2016 ANNUAL REPORT

RELIABLE. INTEGRATED. PROVEN.

ONEOK

ONEOK, Inc. (pronounced ONE-OAK) (NYSE: OKE) is the general partner and as of Dec. 31, 2016, owns 41.2 percent of ONEOK Partners, L.P. (NYSE: OKS), one of the largest publicly traded master limited partnerships, which owns one of the nation's premier natural gas liquids (NGL) systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers and is a leader in the gathering, processing, storage and transportation of natural gas in the U.S. ONEOK is a FORTUNE 500 company and is included in Standard & Poor's (S&P) 500 index.

ONEOK FINANCIAL HIGHLIGHTS

Year ended Dec. 31		**2016**		**2015**		**2014**
Consolidated financial information *(millions of dollars)*						
Operating income	$	1,285.7	$	996.2	$	1,143.6
Net income	$	743.5	$	379.2	$	663.1
Net income attributable to ONEOK, Inc.	$	352.0	$	245.0	$	314.1
Distributions received from ONEOK Partners	$	790.1	$	706.3	$	605.3
Total assets	$	16,138.8	$	15,446.1	$	15,261.8
Common stock data						
Shares outstanding		210,681,661		209,731,028		208,322,247
Data per common share						
Earnings per share from continuing operations – basic	$	1.68	$	1.19	$	1.53
Earnings per share from continuing operations – diluted	$	1.67	$	1.19	$	1.52
Dividends declared†	**$**	**2.46**	**$**	**2.43**	**$**	**2.125**
Market price range						
High	$	59.03	$	51.07	$	70.98
Low	$	19.62	$	18.93	$	44.30
Year-end	$	57.41	$	24.66	$	49.79

† *Dividends declared for the quarter and paid in the following quarter.*

On the cover: Bear Creek Natural Gas Processing Plant, North Dakota

A LETTER TO OUR INVESTORS

ONEOK TO ACQUIRE ONEOK PARTNERS – TRANSACTION VALUED AT $17 BILLION

At ONEOK and ONEOK Partners, an important measurement of company success is the value we create for our investors. Our ability to create value rests in our integrated asset footprint, long-term growth projects, stable cash flows and attractive investment opportunities.

With long-term value creation in mind, we recently took an important step toward enhancing our ability to fund our future capital needs over the long term as we continue to grow.

In February 2017, ONEOK announced plans to acquire the remaining approximately 60 percent public stake in ONEOK Partners – creating a stand-alone operating company with an estimated $30 billion enterprise value and lower cost of funding. Following the merger, we expect to be even more competitive as we continue executing on our growth strategies.

Completing this transaction now underscores the strategic value we place on the business we have successfully built since venturing into the midstream space nearly 20 years ago.

We have performed well in a tough environment; however, this transaction positions ONEOK for continued success through expected:

- Improved access to broader capital markets to fund future growth opportunities;
- Strong dividend coverage over the long term;
- Lower cost of funding with the elimination of incentive distribution rights; and
- No cash income taxes through at least 2021.

We believe this transaction, which we expect to complete in the second quarter 2017, represents a tremendous opportunity for current ONEOK shareholders and ONEOK Partners unitholders, who will participate in the upside as future shareholders.

We announced an expected dividend increase to 74.5 cents per share in the first quarter following the close of the transaction, a 21 percent increase compared with the fourth quarter 2016. We also anticipate a subsequent 9 to 11 percent annual dividend growth rate through 2021.

This transaction doesn't change our core businesses or our goal to continue growing as one of North America's largest midstream service providers; in fact, it enhances them. We remain focused on safely and reliably operating our 37,000-mile, integrated network of natural gas liquids (NGL) and natural gas pipelines stretching from the Canadian border to the Texas Gulf Coast.

GARDEN CREEK
Natural Gas Processing Plant
North Dakota

ASSET OVERVIEW

NATURAL GAS PROCESSING CAPACITY:	1,830 MMCF/D
MILES OF PIPELINE:	>37,000
NATURAL GAS STORAGE CAPACITY:	57.8 BCF
NGL STORAGE CAPACITY:	26.2 MMBBL
FRACTIONATION CAPACITY:	840,000 BPD

GLOSSARY

MMcf/d: Million cubic feet per day
Bcf: Billion cubic feet
MMBbl: Million barrels
Bpd: Barrels per day

INTEGRATION DRIVES SUCCESS

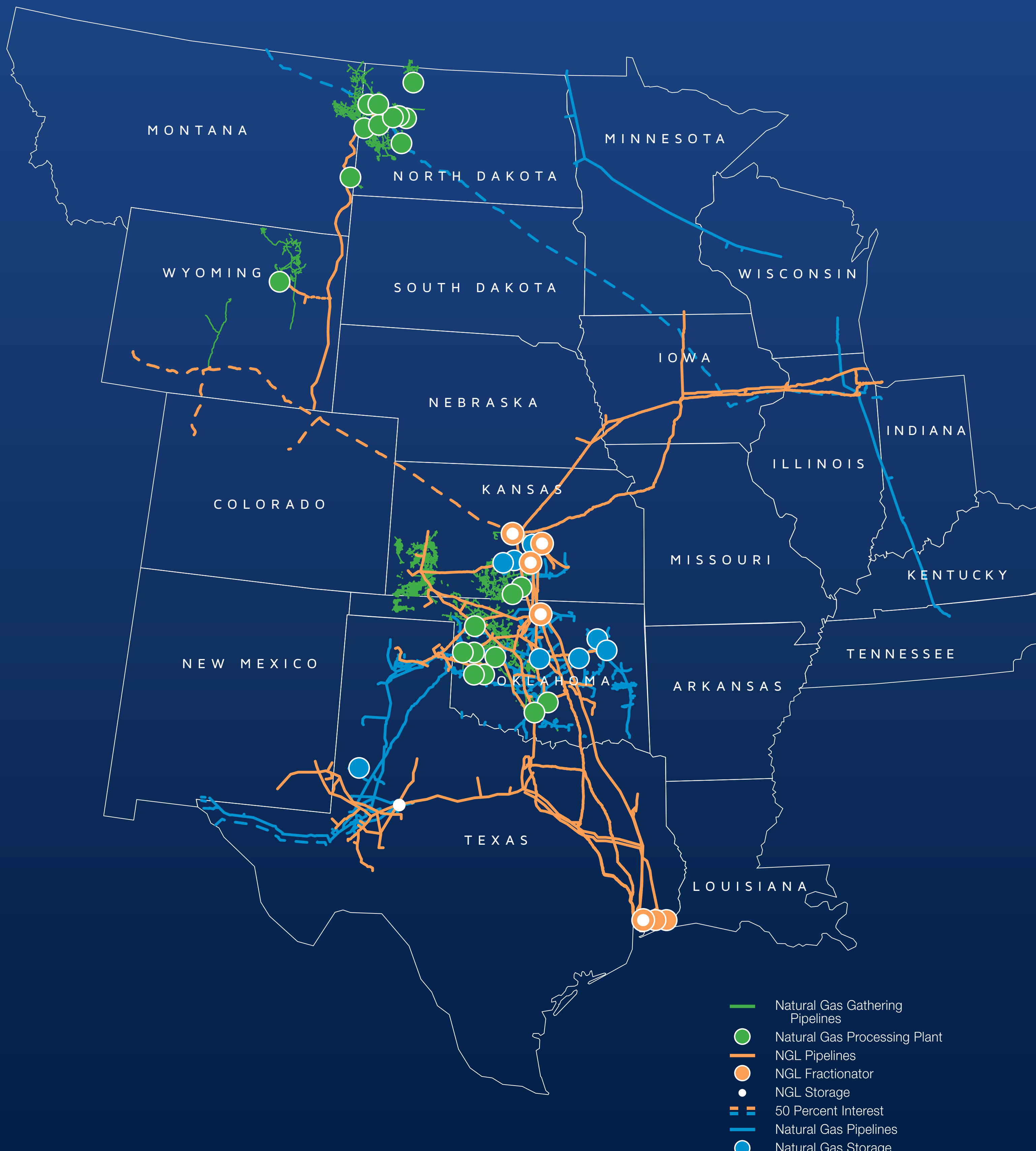
We continue to take advantage of our integrated assets to enhance the quality and reliability of services we provide and the value we create for our customers and investors.

We had a number of significant successes in 2016:

- Realized increased NGL and natural gas volumes by serving our expanded customer base compared with 2015;
- Increased fee-based earnings by more than $140 million from contract restructuring in the natural gas gathering and processing segment, bringing fee-based earnings to more than 85 percent for ONEOK;
- Increased natural gas processing capacity in the Williston Basin to nearly 1 billion cubic feet per day (Bcf/d);
- Connected new markets with new supply in the Delaware and Midland basins in West Texas through growth projects like our Roadrunner Gas Transmission Pipeline and the expansion of our WesTex Transmission Pipeline system; and
- Connected six new processing plants to our NGL system.

We invite you to read in the following pages about our operations in three of the most active regions of the country – the STACK and SCOOP plays in Oklahoma, the Permian Basin in West Texas and the Williston Basin in North Dakota – and how we have executed on our growth strategy in these areas over the past year. Financial statements may be found in the Form 10-K at the end of this report.

ONEOK PARTNERS ASSETS



ONEOK'S 2016 FINANCIAL PERFORMANCE AND 2017 GUIDANCE

ONEOK's 2016 financial performance benefited as a result of ONEOK Partners increasing net income and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) nearly 81 and 18 percent, respectively, compared with 2015, driven by higher fee-based earnings in all three business segments.

ONEOK ended 2016 with nearly $250 million of cash and cash equivalents, an undrawn $300 million credit facility and full-year dividend coverage of greater than 1.3 times. ONEOK also was the second-best performing stock in the Standard & Poor's (S&P) 500 index, increasing 133 percent in 2016.

Following the completion of the ONEOK Partners transaction, ONEOK will be well-positioned to profitably grow its existing businesses while creating significant value for our shareholders, old and new. ONEOK expects:

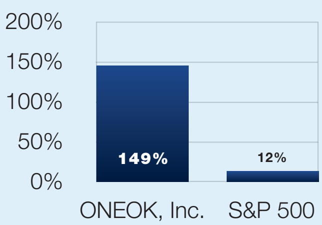
- Distributable cash flow to approximately double;
- A dividend coverage target of greater than 1.2 times;
- A dividend increase of 21 percent to 74.5 cents per share, or $2.98 per share on an annualized basis, for the first dividend following the close of the transaction; and
- A subsequent 9 to 11 percent annual dividend growth rate through 2021.

We expect the combined entity to receive investment-grade credit ratings, and expect the significant retained cash flow and earnings growth to continue our progress toward improved credit metrics.

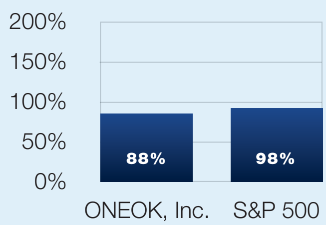
All of these benefits will serve our investors well as we continue to focus on growing our business and serving our customers.

TOTAL RETURN*

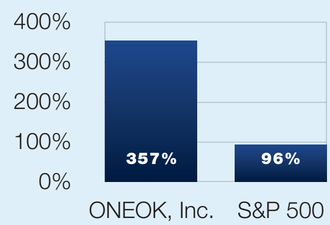
1-YEAR



5-YEAR

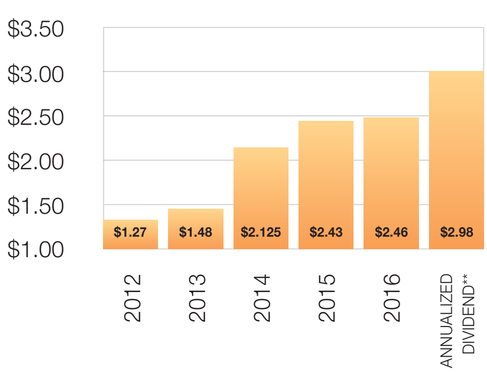


10-YEAR



As of Dec. 31, 2016
*Total return represents share-price appreciation and the reinvestment of dividends.

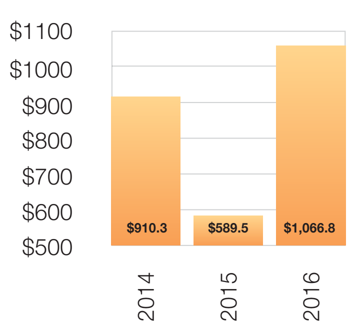
DIVIDEND GROWTH



ONEOK annual dividends paid per share (split adjusted)
**Expected first quarterly dividend following completion of OKE-OKS transaction; annualized

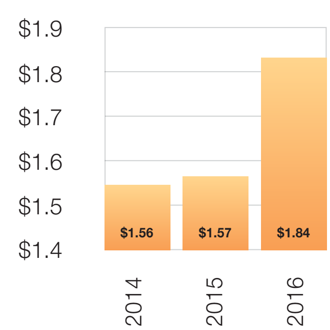
NET INCOME

Attributable to ONEOK Partners, L.P.
(millions of dollars)



ADJUSTED EBITDA GROWTH

ONEOK Partners, L.P.
(billions of dollars)



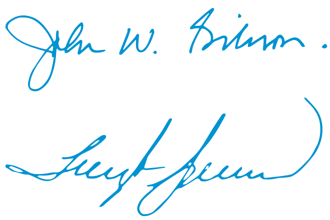
ROADRUNNER
Gas Transmission Pipeline
Texas

RECOGNITION

James C. Day retired from the ONEOK Board of Directors in May 2016. During his 12 years of service, Jim provided invaluable leadership and direction to our board through great periods of change and growth. Thank you, Jim, for your guidance and service to ONEOK and its investors.

We also thank our employees for their continued hard work and commitment to executing on our key strategies while operating our assets safely, reliably and in an environmentally responsible way.

And, finally, thank you to our investors for your continued trust. We are committed to continuing to create value for you by positioning ONEOK as one of the country's premiere midstream service providers.



John W. Gibson
Chairman

Terry K. Spencer
President and
Chief Executive Officer

March 13, 2017

INTEGRATION ENHANCES SERVICE

IN THE MID-CONTINENT

An area where we see strong potential in 2017 for all three of our segments is the Mid-Continent, home to the STACK and SCOOP plays in central Oklahoma.

Lower break-even economics are driving increased producer activity in the STACK and SCOOP where we are well-positioned to meet the growing demand for midstream NGL and natural gas services with available capacity and connections to key market centers.

Our NGL system is our most extensive asset position in the Mid-Continent, gathering approximately 150,000 to 200,000 barrels per day (bpd) of NGLs in the STACK and SCOOP, with approximately 100,000 bpd of available capacity with minimal capital expenditures to meet growing demand from this region. Our integrated NGL system provides takeaway services to more than 100 plants, representing more than 90 percent of the natural gas processing plants in the area.

Increased ethane production remains an expected strong driver of future NGL volume growth in the Mid-Continent region, which is expected to benefit from increased ethane demand as new world-scale petrochemical facilities begin operations and new export facilities increase capacity utilization in the second half of 2017 and beyond.

Ethane is an important petrochemical feedstock used in the manufacturing process.

In full ethane recovery, we anticipate approximately 150,000 bpd of increased ethane production from our NGL processing plant customers across our system, resulting in approximately $200 million of potential annual earnings uplift.

Our NGL system is well-positioned to provide critical takeaway of raw NGLs out of the Mid-Continent.

In addition to our NGL services, we operate an extensive footprint of natural gas transportation pipelines and have more than 50 Bcf of natural gas storage capacity in Oklahoma. Our pipelines provide connectivity to end-use markets for more than 30 processing plants with a combined 1.9 Bcf/d of capacity.

To expand our natural gas transportation services, which produce nearly 100 percent fee-based earnings, we have been in discussions with producers and on-system markets about the potential construction of an intrastate pipeline that would run through the middle of the STACK and SCOOP. If successful in securing the necessary contractual commitments and board approvals, the company would construct the proposed 36-inch diameter pipeline, spanning approximately 200 miles and providing essential takeaway of up to 1.4 Bcf/d of natural gas via an interconnection with a market hub in southeastern Oklahoma. The proposed bi-directional pipeline and related infrastructure target anticipated completion in the third quarter 2018.

We also provide critical natural gas gathering and processing services as an operator of 700 million cubic feet per day (MMcf/d) of natural gas processing capacity in Oklahoma. We are well-positioned to meet increased customer demand with nearly 100 MMcf/d of current available capacity to process natural gas gathered from increased drilling activity on our approximately 200,000 contractually dedicated acres in the STACK.

Our integrated and extensive position in the Mid-Continent, specifically in the STACK and SCOOP, is expected to be an important driver for growing NGL and natural gas volumes and fee-based earnings in 2017 and beyond.

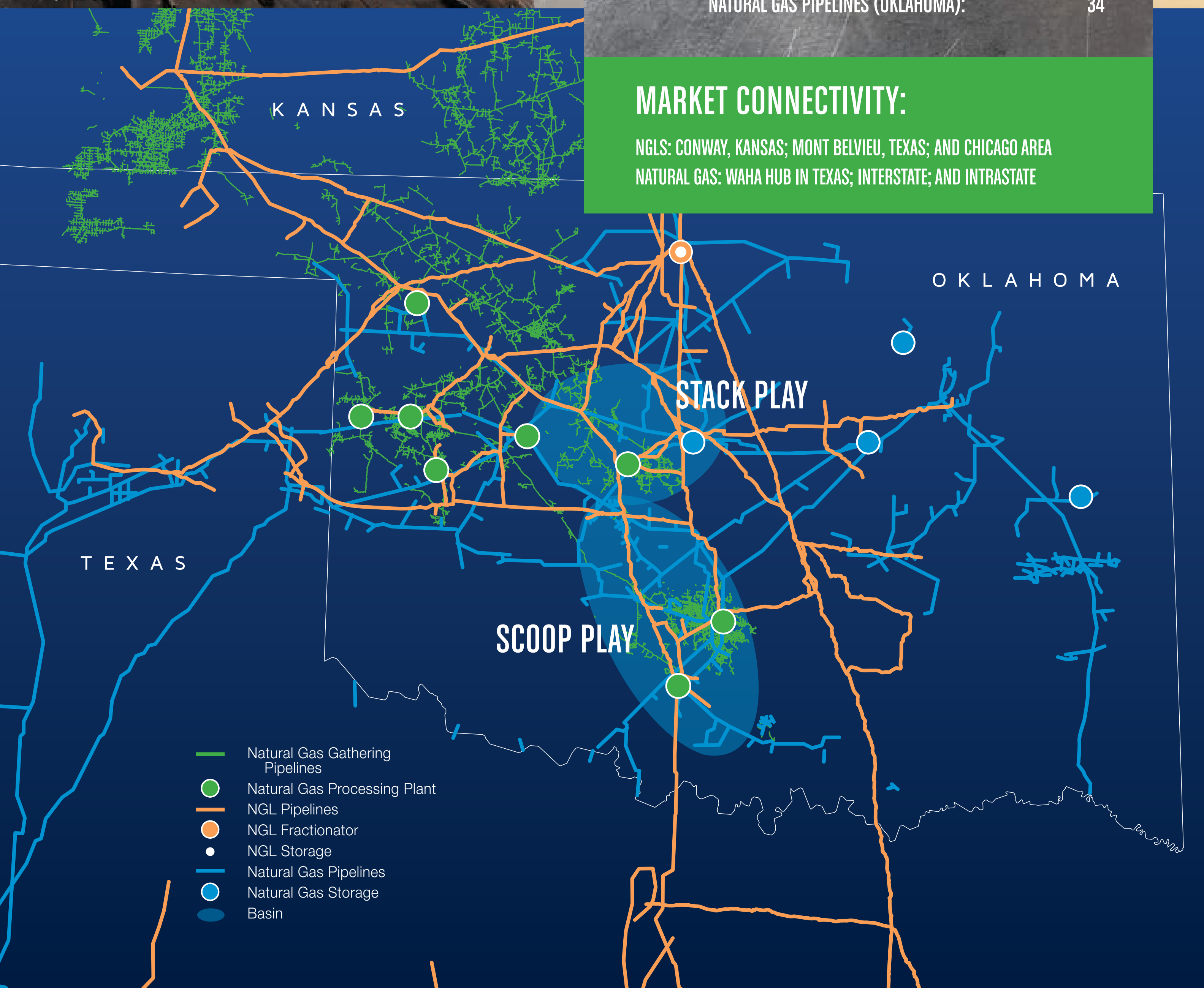
MEDFORD
NGL Facility
Oklahoma

STACK AND SCOOP

OUR ACREAGE DEDICATION IN THE STACK:	200,000
OUR NATURAL GAS PROCESSING CAPACITY IN OKLAHOMA:	700 MMCF/D
AVAILABLE CAPACITY IN THE STACK:	~100 MMCF/D
PLANT CONNECTIONS:	
NGL (MID-CONTINENT):	110
NATURAL GAS PIPELINES (OKLAHOMA):	34

MARKET CONNECTIVITY:

NGLS: CONWAY, KANSAS; MONT BELVIEU, TEXAS; AND CHICAGO AREA
NATURAL GAS: WAHA HUB IN TEXAS; INTERSTATE; AND INTRASTATE



OUR ASSETS CREATE OPPORTUNITY

IN THE PERMIAN BASIN

We continue to operate a strong and growing footprint in the Delaware and Midland basins, located in the well-established Permian Basin in West Texas.

In 2016, we completed the first and second phases of our joint-venture Roadrunner Gas Transmission Pipeline, which has the capacity to export up to 570 MMcf/d of natural gas to Mexico and provides those markets access to upstream supply basins.

Complementary to the Roadrunner project was the expansion of our WesTex Transmission Pipeline system, which we completed in October 2016. The pipeline transports natural gas to the Waha Hub, near Coyanosa, Texas, providing significant market opportunities for our customers.

Both Roadrunner and the WesTex expansion are fully subscribed under 25-year, firm fee-based commitments.

We also are an NGL service provider in the high-producing Permian Basin via our West Texas LPG system, which provides transportation services to the Mont Belvieu market center from nearly 40 third-party natural gas processing plants.

In 2017, we expect producer activity to increase in the Permian Basin, and we are well-positioned to meet the growing demand for NGL and natural gas services.

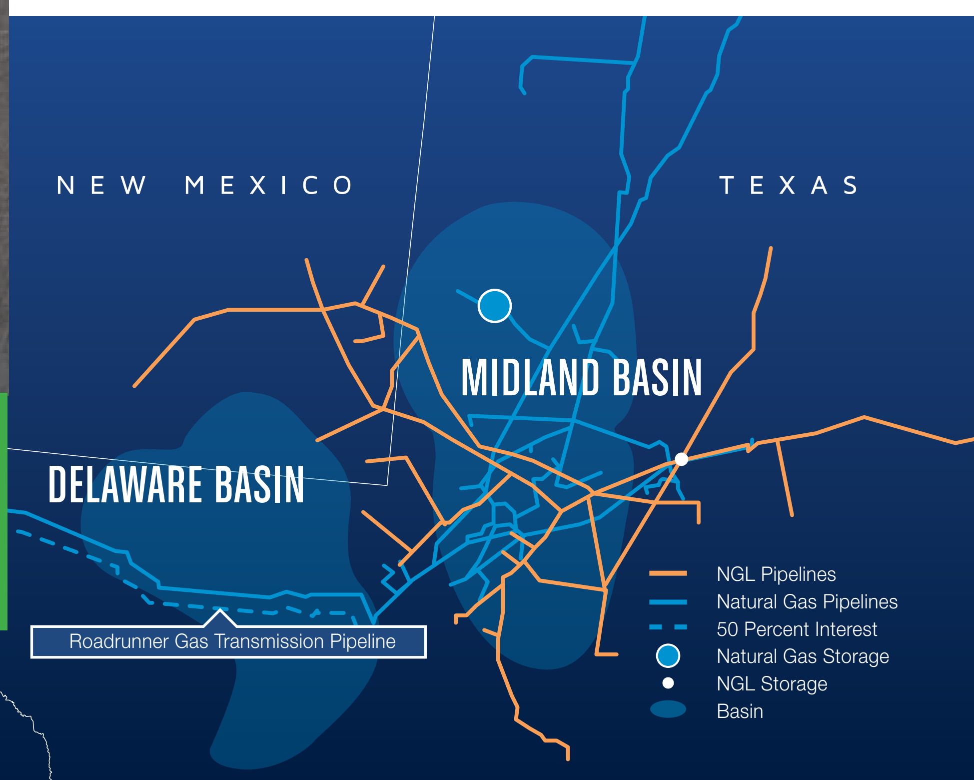
PERMIAN BASIN

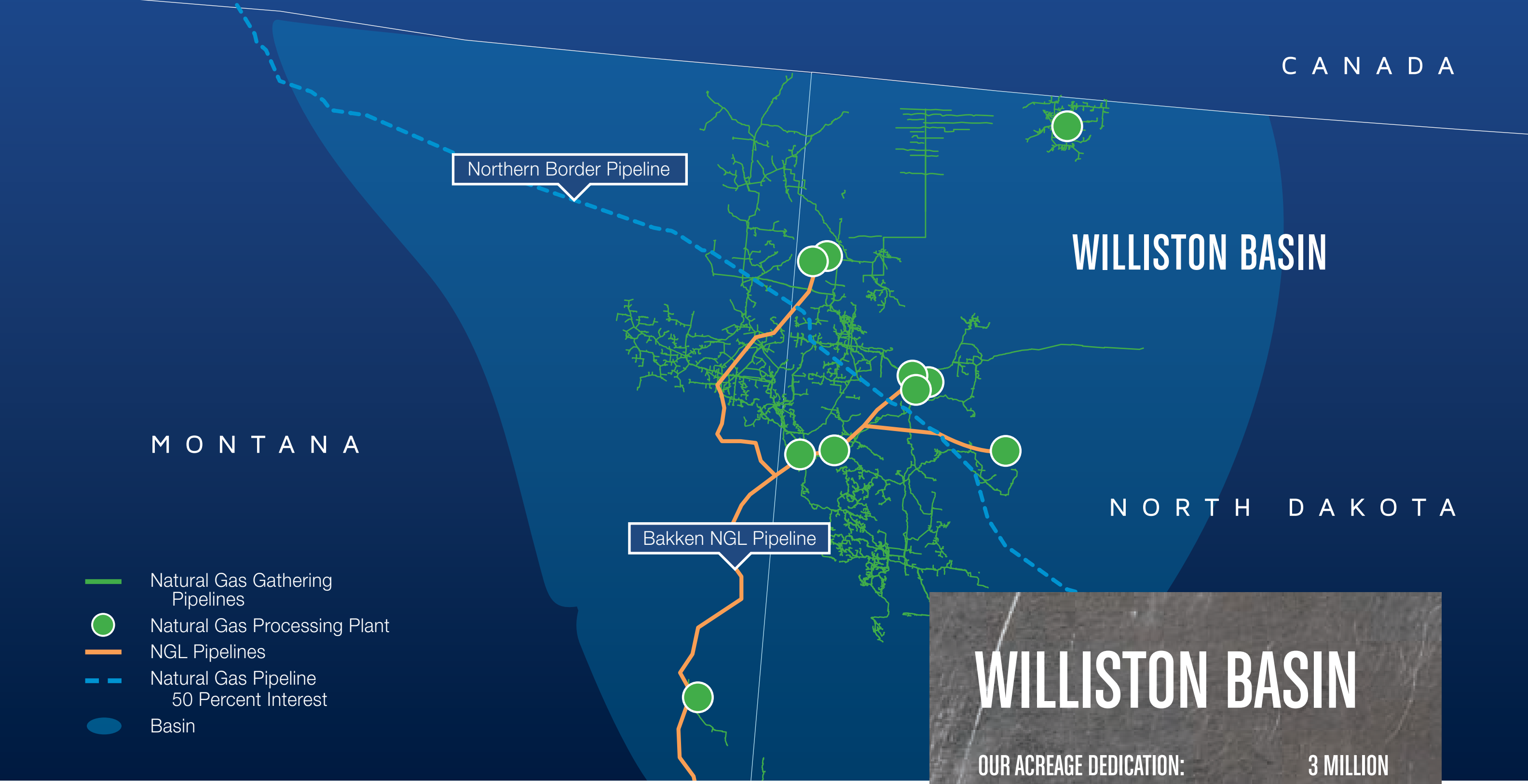
NATURAL GAS TRANSMISSION PIPELINE CAPACITY IN TEXAS:	> 1.5 BCF/D
PLANT CONNECTIONS:	
NGL:	~40
NATURAL GAS PIPELINES:	22
MILES OF NATURAL GAS TRANSPORTATION PIPELINE:	2,500

MARKET CONNECTIVITY

NGLS: CONWAY, KANSAS; MONT BELVIEU, TEXAS; AND CHICAGO AREA

NATURAL GAS: WAHA HUB IN TEXAS AND INTRASTATE





WILLISTON BASIN

OUR ACREAGE DEDICATION:	3 MILLION
OUR NATURAL GAS PROCESSING CAPACITY:	~1 BCF/D
AVAILABLE NATURAL GAS PROCESSING CAPACITY:	~200 MMCF/D
BAKKEN NGL PIPELINE CAPACITY:	135,000 BPD
NORTHERN BORDER PIPELINE CAPACITY:	2.4 BCF/D

MARKET CONNECTIVITY

NGLS: CONWAY, KANSAS; MONT BELVIEU, TEXAS; AND CHICAGO AREA

NATURAL GAS: CHICAGO AREA

DEMAND FOR SERVICES DRIVES GROWTH

IN THE WILLISTON BASIN

The Williston Basin is an important area for long-term volume growth for both NGLs and natural gas on our system. This NGL-rich basin continues to outperform in a tough environment, proving its resiliency and the decades-long production life ahead of it.

Our strong asset position in the highly productive core of the basin allowed us to successfully increase our average natural gas volumes gathered and processed in 2016 compared with 2015.

With the completion of our Bear Creek plant in August 2016, our total natural gas processing capacity in the Williston Basin is nearly 1 Bcf/d, underscoring our position as the largest independent operator of natural gas gathering and processing facilities in the region.

We currently have more than 200 MMcf/d of available natural gas processing capacity across our Williston Basin system, so we are well-prepared to capture 2017 volumes as drilling activities are expected to increase and drilled but uncompleted wells are brought online on our more than 3 million acres of dedication.

