



**ONEOK**

**FOURTH-QUARTER  
AND FULL-YEAR  
2017 RESULTS**

Feb. 26, 2018



# 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.

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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.

All references in this presentation to financial guidance are based on news releases issued on Jan. 22, 2018, and Feb. 26, 2018, and are not being updated or affirmed by this presentation.



Mont Belvieu I fractionator — Gulf Coast

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# NATURAL GAS LIQUIDS

## VOLUME UPDATE

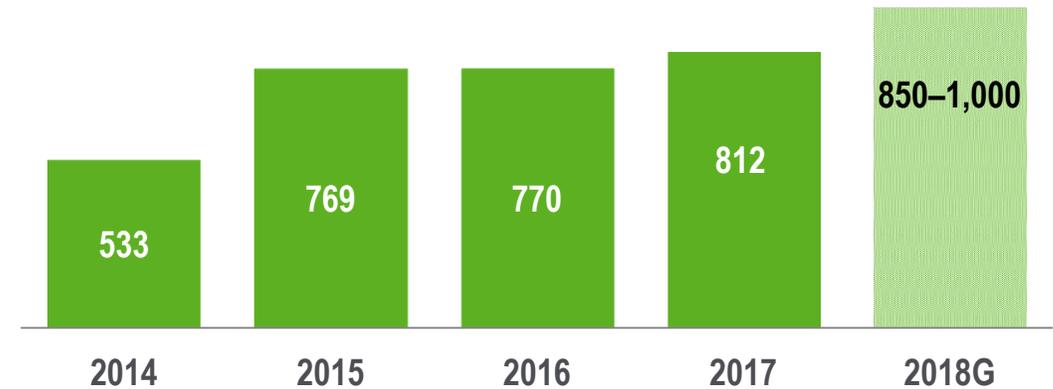
- ◆ 2018 volume growth expected to be driven primarily by increased producer activity in the STACK and SCOOP areas and increased ethane recovery in the Mid-Continent
- ◆ Ethane rejection on ONEOK's system expected to be approximately 70,000 bpd by the end of 2018
  - Approximately \$100 million of incremental adjusted EBITDA during 2018 compared with 2017
- ◆ Six to nine third-party natural gas processing plant connections expected in 2018

Region/Asset	Third Quarter 2017 – Average Gathered Volumes	Fourth Quarter 2017 – Average Gathered Volumes	Full Year 2017 – Average Gathered Volumes	Average Bundled Rate (per gallon)
Bakken NGL Pipeline	135,000 bpd	136,000 bpd	135,000 bpd	~30 cents*
Mid-Continent	485,000 bpd	529,000 bpd	487,000 bpd	< 9 cents*
West Texas LPG system	192,000 bpd	202,000 bpd	190,000 bpd	< 3 cents**
<b>Total</b>	<b>812,000 bpd</b>	<b>867,000 bpd</b>	<b>812,000 bpd</b>	

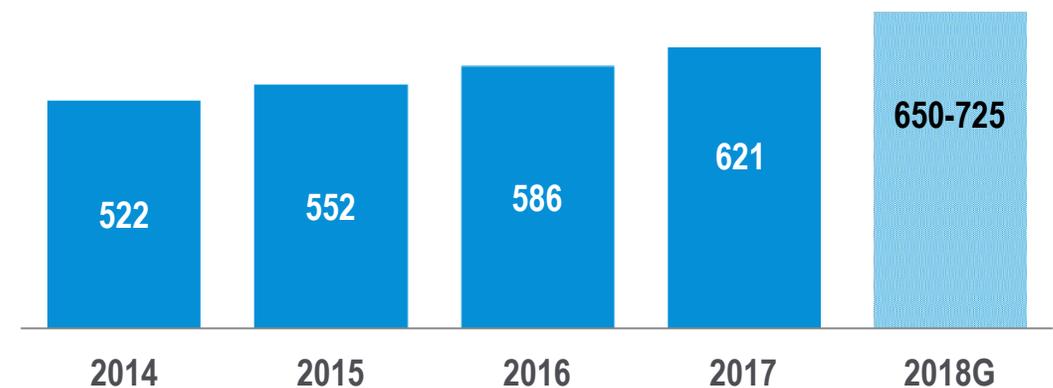
\*Includes transportation and fractionation

