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ONEOK Inc.

Company Profile

January 3, 2021

Management

Terry K. Spencer - President and CEO
Robert F. Martinovich – EVP, CAO
Walter S. Hulse III – CFO, EVP, Strategic Planning and Corporate Affairs
Kevin L. Burdick – EVP, COO

www.oneok.com

EPG Commentary by Dan Steffens

ONEOK, Inc. (pronounced ONE-OAK) (NYSE: OKE) is one of the midstream companies in our ***High Yield Income Portfolio*.** The Company is the #1 provider of NGL takeaway capacity in the Rockies and Mid-Continent regions. OKE is a C-Corp., so distributions are treated as regular dividends.

Bottom Line: ONEOK's net income in 2019 of $1,278.6 million ($3.07 per share) beat my forecast and the Company generated more than enough Distributable Cash Flow ("DCF") to increase dividends from $3.335 per share in 2018 to $3.605 in 2019. Their last dividend increase was for Q4 2019.

After reporting a net loss of $7.5 million for the first half of 2020, ONEOK's Q3 2020 net income of $312.3 million bounced back to just below pre-pandemic levels. ONEOK is now generating more than enough DCF to maintain their $0.935 quarterly dividend. For 2021, I am forecasting net income of $1,689 million ($3.79 per share).

The midpoint of ONEOK's Guidance is Net Income of $700 Million in 2020
Distributable Cash Flow Guidance is now $1,985 Million (~$4.45/share) for 2020

ONEOK's Competitive Position

Market Share	Connectivity	Operating Leverage
Strategic assets in NGL rich U.S. shale basins	Fully integrated assets	Available capacity and minimal capital needs
Primary NGL takeaway provider (Williston/Powder River basins and Mid-Continent)	Primary connectivity between key NGL market centers	Significant earnings power from ~$5B of recent project completions
Primary natural gas processor (Williston Basin)	NGL pipeline network from the Williston Basin to Mont Belvieu provides unmatched operating flexibility	Flexibility to grow at the pace customers need

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My Fair Value Estimate for OKE is $44.50/share

Compare to First Call's 12-month Price Target of $36.87

Disclosure: I do not have a position in OKE. I do not intend on buying or selling any units in the next 72 hours. I wrote this profile myself, and it expresses my own opinions. I am not receiving compensation for it from the company. I have no business relationship with any company whose stock is mentioned in this article.

ONEOK

Company Overview

ONEOK, Inc. is a leading midstream service provider that owns one of the nation's premier natural gas liquids systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers and an extensive network of natural gas gathering, processing, storage and transportation assets.

ONEOK is a FORTUNE 500 company and is included in the S&P 500.

They apply core capabilities of gathering, processing, fractionating, transporting, storing and marketing natural gas and NGLs through vertical integration across the midstream value chain to provide their customers with premium services while generating consistent and sustainable earnings growth.

- Key asset locations in the Rockies, Mid-Continent and West Texas are competitively positioned
- Approximately 40,000-mile network of natural gas and NGL pipelines
- Provides midstream services to producers, processors and customers
- Significant basin diversification