In addition to our natural gas gathering and processing operations, we are the sole NGL takeaway provider from the region via our Bakken NGL Pipeline, which delivers product south to Mid-Continent and Gulf Coast markets.

We also provide long-haul, primarily fee-based natural gas transportation services, delivering natural gas east to markets near Chicago.

CORPORATE INFORMATION

ONEOK Annual Meeting
The 2017 annual meeting of shareholders will be held Wednesday, May 24, 2017, at 9 a.m. Central Daylight Time at ONEOK Plaza, 100 West Fifth Street, Tulsa, OK.

Auditors
PricewaterhouseCoopers LLP
Two Warren Place
6120 South Yale Avenue, Suite 1850
Tulsa, OK 74136

Direct Stock Purchase and Dividend Reinvestment Plan
ONEOK's Direct Stock Purchase and Dividend Reinvestment Plan provides investors the opportunity to purchase shares of common stock without payment of any brokerage fees or service charges and to reinvest dividends automatically.

Transfer Agent, Registrar, Dividend-paying Agent and Distribution-paying Agent
Wells Fargo Shareowner Services
P.O. Box 64874
St. Paul, MN 55164-0854
ONEOK: 866-235-0232 ONEOK Partners: 866-605-8639
www.shareowneronline.com

Tax Package Support
ONEOK Partners, L.P.
K-1 Support
P.O. Box 799060
Dallas, TX 75379-9060
800-371-2188
www.taxpackagesupport.com/oneok

Credit Ratings	**OKE**	**OKS**
S&P Global Ratings	BB+	BBB
Moody's Investors Service	Ba1	Baa2

Investor Relations
T.D. Eureste, director – investor relations, by phone at 918-588-7167 or by email at teureste@oneok.com.
Megan Patterson, supervisor – investor relations, by phone at 918-561-5325 or by email at mpatterson@oneok.com.

Corporate Websites
www.oneok.com www.oneokpartners.com

NON-GAAP (GENERALLY ACCEPTED ACCOUNTING PRINCIPLES) FINANCIAL MEASURES

ONEOK and ONEOK Partners have disclosed in this annual report adjusted EBITDA, cash flow available for dividends, free cash flow and dividend coverage ratio, and ONEOK Partners distributable cash flow and distribution coverage ratio, which are non-GAAP financial metrics, used to measure the company's financial performance and are defined as follows:

- Adjusted EBITDA is defined as net income adjusted for interest expense, net of capitalized interest, depreciation and amortization, impairment charges, income taxes and allowance for equity funds used during construction and certain other noncash items;
- Cash flow available for dividends is defined as cash distributions declared from ONEOK's ownership in ONEOK Partners adjusted for ONEOK's standalone interest expense, corporate expenses, excluding certain noncash items, payments related to released contracts from ONEOK's former energy services business, capital expenditures and equity compensation reimbursed by ONEOK Partners;
- Free cash flow is defined as cash flow available for dividends, computed as described above, less ONEOK's dividends declared;
- Dividend coverage ratio is defined as cash flow available for dividends divided by the dividends declared for the period;
- Distributable cash flow is defined as ONEOK Partners adjusted EBITDA, computed as described above, less interest expense, maintenance capital expenditures and equity earnings from investments, adjusted for cash distributions received and certain other items; and
- Distribution coverage ratio is defined as ONEOK Partners distributable cash flow to limited partners per limited partner unit divided by the distribution declared per limited partner unit for the period.

These non-GAAP financial measures described above are useful to investors because they are used by many companies in the industry as a measurement of financial performance and are commonly employed by financial analysts and others to evaluate our financial performance and to compare our financial performance with the performance of other companies within our industry. ONEOK cash flow available for dividends, free cash flow and dividend coverage ratio, and ONEOK Partners distributable cash flow and distribution coverage ratio, should not be considered in isolation or as a substitute for net income or any other measure of financial performance presented in accordance with GAAP.

These non-GAAP financial measures exclude some, but not all, items that affect net income. Additionally, these calculations may not be comparable with similarly titled measures of other companies. Reconciliations of adjusted EBITDA, cash flow available for dividends and free cash flow to net income are included in the tables.

FORWARD-LOOKING STATEMENTS

Some of the statements contained and incorporated in this annual report are forward-looking statements as defined under federal securities laws. The forward-looking statements relate to our anticipated financial performance (including projected operating income, net income, capital expenditures, cash flow and projected levels of dividends and distributions), liquidity, management's plans and objectives for our future growth projects and other future operations (including plans to construct additional natural gas and natural gas liquids pipelines and processing facilities and related cost estimates), our business prospects, the outcome of regulatory and legal proceedings, market conditions, statements about the benefits of the Merger Transaction involving ONEOK and ONEOK Partners and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under federal securities legislation and other applicable laws. The following discussion is intended to identify important factors that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Forward-looking statements include the items identified in the preceding paragraph, the information concerning possible or assumed future results of our operations and other statements contained or incorporated in this annual report identified by words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "should," "goal," "forecast," "guidance," "could," "may," "continue," "might," "potential," "scheduled" and other words and terms of similar meaning.

One should not place undue reliance on forward-looking statements. Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements. Those factors may affect our operations, markets, products, services and prices. In addition to any assumptions and other factors referred to specifically in connection with the forward-looking statements, factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement include, among others, the following:

- the ability to obtain the requisite approvals from ONEOK's shareholders or ONEOK Partners' unitholders relating to the Merger Transaction;
- the risk that ONEOK or ONEOK Partners may be unable to obtain governmental and regulatory approvals required for the Merger Transaction, if any, or required governmental and regulatory approvals, if any, may delay the Merger Transaction or result in the imposition of conditions that could cause the parties to abandon the Merger Transaction;
- the risk that a condition to closing of the Merger Transaction may not be satisfied;
- the timing to consummate the Merger Transaction;
- the risk that the cost savings, tax benefits and any other synergies from the Merger Transaction may not be fully realized or may take longer to realize than expected;
- disruption from the Merger Transaction may make it more difficult to maintain relationships with customers, employees or suppliers;
- the possible diversion of management time on Merger Transaction-related issues;
- the impact and outcome of pending and future litigation, including litigation, if any, relating to the Merger Transaction;
- the effects of weather and other natural phenomena, including climate change, on our operations, demand for our services and energy prices;
- competition from other United States and foreign energy suppliers and transporters, as well as alternative forms of energy, including, but not limited to, solar power, wind power, geothermal energy and biofuels such as ethanol and biodiesel;
- the capital intensive nature of our businesses;
- the profitability of assets or businesses acquired or constructed by us;
- our ability to make cost-saving changes in operations;
- risks of marketing, trading and hedging activities, including the risks of changes in energy prices or the financial condition of our counterparties;
- the uncertainty of estimates, including accruals and costs of environmental remediation;
- the timing and extent of changes in energy commodity prices;
- the effects of changes in governmental policies and regulatory actions, including changes with respect to income and other taxes, pipeline safety, environmental compliance, climate change initiatives and authorized rates of recovery of natural gas and natural gas transportation costs;
- the impact on drilling and production by factors beyond our control, including the demand for natural gas and crude oil; producers' desire and ability to obtain necessary permits; reserve performance; and capacity constraints on the pipelines that transport crude oil, natural gas and NGLs from producing areas and our facilities;
- difficulties or delays experienced by trucks, railroads or pipelines in delivering products to or from our terminals or pipelines;
- changes in demand for the use of natural gas, NGLs and crude oil because of market conditions caused by concerns about climate change;
- conflicts of interest between ONEOK, ONEOK Partners, ONEOK Partners GP and related parties of ONEOK, ONEOK Partners and ONEOK Partners GP;
- the impact of unforeseen changes in interest rates, equity markets, inflation rates, economic recession and other external factors over which we have no control, including the effect on pension and postretirement expense and funding resulting from changes in equity and bond market returns;
- our indebtedness could make us vulnerable to general adverse economic and industry conditions, limit our ability to borrow additional funds and/or place us at competitive disadvantages compared with our competitors that have less debt, or have other adverse consequences;
- actions by rating agencies concerning the credit ratings of ONEOK and ONEOK Partners;
- the results of administrative proceedings and litigation, regulatory actions, rule changes and receipt of expected clearances involving any local, state or federal regulatory body, including the FERC, the National Transportation Safety Board, the PHMSA, the EPA and CFTC;
- our ability to access capital at competitive rates or on terms acceptable to us;
- risks associated with adequate supply to our gathering, processing, fractionation and pipeline facilities, including production declines that outpace new drilling or extended periods of ethane rejection;
- the risk that material weaknesses or significant deficiencies in our internal controls over financial reporting could emerge or that minor problems could become significant;
- the impact and outcome of pending and future litigation;
- the ability to market pipeline capacity on favorable terms, including the effects of:
  - future demand for and prices of natural gas, NGLs and crude oil;
  - competitive conditions in the overall energy market;
  - availability of supplies of Canadian and United States natural gas and crude oil; and
  - availability of additional storage capacity;
- performance of contractual obligations by our customers, service providers, contractors and shippers;
- the timely receipt of approval by applicable governmental entities for construction and operation of our pipeline and other projects and required regulatory clearances;
- our ability to acquire all necessary permits, consents or other approvals in a timely manner, to promptly obtain all necessary materials and supplies required for construction, and to construct gathering, processing, storage, fractionation and transportation facilities without labor or contractor problems;
- the mechanical integrity of facilities operated;
- demand for our services in the proximity of our facilities;
- our ability to control operating costs;
- acts of nature, sabotage, terrorism or other similar acts that cause damage to our facilities or our suppliers' or shippers' facilities;
- economic climate and growth in the geographic areas in which we do business;
- the risk of a prolonged slowdown in growth or decline in the United States or international economies, including liquidity risks in United States or foreign credit markets;
- the impact of recently issued and future accounting updates and other changes in accounting policies;
- the possibility of future terrorist attacks or the possibility or occurrence of an outbreak of, or changes in, hostilities or changes in the political conditions in the Middle East and elsewhere;
- the risk of increased costs for insurance premiums, security or other items as a consequence of terrorist attacks;
- risks associated with pending or possible acquisitions and dispositions, including our ability to finance or integrate any such acquisitions and any regulatory delay or conditions imposed by regulatory bodies in connection with any such acquisitions and dispositions;
- the impact of uncontracted capacity in our assets being greater or less than expected;
- the ability to recover operating costs and amounts equivalent to income taxes, costs of property, plant and equipment and regulatory assets in our state and FERC-regulated rates;
- the composition and quality of the natural gas and NGLs supplied to ONEOK Partners' gathering system, processed in ONEOK Partners' plants and transported on ONEOK Partners' pipelines;
- the efficiency of our plants in processing natural gas and extracting and fractionating NGLs;
- the impact of potential impairment charges;
- the risk inherent in the use of information systems in our respective businesses, implementation of new software and hardware, and the impact on the timeliness of information for financial reporting;
- our ability to control construction costs and completion schedules of our pipelines and other projects; and
- the risk factors listed in the reports we have filed and may file with the Securities and Exchange Commission (SEC), which are incorporated by reference.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other factors could also have material adverse effects on our future results. These and other risks are described in greater detail in Part I, Item 1A, Risk Factors, in this annual report and in our other filings that we make with the SEC, which are available via the SEC's website at www.sec.gov and our websites at www.oneok.com or www.oneokpartners.com. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. Any such forward-looking statement speaks only as of the date on which such statement is made, and other than as required under securities laws, we undertake no obligation to update publicly any forward-looking statement whether as a result of new information, subsequent events or change in circumstances, expectations or otherwise.

ADDITIONAL INFORMATION AND WHERE TO FIND IT

This communication is not a solicitation of any vote, approval, or proxy from any ONEOK shareholder or ONEOK Partners unitholder. In connection with the proposed transaction, ONEOK filed with the SEC a registration statement on Form S-4, which includes a preliminary joint proxy statement of ONEOK and ONEOK Partners and that also constitutes a preliminary prospectus of ONEOK. These materials are not yet final and will be amended. Each of ONEOK and ONEOK Partners may also file other documents with the SEC regarding the proposed transaction. ONEOK and ONEOK Partners will each mail the joint proxy statement/prospectus to their respective shareholders and unitholders. This document is not a substitute for any prospectus, proxy statement or any other document which ONEOK and ONEOK Partners may file with the SEC in connection with the proposed transaction. **ONEOK and ONEOK Partners urge investors and their respective shareholders and unitholders to read the registration statement, including the preliminary joint proxy statement/prospectus that is part of the registration statement and the definitive joint proxy statement/prospectus, and other relevant materials to be filed with the SEC regarding the proposed transaction when they become available, as well as other documents filed with the SEC, because they contain or will contain important information.** You may obtain copies of all documents filed with the SEC regarding this transaction (when they become available), free of charge, at the SEC's website (www.sec.gov). You may also obtain these documents, free of charge, from ONEOK's website (www.oneok.com) under the tab "Investors" and then under the heading "Financial Information" and "SEC Filings." You may also obtain these documents, free of charge, from ONEOK Partners' website (www.oneokpartners.com) under the tab "Investors" and then under the heading "Financial Information" and "SEC Filings."

PARTICIPANTS IN THE SOLICITATION

ONEOK, ONEOK Partners and their respective directors, executive officers and certain other members of management and employees may be soliciting proxies from ONEOK shareholders and ONEOK Partners unitholders in favor of the proposed transaction and related matters. Information regarding the persons who may, under the rules of the SEC, be deemed participants in the solicitation of ONEOK shareholders and ONEOK Partners unitholders in connection with the proposed transaction is contained in the preliminary joint proxy statement/prospectus and will be set forth in the definitive joint proxy statement/prospectus when it becomes available. You can find information about ONEOK's executive officers and directors in its definitive proxy statement filed with the SEC on April 5, 2017. You can find information about ONEOK Partners' executive officers and directors in its annual report on Form 10-K filed with the SEC on Feb. 28, 2017. Additional information about ONEOK's executive officers and directors and ONEOK Partners' executive officers and directors can be found in the above-referenced Registration Statement on Form S-4 and other relevant materials to be filed with the SEC when they become available. You can obtain free copies of these documents from ONEOK and ONEOK Partners using the contact information above.

RECONCILIATION OF ONEOK PARTNERS' NET INCOME TO ADJUSTED EBITDA AND DISTRIBUTABLE CASH FLOW - UNAUDITED (MILLIONS OF DOLLARS)

	2016	2015	2014
Net income	$ 1,072.3	$ 597.9	$ 911.3
Interest expense, net of capitalized interest	366.8	338.9	281.9
Depreciation and amortization	388.6	352.2	291.2
Impairment charges	—	264.3	76.4
Income tax expense	13.9	4.1	12.7
Allowance for equity funds used during construction and other	(1.3)	8.1	(14.9)
Adjusted EBITDA	1,840.3	1,565.5	1,558.6
Interest expense, net of capitalized interest	(366.8)	(338.9)	(281.9)
Maintenance capital	(112.4)	(115.6)	(126.9)
Equity in net earnings from investments, excluding noncash impairment charges	(139.7)	(125.3)	(117.4)
Distributions received from unconsolidated affiliates	196.7	155.9	139.0
Other	(5.2)	(4.9)	(1.9)
Distributable cash flow	$ 1,412.9	$ 1,136.7	$ 1,169.5

Table of contents

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

X ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2016 .
OR
__ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from __________ to __________.

Commission file number 001-13643

ONEOK, Inc.

(Exact name of registrant as specified in its charter)

Oklahoma	**73-1520922**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
100 West Fifth Street, Tulsa, OK	**74103**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (918) 588-7000

Securities registered pursuant to Section 12(b) of the Act:

Common stock, par value of $0.01	**New York Stock Exchange**
(Title of each class)	(Name of each exchange on which registered)

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes X No__

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes __ No X

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes X No __

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate website, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes X No __

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Registration S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. __

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one) Large accelerated filer X Accelerated filer __ Non-accelerated filer __ Smaller reporting company __

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes__ No X

Aggregate market value of registrant's common stock held by non-affiliates based on the closing trade price on June 30, 2016 , was $9.7 billion.

On February 21, 2017 , the Company had 210,757,806 shares of common stock outstanding.

DOCUMENTS INCORPORATED BY REFERENCE:

Portions of the definitive proxy statement to be delivered to shareholders in connection with the Annual Meeting of Shareholders to be held May 24, 2017 , are incorporated by reference in Part III.

ONEOK, Inc.
2016 ANNUAL REPORT

As used in this Annual Report, references to "we," "our" or "us" refer to ONEOK, Inc., an Oklahoma corporation, and its predecessors and subsidiaries, including ONEOK Partners and its subsidiaries, unless the context indicates otherwise.

GLOSSARY

The abbreviations, acronyms and industry terminology used in this Annual Report are defined as follows:

AFUDC	Allowance for funds used during construction
Annual Report	Annual Report on Form 10-K for the year ended December 31, 2016
ASU	Accounting Standards Update
Bbl	Barrels, 1 barrel is equivalent to 42 United States gallons
BBtu/d	Billion British thermal units per day
Bcf	Billion cubic feet
Bcf/d	Billion cubic feet per day
CFTC	U.S. Commodity Futures Trading Commission
Clean Air Act	Federal Clean Air Act, as amended
Clean Water Act	Federal Water Pollution Control Act Amendments of 1972, as amended
DOT	United States Department of Transportation
EBITDA	Earnings before interest expense, income taxes, depreciation and amortization
EPA	United States Environmental Protection Agency
Exchange Act	Securities Exchange Act of 1934, as amended
FERC	Federal Energy Regulatory Commission
GAAP	Accounting principles generally accepted in the United States of America
GHG	Greenhouse gas
Intermediate Partnership	ONEOK Partners Intermediate Limited Partnership, a wholly owned subsidiary of ONEOK Partners, L.P.
IRS	Internal Revenue Service
KCC	Kansas Corporation Commission
LIBOR	London Interbank Offered Rate
MBbl	Thousand barrels
MBbl/d	Thousand barrels per day
MDth/d	Thousand dekatherms per day
Merger Agreement	Agreement and Plan of Merger, dated as of January 31, 2017, by and among ONEOK, Merger Sub, ONEOK Partners and ONEOK Partners GP
Merger Sub	New Holdings Subsidiary, LLC, a wholly owned subsidiary of ONEOK
Merger Transaction	The transaction contemplated by the Merger Agreement pursuant to which ONEOK will acquire all of ONEOK Partners’ outstanding common units representing limited partner interests in ONEOK Partners not already directly or indirectly owned by ONEOK
MMBbl	Million barrels
MMBtu	Million British thermal units
MMcf/d	Million cubic feet per day
Moody’s	Moody’s Investors Service, Inc.
Natural Gas Act	Natural Gas Act of 1938, as amended
Natural Gas Policy Act	Natural Gas Policy Act of 1978, as amended
NGL(s)	Natural gas liquid(s)
NGL products	Marketable natural gas liquid purity products, such as ethane, ethane/propane mix, propane, iso-butane, normal butane and natural gasoline
NYMEX	New York Mercantile Exchange
NYSE	New York Stock Exchange
OCC	Oklahoma Corporation Commission
ONE Gas	ONE Gas, Inc.
ONEOK	ONEOK, Inc.
ONEOK Credit Agreement	ONEOK’s $300 million amended and restated revolving credit agreement effective as of January 31, 2014
ONEOK Partners	ONEOK Partners, L.P.
ONEOK Partners Credit Agreement	ONEOK Partners’ $2.4 billion amended and restated revolving credit agreement effective as of January 31, 2014, as amended

ONEOK Partners GP	ONEOK Partners GP, L.L.C., a wholly owned subsidiary of ONEOK and the sole general partner of ONEOK Partners
OPIS	Oil Price Information Service
OSHA	Occupational Safety and Health Administration
Partnership Agreement	Third Amended and Restated Agreement of Limited Partnership of ONEOK Partners, L.P., as amended
PHMSA	United States Department of Transportation Pipeline and Hazardous Materials Safety Administration
POP	Percent of Proceeds
Quarterly Report(s)	Quarterly Report(s) on Form 10-Q
Roadrunner	Roadrunner Gas Transmission, LLC, a ONEOK Partners 50 percent owned joint venture
RRC	Railroad Commission of Texas
S&P	S&P Global Ratings
SCOOP	South Central Oklahoma Oil Province, an area in the Anadarko Basin in Oklahoma
SEC	Securities and Exchange Commission
Securities Act	Securities Act of 1933, as amended
STACK	Sooner Trend Anadarko Canadian Kingfisher, an area in the Anadarko Basin in Oklahoma
Term Loan Agreement	ONEOK Partners' senior unsecured delayed-draw three-year $1.0 billion term loan agreement dated January 8, 2016
West Texas LPG	West Texas LPG Pipeline Limited Partnership and Mesquite Pipeline
WTI	West Texas Intermediate
WTLPG	West Texas LPG Pipeline Limited Partnership
XBRL	eXtensible Business Reporting Language

The statements in this Annual Report that are not historical information, including statements concerning plans and objectives of management for future operations, economic performance or related assumptions, are forward-looking statements. Forward-looking statements may include words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "should," "goal," "forecast," "guidance," "could," "may," "continue," "might," "potential," "scheduled" and other words and terms of similar meaning. Although we believe that our expectations regarding future events are based on reasonable assumptions, we can give no assurance that such expectations and assumptions will be achieved. Important factors that could cause actual results to differ materially from those in the forward-looking statements are described under Part I, Item 1A, "Risk Factors," and Part II, Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations and "Forward-Looking Statements," in this Annual Report.

PART I

ITEM 1. BUSINESS

GENERAL

We are a corporation incorporated under the laws of the state of Oklahoma, and our common stock is listed on the NYSE under the trading symbol “OKE.” We are the sole general partner and, as of December 31, 2016 , owned 41.2 percent of ONEOK Partners (NYSE: OKS), one of the largest publicly traded master limited partnerships. Our goal is to provide management and resources to ONEOK Partners, enabling it to execute its growth strategies and allowing us to grow our dividend. ONEOK Partners applies its core capabilities of gathering, processing, fractionating, transporting, storing and marketing natural gas and NGLs through the rebundling of services across the value chains through vertical integration in an effort to provide its customers with premium services at lower costs. ONEOK Partners is a leader in the gathering, processing, storage and transportation of natural gas in the United States. In addition, ONEOK Partners owns one of the nation’s premier natural gas liquids systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers.

EXECUTIVE SUMMARY

On January 31, 2017, we and ONEOK Partners entered into the Merger Agreement, by and among ONEOK, Merger Sub, ONEOK Partners and ONEOK Partners GP, the general partner of ONEOK Partners, pursuant to which we will acquire all of the outstanding common units representing limited partner interests in ONEOK Partners not already directly or indirectly owned by us. Upon the terms and conditions set forth in the Merger Agreement, Merger Sub will be merged with and into ONEOK Partners, with ONEOK Partners continuing as a wholly owned subsidiary of ours, in a taxable transaction to ONEOK Partners’ unitholders. For additional information on this transaction, see Note B of the Notes to Consolidated Financial Statements in this Annual Report.

ONEOK Partners operates predominantly fee-based businesses in each of its three reportable segments, and its consolidated earnings were approximately 88 percent fee-based in 2016. We continue to expect demand for ONEOK Partners’ midstream services to provide supply and market connectivity. We expect producers to require midstream services to connect production with end-use markets, increased demand for NGL products from the petrochemical industry and NGL exporters and increased demand for natural gas from power plants currently fueled by coal and natural gas exports to Mexico. While the Natural Gas Gathering and Processing and Natural Gas Liquids segments generate predominately fee-based earnings, those segments’ results of operations are exposed to volumetric risk. ONEOK Partners’ exposure to volumetric risk can result from reduced drilling activity, severe weather disruptions, operational outages and ethane rejection.

ONEOK Partners has available capacity on its integrated network of assets to grow fee-based earnings with minimal capital investment. We expect each of the three business segments to benefit from increasing producer activity in the Mid-Continent region from the highly productive STACK and SCOOP areas, where there was an increase in producer activity in late 2016, which we expect to continue in 2017. ONEOK Partners has a strong presence in the Mid-Continent region, with the Natural Gas Liquids segment’s gathering system serving as a primary NGL takeaway provider through connections to more than 100 third-party natural gas processing plants, the Natural Gas Gathering and Processing segment’s substantial acreage dedications in some of the most productive areas and the Natural Gas Pipelines segment’s broad footprint. In the Natural Gas Gathering and Processing segment, ONEOK Partners has approximately 200 MMcf/d and 100 MMcf/d of available processing capacity in the Williston Basin and Oklahoma, respectively. As producers continue to develop the STACK and SCOOP areas, we expect natural gas and NGL volumes to increase in 2017, compared with 2016 volumes, and increased demand for ONEOK Partners’ services from producers that need incremental takeaway capacity for natural gas and NGLs out of the region.

The Natural Gas Gathering and Processing segment’s earnings were approximately 80 percent fee-based in 2016. Fee revenues averaged 76 cents per MMBtu, compared with an average of 44 cents per MMBtu in 2015 due to restructuring many of this segment’s POP with fee contracts to increase the fee component and reduce ONEOK Partners’ direct commodity price risk. To mitigate the impact of its remaining commodity price exposure, ONEOK Partners has hedged a significant portion of the Natural Gas Gathering and Processing segment’s commodity price risk for 2017 and 2018. This segment has substantial acreage dedications in some of the most productive areas of the Williston Basin and Mid-Continent region, specifically the STACK and SCOOP, which helps to mitigate the volumetric risk.

The Natural Gas Liquids segment’s earnings were approximately 90 percent fee-based in 2016. While ONEOK Partners is exposed to volumetric risk in this segment, this risk is partially mitigated through minimum volume commitments, which provide a minimum level of revenue regardless of the volumetric throughput. ONEOK Partners expects increasing demand from the petrochemical industry with the completion of ethylene production projects and NGL exports, which will require additional NGL transportation services that ONEOK Partners can provide without significant additional infrastructure needs or capital spending.

The Natural Gas Pipelines segment's earnings were approximately 95 percent fee-based in 2016, generated primarily from firm demand charge contracts. This segment continues to develop new projects to grow ONEOK Partners' fee-based earnings, such as its Roadrunner joint venture and WesTex expansion project, both of which are fully subscribed with 25-year firm demand charge, fee-based agreements. We expect additional demand for ONEOK Partners' services to deliver natural gas to power plants currently fueled by coal and to support increased demand for natural gas exports to Mexico, as well as provide market connectivity to supply basins.

See Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations, for more information on our growth projects, results of operations, liquidity and capital resources.

BUSINESS STRATEGY

Our primary business strategy is to maximize dividend payout while maintaining prudent financial strength and flexibility, with a focus on safe, reliable, environmentally responsible and legally compliant operations for our customers, employees, contractors and the public through the following:

- <u>Provide reliable energy and energy-related services in a safe, reliable and environmentally responsible manner to our stakeholders through our ownership in ONEOK Partners</u> - environmental, safety and health issues continue to be a primary focus for us, and our emphasis on personal and process safety has produced improvements in the key indicators we track. We also continue to look for ways to reduce our environmental impact by conserving resources and utilizing more efficient technologies;
- <u>Maximize dividend payout while maintaining prudent financial strength and flexibility</u> - during 2016, cash dividends paid per share and cash distributions received from ONEOK Partners increased compared to 2015. Our excess cash gives us flexibility to take advantage of opportunities to create additional shareholder value. We expect our dividend payout to increase following the completion of the Merger Transaction with ONEOK Partners.
- <u>Attract, select, develop and retain a diverse group of employees to support strategy execution</u> - we continue to execute on our recruiting strategy that targets professional and field personnel in our operating areas. We also continue to focus on employee development efforts with our current employees and monitor our benefits and compensation package to remain competitive.

NARRATIVE DESCRIPTION OF BUSINESS

We report operations in the following business segments:

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

<u>Natural Gas Gathering and Processing</u>

Overview - The Natural Gas Gathering and Processing segment provides midstream services to contracted producers in North Dakota, Montana, Wyoming, Kansas and Oklahoma. ONEOK Partners provides exploration and production companies with gathering and processing services that allow them to move their raw (unprocessed) natural gas to market. Raw natural gas is gathered, compressed and transported through pipelines to ONEOK Partners' processing facilities. In order for the raw natural gas to be accepted by the downstream market, it must have contaminants, such as water, nitrogen and carbon dioxide, removed and NGLs separated for further processing. Processed natural gas, usually referred to as residue natural gas, is then recompressed and delivered to natural gas pipelines and end users. The separated NGLs are in a mixed, unfractionated form and are sold and delivered through natural gas liquids pipelines to fractionation facilities for further separation.

Rocky Mountain region - The Williston Basin, located in portions of North Dakota and Montana, includes the oil-producing, NGL-rich Bakken Shale and Three Forks formations and is an active drilling region. ONEOK Partners' completed growth projects, including its Bear Creek natural gas processing plant and infrastructure project that was completed in August 2016, have increased its gathering and processing capacity and allowed it to capture natural gas from new wells being drilled and natural gas previously flared by producers.

The Powder River Basin is primarily located in Wyoming. This region includes the NGL-rich Niobrara Shale and Frontier, Turner and Sussex formations where ONEOK Partners provides gathering and processing services to customers in the southeast portion of Wyoming.

Mid-Continent region - ONEOK Partners' Mid-Continent region includes the NGL-rich STACK and SCOOP areas in the Anadarko Basin and the Cana-Woodford Shale, Woodford Shale, Springer Shale, Meramec, Granite Wash and Mississippian Lime formations of Oklahoma and Kansas; and the Hugoton and Central Kansas Uplift Basins of Kansas. Producers are actively drilling in the NGL-rich STACK and SCOOP areas where ONEOK Partners has substantial acreage dedicated to it.

Revenues - Revenues for this segment are derived primarily from the following types of contracts:

- POP with fee-based components - Under this type of contract, ONEOK Partners charges fees for gathering, treating, compressing and processing the producer's natural gas. ONEOK Partners also generally purchases the producer's raw natural gas, which it processes into residue natural gas and NGLs, then it sells these commodities and associated condensate to downstream customers. ONEOK Partners remits sales proceeds to the producer according to the contractual terms and retains its portion. This type of contract represented approximately 94 percent and 90 percent of contracted volumes in this segment for 2016 and 2015, respectively. There are a variety of factors that directly affect ONEOK Partners' POP with fee revenues, including:
  - the price of natural gas, crude oil and NGLs;
  - the composition of the natural gas and NGLs produced;
  - the fees ONEOK Partners charges for its services; and
  - the volume produced.

