# Annual Investor Conference

*New York City | September 27, 2011*

ONEOK | ONEOK PARTNERS

# Dan Harrison

Vice President

Investor Relations & Public Affairs

# 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 provisions of the Securities Act of 1933 and the Securities and Exchange Act of 1934.

It is important to note that the actual results of company earnings 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 and ONEOK Partners' Securities and Exchange Commission filings.

# Agenda

# Agenda

| | | | |
|---|---|---|---|
| | **John W. Gibson,** Chairman, President & CEO | **Opening Remarks** | **9:00** |
| | **Rob Martinovich**, Senior Vice President, Chief Financial Officer & Treasurer | **Financial Highlights**<br>*ONEOK Partners*<br>*ONEOK* | **9:15** |
| | | **Questions & Answers** | |
| ONEOK, Inc.<br>OKE LISTED NYSE | **Pierce Norton**, Chief Operating Officer | **Environment, Safety & Health**<br>**Natural Gas Distribution**<br>**Energy Services** | **9:30** |
| | *Caron Lawhorn*<br>*President – Natural Gas Distribution*<br>*Patrick McDonie*<br>*President – Energy Services* | **Leadership Discussion**<br>**Questions & Answers** | **9:50** |
| | **BREAK** | | **10:00** |

ONEOK | ONEOK PARTNERS

# Agenda

| | | | |
|---|---|---|---|
| ONEOK Partners<br>OKS LISTED NYSE | **Terry Spencer**, Chief Operating Officer | **Asset Overview**<br>**2012 Outlook**<br>**Growth Projects**<br>**Natural Gas Liquids** | **10:20** |
| | *Curtis Dinan*<br>*President – Natural Gas*<br><br>*Sheridan Swords*<br>*President – Natural Gas Liquids* | **Leadership Discussion**<br>**Questions & Answers** | **11:00** |
| | **John W. Gibson** | **Closing Remarks**<br>**Questions & Answers** | **11:30**<br>**11:45** |
| | **LUNCHEON - *Nassau Room*** | | **12:00** |
| | **ADJOURN** | | **1:30** |



ONEOK | ONEOK PARTNERS

# John W. Gibson

ONEOK, Inc. | Chairman, President and Chief Executive Officer

ONEOK Partners, L.P. | Chairman, President and Chief Executive Officer

ONEOK | ONEOK PARTNERS

# Leadership

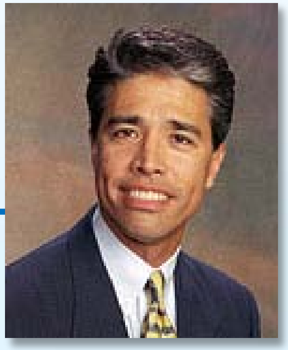
*ONEOK and ONEOK Partners*

**John W. Gibson**
Chairman, President &
Chief Executive Officer

**Rob Martinovich**
Senior Vice President
Chief Financial Officer &
Treasurer

**Bob Mareburger**
Senior Vice President
Corporate Planning and
Development

**Pierce Norton**
Chief Operating Officer
ONEOK



**Terry Spencer**
Chief Operating Officer
ONEOK Partners

ONEOK | ONEOK PARTNERS

# Leadership

## *ONEOK and ONEOK Partners*

**Pierce Norton**
Chief Operating Officer
ONEOK

**Terry Spencer**
Chief Operating Officer
ONEOK Partners

**Patrick McDonie**
President
Energy Services

**Caron Lawhorn**
President
Natural Gas Distribution

**Curtis Dinan**
President
Natural Gas

**Sheridan Swords**
President
Natural Gas Liquids

ONEOK | ONEOK PARTNERS

# Overview

# What We'll Cover

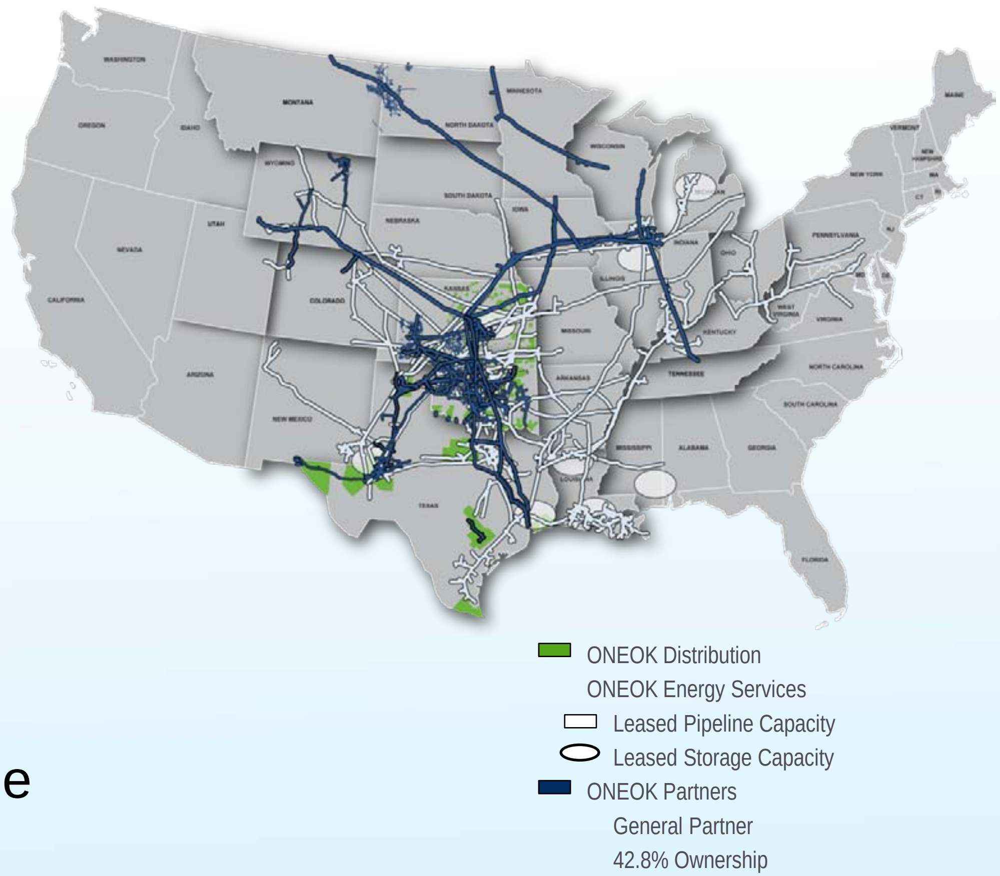
*Key Points*

- 2012 financial guidance
- Three-year financial outlook
  - ONEOK: net income and dividend growth through 2014
  - ONEOK Partners: EBITDA and distribution growth through 2014
- ONEOK and ONEOK Partners structure
  - Cash flow generation
- Environmental, Safety and Health Performance
- Natural gas distribution segment continues to provide:
  - Sustainable earnings and cash flow stability
- Energy Services outlook
- Update on ONEOK Partners' internal growth projects
  - Project status/supply commitments
  - Future growth opportunities
- Natural gas liquids supply and demand

# ONEOK Today

*A Premier Energy Company*

- Assets that fit and work together
  - Integrated operations
  - Connecting prolific supply basins to key markets
- Proven ability to grow profitably
- ONEOK Partners is ONEOK's primary growth vehicle
- ONEOK Partners' cash flow distributions drive ONEOK shareholder value
- Demonstrated financial flexibility and discipline



# Business Segments

*Provide Stability and Opportunity*

## ONEOK Partners

- ONEOK's primary growth vehicle
- Growth at OKS benefits OKE
- Generates primarily fee-based earnings
- Provides *non-discretionary* services to producers, processors and customers

## Natural Gas Distribution

- Provides low-risk, stable cash flow
- Rate strategies have improved sustainable earnings and returns

## Energy Services

- Provides premium-services to customers through contracted:
  - Natural gas supply
  - Transportation
  - Storage

ONEOK

# Our Vision

*A Premier Energy Company*

**Creating exceptional value for customers**

- Rebundling services across the value chain, primarily through vertical integration, to provide customers with premium services at lower costs
- Applying our capabilities – as a gatherer, processor, transporter, marketer and distributor – to natural gas, natural gas liquids and other energy commodities


Provide non-discretionary services
to producers, processors and customers

# Our Key Strategies

## *A Premier Energy Company*

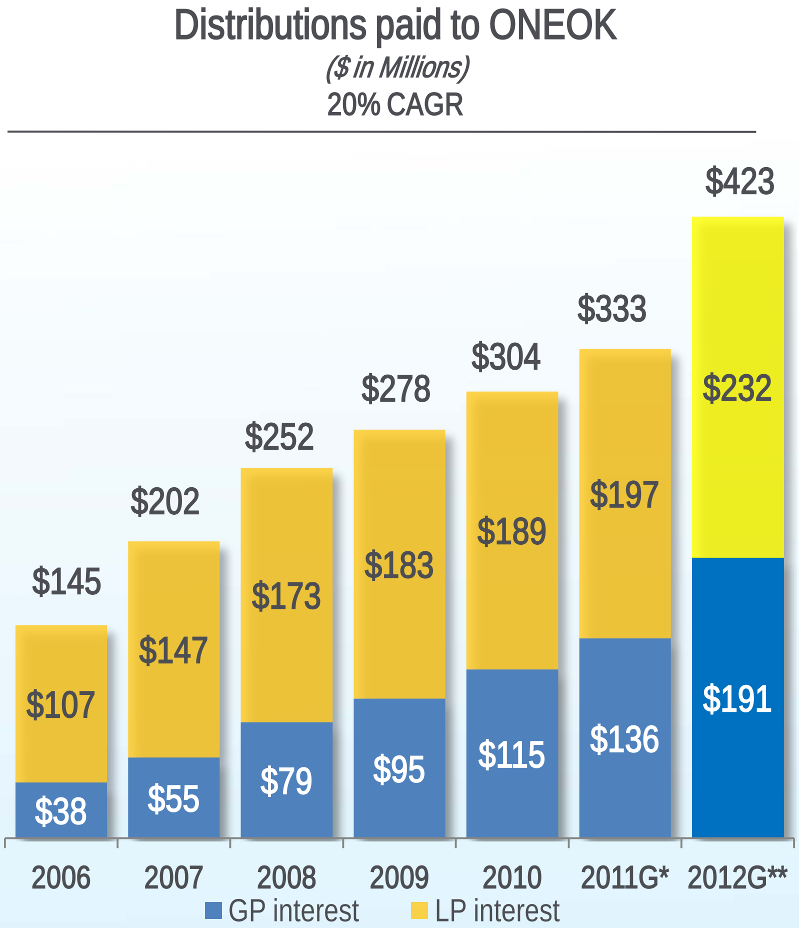
- Operate in a safe, reliable and environmentally responsible manner
- Generate consistent growth and sustainable earnings
  - Increase distributable cash flow at ONEOK Partners through a combination of growth projects and strategic acquisitions
  - Grow operating income of ONEOK Distribution Companies through steady rate base growth with efficient capital allocation and reducing costs to sustainable levels
  - Realign focus on our key markets and rebase costs at ONEOK Energy Services
- Execute strategic acquisitions that provide long-term value
- Manage our balance sheet and maintain strong credit ratings at or above current level
- Attract, develop and retain employees to support strategy execution

Exploration & Production | Midstream Natural Gas | Midstream NGLs | Distribution | Marketing | Markets

# OKS Growth Benefits OKE

## *ONEOK's Growth Engine*

- 1-cent-per-quarter distribution (split adjusted) increase provides $11.5 million in incremental annual distributions to ONEOK
- Growth projects will enable continued distribution growth
- Two-thirds of every incremental EBITDA dollar in 2012 flows to ONEOK in cash as distributions increase
- LP distributions to ONEOK are predominantly tax deferred



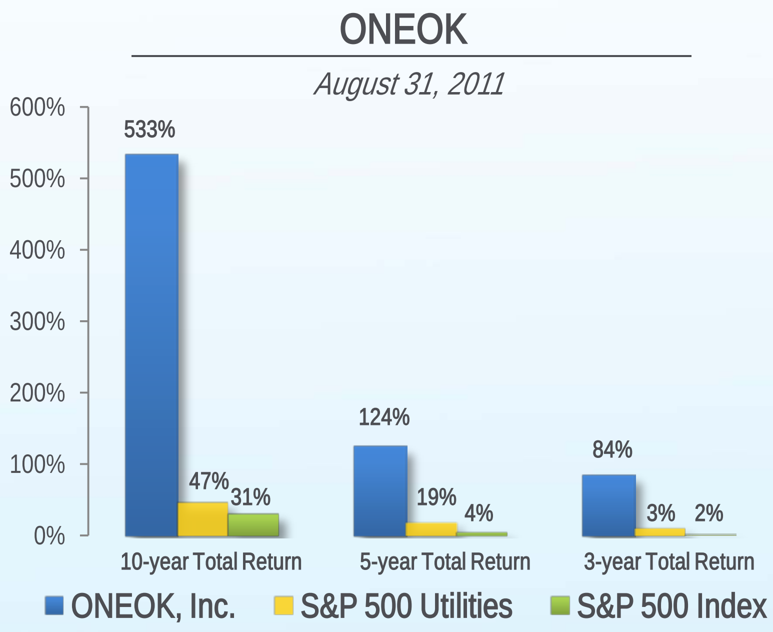

*Updated Aug. 2, 2011
**Provided Sept. 26, 2011

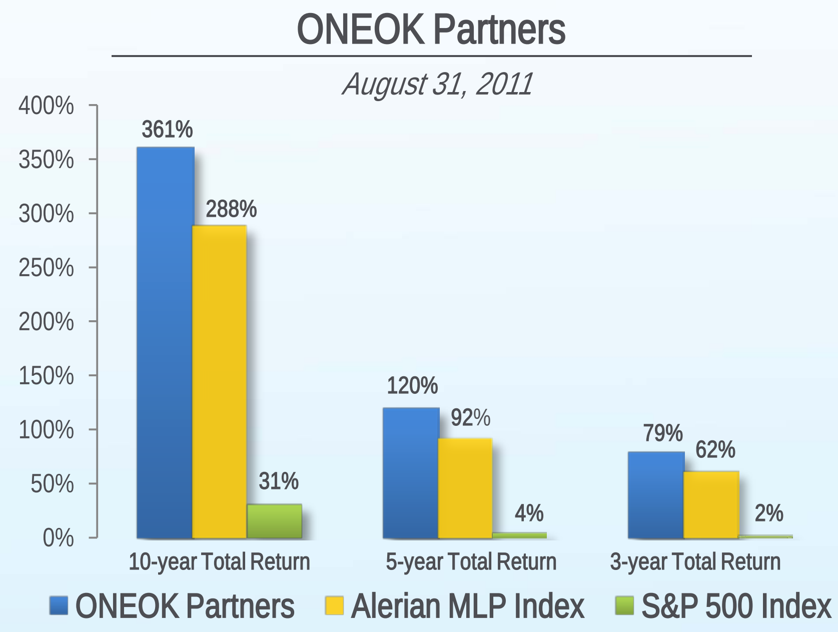
ONEOK

# Creating Value

## *Total Shareholder Return*

- ONEOK's total return exceeds S&P 500 and S&P 500 Utilities Indices
- ONEOK Partners' total return exceeds S&P 500 and Alerian MLP Indices



# Achievements

*Since We Last Met*

- Announced internal growth projects at ONEOK Partners now total approximately $2.7 to $3.3 billion
  - To be completed over the next 1-3 years
- Increased ONEOK's quarterly dividend three times to 56 cents per share (22% increase)
- Completed a $300 million accelerated ONEOK share repurchase program
  - Retired 4.3 million shares in 2011
- Increased ONEOK Partners' quarterly distribution four times to $0.585 per unit (4.5% increase)
  - July 2011: completed a two-for-one split of ONEOK Partners' limited partner common units
- ONEOK stand-alone capitalization lower than 50/50 target

# Acquisitions

## *Point of View*

- Perspective: a history of "transforming transactions"
  - Expanded natural gas utility footprint (1997, 2003)
  - Entered midstream natural gas gathering and processing (1999-2000)
  - Entered midstream natural gas liquids (2005)
  - Became sole general partner of ONEOK Partners (2006)
- Acquisition criteria:
  - Expand current businesses in existing footprint or adjacent areas
  - Enter new lines of business within the energy value chain
  - Must create value for both customers and investors
  - Disciplined buyer
- Corporate structure enables flexibility few peers can duplicate
  - Ability to transact at ONEOK or ONEOK Partners

**Requires Willing Seller at the Right Price**



ONEOK PARTNERS

# ONEOK Partners Financial Highlights

Rob Martinovich

Senior Vice President, Chief Financial Officer & Treasurer

# Financial Guidance Summary

*2012*

- Net income: range of $740 million to $800 million
- Distributable cash flow: range of $845 million to $915 million
- EBITDA: range of $1.125 billion to $1.215 billion
- Capital expenditures: approximately $1.9 billion
  - $1.8 billion in growth capital
  - $109 million in maintenance capital
- Price assumptions
  - $99.30 per barrel for NYMEX crude oil
  - $4.71 per MMBtu for NYMEX natural gas
  - $1.42 per gallon for composite natural gas liquids
  - 12 cents per gallon average Conway-to-Mont Belvieu ethane price differential

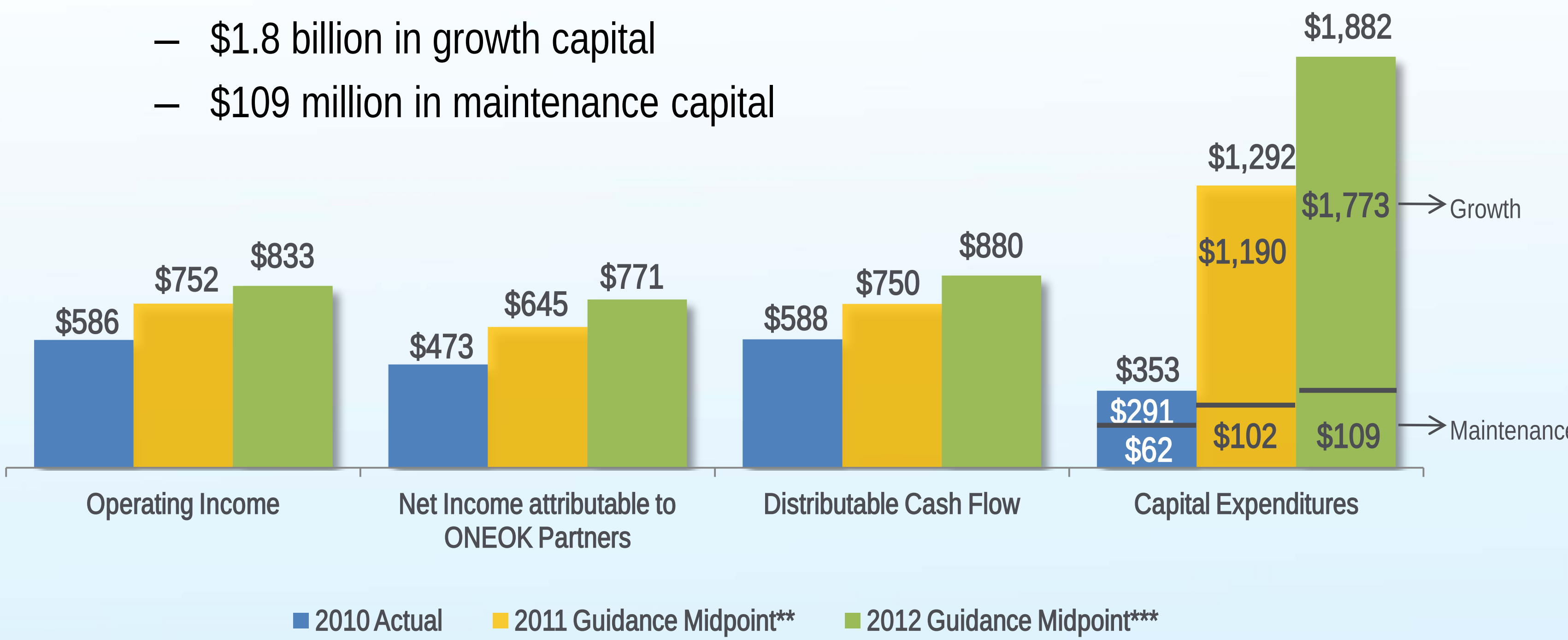
Exploration & Production | Midstream Natural Gas | Midstream NGLs | Distribution | Marketing | Markets

ONEOK PARTNERS

# 2012 Financial Guidance

*20 Percent Net Income Growth*

- Net income and distributable cash flow increases in 2012
- 2-cent-per-unit-per-quarter increase in distributions in 2012*
  - 11% increase from 2011
- Capital expenditures: approximately $1.9 billion
  - $1.8 billion in growth capital
  - $109 million in maintenance capital




($ in Millions)

**Subject to board approval*
***Updated Aug. 2, 2011*
****Provided Sept. 26, 2011*

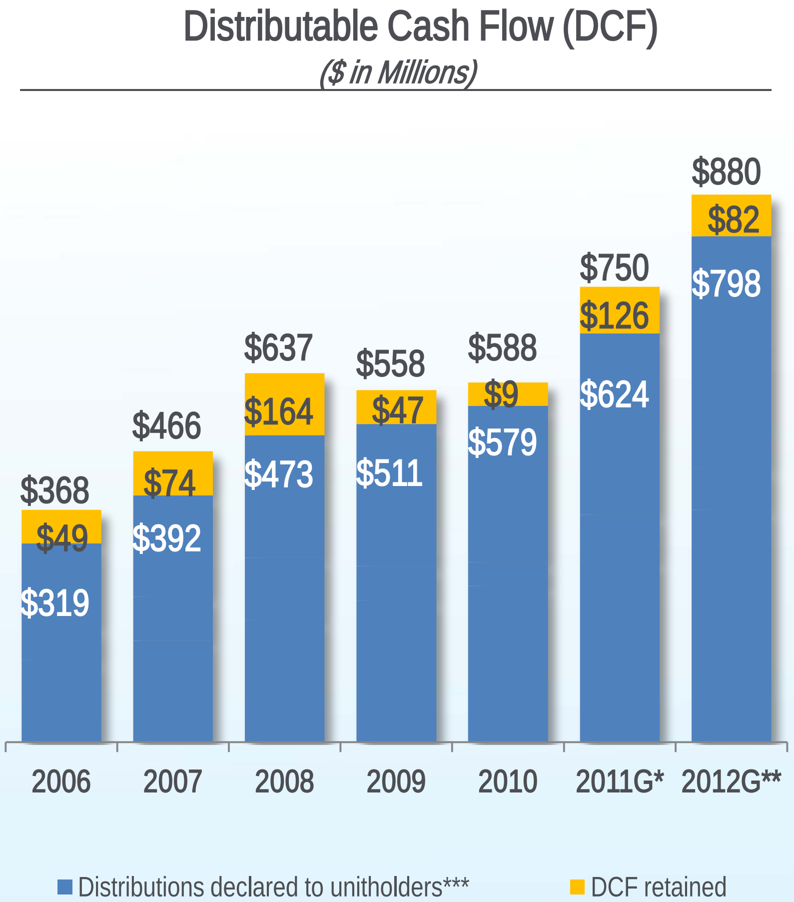


ONEOK PARTNERS

# Distribution Coverage

## *Financial Discipline*

- Target coverage ratio of 1.05x to 1.15x
- Considerations
  - Fund growth projects
  - Commodity prices
  - Capital market conditions
- 2012 DCF guidance 17% higher than 2011
  - Driven by growth projects completed in 2011-2012




*Updated Aug. 2, 2011
**Provided Sept. 26, 2011
***Subject to board approval

# Three-year Financial Outlook

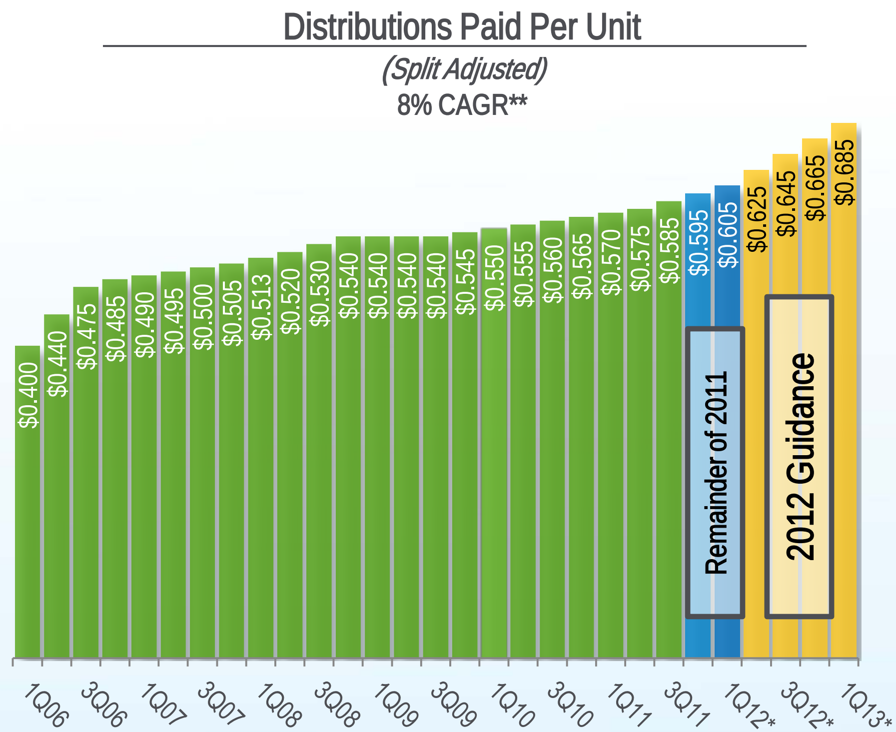
*2012-2014*

- Average annual EBITDA growth of 18-22% (2012-2014)
  - Driven by earnings from capital projects
- Sustainable distribution growth
  - Projected 2-cent-per-unit per-quarter increase for 2012
  - 15-20% annual growth in 2013 and 2014
  - Maintain minimum coverage ratio of 1.05x
- Growth capital expenditures
  - $3 billion (2012-2014)
  - Expect to generate EBITDA multiples of 5-7 times
- Price assumptions
  - NYMEX crude oil/Bbl: 2012 - $99.30; 2013 - $113; 2014 - $119
  - NYMEX natural gas/MMBtu: 2012 - $4.71; 2013 - $5.30; 2014 - $5.60
  - NGL composite/gallon: 2012 - $1.42; 2013 - $1.54; 2014 - $1.62
  - Average Conway-to-Mont Belvieu ethane price differential/gallon: 2012 - $0.12; 2013 - $0.13; 2014 - $0.09

# Distribution Growth

## *Outlook*

- Assumes 1-cent-per-unit per-quarter increase for remainder of 2011*
- Assumes 2-cent-per-unit per-quarter increase for 2012*
- 15-20% annual growth in 2013-2014
- Target coverage ratio of 1.05x to 1.15x




** Subject to board approval*
*** Since January 2006*

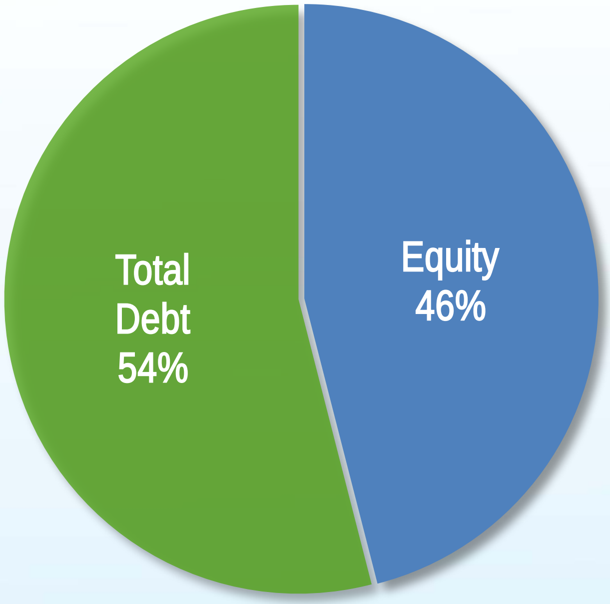
ONEOK PARTNERS

# Strong Balance Sheet

*Investment Grade*

- Strong credit rating
  - S&P:  BBB - stable
  - Moody's:  Baa2 - stable
- Capital structure targets
  - 50/50 capitalization
  - Debt-to-EBITDA ratio < 4.0x
- $1.3 billion senior notes offering completed January 2011
- $225 million senior notes paid March 2011
- $1.2 billion revolving credit facility
  - Expires August 2016

**ONEOK Partners**



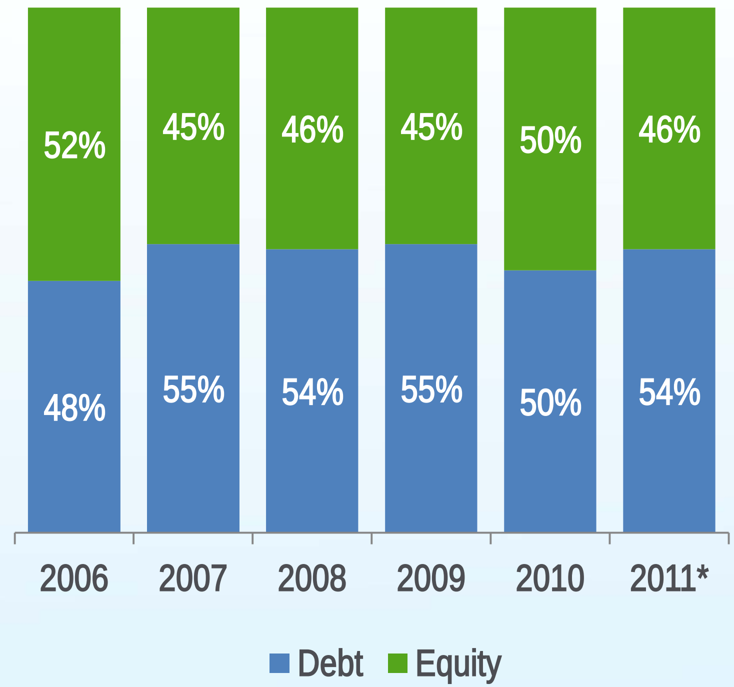

Capitalization
June 30, 2011

# Capital Structure

## *Committed to Balanced Structure*

- Committed to 50/50 debt-to-capitalization ratio as growth projects are completed
  - Achieved 50/50 in 2010 after 2006-2009 capital investment program was completed
- Committed to maintain current credit rating
- Prefunded 2011 capital investment program with $1.3 billion debt offering in January 2011
- Debt-to-EBITDA covenant
  - Less than 5 to 1
    - As of June 30, 2011: 3.85 to 1

