas processing plants serving the Permian Basin with a total capacity of 1.9 Bcf/d
- Access to on-system utility and industrial markets with peak demand of approximately 1.5 Bcf/d
- Completed capital projects in 2016:
  - Roadrunner pipeline provides 570 MMcf/d of capacity
  - WesTex Transmission Pipeline adding 260 MMcf/d of capacity
- 4 Bcf of active natural gas storage capacity in Texas

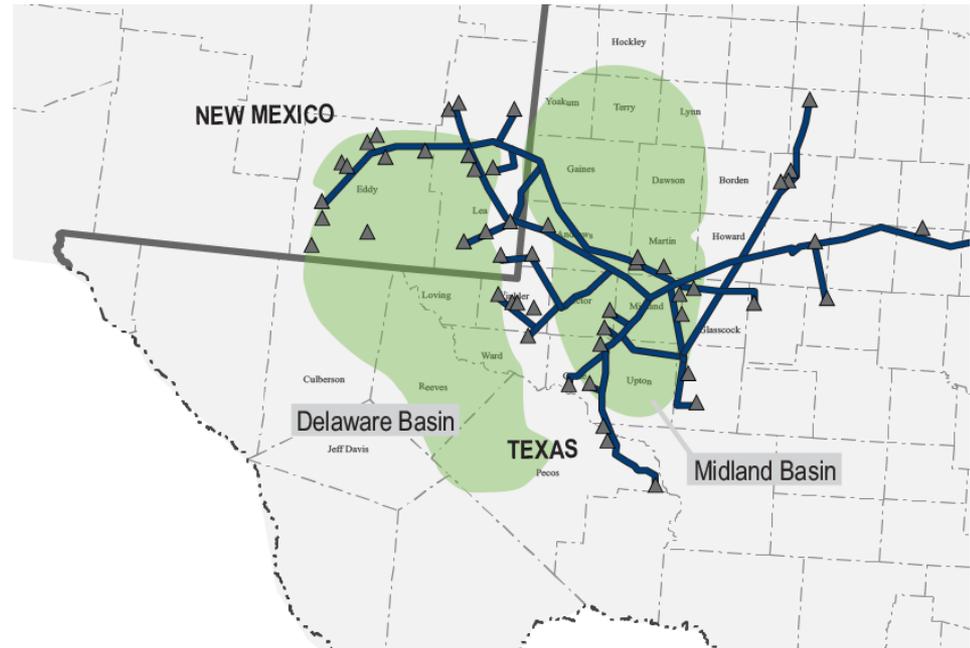


# PERMIAN BASIN

## FULL-SERVICE CAPABILITY

### Natural Gas Liquids

- Extensive network of natural gas liquids pipelines connecting supply to Gulf Coast and Conway, Kansas, market centers
- Potential to offer transportation and fractionation services to new customers in the basin