  Over time as ONEOK Partners' contracts are renewed or restructured, it has generally increased the fee components. As a result, ONEOK Partners' mix of commodity and fee-based earnings continues to change as volumes naturally decline on older contracts where it retains a higher percent of proceeds and volumes increase on contracts with higher fee components. Additionally, under certain POP with fee contracts ONEOK Partners' fee revenues may increase or decrease if production volumes, delivery pressures or commodity prices change relative to specified thresholds.
- Fee-only - Under this type of contract, ONEOK Partners is paid a fee for the services it provides, based on volumes gathered, processed, treated and/or compressed. ONEOK Partners' fee-only contracts represented approximately 6 percent and 10 percent of contracted volumes in this segment for 2016 and 2015, respectively.

Property - The Natural Gas Gathering and Processing segment owns the following assets:

- approximately 11,300 miles and 7,700 miles of natural gas gathering pipelines in the Mid-Continent and Rocky Mountain regions, respectively;
- nine natural gas processing plants with approximately 785 MMcf/d of processing capacity in the Mid-Continent region, and 12 natural gas processing plants with approximately 1,045 MMcf/d of processing capacity in the Rocky Mountain region; and
- approximately 15 MBbl/d of natural gas liquids fractionation capacity at various natural gas processing plants in the Rocky Mountain region.

Utilization - The utilization rates for ONEOK Partners' natural gas processing plants were approximately 76 percent for both 2016 and 2015 . ONEOK Partners calculates utilization rates using a weighted-average approach, adjusting for the dates that assets were placed in service.

Unconsolidated Affiliates - The Natural Gas Gathering and Processing segment includes the following unconsolidated affiliates:

- 49 percent ownership in Bighorn Gas Gathering, which operates a coal-bed methane gathering system in the Powder River Basin;
- 37 percent ownership in Fort Union Gas Gathering, which gathers coal-bed methane produced in the Powder River Basin and delivers it to the interstate pipeline system;
- 35 percent ownership interest in Lost Creek Gathering Company, which gathers natural gas produced from conventional dry natural gas wells in the Wind River Basin of central Wyoming and delivers it to the interstate pipeline system; and
- 10 percent ownership interest in Venice Energy Services Co., a natural gas processing facility near Venice, Louisiana.

See Note N of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of our unconsolidated affiliates.

Market Conditions and Seasonality - Supply - *Rocky Mountain region* - In the Williston Basin, natural gas volumes continued to grow in 2016, driven primarily by producer development of Bakken Shale crude oil wells, which also produce associated natural gas containing significant quantities of NGLs. The number of well connections in 2016 decreased, compared with 2015, due to reduced drilling and completion activity by producers and continued low commodity prices. ONEOK Partners' natural gas gathered and processed volumes in the Williston Basin increased in 2016, compared with 2015, despite the reductions in producer drilling activity, due to the following:

- capturing additional natural gas previously flared by producers through natural gas compression and processing capacity placed in service in late 2015 and projects completed in 2016;
- producers focusing their drilling and completion in the most productive areas where ONEOK Partners has significant gathering and processing assets, which typically produce at higher initial production rates compared with other areas and have higher natural gas to oil ratios; and
- continued improvements in production by producers due to enhanced completion techniques and more efficient drilling rigs.

In 2017, we expect volume growth in the Williston Basin from the projects and production activities discussed above to be partially offset by natural production declines.

Mid-Continent region - In the Mid-Continent region, ONEOK Partners has significant natural gas gathering and processing assets in Oklahoma and Kansas. With the emerging STACK and SCOOP areas, we anticipate increased producer activity in the Mid-Continent, where ONEOK Partners has substantial acreage dedications in these productive areas. We expect ONEOK Partners' average natural gas volumes to grow in 2017 due to continued drilling and completion activity, offset partially by the natural volume declines from existing wells connected to ONEOK Partners' system.

Demand - Demand for gathering and processing services is dependent on natural gas production by producers, which is driven by the strength of the economy; natural gas, crude oil and NGL prices; and the demand for each of these products from end users. The Natural Gas Gathering and Processing segment's customers are generally crude oil and natural gas producers who have proven reserves or are currently producing natural gas in areas within ONEOK Partners' existing infrastructure and need gathering and processing services. Additionally, demand is impacted by the weather, which is discussed below under "Seasonality."

Rocky Mountain region - Demand for ONEOK Partners' gathering and processing services in the Williston Basin has remained strong even as crude oil prices remained low. Requirements in North Dakota for producers to reduce natural gas flaring have increased the need for ONEOK Partners' services to capture, gather and process this natural gas. ONEOK Partners has approximately 200 MMcf/d of available processing capacity in the Williston Basin.

Mid-Continent region - As producers continue to develop the STACK and SCOOP areas of the Anadarko Basin, we expect increased demand for ONEOK Partners' services from producers. ONEOK Partners has approximately 100 MMcf/d of available processing capacity in Oklahoma.

Commodity Prices - While ONEOK Partners has significantly reduced its direct exposure to commodity prices in this segment and its earnings are primarily fee-based, the commodity price environment has resulted in a reduction of producer drilling activity and well completions in 2016 and 2015.

See discussion regarding our commodity price risk and related hedging activities under "Commodity Price Risk" in Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

Seasonality - Cold temperatures usually increase demand for natural gas and certain NGL products such as propane, the main heating fuels for homes and businesses. Warm temperatures usually increase demand for natural gas used in gas-fired electric generators for residential and commercial cooling, as well as agriculture-related equipment like irrigation pumps and crop dryers. During periods of peak demand for a certain commodity, prices for that product typically increase.

Extreme weather conditions and seasonal temperature changes impact the volumes and composition of natural gas gathered and processed. Freeze-offs are a phenomenon where water produced with natural gas freezes at the wellhead or within the gathering system. This causes a temporary interruption in the flow of natural gas. All of ONEOK Partners' operations may be affected by other weather conditions that may cause a loss of electricity at ONEOK Partners' facilities or prevent access to certain locations that affect a producer's ability to complete wells or ONEOK Partners' ability to connect those wells to its systems.

Competition - ONEOK Partners competes for natural gas supply with major integrated oil companies, independent exploration and production companies that have gathering and processing assets, pipeline companies and their affiliated marketing companies, and other midstream gatherers and processors. The factors that typically affect ONEOK Partners' ability to compete for natural gas supply are:

- quality of services provided;
- producer drilling activity;
- proceeds remitted and/or fees charged under its gathering and processing contracts;
- location of its gathering systems relative to those of its competitors;
- location of its gathering systems relative to drilling activity;
- operating pressures maintained on its gathering systems;
- efficiency and reliability of its operations;
- delivery capabilities for natural gas and NGLs that exist in each system and plant location; and
- cost of capital.

Competition for natural gas gathering and processing services continues to increase as new infrastructure projects are completed to address increased production from shale and other resource areas. In response to these changing industry conditions, ONEOK Partners continues to evaluate opportunities to increase earnings and cash flows, and reduce risk by:

- improving natural gas processing efficiency;
- reducing operating costs;
- consolidating assets;
- decreasing commodity price exposure; and
- restructuring low-margin contracts.

Customers - ONEOK Partners' natural gas gathering and processing customers include both large integrated and independent exploration and production companies. See discussion regarding ONEOK Partners' customer credit risk under "Counterparty Credit Risk" in Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

Government Regulation - The FERC traditionally has maintained that a natural gas processing plant is not a facility for the transportation or sale of natural gas in interstate commerce and, therefore, is not subject to jurisdiction under the Natural Gas Act. Although the FERC has made no specific declaration as to the jurisdictional status of ONEOK Partners' natural gas processing operations or facilities, its natural gas processing plants are primarily involved in extracting NGLs and, therefore, are exempt from FERC jurisdiction. The Natural Gas Act also exempts natural gas gathering facilities from the jurisdiction of the FERC. We believe ONEOK Partners' natural gas gathering facilities and operations meet the criteria used by the FERC for nonjurisdictional natural gas gathering facility status. Interstate transmission facilities remain subject to FERC jurisdiction. The FERC has historically distinguished between these two types of facilities, either interstate or intrastate, on a fact-specific basis. ONEOK Partners transports residue natural gas from its natural gas processing plants to interstate pipelines in accordance with Section 311(a) of the Natural Gas Policy Act. Oklahoma, Kansas, Wyoming, Montana and North Dakota also have statutes regulating, to varying degrees, the gathering of natural gas in those states. In each state, regulation is applied on a case-by-case basis if a complaint is filed against the gatherer with the appropriate state regulatory agency.

See further discussion in the "Regulatory, Environmental and Safety Matters" section.

Natural Gas Liquids

Overview - The Natural Gas Liquids segment owns and operates facilities that gather, fractionate, treat and distribute NGLs and store NGL products, primarily in Oklahoma, Kansas, Texas, New Mexico and the Rocky Mountain region where it provides midstream services to producers of NGLs and delivers those products to the two primary market centers, one in the Mid-Continent in Conway, Kansas, and the other in the Gulf Coast in Mont Belvieu, Texas. This segment owns or has an ownership interest in FERC-regulated natural gas liquids gathering and distribution pipelines in Oklahoma, Kansas, Texas, New Mexico, Montana, North Dakota, Wyoming and Colorado, and terminal and storage facilities in Missouri, Nebraska, Iowa and Illinois. ONEOK Partners also owns FERC-regulated natural gas liquids distribution and refined petroleum products pipelines in Kansas, Missouri, Nebraska, Iowa, Illinois and Indiana that connect its Mid-Continent assets with Midwest markets, including Chicago, Illinois. The majority of the pipeline-connected natural gas processing plants in Oklahoma, Kansas and the Texas Panhandle are connected to its gathering systems. ONEOK Partners owns and operates truck- and rail-loading and -unloading facilities connected to its natural gas liquids fractionation and pipeline assets.

Most natural gas produced at the wellhead contains a mixture of NGL components, such as ethane, propane, iso-butane, normal butane and natural gasoline. The NGLs that are separated from the natural gas stream at natural gas processing plants remain in a mixed, unfractionated form until they are gathered, primarily by pipeline, and delivered to fractionators where the NGLs are separated into NGL products. These NGL products are then stored or distributed to the Natural Gas Liquids segment's customers, such as petrochemical manufacturers, heating fuel users, ethanol producers, refineries, exporters and propane distributors.

Revenues for the Natural Gas Liquids segment are derived primarily from fee-based services that ONEOK Partners provides to its customers and from the physical optimization of its assets. This segment also purchases NGLs and condensate from third parties, as well as from the Natural Gas Gathering and Processing segment. This segment's fee-based services have increased due primarily to new supply connections, expansion of existing connections and the completion of capital-growth projects. This segment's business activities are categorized as exchange services, transportation and storage services, and optimization and marketing, which are defined as follows:

- ONEOK Partners' exchange services utilize its assets to gather, fractionate and/or treat, and transport unfractionated NGLs, thereby converting them into marketable NGL products shipped to a market center or customer-designated location. Many of these exchange volumes are under contracts with minimum volume commitments that provide a minimum level of revenues regardless of volumetric throughput. ONEOK Partners' exchange services activities are primarily fee-based and include some rate-regulated tariffs; however, it also captures certain product price differentials through the fractionation process.
- ONEOK Partners' transportation and storage services include the transport of NGL products and refined petroleum products, primarily under FERC-regulated tariffs. Tariffs specify the maximum rates ONEOK Partners may charge its customers and the general terms and conditions for NGL transportation service on its pipelines. ONEOK Partners' storage activities consist primarily of fee-based NGL storage services at its Mid-Continent and Gulf Coast storage facilities.
- ONEOK Partners' optimization and marketing activities utilize its assets, contract portfolio and market knowledge to capture location, product and seasonal price differentials. ONEOK Partners primarily transports NGL products between Conway, Kansas, and Mont Belvieu, Texas, to capture the location price differentials between the two market centers. ONEOK Partners' marketing activities also include utilizing its natural gas liquids storage facilities to capture seasonal price differentials. A growing portion of ONEOK Partners' marketing activities serves truck and rail markets. ONEOK Partners' isomerization activities capture the price differential when normal butane is converted into the more valuable iso-butane at its isomerization unit in Conway, Kansas.

Supply growth from the development of NGL-rich areas and increased capacity available on pipelines that connect the Mid-Continent and Gulf Coast resulted in NGL price differentials remaining narrow between the Mid-Continent market center at Conway, Kansas, and the Gulf Coast market center at Mont Belvieu, Texas. We expect these narrow price differentials to persist between these two market centers until demand for NGLs increases from petrochemical companies and exporters, which we anticipate to begin in the second half of 2017.

Property - The Natural Gas Liquids segment owns the following assets:

- approximately 2,800 miles of non-FERC-regulated natural gas liquids gathering pipelines with peak capacity of approximately 800 MBbl/d;
- approximately 170 miles of non-FERC-regulated natural gas liquids distribution pipelines with peak transportation capacity of approximately 66 MBbl/d;
- approximately 4,300 miles of FERC-regulated natural gas liquids gathering pipelines with peak capacity of approximately 683 MBbl/d;
- approximately 4,200 miles of FERC-regulated natural gas liquids and refined petroleum products distribution pipelines with peak capacity of 993 MBbl/d;
- one natural gas liquids fractionator in Oklahoma with operating capacity of approximately 210 MBbl/d, two natural gas liquids fractionators in Kansas with combined operating capacity of 280 MBbl/d and two natural gas liquids fractionators in Texas with combined operating capacity of 150 MBbl/d;
- 80 percent ownership interest in one natural gas liquids fractionator in Texas with ONEOK Partners' proportional share of operating capacity of approximately 128 MBbl/d;
- interest in one natural gas liquids fractionator in Kansas with ONEOK Partners' proportional share of operating capacity of approximately 11 MBbl/d;
- one isomerization unit in Kansas with operating capacity of 9 MBbl/d;
- six natural gas liquids storage facilities in Oklahoma, Kansas and Texas with operating storage capacity of approximately 22.2 MMBbl;
- eight natural gas liquids product terminals in Nebraska, Iowa and Illinois;
- above- and below-ground storage facilities associated with ONEOK Partners' FERC-regulated natural gas liquids pipeline operations in Iowa, Illinois, Nebraska and Kansas with combined operating capacity of 978 MBbl; and

- one ethane/propane splitter in Texas with operating capacity of 32 MBbl/d of purity ethane and 8 MBbl/d of propane.

In addition, ONEOK Partners leases approximately 3.0 MMBbl of combined NGL storage capacity at facilities in Kansas and Texas and has access to 60 MBbl/d of natural gas liquids fractionation capacity in Texas through a fractionation service agreement.

Utilization - The utilization rates for ONEOK Partners' various assets, including leased assets, have been impacted by ethane rejection. The utilization rates for 2016 and 2015 , respectively, were as follows:

- its non-FERC-regulated natural gas liquids gathering pipelines were approximately 66 percent and 65 percent;
- its FERC-regulated natural gas liquids gathering pipelines were approximately 77 percent and 75 percent;
- its FERC-regulated natural gas liquids distribution pipelines were approximately 56 percent and 43 percent; and
- its natural gas liquids fractionators were approximately 70 percent and 66 percent.

ONEOK Partners calculates utilization rates using a weighted-average approach, adjusting for the dates that assets were placed in service. ONEOK Partners' fractionation utilization rate reflects approximate proportional capacity associated with its ownership interests.

Unconsolidated Affiliates - The Natural Gas Liquids segment includes the following unconsolidated affiliates:

- 50 percent ownership interest in Overland Pass Pipeline Company, which operates an interstate natural gas liquids pipeline system extending approximately 760 miles, originating in Wyoming and Colorado and terminating in Kansas;
- 50 percent ownership interest in Chisholm Pipeline Company, which operates an interstate natural gas liquids pipeline system extending approximately 185 miles from origin points in Oklahoma and terminating in Kansas; and
- 50 percent ownership interest in Heartland Pipeline Company, which operates a terminal and pipeline system that transports refined petroleum products in Kansas, Nebraska and Iowa.

See Note N of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of unconsolidated affiliates.

Market Conditions and Seasonality - Supply - The unfractionated NGLs that ONEOK Partners gathers and transports originate primarily from natural gas processing plants connected to ONEOK Partners' gathering systems in Oklahoma, Kansas, Texas, New Mexico and the Rocky Mountain region. The Natural Gas Liquids segment is connected to more than 100 third-party natural gas processing plants in the Mid-Continent region, is one of the primary NGL takeaway providers for the emerging STACK and SCOOP areas and is one of the primary takeaway providers for the Williston Basin with the Bakken NGL Pipeline. ONEOK Partners' fractionation operations receive NGLs from a variety of processors and pipelines, including its affiliates, located in these regions. Supply for the Natural Gas Liquids segment depends on crude oil and natural gas drilling and production activities by producers, the decline rate of existing production, natural gas processing plant economics and capabilities, and the NGL content of the natural gas that is produced and processed in the areas in which ONEOK Partners operates.

Supply growth has resulted in available ethane supplies that are greater than the petrochemical industry's current demand. As a result, low or unprofitable price differentials between ethane and natural gas have resulted in ethane rejection at most of ONEOK Partners' and its customers' natural gas processing plants connected to its natural gas liquids gathering system in the Mid-Continent and Rocky Mountain regions, which reduced the ethane component of natural gas liquids volumes gathered, fractionated, transported and sold across its assets. Through ethane rejection, natural gas processors leave some of the ethane component in the natural gas stream sold at the tailgate of natural gas processing plants. Ethane rejection levels by natural gas processors delivering to ONEOK Partners' natural gas liquids gathering system have continued to fluctuate, averaging approximately 175 MBbl/d in 2016. While the volume of ethane produced increased modestly during 2016, compared with 2015, a portion of the fees associated with those volumes gathered and fractionated was previously being earned under contracts with minimum volume obligations. We expect ethane rejection levels to continue to fluctuate in 2017 as the market begins to balance ethane supply and demand and as the price differentials between ethane and natural gas change. We expect ethane recovery levels to increase as ethylene producers and NGL exporters increase their capacity to consume and export additional ethane volumes. Expansion of the petrochemical industry in the United States is expected to increase ethane demand in the second half of 2017. International demand for NGLs, particularly ethane and propane, also is expected to increase.

Demand - Demand for NGLs and the ability of natural gas processors to successfully and economically sustain their operations affect the volume of unfractionated NGLs produced by natural gas processing plants, thereby affecting the demand for NGL gathering, fractionation and transportation services. Natural gas and propane are subject to weather-related seasonal demand. Other NGL products are affected by economic conditions and the demand associated with the various industries that utilize the commodity, such as butanes and natural gasoline used by the refining industry as blending stocks for motor fuel, denaturant for ethanol and diluents for crude oil. Ethane, propane, normal butane and natural gasoline are used by the petrochemical industry to produce chemical products, such as plastic, rubber and synthetic fibers. Several petrochemical companies are constructing new plants, plant expansions, additions or enhancements that improve the light-NGL feed capability of their facilities due primarily to the increased supply and attractive price of ethane, compared with crude oil-based alternatives, as a petrochemical feedstock in the United States. The demand is expected to increase beginning in the second half of 2017 when many of the new petrochemical plants and plant modifications are expected to be completed. In addition, we expect increased international demand for ethane, propane and butane to provide opportunities to increase fee-based earnings in ONEOK Partners' exchange and storage services and marketing activities.

Commodity Prices - The Natural Gas Liquids segment provides primarily fee-based services. However, ONEOK Partners is exposed to market risk associated with changes in the price of NGLs; the location differential between the Mid-Continent, Chicago, Illinois, and Gulf Coast regions; and the relative price differential between natural gas, NGLs and individual NGL products, which affect its NGL purchases and sales, and its exchange, storage, transportation, optimization and marketing financial results. Supply growth from the development of NGL-rich areas and increased capacity available on pipelines that connect the Mid-Continent and Gulf Coast market centers resulted in NGL price differentials remaining narrow between the Mid-Continent market center at Conway, Kansas, and the Gulf Coast market center at Mont Belvieu, Texas. NGL storage revenue may be affected by price volatility and forward pricing of NGL physical contracts versus the price of NGLs on the spot market.

Seasonality - ONEOK Partners' natural gas liquids fractionation and pipeline operations typically experience some seasonal variation. Some NGL products stored and transported through ONEOK Partners' assets are subject to weather-related seasonal demand, such as propane, which can be used for heating during the winter and for agricultural purposes such as crop drying in the fall. Demand for butanes and natural gasoline, which are primarily used by the refining industry as blending stocks for motor fuel, denaturant for ethanol and diluents for crude oil, may also be subject to some variability during seasonal periods when certain government restrictions on motor fuel blending products change. The ability of natural gas processors to produce NGLs also is affected by weather. Extreme weather conditions and ground temperature changes impact the volumes of natural gas gathered and processed and NGL volumes gathered, transported and fractionated. Power interruptions, inaccessible well sites as a result of storms or freeze-offs, a phenomenon where water produced from natural gas freezes at the wellhead or within the gathering system, cause a temporary interruption in the flow of natural gas and NGLs.

Competition - The Natural Gas Liquids segment competes with other fractionators, intrastate and interstate pipeline companies, storage providers, and gatherers and transporters for NGL supply in the Permian Basin and Rocky Mountain, Mid-Continent and Gulf Coast regions. The factors that typically affect ONEOK Partners' ability to compete for NGL supply are:

- quality of services provided;
- producer drilling activity;
- the petrochemical industry's level of capacity utilization and feedstock requirements;
- fees charged under its contracts;
- current and forward NGL prices;
- location of its gathering systems relative to its competitors;
- location of its gathering systems relative to drilling activity;
- proximity to NGL supply areas and markets;
- efficiency and reliability of its operations;
- receipt and delivery capabilities that exist in each pipeline system, plant, fractionator and storage location; and
- cost of capital.

ONEOK Partners has responded to these factors by making capital investments to access new supplies; increasing gathering, fractionation and distribution capacity; increasing storage, withdrawal and injection capabilities; and reducing operating costs so that it may compete effectively. ONEOK Partners' competitors continue to invest in natural gas liquids pipeline and fractionation infrastructure to address the growing NGL supply and petrochemical demand. As ONEOK Partners' growth projects and those of its competitors have alleviated constraints between the Mid-Continent and Gulf Coast NGL market centers, we expect the narrow location price differentials between the two locations to continue. In addition, ONEOK Partners' competitors' natural gas liquids infrastructure projects provide NGL supply from the Rocky Mountain, Marcellus and Utica basins into the Gulf Coast market center, which affects NGL prices and competes with and could displace NGL supply volumes from the Mid-Continent and Rocky Mountain regions where ONEOK Partners' assets are located. We believe ONEOK Partners' natural gas liquids fractionation, pipelines and storage assets are located strategically, connecting diverse supply areas to market centers.

Customers - The Natural Gas Liquids segment's customers are primarily NGL and natural gas gathering and processing companies; major and independent crude oil and natural gas production companies; propane distributors; ethanol producers; and petrochemical, refining and NGL marketing companies. See discussion regarding ONEOK Partners' customer credit risk under "Counterparty Credit Risk" in Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

Government Regulation - The operations and revenues of ONEOK Partners' natural gas liquids pipelines are regulated by various state and federal government agencies. Its interstate natural gas liquids pipelines are regulated by the FERC, which has authority over the terms and conditions of service; rates, including depreciation and amortization policies; and initiation of service. In Oklahoma, Kansas and Texas, certain aspects of ONEOK Partners' intrastate natural gas liquids pipelines that provide common carrier service are subject to the jurisdiction of the OCC, KCC and RRC, respectively.

PHMSA has asserted jurisdiction over certain portions of ONEOK Partners' fractionation facilities in Bushton, Kansas, that it believes are subject to its jurisdiction. ONEOK Partners has objected to the scope of PHMSA's jurisdiction and is seeking resolution of this matter. ONEOK Partners does not anticipate that the cost of compliance will have a material adverse effect on its consolidated results of operations, financial position or cash flows.

See further discussion in the "Regulatory, Environmental and Safety Matters" section.

Natural Gas Pipelines

Overview - The Natural Gas Pipelines segment provides transportation and storage services to end users through ONEOK Partners' wholly owned assets and its 50 percent ownership interests in Northern Border Pipeline and Roadrunner. Phase I and Phase II of the Roadrunner pipeline were completed in March and October 2016, respectively.

Interstate Pipelines - ONEOK Partners' interstate pipelines are regulated by the FERC and are located in North Dakota, Minnesota, Wisconsin, Illinois, Indiana, Kentucky, Tennessee, Oklahoma, Texas and New Mexico. ONEOK Partners' interstate pipeline companies include:

- Midwestern Gas Transmission, which is a bidirectional system that interconnects with Tennessee Gas Transmission Company's pipeline near Portland, Tennessee, and with several interstate pipelines that have access to both the Utica Shale and the Marcellus Shale at the Chicago Hub near Joliet, Illinois;
- Viking Gas Transmission, which is a bidirectional system that interconnects with a TransCanada Corporation pipeline at the United States border near Emerson, Canada, and ANR Pipeline Company near Marshfield, Wisconsin;
- Guardian Pipeline, which interconnects with several pipelines at the Chicago Hub near Joliet, Illinois, and with local natural gas distribution companies in Wisconsin; and
- OkTex Pipeline, which has interconnections with several pipelines in Oklahoma, Texas and New Mexico.

Intrastate Pipelines - ONEOK Partners' intrastate natural gas pipeline assets in Oklahoma transport natural gas through the state and have access to the major natural gas production areas in the Mid-Continent region, which include the emerging STACK and SCOOP areas in the Anadarko Basin and the Cana-Woodford Shale, Woodford Shale, Springer Shale, Meramec, Granite Wash and Mississippian Lime formations. ONEOK Partners' intrastate natural gas pipeline assets in Oklahoma serve end-use markets, such as local distribution companies and power generation companies. In Texas, ONEOK Partners' intrastate natural gas pipelines are connected to the major natural gas producing formations in the Texas Panhandle, including the Granite Wash formation and Delaware and Cline producing formations in the Permian Basin. These pipelines are capable of transporting natural gas throughout the western portion of Texas, including the Waha Hub where other pipelines may be accessed for transportation to western markets, exports to Mexico, the Houston Ship Channel market to the east and the Mid-Continent market to the north. ONEOK Partners' intrastate natural gas pipeline assets also have access to the Hugoton and Central Kansas Uplift Basins in Kansas.

The Roadrunner pipeline transports natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas, and is fully subscribed with 25-year firm demand charge, fee-based agreements. The Roadrunner pipeline connects with ONEOK Partners' existing natural gas pipeline and storage infrastructure in Texas and, together with its WesTex intrastate natural gas pipeline expansion project, creates a platform for future opportunities to deliver natural gas supply to Mexico. If tariffs, border taxes or other measures assessed on cross-border transactions with Mexico are implemented, we do not expect them to materially impact ONEOK Partners or Roadrunner. Roadrunner's long-term firm demand transportation service contracts provide markets in Mexico access to upstream supply basins in West Texas and the Mid-Continent region, which adds location and price diversity to their supply mix and supports the plan of Mexico's national electric utility, Comisión Federal de Electricidad, to replace oil-fueled power plants with natural gas-fueled power plants, which are more economical and produce fewer GHG emissions.

Transportation Rates - ONEOK Partners' transportation contracts for its regulated natural gas services are based upon rates stated in the respective tariffs. The tariffs provide both the general terms and conditions for the facilities and the maximum allowed rates customers can be charged by type of service, which may be discounted to meet competition if necessary. The rates are established at FERC or the appropriate state jurisdictional agencies. The earnings are primarily fee-based from the following types of services:

- Firm service - Customers reserve a fixed quantity of pipeline capacity for a specified period of time, which obligates the customer to pay regardless of usage. Under this type of contract, the customer pays a monthly fixed fee and incremental fees, known as commodity charges, which are based on the actual volumes of natural gas they transport or store. In addition, ONEOK Partners may retain a percentage of fuel in-kind based on the volumes of natural gas transported. Under the firm service contract, the customer generally is guaranteed access to the capacity they reserve.
- Interruptible service - Under interruptible service transportation agreements, the customer may utilize available capacity after firm service requests are satisfied. The customer is not guaranteed use of ONEOK Partners' pipelines unless excess capacity is available. Customers typically are assessed fees, such as a commodity charge, and ONEOK Partners may retain a specified volume of natural gas in-kind based on their actual usage.

Storage - ONEOK Partners owns natural gas storage facilities located in Texas and Oklahoma that are connected to its intrastate natural gas pipelines. It also has underground natural gas storage facilities in Kansas. In Texas and Kansas, natural gas storage operations may be regulated by the state in which the facility operates and by the FERC for certain types of services. In Oklahoma, natural gas storage operations are not subject to rate regulation by the state and have market-based rate authority from the FERC for certain types of services.

Storage Rates - The earnings are primarily fee-based from the following types of services:

- Firm service - Customers reserve a specific quantity of storage capacity, including injection and withdrawal rights, and generally pay fixed fees based on the quantity of capacity reserved plus an injection and withdrawal fee. Firm storage contracts typically have terms longer than one year.
- Park-and-loan service - An interruptible service offered to customers providing the ability to park (inject) or loan (withdraw) natural gas into or out of storage, typically for monthly or seasonal terms. Customers reserve the right to park or loan natural gas based on a specified quantity, including injection and withdrawal rights when capacity is available.

Property - The Natural Gas Pipelines segment owns the following assets:

- approximately 1,500 miles of FERC-regulated interstate natural gas pipelines with approximately 3.5 Bcf/d of peak transportation capacity;
- approximately 5,200 miles of state-regulated intrastate transmission pipelines with peak transportation capacity of approximately 3.4 Bcf/d; and
- approximately 57.8 Bcf of total active working natural gas storage capacity.

ONEOK Partners' storage includes three underground natural gas storage facilities in Oklahoma, two underground natural gas storage facilities in Kansas and two underground natural gas storage facilities in Texas.

Utilization - ONEOK Partners' natural gas pipelines were approximately 92 percent subscribed in both 2016 and 2015, and its natural gas storage facilities were 65 percent subscribed in 2016 and 71 percent subscribed in 2015.

Unconsolidated Affiliates - The Natural Gas Pipelines segment includes the following unconsolidated affiliates:

- 50 percent interest in Northern Border Pipeline, which owns a FERC-regulated interstate pipeline that transports natural gas from the Montana-Saskatchewan border near Port of Morgan, Montana, and the Williston Basin in North Dakota to a terminus near North Hayden, Indiana.
- 50 percent interest in Roadrunner, which has the capacity to transport approximately 570 MMcf/d of natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas. ONEOK Partners is the operator of Roadrunner.