**ONEOK Partners**
Debt-to-Capitalization Ratio




**As of June 30, 2011*

# ONEOK Financial Highlights

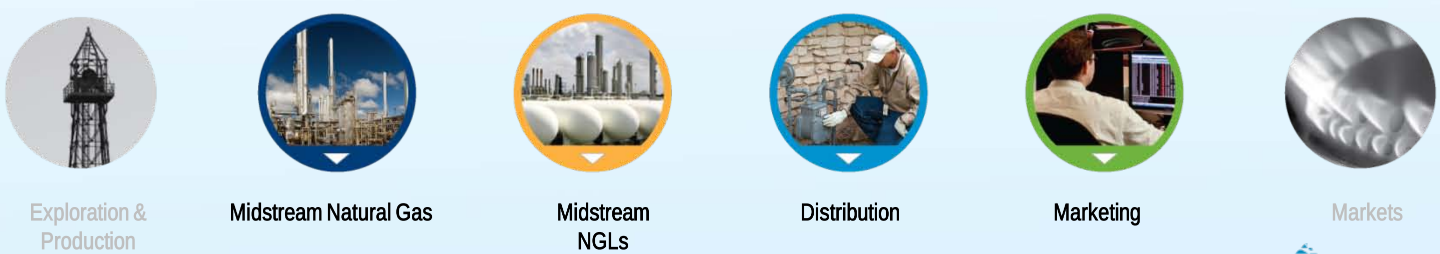
Rob Martinovich

Senior Vice President, Chief Financial Officer & Treasurer

# Financial Guidance Summary

## *2012*

- Net income: range of $355 million to $400 million
- Capital expenditures: approximately $306 million on a stand-alone basis
- Stand-alone cash flow before changes in working capital: midpoint of $746 million
  - $165-$205 million in free cash flow after capital expenditures and dividends
- Price assumptions
  - $99.30 per barrel for NYMEX crude oil
  - $4.71 per MMBtu for NYMEX natural gas
  - $1.42 per gallon for composite natural gas liquids
  - 12 cents per gallon average Conway-to-Mont Belvieu ethane price differential

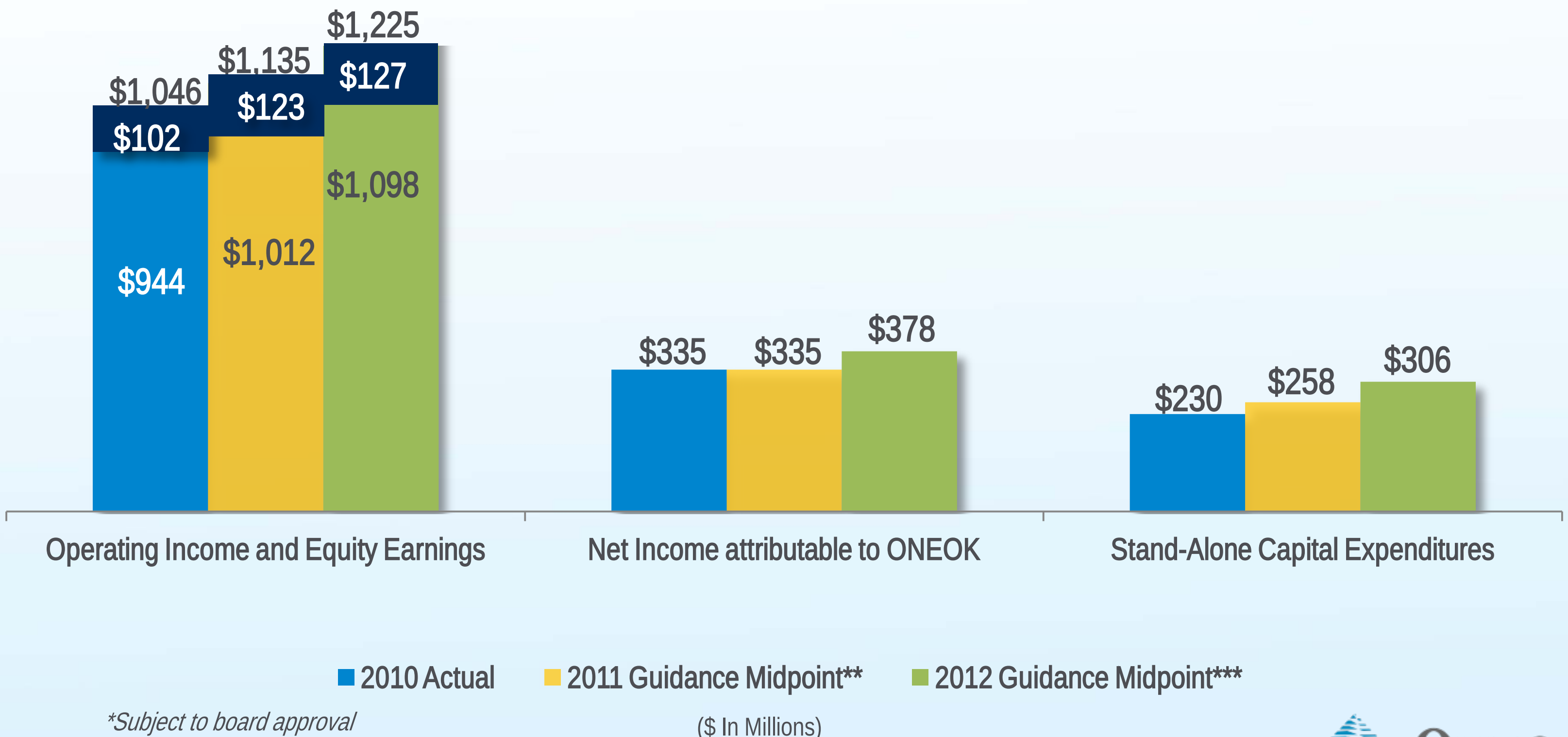



ONEOK

# 2012 Financial Guidance

*13 Percent Net Income Growth*

- Operating income and equity earnings to be 8% higher than 2011
- Assumes two 4-cent-per-share semiannual dividend increases*
  - 15% increase from 2011

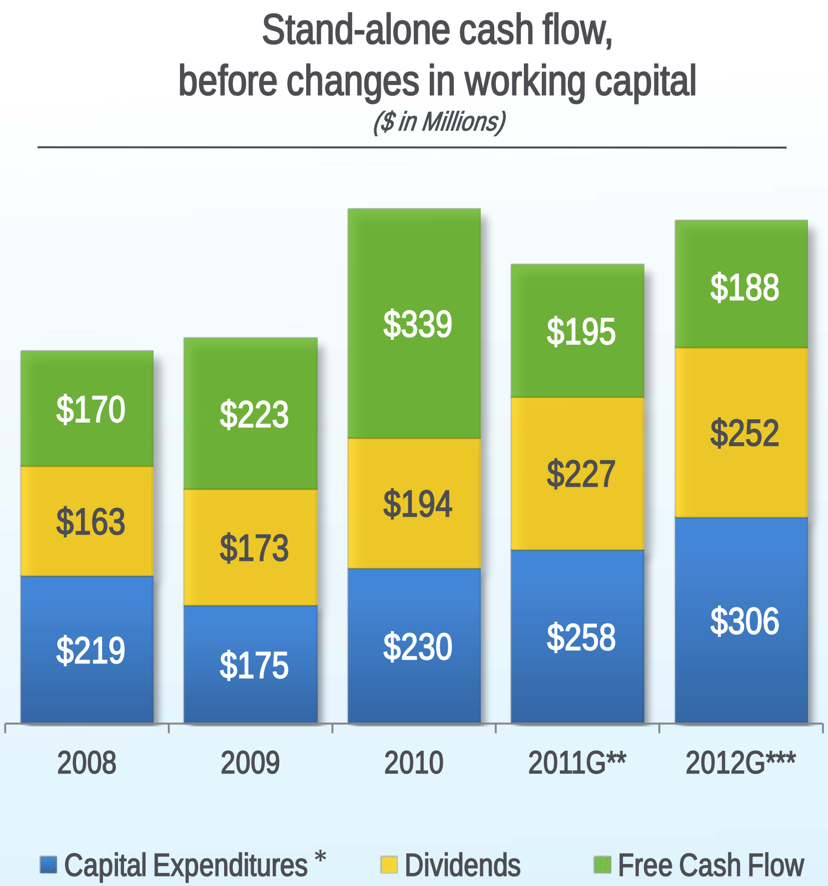



**Subject to board approval*
***Updated Aug. 2, 2011*
****Provided Sept. 26, 2011*

# Free Cash Flow at ONEOK

## *Provides Financial Flexibility*

- $165-$205 million in 2012 guidance
  - Lower benefit from bonus depreciation than 2011
- $215-$260 million in 2013 and 2014
  - Driven by growth at ONEOK Partners
- Available for:
  - Acquisitions
  - Additional investment in OKS
  - Dividend increases
  - Share repurchases
    - $300 million purchased in 2011




*Excludes acquisitions
**Updated Aug. 2, 2011
***Provided Sept. 26, 2011

ONEOK

# Three-year Financial Outlook

*2012-2014*

- Average annual net income growth of 18-22% between 2012-2014
  - Driven by continued growth at ONEOK Partners
- Dividend growth of 50% by 2014
  - Long-term dividend payout target of 60-70% of recurring earnings
- Minimizing the gap between actual and allowed returns in Distribution segment
- Price assumptions
  - NYMEX crude oil/Bbl: 2012 - $99.30; 2013 - $113; 2014 - $119
  - NYMEX natural gas/MMBtu: 2012 - $4.71; 2013 - $5.30; 2014 - $5.60
  - NGL composite/gallon: 2012 - $1.42; 2013 - $1.54; 2014 - $1.62
  - Average Conway-to-Mont Belvieu ethane price differential/gallon: 2012 - $0.12; 2013 - $0.13; 2014 - $0.09

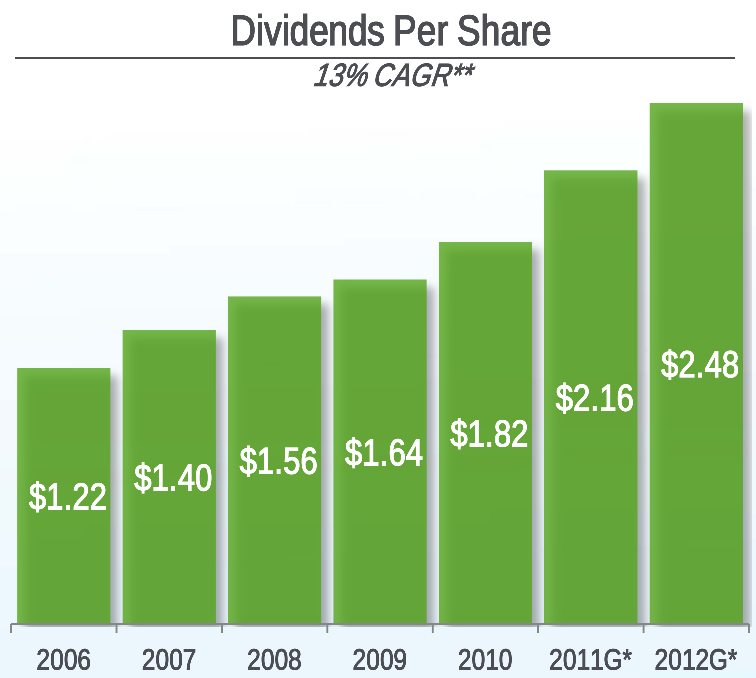


ONEOK

# Value for ONEOK Shareholders

## *Dividend Growth*

- Assumes two dividend increases of 4 cents per share semiannually in 2012*
- Dividend growth of 50% by 2014
- Long-term dividend payout target of 60-70% of recurring earnings



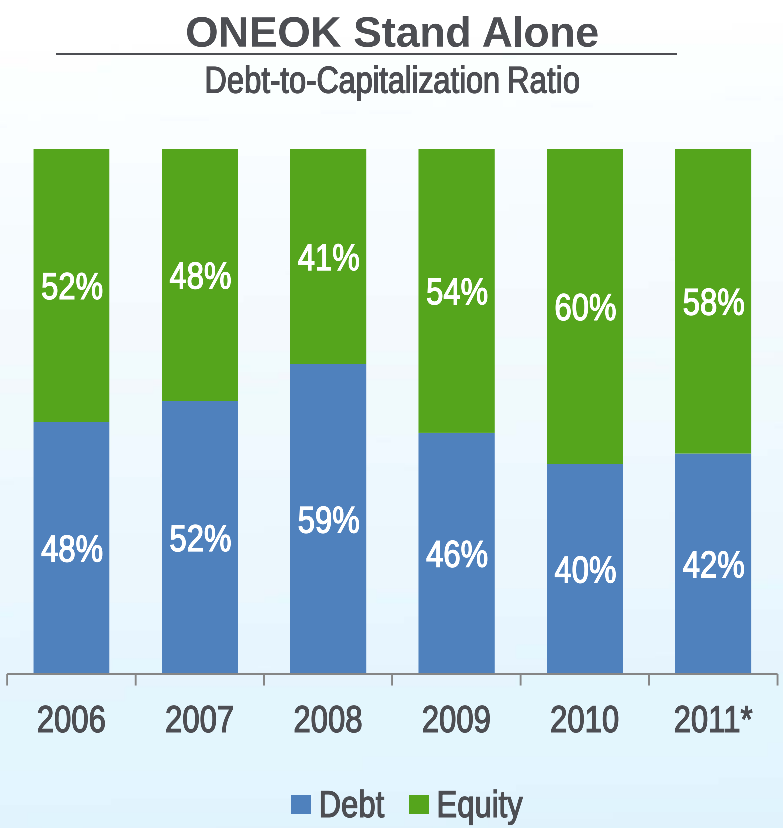

** Subject to board approval*
*** Since January 2006*

ONEOK

# Strong Balance Sheet

## *Investment Grade*

- Commitment to investment-grade credit rating
  - S&P: BBB - stable
  - Moody's: Baa2 - stable
- Capital structure
  - Goal: 50/50 capitalization
- $1.2 billion revolving credit facility
  - Expires April 2016
- ONEOK's current capital structure provides opportunities for:
  - Acquisitions
  - Additional investment in ONEOK Partners
  - Share repurchases

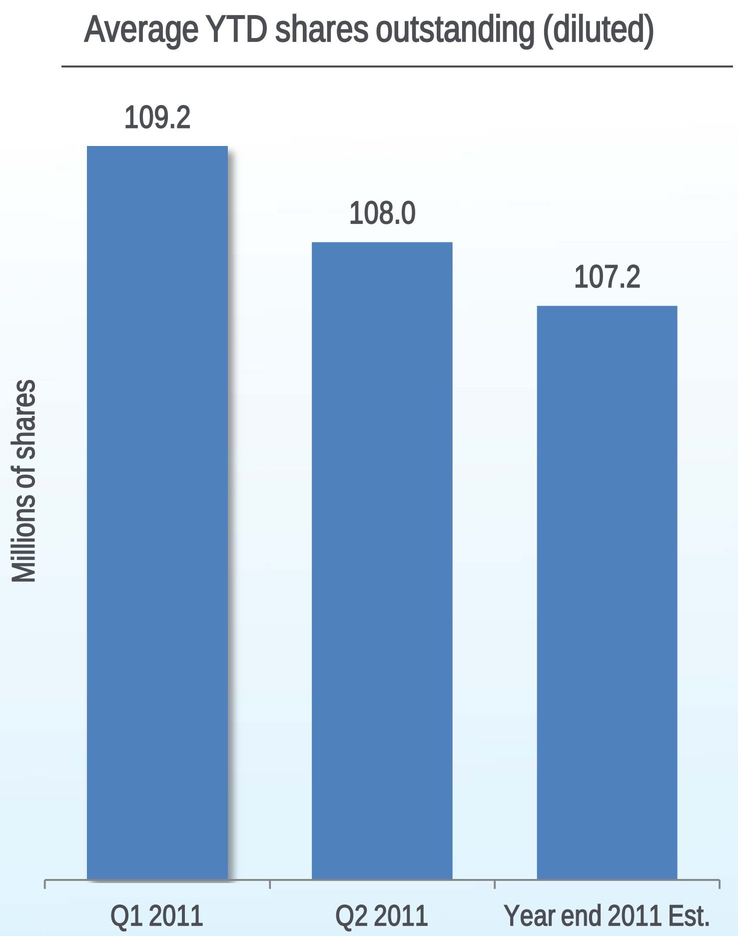



*As of June 30, 2011

# Share Repurchase

*Returning Value to Shareholders*

- Remaining amount authorized under current stock repurchase program
  - $450 million (2012-2013)
  - Not to exceed $300 million per year
  - Program terminates upon completion of $750 million of common stock or year-end 2013
- May 2011: $300 million accelerated share repurchase agreement with Barclays Capital
  - Funded by available cash and short-term borrowings
  - 4.3 million shares retired
  - 105.7 million shares outstanding expected at Dec. 31, 2011





ONEOK

# Questions & Answers

# ONEOK

Pierce Norton

Chief Operating Officer

# ONEOK

## *Key Points*

- Environmental, Safety and Health performance is a **key priority** and **continues to improve**
- Proposed pipeline safety legislation and regulation **will impact operations and pipeline integrity management programs**
- Natural gas **remains competitive** with electricity
- **Regulatory strategies** provide rate stability to natural gas distribution customers
- **Energy services challenged** in abundant shale gas supply, ample transportation capacity and low price environment


Exploration & Production


Midstream Natural Gas


Midstream NGLs


Distribution


Marketing


Markets

ONEOK

# Environment, Safety and Health



ONEOK

# Environment, Safety and Health

*Maintaining a Balanced Culture*

## Personal Safety

- Behavior-based safety
- Vehicle event recorders
- Industrial hygiene
- Site inspections
- Incident investigation
- Metrics

## System Safety

- Risk assessment/mitigation
- Process safety management
- Pipeline-integrity management
- Auditing
- Near-miss investigation
- Leading indicators

Exploration & Production

Midstream Natural Gas

Midstream NGLs

Distribution

Marketing

Markets

ONEOK

# Environment, Safety and Health

## *Governance*

- Environmental, Safety and Health (ESH) Leadership Committee
  - Comprised of senior management representation from each business segment and key functions
  - Provides for leadership and direction of ONEOK's:
    - Environmental, safety and health initiatives
    - Compliance and asset-integrity programs
    - Processes and management systems

Exploration & Production

Midstream Natural Gas

Midstream NGLs

Distribution

Marketing

Markets



ONEOK

# Environment, Safety and Health

## *Performance Summary*

| Safety | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| | | | | (YTD Aug) |
| Number of employee recordable incidents | 264 | 222 | 174 | 116 |
| Total recordable incident rate[1] | 5.41 | 4.74 | 3.63 | 3.60 |
| Employee days away, restricted or transferred incidents | 141 | 141 | 113 | 48 |
| Days away, restricted or transferred rate (DART)[2] | 2.89 | 3.01 | 2.36 | 1.49 |
| Number of preventable vehicle accidents | 133 | 144 | 119 | 64 |
| Preventable vehicle incident rate[3] | 2.89 | 3.13 | 2.52 | 2.01 |

| Environment | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|
| Number of agency reportable events | 274 | 192 | 133 | 77 |

*[1] OSHA injuries and illnesses per 200,000 work-hours*
*[2] OSHA injuries and illnesses resulting in days away, work restrictions or job transfer per 200,000 work hours*
*[3] Preventable vehicle incidents per 1,000,000 miles driven*

ONEOK

# Environment, Safety and Health

## *Integrity Management*

- ONEOK and ONEOK Partners have developed and implemented Pipeline Integrity-Management Plans for pipeline operations in High-Consequence Areas (HCAs) including:
  - High-population areas
  - Commercially navigable waterways
  - Sensitive environmental areas and other identified sites
- Pipeline Integrity-Management Plans incorporate a number of inspection techniques to determine pipeline integrity including:
  - In-line detection tools
  - Leak survey equipment
  - Direct visual assessment
  - Pressure testing
- Required pipeline assessments in HCAs:
  - 100% complete for natural gas liquids pipelines – required every 5 years
  - 87% complete for natural gas distribution pipelines that require initial assessments – required every 7 years
  - 76% complete for natural gas transmission pipelines – required every 7 years



ONEOK

# Environment, Safety and Health

## *Legislative and Regulatory Activity*

- Legislative – New House and Senate pipeline safety bills address:
  - Prohibition of One-Call exemptions
  - Integrity-management expansion
  - Automatic shut-off and remote-control valve installation
  - Increased regulatory oversight
- Regulatory – Current agency activity includes:
  - Pipeline and Hazardous Materials Safety Administration (PHMSA)
    - Maximum Allowable Operating Pressure (MAOP) advisory bulletin
    - Notice of proposed rule making addressing expanded pipeline-integrity requirements
  - National Transportation Safety Board (NTSB)
    - Extensive findings and recommendations from the San Bruno pipeline incident

# Environment, Safety and Health

## *Compliance*

- PHMSA – MAOP Advisory Bulletin
  - Issued for industry review of pipeline data to ensure validation of Maximum Allowable Operating Pressures (MAOP)
  - ONEOK has initiated an extensive, formal pipeline data review process to validate MAOP records confirming they are traceable, verifiable and complete
- Pipeline Safety Action Team at ONEOK
  - Review current regulatory and legislative pipeline safety proposals
  - Provide suggested comments to Government Relations and applicable trade associations
  - Provide information to the ESH Leadership Committee
  - Provide guidance or action plans for compliance to business segments
  - Identify pipeline safety improvement opportunities


ONEOK

# ONEOK

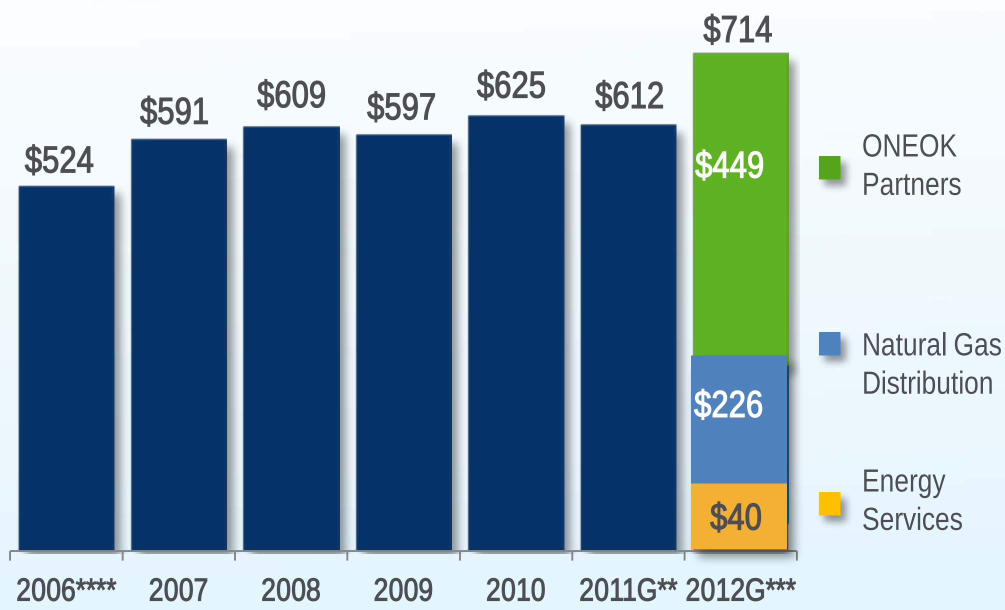
ONEOK

# Earnings

## *2012 Financial Guidance*

- Operating income and equity earnings growth:
  - 17% increase from 2011
- ONEOK Partners increases:
  - Natural gas and natural gas liquids volume growth
- Natural gas distribution increases:
  - Increased margins from rate activities
- Energy services unchanged:
  - Continued narrow location and seasonal storage differentials
  - Continued minimal market volatility

**Stand-alone Operating Income Plus Equity Earnings***
*($ in Millions)*




**Totals include Other segment*
***Updated Aug. 2, 2011*
****Provided Sept. 26, 2011*
***** Excludes gain on sale*

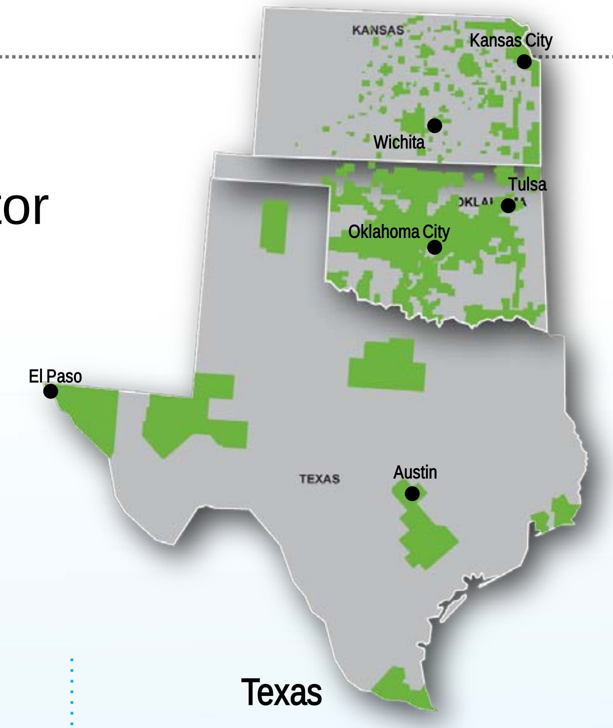
ONEOK

# Natural Gas Distribution

# Natural Gas Distribution

## *Asset Overview*

- Eighth largest U.S. natural gas distributor
  - Largest in Oklahoma and Kansas; third largest in Texas
  - More than 2 million customers served
  - Estimated rate base: $1.9 billion*



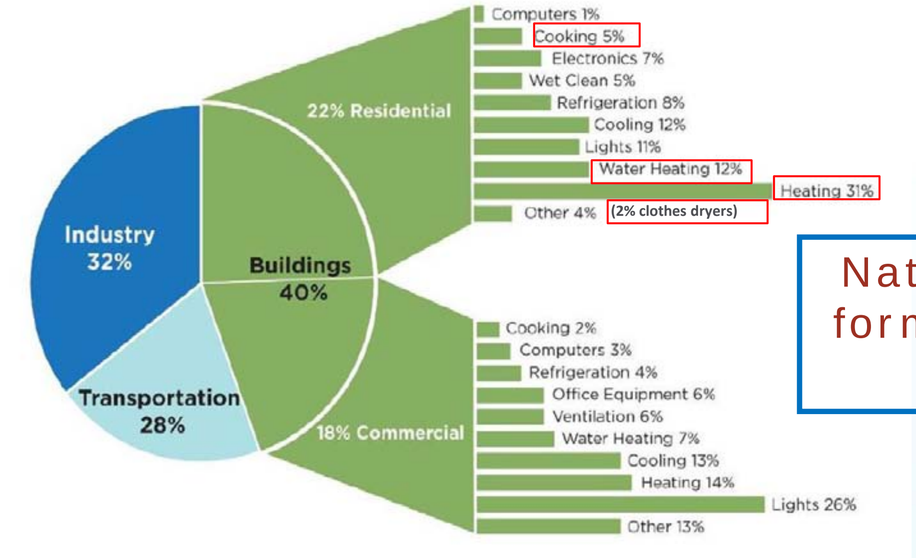

| | Kansas | Oklahoma | Texas |
|---|---|---|---|
| Customer Base | Approximately 68% of state's natural gas customers | Approximately 83% of state's natural gas customers | Approximately 14% of state's natural gas customers |
| Regulation | Kansas Corporation Commission (three commissioners appointed by the governor to four-year staggered terms) | Oklahoma Corporation Commission (three commissioners elected to six-year staggered terms) | "Home Rule" with 10 jurisdictions (Texas Railroad Commission has appellate authority) |
| Customer Count | 638,000 | 842,000 | 622,000 |

**Consistent with utility ratemaking in each jurisdiction and includes estimate for year end 2011*

ONEOK

# Distribution Segment

## *Competitive Advantage*




*Source: U.S. Department of Energy*

Natural gas is the most efficient form of fuel for 50% of America's residential energy needs

| 2010 | Average Retail Price of Electricity / Kilowatt / Hour* | Theoretical Natural Gas Equivalent / Dth |
|---|---|---|
| Kansas | 8.89¢ | $26.05 |
| Oklahoma | 7.78¢ | $22.80 |
| Texas | 11.32¢ | $33.17 |

** Source: Energy Information Administration*

ONEOK

# Natural Gas Distribution

## *Current Environment*

### *Widens* Competitive Advantage

- Upward pressure on electrical rates
  - Coal plant conversions/replacements
  - Transition to renewable energy is expensive
  - Uncertainty around nuclear generation
  - Smart technology is expensive
- Natural gas price stability
  - Abundant natural gas supply (shale plays)
  - Increased gas supply in market zones
- Department of energy supports full-cycle energy analysis
  - Cleanest fossil fuel
- State commissions support natural gas energy-efficiency initiatives

### *Narrows* Competitive Advantage

- Technology for electrics
  - Smart metering could lead to rate flexibility
- Electric rate activity
  - Rebate and incentive programs
  - Sculpted rates target winter load

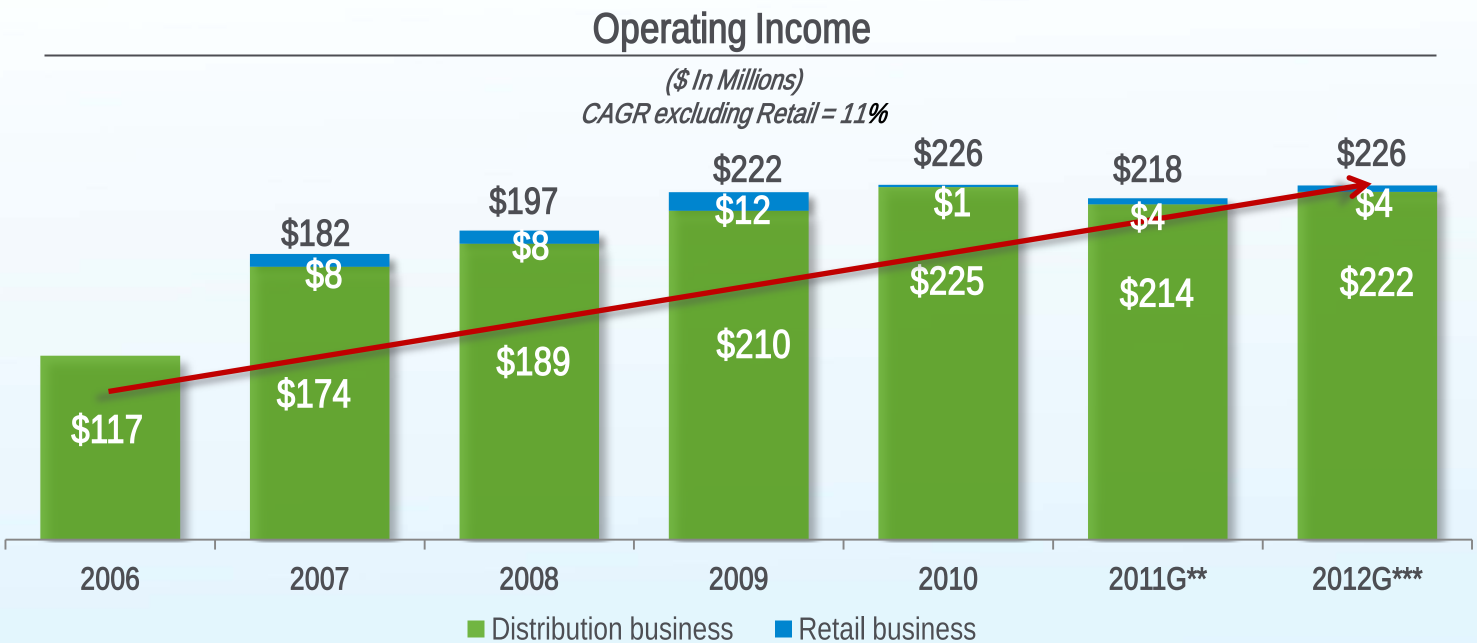


ONEOK

# Natural Gas Distribution

## *Financial Performance*

- Goal: Minimize the gap between actual and allowed returns
  - Allowed return on equity*: Range of 10.1-10.7%
  - Achieving approximately 10%