\*\*Transportation only

### Gathered Volume (MBbl/d)



### Fractionation Volume (MBbl/d)



# NATURAL GAS GATHERING AND PROCESSING

## VOLUME UPDATE

### Williston Basin

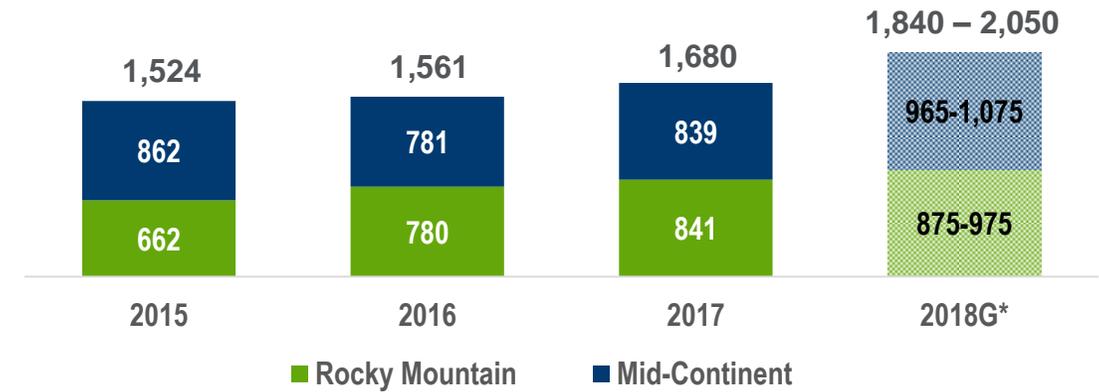
- ◆ 117 well connects completed in the fourth quarter 2017; 430 for the full year 2017
- ◆ Approximately 25 rigs on ONEOK's dedicated acreage
- ◆ Expect to connect approximately 500 wells in 2018

### Mid-Continent

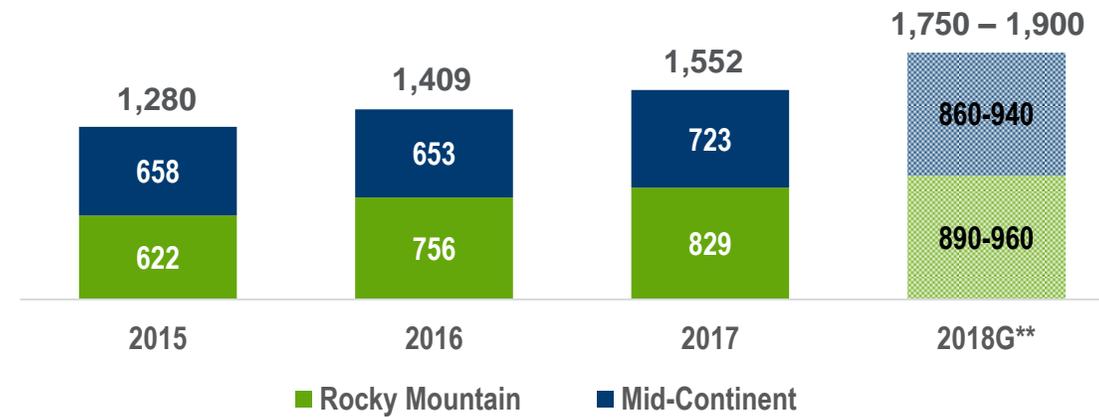
- ◆ 37 well connects completed in the fourth quarter 2017; 113 for the full year 2017
- ◆ Increased producer activity in the STACK and SCOOP plays expected to be largest driver of 2018 natural gas volume growth
- ◆ Approximately 12 rigs on ONEOK's dedicated acreage
- ◆ Expect to connect approximately 150 wells in 2018

Region	Third Quarter 2017 – Average Gathered Volumes	Fourth Quarter 2017 – Average Gathered Volumes	Third Quarter 2017 – Average Processed Volumes	Fourth Quarter 2017 – Average Processed Volumes
Rocky Mountain	867 MMcf/d	904 MMcf/d	857 MMcf/d	892 MMcf/d
Mid-Continent	863 MMcf/d	915 MMcf/d	744 MMcf/d	792 MMcf/d
Total	1,730 MMcf/d	1,819 MMcf/d	1,601 MMcf/d	1,684 MMcf/d