See Note N of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of unconsolidated affiliates.

Market Conditions and Seasonality - Supply - The development of natural gas produced from shale resource areas has continued to increase available supply across North America and has caused location and seasonal price differentials to narrow in the regions where ONEOK Partners operates.

Interstate - Guardian Pipeline, Midwestern Gas Transmission and Viking Gas Transmission access supply from the major producing regions of the Mid-Continent, Rocky Mountains, Canada, Gulf Coast and the Northeast. The current supply of natural gas for Northern Border Pipeline is primarily sourced from Canada; however, as the Williston Basin supply area has developed, more natural gas supply from this area is being transported on Northern Border Pipeline to markets near Chicago. In addition, supply volumes from nontraditional natural gas production areas, such as the Marcellus and Utica shale areas in the Northeast, may compete with and displace volumes from the Mid-Continent, Rocky Mountain and Canadian supply sources in ONEOK Partners' markets. Factors that may impact the supply of Canadian natural gas transported by ONEOK Partners' pipelines are primarily the availability of United States supply, Canadian natural gas available for export, Canadian storage capacity, government regulation and demand for Canadian natural gas in Canada and United States consumer markets.

Intrastate and Storage **-** ONEOK Partners' intrastate pipelines and storage assets may be impacted by the pace of drilling activity by crude oil and natural gas producers and the decline rate of existing production in the major natural gas production areas in the Mid-Continent region, which include the emerging STACK and SCOOP areas in the Anadarko Basin, the Cana-Woodford Shale, Woodford Shale, Springer Shale, Meramec, Granite Wash and Mississippian Lime formations, Hugoton Basin and Central Kansas Uplift Basin.

Demand - Demand for services is related directly to ONEOK Partners' access to supply and the demand for natural gas by the markets that its natural gas pipelines and storage facilities serve. Demand is also affected by weather, the economy, natural gas price volatility and regulatory changes.

- Weather - The effect of weather on its natural gas pipelines operations is discussed below under "Seasonality."
- Economy - The strength of the economy directly impacts manufacturing and industrial companies that consume natural gas.
- Price volatility - Commodity price volatility can influence producers' decisions related to the production of natural gas. ONEOK Partners' pipeline customers, primarily natural gas and electric utilities, require natural gas to operate their businesses and generally are not impacted by location price differentials. However, narrower location price differentials may impact demand for the segment's services from natural gas marketers as discussed below under "Commodity Prices."
- Regulatory - Demand for this segment's services is also affected as coal-fired electric generators are retired and replaced with power generation from natural gas. EPA regulations on emissions from coal-fired electric-generation plants, including the Maximum Achievable Control Technology Standards and the Mercury and Air Toxics Standards, have increased the demand for natural gas as a fuel for electric generation, as well as related transportation and storage services. The demand for natural gas and related transportation and storage services is expected to increase over the next several years as these regulations continue to be implemented.

Commodity Prices - As a result of excess supplies of natural gas and the addition of natural gas infrastructure, the natural gas location and seasonal price differentials have remained narrow across the regions where ONEOK Partners operates. Although ONEOK Partners' revenues are primarily fee-based, commodity prices can affect its results of operations.

- Transportation - ONEOK Partners is exposed to market risk through interruptible contracts or when existing firm contracts expire and are subject to renegotiation with customers that have competitive alternatives.
- Storage - Natural gas storage revenue is impacted by the differential between forward pricing of natural gas physical contracts and the price of natural gas on the spot market.
- Fuel - ONEOK Partners' fuel costs and the value of the retained fuel in-kind received for its services also are impacted by changes in the price of natural gas.

Seasonality - Demand for natural gas is seasonal. Weather conditions throughout North America may significantly impact regional natural gas supply and demand. High temperatures may increase demand for gas-fired electric generation needed to meet the electricity demand required to cool residential and commercial properties. Cold temperatures may lead to greater demand for ONEOK Partners' transportation services due to increased demand for natural gas to heat residential and commercial properties. Low precipitation levels may impact the demand for natural gas that is used to fuel irrigation activity in the Mid-Continent region.

To the extent that pipeline capacity is contracted under firm-service transportation agreements, revenue, which is generated primarily from fixed-fee charges, is not significantly impacted by seasonal throughput variations. However, when transportation agreements expire, seasonal demand may affect the value of firm-service transportation capacity.

Natural gas storage is necessary to balance the relatively steady natural gas supply with the seasonal demand of residential, commercial and electric-generation users. The majority of ONEOK Partners' storage capacity is either contracted under firm-service agreements or is used for park-and-loan services. ONEOK Partners retains a portion of its storage capacity for operational purposes.

Competition - ONEOK Partners' natural gas pipelines and storage facilities compete directly with other intrastate and interstate pipeline companies and other storage facilities. Competition among pipelines and natural gas storage facilities is based primarily on fees for services, quality and reliability of services provided, current and forward natural gas prices, proximity to natural gas supply areas and markets, and access to capital. Competition for natural gas transportation services continues to increase as new infrastructure projects are completed and the FERC and state regulatory bodies continue to encourage more competition in the natural gas markets. Regulatory bodies also are encouraging the use of natural gas for electric generation that has traditionally been fueled by coal. The combined cost of coal and the associated rail transportation continues to be competitive with the cost of natural gas; however, the clean-burning aspects of natural gas and abundance of supply make it an economically competitive and environmentally advantaged alternative. We believe that ONEOK Partners' pipelines and storage assets compete effectively due to their strategic locations connecting supply areas to market centers and other pipelines.

Customers - ONEOK Partners' natural gas pipeline assets primarily serve local natural gas distribution companies, electric-generation facilities, large industrial companies, municipalities, irrigation customers and marketing companies. Utility customers generally require ONEOK Partners' services regardless of commodity prices. See discussion regarding ONEOK Partners' customer credit risk under "Counterparty Credit Risk" in Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

Government Regulation - *Interstate* - ONEOK Partners' interstate natural gas pipelines are regulated under the Natural Gas Act and Natural Gas Policy Act, which give the FERC jurisdiction to regulate virtually all aspects of this business, such as transportation of natural gas, rates and charges for services, construction of new facilities, depreciation and amortization policies, acquisition and disposition of facilities, and the initiation and discontinuation of services.

Intrastate - ONEOK Partners' intrastate natural gas pipelines in Oklahoma, Kansas and Texas are regulated by the OCC, KCC and RRC, respectively. While it has flexibility in establishing natural gas transportation rates with customers, there is a maximum rate that it can charge its customers in Oklahoma and Kansas. In Kansas and Texas, natural gas storage may be regulated by the state and by the FERC for certain types of services. In Oklahoma, natural gas storage is not subject to rate regulation by the state, and ONEOK Partners has market-based rate authority from the FERC for certain types of services.

See further discussion in the "Regulatory, Environmental and Safety Matters" section.

SEGMENT FINANCIAL INFORMATION

Segment Adjusted EBITDA, Customers and Total Assets - See Note S of the Notes to Consolidated Financial Statements in this Annual Report for disclosure by segment of our adjusted EBITDA and total assets and for a discussion of revenues from external customers.

Other

Through ONEOK Leasing Company, L.L.C. and ONEOK Parking Company, L.L.C., we own a 17-story office building (ONEOK Plaza) with approximately 505,000 square feet of net rentable space and a parking garage in downtown Tulsa, Oklahoma, where our headquarters are located. ONEOK Leasing Company, L.L.C. leases excess office space to others and operates our headquarters office building. ONEOK Parking Company, L.L.C. owns and operates a parking garage adjacent to our headquarters.

REGULATORY, ENVIRONMENTAL AND SAFETY MATTERS

Environmental Matters - ONEOK Partners is subject to multiple historical preservation and environmental laws and/or regulations that affect many aspects of its present and future operations. Regulated activities include, but are not limited to, those involving air emissions, storm water and wastewater discharges, handling and disposal of solid and hazardous wastes, wetlands preservation, hazardous materials transportation, and pipeline and facility construction. These laws and regulations require ONEOK Partners to obtain and/or comply with a wide variety of environmental clearances, registrations, licenses, permits and other approvals. Failure to comply with these laws, regulations, licenses and permits may expose ONEOK Partners to fines, penalties and/or interruptions in its operations that could be material to our results of operations. For example, if a leak or spill of hazardous substances or petroleum products occurs from pipelines or facilities that ONEOK Partners owns, operates or otherwise uses, ONEOK Partners could be held jointly and severally liable for all resulting liabilities, including response, investigation and cleanup costs, which could affect materially our results of operations and cash flows. In addition, emissions controls and/or other regulatory or permitting mandates under the Clean Air Act and other similar federal and state laws could require unexpected capital expenditures at ONEOK Partners' facilities. We cannot assure that existing environmental statutes and regulations will not be revised or that new regulations will not be adopted or become applicable to ONEOK Partners.

Pipeline Safety - ONEOK Partners is subject to PHMSA regulations, including pipeline asset integrity-management regulations. The Pipeline Safety Improvement Act of 2002 requires pipeline companies operating high-pressure pipelines to perform integrity assessments on pipeline segments that pass through densely populated areas or near specifically designated high-consequence areas. In January 2012, The Pipeline Safety, Regulatory Certainty and Job Creation Act of 2011 (the 2011 Pipeline Safety Act) was signed into law. The law increased maximum penalties for violating federal pipeline safety regulations and directs the DOT and Secretary of Transportation to conduct further review or studies on issues that may or may not be material to ONEOK Partners. These issues include, but are not limited to, the following:

- an evaluation on whether hazardous natural gas liquids and natural gas pipeline integrity-management requirements should be expanded beyond current high-consequence areas;
- a review of all natural gas and hazardous natural gas liquids gathering pipeline exemptions;
- a verification of records for pipelines in Class 3 and 4 locations and high-consequence areas to confirm maximum allowable operating pressures (MAOP); and
- a requirement to test previously untested pipelines operating above 30 percent yield strength in high-consequence areas.

In October 2015, PHMSA issued a notice of proposed rule-making to its hazardous liquid pipeline safety regulations. Among other things, the proposed regulations would expand the current leak-detection requirements, apply new, more conservative repair criteria and establish timelines for inspecting pipeline facilities potentially affected by an extreme weather event or natural disaster. The proposal would also increase the stringency of integrity management program requirements and set deadlines for the use of internal inspection tools on certain systems. Comments on the proposed rule-making were due by January 2016. PHMSA has issued a prepublication version of the final rule, but it will not be effective until after it is published in the Federal Register. However, in January 2017, prior to publication of the order, the current administration issued a memorandum asking all agencies to immediately withdraw any proposed or final regulations that had been sent to the Office of the Federal Register but not yet published. It is unclear how this will impact the hazardous liquids pipeline safety regulations.

In March 2016, PHMSA issued a notice of proposed rule-making for gas transmission and gathering lines that would substantially revise that agency's rules for construction, operation and maintenance of natural gas pipeline systems. PHMSA proposes to codify the "traceable, verifiable and complete" standard for records that it issued after a 2010 pipeline explosion in San Bruno, California. Other key changes would modify maximum allowable operating pressure requirements for all gas pipelines, revise several integrity management program requirements, expand the application of several integrity management programs to a newly defined class of "moderate consequence area," increase corrosion control requirements and modify the regulation of gas gathering lines. Comments on the proposed rule-making were due in July 2016.

In December 2016, PHMSA issued an Interim Final Rule for underground natural gas storage facilities, subjecting these storage facilities to minimum federal safety standards for the first time. Under the Interim Final Rule, existing facilities must have appropriate operational, maintenance, integrity demonstration and verification, monitoring, threat and hazard identification, assessment, remediation, site security, emergency response and preparedness, and recordkeeping procedures in place, along with implementation plans and schedules, by January 2018. Comments are due in February 2017.

The potential capital and operating expenditures related to the referenced proposed regulations are unknown, but we do not anticipate a material impact to ONEOK Partners' planned capital, operations and maintenance costs resulting from compliance with the current or pending regulations.

Air and Water Emissions - The Clean Air Act, the Clean Water Act, analogous state laws and/or regulations promulgated thereunder impose restrictions and controls regarding the discharge of pollutants into the air and water in the United States. Under the Clean Air Act, a federally enforceable operating permit is required for sources of significant air emissions. ONEOK Partners may be required to incur certain capital expenditures for air pollution-control equipment in connection with obtaining or maintaining permits and approvals for sources of air emissions. The Clean Water Act imposes substantial potential liability for the removal of pollutants discharged to waters of the United States and remediation of waters affected by such discharge.

International, federal, regional and/or state legislative and/or regulatory initiatives may attempt to control or limit GHG emissions. ONEOK Partners monitors all relevant legislation and regulatory initiatives to assess the potential impact on its operations. The EPA's Mandatory Greenhouse Gas Reporting Rule requires annual GHG emissions reporting from affected facilities and the carbon dioxide emission equivalents for the natural gas delivered by ONEOK Partners and the emission equivalents for all NGLs produced by ONEOK Partners as if all of these products were combusted, even if they are used otherwise.

ONEOK Partners' 2015 total reported emissions were approximately 47.3 million metric tons of carbon dioxide equivalents. This total includes direct emissions from the combustion of fuel in ONEOK Partners' equipment, such as compressor engines and heaters, as well as carbon dioxide equivalents from natural gas and NGL products delivered to customers and produced as if all such fuel and NGL products were combusted. The additional cost to gather and report this emission data did not have, and we do not expect it to have, a material impact on our results of operations, financial position or cash flows. In addition, Congress has considered, and may consider in the future, legislation to reduce GHG emissions, including carbon dioxide and methane. Likewise, the EPA may institute additional regulatory rule-making associated with GHG emissions from the oil and natural gas industry. At this time, no rule or legislation has been enacted that assesses any costs, fees or expenses on any of these emissions.

In June 2013, the Executive Office of the President of the United States (the President) issued the President's Climate Action Plan, which includes, among other things, plans for further regulatory actions to reduce carbon emissions from various sources. In March 2014, the President released the Climate Action Plan - Strategy to Reduce Methane Emissions (Methane Strategy) that lists a number of actions the federal agencies will undertake to continue to reduce above-ground methane emissions from several industries, including the oil and natural gas sectors. The impact of any such regulatory actions on ONEOK Partners' facilities and operations is unknown. ONEOK Partners continues to monitor these developments and the impact they may have on its businesses.

In September 2015, the EPA published several proposed rule-makings that affect the oil and gas industry. The rule-makings included, but were not limited to, proposed amendments to its existing New Source Performance Standards (NSPS) for the oil and gas industry. The proposed amendments to the NSPS rules included, in part, the proposed direct regulation of methane emissions for the first time as an individual air pollutant from new, modified or reconstructed oil and gas sources, as part of the President's Methane Strategy. In June 2016, the final NSPS rule was published and became effective in August 2016. The final provisions of the NSPS rule include varied timelines for initial compliance, which run from the effective date. These compliance measures generally include additional capital and operating expenditures. We do not anticipate a material impact to ONEOK Partners' planned capital, operations or maintenance costs resulting from compliance with the final rule.

In March 2016, the EPA announced a formal information collection request (ICR) process to require companies to provide information to assist in the development of comprehensive regulations to reduce methane emissions from existing oil and gas sources. The EPA published drafts of the ICR on June 3 and September 29 and issued the final ICR on November 10, 2016. The ICR consists of two parts. Part I is designed to obtain information from onshore oil and gas production facilities regarding the number and types of equipment at production facilities. Part 2 will collect detailed information on emissions sources and emissions control devices or practices in use at onshore production, gathering and boosting, processing, compression/transmission, pipeline, natural gas storage, and NGL storage and import/export facilities. ONEOK Partners is in the process of responding to the Part 2 ICR notices it received.

In April 2014, the EPA and the United States Army Corps of Engineers proposed a joint rule-making to redefine the definition of "Waters of the United States" under the Clean Water Act. The final rule was published in June 2015 and became effective on August 28, 2015. Multiple legal actions on the final rule were filed. In October 2015, the Unites States Court of Appeals for the Sixth Circuit entered an order of stay, which is still in effect, and postponed the effect of the final rule nationwide until it decided further proceedings in the case. The final rule is not expected to result in material impacts on ONEOK Partners' projects, facilities and operations.

In October 2015, the EPA issued a final rule-making to amend downward the National Ambient Air Quality Standards (NAAQS) for ground level ozone. The final rule requires revised designations of the areas in the various states for classification as in attainment or nonattainment for the new ozone NAAQS. Any areas determined to not attain the ozone NAAQS will implicate more strict air permitting requirements for new or modified sources that emit pollutants that contribute to ground level ozone.

At this time we do not anticipate a material impact to ONEOK Partners' planned capital, operations and maintenance costs resulting from compliance with the current or pending regulations and EPA actions outlined above. However, the EPA may issue additional regulations, responses, amendments and/or policy guidance, which could alter our present expectations.

Generally, the EPA rule-makings will require expenditures for updated emissions controls, monitoring and recordkeeping requirements at affected facilities.

CERCLA - The federal Comprehensive Environmental Response, Compensation and Liability Act (CERCLA), also commonly known as Superfund, imposes strict, joint and several liability, without regard to fault or the legality of the original act, on certain classes of “persons” (defined under CERCLA) who caused and/or contributed to the release of a hazardous substance into the environment. These persons include, but are not limited to, the owner or operator of a facility where the release occurred and/or companies that disposed or arranged for the disposal of the hazardous substances found at the facility. Under CERCLA, these persons may be liable for the costs of cleaning up the hazardous substances released into the environment, damages to natural resources and the costs of certain health studies. We do not expect ONEOK Partners’ responsibilities under CERCLA will have a material impact on our results of operations, financial position or cash flows.

Chemical Site Security - The United States Department of Homeland Security (Homeland Security) released the Chemical Facility Anti-Terrorism Standards in 2007, and the new final rule associated with these regulations was issued in December 2014. ONEOK Partners provided information regarding its chemicals via Top-Screens submitted to Homeland Security, and its facilities subsequently were assigned one of four risk-based tiers ranging from high (Tier 1) to low (Tier 4) risk, or not tiered at all due to low risk. To date, four of its facilities have been given a Tier 4 rating. Facilities receiving a Tier 4 rating are required to complete Site Security Plans and possible physical security enhancements. We do not expect the Site Security Plans and possible security enhancement costs to have a material impact on our results of operations, financial position or cash flows.

Pipeline Security - The United States Department of Homeland Security’s Transportation Security Administration and the DOT have completed a review and inspection of ONEOK Partners’ “critical facilities” and identified no material security issues. Also, the Transportation Security Administration has released new pipeline security guidelines that include broader definitions for the determination of pipeline “critical facilities.” ONEOK Partners has reviewed its pipeline facilities according to the new guideline requirements, and there have been no material changes required to date.

Environmental Footprint - ONEOK Partners’ environmental and climate change actions focus on minimizing the impact of its operations on the environment. These actions include: (i) developing and maintaining an accurate GHG emissions inventory according to current rules issued by the EPA; (ii) improving the efficiency of its various pipelines, natural gas processing facilities and natural gas liquids fractionation facilities; (iii) following developing technologies for emissions control and the capture of carbon dioxide to keep it from reaching the atmosphere; and (iv) utilizing practices to reduce the loss of methane from its facilities.

ONEOK Partners participates in the EPA’s Natural Gas STAR Program to reduce voluntarily methane emissions. ONEOK Partners continues to focus on maintaining low rates of lost-and-unaccounted-for methane gas through expanded implementation of best practices to limit the release of natural gas during pipeline and facility maintenance and operations.

EMPLOYEES

At January 31, 2017, we employed 2,384 people.

EXECUTIVE OFFICERS

All executive officers are elected annually by our Board of Directors. Our executive officers listed below include the officers who have been designated by our Board of Directors as our Section 16 executive officers.

Name and Position	Age		Business Experience in Past Five Years
John W. Gibson	64	2014 to present	Chairman of the Board, ONEOK and ONEOK Partners
Chairman of the Board		2011 to 2014	Chairman and Chief Executive Officer, ONEOK and ONEOK Partners
Terry K. Spencer	57	2014 to present	President and Chief Executive Officer, ONEOK and ONEOK Partners
President and Chief Executive Officer		2014 to present	Member of the Board of Directors, ONEOK and ONEOK Partners
		2012 to 2014	President, ONEOK and ONEOK Partners
Robert F. Martinovich	59	2015 to present	Executive Vice President and Chief Administrative Officer, ONEOK and ONEOK Partners
Executive Vice President and Chief Administrative Officer		2014 to 2015	Executive Vice President, Commercial, ONEOK and ONEOK Partners
		2013 to 2014	Executive Vice President, Operations, ONEOK and ONEOK Partners
		2012	Executive Vice President, Chief Financial Officer and Treasurer, ONEOK and ONEOK Partners
		2011 to 2012	Member of the Board of Directors, ONEOK Partners
Walter S. Hulse III	53	2015 to present	Executive Vice President, Strategic Planning and Corporate Affairs, ONEOK and ONEOK Partners
Executive Vice President, Strategic Planning and Corporate Affairs		2012 to 2015	Managing Member, Spinnaker Strategic Advisory Services, LLC
Wesley J. Christensen	63	2014 to present	Senior Vice President, Operations, ONEOK and ONEOK Partners
Senior Vice President, Operations		2011 to 2014	Senior Vice President, Operations, ONEOK Partners
Stephen W. Lake	53	2012 to present	Senior Vice President, General Counsel and Assistant Secretary, ONEOK and ONEOK Partners
Senior Vice President, General Counsel and Assistant Secretary			
Derek S. Reiners	45	2013 to present	Senior Vice President, Chief Financial Officer and Treasurer, ONEOK and ONEOK Partners
Senior Vice President, Chief Financial Officer and Treasurer		2009 to 2012	Senior Vice President and Chief Accounting Officer, ONEOK and ONEOK Partners
Sheppard F. Miers III	48	2013 to present	Vice President and Chief Accounting Officer, ONEOK and ONEOK Partners
Vice President and Chief Accounting Officer		2009 to 2012	Vice President and Controller, ONEOK Partners

No family relationships exist between any of the executive officers, nor is there any arrangement or understanding between any executive officer and any other person pursuant to which the officer was selected.

INFORMATION AVAILABLE ON OUR WEBSITE

We make available, free of charge, on our website (www.oneok.com) copies of our Annual Reports, Quarterly Reports, Current Reports on Form 8-K, amendments to those reports filed or furnished to the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act and reports of holdings of our securities filed by our officers and directors under Section 16 of the Exchange Act as soon as reasonably practicable after filing such material electronically or otherwise furnishing it to the SEC. Copies of our Code of Business Conduct and Ethics, Governance Guidelines, Bylaws and the written charter of our Audit Committee also are available on our website, and we will provide copies of these documents upon request. Our website and any contents thereof are not incorporated by reference into this report.

We also make available on our website the Interactive Data Files required to be submitted and posted pursuant to Rule 405 of Regulation S-T.

ITEM 1A. RISK FACTORS

Our investors should consider the following risks that could affect us and our business. Although we have tried to identify key factors, our investors need to be aware that other risks may prove to be important in the future. New risks may emerge at any time, and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Risks related to ONEOK Partners' business discussed below will also affect us indirectly as we are the sole general partner and, as of December 31, 2016 , owned 41.2 percent of ONEOK Partners. Investors should carefully consider the following discussion of risks and the other information included or incorporated by reference in this Annual Report, including "Forward-Looking Statements," which are included in Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operations.

RISKS RELATED TO THE MERGER TRANSACTION

The Merger Transaction is subject to conditions and may not be consummated even if the required ONEOK shareholder and ONEOK Partners unitholder approvals are obtained.

The Merger Transaction is subject to the satisfaction or waiver of certain conditions, including approval of the Merger Agreement by ONEOK Partners' unitholders and approval of the issuance of ONEOK common stock in connection with the Merger Transaction by ONEOK shareholders, some of which are out of the control of ONEOK and ONEOK Partners. The Merger Agreement contains other conditions that, if not satisfied or waived, would result in the Merger Transaction not occurring, even though the ONEOK shareholders and the ONEOK Partners unitholders may have voted in favor of the Merger Transaction-related proposals presented to them. Satisfaction of some of these other conditions to the Merger Transaction is not entirely in the control of ONEOK or ONEOK Partners. In addition, ONEOK and ONEOK Partners can agree not to consummate the Merger Transaction even if all shareholder and unitholder approvals have been received. The closing conditions to the Merger Transaction may not be satisfied, and ONEOK and ONEOK Partners may choose not to, or may be unable to, waive an unsatisfied condition, which may cause the Merger Transaction not to occur.

The Merger Agreement contains certain termination rights for both ONEOK and ONEOK Partners, including, among others, (i) by ONEOK or ONEOK Partners, if the Merger Transaction is not consummated by September 30, 2017, (ii) by ONEOK, if the Board of Directors or the conflicts committee of ONEOK Partners GP takes certain actions with respect to its recommendation of the Merger prior to the ONEOK Partners' unitholder meeting, and (iii) by ONEOK Partners, if a special committee of the ONEOK Board of Directors takes certain actions with respect to its recommendation of the issuance of ONEOK common stock in connection with the Merger Transaction prior to the ONEOK shareholder meeting. In the event of termination of the Merger Agreement under certain circumstances, we may be required to pay ONEOK Partners a termination fee in the form of a temporary reduction in incentive distributions (up to, in certain instances, $300 million) and, under other certain circumstances, ONEOK Partners may be required to pay us a termination fee (up to, in certain instances, $300 million in cash).

We and ONEOK Partners may incur substantial transaction-related costs in connection with the Merger Transaction.

We and ONEOK Partners expect to incur nonrecurring transaction-related costs associated with completing the Merger Transaction. Nonrecurring transaction costs include, but are not limited to, fees paid to legal, financial and accounting advisors, filing fees, proxy solicitation costs and printing costs.

Failure to complete, or significant delays in completing, the Merger Transaction could negatively affect the trading price of our common stock and our future business and financial results.

Completion of the Merger Transaction is not assured and is subject to risks, including the risks that approval of the Merger Transaction by our shareholders or by any applicable governmental agencies or third parties is not obtained or that other closing conditions are not satisfied. If the Merger Transaction is not completed, or if there are significant delays in completing the Merger Transaction, the trading price of our common stock and our future business and financial results could be negatively affected, and we will be subject to several risks, including the following:

- we and ONEOK Partners may be liable for damages to one another under the terms and conditions of the Merger Agreement;
- negative reactions from the financial markets, including declines in the price of our common stock due to the fact that the current price may reflect a market assumption that the Merger Transaction will be completed;
- having to pay certain significant costs relating to the Merger Transaction; and
- the attention of management may have been diverted to the Merger Transaction rather than its own operations and pursuit of other opportunities that could have been beneficial to ONEOK.

We may not realize the benefits we expect from the Merger Transaction.

We believe that the Merger Transaction will, among other things, provide increased financial flexibility for execution of our strategic growth plan. However, our assessments and expectations regarding the anticipated benefits of the Merger Transaction may prove to be incorrect. Accordingly, there can be no assurance we will realize the anticipated benefits of the Merger Transaction.

We are subject to provisions that limit our ability to pursue alternatives to the Merger Transaction and could discourage a potential acquirer of ours that does not want the Merger Transaction completed from making a favorable alternative transaction proposal.

Under the Merger Agreement, we are restricted from soliciting any proposal for, or initiating discussions regarding, any acquisition transaction regarding ONEOK that is reasonably likely to impede or delay the closing of the Merger Transaction. Unless and until the Merger Agreement is terminated, subject to specified exceptions, we are restricted from, among other things, soliciting, initiating, knowingly facilitating, knowingly encouraging or knowingly inducing, any inquiry, proposal or offer for an acquisition proposal for ONEOK that is reasonably likely to impede or delay the closing of the Merger Transaction. These and other provisions in the Merger Agreement could discourage a third party that may have an interest in acquiring all or a significant part of ONEOK from considering or proposing that acquisition.

RISKS INHERENT IN ONEOK'S BUSINESS

Our cash flow depends heavily on the earnings and distributions of ONEOK Partners.

Our partnership interest in ONEOK Partners is our primary cash-generating source. Therefore, our cash flow is heavily dependent upon the ability of ONEOK Partners to make cash distributions to its partners. A significant decline in ONEOK Partners' earnings and/or cash distributions could have a corresponding negative impact on us. For information on the risk factors inherent in the business of ONEOK Partners, see the section below entitled "Additional Risk Factors Related to ONEOK Partners' Business" and Item 1A, Risk Factors in the ONEOK Partners' Annual Report.

Our indebtedness could impair our financial condition and our ability to fulfill our obligations.

As of December 31, 2016 , we had total indebtedness of approximately $1.6 billion , which excludes the debt of ONEOK Partners. Our indebtedness could have significant consequences. For example, it could:

- make it more difficult for us to satisfy our obligations with respect to our senior notes and our other indebtedness due to the increased debt-service obligations, which could, in turn, result in an event of default on such other indebtedness or our senior notes;
- impair our ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or general business purposes;
- diminish our ability to withstand a downturn in our business or the economy;
- require us to dedicate a substantial portion of our cash flow from operations to debt-service payments, reducing the availability of cash for working capital, capital expenditures, acquisitions, dividends or general corporate purposes;
- limit our flexibility in planning for, or reacting to, changes in our business and the industry in which ONEOK Partners operates; and
- place us at a competitive disadvantage compared with our competitors that have proportionately less debt.

We are not prohibited under the indentures governing our senior notes from incurring additional indebtedness, but our debt agreements do subject us to certain operational limitations summarized in the next paragraph. If we incur significant additional indebtedness, it could worsen the negative consequences mentioned above and could affect adversely our ability to repay our other indebtedness.

Our revolving debt agreements with banks contain provisions that restrict our ability to finance future operations or capital needs or to expand or pursue our business activities. For example, certain of these agreements contain provisions that, among other things, limit our ability to make loans or investments, make material changes to the nature of our business, merge, consolidate or engage in asset sales, grant liens or make negative pledges. Certain agreements also require us to maintain certain financial ratios, which limit the amount of additional indebtedness we can incur, as described in the "Liquidity and Capital Resources" section of Item 7, Management's Discussion and Analysis of Financial Condition and Results of Operation. These restrictions could result in higher costs of borrowing and impair our ability to generate additional cash. Future financing agreements we may enter into may contain similar or more restrictive covenants.