**Return on equity calculations are consistent with utility rate making in each jurisdiction*

***Updated Aug. 2, 2011*

****Provided Sept. 26, 2011*

ONEOK

# Regulatory Strategy

## *Current Efforts*

- Reduce regulatory lag
  - Oklahoma – Performance-based rates evaluated annually
  - Kansas – Gas System Reliability Surcharge can be filed annually
  - Texas – Cost-of-Service Adjustments or Gas Reliability Infrastructure Program can be filed annually in most jurisdictions
- More frequent rate cases when warranted
  - Kansas – Expect to file rate case in 2012; will seek to reduce risk through lower volumetric and higher fixed charges
  - Texas – Rate cases in selected jurisdictions
- Maintain or increase residential volumes
  - Energy-efficiency programs in Oklahoma and Texas

| | Oklahoma | Kansas | Texas | Total |
|---|---|---|---|---|
| Residential margin | 68% | 65% | 69% | 67% |
| Fixed charges | 88% | 50% | 82% | 73% |
| Volumetric charges | 12% | 50% | 18% | 27% |
| Weather stabilized | 100% | 100% | 62% | 88% |



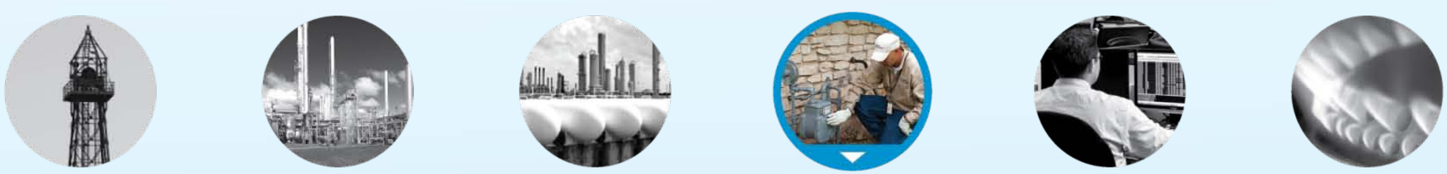
ONEOK

# Efficient Use of Capital

## *Targeted Investments*

- Investments:
  - Pipeline integrity and reliability
    - 2012 - $40 million increase (estimate)
  - Automated meter reading (AMR)
    - 2010 - $31 million (actual)
    - 2011 - $25 million (estimate)
    - 2012 - $10 million (estimate)
- Strategic benefit:
  - Employee and public safety
  - Sustainable cost reductions
  - Regulatory mechanisms in place to recover costs

Half of our residential customers will have an AMR device by end of 2012



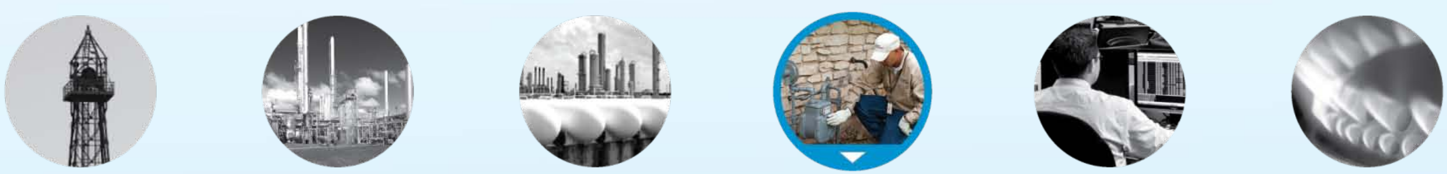
Exploration & Production | Midstream Natural Gas | Midstream NGLs | **Distribution** | Marketing | Markets

ONEOK

# Natural Gas as a Transportation Fuel

## *Current Environment*

- Industry
  - Increased interest in CNG for transportation, particularly by fleet operators
  - Tax incentives contribute to positive economics
  - Increased private investments in fueling stations
- ONEOK Distribution Companies
  - Currently operate 27 fueling stations that are accessible to the public
  - Seeking opportunities to provide natural gas supply to retail CNG outlets
  - Supporting industry efforts to encourage development of more vehicle options by original equipment manufacturers
- Benefits
  - Use of CNG increases load
    - One vehicle equivalent to one home
    - Incremental margins could mitigate residential rate increases



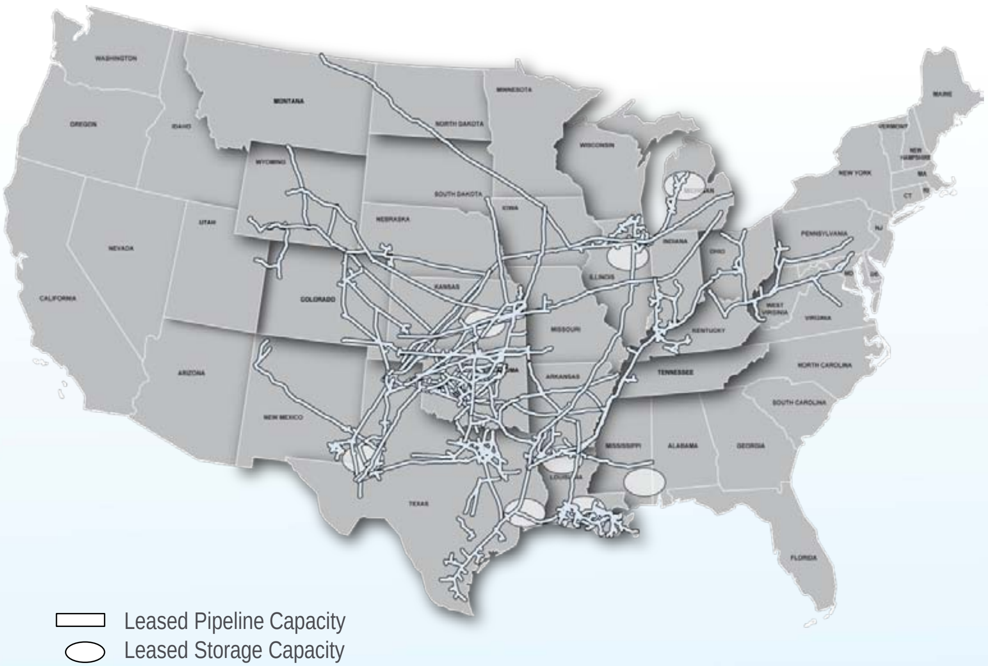

ONEOK

# Energy Services

# Energy Services

## *Asset Overview*

- Delivers natural gas, together with bundled, reliable, premium products and services
  - Peaking services
  - Primarily to LDCs
- Access to prolific supply and high-demand areas
- Deep industry knowledge and customer relationships




| | |
|---|---|
| Storage* | 72.6 Bcf of capacity<br>2.1 Bcf/d of withdrawal rights<br>1.2 Bcf/d of injection rights |
| Transportation* | 1.2 Bcf/d of long-term firm capacity |

**Leased capacity as of June 30, 2011*

ONEOK

# Energy Services

*Meeting Customer Needs*

- Utilities need non-uniform natural gas supply as dictated by weather requirements
- Utilities are willing to pay a premium for callable service
  - Assure physical gas is available when and where they need it
  - Provides us with demand fees and opportunities to optimize
- Utilities contract with premium-service providers, such as Energy Services, to provide a bundled service


ONEOK

# Energy Services

## *What We Do*

- Provide bundled, reliable products and services to natural gas and electric utilities
  - **Buy natural gas supply** from diverse sources
  - **Lease and optimize** storage and transportation capacity
  - **Effectively use storage and transportation assets** to capture incremental margins during periods of market inefficiencies

# Industry Environment

## *Market Volatility and Pricing Relationship*

- Increased natural gas supply has resulted in:
  - Lower prices
  - Reduced volatility
  - Limited ability to capture seasonal and location differentials

# Current Efforts

*Action Plan*

- Maintain existing premium-services customers
  - More than 90% retained annually
  - Premium-services fees lower due to lower natural gas price and volatility
- Maximize earnings through effective optimization activities
  - Finding niche opportunities in daily marketplace
- Grow market share with electric-generation customers
  - Numerous competitors
- Partner with producers to alleviate supply to market bottlenecks and offset fixed transportation costs
- Re-contract at reduced costs

Exploration & Production | Midstream Natural Gas | Midstream NGLs | Distribution | **Marketing** | Markets



ONEOK

# Energy Services

## *Competitive Advantage*

- Financial strength and scale
  - Strong parent enables access to working-capital requirements
  - Strategic asset position across the U.S.
- Proven market-based capabilities
  - Experienced personnel, market knowledge and relationships
  - Innovative products and services
  - Reliable performance and excellent customer service

Creates Superior Value for Our Customers

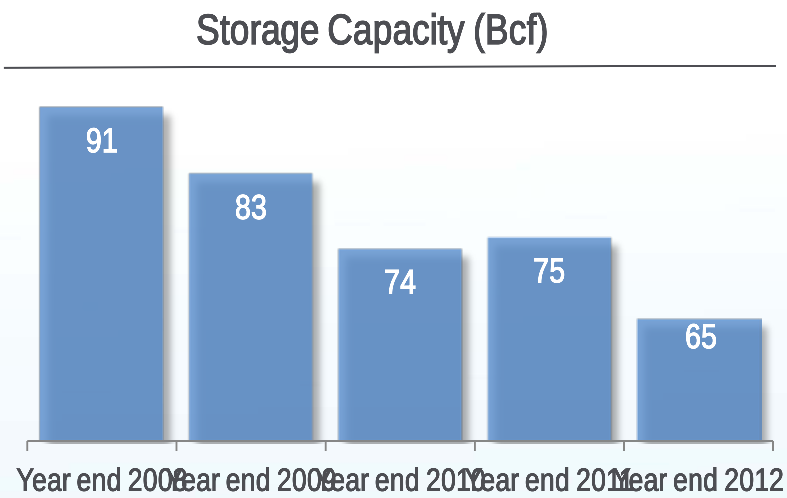


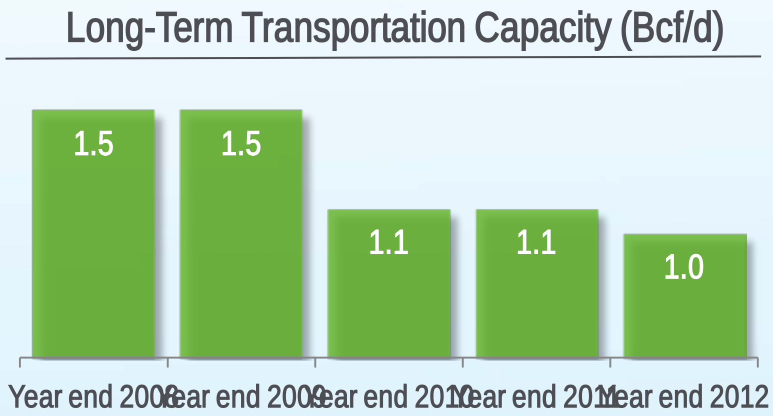
ONEOK

# Energy Services

## *Capacity Realignment Efforts*

- Realign contracted capacity with customer requirements
  - Storage capacity to 65 Bcf by year end 2012
  - Long-term transportation capacity to 1 Bcf/d by year end 2012
  - Reduction in working-capital requirements



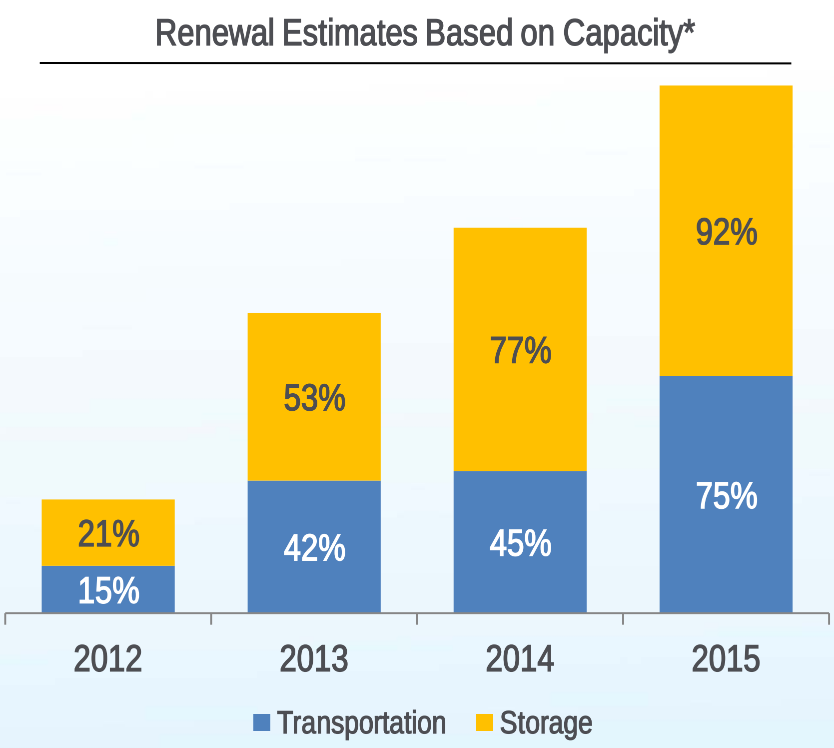




ONEOK

# Rebasing Cost Structure

## *Current Plans*

- Re-contract transportation and storage capacity
  - At competitive rates that are economically attractive
  - Aligned with premium-services customer needs
- Option of not renewing leased capacity if uneconomical




*Cumulative percentage of current capacity*

# Financial Profile

## *2012 Guidance*

| (Thousands of dollars, except Bcf and MMBtu/d) | 2010 Actual | 2011 Previous Guidance *(Jan. 18, 2011)* | 2011 Updated Guidance *(Aug. 2, 2011)* | 2012 Guidance *(Sept. 26, 2011)* |
|---|---|---|---|---|
| **Premium services fees** | **$60,348** | **$59,500** | **$56,400** | **$59,500** |
| Storage capacity* (Bcf) | 73.6 | 74.9 | 75.6 | 74.1 |
| Assumed winter/summer spread** – NYMEX ($/MMBtu) | $1.69 | $1.48 | $1.23 | $1.22 |
| Storage costs (lease, variable, hedging and other) ($/MMBtu) | $1.22 | $1.19 | $1.17 | $1.25 |
| Net storage margin ($/MMBtu) | $0.47 | $0.29 | $0.06 | $(0.03) |
| **Net storage margin** | **$34,919** | **$21,500** | **$4,300** | **$(2,371)** |
| Long-term transportation capacity (MMBtu/d) | 1,101 | 1,084 | 1,135 | 1,089 |
| Transportation gross revenue ($/MMBtu) | $0.36 | $0.31 | $0.15 | $0.14 |
| Transportation costs ($/MMBtu) | $0.25 | $0.25 | $0.19 | $0.18 |
| Transportation net margin ($/MMBtu) | $0.11 | $0.06 | $(0.04) | $(0.04) |
| **Net transportation margin** | **$46,428** | **$23,200** | **$(18,300)** | **$(18,129)** |
| **Optimization** | **$11,900** | **$19,800** | **$27,000** | **$27,000** |
| **Financial trading** | **$6,144** | **-** | **$600** | **-** |
| **Wholesale margin – subtotal** | **$159,739** | **$124,000** | **$70,000** | **$66,000** |
| Wholesale general and administrative expense | $29,078 | $33,000 | $28,000 | $26,000 |
| **Total Operating income** | **$130,661** | **$91,000** | **$42,000** | **$40,000** |

**74.1 Bcf of contracted capacity reduced to 65 Bcf by year-end 2012*
***Includes the winter/summer spread and capacity management*



ONEOK

# Leadership Discussion

ONEOK Management Team

# BREAK

# ONEOK Partners

Terry Spencer

Chief Operating Officer

# ONEOK Partners

## *Key Points*

- 2012 operating income and equity earnings guidance 10% higher than 2011
  - Driven by higher natural gas and natural gas liquids volumes
- Generates predominantly fee-based earnings from non-discretionary services
- Strategically located assets in current and emerging shale plays
- Approximately $3 billion of growth projects under way
  - Attractive multiples (5-7 times EBITDA)
  - Projects on schedule and on budget; backed by supply commitments
  - Bakken Shale production meeting expectations
  - Opportunity to shift NGL optimization margins to fee based
- Well positioned for future growth
- NGL demand sufficient to absorb NGL additional supplies



ONEOK PARTNERS

# Asset Overview

# ONEOK Partners

## *Strong Asset Position*

- Strategic assets connecting prolific supply basins to key markets
- Embedded growth opportunities within existing operating footprint
- Provides ***non-discretionary*** services to producers, processors and customers

### Natural Gas

- Two businesses:
  - Gathering & Processing
  - Pipelines and storage
- Diversified supply basins, producers and contracts mitigate earnings volatility
- Earnings are predominantly fee based

### Natural Gas Liquids

- One integrated business:
  - Includes gathering, fractionation, pipelines and storage
- Links key NGL market centers at Conway, Kan., and Mont Belvieu, Texas
- Earnings are predominantly fee based

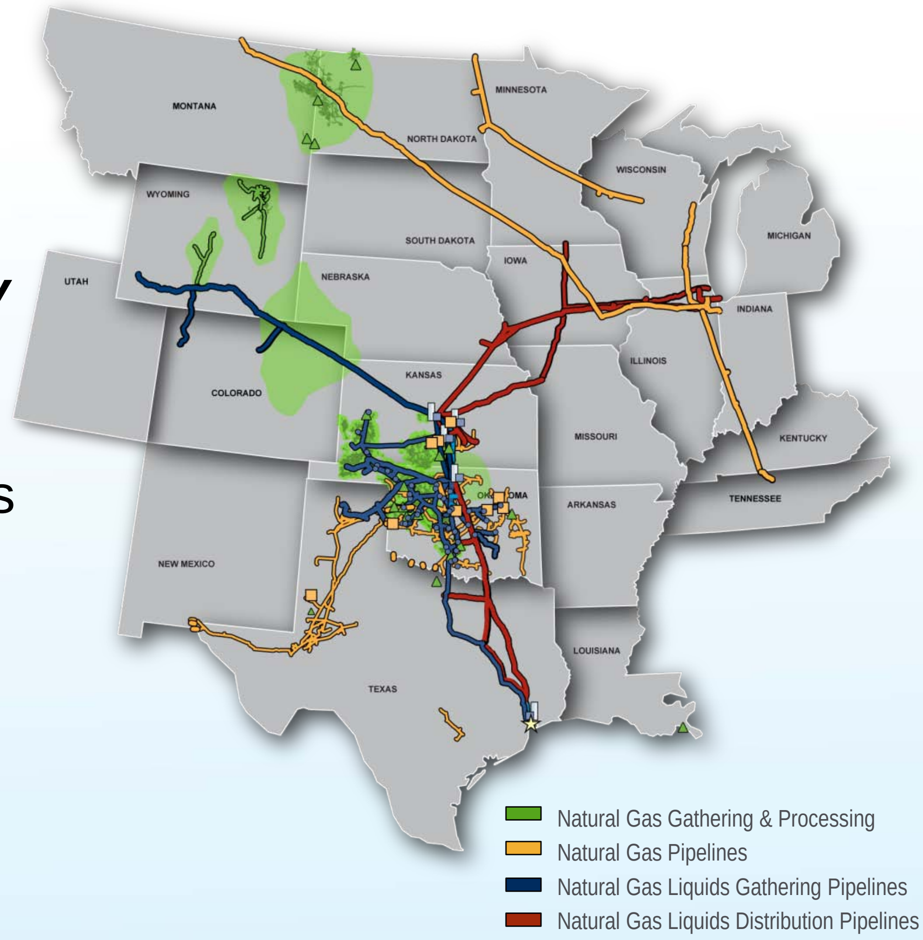


ONEOK PARTNERS

# ONEOK Partners

## *Asset Overview*

- Owns and operates assets in midstream natural gas and natural gas liquids businesses
- Provides ***non-discretionary*** services to producers, processors and customers
- Primarily fee-based earnings
- Aligned interests:
  - ONEOK is supportive General Partner
  - ONEOK: 42.8 percent owner

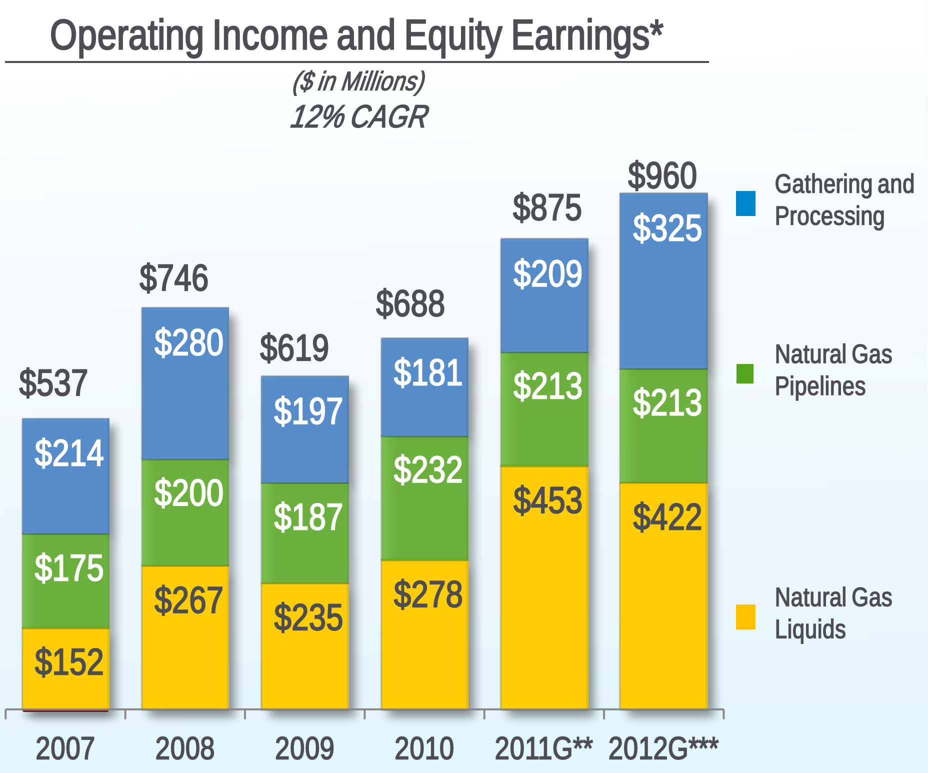


# 2012 Outlook

# Earnings

## *2012 Financial Guidance*

- Gathering and processing:
  - Higher gathered and processed volumes
  - Garden Creek natural gas processing plant in service late 2011
  - Stateline I natural gas processing plant in service third quarter 2012
- Natural gas liquids:
  - Higher gathering and fractionation volumes
    - Arbuckle expansion in service first half 2012
  - Lower optimization margins
- Natural gas pipelines:
  - Predominantly fee based



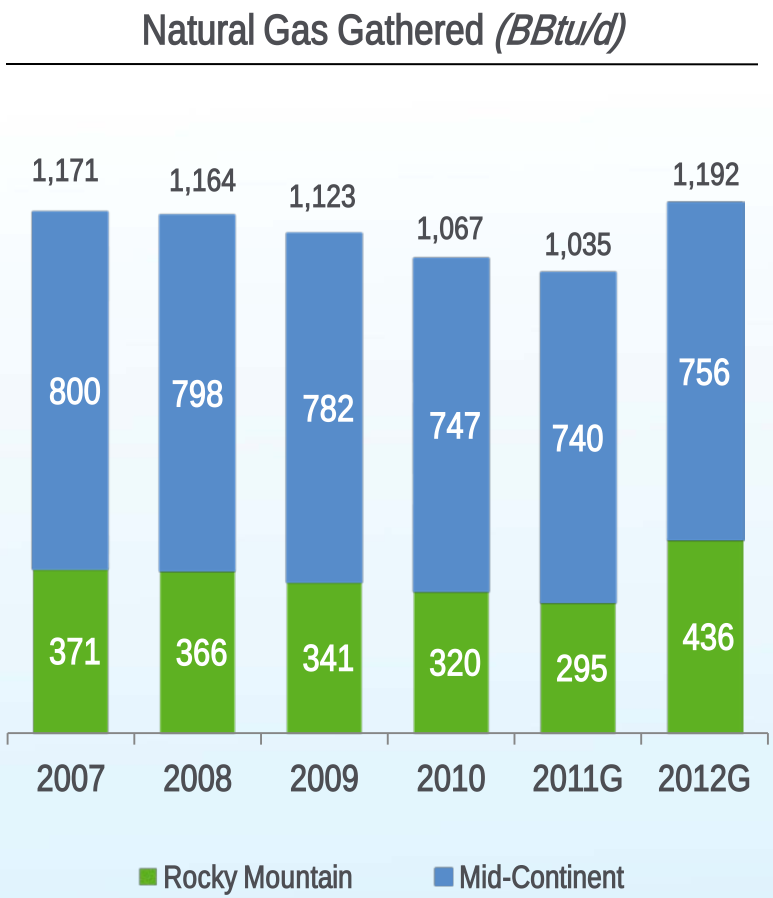

*Totals include Other segment*
***Updated Aug. 2, 2011*
**** Provided Sept. 26, 2011*

ONEOK PARTNERS

# Natural Gas Gathering and Processing

## *Gathered Volumes*

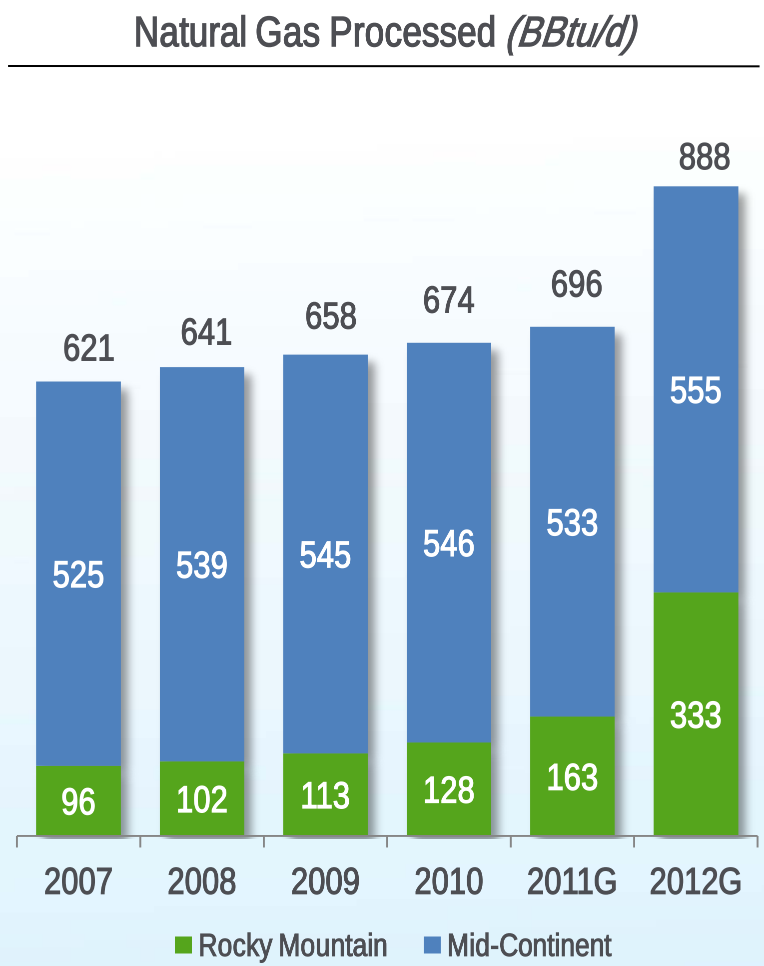
- 2012 volumes gathered increase by 15%
- Wells connected
  - 2012: 800+ (estimate)
  - 2011: 500+ (estimate)
  - 2010: 408
  - 2009: 304
  - 2008: 476
  - 2007: 352
- Rocky Mountain volume declines in 2007-2011 primarily related to Powder River Basin
  - No liquids content
  - Lowest margin throughput



# Natural Gas Gathering and Processing

## *Processed Volumes*

- 2012 processed volumes expected to increase 28% from 2011
  - Higher volumes in Williston Basin
    - Garden Creek in service late 2011
    - Stateline I in service third quarter 2012
  - Higher volumes in Mid-Continent
- Active drilling in the Bakken Shale and Cana-Woodford



# Volume Growth

## *Natural Gas Liquids*

- 2012 gathering volumes increase by 26%; fractionation volumes increase by 14%
- Significant volume growth in the Mid-Continent from 24 new processing plants and growth from existing plants
  - Currently developing over 15 new supply connections
- Rockies, Barnett Shale, Woodford Shale, Granite Wash provide additional growth

**Gathering Volume *(Mbpd)***

*146% growth since 2006*


**Fractionation Volume** *(Mbpd)***

*94% growth since 2006*


**Excludes NGL barrels gathered on Overland Pass Pipeline as a result of deconsolidation in September 2010*

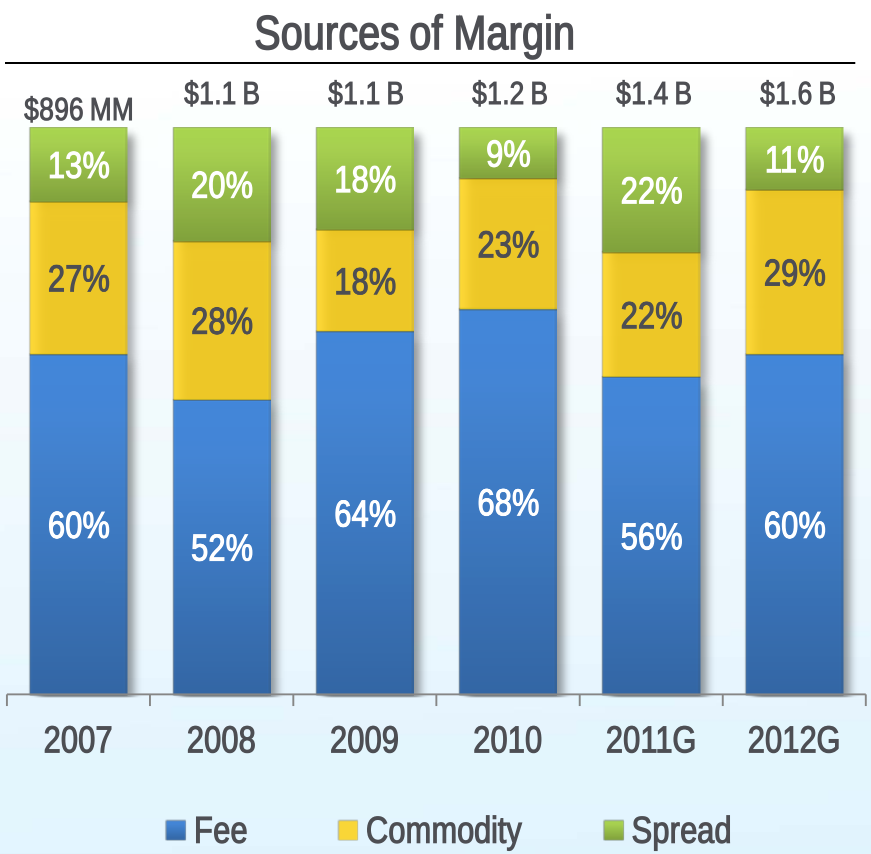
*** Includes NGL fractionation volumes at third-party facilities*