### Gathered Volumes (MMcf/d)



### Processed Volumes (MMcf/d)



\*2018 guidance gathered volumes (BBtu/d): 2,430-2,700

\*\*2018 guidance processed volumes (BBtu/d): 2,310-2,500

# NATURAL GAS PIPELINES

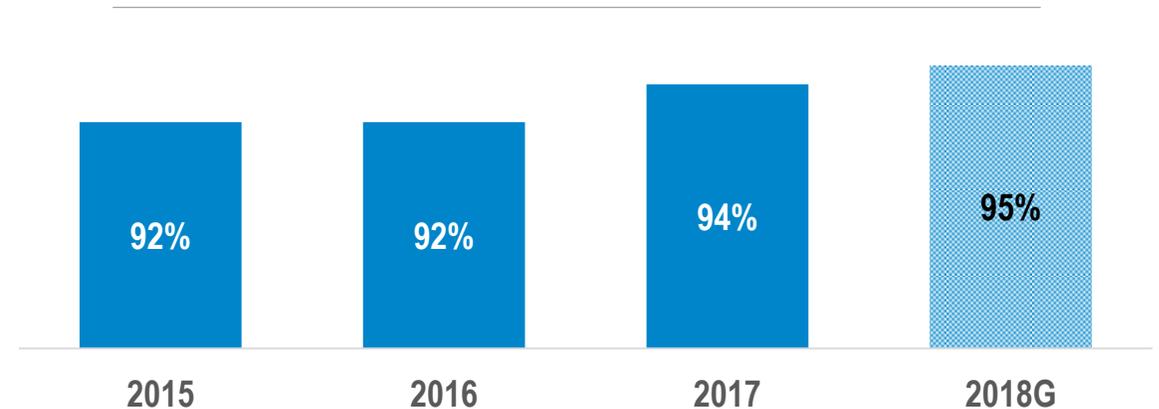
## WELL-POSITIONED AND MARKET-CONNECTED

- ◆ Expect more than 95 percent fee-based earnings in 2018, and:
  - Approximately 95 percent of transportation capacity contracted
  - Approximately 65 percent of natural gas storage capacity contracted
- ◆ 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 areas
- ◆ Contracted transportation capacity and fee-based earnings have increased with completion of WesTex Transmission Pipeline expansion and Roadrunner Gas Transmission Pipeline
- ◆ 100 MMcf/d westbound expansion of ONEOK Gas Transmission Pipeline out of the STACK play expected to be in service in the second quarter 2018

Natural Gas Transportation Capacity Contracted (MDth/d)



Natural Gas Transportation Capacity Subscribed



# BUSINESS SEGMENT PERFORMANCE

## Q4 2017 VS. Q3 2017 VARIANCES

### ◆ Natural gas liquids increased

- **\$30.1 million increase** in exchange services due primarily to increased volumes in the STACK and SCOOP areas and the Williston Basin and increased ethane recovery, and reduced volumes in the third quarter 2017 related to impacts from Hurricane Harvey
- **\$9.3 million increase** in transportation and storage services due primarily to higher volumes on the North System\* due to seasonal demand
- **\$13.3 million decrease** due to higher operating costs, offset partially by additional operating costs in the third quarter 2017 related to Hurricane Harvey
- **\$10.7 million decrease** in optimization and marketing due primarily to narrower product price differentials, offset partially by wider location price differentials

### ◆ Natural gas gathering and processing increased

- **\$10.7 million increase** due primarily to natural gas volume growth in the Williston Basin and STACK and SCOOP areas, offset partially by natural production declines
- **\$4.2 million decrease** due to higher operating costs

### ◆ Natural gas pipelines increased slightly due to higher storage revenues and higher transportation services, offset partially by higher operating costs

*\*The North System is a FERC-regulated NGL pipeline that transports NGL purity products and various refined products throughout the Midwest markets, particularly near Chicago, Illinois*