■ Natural Gas Liquids

▲ Third-party Plant Connections

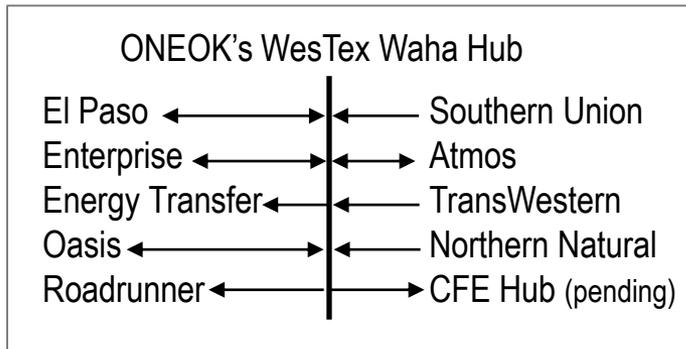
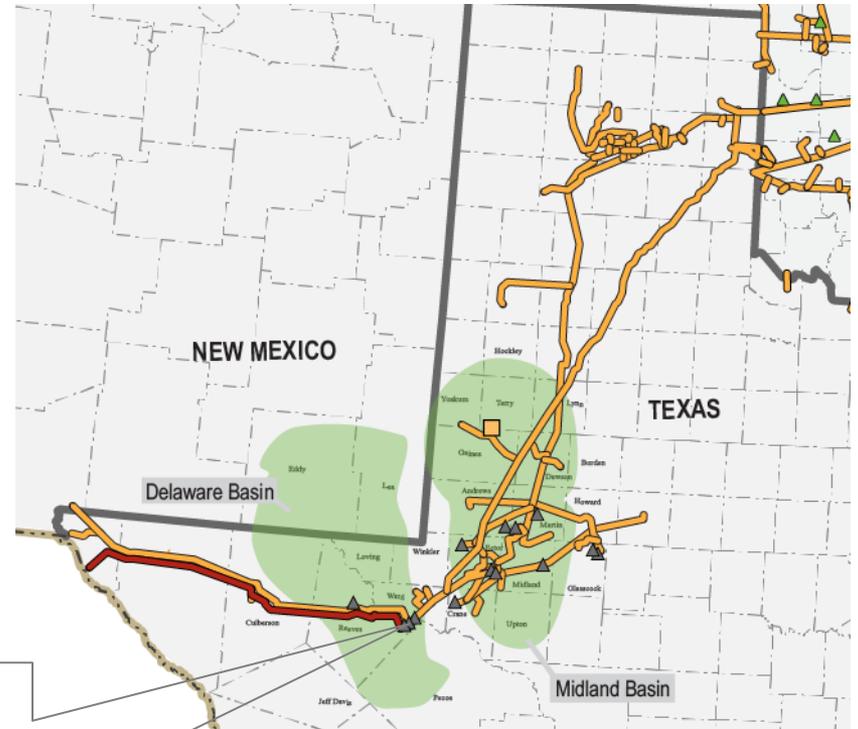


# PERMIAN BASIN

## PROVIDING CONNECTIVITY

### Natural Gas Pipelines

- Connected to more than 25 natural gas processing plants serving the Permian Basin with a total capacity of 1.9 Bcf/d
- Well-positioned in the Delaware Basin with a significant position in the Midland Basin
- 2,500-mile network of natural gas pipelines and storage connecting Mid-Continent and Permian Basin supply with natural gas utility and industrial markets in Texas and Mexico
- ONEOK WesTex provides access to Waha Hub pipelines for liquidity and transaction capabilities



- Orange line: Natural Gas Pipelines
- Yellow line: Natural Gas Storage
- Red line: Roadrunner Gas Transmission
- Green triangle: ONEOK Plant Connections
- Grey triangle: Third-party Plant Connections



# WILLISTON BASIN



# WILLISTON BASIN

*PROVIDING VALUABLE TAKEAWAY CAPACITY*

## Natural Gas Liquids

- Four third-party natural gas processing plant connections in the Williston Basin
- Bakken NGL Pipeline expandable to 160,000 bpd with additional pump stations, expected in the third quarter 2018
- Highest margin NGL barrel with average bundled fee rates of approximately 30 cents per gallon
- Approximately 35,000 bpd incremental ethane opportunity

## Natural Gas Pipelines

- 2.4 Bcf/d of long-haul natural gas transportation capacity through ONEOK's 50 percent ownership in Northern Border Pipeline
- Northern Border Pipeline provides the most economical capacity route out of the Williston Basin