If we are unable to meet our debt-service obligations, we could be forced to restructure or refinance our indebtedness, seek additional equity capital or sell assets. We may be unable to obtain financing or sell assets on satisfactory terms, or at all.

Federal, state and local jurisdictions may challenge our tax return positions.

The positions taken in our federal and state tax return filings require significant judgments, use of estimates and the interpretation and application of complex tax laws. Significant judgment is also required in assessing the timing and amounts of deductible and taxable items. Despite management's belief that our tax return positions are fully supportable, certain positions may be successfully challenged by federal, state and local jurisdictions.

The separation of ONE Gas could result in substantial tax liability.

We have received a private letter ruling from the IRS substantially to the effect that, for U.S. federal income tax purposes, the separation and certain related transactions qualify under Sections 355 and/or 368 of the U.S. Internal Revenue Code of 1986, as amended. If the factual assumptions or representations made in the request for the private letter ruling prove to have been inaccurate or incomplete in any material respect, then we will not be able to rely on the ruling. Furthermore, the IRS does not rule on whether a distribution such as the separation satisfies certain requirements necessary to obtain tax-free treatment under section 355 of the Code. The private letter ruling was based on representations by us that those requirements were satisfied, and any inaccuracy in those representations could invalidate the ruling. In connection with the separation, we obtained an opinion of outside legal and tax counsel, substantially to the effect that, for U.S. federal income tax purposes, the separation and certain related transactions qualify under Sections 355 and 368 of the Code. The opinion relies on, among other things, the continuing validity of the private letter ruling and various assumptions and representations as to factual matters made by us which, if inaccurate or incomplete in any material respect, would jeopardize the conclusions reached by such counsel in its opinion. The opinion will not be binding on the IRS or the courts, and there can be no assurance that the IRS or the courts would not challenge the conclusions stated in the opinion or that any such challenge would not prevail.

We have a holding company structure in which our subsidiaries conduct our operations and own our operating assets.

We are a holding company, and our subsidiaries conduct all of our operations and own all of our operating assets. We do not have significant assets other than our interests in ONEOK Partners and the equity in our subsidiaries. As a result, our ability to pay dividends to our shareholders and to service our debt depends on the performance of our subsidiaries and their ability to distribute funds to us. The ability of our subsidiaries to make distributions to us may be restricted by, among other things, partnership agreements, credit facilities, applicable state partnership laws and other laws and regulations. If we are unable to obtain funds from our subsidiaries, we may not be able to pay dividends to our shareholders or to pay interest or principal on our debt when due.

Although we control ONEOK Partners, we may have conflicts of interest with ONEOK Partners that could subject us to claims that we have breached our fiduciary duty to ONEOK Partners and its unitholders.

We are the sole general partner and owned 41.2 percent of ONEOK Partners as of December 31, 2016. Conflicts of interest may arise between us and ONEOK Partners and its unitholders. In resolving these conflicts, we may favor our own interests and the interests of our affiliates over the interests of ONEOK Partners and its unitholders as long as the resolution does not conflict with the Partnership Agreement or our fiduciary duties to ONEOK Partners and its unitholders.

If we are not fully reimbursed or indemnified for obligations and liabilities we incur in managing the business and affairs of ONEOK Partners, the value of our shares could decline.

In our capacity as the general partner of ONEOK Partners, we may make expenditures on ONEOK Partners' behalf for which we will seek reimbursement from ONEOK Partners. In addition, under Delaware partnership law, we have, in our capacity as ONEOK Partners' general partner, unlimited liability for the obligations of ONEOK Partners, such as ONEOK Partners' debts and environmental liabilities, except for those contractual obligations of ONEOK Partners that are expressly made without recourse to the general partner and as limited by the Partnership Agreement. To the extent we incur obligations on behalf of ONEOK Partners, we are entitled to be reimbursed or indemnified by ONEOK Partners. If ONEOK Partners is unable or unwilling to reimburse or indemnify us, we may be unable to satisfy these liabilities or obligations, which would likely reduce the value of our shares.

ONEOK Partners' unitholders have the right to remove us as their general partner with the approval of the holders of 66 2/3 percent of all units, excluding the units held by us, which would cause us to lose our general partner interest and incentive distribution rights in OKS and the ability to manage them.

We currently manage ONEOK Partners through our ownership of its general partner interest. The Partnership Agreement gives common unitholders of ONEOK Partners the right to remove the general partner of ONEOK Partners upon the affirmative vote of holders of 66 2/3 percent of ONEOK Partners' outstanding units, excluding the units held by the general partner and its affiliates. If we were removed as general partner of ONEOK Partners, we would receive cash or common units in exchange for our 2.0 percent general partner interest and incentive distribution rights, and our Class B units would have the right to share in Partnership quarterly cash distributions based on 123.5 percent of the amount of any Partnership cash distribution, but we would lose the ability to manage ONEOK Partners. Although the common units or cash we would receive are intended under the terms of the Partnership Agreement to fully compensate us in the event such an exchange is required, the value of these common units or investments we make with the cash over time may not be equivalent to the value of the general partner interest and the incentive distribution rights had we retained them.

A reduction in ONEOK Partners' cash distributions would disproportionately affect the amount of cash distributions to which we are entitled.

Through our ownership of the incentive distribution rights in ONEOK Partners, we are entitled to receive our pro rata share of specified percentages of total cash distributions made by ONEOK Partners as it reaches established target cash distribution levels as specified in the the Partnership Agreement. We currently receive a portion of our pro rata share of cash distributions from ONEOK Partners based on the highest incremental percentage, 50 percent, to which we are entitled pursuant to our incentive distribution rights in ONEOK Partners. As a result, any reduction in quarterly cash distributions from ONEOK Partners would have the effect of disproportionately reducing the amount of all cash distributions that we receive from ONEOK Partners based on our ownership interest in the incentive distribution rights in ONEOK Partners as compared to cash distributions we receive on our General Partner interest in ONEOK Partners and our ONEOK Partners common units.

Cash distributions on our incentive distribution rights in ONEOK Partners are more uncertain than cash distributions on the common and Class B units we hold.

Our ownership of the incentive distribution rights in ONEOK Partners entitles us to receive our pro rata share of specified percentages of total cash distributions made by ONEOK Partners with respect to any particular quarter only in the event that ONEOK partners distributes more than $0.3025 per unit for such quarter. As a result, the holders of ONEOK Partners' common and Class B units have a priority over the holders of ONEOK Partners' incentive distribution rights to the extent of cash distributions by ONEOK Partners up to and including $0.3025 per unit for any quarter. This priority results in greater certainty of common unitholders and Class B unitholders receiving distributions, when compared to holders of incentive distribution rights.

ONEOK Partners may issue additional units, which may increase the risk that ONEOK Partners will not have sufficient available cash to maintain or increase its per unit cash distribution level.

ONEOK Partners may issue additional units, including units that rank senior to the ONEOK Partners' common units, Class B units and the incentive distribution rights as to quarterly cash distributions. The payment of cash distributions on those additional units may increase the risk that ONEOK Partners may not have sufficient cash available to maintain or increase its per unit distribution level, which in turn may impact the available cash that we receive from ONEOK Partners to pay dividends. To the extent these units are senior to the common units, Class B units or the incentive distribution rights, there is an increased risk that we will not receive the same level or increased cash distributions on the common units, Class B units and incentive distribution rights we own. Neither the common units, Class B units nor the incentive distribution rights are entitled to any arrearages from prior quarters.

Our ability to sell our partnership interests in ONEOK Partners may be limited by securities law restrictions and liquidity constraints.

All of the approximately 41.3 million common units and approximately 73.0 million Class B units of ONEOK Partners that we own are either unregistered, restricted or control securities or registered control securities within the meaning of Rule 144 under the Securities Act, and thus cannot be sold by us without registration or an applicable exemption from registration. Pursuant to the terms of the Partnership Agreement, we only have registration rights with respect to such ONEOK Partners common units and Class B units if Rule 144 of the Securities Act (or any successor rule or regulation to Rule 144) or another exemption from registration is not available to enable us to dispose of such ONEOK Partners common units or Class B units at the time we desire to do so without registration under the Securities Act. Due to the foregoing limitation, we are primarily limited to sales pursuant to Rule 144, which limits selling into the market in any three-month period to an amount of ONEOK Partners' common and/or Class B units that does not exceed the greater of 1 percent of the total number of ONEOK Partners' common units outstanding or the average weekly reported trading volume of ONEOK Partners' common units for the four calendar weeks prior to the sale. In addition, we face contractual limitations on our ability to sell our general partner interest and incentive distribution rights, and the market for such interests is illiquid.

Holders of our common stock may not receive dividends in the amount identified in guidance, or any dividends at all.

We may not have sufficient cash each quarter to pay dividends or maintain current or expected levels of dividends. The actual amount of cash we pay in the form of dividends may fluctuate from quarter to quarter and will depend on various factors, some of which are beyond our control, including the amount of cash that ONEOK Partners distributes to us, our working capital needs, our ability to borrow, the restrictions contained in our indentures and credit facility, our debt service requirements and the cost of acquisitions, if any. A failure either to pay dividends or to pay dividends at expected levels could result in a loss of investor confidence, reputational damage and a decrease in the value of our stock price.

The cost of providing pension and postretirement health care benefits to eligible employees and qualified retirees is subject to changes in pension fund values and changing demographics and may increase.

We have a defined benefit pension plan for certain employees and postretirement welfare plans that provide postretirement medical and life insurance benefits to certain employees who retire with at least five years of service. The cost of providing these benefits to eligible current and former employees is subject to changes in the market value of our pension and postretirement benefit plan assets, changing demographics, including longer life expectancy of plan participants and their beneficiaries and changes in health care costs. For further discussion of our defined benefit pension plan, see Note L of the Notes to Consolidated Financial Statements in this Annual Report.

Any sustained declines in equity markets and reductions in bond yields may have a material adverse effect on the value of our pension and postretirement benefit plan assets. In these circumstances, additional cash contributions to our pension plans may be required, which could aversely impact our business, financial condition and liquidity.

RISKS INHERENT IN BOTH ONEOK AND ONEOK PARTNERS

Market volatility and capital availability could affect adversely our business.

The capital and global credit markets have experienced volatility and disruption in the past. In many cases during these periods, the capital markets have exerted downward pressure on equity values and reduced the credit capacity for certain companies. Much of ONEOK Partners' business is capital intensive, and its ability to grow is dependent, in part, upon our and ONEOK Partners' ability to access capital at rates and on terms we determine to be attractive. Similar or more severe levels of global market disruption and volatility may have an adverse effect on us or ONEOK Partners resulting from, but not limited to, disruption of access to capital and credit markets, difficulty in obtaining financing necessary to expand facilities or acquire assets, increased financing costs and increasingly restrictive covenants. If we or ONEOK Partners' are unable to access capital at competitive rates, ONEOK Partners' strategy of enhancing the earnings potential of its existing assets, including through capital-growth projects and acquisitions of complementary assets or businesses, may be affected adversely. A number of factors could affect adversely our and ONEOK Partners' ability to access capital, including: (i) general economic conditions; (ii) capital market conditions; (iii) market prices for natural gas, NGLs and other hydrocarbons; (iv) the overall health of the energy and related industries; (v) ability to maintain investment-grade credit ratings; (vi) unit price and (vii) capital structure. If our and ONEOK Partners' ability to access capital becomes constrained significantly, our and ONEOK Partners' interest costs and cost of equity will likely increase and could affect adversely our financial condition and future results of operations.

Our operating results may be affected materially and adversely by unfavorable economic and market conditions.

Economic conditions worldwide have from time to time contributed to slowdowns in the oil and natural gas industry, as well as in the specific segments and markets in which ONEOK Partners operates, resulting in reduced demand and increased price competition for its products and services. ONEOK Partners' operating results in one or more geographic regions may also be affected by uncertain or changing economic conditions within that region. Volatility in commodity prices may have an impact on many of ONEOK Partners' customers, which, in turn, could have a negative impact on their ability to meet their obligations to ONEOK Partners. If global economic and market conditions (including volatility in commodity markets) or economic conditions in the United States or other key markets remain uncertain or persist, spread or deteriorate further, we and ONEOK Partners may experience material impacts on our businesses, financial condition, results of operations and liquidity.

Terrorist attacks directed at our or ONEOK Partners' facilities could affect adversely our business.

The United States government has issued warnings that energy assets, specifically the nation's pipeline infrastructure, may be future targets of terrorist organizations. These developments may subject ONEOK Partners' operations to increased risks. Any future terrorist attack that targets ONEOK Partners' facilities, those of its customers and, in some cases, those of other pipelines, or our facilities could have a material adverse effect on our business.

Our businesses are subject to market and credit risks.

We and ONEOK Partners are exposed to market and credit risks in all of our operations. To reduce the impact of commodity price fluctuations, ONEOK Partners uses derivative transactions, such as swaps, futures and forwards, to hedge anticipated purchases and sales of natural gas, NGLs and crude oil and firm transportation commitments. Interest-rate swaps are also used to manage interest-rate risk. However, derivative instruments do not eliminate the risks. Specifically, such risks include commodity price changes, market supply shortages, interest-rate changes and counterparty default. The impact of these variables could result in our and ONEOK Partners' inability to fulfill contractual obligations, significantly higher energy or fuel costs relative to corresponding sales contracts, or increased interest expense.

We or ONEOK Partners may not be able to make additional strategic acquisitions or investments.

Our and ONEOK Partners' ability to make strategic acquisitions and investments will depend on:

- the extent to which acquisitions and investment opportunities become available;
- success in bidding for the opportunities that do become available;
- regulatory approval, if required, of the acquisitions or investments on favorable terms; and
- access to capital, including the ability to use our or equity in acquisitions or investments, and the terms upon which we obtain capital.

If we or ONEOK Partners are unable to make strategic investments and acquisitions, we or ONEOK Partners may be unable to grow.

Acquisitions that appear to be accretive may nevertheless reduce our cash from operations on a per-share basis.

Any acquisition involves potential risks that may include, among other things:

- inaccurate assumptions about volumes, revenues and costs, including potential synergies;
- an inability to integrate successfully the businesses we acquire;
- decrease in our liquidity as a result of our using a significant portion of our available cash or borrowing capacity to finance the acquisition;
- a significant increase in our interest expense and/or financial leverage if we incur additional debt to finance the acquisition;
- the assumption of unknown liabilities for which we are not indemnified, our indemnity is inadequate or our insurance policies may exclude from coverage;
- an inability to hire, train or retain qualified personnel to manage and operate the acquired business and assets;
- limitations on rights to indemnity from the seller;
- inaccurate assumptions about the overall costs of equity or debt;
- the diversion of management's and employees' attention from other business concerns;
- unforeseen difficulties operating in new product areas or new geographic areas;
- increased regulatory burdens;
- customer or key employee losses at an acquired business; and
- increased regulatory requirements.

If we or ONEOK Partners consummate any future acquisitions, our capitalization and results of operations may change significantly, and investors will not have the opportunity to evaluate the economic, financial and other relevant information that we will consider in determining the application of our resources to future acquisitions.

Our and ONEOK Partners' established risk-management policies and procedures may not be effective, and employees may violate our risk-management policies.

We have developed and implemented a comprehensive set of policies and procedures that involve both our senior management and the Audit Committee of our Board of Directors to assist us in managing risks associated with, among other things, the marketing, trading and risk-management activities associated with our business segments. Our risk policies and procedures are intended to align strategies, processes, people, information technology and business knowledge so that risk is managed throughout the organization. As conditions change and become more complex, current risk measures may fail to adequately assess the relevant risk due to changes in the market and the presence of risks previously unknown to us. Additionally, if employees fail to adhere to our policies and procedures or if our policies and procedures are not effective, potentially because of future conditions or risks outside of our control, we may be exposed to greater risk than we had intended. Ineffective risk-management policies and procedures or violation of risk-management policies and procedures could have an adverse affect on our earnings, financial position or cash flows.

Our use of financial instruments to hedge interest-rate risk may result in reduced income.

We and ONEOK Partners utilize financial instruments to mitigate our exposure to interest-rate fluctuations. Hedging instruments that are used to reduce our exposure to interest-rate fluctuations could expose us to risk of financial loss, including where we may contract for variable-rate swap instruments to hedge fixed-rate instruments and the variable rate exceeds the fixed rate. In addition, these hedging arrangements may limit the benefit we would otherwise receive if we had contracted for fixed-rate swap agreements to hedge variable-rate instruments and the variable rate falls below the fixed rate.

An impairment of goodwill, long-lived assets, including intangible assets, and equity-method investments could reduce our earnings.

Goodwill is recorded when the purchase price of a business exceeds the fair market value of the tangible and separately measurable intangible net assets. GAAP requires us to test goodwill and intangible assets with indefinite useful lives for impairment on an annual basis or when events or circumstances occur indicating that goodwill might be impaired. Long-lived assets, including intangible assets with finite useful lives, are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. For the investments ONEOK Partners accounts for under the equity method, the impairment test considers whether the fair value of the equity investment as a whole, not the underlying net assets, has declined and whether that decline is other than temporary. For example, if the current energy commodity price environment persists for a prolonged period or further declines, it could result in lower volumes delivered to ONEOK Partners' systems and impairments of ONEOK Partners' assets or equity-method investments. If we determine that an impairment is indicated, we would be required to take an immediate noncash charge to earnings with a correlative effect on our equity and balance sheet leverage as measured by consolidated debt to total capitalization.

A breach of information security, including a cybersecurity attack, or failure of one or more key information technology or operational systems, or those of third parties, may affect adversely our operations, financial results or reputation.

Our businesses are dependent upon our operational systems to process a large amount of data and complex transactions. The various uses of these IT systems, networks and services include, but are not limited to:

- controlling ONEOK Partners' plants and pipelines with industrial control systems including Supervisory Control and Data Acquisition (SCADA);
- collecting and storing customer, employee, investor and other stakeholder information and data;
- processing transactions;
- summarizing and reporting results of operations;
- hosting, processing and sharing confidential and proprietary research, business plans and financial information;
- complying with regulatory, legal or tax requirements;
- providing data security; and
- handling other processing necessary to manage our business.

If any of our systems are damaged, fail to function properly or otherwise become unavailable, we may incur substantial costs to repair or replace them and may experience loss or corruption of critical data and interruptions or delays in our ability to perform critical functions, which could adversely affect our business and results of operations. Our financial results could also be affected adversely if an employee causes our operational systems to fail, either as a result of inadvertent error or by deliberately tampering with or manipulating our operational systems. In addition, dependence upon automated systems may further increase the risk that operational system flaws, employee tampering or manipulation of those systems will result in losses that are difficult to detect.

Due to increased technology advances, we have become more reliant on technology to help increase efficiency in our businesses. We use computer programs to help run our financial and operations organizations, and this may subject our business to increased risks. In recent years, there has been a rise in the number of cyberattacks on companies' network and information systems by both state-sponsored and criminal organizations, and as a result, the risks associated with such an event continue to increase. A significant failure, compromise, breach or interruption in our systems could result in a disruption of our operations, customer dissatisfaction, damage to our reputation and a loss of customers or revenues. If any such failure, interruption or similar event results in the improper disclosure of information maintained in our information systems and networks or those of our vendors, including personnel, customer and vendor information, we could also be subject to liability under relevant contractual obligations and laws and regulations protecting personal data and privacy. Efforts by us and our vendors to develop, implement and maintain security measures may not be successful in preventing these events from occurring, and any network and information systems-related events could require us to expend significant resources to remedy such event. Although we believe that we have robust information security procedures and other safeguards in place, as cyberthreats continue to evolve, we may be required to expend additional resources to continue to enhance our information security measures and/or to investigate and remediate information security vulnerabilities.

Cyberattacks against us or others in our industry could result in additional regulations. Current efforts by the federal government, such as the Improving Critical Infrastructure Cybersecurity executive order, and any potential future regulations could lead to increased regulatory compliance costs, insurance coverage cost or capital expenditures. We cannot predict the potential impact to our business or the energy industry resulting from additional regulations.

If we fail to maintain an effective system of internal controls, we may not be able to report accurately our financial results or prevent fraud. As a result, current and potential holders of our equity and debt securities could lose confidence in our financial reporting, which would harm our business and cost of capital.

Effective internal controls are necessary for us to provide reliable financial reports, prevent fraud and operate successfully as a public company. We cannot be certain that our efforts to maintain our internal controls will be successful, that we will be able to maintain adequate controls over our financial processes and reporting in the future or that we will be able to continue to comply with our obligations under Section 404 of the Sarbanes-Oxley Act of 2002. Any failure to maintain effective internal controls, or difficulties encountered in implementing or improving our internal controls, could harm our operating results or cause us to fail to meet our reporting obligations. Ineffective internal controls could also cause investors to lose confidence in our reported financial information, which would likely have a negative effect on the trading price of our equity interests.

Changes in interest rates could affect adversely our business.

We use both fixed- and variable-rate debt, and we are exposed to market risk due to the floating interest rates on our short-term borrowings. From time to time, we use interest-rate derivatives to hedge interest obligations on specific debt issuances, including anticipated debt issuances. These hedges may be ineffective, and our results of operations, cash flows and financial position could be affected adversely by significant fluctuations or increases or decreases in interest rates from current levels.

A shortage of skilled labor may make it difficult for us to maintain labor productivity and competitive costs, which could affect operations and cash flows available for distribution.

Our operations require skilled and experienced workers with proficiency in multiple tasks. In recent years, a shortage of workers trained in various skills associated with the midstream energy business has caused us to conduct certain operations without full staff, thus hiring outside resources, which may decrease productivity and increase costs. This shortage of trained workers is the result of experienced workers reaching retirement age and increased competition for workers in certain areas, combined with the difficulty of attracting new workers to the midstream energy industry. This shortage of skilled labor could continue over an extended period. If the shortage of experienced labor continues or worsens, it could have an adverse impact on labor productivity and costs and our ability to expand production in the event there is an increase in the demand for our products and services, which could affect adversely our operations and cash flows available for distribution to ONEOK Partners' unitholders and, in turn, to cash flows available for dividends to ONEOK shareholders.

ADDITIONAL RISKS RELATED TO ONEOK PARTNERS' BUSINESS

Risks related to ONEOK Partners' business discussed below will also affect us as we are the sole general partner and, as of December 31, 2016 , owned 41.2 percent of ONEOK Partners.

Increased competition could have a significant adverse financial impact on ONEOK Partners' business.

The natural gas and natural gas liquids industries are expected to remain highly competitive. The demand for natural gas and NGLs is primarily a function of commodity prices, including prices for alternative energy sources, customer usage rates, weather, economic conditions and service costs. ONEOK Partners' ability to compete also depends on a number of other factors, including competition from other companies for its existing customers; the efficiency, quality and reliability of the services it provides; and competition for throughput at its gathering systems, pipelines, processing plants, fractionators and storage facilities.

The volatility of natural gas, crude oil and NGL prices could affect adversely ONEOK Partners' cash flows.

A significant portion of ONEOK Partners' revenues are derived from the sale of commodities that are received as payment for natural gas gathering and processing services, for the transportation and storage of natural gas, and from the purchase and sale of NGLs and NGL products. Commodity prices have been volatile and are likely to continue to be so in the future. The prices ONEOK Partners receives for its commodities are subject to wide fluctuations in response to a variety of factors beyond ONEOK Partners' control, including, but not limited to, the following:

- overall domestic and global economic conditions;
- relatively minor changes in the supply of, and demand for, domestic and foreign energy;
- market uncertainty;
- the availability and cost of third-party transportation, natural gas processing and fractionation capacity;
- the level of consumer product demand and storage inventory levels;
- ethane rejection;
- geopolitical conditions impacting supply and demand for natural gas, NGLs and crude oil;
- weather conditions;
- domestic and foreign governmental regulations and taxes;
- the price and availability of alternative fuels;
- speculation in the commodity futures markets;
- the effects of imports and exports on the price of natural gas, crude oil, NGL and liquefied natural gas;
- the effect of worldwide energy-conservation measures;
- the impact of new supplies, new pipelines, processing and fractionation facilities on location price differentials; and
- technology and improved efficiency impacting supply and demand for natural gas, NGLs and crude oil.

These external factors and the volatile nature of the energy markets make it difficult to reliably estimate future prices of commodities and the impact commodity price fluctuations have on ONEOK Partners' customers and their need for its services. As commodity prices decline, ONEOK Partners is paid less for its commodities, thereby reducing its cash flow. In addition, crude oil, natural gas and NGL production could also decline due to lower prices.

If the level of drilling in the regions in which ONEOK Partners operates declines substantially near its assets, ONEOK Partners' volumes and revenue could decline.

ONEOK Partners' gathering and transportation pipeline systems are connected to, and dependent on the level of production from, natural gas and crude oil wells, from which production will naturally decline over time. As a result, its cash flows associated with these wells will also decline over time. In order to maintain or increase throughput levels on ONEOK Partners' gathering and transportation pipeline systems and the asset utilization rates at its processing and fractionation plants, it must continually obtain new supplies. ONEOK Partners' ability to maintain or expand its businesses depends largely on the level of drilling and production by third parties in the regions in which it operates. ONEOK Partners' natural gas and NGL supply volumes may be impacted if producers curtail or redirect drilling and production activities. Drilling and production are impacted by factors beyond ONEOK Partners' control, including:

- demand and prices for natural gas, NGLs and crude oil;
- producers' access to capital;
- producers' finding and development costs of reserves;
- producers' desire and ability to obtain necessary permits in a timely and economic manner;
- natural gas field characteristics and production performance;
- surface access and infrastructure issues; and
- capacity constraints on natural gas, crude oil and natural gas liquids infrastructure from the producing areas and ONEOK Partners' facilities.

Commodity prices have declined substantially and experienced significant volatility. Drilling and production activity levels may vary across ONEOK Partners' geographic areas; however, a prolonged period of low commodity prices may reduce drilling and production activities across all areas. If ONEOK Partners' is not able to obtain new supplies to replace the natural decline in volumes from existing wells or because of competition, throughput on its gathering and transportation pipeline systems and the utilization rates of its processing and fractionation facilities would decline, which could have a material adverse effect on its business, results of operations, financial position and cash flows, and its ability to make cash distributions.

ONEOK Partners is exposed to the credit risk of its customers or counterparties, and its credit risk management may not be adequate to protect against such risk.

ONEOK Partners is subject to the risk of loss resulting from nonpayment and/or nonperformance by ONEOK Partners’ customers or counterparties. ONEOK Partners’ customers or counterparties may experience rapid deterioration of their financial condition as a result of changing market conditions, commodity prices or financial difficulties that could impact their creditworthiness or ability to pay ONEOK Partners for its services. ONEOK Partners assesses the creditworthiness of its customers or counterparties and obtains collateral or contractual terms as it deems appropriate. ONEOK Partners cannot, however, predict to what extent its business may be impacted by deteriorating market or financial conditions, including possible declines in its customers’ and counterparties’ creditworthiness. The recent decline in commodity prices has negatively impacted the financial condition of certain customers and counterparties and further declines, a prolonged low commodity price environment or continued volatility could impact their ability to meet their financial obligations to ONEOK Partners. ONEOK Partners’ customers and counterparties may not perform or adhere to its existing or future contractual arrangements. To the extent ONEOK Partners’ customers and counterparties are in financial distress or commence bankruptcy proceedings, contracts with them may be subject to renegotiation or rejection under applicable provisions of the United States Bankruptcy Code. If ONEOK Partners fails to assess adequately the creditworthiness of existing or future customers and counterparties, any material nonpayment or nonperformance by its customers and counterparties due to inability or unwillingness to perform or adhere to contractual arrangements could have a material adverse impact on ONEOK Partners’ business, results of operations, financial condition and ability to make cash distributions to its unitholders.

ONEOK Partners’ primary market areas are located in the Mid-Continent, Rocky Mountain, Permian Basin and Gulf Coast regions of the U.S. ONEOK Partners’ revenues are derived primarily from major integrated and independent exploration and production, pipeline, marketing and petrochemical companies. Therefore ONEOK Partners’ customers and counterparties may be similarly affected by changes in economic, regulatory or other factors that may affect its overall credit risk.

Some of ONEOK Partners’ nonregulated businesses have a higher level of risk than its regulated businesses.

Some of ONEOK Partners’ nonregulated operations, which include the Natural Gas Gathering and Processing segment and much of the Natural Gas Liquids segment, have a higher level of risk than its regulated operations, which include a portion of the Natural Gas Pipelines segment and a portion of the Natural Gas Liquids segment. ONEOK Partners expects to continue investing in natural gas and natural gas liquids projects and other related projects, some or all of which may involve nonregulated businesses or assets. These projects could involve risks associated with operational factors, such as competition and dependence on certain suppliers and customers; and financial, economic and political factors, such as rapid and significant changes in commodity prices, the cost and availability of capital and counterparty risk, including the inability of a counterparty, customer or supplier to fulfill a contractual obligation.

Measurement adjustments on ONEOK Partners’ pipeline system may be affected materially by changes in estimation, type of commodity and other factors.

Natural gas and natural gas liquids measurement adjustments occur as part of the normal operating conditions associated with ONEOK Partners’ assets. The quantification and resolution of measurement adjustments are complicated by several factors including: (1) the significant number (*i.e* ., thousands) of meters that ONEOK Partners uses throughout its natural gas and natural gas liquids systems, primarily around its gathering and processing assets; (2) varying qualities of natural gas in the streams gathered and processed and the mixed nature of NGLs gathered and fractionated through ONEOK Partners’ systems; and (3) variances in measurement that are inherent in metering technologies. Each of these factors may contribute to measurement adjustments that can occur on ONEOK Partners’ systems, which could affect negatively its business, financial position, results of operations and cash flows.

Many of ONEOK Partners’ pipeline and storage assets have been in service for several decades.

Many of ONEOK Partners’ pipeline and storage assets are designed as long-lived assets. Over time the age of these assets could result in increased maintenance or remediation expenditures and an increased risk of product releases and associated costs and liabilities. Any significant increase in these expenditures, costs or liabilities could materially adversely affect ONEOK Partners’ results of operations, financial position or cash flows, as well as its ability to pay cash distributions.

ONEOK Partners does not hedge fully against commodity price changes, seasonal price differentials, product price differentials or location price differentials. This could result in decreased revenues, increased costs and lower margins, adversely affecting its results of operations.