# ARBUCKLE II PIPELINE AND MB-4 FRACTIONATOR

## CRITICAL INFRASTRUCTURE TO SERVE GROWING PRODUCTION

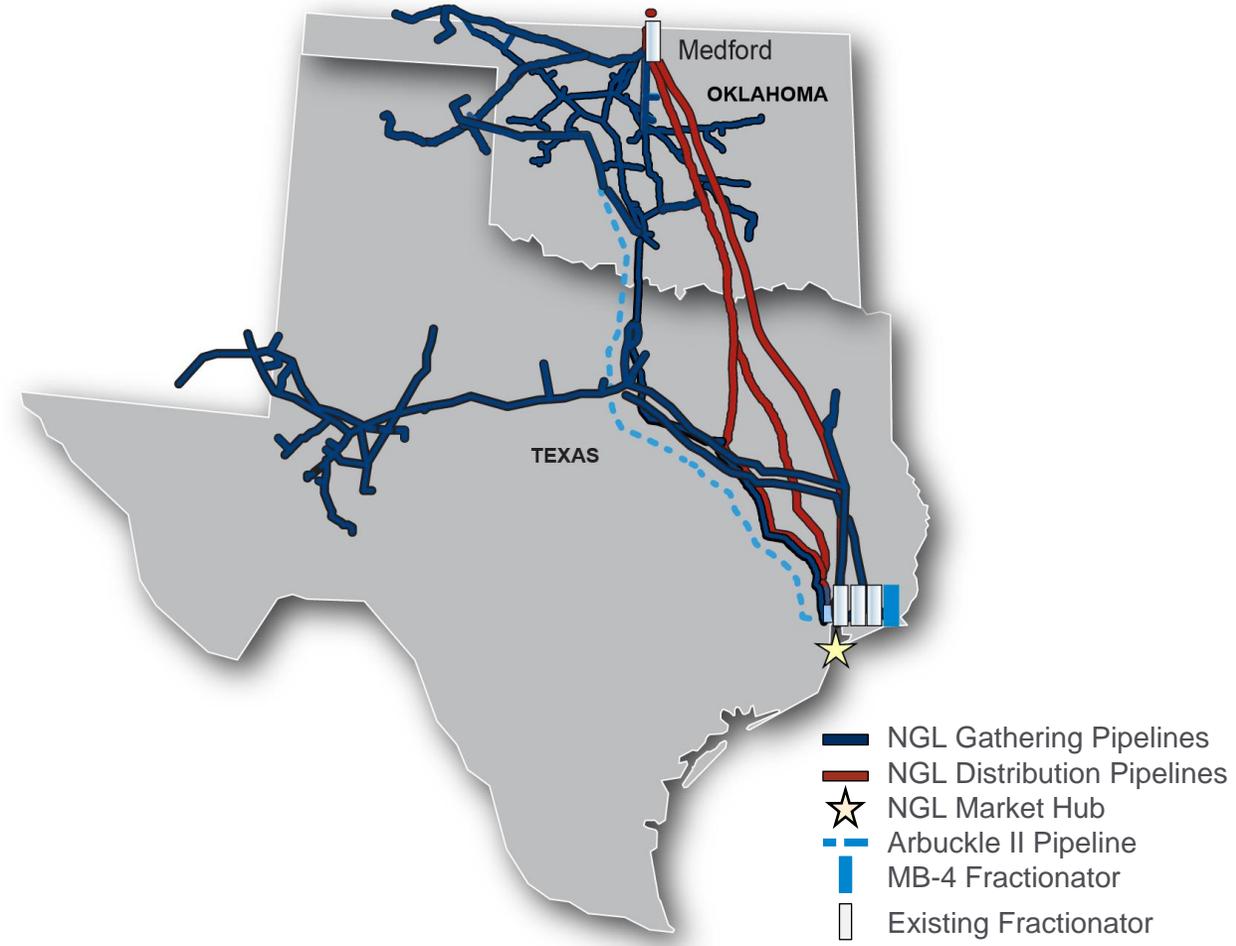
- ◆ Volume growth expected across ONEOK footprint, particularly in STACK and SCOOP areas and Williston Basin, creating a need for additional capacity
- ◆ Pipeline and fractionator projects serving producer needs at attractive returns
  - Anchored by long-term contracts with 10- to 20-year terms
  - Expected adjusted EBITDA multiples of 4-6x

### Arbuckle II Pipeline

- ◆ 530-mile, 24- and 30-inch diameter NGL pipeline with initial capacity of 400,000 bpd expandable to 1 million bpd
  - Approximately \$1.36 billion – expected completion first quarter 2020

### MB-4 Fractionator

- ◆ 125,000 bpd NGL fractionator and related infrastructure in Mont Belvieu
  - Approximately \$575 million – expected completion first quarter 2020
- ◆ Increases ONEOK's system wide fractionation capacity to 965,000 bpd