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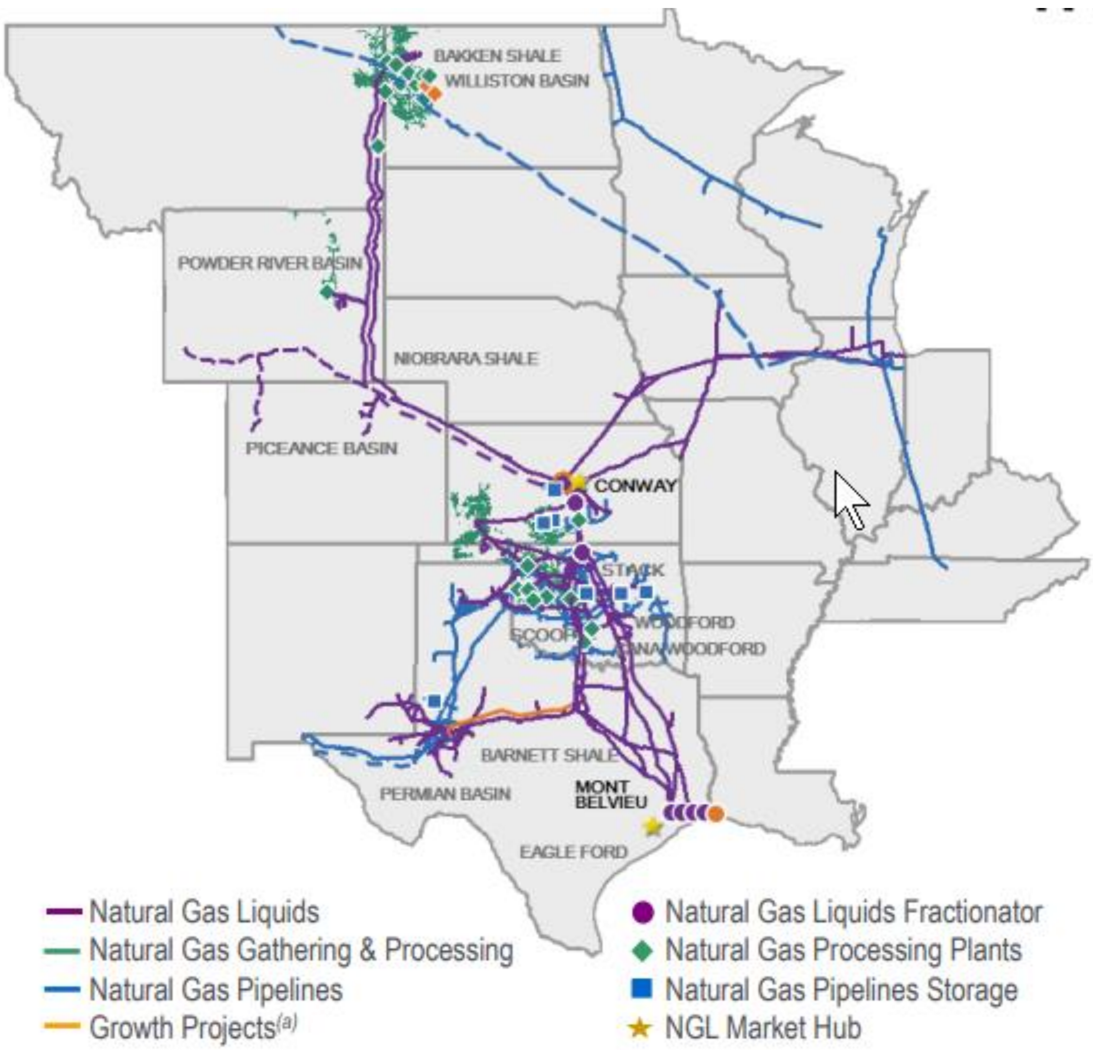

RESILIENT BUSINESS MODEL – PROVEN PERFORMANCE

BUILT TO WITHSTAND VARIOUS MARKET CONDITIONS

Financial Strength and Flexibility	• Solid investment-grade balance sheet ▪ S&P: BBB (stable) – *affirmed April 30, 2020* ▪ Moody's: Baa3 (stable) – *affirmed May 26, 2020* ▪ Fitch: BBB (stable) – *issued Nov. 3, 2020*
Significant Liquidity	• $2.5 billion credit facility – *no borrowings outstanding* • $447 million of cash and cash equivalents as of Sept. 30, 2020 • Demonstrated capital market access • No debt maturities prior to 2022

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Well-capitalized Customers	• No single customer represents more than 10% of ONEOK's revenue • Contract structures provide limited counterparty credit exposure
Capital Discipline	• Announced $900 million decrease in 2020 capital spending by pausing several projects • Flexibility to further adjust capital or resume projects • Total capital expenditures (growth and maintenance) of $300-$400 million annual run-rate expected until producer activity levels warrant additional infrastructure
Integrated Assets with Significant Earnings Power	• 40,000-mile network of NGL and natural gas pipelines • Infrastructure in the most prolific U.S. shale basins • Significant earnings power and operating leverage from recently completed projects

Business Strategy

ONEOK's primary business strategy is to maintain prudent financial strength and flexibility while growing profits, fee-based earnings and dividends per share with a focus on safe, reliable, environmentally responsible, legally compliant and sustainable operations for their customers, employees, contractors and the public through the following:

- Operate in a safe, reliable, environmentally responsible and sustainable manner – environmental, safety and health issues continue to be a primary focus for us, and our emphasis on personal and process safety has produced improvements in the key indicators we track.
- Continue to look for ways to reduce our environmental impact by conserving resources and utilizing more efficient technologies.

Maintain prudent financial strength and flexibility while growing our fee-based earnings, dividends per share and cash flows from operations in excess of dividends paid – they operate primarily fee-based businesses in each three reportable segments.

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

ONEOK continues to invest in organic growth projects to expand in existing operating regions and provide a broad range of services to crude oil and natural gas producers and end-use markets.

Manage the balance sheet and maintain investment-grade credit ratings.