ONEOK PARTNERS

# Predominantly Fee-Based Earnings

*Percent of Margin*

- Fee-based margins increase in 2012
- Capital investments provide fee-based earnings growth
- Commodity price risk
  - Exists in gathering and processing segment
  - Mitigated by hedging
- Volume risk
  - Mitigated by supply diversity
  - Includes firm, fee-based contracts on natural gas and natural gas liquids pipelines and storage
- Spread risk
  - NGL price differentials between Mid-Continent and Gulf Coast



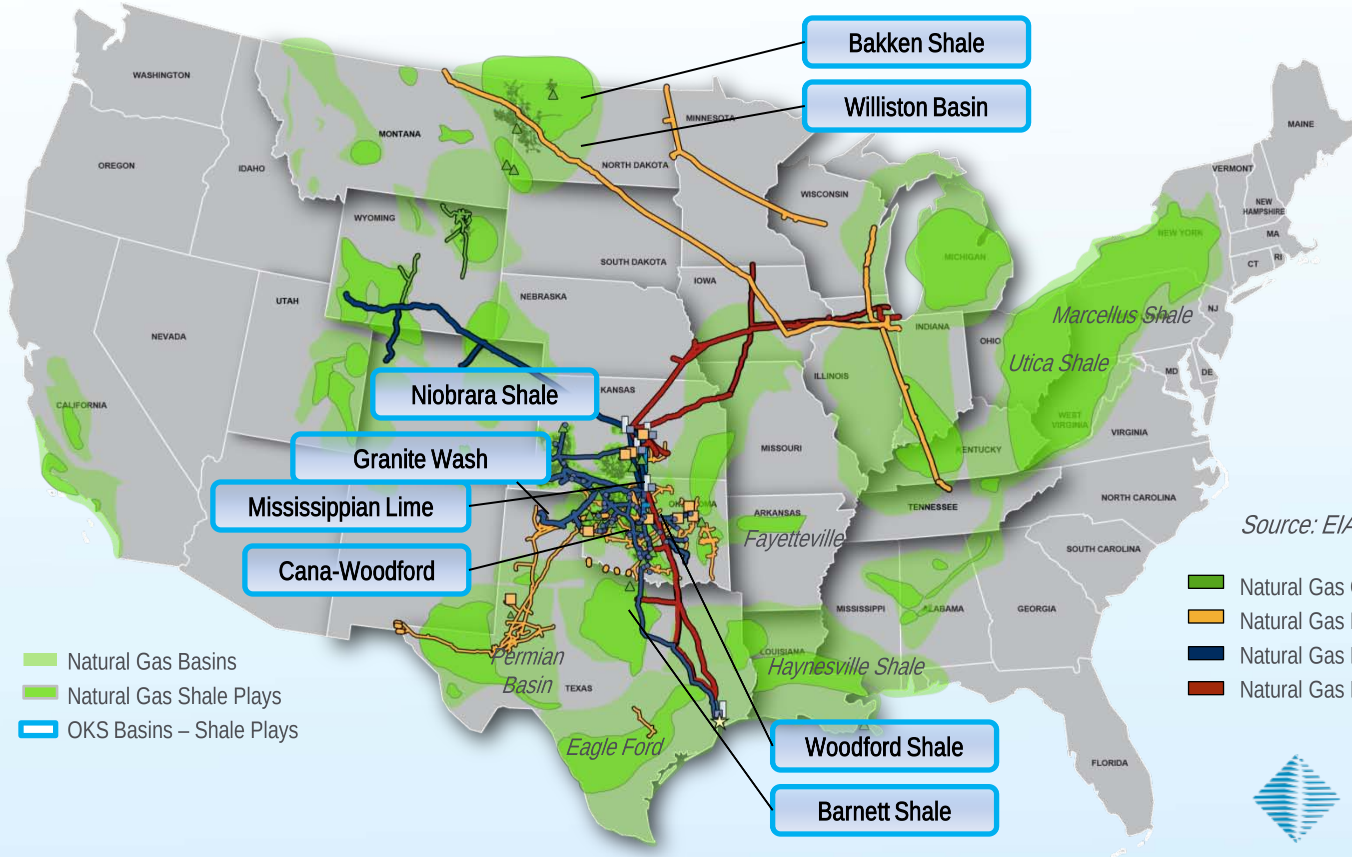

ONEOK PARTNERS

# Growth Projects

# Well Positioned in Shale Plays

*"Our Fairway"*

- Active in and evaluating numerous shale plays
  - Producer supply commitments required
- Exposure to NGL-rich resource development
  - Provides platform for future growth




Source: EIA

ONEOK PARTNERS

# Growth Projects

Bakken Shale / Williston Basin Related



ONEOK PARTNERS

# Disciplined Growth Continues

## *$5 Billion in Capital Investments*

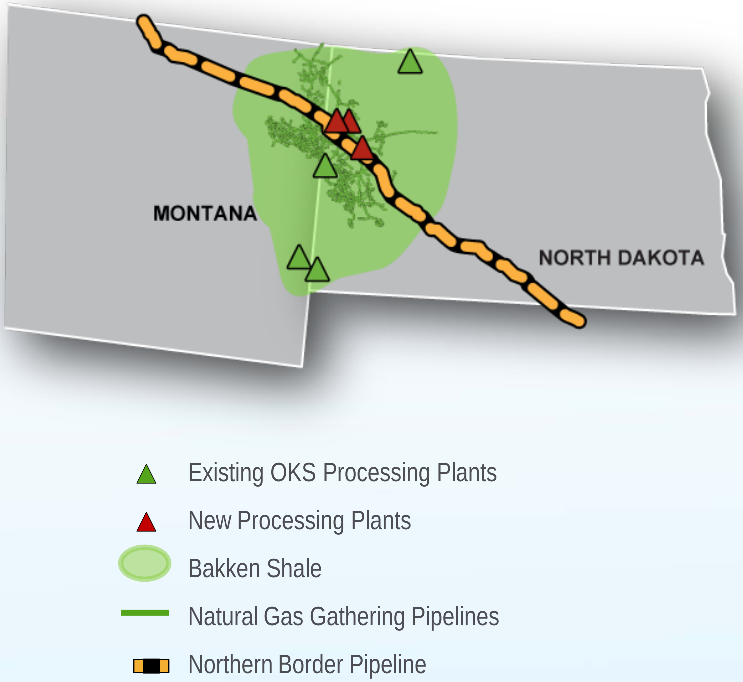
- Announced approximately $2.7 to $3.3 billion in growth projects in 2011-2014
  - Adjacent to and within our existing operating footprint including:
    - $1.5 to $1.8 billion related to the Bakken Shale in the Williston Basin
    - $235 to $295 million in the Cana-Woodford and Granite Wash areas
    - $910 million to $1.2 billion in NGL infrastructure in the Mid-Continent and Gulf Coast
- Completed more than $2 billion in growth projects (2006-2009)
  - 2010 was first full year that all projects contributed EBITDA


ONEOK PARTNERS

# Bakken Shale

## *Strategic Fit*

- Largest independent processor
  - Extensive infrastructure
- Best positioned to provide critical midstream capability
  - Knowledgeable workforce and contractors in place
  - Strong producer relationships
- Integrated value chain potential with NGL segment
  - Sets stage for future growth
- Resource development driven by crude-oil economics
- 1.8 million acres dedicated



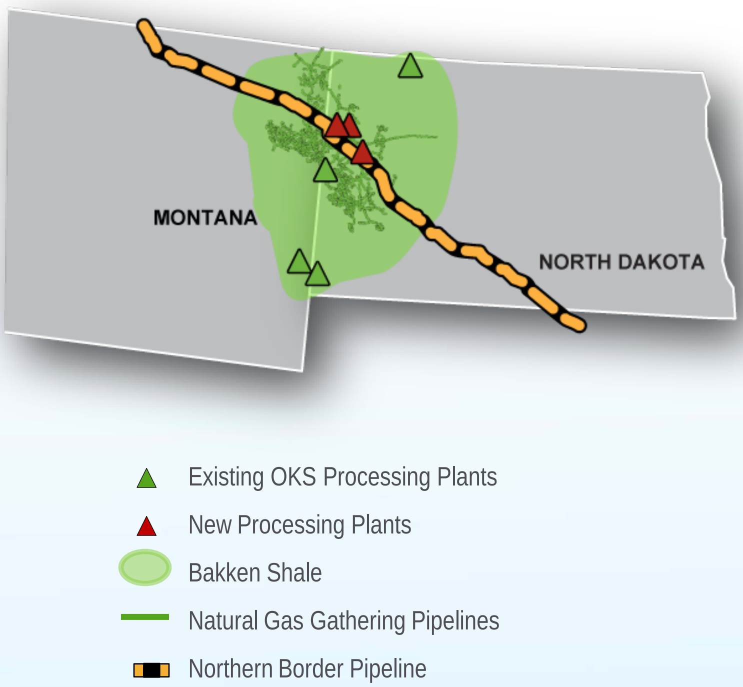

#1 Crude Oil Play in Lower 48 States

ONEOK PARTNERS

# Bakken Shale

## *Current Environment*

- Backlog of wells waiting to be "fractured"
  - Shortage of crews
  - Competing with other shales
  - Increases well-completion costs
- *"Crude takeaway capacity with pipeline, rail and truck transportation is more than adequate for the production projected the next few years."**
  - Rail has "stepped up"
- Flaring of natural gas continues to grow




#1 Crude Oil Play in Lower 48 States

*Source: North Dakota Industrial Commission

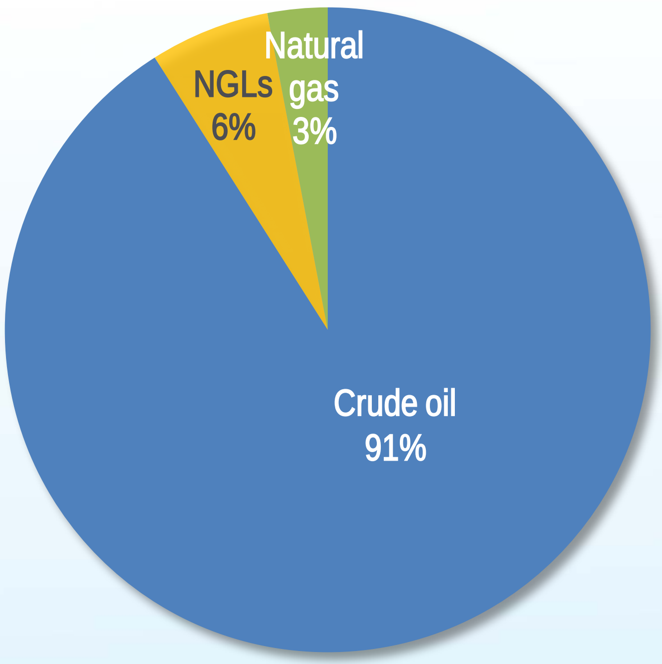
ONEOK PARTNERS

# Bakken Shale

## *Drilling Economics*

- More than 90% of producer economics from crude-oil production
- Drilling is economical with crude oil prices as low as $50-$60 per barrel*
  - Increased per-barrel economics due to higher labor and material costs
- Rapid production growth driven by higher rig count and advancing technology
- High NGL content
  - 10-12 GPM (gallons per Mcf)

Producer Economics*




** Source: Various industry and company research*

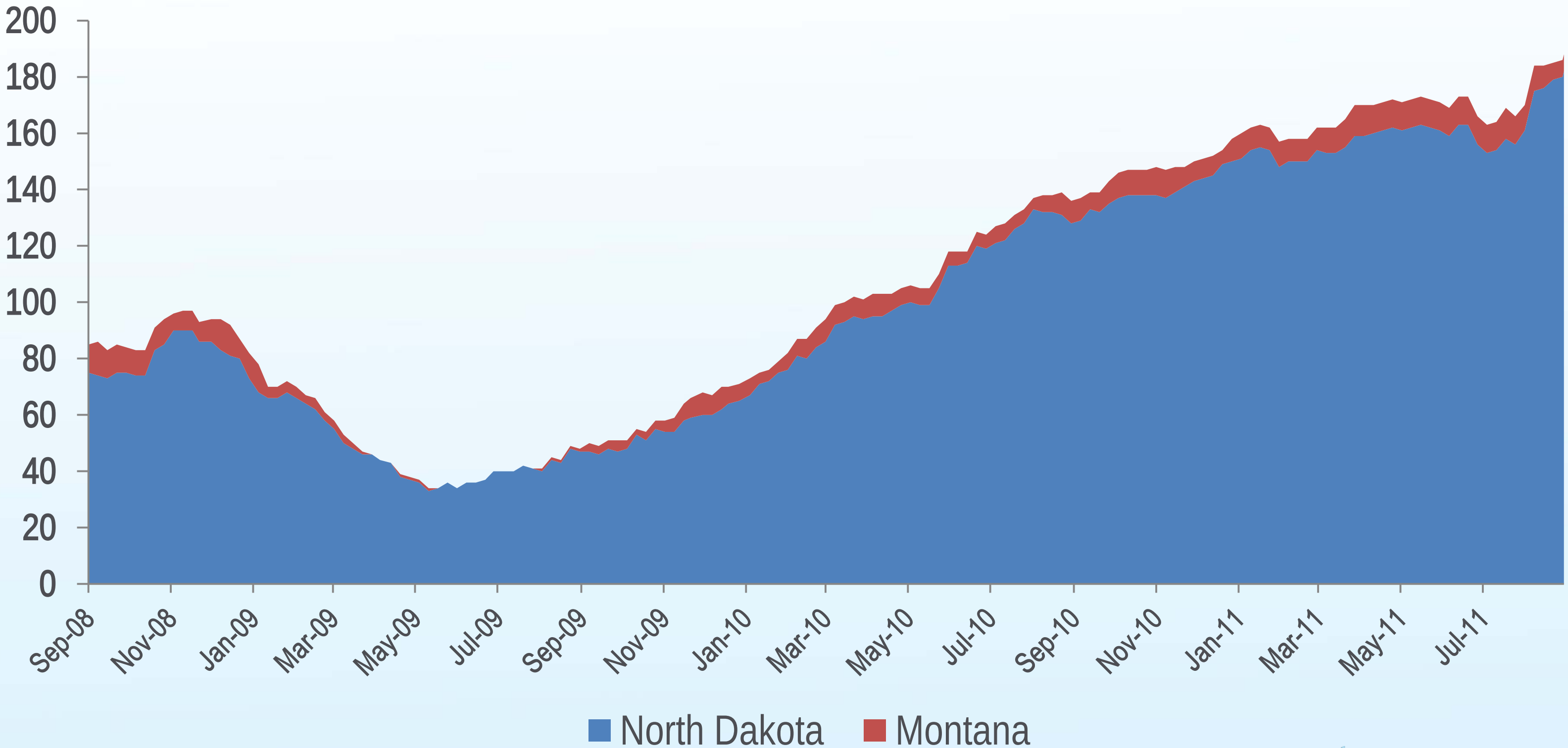


ONEOK PARTNERS

# Bakken Shale

*North Dakota Rig Count**

- Rig counts continue to set new records
  - "Manufacturing" operation
  - Industry adding ~2,100 wells per year




**Source: Baker Hughes/En*Vantage*

ONEOK PARTNERS

# Bakken Shale

*Natural Gas Gathering and Processing Investments*

- Approximately $1.0 billion
  - Garden Creek – 100 MMcf/d
  - Stateline I – 100 MMcf/d
  - Stateline II – 100 MMcf/d
  - Well-connects, upgrades and expansions to existing infrastructure
- Percent-of-proceeds contracts with fee-based component (75% is commodity based)

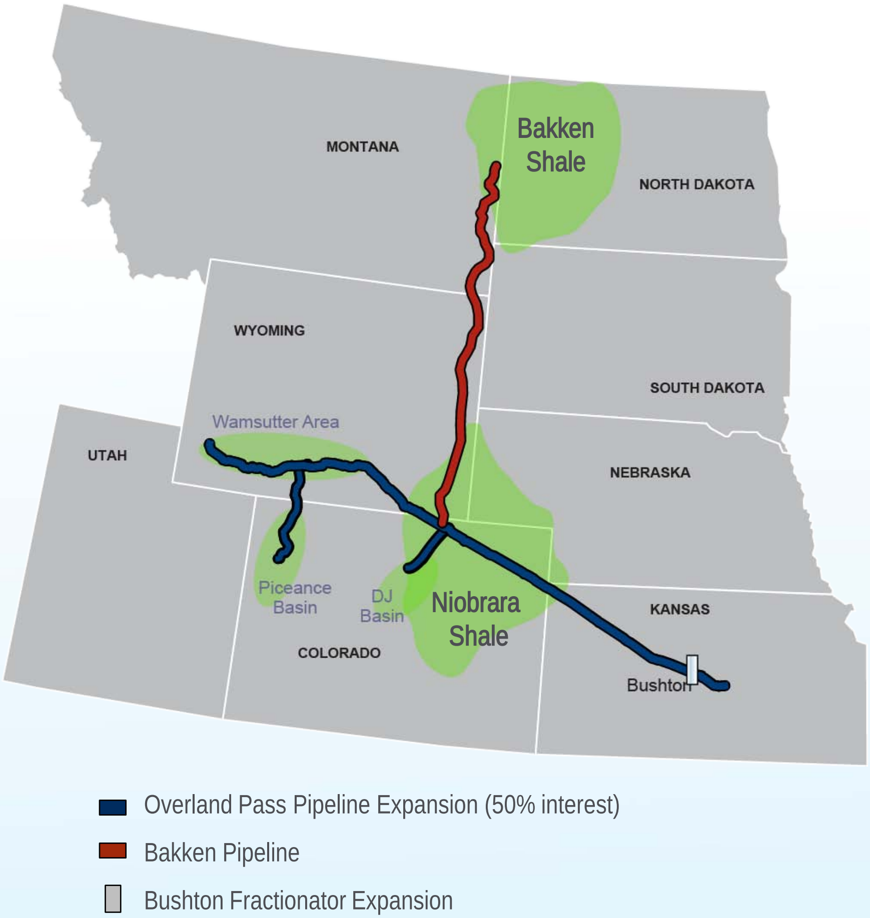

**$910 million – $1.1 billion**

ONEOK PARTNERS

# Bakken Shale

*Natural Gas Liquids Investments*

- Bakken Pipeline
  - $450-$550 million
  - 525-to 615-mile, 12” diameter, NGL pipeline from Bakken Shale to Overland Pass Pipeline
  - Initial capacity to transport 60,000 bpd of unfractionated NGLs, expandable to 110,000 bpd with more pumps
- Overland Pass Pipeline expansion
  - $35-$40 million (50% interest)
  - Expansion of existing pump stations
  - Additional pump stations
- Fractionator expansion at Bushton
  - $110-$140 million
  - Increase capacity to 210,000 bpd from 150,000 bpd
- Primarily fee-based contracts




**$595 million to $730 million**

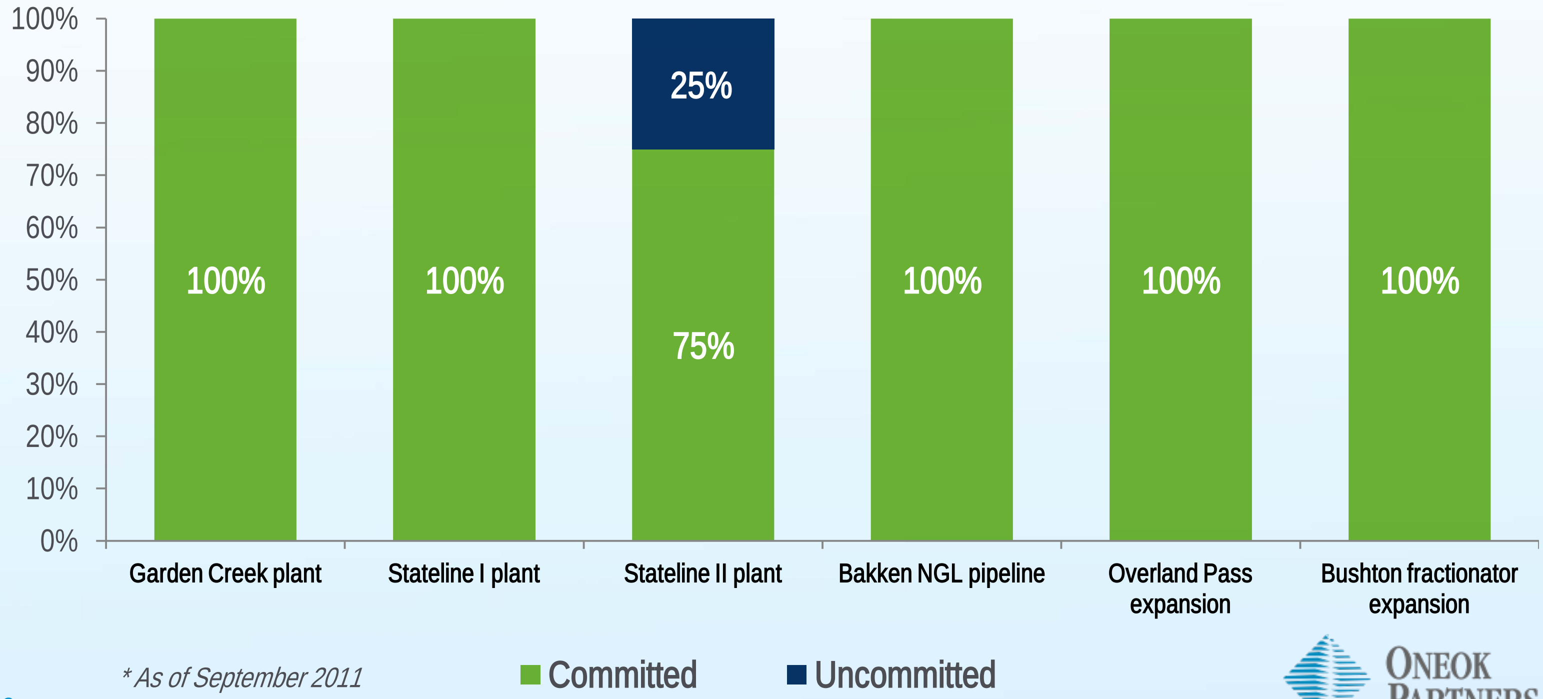
ONEOK PARTNERS

# Supply Commitments

## *Bakken Growth Projects*

- Majority of Bakken-related projects are backed by volume commitments for 5+ years
- New processing plants are primarily percent-of-proceeds contracts, aligned with producers

Percentage of Available Capacity Committed*




** As of September 2011*

ONEOK PARTNERS

# Project Status

*2011-2014*

| Major Project | Contracting Status | Contract Type | In-service Date |
|---|---|---|---|
| Garden Creek plant and related infrastructure | Backed by volume commitments and acreage dedications | POP with fee component | Late 2011 |
| Stateline I plant and related infrastructure | Backed by volume commitments and acreage dedications | POP with fee component | Third quarter 2012 |
| Stateline II plant and related infrastructure | Backed by volume commitments and acreage dedications | POP with fee component | First half 2013 |
| Bakken NGL pipeline | Dedicated supply from OKS plants | Fee based | First half 2013 |
| Overland Pass expansion | Dedicated supply from OKS plants | Fee based | First half 2013 |
| Bushton fractionator expansion | Dedicated supply from OKS plants | Fee based | First half 2013 |



ONEOK PARTNERS

# Growth Projects

## Mid-Continent to Gulf Coast

# Mid-Continent Supply Growth

## *Strategic Fit*

- Arkoma-Woodford, Cana-Woodford, Granite Wash and Mississippian Lime
  - Major growing supply basins inside our Texas and Oklahoma footprint
- Expanding our ability to move NGLs between Conway and Mont Belvieu
  - Enhances our competitive position and helps us remain the preferred NGL service provider in the Mid-Continent region
- Increased capacity between Conway and Mont Belvieu
  - Positions us to capture future growth opportunities in the Mid-Continent, Bakken, Niobrara and Rockies
- Supply growth across our systems has put utilization rates at or near capacity
- Providing fractionation services in conjunction with other exchange services
  - Allows for full asset integration and utilization



ONEOK PARTNERS

# Mid-Continent Supply Growth

## Granite Wash:

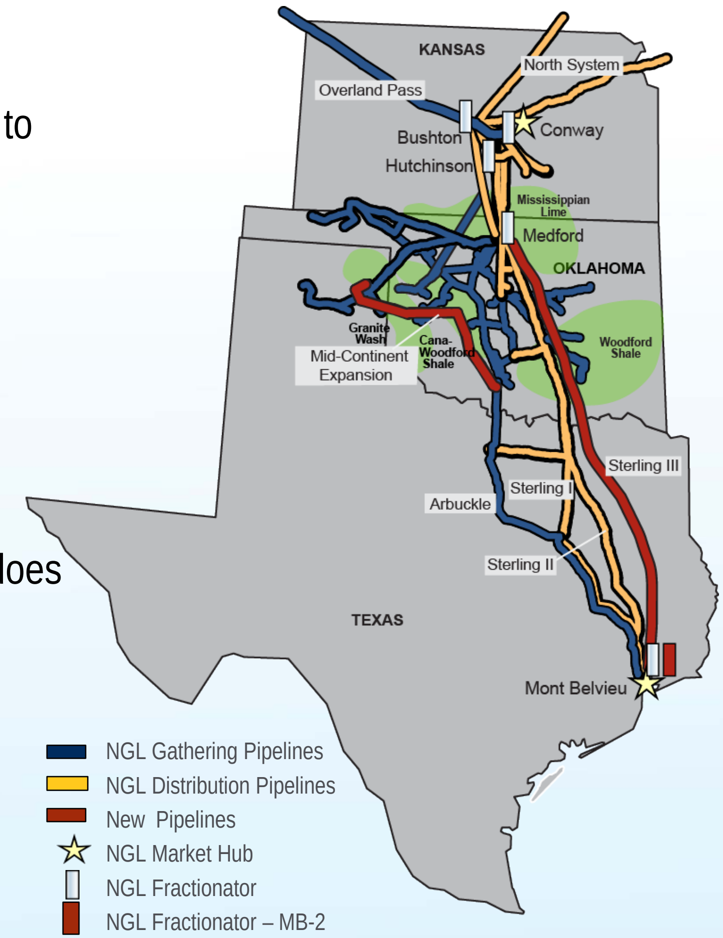
- Series of tight oil and gas plays, from Texas Panhandle to southwest Oklahoma
- 1 Tcf of technically recoverable resources
- Drilling economic breakeven: NYMEX ~$2.44/MMBtu
- 3-6 GPM

## Arkoma-Woodford Shale:

- 11 Tcf of technically recoverable resources
- Drilling economic breakeven: NYMEX ~$5.50/MMBtu (does not include uplift from oil)
- 3-6 GPM

## Cana-Woodford Shale:

- 18 Tcf of technically recoverable resources
- Drilling economic breakeven: NYMEX ~$2.22/MMBtu
- 2-9 GPM



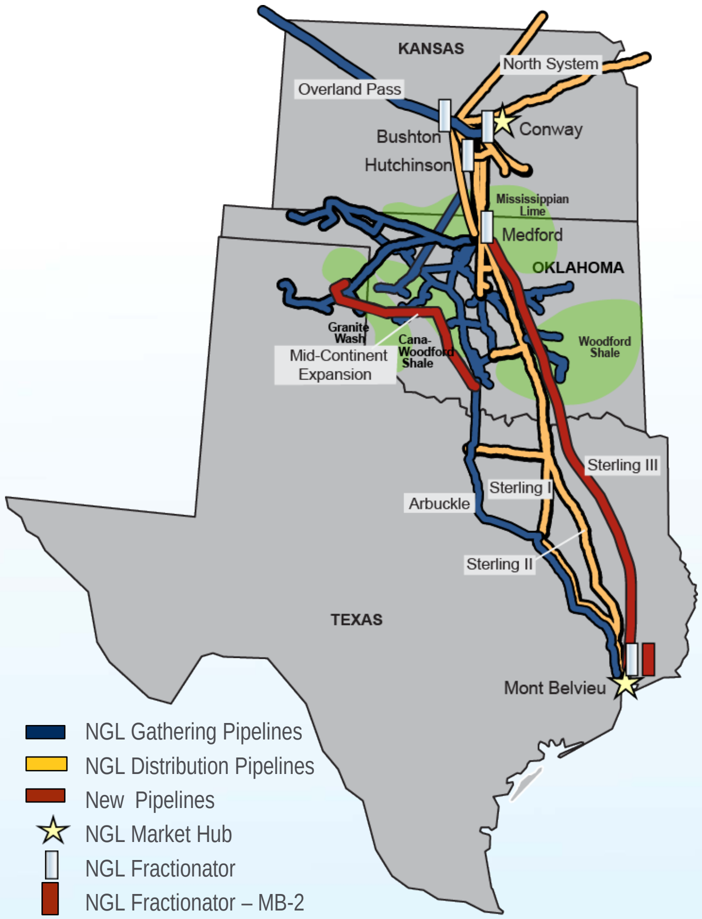

*Source: Various industry and company research*

ONEOK PARTNERS

# Cana-Woodford Shale and Granite Wash

*Investments*

- Natural Gas Liquids
  - Expands partnership's existing Mid-Continent NGL gathering system
  - Connects three new processing plants and expands capacity at three existing plants
    - Adds 75,000-80,000 bpd to existing NGL gathering systems
  - Increases Arbuckle Pipeline capacity to 240,000 bpd
    - In service by first half of 2012
- Expanded Oklahoma NGL gathering system
  - Well connected for future Mid-Continent processing plant development