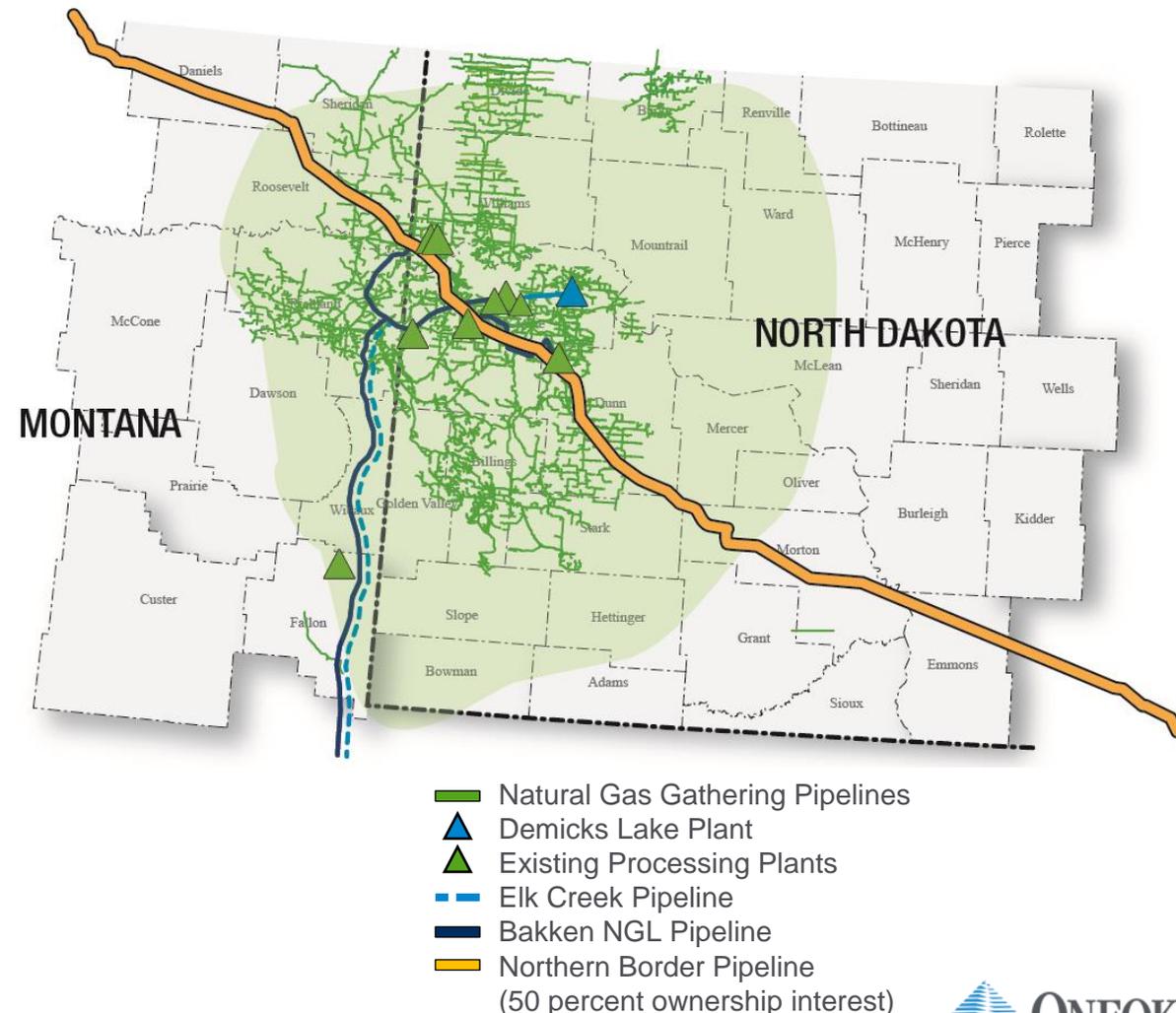
# DEMICKS LAKE PLANT

## PROCESSING CAPACITY TO SUPPORT PRODUCER GROWTH AND HELP MEET GAS CAPTURE TARGETS

- ◆ Williston Basin growth continues with enhanced well-completion techniques driving increased production and lower breakeven economics
  - One-third of the rigs needed today to develop the same volume produced three years ago
- ◆ Natural gas capture targets continue to rise putting oil production at risk without additional midstream infrastructure investments
  - North Dakota natural gas capture targets:
    - ◇ 88 percent by November 2018; 91 percent by November 2020
- ◆ More than 1 million acres dedicated to ONEOK in the core of the basin (3 million acres dedicated basin wide)
- ◆ Expected adjusted EBITDA multiple of 4-6x