During the COVID-19 pandemic ONEOK has decided to put the majority of their construction activities on hold. These projects can be restarted quickly when producer activity is resumed.

People are important in this business

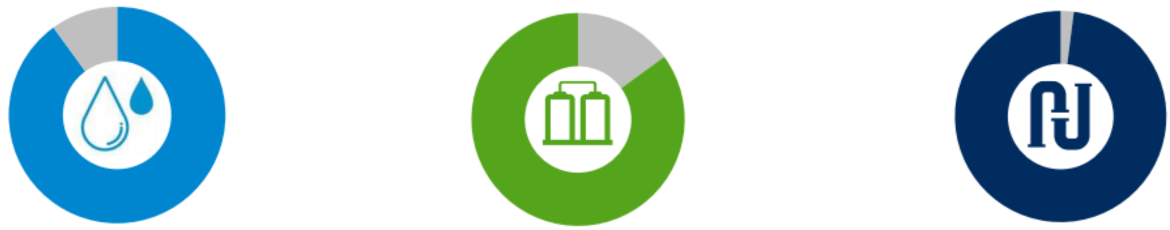
ONEOK seeks to attract, select, develop, motivate, challenge and retain a diverse group of employees to support strategy execution.

- Execute a recruiting strategy that targets professional and field personnel in the company's operating areas.
- Focus on employee development efforts with current employees and monitor employee benefits and compensation package to remain competitive.

Distributable Cash Flow exceeds the current quarterly distributions

BUSINESS SEGMENTS

	Natural Gas Liquids	Natural Gas Gathering and Processing	Natural Gas Pipelines
EARNINGS MIX	>90% fee based	>85% fee based	>95% fee based
CONTRACT STRUCTURE	Fee-based, bundled service volume commitments and plant dedications	Fee contracts with a POP component[a]	Fee-based, demand charge contracts
COMPETITVE ADVANTAGE	**~200** plant connections (>90% of Mid-Continent connections)	**Acres dedicated**: Williston Basin >3 million; STACK and SCOOP ~300,000	**Connected directly** to end-use markets (utility and industrial markets)



Third Quarter 2020 Highlights, compared to Q3 2019

- Net income of $312.3 million, resulting in 70 cents per diluted share.
- 15% increase in adjusted EBITDA to $747.0 million.
- 14% increase in operating income to $550.4 million.
- 16% decrease in operating costs.
- 1.30 times distributable cash flow coverage of dividend.
- 7% increase in NGL raw feed throughput volumes.
- 94 cents per MMBtu average fee rate in the natural gas gathering and processing segment.

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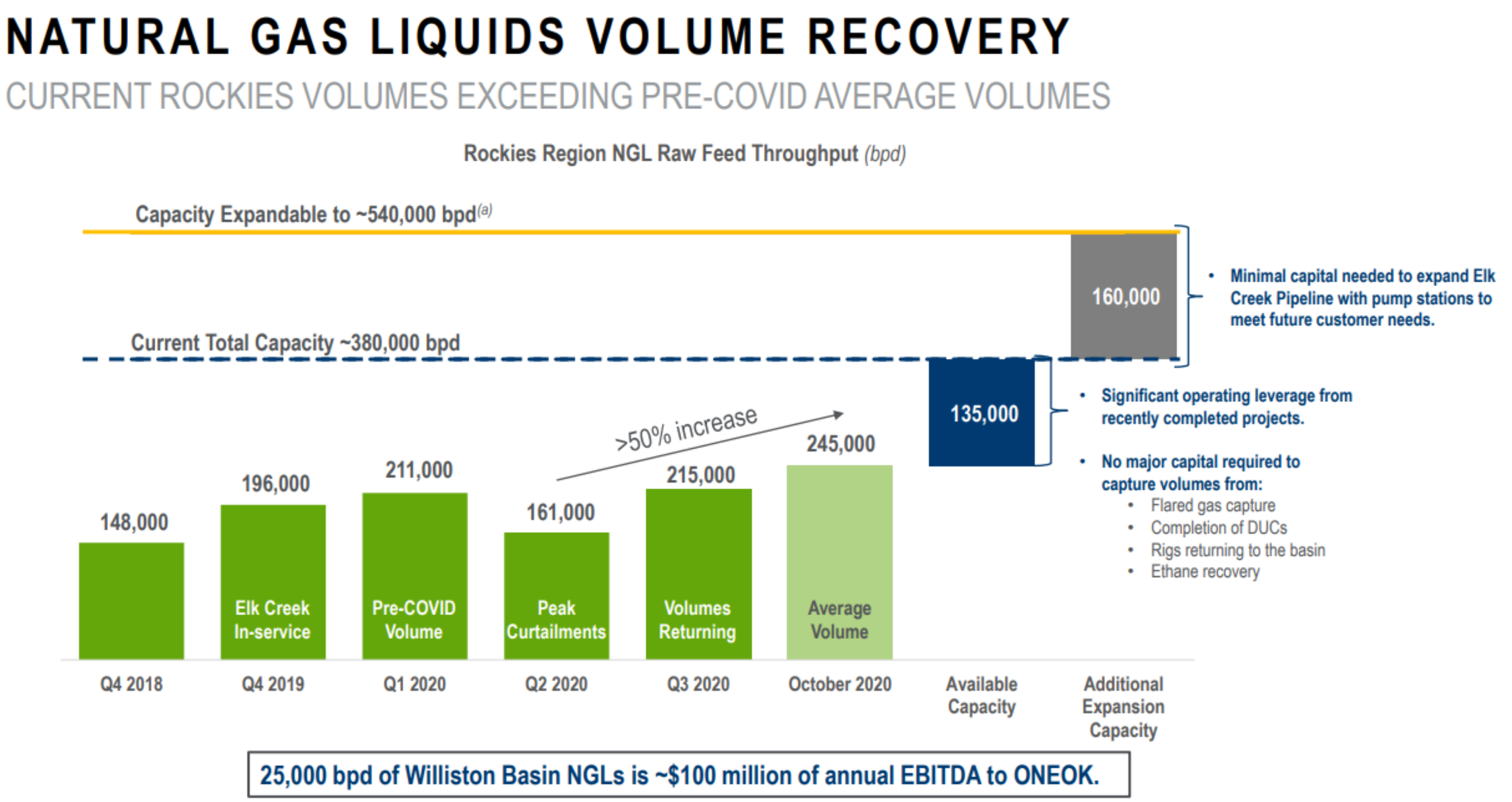
Third Quarter 2020 Results, compared to Q2 2020