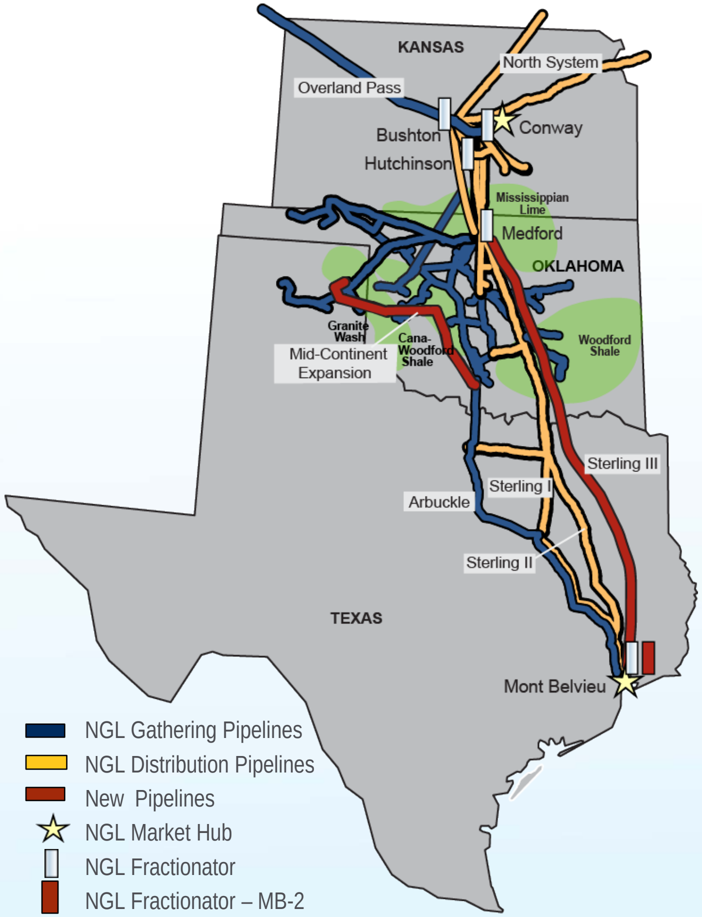

**$235 million to $295 million**

ONEOK PARTNERS

# Sterling NGL Pipelines and Fractionator

*Investments*

- Build new Sterling III pipeline
  - Ability to transport purity products and unfractionated NGLs
  - $610 million to $810 million
  - 570-plus-mile, 16-inch diameter
  - 193,000 bpd expandable to 250,000 bpd
  - Completion expected in late 2013
- Reconfigure Sterling I and II
  - Ability to transport purity products and unfractionated NGLs
- Build MB-2 fractionator at Mont Belvieu
  - $300 million to $390 million
  - Completion expected in mid-2013
  - Initial capacity of 75,000 bpd
  - Air-quality permit approved by TCEQ



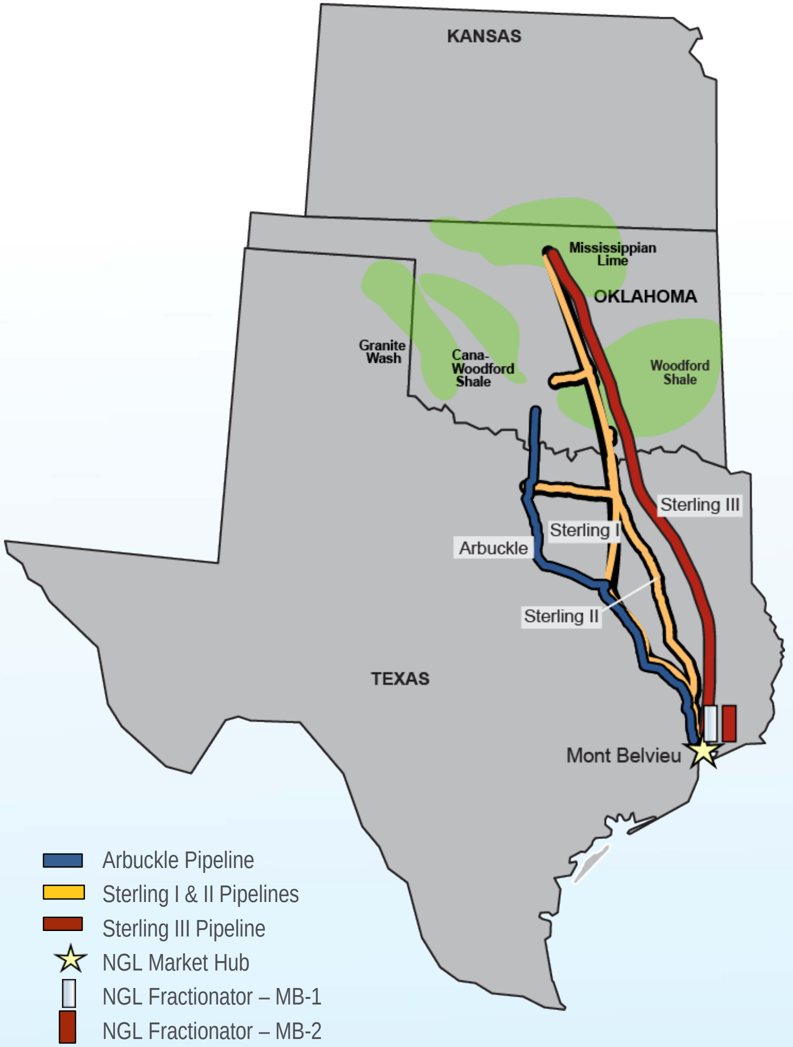

**$910 million to $1.2 billion**

ONEOK PARTNERS

# NGL Transportation Capacity

## *"Four Straws"*

- Sterling I and II distribution pipelines are at capacity
  - Sterling I expansion almost complete
- Arbuckle NGL gathering pipeline can be used to capture market differentials
- The "Four Straws" will provide additional operational and commercial ***flexibility*** and ***redundancy*** to our customers
  - Sterling III pipeline designed to gather NGLs and/or deliver finished NGL products to end users
  - Sterling I and II will be reconfigured to gather NGLs and/or deliver finished NGL products to end users
  - Integrated system is at the ***"bottom of the funnel"*** to gather NGLs from Cana-Woodford, Granite Wash, Mississippian Lime and Bakken in order to deliver to Gulf Coast markets

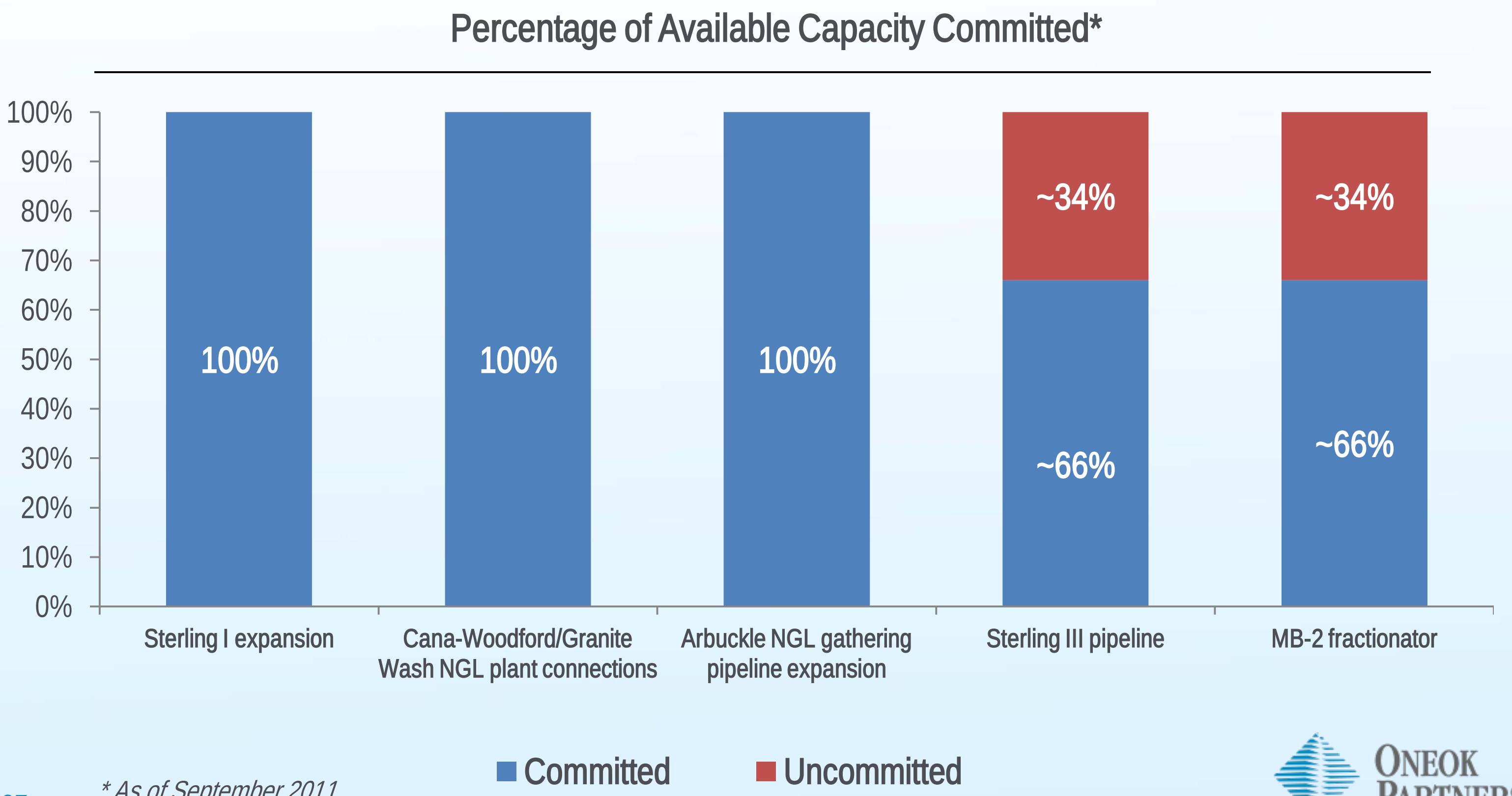



ONEOK PARTNERS

# Supply Commitments

*Mid-Continent Growth Projects*

- Approximately two-thirds or more is committed
- Expected to be substantially committed by in-service dates




** As of September 2011*



ONEOK PARTNERS

# Project Status

*2011-2014*

| Major Project | Contracting Status | Contract Type | In-service Date |
|---|---|---|---|
| Sterling I expansion | Capacity available for optimization | Differential or fee based | Almost complete |
| Cana-Woodford/Granite Wash NGL plant connections | Backed by volume commitments | Fee based | First half 2012 |
| Arbuckle NGL gathering pipeline expansion | Backed by volume commitments | Fee based | First half 2012 |
| Sterling III pipeline and reconfiguration of Sterling I and II | Two-thirds committed | Fee based | Late 2013 |
| MB-2 fractionator | Two-thirds committed | Fee based | Mid 2013 |

ONEOK PARTNERS

# Growth Projects

## What's Next?

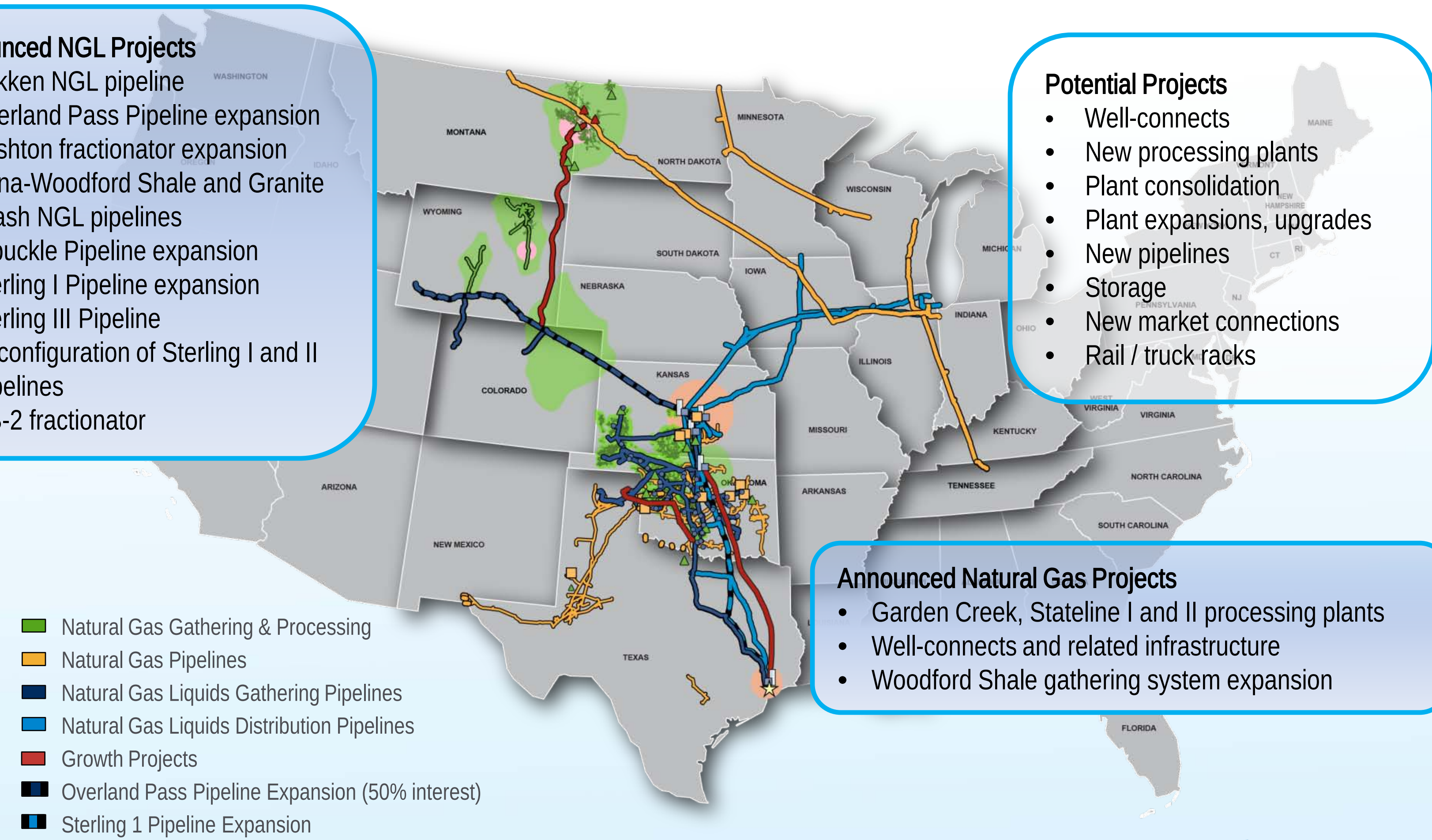
# Current and Future Growth

## *Current and Future Investments*

**Announced NGL Projects**
- Bakken NGL pipeline
- Overland Pass Pipeline expansion
- Bushton fractionator expansion
- Cana-Woodford Shale and Granite Wash NGL pipelines
- Arbuckle Pipeline expansion
- Sterling I Pipeline expansion
- Sterling III Pipeline
- Reconfiguration of Sterling I and II pipelines
- MB-2 fractionator

**Potential Projects**
- Well-connects
- New processing plants
- Plant consolidation
- Plant expansions, upgrades
- New pipelines
- Storage
- New market connections
- Rail / truck racks

**Announced Natural Gas Projects**
- Garden Creek, Stateline I and II processing plants
- Well-connects and related infrastructure
- Woodford Shale gathering system expansion

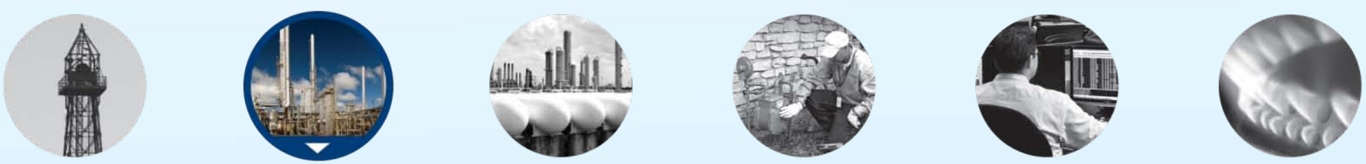



ONEOK PARTNERS

# Natural Gas Gathering & Processing

## *Future Growth Opportunities*

- Continue growing our Bakken Shale/Williston Basin super-system
  - New processing plants, additional infrastructure in Williston Basin region
- Western Oklahoma and Texas Panhandle expansions
  - To accommodate increasing production in Cana-Woodford Shale and Granite Wash
- Mississippian Lime opportunities in Kansas and Oklahoma
- Gathering and processing infrastructure in Niobrara Shale
- Various grassroots opportunities
- Acquisitions

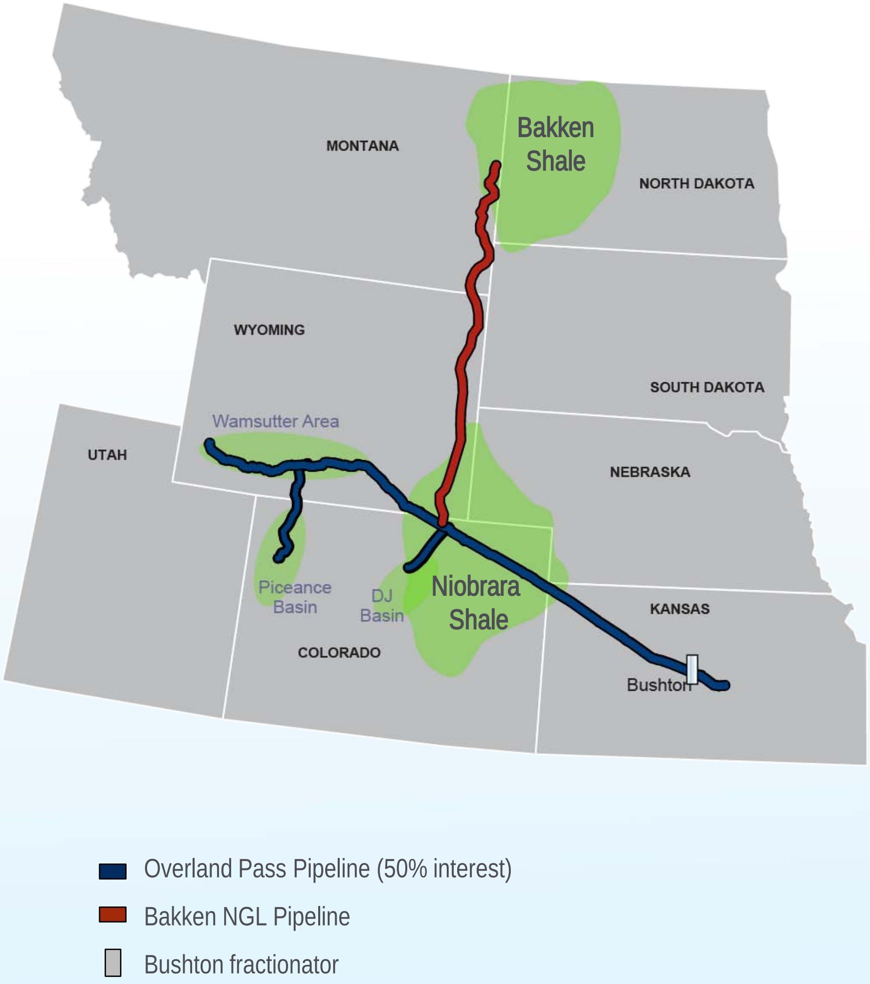



ONEOK PARTNERS

# Niobrara Shale

## *Growth Potential*

- Producers accumulating significant acreage
- Drilling permit activity escalating
- Preliminary well results have been positive
- Driven by crude-oil economics
- Gathering and processing infrastructure required
- Bakken NGL pipeline designed to expand in order to capture incremental supply from Niobrara Shale production
- Many NGL producers in DJ Basin already committed to Overland Pass Pipeline

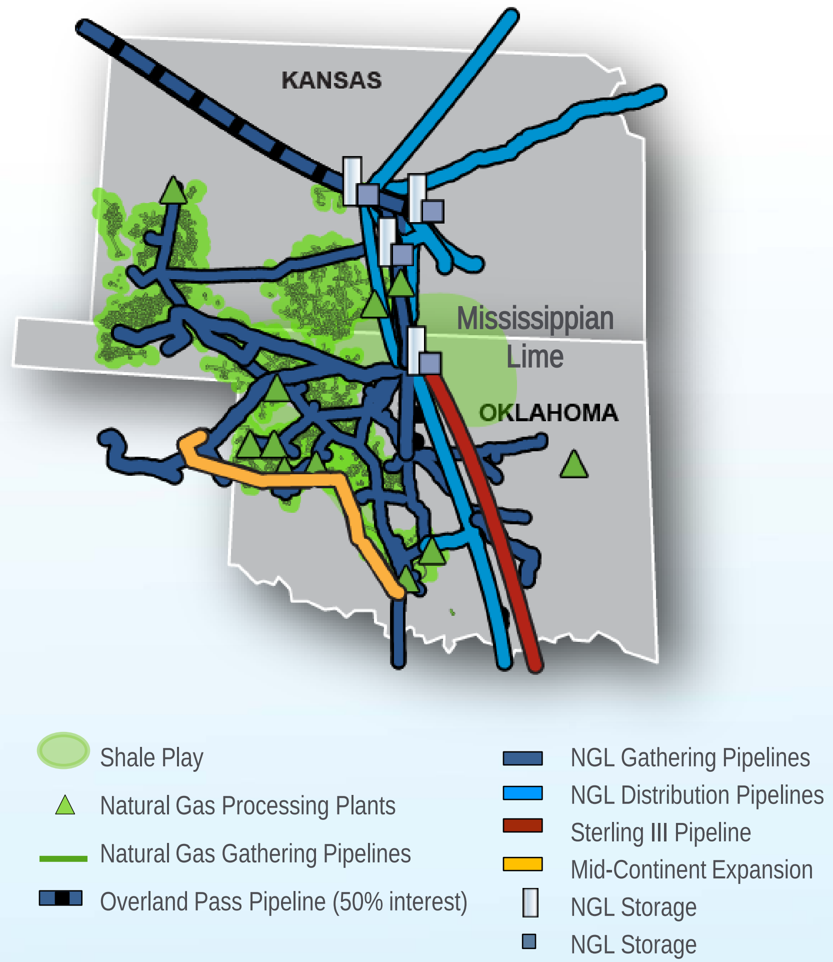



ONEOK PARTNERS

# Mississippian Lime

## *New Play with Great Potential*

- Existing natural gas gathering and processing and NGL assets are well positioned
- Exceptional potential
  - Eastern section contains higher amount of NGLs
  - Western section still contains significant NGL content
- Shallow play economical at $60/Bbl of crude oil and $4.00/Mcf of natural gas*




** Source: Various industry and company research*

# Natural Gas Pipelines

## *Future Growth Opportunities*

- Connections to new natural gas-fired electric-generation plants
- Providing pipeline takeaway capacity for growing natural gas shale plays
- Pipeline expansions and extensions into new and existing markets
- Additional interconnects accessing new supply basins and markets
- Optimization of short-term storage and transportation capacity to capture additional margin
- Providing enhanced services to meet customer demand profiles
- Acquisitions

Exploration & Production

Midstream Natural Gas

Midstream NGLs

Distribution

Marketing

Markets

ONEOK PARTNERS

# Natural Gas Pipelines

*Demand for Natural Gas**

- Current demand growth expected to be relatively flat for the next several years
- Growth is expected to be primarily from the power-generation sector
  - 75% of growth in natural gas consumption expected from the power sector
    - Very little demand growth occurs in other demand sectors
    - “Real” growth in the use of CNG is limited to commercial fleets and busses
- Natural gas supply to shift from conventional to predominant shale gas production
  - Shale gas production: 308% increase from 2010 to 2035
- 8,500 miles of lateral natural gas pipelines needed to connect to new power plants
  - Over the next 25 years, 600 laterals of new delivery capability required

**Source: ICF International report - North American Midstream Infrastructure Through 2035*



ONEOK PARTNERS

# Natural Gas Liquids

## *Future Growth Opportunities*

### Gathering, Fractionation & Storage

- Increase fractionation capacity
  - Expand existing Mid-Continent facilities
  - Build new fractionator at Mont Belvieu
- Connect to new supply within footprint
  - North Dakota, Wyoming, Texas, Oklahoma, Colorado
- Increase storage and marketing capabilities
  - Truck terminals
  - Rail/truck racks
  - Increase brine capacity
  - Product treating

### NGL Pipelines

- Overland Pass and Arbuckle
  - Expansions and laterals to new NGL supply
- New regions
  - Niobrara
  - West Texas
  - Utica/Marcellus
- Capacity expansions, debottlenecking, upgrades and conversions
- North System
  - Transport diluent to Canada's oil sands and denaturant to ethanol-blending terminals
  - Increase shipments of iso-butane and refinery-grade butane to Midwest refineries

ONEOK PARTNERS

# Natural Gas Liquids

## NGL Market Dynamics

ONEOK PARTNERS

# NGL Industry Environment

## *Key Points*

- NGL supply growing from liquids-rich regions
  - Helping to offset steep natural declines of base production
- NGL demand keeping pace with supply
  - Petrochemical demand growth in Gulf Coast
- Fractionation capacity is tight with new capacity being built at Mont Belvieu
  - Rates for fractionation and storage increasing with "frac or pay" terms
- Conway to Mont Belvieu pipeline capacity is limited
  - Infrastructure build-outs connecting to previously constrained supply
  - New pipelines between Conway and Mont Belvieu proposed
- NGL price differentials between Conway and Mont Belvieu above historical levels
- NGL prices more sensitive to Brent pricing due to high processing spreads



ONEOK PARTNERS

# Natural Gas Liquids

## *U.S. Fractionation Capacity**

- U.S. NGL fractionation capacity approximately 2.3-2.5 million bpd
- Majority of capacity in the central U.S.
  - Rockies east to Mississippi River
  - Mid-Continent to Gulf Coast
- More than 715,000 bpd of incremental fractionation capacity expansions announced
  - ONEOK Partners
    - 60,000 bpd in Mid-Continent (Bushton expansion)
    - 75,000 bpd in Gulf Coast (MB-2)

** Source: En*Vantage and company research*


ONEOK PARTNERS

# NGL Supply

## *NGL Production is Growing*

- Producers focused on crude oil and liquids-rich regions
- NGL supply is still short of peak levels reached in 2000
- Decline rate of base NGL production from current gas supply must be factored into long-term estimates
  - Industry studies indicate U.S. natural gas production base decline rate could be in excess of 20% per year
- Ethane portion of NGL barrel growing
  - Technology enables processing plants to extract and recover more NGLs and to operate more efficiently
  - More ethane content in certain shale plays
- Expanding processing capacity in shale plays to accommodate volume growth
- Ethane storage balances tighter
- Bottlenecks are being resolved with infrastructure build-outs

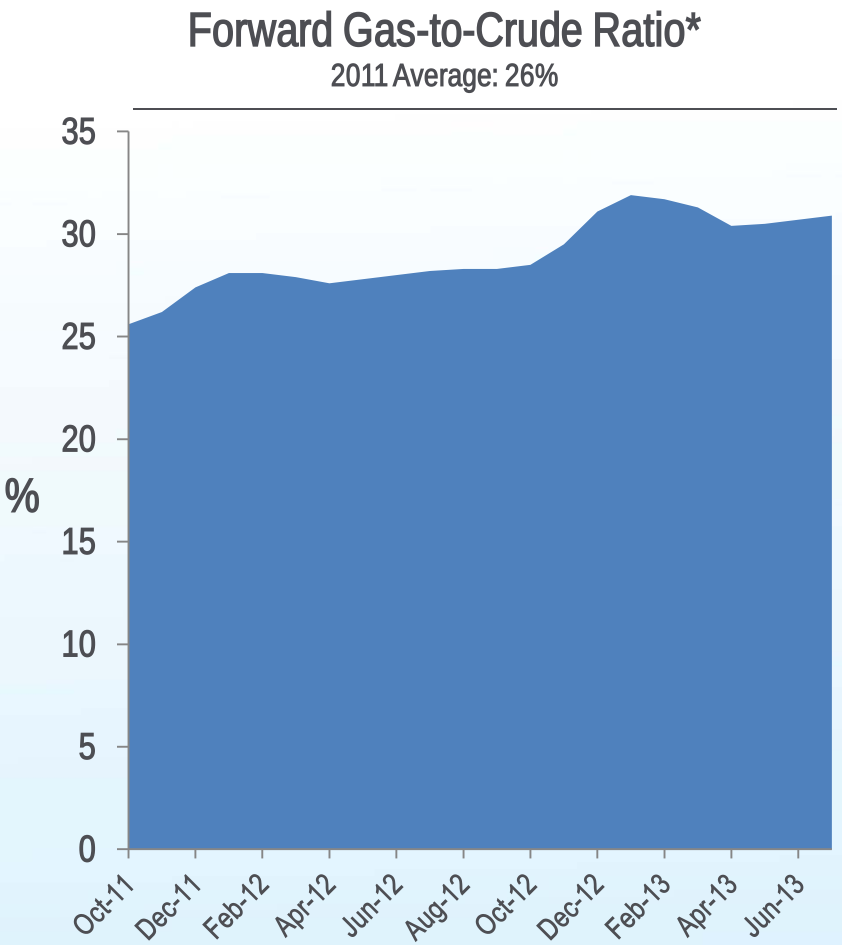
NGL Processing, Fractionation and Transportation Solutions Required

ONEOK PARTNERS

# NGL Demand

*Natural Gas-to-Crude Price Ratio Driving NGL Demand*

- Increased production of natural gas
- Current demand for natural gas relatively unchanged
- Strong crude oil prices
- Results in relatively stable forward ratio
- Drives strong NGL frac spreads
- Wide ratio extremely favorable for petchem economics




**Source: WTI strip as of Sept. 7, 2011*

# NGL Demand

## *Driven by Petrochemical Companies*

- Petrochemical demand remains robust
  - Ethane supplies are tight
  - Pricing for heavy NGLs remain favorable
  - Operating rates over 90 percent
  - Several chemical companies announcing debottlenecks, expansions and new plants
  - ***More than 400,000 bpd of additional ethane demand by 2017***
- Net exporter of propane
- Proven track record of U.S petrochemical plants remaining competitive globally
- Third-party interest remains strong in shipping diluent
  - Used in production and transportation of heavy Canadian crude oil

*Source: En*Vantage, various industry and company research*

More than 400,000 bpd of
Additional Ethane Demand by 2017



ONEOK PARTNERS

# Petrochemical Plant Announcements

*Incremental Demand for Ethane*

- Dow Chemical
  - Re-starting ethylene cracker in Louisiana by end of 2012
  - Improving ethane feedstock flexibility for ethylene cracker in Louisiana in 2014
  - Increasing ethane feedstock flexibility for ethylene cracker at Dow Texas Operations in 2016
  - Constructing a new ethylene production plant in the U.S. Gulf Coast, for start-up in 2017
  - Constructing a new propylene production facility at Dow Texas Operations, for start-up in 2015
  - Exploring option to commercialize its own technology to produce propylene from propane, with potential start-up of a new production unit in 2018

More than 400,000 bpd of
Additional Ethane Demand by 2017

*Source: En*Vantage, various industry and company research*



ONEOK PARTNERS

# Petrochemical Plant Announcements

*Incremental Demand for Ethane*

- LyondellBasell
  - Planning to expand existing plants, possibly in Channelview and La Port over next few years increasing ethylene output
  - Considering the construction of a new ethylene plant
- ChevronPhillips
  - Building a 1-hexene plant in Texas, for start-up in 2014
- Westlake
  - Increasing the ethane-based ethylene capacity at Lake Charles, Louisiana
  - Evaluating expansion options and upgrade of ethylene production facilities at Calvert City, Kentucky
- Shell
  - Building a new U.S. steam cracker with a Marcellus Shale proposal

More than 400,000 bpd of
Additional Ethane Demand by 2017

*Source: En*Vantage, various industry and company research*



ONEOK PARTNERS

# Leadership Discussion

## ONEOK Partners Management Team

# John W. Gibson

ONEOK, Inc. | Chairman, President and Chief Executive Officer
ONEOK Partners, L.P. | Chairman, President and Chief Executive Officer