### Demicks Lake plant

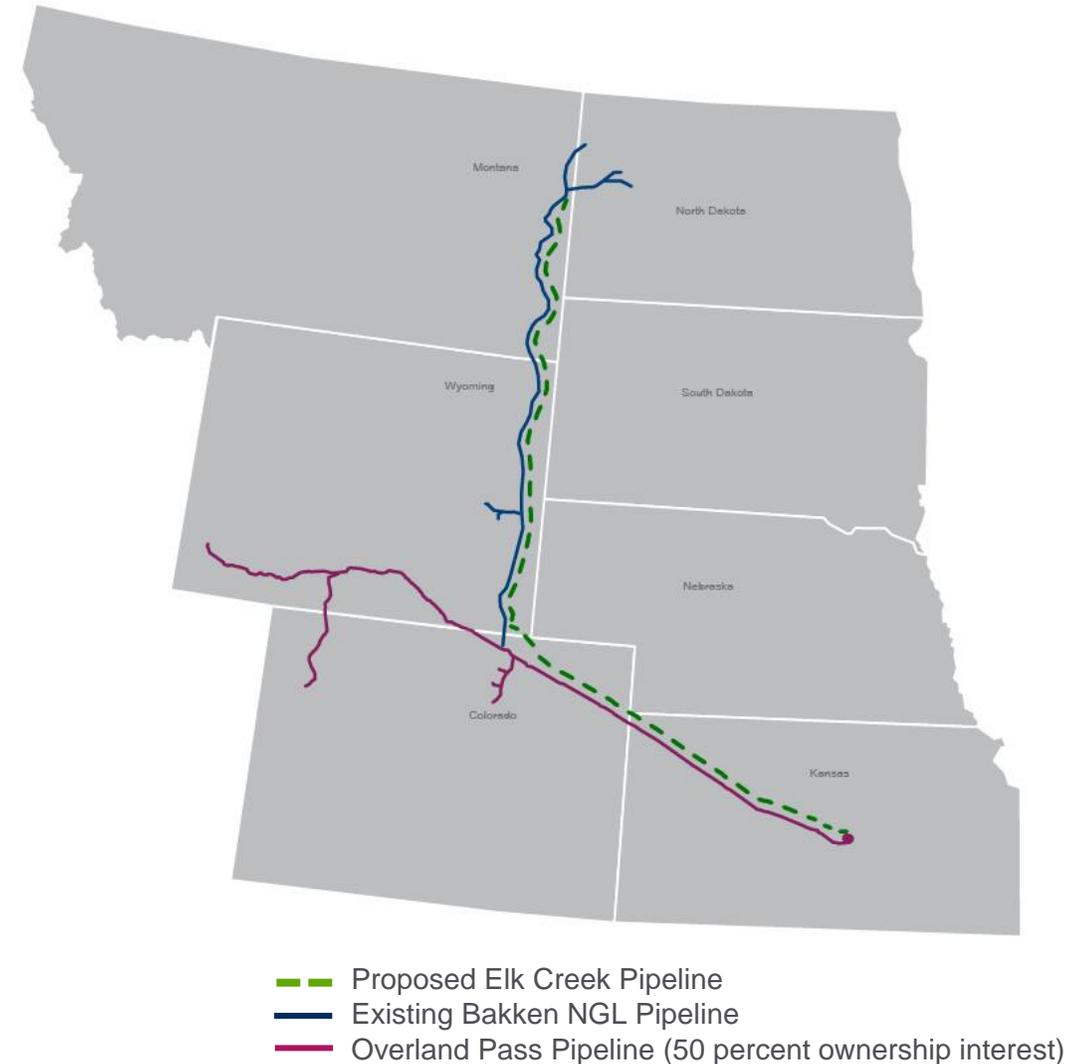
- ◆ 200 MMcf/d natural gas processing plant and related infrastructure in McKenzie County, North Dakota
  - \$400 million – expected completion in the fourth quarter 2019
  - Contributes additional NGL volumes to ONEOK's NGL gathering system and natural gas volumes to ONEOK's 50 percent-owned Northern Border Pipeline