- 55% increase in operating income.
- 40% increase in adjusted EBITDA.
- 33% increase in Rocky Mountain Region NGL raw feed throughput volumes.
- 25% increase in Rocky Mountain Region natural gas volumes processed.
- 9% decrease in operating costs.

Rockies Region has significant upside for ONEOK



Financial Performance

ONEOK's operating income and adjusted EBITDA increased 14% and 15%, respectively, compared with the third quarter 2019. Higher results were driven primarily by increased NGL volumes across ONEOK's operations, lower operating costs in all three of ONEOK's business segments, and lower rail transportation and pipeline costs in the natural gas liquids segment due to the completion of ONEOK's Elk Creek Pipeline, compared with the third quarter 2019.

Results were partially offset by higher depreciation expense due to capital-growth projects placed in service, lower earnings from optimization and marketing in the natural gas liquids segment, lower natural gas volumes in the natural gas gathering and processing segment due to natural production declines in the Mid-Continent region and production curtailments in the Williston Basin, and lower interruptible transportation services in the natural gas pipelines segment, compared with the third quarter 2019.

	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	(Millions of dollars, except per share and dividend coverage ratio amounts)			
Net income (a)	**$ 312.3**	$ 309.2	**$ 304.8**	$ 958.3
Net income per diluted share (a)	**$ 0.70**	$ 0.74	**$ 0.71**	$ 2.31
Adjusted EBITDA (b) (c)	**$ 747.0**	$ 649.8	**$ 1,981.7**	$ 1,919.7
DCF (b)	**$ 540.9**	$ 480.9	**$ 1,363.8**	$ 1,528.2
DCF in excess of dividends paid (b)	**$ 125.3**	$ 113.0	**$ 174.2**	$ 448.8
Dividend coverage ratio (b)	**1.30**	1.31	**1.15**	1.42
Operating income (d)	**$ 550.4**	$ 482.2	**$ 822.7**	$ 1,427.0
Operating costs	**$ 205.0**	$ 245.1	**$ 636.5**	$ 723.6
Depreciation and amortization	**$ 153.2**	$ 121.4	**$ 426.0**	$ 350.6
Equity in net earnings from investments	**$ 38.0**	$ 37.6	**$ 108.0**	$ 115.2
Capital expenditures	**$ 380.0**	$ 1,019.2	**$ 1,924.0**	$ 2,739.3