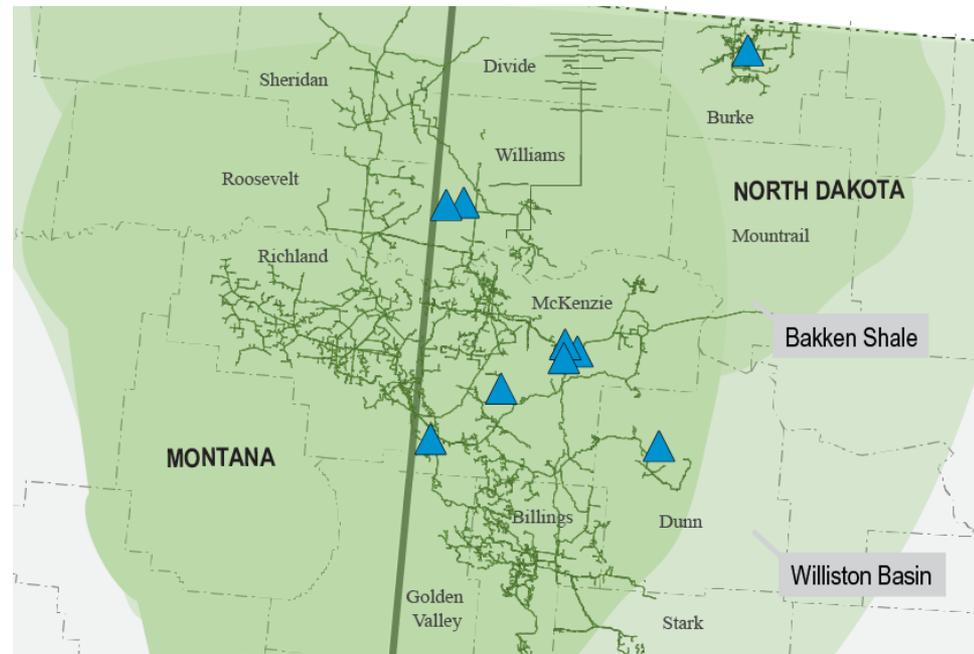
- Natural Gas Liquids
- ▲ Third-party Plant Connections
- Natural Gas Pipelines

# WILLISTON BASIN

## COMPETITIVELY ADVANTAGED ASSET FOOTPRINT

### Natural Gas Gathering and Processing

- More than 3 million acres dedicated to ONEOK
  - Approximately 1 million acres in the core
- Nearly 1 Bcf/d natural gas processing capacity
  - Approximately 175 MMcf/d available
- Seeing increased drilling activity in the basin
- Approximately 300 drilled but uncompleted wells (DUCs) on acreage
- 75 new well connections in the first quarter 2017
- Higher gas-to-oil (GOR) ratios in the core of the basin where completion activities are highest
- 80 MMcf/d Bear Creek natural gas processing plant completed in August 2016