# ELK CREEK PIPELINE PROJECT

## COMPELLING STRATEGIC RATIONALE

- ◆ Existing Bakken NGL Pipeline and Overland Pass Pipeline operating at full capacity
- ◆ Growing production in the region drives need for increased NGL takeaway
  - Producer drilling and completion improvements driving break-evens lower
  - Increased activity in the Powder River and Denver-Julesburg (DJ) basins
  - High-quality, well-capitalized producers
- ◆ Elk Creek Pipeline supported by contracts totaling 100,000 bpd
  - Contract terms of 10-15 years
  - 70,000 bpd of minimum volume commitments
- ◆ State-mandated natural gas capture targets are increasing
  - North Dakota natural gas capture targets will increase from 85 percent currently to 91 percent by 2020
- ◆ Attractive project returns expected: adjusted EBITDA multiples of 4-6x
  - Approximately 900-mile, 20-inch pipeline with initial capacity of 240,000 bpd, expandable to 400,000 bpd
  - \$1.2 billion for new pipeline – expected completion by year end 2019
  - \$200 million for incremental related infrastructure
  - Expected to be significantly accretive to distributable cash flow per share
- ◆ Strengthens ONEOK's position in the high-production areas of the Williston, Powder River and DJ basins



# NATURAL GAS LIQUIDS GROWTH PROJECTS

\$3.6 BILLION ANNOUNCED SINCE JUNE 2017

Project	Scope	CapEx (\$ in millions)	Expected Completion
<b>West Texas LPG Pipeline expansion</b>	<ul style="list-style-type: none"> <li>120-mile pipeline lateral extension with capacity of 110,000 bpd in the Delaware Basin</li> <li>Supported by long-term dedicated NGL production from two planned third-party natural gas processing plants</li> </ul>	\$160*	Q3 2018
<b>Sterling III expansion</b>	<ul style="list-style-type: none"> <li>60,000 bpd NGL pipeline expansion</li> <li>Increases capacity to 250,000 bpd</li> <li>Includes additional NGL gathering system expansions</li> <li>Supported by long-term third-party contract</li> </ul>	\$130	Q4 2018
<b>Elk Creek Pipeline project</b>	<ul style="list-style-type: none"> <li>900-mile NGL pipeline from the Williston Basin to the Mid-Continent with capacity of up to 240,000 bpd, and related infrastructure</li> <li>Supported by long-term contracts, which include minimum volume commitments</li> <li>Expansion capability up to 400,000 bpd with additional pump facilities</li> </ul>	\$1,400	Year-end 2019
<b>Arbuckle II Pipeline</b>	<ul style="list-style-type: none"> <li>530-mile NGL pipeline from the Mid-Continent to the Gulf Coast with initial capacity of 400,000 bpd</li> <li>More than 50 percent of initial capacity is contracted under long-term, fee-based agreements</li> <li>Expansion capability up to 1 million bpd with additional pump facilities</li> </ul>	\$1,360	Q1 2020
<b>MB-4 fractionator</b>	<ul style="list-style-type: none"> <li>125,000 bpd NGL fractionator and related infrastructure in Mont Belvieu, Texas</li> <li>Fractionation capacity is fully contracted under long-term, fee-based agreements</li> </ul>	\$575	Q1 2020
<b>Total</b>		<b>\$3,625</b>	

\*Represents ONEOK's 80 percent ownership interest.

# GATHERING AND PROCESSING GROWTH PROJECTS

\$600 MILLION ANNOUNCED SINCE JUNE 2017

Project	Scope	CapEx (\$ in millions)	Expected Completion
<b>Additional STACK processing capacity</b>	<ul style="list-style-type: none"> <li>• 200 MMcf/d processing capacity through long-term processing services agreement with third party</li> <li>• 30-mile natural gas gathering pipeline</li> </ul>	\$40	In Service
<b>Canadian Valley expansion</b>	<ul style="list-style-type: none"> <li>• 200 MMcf/d processing plant expansion in the STACK</li> <li>• Increases capacity to 400 MMcf/d</li> <li>• 20,000 bpd additional NGL volume</li> <li>• Supported by acreage dedications, primarily fee-based contracts and minimum volume commitments</li> </ul>	\$160	Q4 2018
<b>Demicks Lake plant and infrastructure</b>	<ul style="list-style-type: none"> <li>• 200 MMcf/d processing plant in the core of the Williston Basin</li> <li>• Contributes additional NGL and natural gas volume on ONEOK's system</li> <li>• Supported by acreage dedications and primarily fee-based contracts</li> </ul>	\$400	Q4 2019
<b>Total</b>		<b>\$600</b>	