(a) Amounts for the three and nine months ended Sept. 30, 2020, include benefits of $2.2 million and $22.2 million, respectively, related to gains on open market repurchases of debt. Amounts for the nine months ended Sept. 30, 2020, also include noncash charges of $641.8 million, or $1.16 per diluted share after-tax, related primarily to impairments in the natural gas gathering and processing segment, a loss of $48.3 million, or $0.09 per diluted share after-tax, related to the settlement of interest-rate swaps, and a benefit of $16.9 million, or 3 cents per diluted share after-tax, related to the mark-to-market of ONEOK's share-based deferred compensation plan.
(b) Adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA), distributable cash flow (DCF) and dividend coverage ratio are non-GAAP measures. Reconciliations to relevant GAAP measures are included in this news release.
(c) Amounts for the three and nine months ended Sept. 30, 2020, include benefits of $2.2 million and $22.2 million, respectively, related to gains on open market repurchases of debt.
(d) Amount for the nine months ended Sept. 30, 2020, includes noncash impairment charges of $604.0 million.

Management Commentary October 27, 2020

"Given the recovery of curtailed volumes in the regions where ONEOK operates, 2020 net income and adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) are now expected to approach the midpoint of the ranges provided on April 28, 2020, of $500 million to $900 million, and $2,600 million to $3,000 million, respectively."

ONEOK Inc.

"Third quarter results were driven by curtailed volume returning to our system resulting in improved earnings. NGL volumes across all of our operating areas have exceeded pre-pandemic levels, and natural gas volumes processed in the Rocky Mountain region have exceeded 1.2 billion cubic feet per day. Volumes achieved in September were more in-line with our original pre-pandemic 2020 expectations."

"We remain focused on operating safely and environmentally responsibly. Reliable service and value creation continue to guide our strategy as we evaluate the opportunities ahead of us." – Terry K. Spencer, President and CEO of ONEOK Partners

Business Segment Results

Natural Gas Liquids Segment

The natural gas liquids segment's third quarter 2020 adjusted EBITDA increased 23%, compared with the same period in 2019, due primarily to higher volumes across ONEOK's operations and lower rail transportation and pipeline costs compared with the third quarter 2019. Third quarter 2020 NGL raw feed throughput volumes increased 7%, compared with the same period in 2019.

Through the first nine months of 2020, the segment connected five natural gas processing plants to its system, including ONEOK's Demicks Lake II plant, two third-party plants in the Rocky Mountain region and two third-party plants in the Permian Basin. Two third-party plant connections in the Rocky Mountain region and one third-party plant in the Mid-Continent were also expanded in the first nine months of 2020.

	Three Months Ended September 30,		Nine Months Ended September 30,	
Natural Gas Liquids Segment	**2020**	**2019**	**2020**	**2019**
	(Millions of dollars)			
Adjusted EBITDA	**$ 451.2**	$ 367.5	**$ 1,199.8**	$ 1,091.9
Capital expenditures	**$ 298.9**	$ 738.0	**$ 1,504.9**	$ 1,969.1

Natural Gas Gathering and Processing Segment

The natural gas gathering and processing segment's third quarter 2020 adjusted EBITDA increased 4%, compared with the same period in 2019.

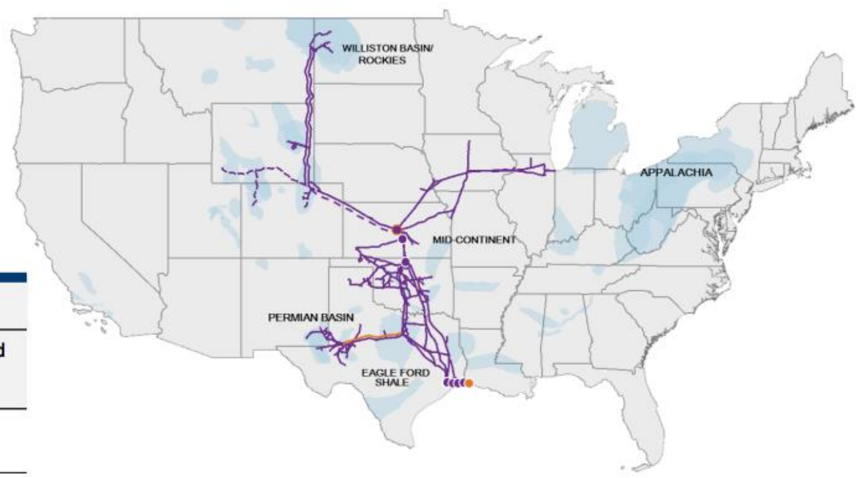
The segment benefited from an average fee rate of 94 cents per Million British thermal units (MMBtu) in the third quarter 2020, compared with 92 cents per MMBtu in the same period in 2019.