■ Natural Gas Gathering and Processing Pipelines

▲ ONEOK Natural Gas Processing Plants

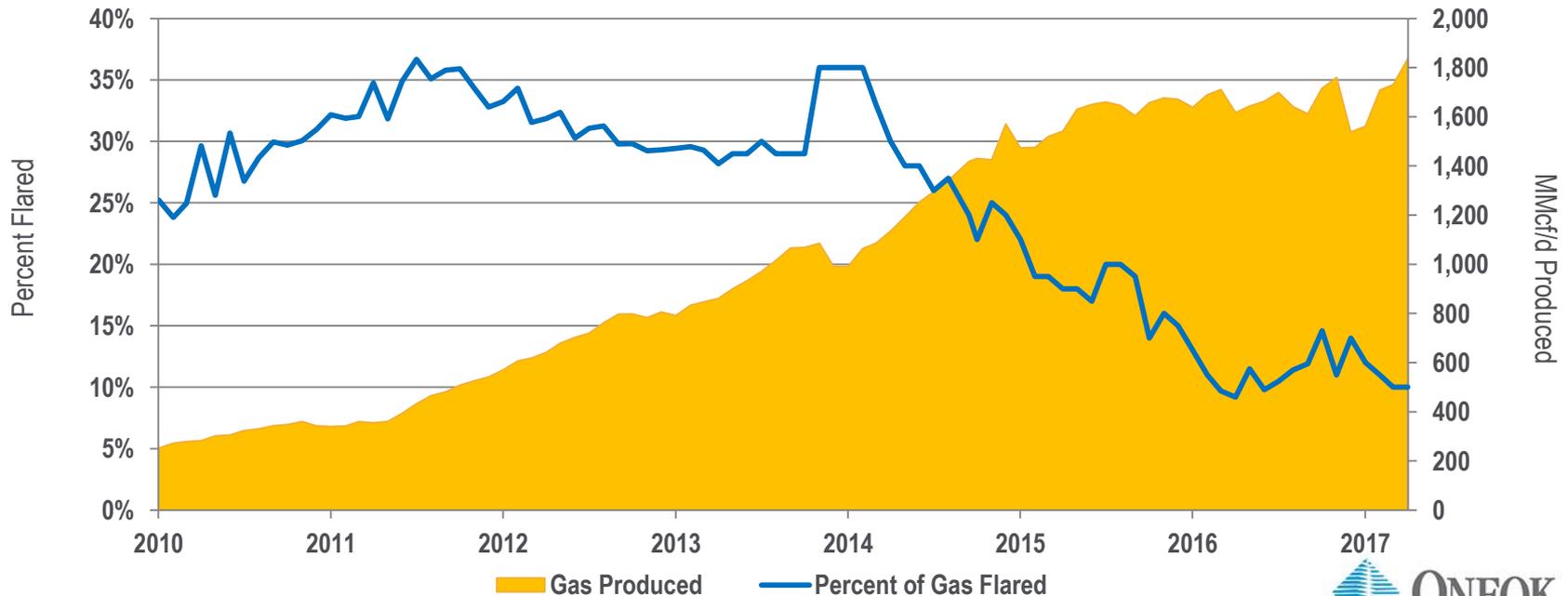


# WILLISTON BASIN

## INCREASED GAS CAPTURE AND VOLUME BACKLOG BENEFITS ONEOK

- Increased natural gas capture results in increased NGL and natural gas value uplift
- Approximately 90% of North Dakota's natural gas production was captured in April 2017
- North Dakota Industrial Commission (NDIC) policy targets:
  - Increase natural gas capture to: 85% by Nov. 2016; 88% by Nov. 2018; and 91% by Nov. 2020
- April statewide flaring was approximately 184 MMcf/d, with nearly 60-70 MMcf/d estimated to be on ONEOK's dedicated acreage
- Producer customers are incentivized to increase natural gas capture rates to maximize the value of wells drilled