Certain of ONEOK Partners’ businesses are exposed to market risk and the impact of market fluctuations of natural gas, NGLs and crude oil prices. Market risk refers to the risk of loss of cash flows and future earnings arising from adverse changes in commodity prices. ONEOK Partners’ primary commodity price exposures arise from:

- the value of the NGLs and natural gas sold under POP with fee contracts, of which it retains a portion of the sales proceeds;
- the price differentials between the individual NGL products with respect to ONEOK Partners’ NGL transportation and fractionation agreements;
- the location price differentials in the price of natural gas and NGLs with respect to ONEOK Partners’ natural gas and NGL transportation businesses;
- the seasonal price differentials of natural gas and NGLs related to storage operations; and
- the fuel costs and the value of the retained fuel in-kind in ONEOK Partners’ natural gas pipelines and storage operations.

To manage the risk from market price fluctuations of natural gas, NGLs and crude oil prices, ONEOK Partners may use derivative instruments such as swaps, futures, forwards and options. However, it does not hedge fully against commodity price changes and, therefore, it retains some exposure to market risk. Accordingly, any adverse changes to commodity prices could result in decreased revenue and increased costs.

ONEOK Partners’ use of financial instruments and physical forward transactions to hedge market-risk exposure to commodity price and interest-rate fluctuations may result in reduced income.

ONEOK Partners utilizes financial instruments and physical forward transactions to mitigate its exposure to interest rate and commodity price fluctuations. Hedging instruments that are used to reduce ONEOK Partners’ exposure to interest-rate fluctuations could expose it to risk of financial loss where it may contract for variable-rate swap instruments to hedge fixed-rate instruments and the variable rate exceeds the fixed rate. In addition, these hedging arrangements may limit the benefit ONEOK Partners would otherwise receive if it had contracted for fixed-rate swap agreements to hedge variable-rate instruments and the variable rate falls below the fixed rate. Hedging arrangements that are used to reduce ONEOK Partners’ exposure to commodity price fluctuations limit the benefit it would otherwise receive if market prices for natural gas, crude oil and NGLs exceed the stated price in the hedge instrument for these commodities.

ONEOK Partners may not be able to develop and execute growth projects and acquire new assets, which could result in reduced cash distributions to its unitholders and to ONEOK.

ONEOK Partners’ primary business objectives are to generate cash flow sufficient to pay quarterly cash distributions to its unitholders and to increase its quarterly cash distributions over time. ONEOK Partners’ ability to maintain and grow its distributions to unitholders depends on the growth of its existing businesses and strategic acquisitions. ONEOK Partners’ ability to make strategic acquisitions and investments will depend on:

- the extent to which acquisitions and investment opportunities become available;
- ONEOK Partners’ success in bidding for the opportunities that do become available;
- regulatory approval, if required, of the acquisitions or investments on favorable terms; and
- ONEOK Partners’ access to capital, including its ability to use its equity in acquisitions or investments, and the terms upon which it obtains capital.

ONEOK Partners’ ability to develop and execute growth projects will depend on its ability to implement business development opportunities and finance such activities on economically acceptable terms.

If ONEOK Partners is unable to make strategic acquisitions and investments, integrate successfully businesses that it acquires with its existing business, or develop and execute its growth projects, its future growth will be limited, which could adversely impact ONEOK Partners’ results of operations and cash flows and, accordingly, result in reduced cash distributions over time.

Growing ONEOK Partners' business by constructing new pipelines and plants or making modifications to its existing facilities subjects ONEOK Partners to construction risk and supply risks should adequate natural gas or NGL supply be unavailable upon completion of the facilities.

One of the ways ONEOK Partners may grow its businesses is through the construction of new pipelines and new gathering, processing, storage and fractionation facilities and through modifications to ONEOK Partners' existing pipelines and existing gathering, processing, storage and fractionation facilities. The construction and modification of pipelines and gathering, processing, storage and fractionation facilities may face the following risks:

- projects may require significant capital expenditures, which may exceed ONEOK Partners' estimates, and involves numerous regulatory, environmental, political, legal and weather-related uncertainties;
- projects may increase demand for labor, materials and rights of way, which may, in turn, affect ONEOK Partners' costs and schedule;
- ONEOK Partners may be unable to obtain new rights of way to connect new natural gas or NGL supplies to its existing gathering or transportation pipelines;
- if ONEOK Partners undertakes these projects, it may not be able to complete them on schedule or at the budgeted cost;
- ONEOK Partners' revenues may not increase immediately upon the expenditure of funds on a particular project. For instance, if ONEOK Partners builds a new pipeline, the construction will occur over an extended period of time, and it will not receive any material increases in revenues until after completion of the project;
- ONEOK Partners' may have only limited natural gas or NGL supply committed to these facilities prior to their construction;
- ONEOK Partners may construct facilities to capture anticipated future growth in production in a region in which anticipated production growth does not materialize;
- ONEOK Partners may rely on estimates of proved reserves in its decision to construct new pipelines and facilities, which may prove to be inaccurate because there are numerous uncertainties inherent in estimating quantities of proved reserves; and
- ONEOK Partners may be required to rely on third parties downstream of its facilities to have available capacity for its delivered natural gas or NGLs, which may not yet be operational.

As a result, new facilities may not be able to attract enough natural gas or NGLs to achieve ONEOK Partners' expected investment return, which could affect materially and adversely ONEOK Partners' results of operations, financial condition and cash flows.

If production from the Western Canada Sedimentary Basin remains flat or declines, and demand for natural gas from the Western Canada Sedimentary Basin is greater in market areas other than the Midwestern United States, demand for ONEOK Partners' interstate gas transportation services could decrease significantly.

ONEOK Partners depends on a portion of natural gas supply from the Western Canada Sedimentary Basin for some of ONEOK Partners' interstate pipelines, primarily Viking Gas Transmission and ONEOK Partners' investment in Northern Border Pipeline, that transport Canadian natural gas from the Western Canada Sedimentary Basin to the Midwestern United States market area. If demand for natural gas increases in Canada or other markets not served by ONEOK Partners' interstate pipelines and/or production remains flat or declines, demand for transportation service on ONEOK Partners' interstate natural gas pipelines could decrease significantly, which could impact adversely its and our results of operations and cash flows.

ONEOK Partners may not be able to replace, extend or add additional customer contracts or contracted volumes on favorable terms, or at all, which could affect ONEOK Partners' financial condition, the amount of cash available to pay distributions and its ability to grow.

Although many of ONEOK Partners' customers and suppliers are subject to long-term contracts, if it is unable to replace or extend such contracts, add additional customers or otherwise increase the contracted volumes of natural gas and NGLs provided to it by current producers, in each case on favorable terms, if at all, ONEOK Partners' financial condition, growth plans and the amount of cash available to pay distributions could be adversely affected. ONEOK Partners' ability to replace, extend or add additional customer or supplier contracts, or increase contracted volumes of natural gas and NGLs from current producers, on favorable terms, or at all, is subject to a number of factors, some of which are beyond ONEOK Partners' control, including:

- the level of existing and new competition in ONEOK Partners' businesses or from alternative fuel sources, such as electricity, coal, fuel oils or nuclear energy;
- natural gas and NGL prices, demand, availability; and

- margins in ONEOK Partners’ markets.

Mergers between ONEOK Partners’ customers and competitors could result in lower volumes being gathered, processed, fractionated, transported or stored on its assets, thereby reducing the amount of cash it generates.

Mergers between ONEOK Partners’ existing customers and its competitors could provide strong economic incentives for the combined entities to utilize their existing gathering, processing, fractionation and/or transportation systems instead of ONEOK Partners’ in those markets where the systems compete. As a result, ONEOK Partners could lose some or all of the volumes and associated revenues from these customers, and it could experience difficulty in replacing those lost volumes and revenues. Because most of ONEOK Partners’ operating costs are fixed, a reduction in volumes could result not only in less revenue but also in a decline in cash flow, which would reduce its ability to pay cash distributions to its unitholders.

ONEOK Partners is subject to strict regulations at many of its facilities regarding employee safety, and failure to comply with these regulations could affect adversely ONEOK Partners’ business, financial position, results of operations and cash flows.

The workplaces associated with ONEOK Partners’ facilities are subject to the requirements of OSHA and comparable state statutes that regulate the protection of the health and safety of workers. The failure to comply with OSHA requirements or general industry standards, including keeping adequate records or occupational exposure to regulated substances could expose it to civil or criminal liability, enforcement actions, and regulatory fines and penalties and could have a material adverse effect on ONEOK Partners’ business, financial position, results of operations and cash flows.

ONEOK Partners’ operations are subject to operational hazards and unforeseen interruptions that could affect materially and adversely ONEOK Partners’ business and for which neither we nor ONEOK Partners may be insured adequately.

ONEOK Partners’ operations are subject to all of the risks and hazards typically associated with the operation of natural gas and natural gas liquids gathering, transportation and distribution pipelines, storage facilities and processing and fractionation plants. Operating risks include but are not limited to leaks, pipeline ruptures, the breakdown or failure of equipment or processes, and the performance of pipeline facilities below expected levels of capacity and efficiency. Other operational hazards and unforeseen interruptions include adverse weather conditions, accidents, explosions, fires, the collision of equipment with ONEOK Partners’ pipeline facilities (for example, this may occur if a third party were to perform excavation or construction work near ONEOK Partners’ facilities) and catastrophic events such as tornados, hurricanes, earthquakes, floods or other similar events beyond ONEOK Partners’ control. It is also possible that ONEOK Partners’ facilities could be direct targets or indirect casualties of an act of terrorism. A casualty occurrence might result in injury or loss of life, extensive property damage or environmental damage. Liabilities incurred and interruptions to the operations of ONEOK Partners’ pipelines or other facilities caused by such an event could reduce revenues generated by ONEOK Partners and increase expenses, thereby impairing our or ONEOK Partners’ ability to meet our respective obligations. Insurance proceeds may not be adequate to cover all liabilities or expenses incurred or revenues lost, and neither we nor ONEOK Partners are fully insured against all risks inherent in our respective businesses.

As a result of market conditions, premiums and deductibles for certain insurance policies can increase substantially, and, in some instances, certain insurance may become unavailable or available only for reduced amounts of coverage. Consequently, neither we nor ONEOK Partners may be able to renew existing insurance policies or purchase other desirable insurance on commercially reasonable terms, if at all. If either we or ONEOK Partners were to incur a significant liability for which either we or ONEOK Partners was not insured fully, it could have a material adverse effect on our or ONEOK Partners’ financial position and results of operations. Further, the proceeds of any such insurance may not be paid in a timely manner and may be insufficient if such an event were to occur.

ONEOK Partners does not own all of the land on which its pipelines and facilities are located, and it leases certain facilities and equipment, which could disrupt its operations.

ONEOK Partners does not own all of the land on which certain of its pipelines and facilities are located and are, therefore, subject to the risk of increased costs to maintain necessary land use. ONEOK Partners obtains the rights to construct and operate certain of its pipelines and related facilities on land owned by third parties and governmental agencies for a specific period of time. Loss of these rights, through its inability to renew right-of-way contracts on acceptable terms or increased costs to renew such rights, could have a material adverse effect on ONEOK Partners’ financial condition, results of operations and cash flows.

Pipeline safety laws and regulations may impose significant costs and liabilities.

Pipeline safety legislation that was signed into law in 2012, the 2011 Pipeline Safety Act, directed the Secretary of Transportation to promulgate new safety regulations for natural gas and hazardous liquids pipelines, including expanded integrity management requirements, automatic or remote-controlled valve use, excess flow valve use, leak detection system installation, testing to confirm the material strength of certain pipelines and operator verification of records confirming the maximum allowable pressure of certain gas transmission pipelines. The 2011 Pipeline Safety Act also increased the maximum penalty for violation of pipeline safety regulations from $100,000 to $200,000 per violation per day and also from $1 million to $2 million for a related series of violations.

The 2011 Pipeline Safety Act, the PIPES Act or rules implementing such acts could cause ONEOK Partners to incur capital and operating expenditures for pipeline replacements or repairs, additional monitoring equipment or more frequent inspections or testing of its pipeline facilities, preventive or mitigating measures and other tasks that could result in higher operating costs or capital expenditures as necessary to comply with such standards, which costs could be significant.

See further discussion in the “Regulatory, Environmental and Safety Matters” section.

ONEOK Partners is subject to comprehensive energy regulation by governmental agencies, and the recovery of its costs are dependent on regulatory action.

Federal, state and local agencies have jurisdiction over many of ONEOK Partners’ activities, including regulation by the FERC of its interstate pipeline assets. The profitability of ONEOK Partners’ regulated operations is dependent on its ability to pass through costs related to providing energy and other commodities to its customers by filing periodic rate cases. The regulatory environment applicable to ONEOK Partners’ regulated businesses could impair its ability to recover costs historically absorbed by its customers.

ONEOK Partners is unable to predict the impact that the future regulatory activities of these agencies will have on its operating results. Changes in regulations or the imposition of additional regulations could have an adverse impact on ONEOK Partners’ business, financial condition and results of operations.

ONEOK Partners’ regulated pipelines’ transportation rates are subject to review and possible adjustment by federal and state regulators.

Under the Natural Gas Act, which is applicable to interstate natural gas pipelines, and the Interstate Commerce Act, which is applicable to crude oil and natural gas liquids pipelines, ONEOK Partners’ interstate transportation rates, which are regulated by the FERC, must be just and reasonable and not unduly discriminatory.

Under current policy, the FERC permits interstate pipelines that are subject to cost of service regulation to include an income tax allowance when calculating their regulated rates. The FERC’s income tax allowance policy has been the subject of challenge, and ONEOK Partners cannot predict whether the FERC or a reviewing court will alter the existing policy. For example, on July 1, 2016, the U.S. Court of Appeals for the District of Columbia Circuit issued a decision that calls into question a decade of FERC policy and precedent permitting regulated companies organized as pass-through entities for income tax purposes to include an allowance for income taxes in their rates. The court has remanded the case to the FERC to allow it to have an opportunity to provide a reasoned basis for its decision on income tax allowances for partnership pipelines. The FERC has issued a Notice of Inquiry seeking comments on proposed methods to adjust FERC’s income tax policy. Comments are due in March 2017. If the FERC’s policy were to change and if the FERC were to disallow a substantial portion of ONEOK Partners’ pipelines’ income tax allowance, its regulated rates, and therefore ONEOK Partners’ revenues and ability to make quarterly cash distributions to its unitholders, could be adversely affected.

If ONEOK Partners were permitted to raise its tariff rates for a particular pipeline, there might be significant delay between the time the tariff rate increase is approved and the time that the rate increase actually goes into effect, which if delayed could further reduce ONEOK Partners’ cash flow. Furthermore, competition from other pipeline systems may prevent ONEOK Partners from raising its tariff rates even if regulatory agencies permit it to do so. The regulatory agencies that regulate ONEOK Partners’ systems periodically implement new rules, regulations and terms and conditions of services subject to their jurisdiction. New initiatives or orders may adversely affect the rates charged for ONEOK Partners’ services.

Finally, shippers may protest ONEOK Partners’ pipeline tariff filings, and the FERC and or state regulatory agency may investigate tariff rates. Further, the FERC may order refunds of amounts collected under newly filed rates that are determined by the FERC to be in excess of a just and reasonable level. In addition, shippers may challenge by complaint the lawfulness of tariff rates that have become final and effective. The FERC and/or state regulatory agencies also may investigate tariff rates absent shipper complaint. Any finding that approved rates exceed a just and reasonable level on the natural gas pipelines would take effect prospectively. In a complaint proceeding challenging natural gas liquids pipeline rates, if the FERC determines existing rates exceed a just and reasonable level, it could require the payment of reparations to complaining shippers for up to two years prior to the complaint. Any such action by the FERC or a comparable action by a state regulatory agency could affect adversely ONEOK Partners' pipeline businesses' ability to charge rates that would cover future increases in costs, or even to continue to collect rates that cover current costs, and provide for a reasonable return. ONEOK Partners' can provide no assurance that its pipeline systems will be able to recover all of its costs through existing or future rates.

ONEOK Partners' regulated pipeline companies have recorded certain assets that may not be recoverable from its customers.

Accounting policies for FERC-regulated companies permit certain assets that result from the regulated rate-making process to be recorded on ONEOK Partners' balance sheet that could not be recorded under GAAP for nonregulated entities. ONEOK Partners considers factors such as regulatory changes and the impact of competition to determine the probability of future recovery of these assets. If ONEOK Partners determines future recovery is no longer probable, ONEOK Partners would be required to write off the regulatory assets at that time.

Compliance with environmental regulations that ONEOK Partners is subject to may be difficult and costly.

ONEOK Partners is subject to multiple environmental laws and regulations affecting many aspects of present and future operations, including air emissions, water quality, wastewater discharges, solid and hazardous wastes, and hazardous material and substance management. These laws and regulations require ONEOK Partners to obtain and comply with a wide variety of environmental registrations, licenses, permits, inspections and other approvals. Failure to comply with these laws, regulations, permits and licenses may expose ONEOK Partners to fines, penalties and/or interruptions in its operations that could be material to its results of operations. If a leak or spill of hazardous substance occurs from ONEOK Partners' pipelines, gathering lines or facilities in the process of transporting natural gas or NGLs or at any facility that ONEOK Partners owns, operates or otherwise uses, ONEOK Partners could be held jointly and severally liable for all resulting liabilities, including investigation and clean-up costs, which could affect materially its results of operations and cash flows. In addition, emission controls required under the federal Clean Air Act and other similar federal and state laws could require unexpected capital expenditures at ONEOK Partners' facilities. ONEOK Partners cannot assure that existing environmental regulations will not be revised or that new regulations will not be adopted or become applicable to it. Revised or additional regulations that result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from customers, could have a material adverse effect on ONEOK Partners' business, financial condition and results of operations.

ONEOK Partners' operations are subject to federal and state laws and regulations relating to the protection of the environment, which may expose it to significant costs and liabilities.

The risk of incurring substantial environmental costs and liabilities is inherent in ONEOK Partners' business. ONEOK Partners' operations are subject to extensive federal, state and local laws and regulations governing the discharge of materials into, or otherwise relating to the protection of, the environment. Examples of these laws include:

- the Clean Air Act and analogous state laws that impose obligations related to air emissions;
- the Clean Water Act and analogous state laws that regulate discharge of waste water from ONEOK Partners' facilities to state and federal waters;
- the federal CERCLA and analogous state laws that regulate the cleanup of hazardous substances that may have been released at properties currently or previously owned or operated by ONEOK Partners or locations to which ONEOK Partners has sent waste for disposal; and
- the federal Resource Conservation and Recovery Act and analogous state laws that impose requirements for the handling and discharge of solid and hazardous waste from ONEOK Partners' facilities.

Various federal and state governmental authorities, including the EPA, have the power to enforce compliance with these laws and regulations and the permits issued under them. Violators are subject to administrative, civil and criminal penalties, including civil fines, injunctions or both. Joint and several, strict liability may be incurred without regard to fault under the CERCLA, Resource Conservation and Recovery Act and analogous state laws for the remediation of contaminated areas.

There is an inherent risk of incurring environmental costs and liabilities in ONEOK Partners' business due to its handling of the products it gathers, transports, processes and stores, air emissions related to its operations, past industry operations and waste disposal practices, some of which may be material. Private parties, including the owners of properties through which ONEOK

Partners' pipeline systems pass, may have the right to pursue legal actions to enforce compliance as well as to seek damages for noncompliance with environmental laws and regulations or for personal injury or property damage arising from ONEOK Partners' operations. Some sites ONEOK Partners operates are located near current or former third-party hydrocarbon storage and processing operations, and there is a risk that contamination has migrated from those sites to ONEOK Partners' sites. In addition, increasingly strict laws, regulations and enforcement policies could increase significantly ONEOK Partners' compliance costs and the cost of any remediation that may become necessary, some of which may be material. Additional information is included under Item 1, Business under "Regulatory, Environmental and Safety Matters" and in Note P of the Notes to Consolidated Financial Statements in this Annual Report.

ONEOK Partners' insurance may not cover all environmental risks and costs or may not provide sufficient coverage in the event an environmental claim is made against ONEOK Partners. ONEOK Partners' business may be affected materially and adversely by increased costs due to stricter pollution-control requirements or liabilities resulting from noncompliance with required operating or other regulatory permits. New environmental regulations might also materially and adversely affect ONEOK Partners' products and activities, and federal and state agencies could impose additional safety requirements, all of which could affect materially ONEOK Partners' profitability.

ONEOK Partners may face significant costs to comply with the regulation of GHG emissions.

GHG emissions originate primarily from combustion engine exhaust, heater exhaust and fugitive methane gas emissions. Various federal and state legislative proposals have been introduced to regulate the emission of GHGs, particularly carbon dioxide and methane, and the United States Supreme Court has ruled that carbon dioxide is a pollutant subject to regulation by the EPA. In addition, there have been international efforts seeking legally binding reductions in emissions of GHGs.

ONEOK Partners believes it is likely that future governmental legislation and/or regulation may require it either to limit GHG emissions from its operations or to purchase allowances for such emissions that are actually attributable to its NGL customers. However, it cannot predict precisely what form these future regulations will take, the stringency of the regulations, or when they will become effective. Several legislative bills have been introduced in the United States Congress that would require carbon dioxide emission reductions. Previously considered proposals have included, among other things, limitations on the amount of GHGs that can be emitted (so called "caps") together with systems of emissions allowances. These proposals could require ONEOK Partners to reduce emissions, even though the technology is not currently available for efficient reduction, or to purchase allowances for such emissions. Emissions also could be taxed independently of limits.

In addition to activities on the federal level, state and regional initiatives could also lead to the regulation of GHG emissions sooner and/or independent of federal regulation. These regulations could be more stringent than any federal legislation that is adopted.

Future legislation and/or regulation designed to reduce GHG emissions could make some of its activities uneconomic to maintain or operate. Further, ONEOK Partners may not be able to pass on the higher costs to its customers or recover all costs related to complying with GHG regulatory requirements. Its future results of operations, cash flows or financial condition could be adversely affected if such costs are not recovered through regulated rates or otherwise passed on to its customers.

ONEOK Partners continues to monitor legislative and regulatory developments in this area. Although the regulation of GHG emissions may have a material impact on its operations and rates, ONEOK Partners believes it is premature to attempt to quantify the potential costs of the impacts.

ONEOK Partners may be subject to physical and financial risks associated with climate change.

There is a growing belief that emissions of GHGs may be linked to global climate change. Climate change creates physical and financial risk. ONEOK Partners' customers' energy needs vary with weather conditions, primarily temperature and humidity. For residential customers, heating and cooling represent their largest energy use. To the extent weather conditions may be affected by climate change, customers' energy use could increase or decrease depending on the duration and magnitude of any changes. Increased energy use due to weather changes may require ONEOK Partners to invest in more pipelines and other infrastructure to serve increased demand. A decrease in energy use due to weather changes may affect its financial condition through decreased revenues. Extreme weather conditions in general require more system backup, adding to costs, and can contribute to increased system stresses, including service interruptions. Weather conditions outside of ONEOK Partners' operating territory could also have an impact on its revenues. Severe weather impacts its operating territories primarily through hurricanes, thunderstorms, tornados and snow or ice storms. To the extent the frequency of extreme weather events increases, this could increase its cost of providing service. ONEOK Partners may not be able to pass on the higher costs to its customers or recover all the costs related to mitigating these physical risks. To the extent financial markets view climate change and emissions of GHGs as a financial risk, this could affect negatively its ability to access capital markets or cause ONEOK Partners to receive less favorable terms and conditions in future financings. Its business could be affected by the potential for lawsuits against GHG emitters, based on links drawn between GHG emissions and climate change.

ONEOK Partners’ business is subject to regulatory oversight and potential penalties.

The natural gas industry historically has been subject to heavy state and federal regulation that extends to many aspects of ONEOK Partners’ businesses and operations, including:

- rates, operating terms and conditions of service;
- the types of services ONEOK Partners may offer it customers;
- construction of new facilities;
- the integrity, safety and security of facilities and operations;
- acquisition, extension or abandonment of services or facilities;
- reporting and information posting requirements;
- maintenance of accounts and records; and
- relationships with affiliate companies involved in all aspects of the natural gas and energy businesses.

Compliance with these requirements can be costly and burdensome. Future changes to laws, regulations and policies in these areas may impair ONEOK Partners’ ability to compete for business or to recover costs and may increase the cost and burden of operations. ONEOK Partners cannot guarantee that state or federal regulators will authorize any projects or acquisitions that it may propose in the future. Moreover, ONEOK Partners cannot guarantee that, if granted, any such authorizations will be made in a timely manner or will be free from potentially burdensome conditions.

Failure to comply with all applicable state or federal statutes, rules and regulations and orders, could bring substantial penalties and fines. For example, under the Energy Policy Act of 2005, the FERC has civil penalty authority under the Natural Gas Act to impose penalties for current violations of up to $1 million per day for each violation.

Finally, ONEOK Partners cannot give any assurance regarding future state or federal regulations under which it will operate or the effect such regulations could have on its or our business, financial condition and results of operations and cash flows.

Demand for natural gas and for certain of ONEOK Partners’ products and services is highly weather sensitive and seasonal.

The demand for natural gas and for certain of ONEOK Partners’ businesses’ NGL products, such as propane, is weather sensitive and seasonal, with a portion of revenues derived from sales for heating during the winter months. Weather conditions influence directly the volume of, among other things, natural gas and propane delivered to customers. Deviations in weather from normal levels and the seasonal nature of certain of ONEOK Partners’ businesses can create variations in earnings and short-term cash requirements.

Energy efficiency and technological advances may affect the demand for natural gas and affect adversely ONEOK Partners’ operating results.

More strict local, state and federal energy-conservation measures in the future or technological advances in heating, including installation of improved insulation and the development of more efficient furnaces, energy generation or other devices could affect the demand for natural gas and adversely affect ONEOK Partners’ and our results of operations and cash flows.

In the competition for customers, ONEOK Partners may have significant levels of excess capacity on its natural gas and natural gas liquids pipelines, processing, fractionation and storage assets.

ONEOK Partners’ natural gas and natural gas liquids pipelines, processing, fractionation and storage assets compete with other pipelines, processing, fractionation and storage facilities for natural gas and NGL supplies delivered to the markets it serves. As a result of competition, at any given time ONEOK Partners may have significant levels of uncontracted or discounted capacity on its pipelines, processing, fractionation and in its storage assets, which could have a material adverse impact on ONEOK Partners’ or our results of operations and cash flows.

Any reduction in ONEOK Partners' credit ratings could affect materially and adversely its business, financial condition, liquidity and results of operations.

ONEOK Partners' senior unsecured long-term debt and commercial paper program have been assigned an investment-grade credit rating of "Baa2" and Prime-2, respectively, by Moody's and "BBB" and A-2, respectively, by S&P. In February 2017, in conjunction with the announcement of the Merger Transaction with ONEOK Partners described in Note B of the Notes to Consolidated Financial Statements in this Annual Report, S&P affirmed ONEOK Partners' ratings and outlook and Moody's placed ONEOK Partners' credit ratings under review for a downgrade. We cannot provide assurance that any of its current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant. Specifically, if Moody's or S&P were to downgrade ONEOK Partners' long-term debt or commercial paper rating, particularly below investment grade, its borrowing costs would increase, which would affect adversely its financial results, and its potential pool of investors and funding sources could decrease. Ratings from credit agencies are not recommendations to buy, sell or hold ONEOK Partners' securities. Each rating should be evaluated independently of any other rating.

An event of default may require ONEOK Partners to offer to repurchase certain of its senior notes or may impair its ability to access capital.

The indentures governing ONEOK Partners' senior notes include an event of default upon the acceleration of other indebtedness of $100 million or more. Such events of default would entitle the trustee or the holders of 25 percent in aggregate principal amount of ONEOK Partners' outstanding senior notes to declare those senior notes immediately due and payable in full. ONEOK Partners may not have sufficient cash on hand to repurchase and repay any accelerated senior notes, which may cause ONEOK Partners to borrow money under its credit facilities or seek alternative financing sources to finance the repurchases and repayment. ONEOK Partners could also face difficulties accessing capital or its borrowing costs could increase, impacting its ability to obtain financing for acquisitions or capital expenditures, to refinance indebtedness and to fulfill its debt obligations.

ONEOK Partners' indebtedness could impair its financial condition and ability to fulfill its obligations.

As of December 31, 2016 , ONEOK Partners had total indebtedness of approximately $7.9 billion . Its indebtedness could have significant consequences. For example, it could:

- make it more difficult to satisfy its obligations with respect to its senior notes and other indebtedness, which could in turn result in an event of default on such other indebtedness or its senior notes;
- impair its ability to obtain additional financing in the future for working capital, capital expenditures, acquisitions or general business purposes;
- diminish its ability to withstand a downturn in its business or the economy;
- require it to dedicate a substantial portion of its cash flow from operations to debt-service payments, thereby reducing the availability of cash for working capital, capital expenditures, acquisitions, distributions to partners and general partnership purposes;
- limit its flexibility in planning for, or reacting to, changes in its business and the industry in which it operates; and
- place it at a competitive disadvantage compared with its competitors that have proportionately less debt.

ONEOK Partners is not prohibited under the indentures governing its senior notes from incurring additional indebtedness, but its debt agreements do subject it to certain operational limitations summarized in the next paragraph. ONEOK Partners' incurrence of significant additional indebtedness would exacerbate the negative consequences mentioned above and could affect adversely its ability to repay its senior notes and other indebtedness.

ONEOK Partners' debt agreements contain provisions that restrict its ability to finance future operations or capital needs or to expand or pursue its business activities. For example, certain of these agreements contain provisions that, among other things, limit its ability to make loans or investments, make material changes to the nature of its business, merge, consolidate or engage in asset sales, grant liens or make negative pledges. Certain agreements also require it to maintain certain financial ratios, which limit the amount of additional indebtedness it can incur. For example, the ONEOK Partners Credit Agreement contains a financial covenant requiring it to maintain a ratio of indebtedness to adjusted EBITDA (EBITDA, as defined in the ONEOK Partners Credit Agreement, adjusted for all noncash charges and increased for projected EBITDA from certain lender-approved capital expansion projects) of no more than 5.0 to 1. If ONEOK Partners consummates one or more acquisitions in which the aggregate purchase price is $25 million or more, the allowable ratio of indebtedness to adjusted EBITDA will increase to 5.5 to 1 for the quarter in which the acquisition was completed and the two following quarters.