Natural Gas Gathering and Processing Segment	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	(Millions of dollars)			
Adjusted EBITDA	**$ 183.1**	$ 175.3	**$ 431.5**	$ 514.2
Capital expenditures	**$ 63.0**	$ 245.7	**$ 362.8**	$ 674.1

ETHANE RECOVERY ECONOMICS

ONEOK'S NGL INFRASTRUCTURE CONNECTS SUPPLY WITH THE GULF COAST MARKET

- Increasing ethane prices drive improving recovery economics
- Basins closer to market hubs currently in full or partial ethane recovery
  - Permian Basin currently in full ethane recovery
  - Mid-Continent Region near recovery[a]
- Incremental ethane opportunity for ONEOK by region:
  - Mid-Continent: ~50,000 – 75,000 bpd
  - Williston Basin: ~100,000 – 125,000 bpd
- 25,000 bpd of Williston Basin NGLs is ~$100 million of annual EBITDA to ONEOK.



Ethane Recovery Guide by ONEOK Supply Region[b]

NGL Supply Region	Primary Natural Gas Pricing Markets	NGL Pricing Market	Average Bundled T&F Rate *(per gallon)*
Mid-Continent	Oklahoma Gas Transmission (OGT)	Mont Belvieu, TX Conway, KS	~ 9 cents
Williston Basin	AECO/Ventura	Mont Belvieu, TX	~ 28 cents

Natural Gas Pipelines Segment

The natural gas pipelines segment's adjusted EBITDA increased 6% in the third quarter 2020, compared with the same period in 2019.

Natural Gas Pipelines Segment	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
	(Millions of dollars)			
Adjusted EBITDA	**$ 109.8**	$ 103.8	**$ 332.2**	$ 311.0
Capital expenditures	**$ 13.0**	$ 27.8	**$ 40.5**	$ 77.9

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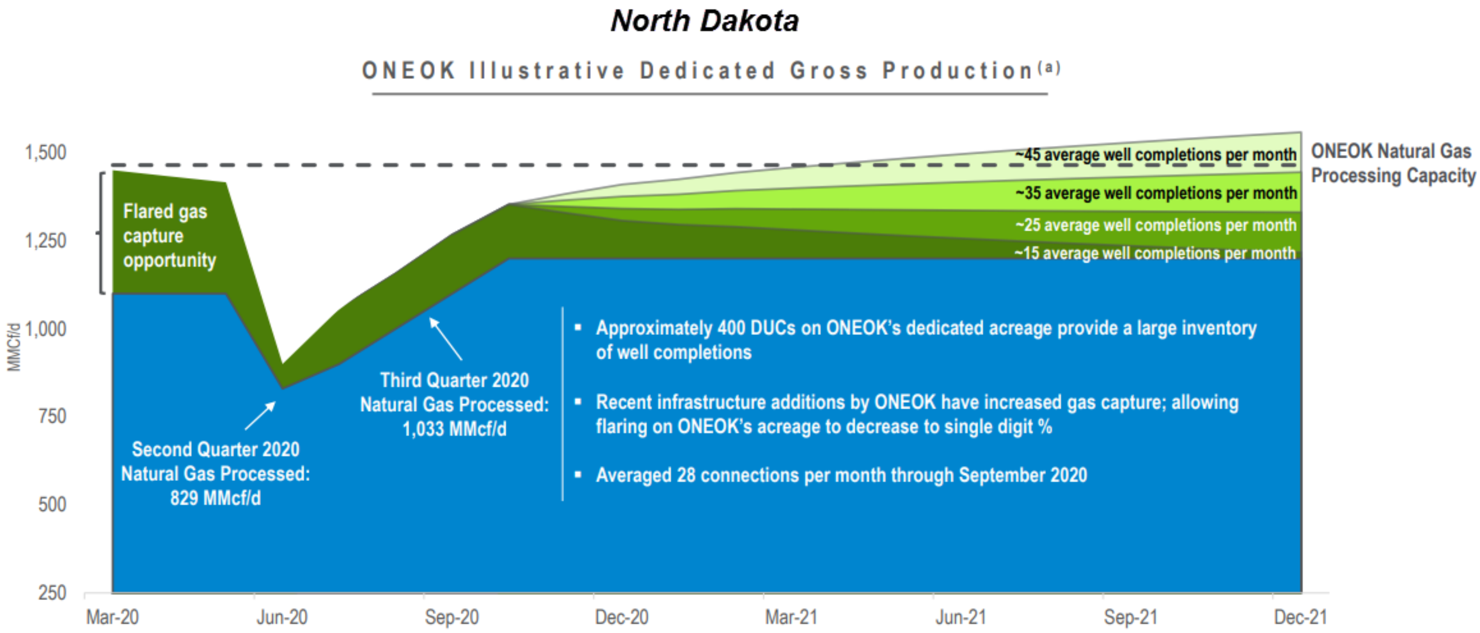
CAPTURING FLARED PRODUCTION

LIMITED WILLISTON BASIN ACTIVITY NEEDED TO MAINTAIN CURRENT VOLUME LEVELS



DEMICKS LAKE EXPANSION PROJECT

An additional 200 MMcf/d expansion of the Demicks Lake natural gas processing facility in McKenzie County, North Dakota, will increase total capacity of the existing site to 600 MMcf/d. The third Demicks Lake project, and related infrastructure, are expected to cost a total of approximately $305 million and be completed in the third quarter 2021.