# Conclusions

## *Key Points*

- Commitment to increasing shareholder and unitholder value
  - 2012 guidance and three-year outlook
  - Growing dividends and distributions
- ONEOK Partners remains primary growth vehicle for ONEOK
  - Strategically located in emerging shale plays with embedded growth
- Investing in projects with attractive returns creating long-term value for stakeholders
  - $3 billion of internal growth projects backed by supply commitments
  - Evaluating additional growth opportunities
  - Acquisitions or internal growth projects
- Structure and ONEOK free cash flow provide opportunity and flexibility

Exploration & Production | Midstream Natural Gas | Midstream NGLs | Distribution | Marketing | Markets

# Questions & Answers

# Lunch | 12:00 – 1:30 pm  Nassau Room

ONEOK | ONEOK PARTNERS

# Investor Relations

## *Contacts*


### Dan Harrison

***Vice President***

***Investor Relations & Public Affairs***

918-588-7950

dan.harrison@oneok.com

### Andrew Ziola

***Manager***

***Investor Relations***

918-588-7163

andrew.ziola@oneok.com

### Lindsey Ameen

***Investor Relations Analyst***

***Shareholder Services***

918-588-7671

lindsey.ameen@oneok.com




ONEOK | ONEOK PARTNERS

# ONEOK

## Appendix

# Cash Flow Growth

## *Aligned Interests*

### ONEOK Partners

Natural Gas Gathering & Processing

Capital Investment Growth

Distribution Growth

**Unitholders**

General Partner

Limited Partners

Natural Gas Pipelines

Natural Gas Liquids

**Aligned Interests**

- Distribution increase of 1-cent-per-quarter increases annual distributions to ONEOK by $11.5 million
- Distributions to unitholders have increased 46% since 2006
- Cash distributions to ONEOK more than doubled since 2006

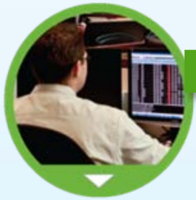
### ONEOK

ONEOK Partners

**Dividend Growth**

- Doubled since 2006

Distribution



Energy Services

**Free Cash Flow**

- $195 million in 2011
- Opportunities for acquisitions, investment in OKS, dividend increases, share repurchases

ONEOK

# Pipeline Safety

## *Pipeline Operations*

- Pipelines are the safest mode of transportation for energy products
- ONEOK and ONEOK Partners operate:
  - 3,000 miles of natural gas distribution transmission pipelines
  - 7,000 miles of natural gas transmission pipelines
  - 15,000 miles of natural gas gathering pipelines
  - 6,000 miles of natural gas liquids pipelines
- Pipeline Control Centers provide 24-hour electronic surveillance of pipeline operations


Exploration & Production


Midstream Natural Gas


Midstream NGLs


Distribution


Marketing


Markets

ONEOK

# Natural Gas Distribution

## Appendix

# Natural Gas Distribution

## *On the Horizon - Regulatory*

**2011**

**Oklahoma -** Performance-based rate filing approved in July 2011 – no change in rates

**Oklahoma -** Energy efficiency program approved in May 2011

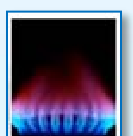
**Texas -** Cost-of-service adjustment and Gas Reliability Infrastructure Program (GRIP) filings or rate cases for various jurisdictions

**2012**

**Oklahoma -** Performance-based rate filing March 2012 with new rates to be effective July 2012, if applicable

**Oklahoma -** Energy efficiency program filing in 2012

**Kansas - Natural gas rate application filing expected mid-2012**



**Texas -** Cost-of-service adjustment and Gas Reliability Infrastructure Program (GRIP) filings or rate cases for various jurisdictions

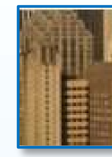
**2013**

**Oklahoma -** Performance-based rate filing March 2013 with new rates to be effective July 2013, if applicable

**Oklahoma -** Energy efficiency program filing in 2013

**Texas -** Cost-of-service adjustment and Gas Reliability Infrastructure Program (GRIP) filings or rate cases for various jurisdictions

**2014**



**Oklahoma -** A general rate review required to be filed on or before June 2014

**Texas -** Cost-of-service adjustment and Gas Reliability Infrastructure Program (GRIP) filings or rate cases for various jurisdictions

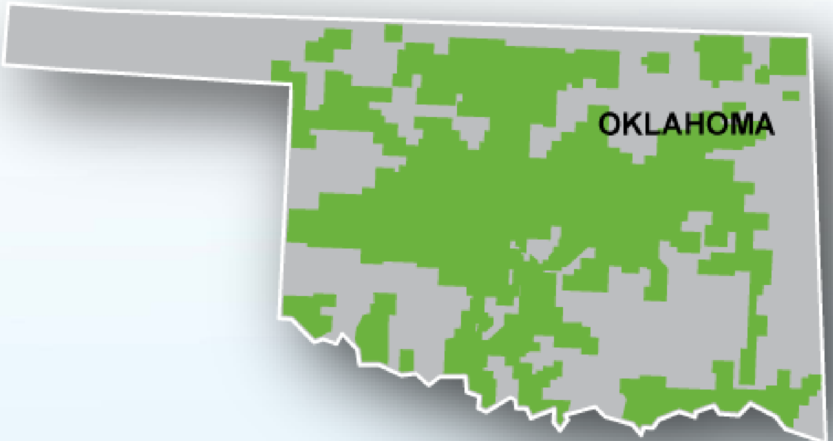
**2015**

ONEOK

# Natural Gas Distribution

*Oklahoma Natural Gas*

- Largest customer base
  - Approximately 83 percent of state's natural gas customers
  - 842,000 customers
    - 75% in metropolitan areas
- Oklahoma Corporation Commission
  - Three commissioners elected to six-year staggered terms
- Rate activities
  - Annual performance-based rate filing approved in July 2011
  - Energy-efficiency application approved in May 2011




ONEOK

# Natural Gas Distribution

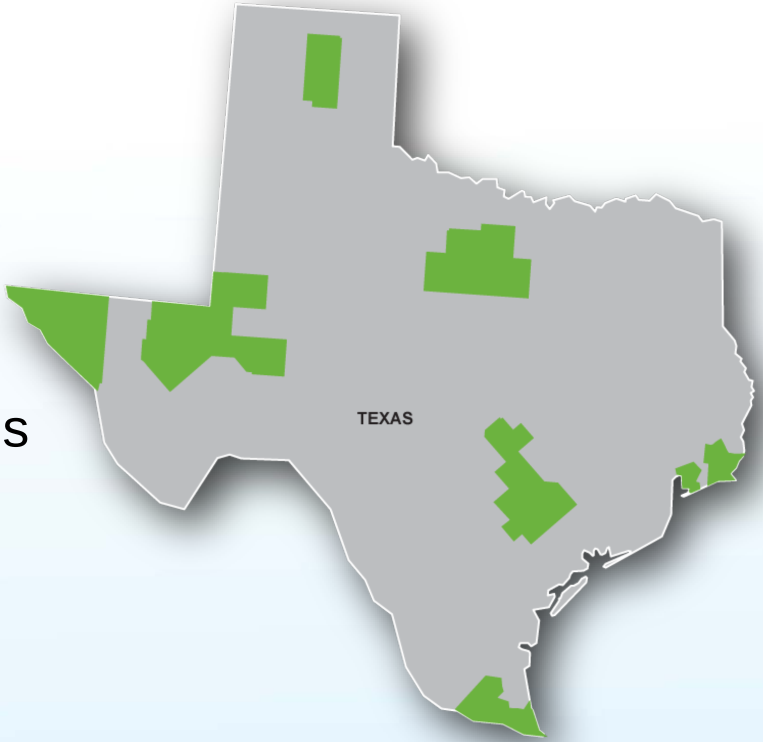
*Kansas Gas Service*

- Coldest territory
- Approximately 68 percent of state's natural gas customers
  - 638,000 customers
    - 60% in metropolitan areas
- Kansas Corporation Commission
  - Three commissioners appointed by the governor to four-year staggered terms
- Rate activities
  - Rate application filing expected mid-2012

# Natural Gas Distribution

## *Texas Gas Service*

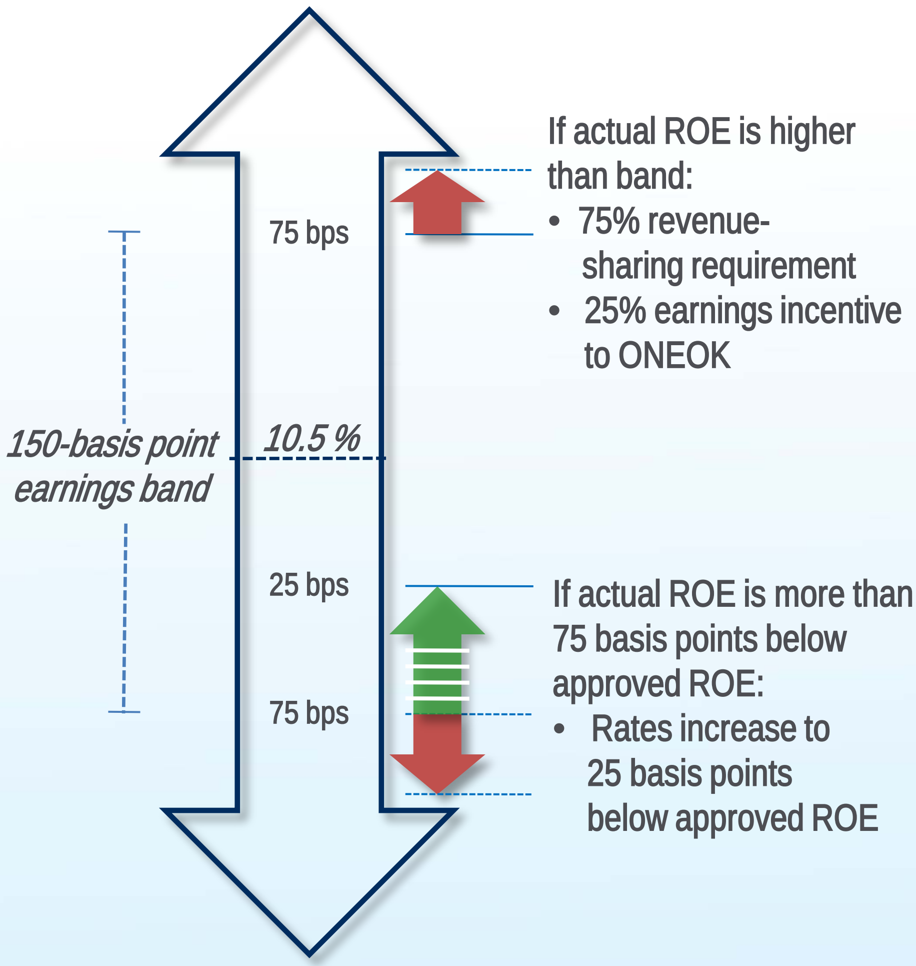
- Third largest natural gas distributor in the state
  - Approximately 14 percent of state's natural gas customers
  - 622,000 customers
    - 75% in metropolitan areas
- "Home Rule" with 10 jurisdictions
  - Texas Railroad Commission has appellate authority
- Rate activities
  - Annual jurisdictional GRIP and COSA filings with rate cases in selected jurisdictions



# Natural Gas Distribution

## *Oklahoma Natural Gas – Performance-based Rates*

- Performance-based rate structure
  - Increase frequency and decrease size of rate case changes
  - Once new rates are set, annual filings occur
- Less volumetric sensitivity
  - Minimizes exposure to effects of weather and conservation




ONEOK

# Energy Services

Appendix

# Energy Services

## *Current Environment*

- Abundance of natural gas supply in strategic locations created by production from prolific shale plays
- Ample transportation capacity between pricing points
- Extremely narrow location and seasonal price differentials
- Premium-services fees experiencing downward pressure due to lower natural gas prices and lack of volatility

Exploration & Production | Midstream Natural Gas | Midstream NGLs | Distribution | **Marketing** | Markets

ONEOK

# Energy Services

## *Hedging*

- Hedging strategy
  - Executed based on point-of-view and market liquidity
- 2011 volumes hedged*
  - 27% of transportation for remainder of 2011
  - 74% of storage for remainder of 2011
- 2012 volumes hedged*
  - 16% of transportation for 2012
  - 57% of storage for 2012

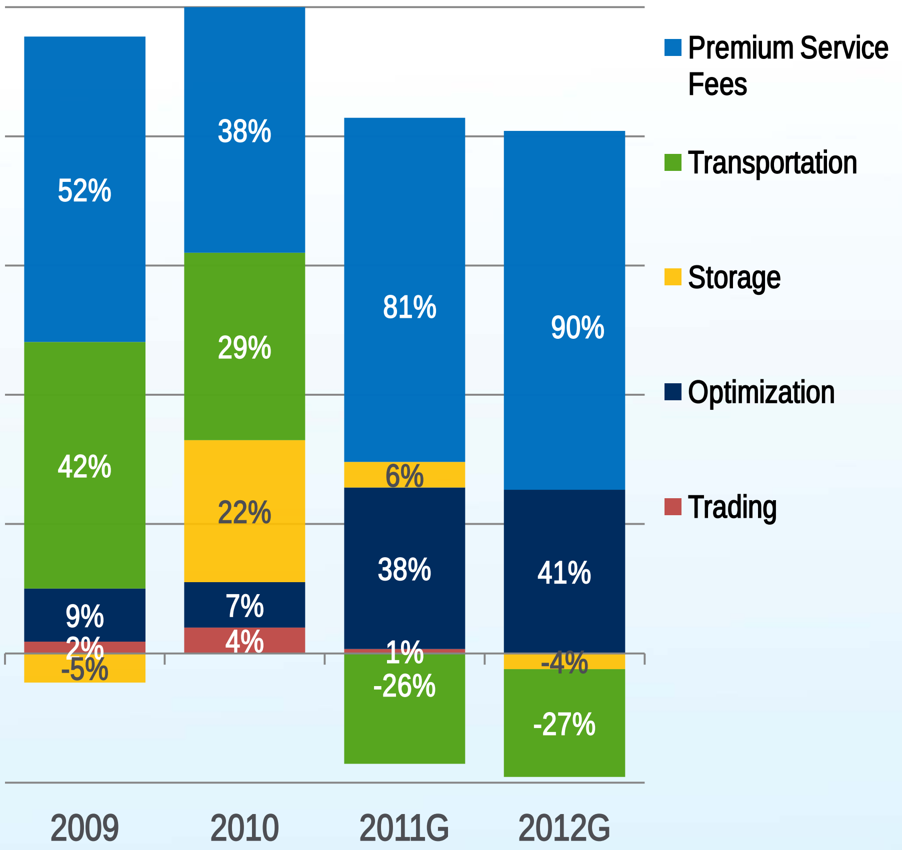

**As of Aug. 31, 2011*

ONEOK

# Energy Services

## *Sources of Margin*

- Premium-services fees, Transportation and Storage
  - Provide natural gas and a wide range of services (base load, swing and peaking) to various end users by optimizing storage, transportation, marketing and risk-management capabilities
- Optimization
  - Enhance margins through application of market knowledge and risk-management skills; differential-, commodity- and derivative-based
- Trading
  - Leverage our physical positions through market knowledge, volatility or inefficiencies to extract margins, primarily using derivatives; differential-, commodity- and derivative-based



# ONEOK Partners Growth Projects

## Appendix

# ONEOK Partners Growth

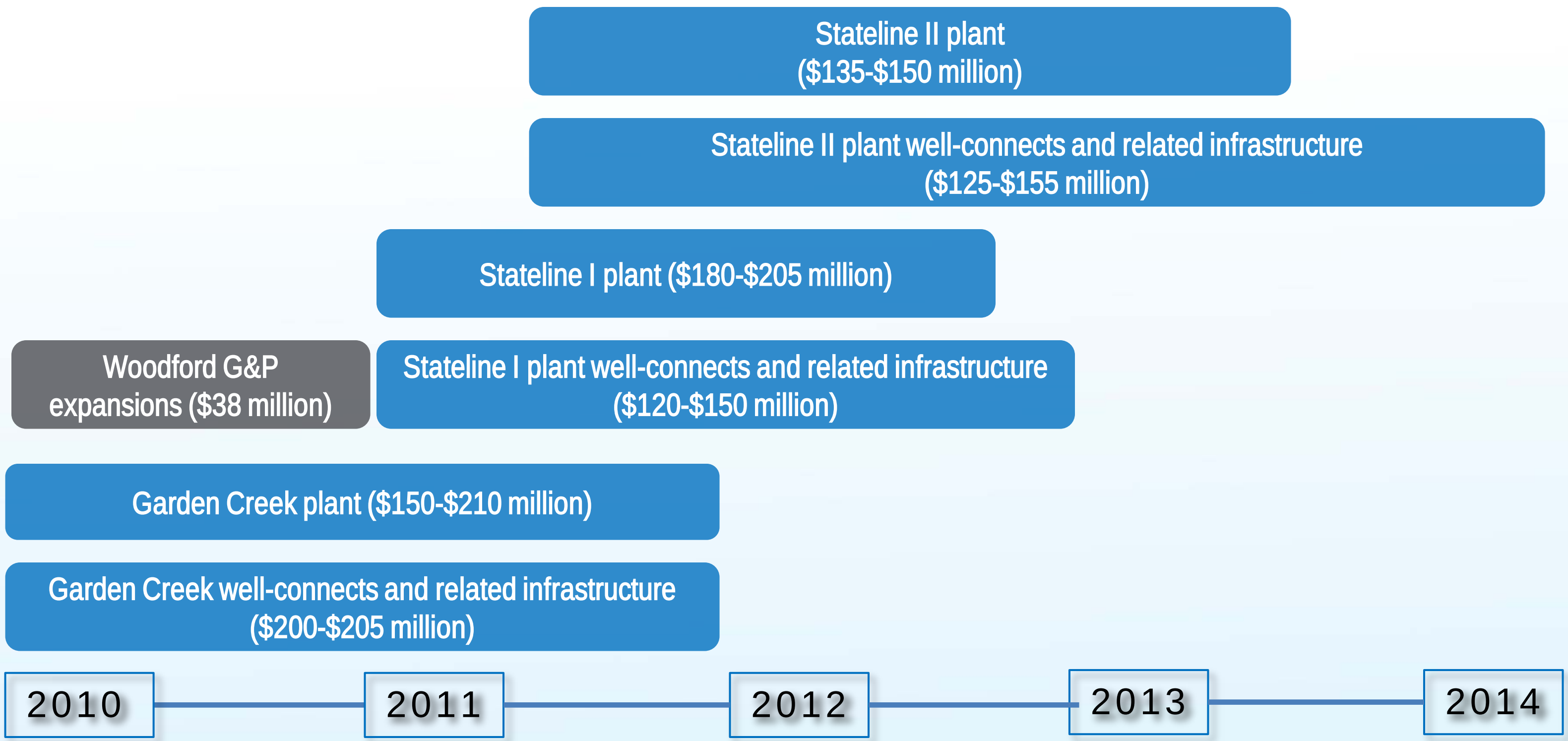
*More than $2 Billion of Growth Projects Completed – 2006-2009*

- 2010 was first full year of all projects contributing EBITDA
- Two-thirds of investments were NGL-related projects – fee based
- Set the stage for next tranche of growth


- Natural Gas Gathering & Processing
- Natural Gas Pipelines
- Natural Gas Liquids Gathering Pipelines
- Natural Gas Liquids Distribution Pipelines
- Growth projects completed

# ONEOK Partners Growth Projects

## *Timeline – Natural Gas*




**$950 Million – $1.1 Billion**

*Completed projects*

ONEOK PARTNERS

# ONEOK Partners Growth Projects

*Timeline – Natural Gas Liquids*

Sterling III Pipeline and
Reconfiguring Sterling I and II Pipelines
($610 -$810 million)

MB-2 Fractionator
($300 -$390 million)

Bakken NGL Pipeline
($450 -$550 million)

Overland Pass Pipeline expansion
($35 -$40 million, net)

Sterling I expansion
($36 million)

Bushton fractionator expansion
($110-$140 million)

Woodford NGL expansions
($17 million)

Cana-Woodford and Granite Wash NGL
Pipelines and Arbuckle Pipeline Expansion
($180 - $240 million)

2010 — 2011 — 2012 — 2013 — 2014

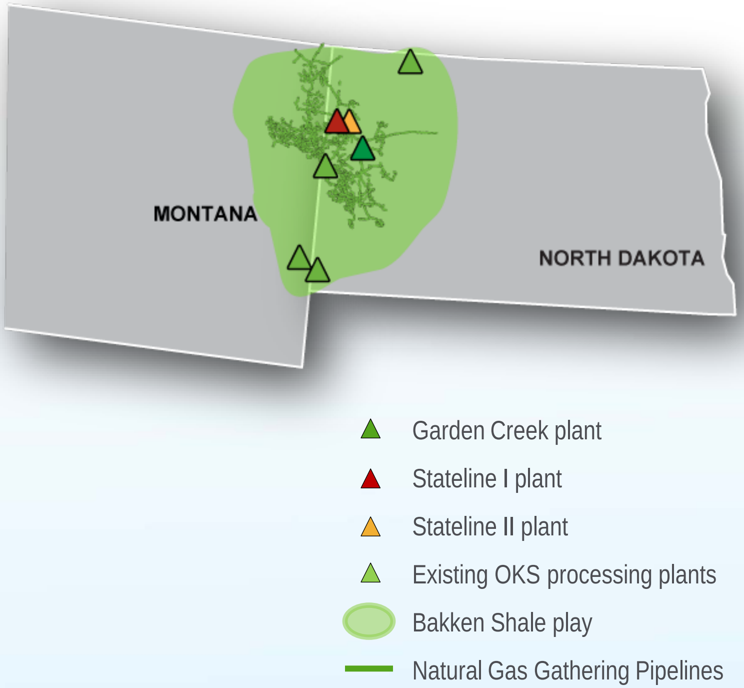
**$1.7 Billion – $2.2 Billion**

*Completed projects*

# Bakken Shale – Garden Creek Plant

*Natural Gas Gathering and Processing Investments*

- Garden Creek plant
  - 100 MMcf/d natural gas processing facility
  - $150-$210 million
  - In service late 2011
- Well-connects, upgrades and expansions to existing infrastructure
  - $200-$205 million in 2010-2014
    - Includes $90 million to connect 250+ wells in 2010, 400 in 2011




$350 million to $415 million

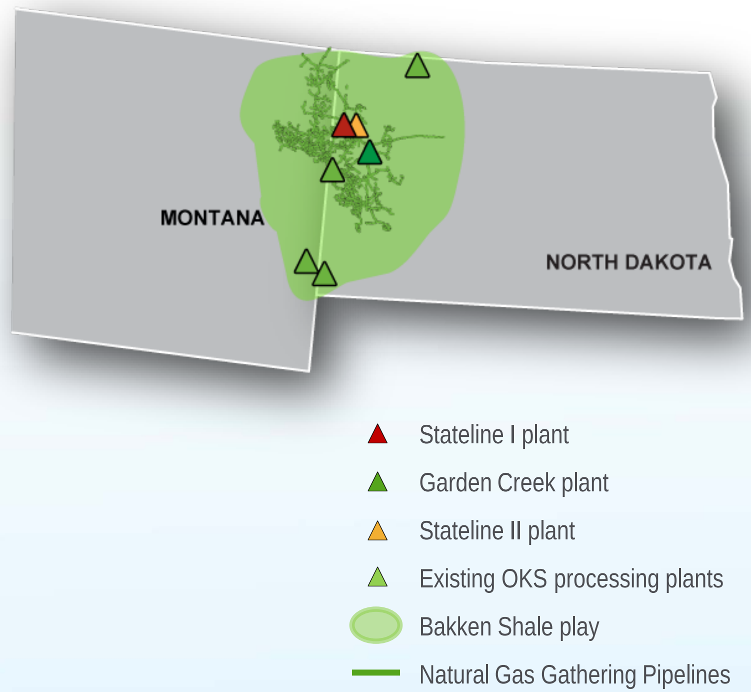


ONEOK PARTNERS

# Bakken Shale – Stateline I Plant

## *Natural Gas Gathering and Processing Investments*

- Stateline I plant
  - 100 MMcf/d natural gas processing facility
  - $180-$205 million
  - In service third quarter 2012
- Well-connects, upgrades and expansions to existing infrastructure
  - $120-$150 million
    - Includes $50-$60 million for new well connections in 2011 and 2012




**$300 million to $355 million**

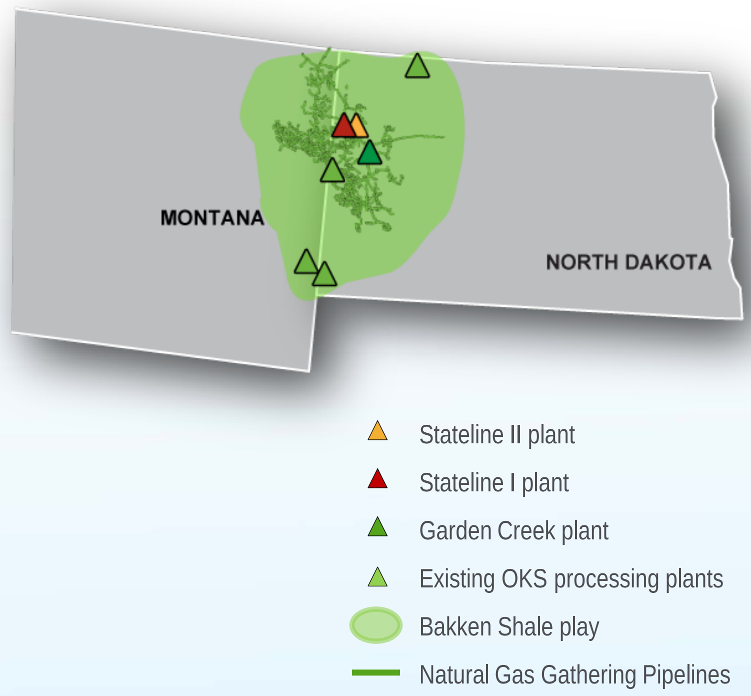


ONEOK PARTNERS

# Bakken Shale – Stateline II Plant

*Natural Gas Gathering and Processing Investments*

- Stateline II plant
  - 100 MMcf/d natural gas processing facility
  - $135-$150 million
  - In service first half of 2013
- Well-connects, upgrades and expansions to existing infrastructure
  - $80-$110 million for expansions and upgrades
  - $45 million for new well connections between now and the end of 2014



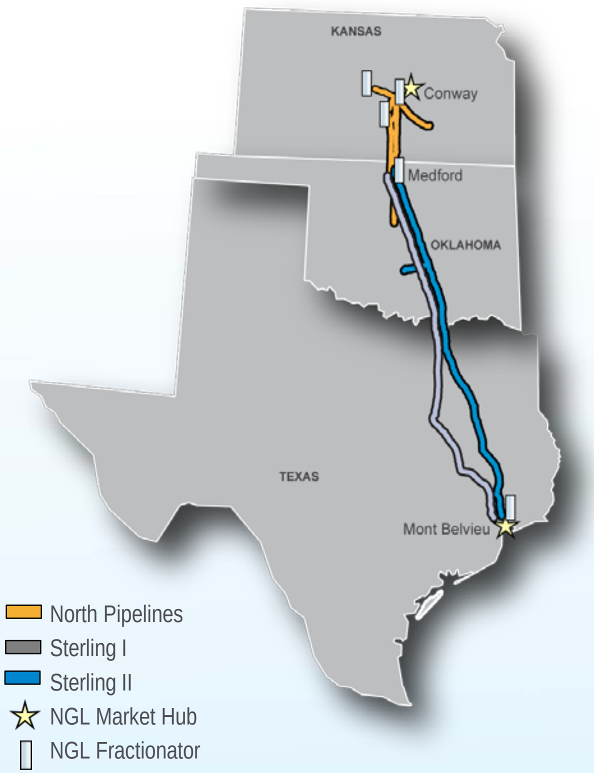

**$260 million to $305 million**

ONEOK PARTNERS

# NGL Distribution Pipeline Expansion

## *Sterling I*

- Installing seven additional pump stations along Sterling I pipeline
  - Increasing capacity by 15,000 bpd
- Transports NGL purity products from Medford, Okla., fractionator to Mont Belvieu, Texas
- Increases capacity for optimization activities
- Almost complete




**$36 million**

ONEOK PARTNERS

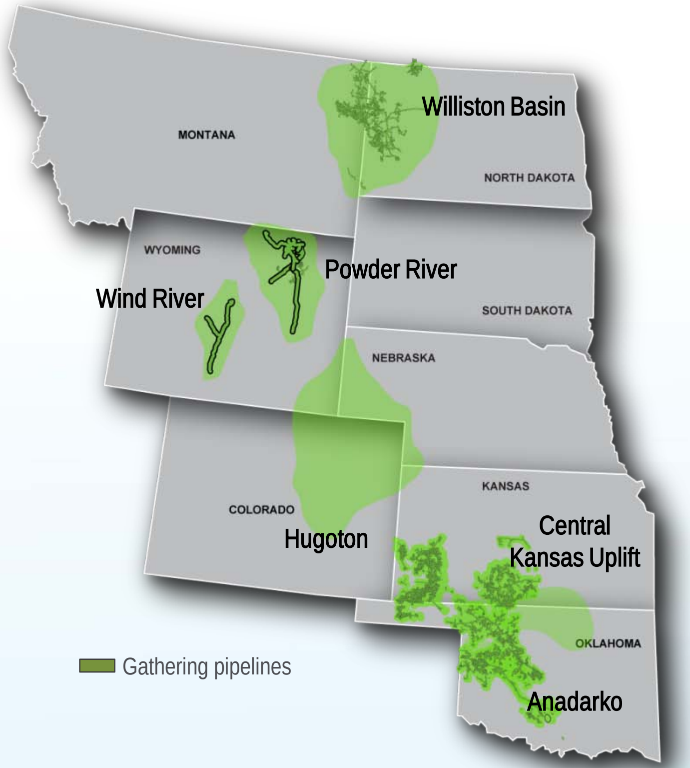
# Natural Gas

## Appendix

# Natural Gas Gathering and Processing

## *Asset Overview*

- ***Non-discretionary*** services to producers
  - Gathering, compression, treating and processing
- Natural gas supplies from six basins
- Diverse contract portfolio
  - More than 2,000 contracts
  - Minimal exposure to keep-whole spread