These restrictions could result in higher costs of borrowing and impair ONEOK Partners' ability to generate additional cash. Future financing agreements ONEOK Partners may enter into may contain similar or more restrictive covenants.

If ONEOK Partners is unable to meet its debt-service obligations, it could be forced to restructure or refinance its indebtedness, seek additional equity capital or sell assets. It may be unable to obtain financing, raise equity or sell assets on satisfactory terms, or at all.

Borrowings under the ONEOK Partners Credit Agreement and its senior notes are nonrecourse to ONEOK, and ONEOK does not guarantee the debt, commercial paper or other similar commitments of ONEOK Partners. Following the completion of the Merger Transaction, we and ONEOK Partners expect to enter into a cross guarantee agreement whereby each party to the agreement unconditionally guarantees and becomes liable for the indebtedness of each other party to the agreement.

ONEOK Partners has adopted certain valuation methodologies in determining a unitholder's allocations of income, gain, loss and deduction. The IRS may challenge these methodologies or the resulting allocations, and such a challenge could affect adversely the value of ONEOK Partners' common units.

When ONEOK Partners issues additional units or engages in certain other transactions, ONEOK Partners determines the fair market value of its assets and allocates any unrealized gain or loss attributable to its assets to the capital accounts of its unitholders and its general partner. ONEOK Partners' methodology may be viewed as understating the value of its assets. In that case, there may be a shift of income, gain, loss and deduction between certain unitholders and the general partner, which may be unfavorable to such unitholders. Moreover, under ONEOK Partners' current valuation methods, subsequent purchasers of common units may have a greater portion of their Internal Revenue Code Section 743(b) adjustment allocated to ONEOK Partners' tangible assets and a lesser portion allocated to ONEOK Partners' intangible assets. The IRS may challenge ONEOK Partners' valuation methods or ONEOK Partners' allocation of the Section 743(b) adjustment attributable to ONEOK Partners' tangible and intangible assets, and allocations of income, gain, loss and deduction between the general partner and certain of ONEOK Partners' unitholders.

A successful IRS challenge to these methods or allocations could affect adversely the amount, character and timing of taxable income or loss being allocated to ONEOK Partners' unitholders. It also could affect the amount of gain from ONEOK Partners unitholders' sale of common units and could have a negative impact on the value of the common units or result in audit adjustments to ONEOK Partners unitholders' tax returns without the benefit of additional deductions.

ONEOK Partners' treatment of a purchaser of common units as having the same tax benefits as the seller could be challenged, resulting in a reduction in value of the common units.

Because ONEOK Partners cannot match transferors and transferees of common units, ONEOK Partners is required to maintain the uniformity of the economic and tax characteristics of these units in the hands of the purchasers and sellers of these units. ONEOK Partners does so by adopting certain depreciation conventions that do not conform to all aspects of existing United States Treasury regulations. A successful IRS challenge to these conventions could affect adversely the tax benefits to a unitholder of ownership of the common units and could have a negative impact on their value or result in audit adjustments to ONEOK Partners unitholders' tax returns.

Increased regulation of exploration and production activities, including hydraulic fracturing and disposal of waste water, could result in reductions or delays in drilling and completing new oil and natural gas wells, which could impact adversely ONEOK Partners' revenues by decreasing the volumes of unprocessed natural gas and NGLs transported on its or its joint ventures' natural gas and natural gas liquids pipelines.

The natural gas industry is relying increasingly on natural gas supplies from nonconventional sources, such as shale and tight sands. Natural gas extracted from these sources frequently requires hydraulic fracturing, which involves the pressurized injection of water, sand, and chemicals into the geologic formation to stimulate natural gas production. Recently, there have been initiatives at the federal and state levels to regulate or otherwise restrict the use of hydraulic fracturing or the disposal of waste water used in the hydraulic fracturing process, and several states have adopted regulations that impose more stringent permitting, disclosure and well-completion requirements on hydraulic fracturing operations. Legislation or regulations placing restrictions on hydraulic fracturing activities, including waste-water disposal, could impose operational delays, increased operating costs and additional regulatory burdens on exploration and production operators, which could reduce their production of unprocessed natural gas and, in turn, adversely affect ONEOK Partners' revenues and results of operations by decreasing the volumes of unprocessed natural gas and NGLs gathered, treated, processed, fractionated and transported on ONEOK Partners' or its joint ventures' natural gas and natural gas liquids pipelines, several of which gather unprocessed natural gas and NGLs from areas where the use of hydraulic fracturing is prevalent.

Continued development of new supply sources could impact demand.

The discovery of nonconventional natural gas production areas nearer to certain market areas that ONEOK Partners serves may compete with natural gas originating in production areas connected to ONEOK Partners' systems. For example, the Marcellus Shale in Pennsylvania, New York, West Virginia and Ohio may cause natural gas in supply areas connected to ONEOK Partners' systems to be diverted to markets other than its traditional market areas and may affect capacity utilization adversely on ONEOK Partners' pipeline systems and ONEOK Partners' ability to renew or replace existing contracts at rates sufficient to maintain current revenues and cash flows. In addition, supply volumes from these nonconventional natural gas production areas may compete with and displace volumes from the Mid-Continent, Permian, Rocky Mountains and Canadian supply sources in certain of ONEOK Partners' markets. In the Natural Gas Gathering and Processing segment, the development of these new nonconventional reserves could move drilling rigs from ONEOK Partners' current service areas to other areas, which may reduce demand for ONEOK Partners' services. In the Natural Gas Pipelines segment, the displacement of natural gas originating in supply areas connected to ONEOK Partners' pipeline systems by these new supply sources that are closer to the end-use markets could result in lower transportation revenues, which could have a material adverse impact on ONEOK Partners' business, financial condition, results of operations and cash flows.

A court may use fraudulent conveyance considerations to avoid or subordinate the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes.

Various applicable fraudulent conveyance laws have been enacted for the protection of creditors. A court may use fraudulent conveyance laws to subordinate or avoid the guarantee of certain of ONEOK Partners' senior notes issued the Intermediate Partnership. It is also possible that under certain circumstances, a court could hold that the direct obligations of the Intermediate Partnership could be superior to the obligations under that guarantee.

A court could avoid or subordinate the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes in favor of the Intermediate Partnership's other debts or liabilities to the extent that the court determined either of the following were true at the time the Intermediate Partnership issued the guarantee:

- the Intermediate Partnership incurred the guarantee with the intent to hinder, delay or defraud any of its present or future creditors or the Intermediate Partnership contemplated insolvency with a design to favor one or more creditors to the total or partial exclusion of others; or
- the Intermediate Partnership did not receive fair consideration or reasonable equivalent value for issuing the guarantee and, at the time it issued the guarantee, the Intermediate Partnership:
  - was insolvent or rendered insolvent by reason of the issuance of the guarantee;
  - was engaged or about to engage in a business or transaction for which its remaining assets constituted unreasonably small capital; or
  - intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they matured.

The measure of insolvency for purposes of the foregoing will vary depending upon the law of the relevant jurisdiction. Generally, however, an entity would be considered insolvent for purposes of the foregoing if:

- the sum of its debts, including contingent liabilities, were greater than the fair saleable value of all of its assets at a fair valuation;
- the present fair saleable value of its assets was less than the amount that would be required to pay its probable liability on its existing debts, including contingent liabilities, as they become absolute and mature; or
- it could not pay its debts as they become due.

Among other things, a legal challenge of the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes on fraudulent conveyance grounds may focus on the benefits, if any, realized by the Intermediate Partnership as a result of ONEOK Partners' issuance of such senior notes. To the extent the Intermediate Partnership's guarantee of certain of ONEOK Partners' senior notes is avoided as a result of fraudulent conveyance or held unenforceable for any other reason, the holders of such senior notes would cease to have any claim in respect of the guarantee.

ONEOK Partners may be unable to cause its joint ventures to take or not to take certain actions unless some or all of its joint-venture participants agree.

ONEOK Partners participates in several joint ventures. Due to the nature of some of these arrangements, each participant in these joint ventures has made substantial investments in the joint venture and, accordingly, has required that the relevant charter documents contain certain features designed to provide each participant with the opportunity to participate in the management of the joint venture and to protect its investment, as well as any other assets that may be substantially dependent on or otherwise affected by the activities of that joint venture. These participation and protective features customarily include a corporate governance structure that requires at least a majority-in-interest vote to authorize many basic activities and requires a greater voting interest (sometimes up to 100 percent) to authorize more significant activities. Examples of these more significant activities are large expenditures or contractual commitments, the construction or acquisition of assets, borrowing money or otherwise raising capital, transactions with affiliates of a joint-venture participant, litigation and transactions not in the ordinary course of business, among others. Thus, without the concurrence of joint-venture participants with enough voting interests, ONEOK Partners may be unable to cause any of its joint ventures to take or not to take certain actions, even though those actions may be in the best interest of ONEOK Partners or the particular joint venture.

Moreover, any joint-venture owner generally may sell, transfer or otherwise modify its ownership interest in a joint venture, whether in a transaction involving third parties or the other joint-venture owners. Any such transaction could result in ONEOK Partners being required to partner with different or additional parties.

ONEOK Partners' operating cash flow is derived partially from cash distributions it receives from its unconsolidated affiliates.

ONEOK Partners' operating cash flow is derived partially from cash distributions it receives from its unconsolidated affiliates, as discussed in Note N of the Notes to Consolidated Financial Statements. The amount of cash that ONEOK Partners' unconsolidated affiliates can distribute principally depends upon the amount of cash flow these affiliates generate from their respective operations, which may fluctuate from quarter to quarter. ONEOK Partners does not have any direct control over the cash distribution policies of its unconsolidated affiliates. This lack of control may contribute to ONEOK Partners' not having sufficient available cash each quarter to continue paying distributions at its current levels.

Additionally, the amount of cash that ONEOK Partners has available for cash distribution depends primarily upon its cash flow, including cash flow from financial reserves and working capital borrowings, and is not solely a function of profitability, which will be affected by noncash items such as depreciation, amortization and provisions for asset impairments. As a result, ONEOK Partners may be able to make cash distributions during periods when it records losses and may not be able to make cash distributions during periods when it records net income.

ITEM 1B. UNRESOLVED STAFF COMMENTS

Not applicable.

ITEM 2. PROPERTIES

A description of our and ONEOK Partners' properties is included in Item 1, Business.

ITEM 3. LEGAL PROCEEDINGS

Gas Index Pricing Litigation - We, ONEOK Energy Services Company, L.P. (OESC) and one other affiliate are defending, either individually or together, against the following lawsuits that claim damages resulting from the alleged market manipulation or false reporting of prices to gas index publications by us and others: *Sinclair Oil Corporation v. ONEOK Energy Services Corporation, L.P., et al.* (filed in the United States District Court for the District of Wyoming in September 2005, transferred to MDL-1566 in the United States District Court for the District of Nevada); *Reorganized FLI, Inc. (* formerly *J.P. Morgan Trust Company) v. ONEOK, Inc., et al.* (filed in the District Court of Wyandotte County, Kansas, in October 2005, transferred to MDL-1566 in the United States District Court for the District of Nevada); *Learjet, Inc., et al. v. ONEOK, Inc., et al.* (filed in the District Court of Wyandotte, Kansas, in November 2005, transferred to MDL-1566 in the United States District Court for the District of Nevada); *Arandell Corporation, et al. v. Xcel Energy, Inc., et al.* (filed in the Circuit Court for Dane County, Wisconsin, in December 2006, transferred to MDL-1566 in the United States District Court for the District of Nevada); *Heartland Regional Medical Center, et al. v. ONEOK, Inc., et al.* (filed in the Circuit Court of Buchanan County, Missouri, in March 2007, transferred to MDL-1566 in the United States District Court for the District of Nevada); *NewPage Wisconsin System v. CMS Energy Resource Management Company, et al.* (filed in the Circuit Court for Wood County, Wisconsin, in March 2009, transferred to MDL-1566 in the United States District Court for the District of Nevada and now consolidated with the *Arandell* case). The plaintiffs allege that we, OESC and one other affiliate and approximately nine other energy companies and their affiliates engaged in an illegal scheme to inflate natural gas prices by providing false information to gas price index publications. All of the complaints arise out of a CFTC investigation into and reports concerning false gas price index-reporting or manipulation in the energy marketing industry during the years from 2000 to 2002.

On July 18, 2011, the trial court granted judgments in favor of ONEOK, Inc., OESC and other unaffiliated entities in the following cases: *Reorganized FLI, Learjet, Arandell, Heartland,* and *NewPage.* The court also granted judgment in favor of OESC on all state law claims asserted in the *Sinclair* case. On August 18, 2011, the trial court entered an order approving a stipulation by the plaintiffs and our affiliate, Kansas Gas Marketing Company ("KGMC"), for a dismissal without prejudice of the plaintiffs' claims against KGMC in the *Learjet* and *Heartland* cases.

On April 10, 2013, the United States Court of Appeals for the Ninth Circuit reversed the summary judgments that had been granted in favor of ONEOK, OESC and other unaffiliated defendants in the following cases: *Reorganized FLI, Learjet, Arandell, Heartland* and *NewPage.* The Ninth Circuit also reversed the summary judgment that had been granted in favor of OESC on all state law claims asserted in the *Sinclair* case. On April 21, 2015, the United States Supreme Court affirmed the decision of the Ninth Circuit. The cases were remanded back to the trial court (the United States District Court for the District of Nevada) for further proceedings.

In November 2016, we settled the claims alleged against us and our affiliate OESC in *Reorganized FLI* . The amount we paid to settle this case is not material to our results of operations, financial position or cash flows and was paid with cash on hand.

In November 2016, we entered into an agreement to settle the claims alleged against us and our affiliates, OESC and Kansas Gas Marketing Company, in the following cases: *Learjet, Arandell, Heartland* and *NewPage* . Our settlement of these cases is pending final approval by the court in MDL-1566. The amount we agreed to pay to settle these cases is not material to our results of operations, financial position or cash flows and is expected to be paid with cash on hand.

The above settlements do not apply to the *Sinclair* case. We expect that future charges, if any, from the ultimate resolution of this matter will not be material to our results of operations, financial position or cash flows.

Other Legal Proceedings - We and ONEOK Partners are party to various other litigation matters and claims that have arisen in the normal course of our operations. While the results of these various other litigation matters and claims cannot be predicted with certainty, we believe the reasonably possible losses from such matters, individually and in the aggregate, are not material. Additionally, we believe the probable final outcome of such matters will not have a material adverse effect on our consolidated results of operations, financial position or cash flows.

ITEM 4. MINE SAFETY DISCLOSURES

Not applicable.

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

MARKET INFORMATION AND HOLDERS

Our common stock is listed on the NYSE under the trading symbol "OKE." The corporate name ONEOK is used in newspaper stock listings. The following table sets forth the high and low closing prices of our common stock for the periods indicated:

	Year Ended December 31, 2016		Year Ended December 31, 2015	
	High	**Low**	**High**	**Low**
First Quarter	**$ 30.82**	**$ 19.62**	$ 49.92	$ 40.23
Second Quarter	**$ 47.45**	**$ 28.37**	$ 51.07	$ 38.83
Third Quarter	**$ 51.39**	**$ 42.99**	$ 41.40	$ 30.86
Fourth Quarter	**$ 59.03**	**$ 46.44**	$ 39.58	$ 18.93

At February 21, 2017 , there were 13,792 holders of record of our 210,757,806 outstanding shares of common stock.

DIVIDENDS

The following table sets forth the quarterly dividends declared and paid per share of our common stock during the periods indicated:

	Years Ended December 31,		
	2016	**2015**	**2014**
First Quarter	**$ 0.615**	$ 0.605	$ 0.40
Second Quarter	**0.615**	0.605	0.56
Third Quarter	**0.615**	0.605	0.575
Fourth Quarter	**0.615**	0.615	0.59
Total	**$ 2.46**	$ 2.43	$ 2.125

In January 2017 , we declared a dividend of $0.615 per share ($2.46 per share on an annualized basis), which was paid on February 14, 2017 , to shareholders of record as of January 30, 2017 .

EMPLOYEE STOCK AWARD PROGRAM

Under our Employee Stock Award Program, we issued, for no monetary consideration, to all eligible employees one share of our common stock when the per-share closing price of our common stock on the NYSE was for the first time at or above $13 per share, and one additional share of common stock when the per-share closing price of our common stock on the NYSE was at or above each one dollar increment above $13. No shares were issued to employees under this program during 2016 and 2015. Shares issued to employees under this program during 2014 totaled 49,864 , and compensation expense related to the Employee Stock Award Plan was $2.1 million .

The total number of shares of our common stock available for issuance under this program is 900,000. The shares issued under this program have not been registered under the Securities Act, in reliance upon the position taken by the SEC (see Release No. 6188, dated February 1, 1980) that the issuance of shares to employees pursuant to a program of this kind does not require registration under the Securities Act. See Note K of the Notes to Consolidated Financial Statements in this Annual Report for additional information about the employee stock award program and other equity compensation plans.

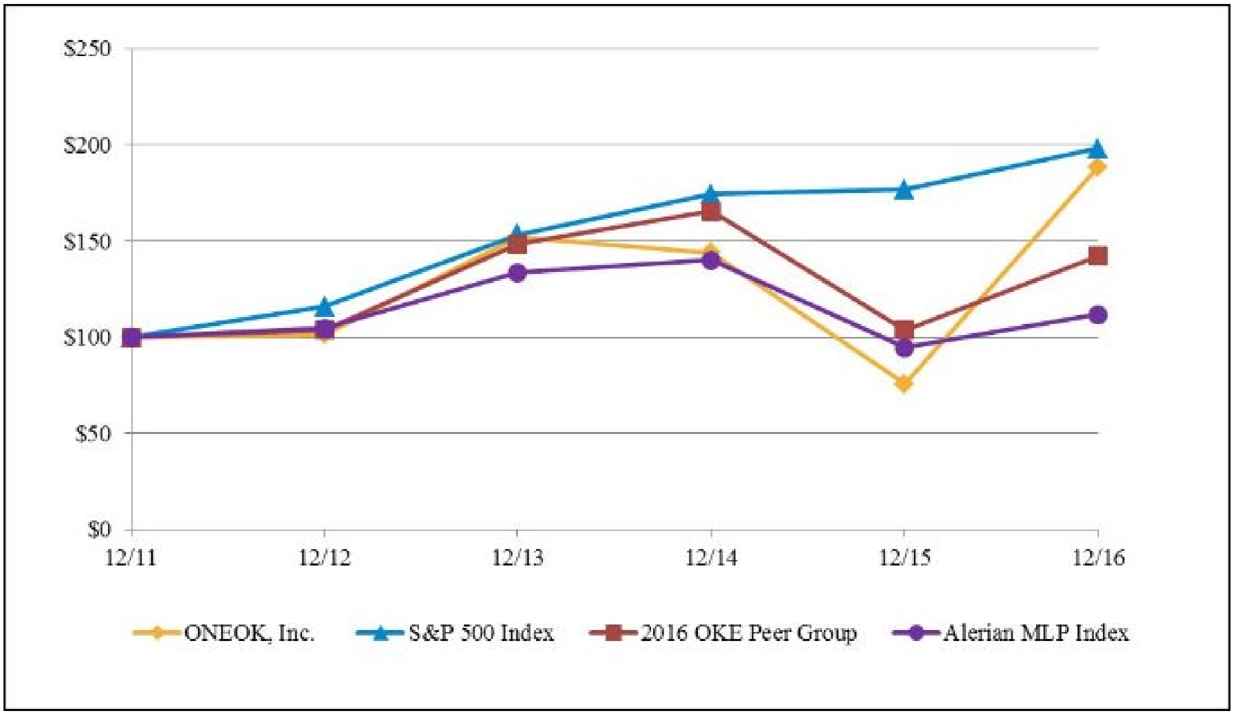
Table of contents

PERFORMANCE GRAPH

The following performance graph compares the performance of our common stock with the S&P 500 Index, the Alerian MLP Index and a ONEOK Peer Group during the period beginning on December 31, 2011 , and ending on December 31, 2016 .

The graph assumes a $100 investment in our common stock and in each of the indices at the beginning of the period and a reinvestment of dividends paid on such investments throughout the period.

Value of $100 Investment, Assuming Reinvestment of Dividends,
at December 31, 2011 , and at the End of Every Year Through December 31, 2016 ,
in ONEOK, Inc., the S&P 500 Index, the Alerian MLP Index and a ONEOK Peer Group



	Cumulative Total Return				
	Years Ended December 31,				
	2012	2013	2014	2015	2016
ONEOK, Inc.	$ 101.54	$ 151.99	$ 143.88	$ 75.67	**$ 188.35**
S&P 500 Index	$ 115.98	$ 153.51	$ 174.47	$ 176.88	**$ 197.98**
ONEOK Peer Group (a)	$ 103.93	$ 148.30	$ 165.59	$ 103.95	**$ 142.22**
Alerian MLP Index (b)	$ 104.83	$ 133.76	$ 140.13	$ 94.56	**$ 111.69**

(a) - The ONEOK Peer Group is comprised of the following companies: Boardwalk Pipeline Partners, LP; Buckeye Partners L.P.; DCP Midstream Partners, L.P; Enbridge Energy Partners, L.P; Energy Transfer Partners, L.P; EnLink Midstream Partners, L.P; EQT Corporation; Magellan Midstream Partners, L.P; National Fuel Gas Company; NuStar Energy L.P.; Plains All American Pipeline, L.P.; Spectra Energy Corp.; Targa Resources Corp.; and The Williams Companies, Inc.
(b) - The Alerian MLP Index measures the composite performance of more than 40 of the most prominent energy master limited partnerships.

ITEM 6. SELECTED FINANCIAL DATA

The following table sets forth our selected financial data for each of the periods indicated:

	Years Ended December 31,				
	2016	2015	2014	2013	2012
	(*Millions of dollars except per share amounts*)				
Revenues	**$ 8,920.9**	$ 7,763.2	$ 12,195.1	$ 11,871.9	$ 10,184.1
Income from continuing operations	**$ 745.6**	$ 385.3	$ 668.7	$ 589.1	$ 677.7
Income from continuing operations attributable to ONEOK	**$ 354.1**	$ 251.1	$ 319.7	$ 278.7	$ 294.8
Net income attributable to ONEOK	**$ 352.0**	$ 245.0	$ 314.1	$ 266.5	$ 360.6
Total assets	**$ 16,138.8**	$ 15,446.1	$ 15,261.8	$ 17,692.2	$ 15,857.1
Long-term debt, including current maturities	**$ 8,330.6**	$ 8,434.2	$ 7,160.8	$ 7,715.0	$ 6,480.8
Earnings per share - continuing operations					
Basic	**$ 1.68**	$ 1.19	$ 1.53	$ 1.35	$ 1.43
Diluted	**$ 1.67**	$ 1.19	$ 1.52	$ 1.33	$ 1.40
Earnings per share - total					
Basic	**$ 1.67**	$ 1.17	$ 1.50	$ 1.29	$ 1.75
Diluted	**$ 1.66**	$ 1.16	$ 1.49	$ 1.27	$ 1.71
Dividends declared per common share	**$ 2.46**	$ 2.43	$ 2.125	$ 1.48	$ 1.27

ONEOK Partners recorded noncash impairment charges of $264.3 million and $76.4 million in 2015 and 2014, respectively.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with Item 1, Business, our audited Consolidated Financial Statements and the Notes to Consolidated Financial Statements in this Annual Report.

RECENT DEVELOPMENTS

On January 31, 2017, we and ONEOK Partners entered into the Merger Agreement, by and among ONEOK, Merger Sub, ONEOK Partners and ONEOK Partners GP, the general partner of ONEOK Partners, pursuant to which we will acquire all of the outstanding common units representing limited partner interests in ONEOK Partners not already directly or indirectly owned by us. Upon the terms and conditions set forth in the Merger Agreement, Merger Sub will be merged with and into ONEOK Partners, with ONEOK Partners continuing as the surviving entity and as a wholly owned subsidiary of ours, in a taxable transaction to ONEOK Partners' unitholders. For additional information on this transaction, see Note B of the Notes to Consolidated Financial Statements in this Annual Report.

ONEOK and its subsidiaries own all of the general partner interest and certain limited partner interests, which, together, represented a 41.2 percent ownership interest at December 31, 2016 , in ONEOK Partners, one of the largest publicly traded master limited partnerships. ONEOK Partners operates predominantly fee-based businesses in each of its three reportable segments, and its consolidated earnings were approximately 88 percent fee-based in 2016. We continue to expect demand for midstream services and infrastructure development to be primarily driven by producers who need to connect production with end-use markets where current infrastructure is insufficient or nonexistent. We also expect additional demand for ONEOK Partners' services to support increased demand for NGL products from the petrochemical industry and NGL exporters and increased demand for natural gas from power plants previously fueled by coal and natural gas exports to Mexico.

STACK and SCOOP Opportunity - We expect each of the business segments to benefit from increasing producer activity in the Mid-Continent from the highly productive STACK and SCOOP areas, where there was an increase in producer activity in late 2016, which we expect to continue in 2017. ONEOK Partners has a strong presence in the region, with the Natural Gas Liquids segment's gathering system serving as a primary NGL takeaway provider through connections to more than 100 third-party natural gas processing plants, the Natural Gas Gathering and Processing segment's substantial acreage dedications in some of the most productive areas and the Natural Gas Pipelines segment's broad footprint. As producers continue to develop the STACK and SCOOP areas, we expect natural gas and NGL volumes to increase in 2017, compared with 2016 volumes, and increased demand for ONEOK Partners' services from producers that need incremental takeaway capacity for natural gas and NGLs out of the region.

Ethane Opportunity - Ethane rejection levels by natural gas processors delivering to ONEOK Partners’ natural gas liquids gathering system have continued to fluctuate and averaged approximately 175 MBbl/d during 2016, primarily in the Mid-Continent region. We expect ethane rejection levels to continue to fluctuate in 2017 as the market begins to balance ethane supply and demand and with changes in the price differentials between ethane and natural gas. We expect ethane recovery levels to increase as ethylene producers and NGL exporters increase their capacity to consume and export additional ethane feedstock volumes. Ethane demand is expected to ramp up as new world-scale ethylene production projects, petrochemical plant modifications, plant expansions and export facilities near completion and begin coming on line in 2017. We expect increases in future ethane recoveries to have a favorable impact on ONEOK Partners’ financial results, beginning primarily in the second half of 2017.

Growth Projects - ONEOK Partners completed its Bear Creek natural gas processing plant and related infrastructure projects in August 2016. These projects expand ONEOK Partners’ natural gas gathering and processing and natural gas liquids gathering infrastructure in the Williston Basin to capture natural gas from new wells and natural gas previously flared by producers. In the Natural Gas Pipelines segment, Phase I of the Roadrunner pipeline was completed in March 2016. Phase II of the Roadrunner pipeline and the WesTex pipeline expansion project were completed in October 2016, ahead of original schedule and below cost estimates. The Roadrunner pipeline transports natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas, and together with ONEOK Partners’ WesTex intrastate natural gas transmission pipeline, creates a platform for future opportunities to deliver natural gas supply to Mexico. The execution of these capital investments aligns with ONEOK Partners’ strategy to generate consistent growth and sustainable earnings through long-term fee-based projects. ONEOK Partners’ contractual commitments from crude oil and natural gas producers, natural gas processors and electric generators are expected to provide incremental cash flows and long-term fee-based earnings.

Change in Presentation of Financial Results - Our chief operating decision-maker reviews the financial performance of each of ONEOK Partners’ three segments, as well as our financial performance, on a regular basis. Beginning in 2016, adjusted EBITDA by segment is utilized in this evaluation. We believe this financial measure is useful to investors because it and similar measures are used by many companies in our industry as a measurement of financial performance and are commonly employed by financial analysts and others to evaluate our financial performance and to compare financial performance among companies in our industry. See reconciliation of net income to adjusted EBITDA in the “Adjusted EBITDA” section.

Dividends/Distributions - During 2016 , we paid dividends totaling $2.46 per share, which is an increase from the $2.43 per share paid in 2015 . We declared a quarterly dividend of $0.615 per share ($2.46 per share on an annualized basis) in January 2017 , which is unchanged from the quarterly dividend declared in January 2016 . ONEOK Partners’ structure as a master limited partnership requires it to pay out all of its available cash, as defined in the Partnership Agreement, in distributions to its unitholders. During 2016 , ONEOK Partners paid cash distributions of $3.16 per unit, which is unchanged from 2015. ONEOK Partners paid total cash distributions to us in 2016 of $790.0 million , which includes $361.2 million from our limited-partner interest and $428.8 million from our general-partner interest, which includes our incentive distribution rights. ONEOK Partners paid a cash distribution of $0.79 per unit ($3.16 per unit on an annualized basis) for the fourth quarter 2016.

FINANCIAL RESULTS AND OPERATING INFORMATION

Consolidated Operations

Selected Financial Results - The following table sets forth certain selected consolidated financial results for the periods indicated:

Financial Results	Years Ended December 31, 2016	2015	2014	Variances 2016 vs. 2015 Increase (Decrease)		Variances 2015 vs. 2014 Increase (Decrease)	
			(*Millions of dollars*)				
Revenues							
Commodity sales	**$ 6,858.5**	$ 6,098.3	$ 10,725.0	**$ 760.2**	**12 %**	$ (4,626.7)	(43)%
Services	**2,062.4**	1,665.0	1,470.1	**397.4**	**24 %**	194.9	13 %
Total revenues	**8,920.9**	7,763.3	12,195.1	**1,157.6**	**15 %**	(4,431.8)	(36)%
Cost of sales and fuel (exclusive of items shown separately below)	**6,496.1**	5,641.1	10,088.5	**855.0**	**15 %**	(4,447.4)	(44)%
Operating costs	**757.1**	693.3	674.9	**63.8**	**9 %**	18.4	3 %
Depreciation and amortization	**391.6**	354.6	294.7	**37.0**	**10 %**	59.9	20 %
Impairment of long-lived assets	**—**	83.7	—	**(83.7)**	**(100)%**	83.7	*
Gain on sale of assets	**(9.6)**	(5.6)	(6.6)	**4.0**	**71 %**	(1.0)	(15)%
Operating income	**$ 1,285.7**	$ 996.2	$ 1,143.6	**$ 289.5**	**29 %**	$ (147.4)	(13)%
Equity in net earnings from investments	**$ 139.7**	$ 125.3	$ 117.4	**$ 14.4**	**11 %**	$ 7.9	7 %
Impairment of equity investments	**$ —**	$ (180.6)	$ (76.4)	**$ (180.6)**	**(100)%**	$ 104.2	*
Interest expense, net of capitalized earnings	**$ (469.7)**	$ (416.8)	$ (356.2)	**$ 52.9**	**13 %**	$ 60.6	17 %
Income from continuing operations	**$ 745.6**	$ 385.3	$ 668.7	**$ 360.3**	**94 %**	$ (283.4)	(42)%
Income (loss) from discontinued operations, net of tax	**$ (2.1)**	$ (6.1)	$ (5.6)	**$ 4.0**	**66 %**	$ (0.5)	(9)%
Net income attributable to noncontrolling interests	**$ 391.5**	$ 134.2	$ 349.0	**$ 257.3**	*****	$ (214.8)	(62)%
Net income attributable to ONEOK	**$ 352.0**	$ 245.0	$ 314.1	**$ 107.0**	**44 %**	$ (69.1)	(22)%
Adjusted EBITDA	**$ 1,828.7**	$ 1,560.3	$ 1,526.8	**$ 268.4**	**17 %**	$ 33.5	2 %
Capital expenditures	**$ 624.6**	$ 1,188.3	$ 1,779.2	**$ (563.7)**	**(47)%**	$ (590.9)	(33)%

* Percentage change is greater than 100 percent or is not meaningful.
See reconciliation of net income to adjusted EBITDA in the “Adjusted EBITDA” section.