This expansion is supported by acreage dedications with primarily fee-based contracts and is expected to generate an adjusted EBITDA multiple of approximately four to five times.

West Texas LPG Pipeline Expansion

The fully contracted 100,000 bpd West Texas LPG pipeline expansion is expected to cost approximately $310 million and be completed in the second quarter 2021. The expansion is supported by long-term dedicated NGL production from third-party natural gas processing plants in the Permian Basin.

This NGL expansion project is expected to generate an adjusted EBITDA multiple of ~four times.

2020 Financial Guidance

ONEOK now expects 2020 net income and adjusted earnings before interest, taxes, depreciation and amortization (adjusted EBITDA) results to be at the mid-point of the ranges provided on April 28, 2020.

Total capital expenditures for the second half of 2020 are expected to range from approximately $300 million to $400 million.

The low end of ONEOK's Distributable Cash Flow forecast is DCF coverage of 1.1.

	2020 Outlook		
	(Millions of dollars)		
Reconciliation of net income to adjusted EBITDA and distributable cash flow			
Net income	$ 500	-	$ 900
Interest expense, net of capitalized interest	695	-	645
Depreciation and amortization	585	-	545
Income taxes	160	-	290
Impairment charges	642	-	642
Noncash compensation expense	35	-	15
Equity AFUDC and other non-cash items	(17)	-	(37)
Adjusted EBITDA	$ 2,600	-	$ 3,000
Interest expense, net of capitalized interest	(695)	-	(645)
Maintenance capital	(170)	-	(130)
Equity in net earnings from investments	(120)	-	(180)
Distributions received from unconsolidated affiliates	165	-	185
Other	5	-	(45)
Distributable cash flow	$ 1,785	-	$ 2,185

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Net Income and Cash Flow Forecast Model