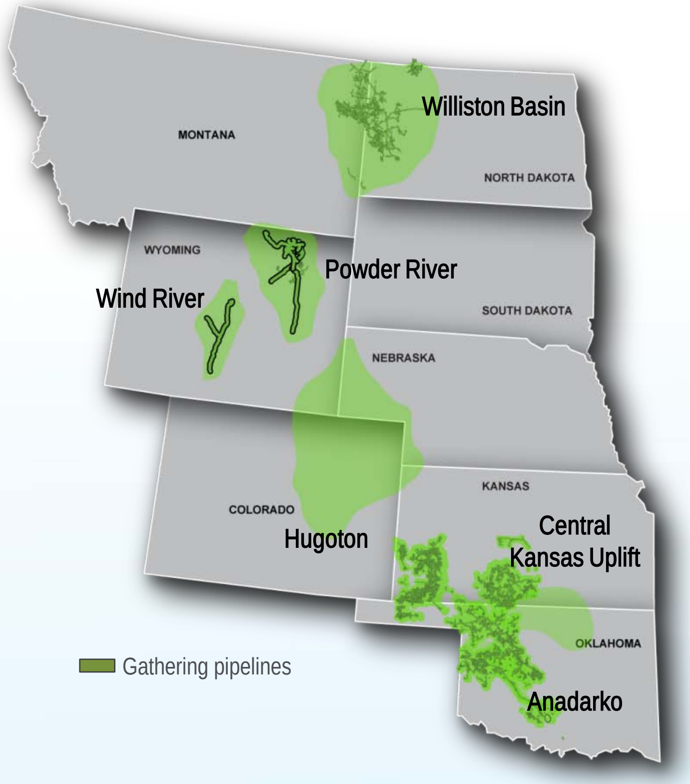

| | |
|---|---|
| Gathering | 15,200 miles of pipe |
| Processing | 13 active plants<br>770 MMcf/d capacity |
| Production<br>*June 30, 2011 YTD* | 1,009 BBtu/d gathered<br>661 BBtu/d processed<br>287 BBtu/d residue sold<br>45 MBpd NGLs sold |

ONEOK PARTNERS

# Natural Gas Gathering and Processing

## *Basin Overview*

- Williston Basin
  - Bakken formation includes oil, natural gas and natural gas liquids
    - High NGL content
- Powder River Basin
  - Coal-bed methane, “dry,” gas produced that does not require processing
- Wind River Basin
  - Conventional wells
- Mid-Continent
  - Anadarko, Hugoton, Central Kansas Uplift
  - Cana-Woodford Shale
  - Mississippian Lime






ONEOK PARTNERS

# Natural Gas Gathering & Processing

*Industry Environment*

- Rapid development of new production in shale plays
  - Producers focusing on oil and liquids-rich production to maximize netbacks
- Robust supply picture for natural gas - due to shale gas production - results in lower natural gas price environment
  - Producers keep drilling
  - Long-term pricing weakness due to large new shale supply
- Regulatory environment could impose higher costs
- Economic recovery
  - Slow and uncertain

Exploration & Production

Midstream Natural Gas

Midstream NGLs

Distribution

Marketing

Markets

ONEOK PARTNERS

# Natural Gas Gathering & Processing

## *Competitive Advantage*

- Large footprint provides access to active producing basins
  - Large position in prolific shale plays in the Williston Basin and Mid-Continent
  - Contracts with long-term dedications to support capital requirements
  - Diversity of producers and basins
- Low-cost provider of services that producers value and need
  - Quick connects
  - Reliable operations
  - High NGL recoveries
  - Ample and expandable capacity
  - Higher netbacks
  - Low pressure

Exploration & Production

Midstream Natural Gas

Midstream NGLs

Distribution

Marketing

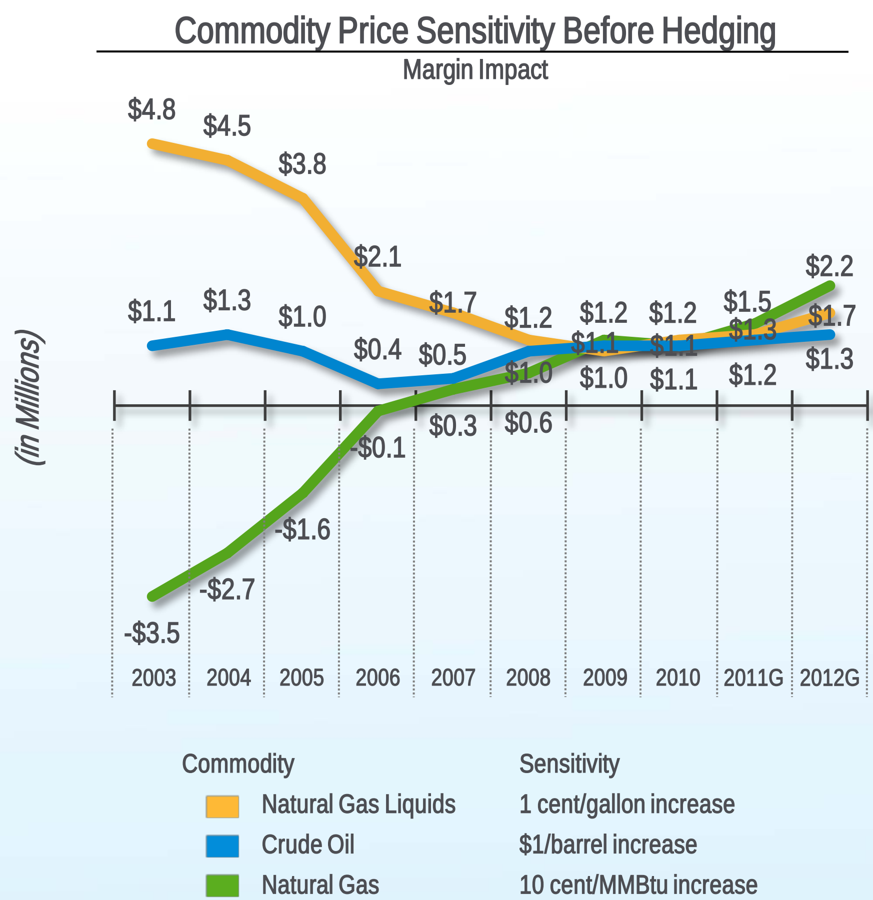
Markets

ONEOK PARTNERS

# Natural Gas Gathering and Processing

## *Commodity Price Risk Mitigation*

- Contract restructuring reduced keep-whole sensitivity
- Long NGL, condensate and natural gas positions
- 2011 hedged positions*
  - NGLs: 56% at $1.19/gallon
  - Condensate: 77% at $2.15/gallon
  - Natural Gas: 63% at $5.78/MMBtu
- 2012 hedged positions*
  - NGLs: 43% at $1.61/gallon
  - Condensate: 73% at $2.43/gallon
  - Natural Gas: 42% at $5.09/MMBtu
- 2013 hedged positions*
  - NGLs: 2% at $2.55/gallon
  - Condensate: 23% at $2.55/gallon

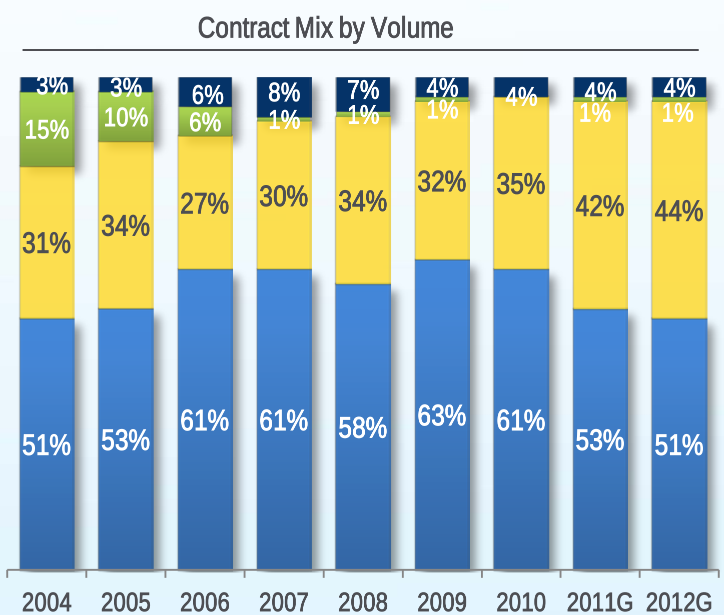


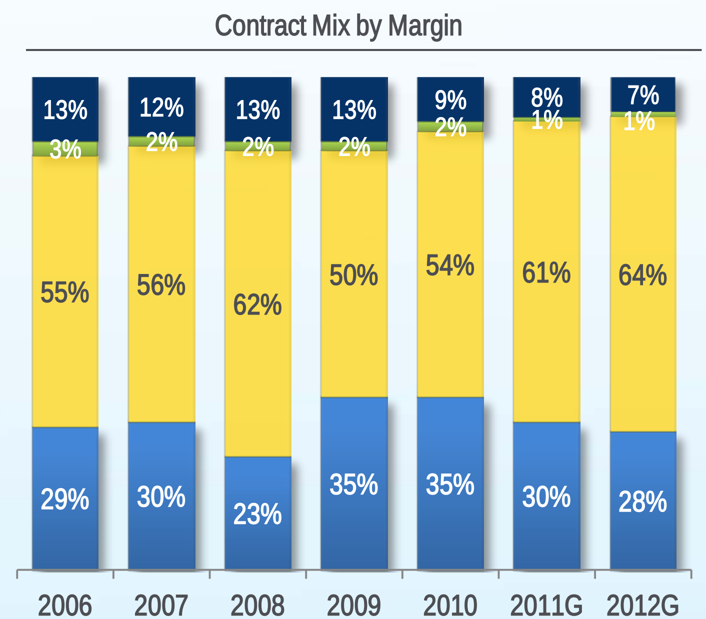

** As of Sept. 23, 2011*

# Natural Gas Gathering and Processing

## *Contract Portfolio*

- Contract restructuring is a core capability
  - Increases fee-based business and reduces commodity price sensitivity
- Conditioning language on 85% of keep-whole contracts to reduce spread risk
- Comfortable with current contract mix



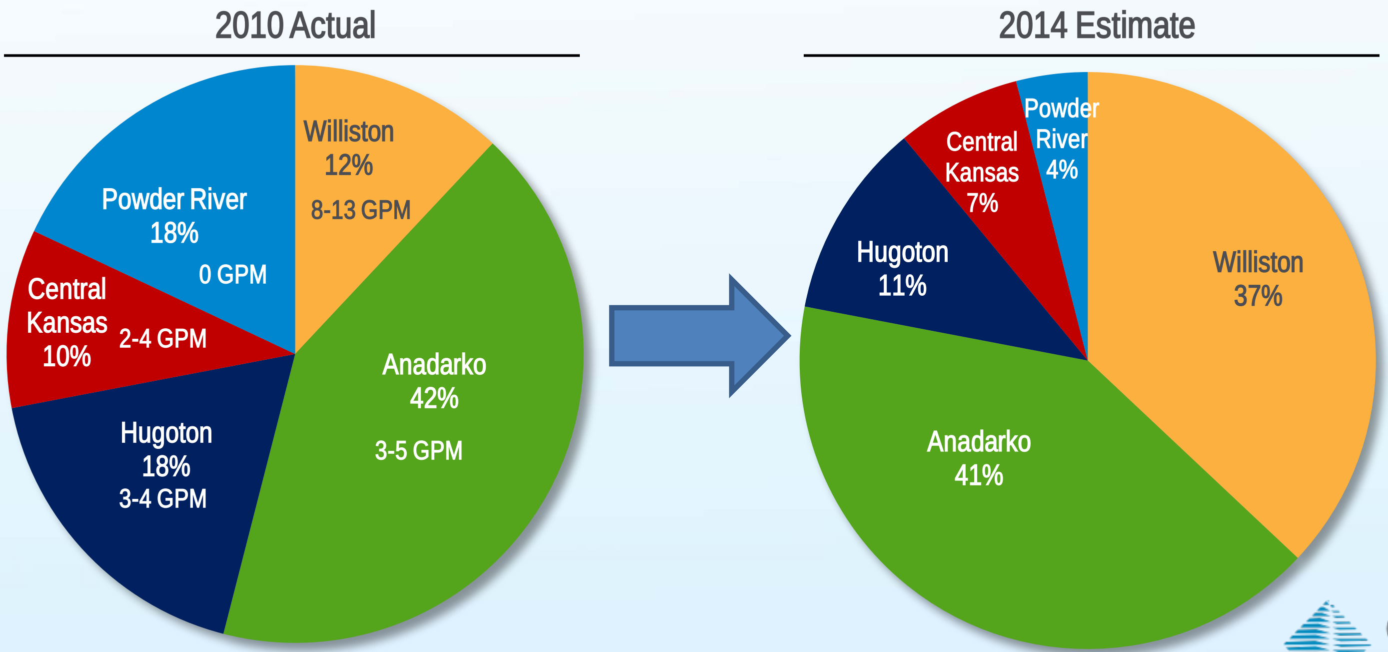

Fee Based  Percent of Proceeds  Keep Whole  Keep Whole w/ Conditioning

ONEOK PARTNERS

# Natural Gas Gathering and Processing

*Volume Growth by Basin*

- Williston Basin produces high NGL-content gas; produced with crude oil
- Oklahoma and Kansas regions produce moderately "wet" gas - requires processing
- Powder River Basin produces "dry" gas - does not require processing




Gathered Volume Analysis (MMBtu) by Basin

ONEOK PARTNERS

# Natural Gas Pipelines

## *Asset Overview*

- Predominantly fee-based income
- Approximately 82% of transportation capacity contracted under demand-based rates in 2011
- 100% of storage capacity contracted under fee-based arrangements in 2011
- Approximately 87% of system capacity contracted serves end-use markets


Natural Gas Interstate Pipeline
Natural Gas Intrastate Pipeline
Natural Gas Storage
Northern Border Pipeline (50% interest)

| | |
|---|---|
| Pipelines | 7,100 miles, 6.5 Bcf/d peak capacity |
| Storage | 52 Bcf active working capacity |
| Equity Investment | 50% Northern Border Pipeline |

ONEOK PARTNERS

# Natural Gas Pipelines

*Sustainable, Stable Cash Flow*

- Interstate Pipelines
  - Wholly owned pipelines are 90% subscribed under firm, demand-based rates in 2011
- Intrastate Pipelines
  - 77% subscribed under firm, demand-based rates in 2011
- Storage
  - 100% subscribed at market-based rates under firm agreements in 2011
- Key Customers
  - Natural gas and electric utilities

# Natural Gas Pipelines

## *Industry Environment*

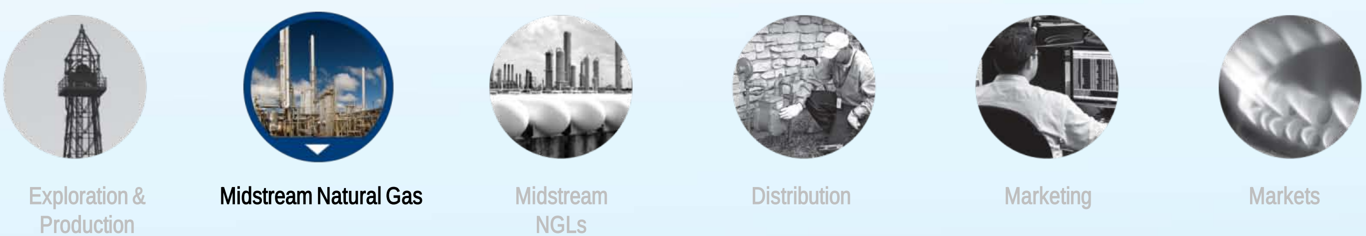
- End-user market connected assets reduce impact of narrow location price differentials and seasonal storage differentials
- Increased demand for natural gas-fired electric generation
- Proposed EPA regulations driving coal conversions to natural gas
- Continued shift in customer demand profiles from base-load to no-notice services
- Increasing demand by producers for firm capacity
- New production areas continue to drive supply-push projects and interconnects
- Regulatory environment continues to evolve
- Pipeline safety regulation under review and expected to tighten


ONEOK PARTNERS

# Natural Gas Pipelines

## *Competitive Advantage*

- Safe, compliant and reliable operations
- End-user market connected assets with access to diverse supply basins and key market centers
- Optimization focus to capture additional margin
- Competitive rates and flexible services
- Strong relationships that provide valued services to producers and markets

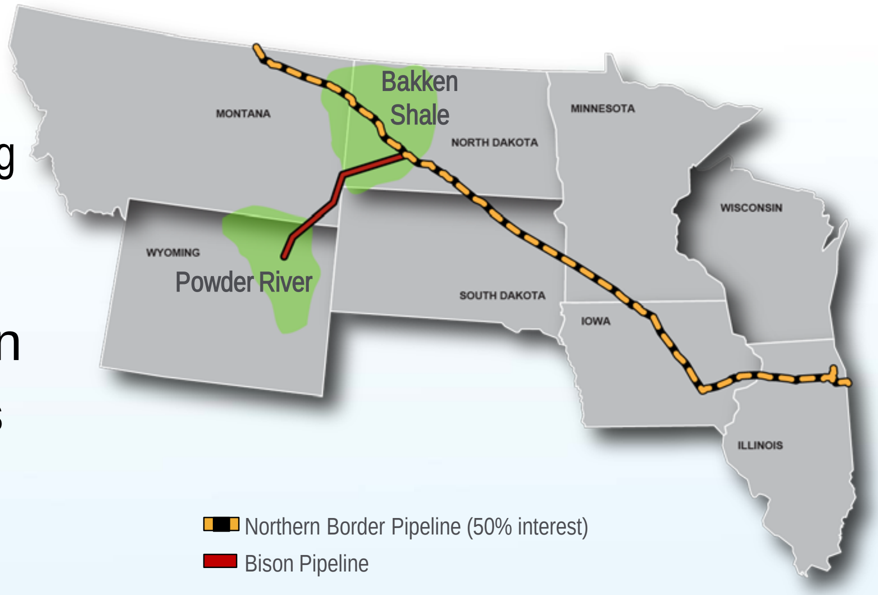



ONEOK PARTNERS

# Northern Border Pipeline

*50-Percent Equity Investment*

- Links natural gas supply from western Canada to Midwest markets
  - Potential new supply from emerging shale development in northeast British Columbia
- Bison Pipeline interconnection
  - Supply diversity accessing Rockies natural gas with continued supply growth in the Bakken Shale
- Substantially subscribed through October 2012




| Northern Border Pipeline | |
|---|---|
| Pipeline | 1,398 miles |
| Capacity | 2.4 Bcf/d |

ONEOK PARTNERS

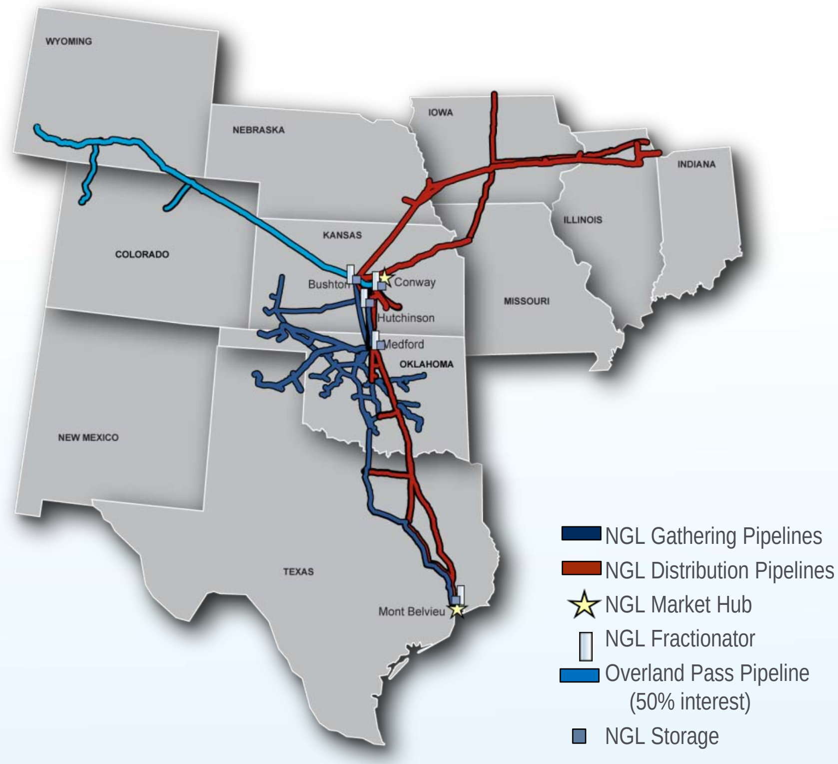
# Natural Gas Liquids

## Appendix

# Natural Gas Liquids

## *Asset Overview*

- Provides ***non-discretionary*** and fee-based services to processors and customers
  - Gathering, fractionation, transportation, marketing and storage
- Extensive NGL gathering system
  - Connected to approximately 100 natural gas processing plants in the Mid-Continent, Barnett Shale and Rocky Mountain regions
  - 90% of processing plants in our footprint
- Links key NGL market centers at Conway and Mont Belvieu
- North System supplies Midwest refineries and propane markets



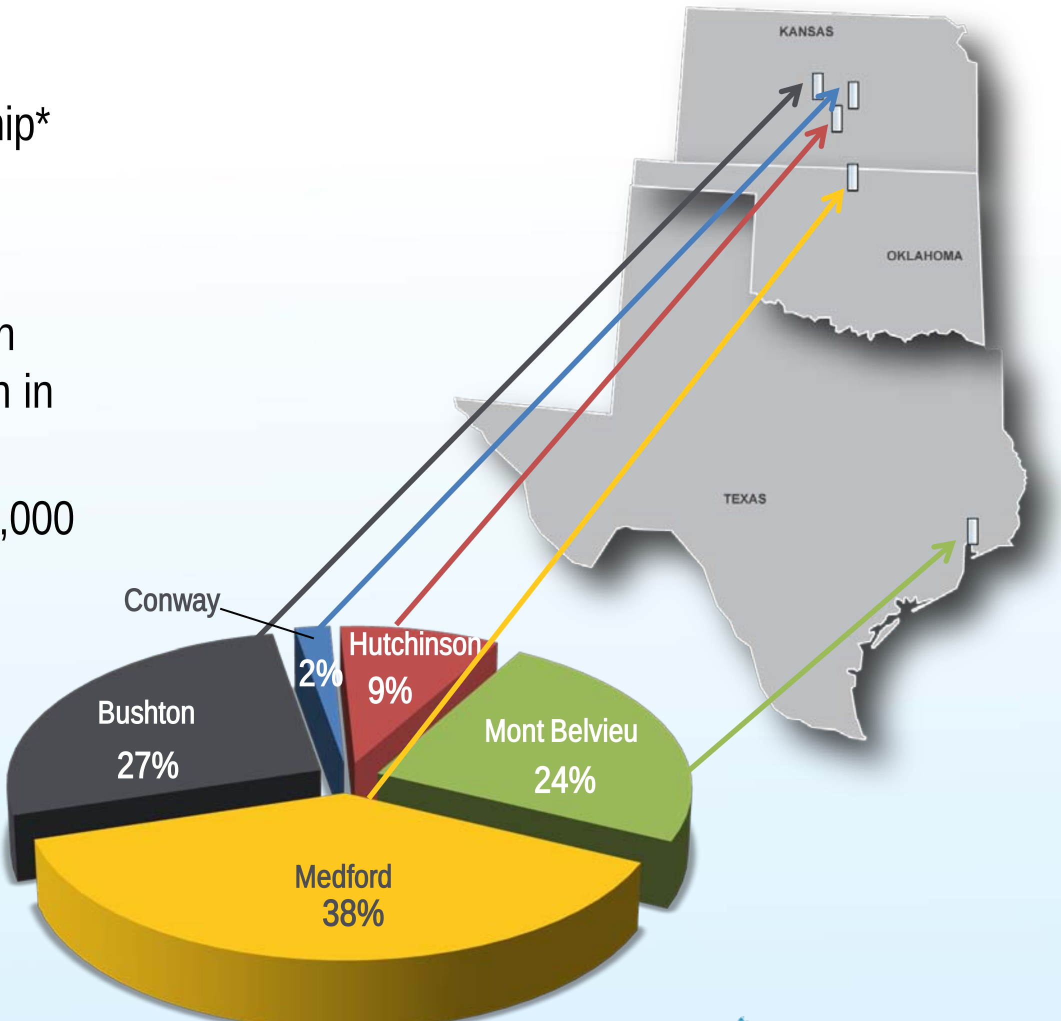

| | |
|---|---|
| Fractionation | 549,000 bpd capacity |
| Isomerization | 9,000 bpd capacity |
| Storage | 23.2 MMBbl capacity |
| Distribution | 3,660 miles of pipe with 757,000 bpd capacity |
| Gathering – Raw Feed | 3,280 miles of pipe with 700,000 bpd capacity |
| Equity Investment | 50% Overland Pass Pipeline |

ONEOK PARTNERS

# Natural Gas Liquids

## *ONEOK Partners Fractionation Capacity*

- ONEOK Partners
  - 549,000 bpd, net ownership*
- Increasing our fractionation capacity
  - 60,000 bpd of fractionation services from Targa began in second quarter 2011
  - Expanding Bushton by 60,000 bpd in 2013
- Building new MB-2 fractionator at Mont Belvieu
  - 75,000 bpd in 2013



Fractionation Capacity**

*As of September 2011
**Does not include Targa capacity, Bushton expansion or MB-2

# Natural Gas Liquids

## *Competitive Advantage*

- Scale and scope of assets and services
  - Supplier of choice
- Broad footprint provides growth opportunities
  - Mid-Continent, Rockies and Midwest
- Asset base is well positioned to capitalize on supply development and shale plays
- Integrated infrastructure provides full-service capabilities
  - Difficult and expensive to duplicate
  - Availability of supply
  - Flexibility and connectivity to key market hubs


Exploration & Production


Midstream Natural Gas


Midstream NGLs


Distribution


Marketing

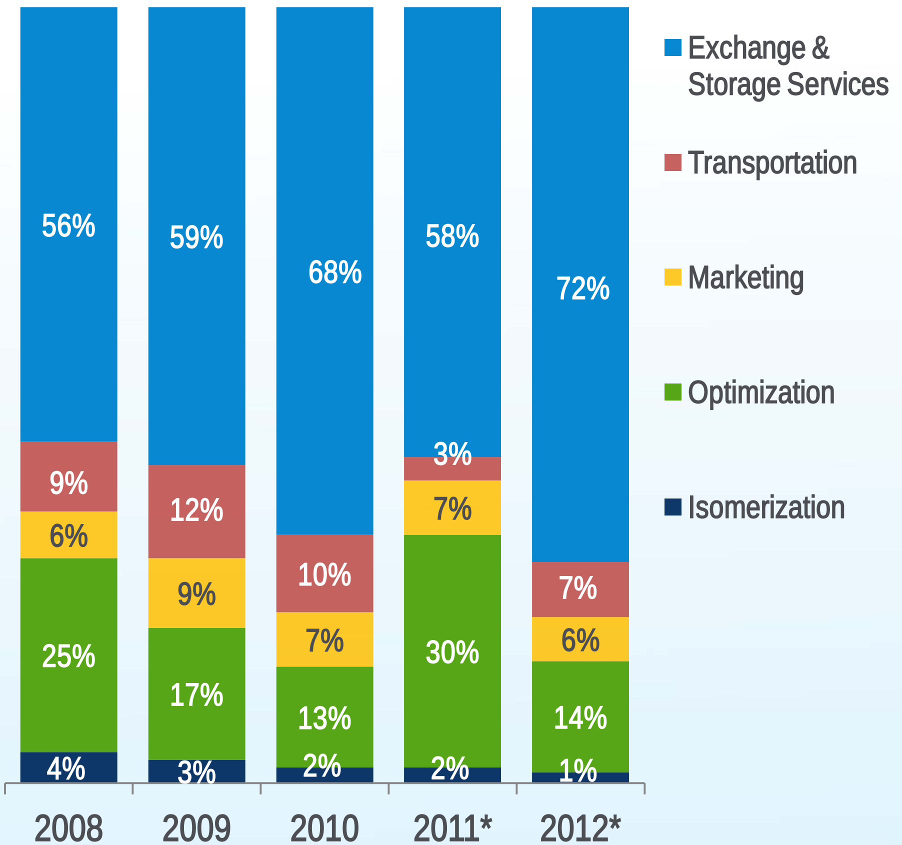

Markets

ONEOK PARTNERS

# Natural Gas Liquids

## *Margin Profile*

- Exchange & Storage Services
  - Gather, fractionate, transport and store NGLs and deliver to market hubs; ***primarily fee based***
- Transportation
  - Transporting raw NGL feed from supply basins and NGL products to market centers; ***fee based***
- Marketing
  - Purchase for resale approximately 60% of system supply in the Mid-Continent on an index-related basis; differential based
- Optimization
  - Obtain highest product price by directing product movement between market hubs; differential based
- Isomerization
  - Convert normal butane to iso-butane to be used in refining to increase octane in motor gasoline; differential based



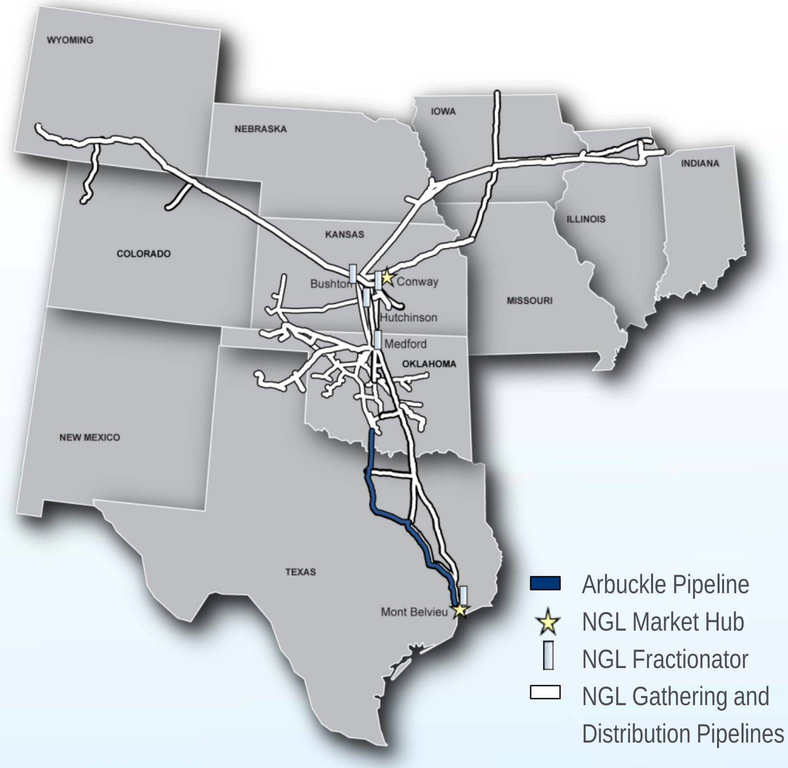

** Guidance – Overland Pass Pipeline margins now reflected in equity earnings*

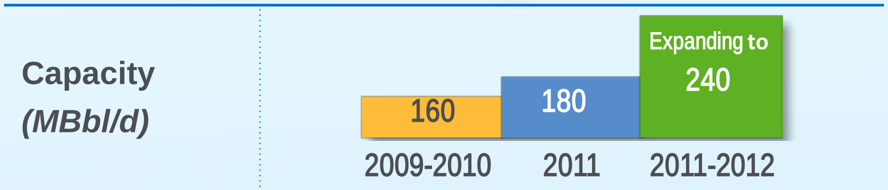
ONEOK PARTNERS

# Arbuckle Pipeline

*Delivering Unfractionated NGLs to Gulf Coast*

- Current capacity to transport 180,000 bpd of unfractionated NGLs expanding to 240,000 bpd
  - From southern Oklahoma through Barnett Shale to Mont Belvieu
  - In service first half 2012
- Another option to deliver NGLs to Gulf Coast
  - Accommodates NGL supply growth
  - Relieves transportation bottlenecks between Mid-Continent and Gulf Coast