# 2018 FINANCIAL GUIDANCE SUMMARY

- ◆ Adjusted EBITDA: \$2,215 million – \$2,415 million
- ◆ Distributable cash flow: \$1,615 million – \$1,815 million
  - Target dividend coverage ratio of  $\geq 1.2$  times
- ◆ Net income: \$955 million – \$1,155 million
- ◆ Capital expenditures: \$2,090 million – \$2,480 million
  - Growth: \$1,950 million – \$2,300 million
  - Maintenance: \$140 million – \$180 million

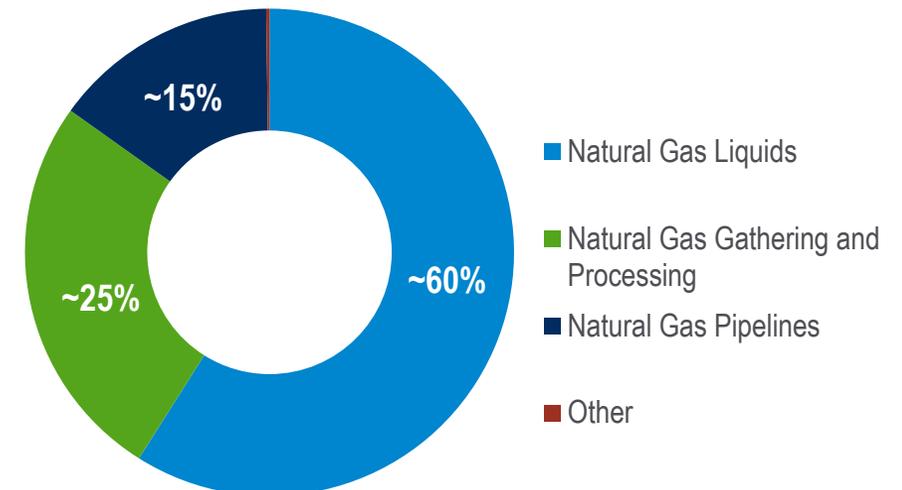
Dividends Paid Per Share Per Year



First quarter dividend increased 2.5 cents per share on Jan. 17, 2018.

2018 Adjusted EBITDA Guidance

2018 Guidance (\$ in millions)	Natural Gas Liquids	Natural Gas Gathering and Processing	Natural Gas Pipelines	Other
Adjusted EBITDA	\$1,300 – \$1,430	\$575 – \$625	\$335 – \$355	\$5



\*Dividend paid in fourth quarter 2017, annualized, with previously announced 9-11% annual growth.

Note: Adjusted EBITDA, distributable cash flow and coverage ratio are non-GAAP measures. Reconciliations to relevant GAAP measures are included in the appendix.

# NON-GAAP RECONCILIATION

ANNOUNCED JAN. 22, 2018

## 2018 Guidance Range

*(Millions of dollars)*

### Reconciliation of Net Income to Adjusted EBITDA and Distributable Cash Flow

Net Income	\$ 955	-	\$ 1,155
Interest expense, net of capitalized interest	495	-	455
Depreciation and amortization	425	-	435
Income taxes	310	-	360
Noncash compensation expense	35	-	25
Other noncash items and equity AFUDC	(5)	-	(15)
Adjusted EBITDA	2,215	-	2,415
Interest expense, net of capitalized interest	(495)	-	(455)
Maintenance capital	(140)	-	(180)
Equity in net earnings from investments	(140)	-	(150)
Distributions received from unconsolidated affiliates	185	-	205
Other	(10)	-	(20)
Distributable cash flow	\$ 1,615	-	\$ 1,815

# NON-GAAP RECONCILIATION

ANNOUNCED JAN. 22, 2018

## 2018 Guidance Range

*(Millions of dollars)*

### Reconciliation of segment adjusted EBITDA to adjusted EBITDA

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Segment adjusted EBITDA:

Natural Gas Liquids	\$ 1,300	-	\$ 1,430
Natural Gas Gathering and Processing	575	-	625
Natural Gas Pipelines	335	-	355
Other	5	-	5
<b>Adjusted EBITDA</b>	<b>\$ 2,215</b>	<b>-</b>	<b>\$ 2,415</b>



Bear Creek plant — Williston Basin