January 3, 2021

ONEOK, Inc. (NYSE: OKE)													
Net Income and Cash Flow 2018 - 2021 (last updated 1-3-2021)										$ 2,700,000	$ 9,100,000	$ 11,400,000	< First Call Revenue Forecasts
All in $Thousands except for per share data	Actual Year 2018	Actual Qtr1 2019	Actual Qtr2 2019	Actual Qtr3 2019	Actual Qtr4 2019	Actual Year 2019	Actual Qtr1 2020	Actual Qtr2 2020	Actual Qtr3 2020	Forecast Qtr4 2020	Forecast Year 2020	Forecast 2020	
REVENUES:													
Commodity sales	$11,395,642	$2,472,959	$2,146,841	$1,947,834	$2,348,413	$8,916,047	$1,808,620	$1,343,557	$1,852,198	$2,370,000	$7,374,375	$9,850,000	
Services	1,197,554	306,999	310,734	315,394	315,193	1,248,320	328,052	317,172	322,066	330,000	1,297,290	1,350,000	
Total Revenues	12,593,196	2,779,958	2,457,575	2,263,228	2,663,606	10,164,367	2,136,672	1,660,729	2,174,264	2,700,000	8,671,665	11,200,000	
EXPENSES:													
Cost of sales and fuel	9,422,708	1,956,377	1,625,794	1,414,528	1,791,341	6,788,040	1,276,928	940,458	1,265,674	1,620,000	5,103,060	6,720,000	< Row 12 X 60%
Operations and maintenance net of share based cor	771,013	198,644	197,319	208,331	222,267	826,561	205,476	185,138	166,048	180,000	736,662	820,000	
Unit based compensation + pension benefits accrued	32,133	8,607	9,457	9,974	9,109	37,147	(30,380)	5,000	7,500	10,000	(7,880)	44,000	
DD&A	428,557	114,158	114,964	121,430	125,983	476,535	132,353	140,416	153,245	160,000	586,014	700,000	
Impairment of long-lived assets	0	0	0	0	0	0	604,024	0	0	0	604,024	0	
General taxes	103,922	33,490	30,937	26,830	27,899	119,156	31,944	34,326	31,381	32,000	129,651	150,000	
(Gain) loss on sale of assets	(601)	(60)	2,958	(16)	(307)	2,575	(204)	(339)	(17)	0	(560)	0	
TOTAL EXPENSES	10,757,732	2,311,216	1,981,429	1,781,077	2,176,292	8,250,014	2,220,141	1,304,999	1,623,831	2,002,000	7,150,971	8,434,000	
OPERATING EARNING	1,835,464	468,742	476,146	482,151	487,314	1,914,353	(83,469)	355,730	550,433	698,000	1,520,694	2,766,000	
OTHER INCOME (EXPENSES)													
Equity earnings from investments	158,383	43,481	34,118	37,576	39,366	154,541	44,627	25,328	38,046	40,000	148,001	150,000	
Impairment of equity investments	0	0	0	0	0	0	(37,730)	0	0	0	(37,730)	0	
Allowance for equity funds used during construction	7,962	12,441	16,942	15,792	19,640	64,815	15,409	3,854	3,084	0	22,347	0	
Other income	674	9,360	5,682	6,643	5,373	27,058	8,522	17,693	8,175	0	34,390	0	
Other expense	(14,928)	(3,462)	(4,497)	(6,065)	(3,979)	(18,003)	(3,995)	(6,176)	(4,496)	(5,000)	(19,667)	(24,000)	
Interest expense	(497,682)	(134,612)	(144,292)	(157,187)	(162,957)	(599,048)	(171,491)	(235,711)	(190,192)	(185,000)	(782,394)	(740,000)	< Debt increased to build the Elk Creek Pipeline
Capitalized interest	28,062	19,192	26,799	27,610	33,674	107,275	30,875	16,743	13,821	15,000	76,439	70,000	that was completed at the end of 2019
INCOME BERORE INCOME TAXES	1,517,935	415,142	410,898	406,520	418,431	1,650,991	(197,252)	177,461	418,871	563,000	962,080	2,222,000	
INCOME TAXES													
Current	1,893	1,940	1,643	163	(4,091)	(345)	554	732	(160)	2,815	3,941	11,110	< 0.5%
Deferred	361,010	75,994	97,292	97,202	102,241	372,729	(55,949)	42,408	106,715	132,305	225,479	522,170	< 23.5%
NET INCOME	$1,155,032	$337,208	$311,963	$309,155	$320,281	$1,278,607	($141,857)	$134,321	$312,316	$427,880	$732,660	$1,688,720	
Less: Net Income attrib to noncontrolling interests	3,329	-	-	-	-	-	-	-	-	-	-	-	
NET INCOME ATTRIBUTABLE TO ONEOK	$1,151,703	$337,208	$311,963	$309,155	$320,281	$1,278,607	($141,857)	$134,321	$312,316	$427,880	$732,660	$1,688,720	< Guidance for 2020 is $700 million net income Based on 10/28/2020 press release; 2020 EBITDA $2,887,923
COMMON STOCK (fully diluted)	414,195	415,944	415,944	415,944	415,944	415,944	444,393	444,393	444,393	444,393	444,393	445,000	< 2020 is shares o/s on 9-30-20 less Treasury Stock
Earnings per Ltd Partner unit	$2.78	$0.81	$0.75	$0.74	$0.77	$3.07	($0.32)	$0.30	$0.70	$0.96	$1.65	$3.79	
NOTE: Current First Call Estimated EPS							($0.34)	$0.32	$0.70	$0.72	$1.40	$2.91	< First Call EPS forecast
Cash flow ($millions)	$1,980,314	$513,671	$524,639	$527,720	$544,645	$2,110,675	$542,871	$326,332	$580,514	$705,185	$2,154,902	$2,792,890	< 2H 2020 Capex lowered to $300 to $400 million on July
Cashflow per LP unit (before CapEx)	$4.78	$1.23	$1.26	$1.27	$1.31	$5.07	$1.22	$0.73	$1.31	$1.59	$4.85	$6.28	< Fair Value estimated at 8 X CFPS = $44.50
Distributions >>>	$3.335	$0.865	$0.890	$0.915	$0.935	$3.605	$0.935	$0.935	$0.935	$0.935	$3.740	$3.800	< Estimated dividends FC = $ 36.87
													RBC Cap 12/17/20 $ 42.00
													Morgan Stanley 12/11/20 $ 37.00
	NOTE: Cash flow from operations on row 51 includes "Distributions received									*8% Annual Dividend Growth*			UBS 12/10/20 $ 45.00
	from unconsolidated affilitates" which was $163,476,000 in 2019												Barclays 12/8/20 $ 42.00

First Call 1-3-2021