North Dakota Natural Gas Produced and Flared



# POWDER RIVER BASIN



# POWDER RIVER BASIN

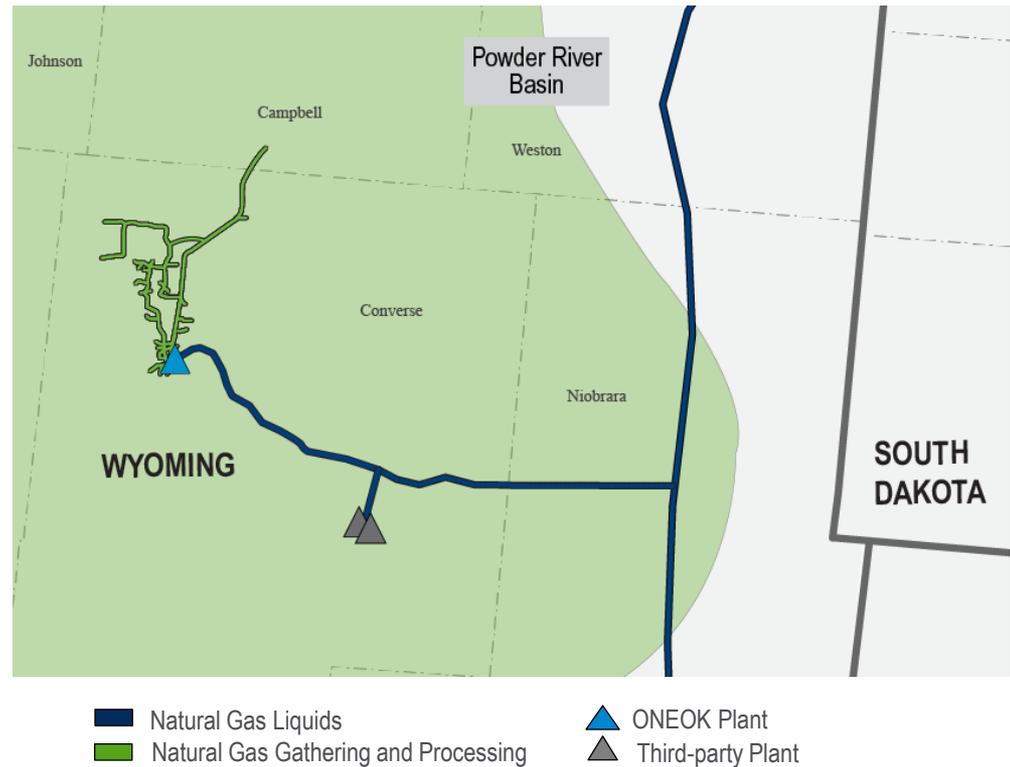
*PROVIDING VALUABLE TAKEAWAY CAPACITY*

## Natural Gas Liquids

- Assets located in NGL-rich Niobrara, Sussex and Turner formations
- NGL takeaway through the Bakken NGL Pipeline and Overland Pass Pipeline
- Two third-party natural gas processing plant connections, including one connected in the first quarter 2017

## Natural Gas Gathering and Processing

- Approximately 130,000 acres dedicated to ONEOK
- 50 MMcf/d processing capacity at the Sage Creek natural gas processing plant
- Integrated assets and value chain with natural gas liquids segment



# COMMODITY PRICE MITIGATION



# NATURAL GAS GATHERING AND PROCESSING

## COMMODITY PRICE RISK MITIGATION

Nine Months Ending December 31, 2017			
Commodity	Volumes Hedged	Average Price	Percent Hedged
Natural Gas* (MMBtu/d)	73,000	\$2.63 / MMBtu	97%
Condensate (bpd)	1,800	\$44.88 / Bbl	78%
Natural Gas Liquids** (bpd)	8,000	\$0.51 / gallon	89%

Year Ending December 31, 2018			
Commodity	Volumes Hedged	Average Price	Percent Hedged
Natural Gas* (MMBtu/d)	49,700	\$2.80 / MMBtu	74%
Condensate (bpd)	600	\$56.80 / Bbl	25%
Natural Gas Liquids** (bpd)	1,900	\$0.68 / gallon	22%

\* Natural gas prices represent a combination of hedges at various basis locations

\*\*NGLs hedged reflect propane, normal butane, iso-butane and natural gasoline only. The ethane component of the equity NGL volume is not hedged and not expected to be material to ONEOK's results of operations

Volumes hedged as of March 31, 2017



# NATURAL GAS GATHERING AND PROCESSING

## COMMODITY PRICE SENSITIVITIES AFTER HEDGING\*

		Earnings Impact* (\$ in Millions)	Earnings Impact* (\$ in Millions)
Commodity	Sensitivity	2017**	2018***
Natural Gas	\$0.10 / MMBtu	\$0.1	\$0.6
Natural Gas Liquids	\$0.01 / gallon	\$0.3	\$1.9
Crude Oil	\$1.00 / barrel	\$0.3	\$0.8

\*As of March 31, 2017

\*\*Nine-month forward-looking sensitivities net of hedges in place

\*\*\*Full-year forward-looking sensitivities net of hedges in place



# NON-GAAP RECONCILIATIONS





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# NON-GAAP RECONCILIATIONS

*ONEOK, Inc.*

ONEOK has disclosed in this presentation adjusted EBITDA and distributable cash flow (DCF), which are non-GAAP financial metrics, used to measure ONEOK's financial performance, and are defined as follows:

Adjusted EBITDA is defined as net income from continuing operations adjusted for interest expense, depreciation and amortization, noncash impairment charges, income taxes, allowance for equity funds used during construction, noncash compensation expense and other noncash items; and

Distributable cash flow is defined as adjusted EBITDA, computed as described above, less interest expense, maintenance capital expenditures and equity earnings from investments, excluding noncash impairment charges, adjusted for cash distributions received from unconsolidated affiliates and certain other items.