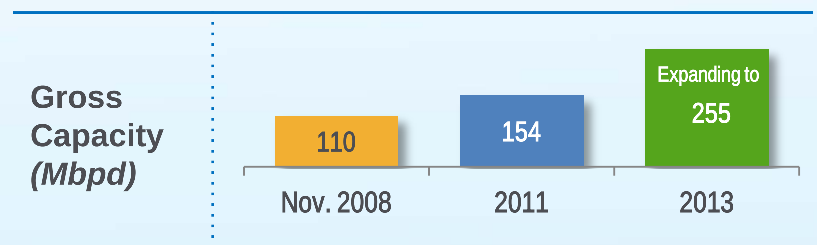




ONEOK PARTNERS

# Overland Pass Pipeline

*50-Percent Equity Investment*

- Williams increased ownership to 50 percent from 1 percent
  - Presented as equity earnings prospectively from September 2010
  - ONEOK Partners received approximately $424 million
  - Williams became operator in April 2011
    - Williams is anchor shipper
    - Strong partnership and commitment to growth
  - Future growth opportunities
    - Bakken
    - Niobrara
    - Piceance

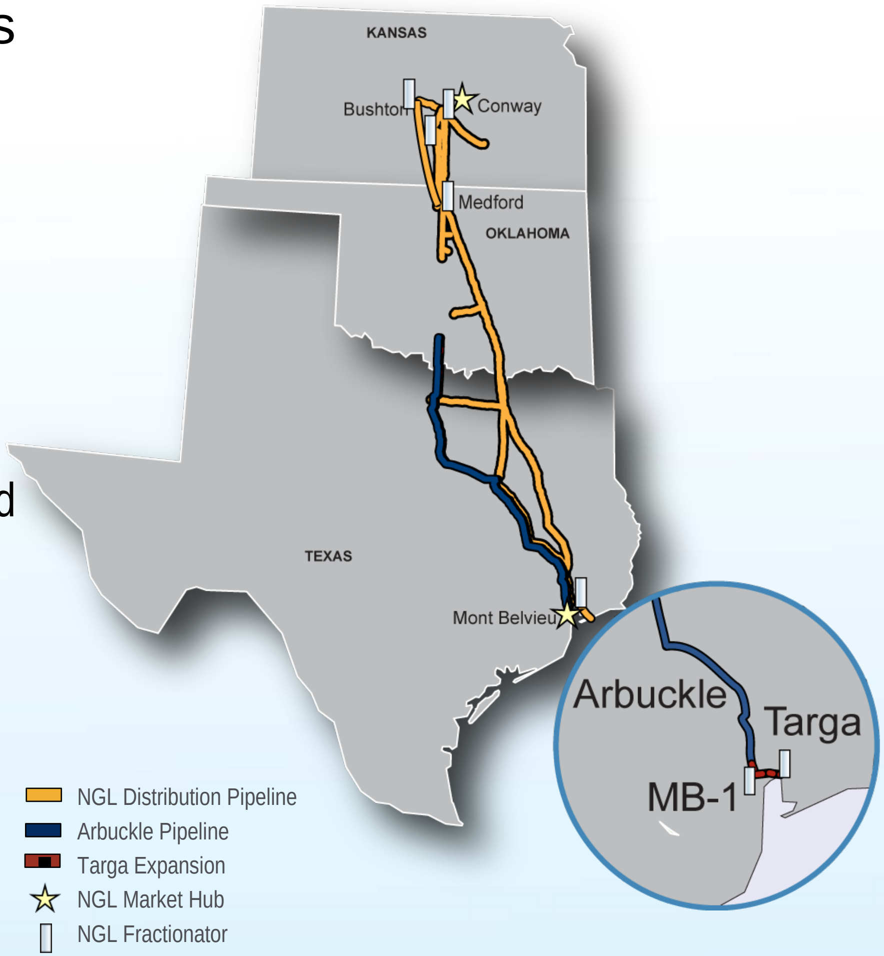




ONEOK PARTNERS

# Natural Gas Liquids

*Fractionation Capacity Agreement with Targa*

- 10-year fractionation services agreement for 60,000 bpd of capacity at Targa's Cedar Bayou facility in Mont Belvieu, Texas
  - Began in second quarter 2011
- Rationale
  - Relatively short construction period
  - Cost effective
  - Provides additional capacity to accommodate continued new supply growth

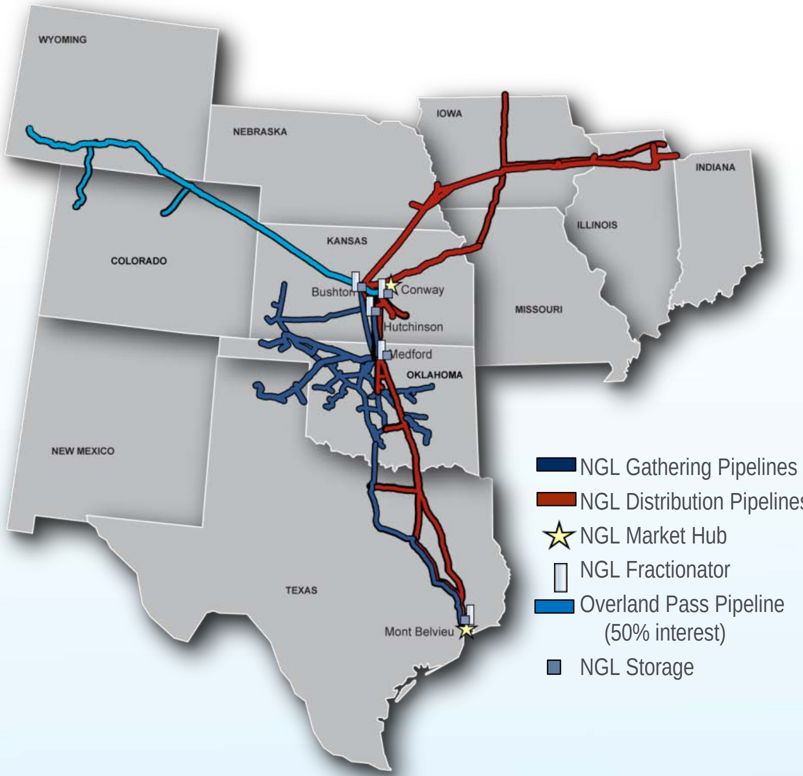



ONEOK PARTNERS

# Natural Gas Liquids

## *Optimization Opportunities*

- Provides earnings upside to fee-based business
- How it works:
  - Ability to deliver NGL products at either Conway or Mont Belvieu
  - Utilize assets, contract portfolio and market knowledge to capture additional margin from location and product-price differentials
- Optionality and flexibility by using:
  - Sterling NGL purity products distribution pipelines (Sterling I and II)
  - Building new Sterling III pipeline from Mid-Continent to Gulf Coast
  - Arbuckle NGL pipeline
- Expect Conway-to-Mont Belvieu NGL differential to narrow to 8-10 cents per gallon after new capacity is developed
  - Upon completion of Arbuckle expansion, Sterling III construction, Sterling I and II reconfiguration and third-party pipeline development




ONEOK PARTNERS

# Natural Gas Liquids

## U.S. NGL Supply Sources and End Uses – 2011 Averages

### NGL Supply Sources

**Gas Processing**
*80% of U.S Supply*

**Crude Oil Refining**
*15% of U.S. Supply*

**Overland & Waterborne Imports**
*5% of U.S. Supply*

### NGL products[1]

Gas Processing:
- Ethane - 42%
- Propane - 28%
- Normal Butane - 7%
- Iso-butane - 9%
- Natural Gasoline - 14%

Crude Oil Refining:
- Ethane - 12%
- Propane - 71%
- Mixed Butanes - 17%

Overland & Waterborne Imports:
- Propane - 77%
- Mixed Butanes - 15%
- Pentane Plus - 8%

### NGL End Uses

**Primary Petrochemicals**
*54% of NGLs Supplied*

**Space Heating & Other Fuel Uses**
*19% of NGLs Supplied*

**Motor Gasoline & Blend Stocks**
*20% of NGLs Supplied*

**Ethanol Denaturing**
*<1% of NGLs Supplied*

**Fuel Exports**
*6% of NGLs Supplied*

*[1] Percentage represents the composition of NGL mix from primary sources*
*Source: EIA, En*Vantage*



ONEOK PARTNERS

# Non-GAAP Reconciliations

ONEOK

# Non-GAAP Reconciliations

## *ONEOK*

ONEOK has disclosed in this presentation stand-alone cash flow, before changes in working capital, free cash flow, and stand-alone operating income and equity earnings, amounts that are non-GAAP financial measures.

Management believes these measures provide useful information to investors as a measure of financial performance for comparison with peer companies; however, these calculations may vary from company to company, so the partnership's computations may not be comparable with those of other companies.

Stand-alone cash flow, before changes in working capital, is defined as net income less the portion attributable to non-controlling interests, adjusted for equity in earnings and distributions received from ONEOK Partners, and ONEOK's stand-alone depreciation and amortization, deferred income taxes, net of the change in taxes receivable, and certain other items.

Free cash flow is defined as stand-alone cash flow, before changes in working capital, computed as described above, less ONEOK's stand-alone capital expenditures and dividends.

These measures should not be considered in isolation or as a substitute for net income, income from operations or other measures of financial performance determined in accordance with GAAP.

Reconciliations of stand-alone cash flow, before changes in working capital and free cash flow to net income and stand-alone operating income and equity earnings to operating income are included in the tables.



ONEOK

# Non-GAAP Reconciliations

## *Stand-Alone Operating Income and Equity Earnings*

| *($ in Millions)* | 2006 | 2007 | 2008 | 2009 | 2010 | 2011G* | 2012G* |
|---|---|---|---|---|---|---|---|
| Consolidated operating income | $ 862 | $ 823 | $ 917 | $ 895 | $ 944 | $1,012 | $1,098 |
| Less: ONEOK Partners operating income | 511 | 447 | 645 | 547 | 586 | 752 | 833 |
| Stand-alone operating income | 351 | 376 | 272 | 348 | 358 | 260 | 265 |
| Equity earnings of ONEOK Partners | **173 | 215 | 337 | 249 | 267 | 352 | 449 |
| Stand-alone operating income plus equity earnings | $ 524 | $ 591 | $ 609 | $ 597 | $ 625 | $ 612 | $ 714 |

** Midpoint of range*
*** Excludes gain on sale*
*Note: 2011 guidance updated Aug. 2, 2011; 2012 guidance provided Sept. 26, 2011*



ONEOK

# Non-GAAP Reconciliations

## *Stand-Alone Cash Flow, Before Changes in Working Capital and Free Cash Flow*

| *($ in Millions)* | 2006 | 2007 | 2008 | 2009 | 2010 | 2011G* | 2012G* |
|---|---|---|---|---|---|---|---|
| Net income attributable to ONEOK | $ 306 | $ 305 | $ 312 | $ 305 | $ 335 | $ 335 | $ 378 |
| Equity in earnings of ONEOK Partners | (190) | (215) | (337) | (249) | (267) | (352) | (449) |
| Distributions received from ONEOK Partners | 145 | 202 | 252 | 278 | 304 | 333 | 423 |
| Depreciation and amortization | 114 | 114 | 119 | 125 | 134 | 134 | 134 |
| Deferred income taxes, less taxes receivable | 115 | 65 | 165 | 89 | 229 | 200 | 232 |
| Other | 25 | 30 | 41 | 23 | 28 | 30 | 28 |
| Cash flow, before changes in working capital | $ 515 | $ 501 | $ 552 | $ 571 | $ 763 | $ 680 | $ 746 |
| Capital expenditures | (175) | (174) | (219) | (175) | (230) | (258) | (306) |
| Dividends | (135) | (150) | (163) | (173) | (194) | (227) | (252) |
| Free cash flow | $ 205 | $ 177 | $ 170 | $ 223 | $ 339 | $ 195 | $ 188 |

**Midpoint of range*

*Note: 2011 guidance updated Aug. 2, 2011; 2012 guidance provided Sept. 26, 2011*

ONEOK

# Non-GAAP Reconciliations

ONEOK Partners

# Non-GAAP Reconciliations

## *ONEOK Partners*

ONEOK Partners has disclosed in this presentation EBITDA and Distributable Cash Flow (DCF) amounts that are non-GAAP financial measures.

Management believes these measures provide useful information to investors as a measure of financial performance for comparison with peer companies; however, these calculations may vary from company to company, so the partnership's computations may not be comparable with those of other companies.

EBITDA is defined as net income adjusted for interest expense, depreciation and amortization, income taxes and allowance for equity funds used during construction. DCF is defined as EBITDA, computed as described above, less interest expense, maintenance capital expenditures and equity earnings from investments, adjusted for distributions received and certain other items.

DCF is not necessarily the same as available cash as defined in the Partnership Agreement.

These measures should not be considered in isolation or as a substitute for net income, income from operations or other measures of financial performance determined in accordance with GAAP.  Reconciliations of EBITDA and DCF to net income are included in the tables.

# Non-GAAP Reconciliations

## *EBITDA and Distributable Cash Flow*

| *($ in Millions)* | 2006 | 2007 | 2008 | 2009 | 2010 | 2011G* | 2012G* |
|---|---|---|---|---|---|---|---|
| **Reconciliation of Net Income to EBITDA and Distributable Cash Flow** | | | | | | | |
| Net Income | $ 445 | $ 408 | $ 626 | $ 435 | $ 473 | $ 645 | $ 771 |
| Interest expense | 133 | 139 | 151 | 206 | 204 | 220 | 203 |
| Depreciation and amortization | 122 | 114 | 125 | 164 | 174 | 179 | 214 |
| Income taxes | 28 | 9 | 12 | 13 | 15 | 14 | 13 |
| Allowance for equity funds used during construction | (2) | (13) | (51) | (27) | (1) | (3) | (29) |
| Other | 2 | - | - | - | - | - | - |
| EBITDA | $ 728 | $ 657 | $ 863 | $ 791 | $ 865 | $ 1,055 | $ 1,172 |
| Interest expense | (133) | (139) | (151) | (206) | (204) | (220) | (203) |
| Maintenance capital | (67) | (60) | (82) | (59) | (62) | (102) | (109) |
| Equity earnings from investments | (96) | (90) | (101) | (73) | (102) | (123) | (127) |
| Distributions received from unconsolidated affiliates | 123 | 104 | 118 | 110 | 115 | 147 | 152 |
| Current income tax expense and other | (187) | (6) | (10) | (5) | (24) | (7) | (5) |
| Distributable cash flow | $ 368 | $ 466 | $ 637 | $ 558 | $ 588 | $ 750 | $ 880 |

**Midpoint of range*

*Note: 2011 guidance updated Aug. 2, 2011; 2012 guidance provided Sept. 26, 2011*

ONEOK PARTNERS

# Biographies

# John W. Gibson

## *President and Chief Executive Officer*

**John** is chairman, president and chief executive officer for ONEOK and ONEOK Partners. Gibson was named vice chairman of ONEOK in February 2011 and became chairman in May 2011.

He was elected ONEOK chief executive officer and ONEOK Partners president and chief executive officer in January 2007, becoming president of ONEOK in January 2010 and chairman of the partnership in October 2007. In April 2006, he was named president and chief operating officer of ONEOK Partners, the master limited partnership that contains the midstream natural gas and natural gas liquids businesses. He is a member of the boards of directors of ONEOK and ONEOK Partners.

Gibson began his career in the energy industry in 1974 as a refinery engineer with Exxon Company, USA. He then spent 18 years with Phillips Petroleum Company in a variety of domestic and international positions in the natural gas, natural gas liquids and exploration and production businesses. When Gibson left Phillips in 1995, he was vice president of marketing of GPM Gas Corporation, a wholly owned natural gas gathering, processing and marketing subsidiary.

Prior to joining ONEOK in 2000, Gibson was the executive vice president of Koch Energy, Inc., a subsidiary of Koch Industries, responsible for its interstate natural gas pipelines and gathering and processing businesses.

Gibson is active in many professional organizations and has served on the boards of the Association of Texas Intrastate Natural Gas Pipelines and the Interstate Natural Gas Association of America. He was an original member of the Gas Industry Standards Board. Gibson currently serves as a director of the Bank of Oklahoma, N.A. and St. Francis Health System. He also serves on the board of directors of the Oklahoma Center for Community and Justice and on the advisory boards of the YWCA-Tulsa and the Metropolitan Tulsa Urban League. His community involvement has included work with the Tulsa Area United Way, Boy Scouts of America and Habitat for Humanity.

A native of Kansas City, Kansas, Gibson earned an engineering degree in 1974 from the University of Missouri at Rolla, now called Missouri University of Science and Technology. He has also completed advanced studies at Harvard University.

# Rob Martinovich

## *Senior Vice President, Chief Financial Officer and Treasurer*

**Rob** is senior vice president, chief financial officer and treasurer of ONEOK and ONEOK Partners, and a member of the ONEOK Partners board of directors. Prior to assuming his current position in March 2011, Martinovich was ONEOK's chief operating officer since July 2009, responsible for ONEOK's distribution and energy services operating segments, as well as the company's environmental, safety and health, and technical services organizations. He was previously president of ONEOK Partners' natural gas gathering and processing business.

Prior to joining ONEOK in 2007, he was group vice president of environment, health and safety, operations and technical services for DCP Midstream, LLC. Martinovich joined DCP Midstream in 2000 as senior vice president, responsible for the Permian Basin assets, and in 2002 was named senior vice president responsible for the Mid-Continent and Rocky Mountain assets.

Before joining DCP Midstream, he was senior vice president of GPM Gas Corporation, the natural gas gathering, processing and marketing division of Phillips Petroleum Company. Martinovich joined Phillips in 1980 as a resin development engineer and held various engineering and sales and marketing positions in the research and development and the plastics divisions of Phillips, and served on the company's corporate planning and development staff.

Active in industry affairs, Martinovich served as president of the Gas Processors Association from 2004 to 2006.

A native of Bartlesville, Oklahoma, Martinovich earned a Bachelor of Science degree in chemical engineering in 1980 from the University of Notre Dame in South Bend, Indiana. He is also a graduate of Harvard Business School's advanced management program.



ONEOK | ONEOK PARTNERS

# Pierce Norton

## *ONEOK Chief Operating Officer*

**Pierce** is chief operating officer of ONEOK, responsible for the company's distribution and energy services business segments, as well as the environment, safety and health, and technical services organizations. Prior to being named to his current position in March 2011, Norton was president of ONEOK Distribution Companies since July 2009 and previously was executive vice president - natural gas.

He began his natural gas industry career in 1982 at Delhi Gas Pipeline, a subsidiary of Texas Oil and Gas Corporation. He later worked for American Oil and Gas with operational responsibilities for natural gas gathering, processing, intrastate and interstate pipelines. He then worked for KN Energy as Vice President and General Manager of the Heartland Region, before moving to TransMontaigne subsidiary, Bear Paw Energy, as Vice President of Business Development. In 2002, he was named president of Bear Paw Energy, which is now a subsidiary of ONEOK Partners.

Norton is a member of the American Gas Association's Board of Directors. He currently serves as a board member of the Tulsa Community College Foundation. He is a past board member of the Interstate Natural Gas Association of America, the Texas Pipeline Association, the North Dakota Petroleum Council and the Independent Petroleum Association of Mountain States.

An Alabama native, Norton earned a Bachelor of Science degree in mechanical engineering in 1982 from the University of Alabama in Tuscaloosa.  He is also a graduate of the Advanced Management Program at Harvard Business School.



ONEOK ONEOK PARTNERS

# Terry Spencer

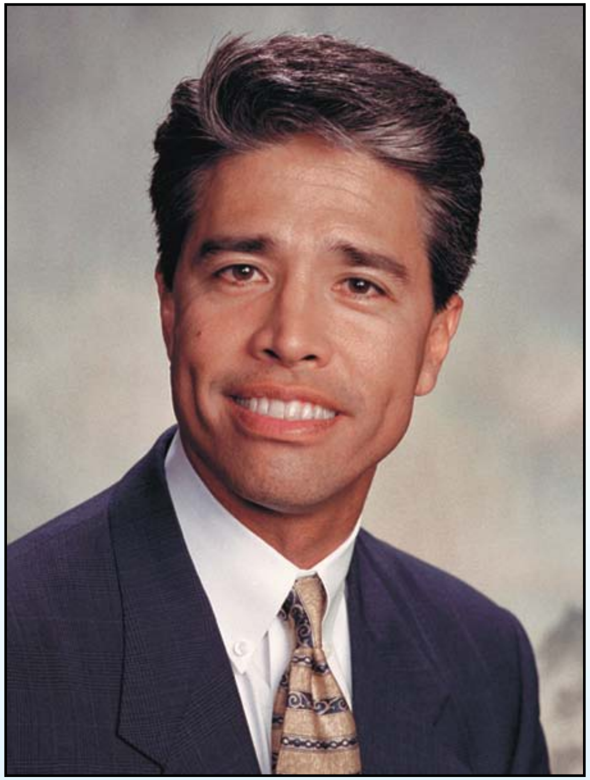
## *ONEOK Partners Chief Operating Officer*

**Terry** is chief operating officer for ONEOK Partners and a member of its board of directors. He is responsible for the partnership's three operating segments – natural gas gathering and processing, natural gas pipelines and natural gas liquids. From 2007 to 2009, he was executive vice president for ONEOK, with responsibilities for ONEOK Partners' natural gas liquids gathering and fractionation, and pipeline segments, as well as ONEOK's energy services segment.

Spencer joined ONEOK in 2001 as director, project development, for natural gas gathering and processing. Later, he served as vice president of gas supply and project development in the gathering and processing segment. In 2005, Spencer became senior vice president of ONEOK's natural gas liquids business following the asset acquisition from Koch. He became president of natural gas liquids in 2006.

Prior to joining ONEOK, Spencer held positions of increasing responsibility in the natural gas gathering and processing industry with Continental Natural Gas, Inc., in Tulsa; Stellar Gas Company in Houston; and Texas Oil and Gas Corporation's Delhi Gas Pipeline subsidiary in Dallas. He is a member of the Gas Processors Association board of directors.

Spencer earned a Bachelor of Science degree in petroleum engineering in 1981 from the University of Alabama in Tuscaloosa.





ONEOK | ONEOK PARTNERS

# Bob Mareburger

## *Senior Vice President – Corporate Planning & Development*

**Bob** is senior vice president, corporate planning and development of ONEOK and ONEOK Partners, responsible for business development, strategic and long-range planning and capital investment. Prior to being named to his current position in March 2011, Mareburger was president - natural gas, responsible for ONEOK Partners' two natural gas segments – natural gas gathering and processing and natural gas pipelines – since July 2009. Prior to that, he was vice president and chief information officer, having joined the company in that position in 2007.

In 1991, Mareburger joined CITGO Petroleum Corp. in Tulsa where he served as general manager of information technology and chief information officer from 1999 until 2006. Prior to joining CITGO, he spent several years at Andersen Consulting, now Accenture, where he managed the design and development of a new generation of software for upstream oil and gas operations.

He currently serves as a member of the executive advisory board for the Collins College of Business at the University of Tulsa, the board of directors of Tulsa-based Operation Aware and as a member of the Tulsa Sports Commission advisory council. Previously, he served as a campaign division chair for the Tulsa Area United Way campaign, as a member of the city of Tulsa technology advisory board, a board member of Big Brothers Big Sisters of Green Country and as chairman of the executive committee for the Center for Management Information System Studies at the University of Oklahoma in Norman.

An Oklahoma native, Mareburger earned a Bachelor of Science degree in petroleum engineering in 1984 and a Master of Business Administration degree in 1986 from the University of Oklahoma.

# Caron Lawhorn

## *President – Natural Gas Distribution*

**Caron** is president of ONEOK Distribution Companies, responsible for the company's three natural gas utilities – Oklahoma Natural Gas Company, Kansas Gas Service and Texas Gas Service – and Retail Marketing. From July 2009 until being named to her current position in March 2011, she was senior vice president, corporate planning and development of ONEOK and ONEOK Partners, responsible for business development, strategic and long-range planning and capital investment.

She was senior vice president and chief accounting officer of ONEOK in 2007 and ONEOK Partners in 2008. Previously, she was senior vice president – financial services and treasurer for ONEOK. She joined the company in 1998 as manager – auditing, after serving as a senior manager at KPMG and chief financial officer for Emergency Medical Services Authority in Tulsa.

A Certified Public Accountant, Lawhorn is chair of the Executive Advisory Board of the University of Tulsa Collins College of Business and a member of the American Institute of Certified Public Accountants. She is executive vice chair of Saint Simeon's Episcopal Home and a graduate of Leadership Oklahoma and Leadership Tulsa.

Lawhorn earned her Bachelor of Science degree in business administration from the University of Tulsa, where she was named an Outstanding Alumna in the College of Business. She also is a 2010 graduate of the Advanced Management Program at Harvard Business School.

# Patrick McDonie

## *President – Energy Services*

**Patrick** is president of ONEOK Energy Services Company, which supplies local distribution companies and industrial customers with reliable delivery of natural gas. He is responsible for marketing, storing, trading, transporting and delivery scheduling related to the company's natural gas marketing operations.

McDonie joined ONEOK in 1997 as a director of trading for ONEOK Gas Marketing Company and later served as senior vice president and vice president of origination and new business development and as vice president of physical trading for ONEOK Energy Services. Prior to joining ONEOK, McDonie held positions of increasing responsibility in the natural gas production and marketing industry with Tristar Gas Marketing, Pacific Enterprises Oil Company and Texas Oil and Gas.

McDonie is a member of the Natural Gas Association of Oklahoma and the North Texas Natural Gas and Electric Power Society. He is also involved with the Cystic Fibrosis Foundation and the American Heart Association.

A native of West Virginia, McDonie earned a Bachelor of Science degree in petroleum engineering in 1983 from Marietta College in Marietta, Ohio, and a Master of Business Administration degree in 1984 from West Virginia University in Morgantown.

# Curtis Dinan

## *President – Natural Gas*

**Curtis** is president - natural gas of ONEOK Partners, responsible for the partnership's commercial and operational activities in its natural gas gathering and processing and natural gas pipelines segments. Prior to assuming his current position in March 2011, Dinan was senior vice president, chief financial officer and treasurer for ONEOK and ONEOK Partners since January 2008 and a member of the ONEOK Partners board of directors since October 2007.

He joined ONEOK in February 2004, as vice president and chief accounting officer, after being an audit partner with both Arthur Andersen LLP and Grant Thornton LLP.

Dinan is a member of the American Institute of Certified Public Accountants, the Oklahoma Society of CPAs and is an advisory board member for the Breech School of Business at Drury University in Springfield, Missouri. He is on the board of directors and is a member of the executive committee of the Tulsa Metro Chamber of Commerce. He is also a past president, treasurer and director of Tulsa Court Appointed Special Advocates, a graduate and past treasurer and director of Leadership Tulsa, past treasurer and director of the Child Abuse Network and a graduate of Leadership Oklahoma.

A Missouri native, Dinan earned Bachelor of Arts degrees in accounting and business administration in 1989 from Drury University. He is also a graduate of the Advanced Management Program at Harvard Business School.

# Sheridan Swords

## *President – Natural Gas Liquids*

**Sheridan** is president - natural gas liquids for ONEOK Partners, responsible for natural gas liquids gathering, fractionation, storage and pipelines. Prior to assuming this position, Swords was president of the natural gas liquids gathering and fractionation segment.

Swords began his career in the energy industry as a division engineer for Koch Gathering Systems Company in 1992. He held various positions with Koch companies, including operations management and commercial and commodity trading.

Prior to joining ONEOK Partners in 2005, Swords was vice president of the Mid-Continent for Koch Hydrocarbon, LP.

A native of Kansas, Swords earned a Bachelor of Science degree in mechanical engineering in 1991 from Kansas State University in Manhattan.



ONEOK | ONEOK PARTNERS

# Steve Lake

## *Senior Vice President – Associate General Counsel*

**Steve** is senior vice president and associate general counsel of ONEOK and ONEOK Partners, reporting to John Barker, senior vice president and general counsel. Upon Barker's retirement on December 31, 2011, Lake will become senior vice president and general counsel and assume responsibility for developing, organizing and directing ONEOK's legal functions.

He joined ONEOK in 2011 after most recently serving as executive vice president and general counsel for McJunkin Red Man Corporation. He began his career in 1991 as an associate with Gable and Gotwals, a Tulsa law firm, where he held positions of increasing responsibility until 2008.

He is a member of the American Bar Association, the Oklahoma Bar Association and the Tulsa County Bar Association.

Lake graduated with honors from Vanderbilt University in 1987 with a Bachelor of Arts degree in economics and graduated first in his class from the University of Oklahoma law school in 1991, where he was editor-in-chief of the Oklahoma Law Review from 1990-1991.

Lake serves on the board of trustees for Saint Simeon's Episcopal Home, where he has also served as president and chairman of the board. He is a past chairman and member of the committee for fundraising events for Prevent Blindness Oklahoma and the Cystic Fibrosis Foundation.



ONEOK | ONEOK PARTNERS

# Derek Reiners

## *Senior Vice President, Chief Accounting Officer*

**Derek** joined ONEOK in 2009 as senior vice president and chief accounting officer.

Prior to that, he was a partner with Grant Thornton LLP, most recently in Dallas, where he served as the north Texas energy industry practice leader. He also worked for Arthur Andersen LLP in various roles with increasing levels of responsibility.

Reiners is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants.

He is on the advisory boards of both the Oklahoma State University School of Accounting and the University of North Texas Institute of Petroleum Accounting and serves on the board of directors of the University of Tulsa's Friends of Finance.

Reiners grew up in Tulsa and earned a Bachelor of Science degree in business administration from Oklahoma State University in Stillwater in 1993 with majors in finance and economics. He later earned a master's degree in accounting, also from Oklahoma State University.



ONEOK | ONEOK PARTNERS

# Dan Harrison

*Vice President, Investor Relations & Public Affairs*

**Dan** is vice president of investor relations and public affairs for ONEOK and ONEOK Partners, responsible for the investor relations, corporate communications, government relations and community investment functions, including the ONEOK Foundation. He is also president of the ONEOK Employees Political Action Committee.

He joined ONEOK in 2005 from Honeywell Automation and Control Solutions  He has held senior management positions in corporate and financial communications and government relations with several Fortune 100 companies, including Phillips Petroleum Company and its natural gas subsidiary, GPM Gas Corporation; United Technologies Corporation; and Whirlpool Corporation.

In 2011, he was named to the “All-America Executive Team: Best IR Professionals” by Institutional Investor magazine, tying for first place in the energy category, Natural Gas & Master Limited Partnership sector.

He is a director and a member of the executive committee of the National Association of Publicly Traded Partnerships and is a past president of the Tulsa Press Club.  Harrison is an honors graduate of the University of Texas at Austin, where he earned a Bachelor of Science degree in communications and served on the university’s College of Communications Dean’s Advisory Board for six years.



ONEOK | ONEOK PARTNERS

# Annual Investor Conference

ONEOK | ONEOK PARTNERS