These non-GAAP financial measures described above are useful to investors because they are used by many companies in the industry as a measurement of financial performance and are commonly employed by financial analysts and others to evaluate our financial performance and to compare our financial performance with the performance of other companies within our industry. Adjusted EBITDA and DCF and should not be considered in isolation or as a substitute for net income or any other measure of financial performance presented in accordance with GAAP.

These non-GAAP financial measures exclude some, but not all, items that affect net income. Additionally, these calculations may not be comparable with similarly titled measures of other companies. In connection with our merger transaction, we have adjusted prior periods in the following table to conform to current presentation. Furthermore, these non-GAAP measures should not be viewed as indicative of the actual amount of cash that is available for dividends or that is planned to be distributed in a given period.



# OKE NON-GAAP RECONCILIATION

<i>(\$ in Millions)</i>	2013	2014	2015	2016
<b>Reconciliation of Net Income to Adjusted EBITDA</b>				
Net Income from continuing operations	589	669	\$385	\$746
Interest expense	271	356	417	470
Depreciation and amortization	239	295	355	392
Impairment charges	-	79	264	-
Income taxes	166	151	137	212
Noncash compensation expense	11	17	14	32
AFUDC and other non-cash items	(30)	(15)	7	(1)
Adjusted EBITDA	\$1,246	\$1,552	\$1,579	\$1,851

# OKE NON-GAAP RECONCILIATION

(\$ in Millions)	2015					2016					2017
	Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3	Q4	FY	Q1
<b>Reconciliation of Net Income to Adjusted EBITDA</b>											
Net income from continuing operations	\$96	\$151	\$165	(\$27)	\$385	\$176	\$180	\$195	\$195	\$746	\$186
Interest expense	97	102	107	111	417	118	119	118	114	470	116
Depreciation and amortization	86	87	88	94	355	94	99	99	99	392	99
Impairment charges	-	-	-	264	264	-	-	-	-	-	-
Income taxes	37	48	38	14	137	50	52	55	55	212	55
Noncash compensation expense	3	3	10	(2)	14	7	10	3	12	32	2
AFUDC and other non-cash items	8	1	-	(2)	7	-	-	-	(1)	(1)	2
Adjusted EBITDA	\$327	\$392	\$408	\$452	\$1,579	\$445	\$460	\$470	\$474	\$1,851	\$460
Interest expense	(97)	(102)	(107)	(111)	(417)	(118)	(119)	(118)	(115)	(470)	(116)
Maintenance capital	(32)	(32)	(21)	(31)	(116)	(22)	(23)	(21)	(46)	(112)	(24)
Equity earnings from investments, excluding noncash impairment charges	(31)	(30)	(32)	(32)	(125)	(33)	(32)	(35)	(40)	(140)	(40)
Distributions received from unconsolidated affiliates	39	41	36	40	156	47	62	41	47	197	47
Other	(2)	(3)	1	(1)	(5)	7	(3)	(5)	(2)	(3)	(3)
Distributable Cash Flow	\$204	\$266	\$285	\$317	\$1,072	\$326	\$345	\$332	\$318	\$1,323	\$324
Distributions to public limited partners	(127)	(129)	(133)	(135)	(524)	(135)	(135)	(136)	(136)	(542)	(135)
Distributable cash flow to shareholders	\$77	\$137	\$152	\$182	\$548	\$191	\$210	\$196	\$182	\$781	\$189
Dividends paid to shareholders	\$0.605	\$0.605	\$0.605	\$0.615	\$2.430	\$0.615	\$0.615	\$0.615	\$0.615	\$2.460	\$0.615
Coverage ratio	0.61	1.09	1.20	1.41	1.08	1.48	1.62	1.52	1.41	1.51	1.46
Number of shares used in computations (millions)	208	209	209	209	209	210	210	210	211	210	211