Due to the nature of ONEOK Partners’ contracts, changes in commodity prices and sales volumes affect both commodity sales and cost of sales and fuel in our Consolidated Statements of Income and therefore the impact is largely offset between the two line items.

2016 vs. 2015 - Operating income increased due primarily to higher natural gas and NGL volumes from completed capital-growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments and new plant connections and increased ethane recovery in the Natural Gas Liquids segment, higher fees resulting from contract restructuring in the Natural Gas Gathering and Processing segment and higher firm demand charge volumes contracted in the Natural Gas Pipelines segment. These increases were offset partially by lower net realized NGL and natural gas prices in the Natural Gas Gathering and Processing segment, higher depreciation expense due to projects completed in 2016 and 2015, higher labor costs associated with the growth of operations in the Natural Gas Gathering and Processing segment and higher employee-related costs associated with incentive and medical benefit plans and noncash expenses of a share-based deferred compensation plan due primarily to the increase of ONEOK’s share price in 2016.

Equity in net earnings from investments increased due primarily to higher volumes delivered to Overland Pass Pipeline from ONEOK Partners’ Bakken NGL Pipeline and higher firm transportation revenues on Northern Border Pipeline and Roadrunner, offset partially by lower equity earnings from ONEOK Partners’ Powder River Basin equity investments.

Interest expense increased primarily as a result of higher interest costs incurred associated with our $500 million debt issuance in August 2015 and lower capitalized interest due to lower spending on capital-growth projects.

Net income attributable to noncontrolling interests, which reflects primarily the portion of ONEOK Partners that we do not own, increased in 2016, compared with 2015, due primarily to higher earnings at ONEOK Partners, including noncash impairment charges in 2015 discussed below.

Adjusted EBITDA increased due primarily to higher natural gas and NGL volumes from completed capital-growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments and new plant connections and increased ethane recovery in the Natural Gas Liquids segment, higher fees resulting from contract restructuring in the Natural Gas Gathering and Processing segment and higher firm demand charge volumes contracted in the Natural Gas Pipelines segment. These increases were offset partially by lower net realized NGL and natural gas prices in the Natural Gas Gathering and Processing segment, higher labor costs associated with the growth of operations in the Natural Gas Gathering and Processing segment and higher employee-related costs associated with incentive and medical benefit plans.

Capital expenditures decreased due to projects placed in service in 2016 and 2015, spending reductions to align with customer needs and lower well connect activities in the Natural Gas Gathering and Processing segment due to a reduction in drilling and completion activity.

2015 vs. 2014 - Operating income decreased due to the sharp decline in commodity prices that began in the fourth quarter 2014 and continued throughout 2015. ONEOK Partners experienced higher propane and natural gas prices, as well as wider NGL location and product price differentials in the first quarter 2014 as a result of unusually high weather-related seasonal demand. The impact from the price decrease was offset partially by the increase in higher gathered and processed volumes in the Natural Gas Gathering and Processing segment and higher NGL volumes transported on gathering lines and fractionated in the Natural Gas Liquids segment. Operating costs and depreciation and amortization expense increased due primarily to the growth of operations related to the completed capital-growth projects, including acquisitions, in the Natural Gas Gathering and Processing and Natural Gas Liquids segments. This increase was offset partially by decreased operating costs due to lower rates charged by service providers.

Equity in net earnings from investments increased due primarily to higher volumes in 2015 delivered to Overland Pass Pipeline from the Bakken NGL Pipeline in the Natural Gas Liquids segment.

Interest expense increased primarily as a result of higher interest costs incurred associated with ONEOK Partners' issuance of $800 million of senior notes in March 2015, higher interest rates on short-term borrowings, lower capitalized interest due to capital-growth projects completed and placed in service in 2014, and higher interest costs incurred associated with our $500 million debt issuance in August 2015.

Income from continuing operations decreased in 2015, compared with 2014, due primarily to the factors discussed above and a $26.4 million net reduction in deferred income tax expense in the first quarter 2014 as a result of the separation of our former natural gas distribution business and the wind down of the energy services business.

Net income attributable to noncontrolling interests, which reflects primarily the portion of ONEOK Partners that we do not own, decreased in 2015, compared with 2014, due primarily to lower earnings at ONEOK Partners, including the noncash impairment charges discussed below.

Capital expenditures decreased due to the completion of several large capital-growth projects in 2014, suspension of several projects and the timing of expenditures in 2015 for ONEOK Partners' capital-growth projects. Cash paid for acquisitions in 2014 related primarily to the West Texas LPG acquisition for approximately $800 million.

Adjusted EBITDA was relatively unchanged due to higher gathered and processed volumes in the Natural Gas Gathering and Processing segment and higher NGL volumes transported on gathering lines and fractionated in the Natural Gas Liquids segment and higher equity in net earnings from investments due primarily to higher volumes in 2015 delivered to Overland Pass Pipeline from the Bakken NGL Pipeline in the Natural Gas Liquids segment, offset partially by the sharp decline in commodity prices discussed above and higher operating costs due primarily to ad valorem taxes, outside services and employee-related costs resulting from the growth of operations.

ONEOK Partners recorded $264.3 million and $76.4 million of noncash impairment charges, primarily related to its long-lived assets and equity investments in the dry natural gas area of the Powder River Basin in 2015 and 2014, respectively.

Additional information regarding the financial results and operating information is provided in the following discussion for each of the segments.

Table of contents

Natural Gas Gathering and Processing

Growth Projects - The Natural Gas Gathering and Processing segment is investing in growth projects in NGL-rich areas, including the Bakken Shale and Three Forks formations in the Williston Basin and the STACK and SCOOP areas of the Anadarko Basin, that ONEOK Partners expects will enable it to meet the needs of crude oil and natural gas producers in those areas. Nearly all of the new natural gas production is from horizontally drilled wells in nonconventional resource areas. These wells tend to produce volumes at higher initial production rates resulting generally in higher initial decline rates than conventional vertical wells; however, the decline rates flatten out over time. These wells are expected to have long productive lives.

In 2015 and 2016, ONEOK Partners completed the following projects:

Completed Projects	Location	Capacity	Approximate Costs (a)	Completion Date
			(In millions)	
Rocky Mountain Region				
Lonesome Creek processing plant and infrastructure	Williston Basin	200 MMcf/d	$600	November 2015
Sage Creek infrastructure	Powder River Basin	Various	$35	December 2015
Natural gas compression	Williston Basin	100 MMcf/d	$75	December 2015
Bear Creek processing plant and infrastructure	Williston Basin	80 MMcf/d	$240	August 2016
Stateline de-ethanizers	Williston Basin	26 MBbl/d	$85	September 2016

(a) Excludes capitalized interest.

For a discussion of ONEOK Partners' capital expenditure financing, see "Capital Expenditures" in the "Liquidity and Capital Resources" section.

Selected Financial Results and Operating Information - The following tables set forth certain selected financial results and operating information for the Natural Gas Gathering and Processing segment for the periods indicated:

	Years Ended December 31,			Variances 2016 vs. 2015		Variances 2015 vs. 2014	
Financial Results	**2016**	**2015**	**2014**	**Increase (Decrease)**		**Increase (Decrease)**	
			(Millions of dollars)				
NGL sales	**$ 586.0**	$ 554.3	$ 1,434.4	**$ 31.7**	**6 %**	$ (880.1)	(61)%
Condensate sales	**58.3**	55.1	110.8	**3.2**	**6 %**	(55.7)	(50)%
Residue natural gas sales	**690.6**	839.5	1,140.5	**(148.9)**	**(18)%**	(301.0)	(26)%
Gathering, compression, dehydration and processing fees and other revenue	**716.7**	388.2	281.9	**328.5**	**85 %**	106.3	38 %
Cost of sales and fuel (exclusive of depreciation and items shown separately below)	**(1,331.5)**	(1,265.6)	(2,305.7)	**65.9**	**5 %**	(1,040.1)	(45)%
Operating costs	**(285.6)**	(272.4)	(257.7)	**13.2**	**5 %**	14.7	6 %
Equity in net earnings from investments	**10.7**	17.9	20.3	**(7.2)**	**(40)%**	(2.4)	(12)%
Other	**1.6**	1.6	0.7	**—**	**— %**	0.9	*
Adjusted EBITDA	**$ 446.8**	$ 318.6	$ 425.2	**$ 128.2**	**40 %**	$ (106.6)	(25)%
Impairment of equity investments	**$ —**	$ (180.6)	$ (76.4)	**$ (180.6)**	**100 %**	$ 104.2	*
Capital expenditures	**$ 410.5**	$ 887.9	$ 898.9	**$ (477.4)**	**(54)%**	$ (11.0)	(1)%

* Percentage change is greater than 100 percent.
See reconciliation of net income to adjusted EBITDA in the "Adjusted EBITDA" section.

Due to the nature of ONEOK Partners' contracts, changes in commodity prices and sales volumes affect commodity sales and cost of sales and fuel and therefore the impact is largely offset between these line items.

2016 vs. 2015 - Adjusted EBITDA increased $128.2 million, primarily as a result of the following:

- an increase of $144.3 million due primarily to restructured contracts resulting in higher fee revenues from increased average fee rates, offset partially by a lower percentage of proceeds retained from the sale of commodities under POP with fee contracts;

- an increase of $92.2 million due primarily to natural gas volume growth in the Rocky Mountain region, offset partially by volume declines in the Mid-Continent region and the impact of weather in the Williston Basin in December 2016; and
- an increase of $8.0 million due to contract settlements; offset partially by
- a decrease of $91.9 million due primarily to lower net realized NGL and natural gas prices;
- an increase of $13.2 million in operating costs due primarily to increased labor related to the growth of operations resulting from completed capital-growth projects and higher employee-related costs associated with incentive and medical benefit plans;
- a decrease of $7.2 million due to lower equity earnings primarily related to ONEOK Partners' Powder River Basin equity investments; and
- a decrease of $4.0 million due primarily to increased ethane recovery to maintain downstream NGL product specifications.

Capital expenditures decreased due to projects placed in service, spending reductions to align with customer needs and lower well connect activities due to a reduction in drilling and completion activity.

See "Capital Expenditures" in "Liquidity and Capital Resources" for additional detail of ONEOK Partners' projected capital expenditures.

2015 vs. 2014 - Adjusted EBITDA decreased $106.6 million, primarily as a result of the following:

- a decrease of $209.7 million due primarily to lower net realized NGL, natural gas and condensate prices;
- an increase of $14.7 million in operating costs due primarily to higher outside service costs, ad valorem taxes and employee-related costs due to higher labor and employee benefit costs resulting from the growth of operations, offset partially by a decrease in materials and supplies due primarily to lower chemical costs; and
- a decrease of $10.4 million due primarily to increased ethane recovery to maintain downstream NGL product specifications; offset partially by
- an increase of $91.6 million due primarily to restructured contracts resulting in higher average fee rates and a lower percentage of proceeds retained from the sale of commodities under POP with fee contracts; and
- an increase of $38.1 million due primarily to natural gas volume growth in the Rocky Mountain region, offset partially by unplanned operational outages in the Rocky Mountain region and decreased natural gas volumes in the Mid Continent region.

Capital expenditures decreased due primarily to the timing of ONEOK Partners' growth projects and spending reductions to align with customer needs.

ONEOK Partners recorded $254.3 million and $76.4 million of noncash impairment charges primarily related to its long-lived assets and equity investments in the dry natural gas area of the Powder River Basin in 2015 and 2014, respectively. See additional discussion in "Impairment Charges" below.

	Years Ended December 31,		
Operating Information (a)	**2016**	**2015**	**2014**
Natural gas gathered (*BBtu/d*)	**2,034**	**1,932**	1,733
Natural gas processed (*BBtu/d*) (b)	**1,882**	**1,687**	1,534
NGL sales (*MBbl/d*)	**156**	**129**	104
Residue natural gas sales (*BBtu/d*)	**865**	**853**	714
Realized composite NGL net sales price (*$/gallon*) (c) (d)	**$ 0.23**	**$ 0.34**	$ 0.93
Realized condensate net sales price (*$/Bbl*) (c) (e)	**$ 38.31**	**$ 37.81**	$ 76.43
Realized residue natural gas net sales price (*$/MMBtu*) (c) (e)	**$ 2.80**	**$ 3.64**	$ 3.92
Average fee rate (*$MMBtu*)	**$ 0.76**	**$ 0.44**	$ 0.36

(a) - Includes volumes for consolidated entities only.
(b) - Includes volumes at company-owned and third-party facilities.
(c) - Includes the impact of hedging activities on ONEOK Partners' equity volumes.
(d) - Net of transportation and fractionation costs.
(e) - Net of transportation costs.

Natural gas gathered and processed, NGL sales and residue natural gas sales increased in 2016, compared with 2015, due to the completion of capital-growth projects in the Rocky Mountain region, offset partially by natural gas volume declines in the Mid-

Continent region due to natural production declines on existing wells, delays in completion of several multi-well pads and the impact of weather in the Williston Basin in December 2016. Natural gas gathered and processed, NGL sales and residue natural gas sales increased in 2015, compared with 2014, due to the completion of growth projects in the Rocky Mountain region, offset partially by unplanned outages in the Rocky Mountain region during the third quarter and natural gas volume declines in the Mid Continent region due to natural production declines.

The quantity and composition of NGLs and natural gas have varied as new plants were placed in service and to ensure natural gas and natural gas liquids pipeline specifications were met. Beginning in June 2015, ONEOK Partners reduced the level of ethane rejection in the Rocky Mountain region to address downstream NGL product specifications.

	Years Ended December 31,		
Equity Volume Information (a)	**2016**	**2015**	**2014**
NGL sales (*MBbl/d*)	**14.6**	20.9	16.5
Condensate sales (*MBbl/d*)	**2.4**	2.8	3.1
Residue natural gas sales (*BBtu/d*)	**80.0**	136.2	118.2

(a) - Includes volumes for consolidated entities only.

Equity volumes decreased in 2016 as a result of ONEOK Partners' contract restructuring efforts. As contracts are renewed or restructured, ONEOK Partners has generally increased the fee component and lowered the percentage of proceeds that it retains from the sale of commodities.

Commodity Price Risk - See discussion regarding ONEOK Partners' commodity price risk under "Commodity Price Risk" in Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

Impairment Charges - Due to the continued and greater than expected decline in volumes gathered in the dry natural gas area of the Powder River Basin, ONEOK Partners evaluated its long-lived assets and equity investments in this area in 2015 and made the decision to cease operations of its wholly owned coal-bed methane natural gas gathering system in 2016. This resulted in a $63.5 million noncash impairment charge to ONEOK Partners' long-lived assets in 2015. Bighorn Gas Gathering, in which ONEOK Partners owns a 49 percent equity interest, and Fort Union Gas Gathering, in which ONEOK Partners owns a 37 percent equity interest, were both partially supplied with volumes from ONEOK Partners' wholly owned coal-bed methane natural gas gathering system. ONEOK Partners also owns a 35 percent equity interest in Lost Creek Gathering Company, which also is located in a dry natural gas area. ONEOK Partners reviewed its Bighorn Gas Gathering, Fort Union Gas Gathering and Lost Creek Gathering Company equity investments and recorded noncash impairment charges of $180.6 million in 2015. The remaining net book value of ONEOK Partners' equity investments in this dry natural gas area is $31.1 million as of December 31, 2016.

In 2015, ONEOK Partners also recorded a noncash impairment charge of $10.2 million related to a previously idled asset, as the expectation for future use of the asset changed.

In 2014, Bighorn Gas Gathering recorded an impairment of its underlying assets when the operator determined that the volume decline would be sustained for the foreseeable future. As a result, ONEOK Partners reviewed its equity investment in Bighorn Gas Gathering for impairment and recorded noncash impairment charges of $76.4 million in 2014 related to Bighorn Gas Gathering.

Natural Gas Liquids

Growth Projects - ONEOK Partners' growth strategy in the Natural Gas Liquids segment is focused around the crude oil and NGL-rich natural gas drilling activity in shale and other nonconventional resource areas from the Rocky Mountain region through the Mid-Continent region into Texas and New Mexico. Crude oil, natural gas and NGL production from this activity; higher petrochemical industry demand for NGL products; and increased exports have resulted in additional capital investments to expand its infrastructure to bring these commodities from supply basins to market. Expansion of the petrochemical industry in the United States is expected to increase ethane demand beginning in the second half of 2017, and international demand for NGLs, particularly ethane and propane, also is increasing.

The Natural Gas Liquids segment invests in NGL-related projects to accommodate the transportation, fractionation and storage of NGL supply from shale and other resource development areas across ONEOK Partners' asset base and alleviate expected infrastructure constraints between the Mid-Continent and Gulf Coast market centers to meet increasing petrochemical industry and NGL export demand in the Gulf Coast.

In August 2016, ONEOK Partners completed the Bear Creek NGL infrastructure project in the Williston Basin for approximately $45 million, excluding AFUDC. In April 2015, ONEOK Partners completed the NGL Pipeline and Hutchinson Fractionator infrastructure project for approximately $120 million, excluding capitalized interest.

Construction of Phase II of the Bakken NGL Pipeline expansion is planned for completion in the third quarter 2018, which is expected to increase capacity by 25 MBbl/d and cost approximately $100 million, excluding AFUDC.

For a discussion of ONEOK Partners' capital expenditure financing, see "Capital Expenditures" in the "Liquidity and Capital Resources" section.

Selected Financial Results and Operating Information - The following tables set forth certain selected financial results and operating information for the Natural Gas Liquids segment for the periods indicated:

	Years Ended December 31,			Variances 2016 vs. 2015		Variances 2015 vs. 2014	
Financial Results	**2016**	**2015**	**2014**	**Increase (Decrease)**		**Increase (Decrease)**	
				(Millions of dollars)			
NGL and condensate sales	**$ 6,152.5**	$ 5,200.8	$ 9,462.4	**$ 951.7**	**18 %**	$ (4,261.6)	(45)%
Exchange service revenues	**1,327.5**	1,196.9	910.2	**130.6**	**11 %**	286.7	31 %
Transportation and storage revenues	**195.7**	182.0	172.8	**13.7**	**8 %**	9.2	5 %
Cost of sales and fuel (exclusive of depreciation and items shown separately below)	**(6,321.4)**	(5,328.3)	(9,435.3)	**993.1**	**19 %**	(4,107.0)	(44)%
Operating costs	**(327.6)**	(314.5)	(296.4)	**13.1**	**4 %**	18.1	6 %
Equity in net earnings from investments	**54.5**	38.7	27.3	**15.8**	**41 %**	11.4	42 %
Other	**(1.6)**	(3.3)	(0.1)	**1.7**	**52 %**	(3.2)	*
Adjusted EBITDA	**$ 1,079.6**	$ 972.3	$ 840.9	**$ 107.3**	**11 %**	$ 131.4	16 %
Capital expenditures	**$ 105.9**	$ 226.1	$ 798.0	**$ (120.2)**	**(53)%**	$ (571.9)	(72)%
Cash paid for acquisitions, net of cash received	**$ —**	$ —	$ 800.9	**$ —**	**— %**	$ (800.9)	(100)%

* Percentage change is greater than 100 percent.
See reconciliation of net income to adjusted EBITDA in the "Adjusted EBITDA" section.

Due to the nature of ONEOK Partners' contracts, changes in commodity prices and sales volumes affect commodity sales and cost of sales and fuel, and therefore the impact is largely offset between these line items.

2016 vs. 2015 - Adjusted EBITDA increased $107.3 million, primarily as a result of the following:

- an increase of $90.0 million in exchange services due to increased exchange services volumes from recently connected natural gas processing plants primarily in the Williston Basin, increased Mid-Continent volumes gathered in the STACK and SCOOP areas and increased volumes resulting from increased ethane recovery primarily from the Williston Basin to maintain downstream NGL product specifications; offset partially by lower volumes and rates on the West Texas LPG system and the impact of weather on ONEOK Partners' system in December 2016;
- an increase of $15.8 million in equity in net earnings from investments due primarily to higher volumes delivered to Overland Pass Pipeline from the Bakken NGL Pipeline;
- an increase of $13.8 million in transportation and storage services due to higher storage and terminaling revenue in the Gulf Coast and revenues from minimum volume obligations on ONEOK Partners' distribution pipelines;
- an increase of $8.4 million related to higher isomerization volumes resulting from wider NGL price differentials between normal butane and iso-butane; and
- an increase of $4.3 million due to the impact of operational measurement gains in 2016 and operational measurement losses in 2015; offset partially by
- a decrease of $13.8 million in optimization and marketing activities, which resulted from a $20.0 million decrease due primarily to narrower product price differentials, offset partially by a $6.2 million increase due primarily to higher optimization volumes; and
- an increase of $13.1 million in operating costs due primarily to higher employee-related costs associated with incentive and medical benefit plans.

Capital expenditures decreased due primarily to spending reductions for growth capital to align with customer needs.

2015 vs. 2014 - Adjusted EBITDA increased $131.4 million, primarily as a result of the following:

- an increase of $288.1 million in exchange services, which includes:
  - an increase of $191.0 million, which resulted from increased volumes from new plants connected in the Williston Basin and Mid-Continent region and higher revenues from customers with minimum volume obligations;
  - an increase of $75.0 million due primarily to the acquisition of the West Texas LPG system in the Permian Basin, which was acquired in November 2014; and
  - an increase of $23.8 million resulting from decreased ethane rejection in the Williston Basin resulting from downstream NGL product specification issues, offset partially by higher ethane rejection in the Mid-Continent region;
- an increase of $11.4 million in equity in net earnings from investments due primarily to higher volumes delivered to Overland Pass Pipeline from the Bakken NGL Pipeline; and
- an increase of $6.8 million in transportation revenues due primarily to increased volumes on ONEOK Partners' distribution pipelines; offset partially by
- a decrease of $118.4 million in optimization, marketing and differentials-based activities, which resulted from a $66.3 million decrease due primarily to narrower NGL product price differentials, a $27.7 million decrease due primarily to narrower NGL location price differentials and a $24.4 million decrease in the marketing business. A portion of this decrease relates to the increased demand for propane experienced during the first quarter 2014;
- a decrease of $29.9 million related to lower isomerization volumes resulting from narrower NGL price differential between normal butane and iso-butane;
- an increase of $18.1 million in operating costs primarily as a result of the completion of growth projects and West Texas LPG acquisition, which includes:
  - an increase of $29.2 million due to the West Texas LPG acquisition; and
  - an increase of $6.5 million due to higher ad valorem taxes; offset partially by
  - a decrease of $17.6 million due to reduced operating costs resulting from lower rates charged by service providers, primarily from $6.6 million lower outside services, $5.0 million lower supplies and expenses and $3.2 million lower chemicals and materials; and
- a decrease of $6.9 million due to the impact of operational losses in 2015 and operational measurement gains in 2014.

Capital expenditures decreased due primarily to the completion of several growth projects in 2014 and spending reductions for growth capital to align with customer needs.

In 2015, ONEOK Partners recorded a noncash impairment charge of $10.0 million related to a previously idled asset, as the expectation for future use of the asset changed.

	Years Ended December 31,		
Operating Information	**2016**	**2015**	**2014**
NGLs transported - gathering lines (*MBbl/d*) (a)	**770**	769	533
NGLs fractionated (*MBbl/d*) (b)	**586**	552	522
NGLs transported - distribution lines (*MBbl/d*) (a)	**508**	428	408
Average Conway-to-Mont Belvieu OPIS price differential - ethane in ethane/propane mix (*$/gallon*)	**$ 0.03**	$ 0.02	$ 0.05

(a) - Includes volumes for consolidated entities only.
(b) - Includes volumes at company-owned and third-party facilities.

2016 vs. 2015 - NGLs transported on gathering lines remained relatively unchanged due to increased volumes from new plant connections in the Williston Basin, increased ethane recovery and increased Mid-Continent volumes gathered in the STACK and SCOOP areas, offset by decreased volumes on the West Texas LPG system, decreased Mid-Continent volumes gathered from the Barnett Shale, lower short-term contracted volumes and the impact of weather on gathered volumes across ONEOK Partners' system in December 2016.

NGLs fractionated increased due to increased volumes from new plant connections in the Williston Basin, increased ethane recovery and increased Mid-Continent volumes gathered in the STACK and SCOOP areas, offset partially by decreased volumes gathered from the Barnett Shale and lower short-term contracted volumes and the impact of weather on gathered volumes across ONEOK Partners' system in December 2016.

While the volume of ethane recovered increased, a portion of the fees associated with those volumes gathered and fractionated was previously being earned under contracts with minimum volume obligations.

NGLs transported on distribution lines increased due primarily to higher gathered and fractionated volumes as discussed above and due to increased volumes transported for ONEOK Partners' optimization business.

2015 vs. 2014 - NGLs transported on gathering lines and NGLs fractionated increased due to increased volumes from new plant connections in the Williston Basin and Mid-Continent region and decreased ethane rejection in the Rocky Mountain region, offset partially by increased ethane rejection in the Mid-Continent region. The decreased ethane rejection in the Rocky Mountain region began in June 2015 due to downstream NGL product specifications and increased gathered volumes by approximately 20 MBbl/d in the second half of 2015. NGLs transported on gathering lines also increased significantly due to volumes from the Permian Basin transported on the West Texas LPG system, which was acquired in November 2014.

NGLs transported on distribution lines increased due primarily to higher gathered and fractionated volumes as discussed above and due to increased volumes transported for ONEOK Partners' optimi zation business.

Natural Gas Pipelines

Growth Projects - Roadrunner is a 50 percent-owned joint venture equity-method investment project. The WesTex pipeline expansion is a wholly owned project.

ONEOK Partners completed the following growth projects in this segment in 2016:

Completed Projects	Location	Capacity	Approximate Costs (a)	Completion Date
			(In millions)	
WesTex Pipeline Expansion	Permian Basin	260 MMcf/d	$55	October 2016
Roadrunner Gas Transmission Pipeline - Equity-Method Investment				
Phase I (b)	Permian Basin	170 MMcf/d	$200	March 2016
Phase II (b)	Permian Basin	400 MMcf/d	$210	October 2016
Roadrunner Gas Transmission Pipeline Total			$410	

(a) - Excludes capitalized interest.
(b) - 50-50 joint venture equity-method investment. Approximate costs represents total project costs.

Roadrunner - Phase I and Phase II of the Roadrunner pipeline were completed in March and October 2016, respectively. Phase II of Roadrunner was completed ahead of original schedule and below cost estimates. Construction of Phase III of Roadrunner is planned for completion in 2019, which will increase capacity by 70 MMcf/d and cost approximately $30 million-$40 million.

ONEOK Partners contributed approximately $65 million and $30 million to Roadrunner in 2016 and 2015, respectively.

Both the WesTex pipeline expansion and Roadrunner are fully subscribed with 25-year firm demand charge, fee-based agreements. Together, these projects provide markets in Mexico access to upstream supply basins in West Texas and the Mid-Continent region.

Selected Financial Results and Operating Information - The following tables set forth certain selected financial results and operating information for the Natural Gas Pipelines segment for the periods indicated:

Financial Results	Years Ended December 31, 2016	2015	2014	Variances 2016 vs. 2015 Increase (Decrease)		Variances 2015 vs. 2014 Increase (Decrease)	
			(*Millions of dollars*)				
Transportation revenues	**$ 288.5**	$ 258.6	$ 270.5	**$ 29.9**	**12 %**	$ (11.9)	(4)%
Storage revenues	**60.0**	57.1	64.0	**2.9**	**5 %**	(6.9)	(11)%
Natural gas sales and other revenues	**30.9**	16.7	15.9	**14.2**	**85 %**	0.8	5 %
Cost of sales and fuel (exclusive of depreciation and items shown separately below)	**(30.6)**	(34.5)	(21.9)	**(3.9)**	**(11)%**	12.6	58 %
Operating costs	**(115.6)**	(105.7)	(111.0)	**9.9**	**9 %**	(5.3)	(5)%
Equity in net earnings from investments	**74.4**	68.7	69.8	**5.7**	**8 %**	(1.1)	(2)%
Other	**5.5**	14.1	6.9	**(8.6)**	**(61)%**	7.2	*
Adjusted EBITDA	**$ 313.1**	$ 275.0	$ 294.2	**$ 38.1**	**14 %**	$ (19.2)	(7)%
Capital expenditures	**$ 96.3**	$ 58.2	$ 43.0	**$ 38.1**	**65 %**	$ 15.2	35 %
Cash paid for acquisitions	**$ —**	$ —	$ 14.0	**$ —**	**— %**	$ (14.0)	(100)%

* Percentage change is greater than 100 percent.
See reconciliation of net income to adjusted EBITDA in the “Adjusted EBITDA” section.

2016 vs. 2015 - Adjusted EBITDA increased $38.1 million primarily as a result of the following:

- an increase of $28.5 million from higher transportation services due primarily to increased firm demand charge contracted capacity;
- an increase of $9.3 million from higher net retained fuel due to higher throughput and the associated natural gas volumes retained and higher equity gas sales related to transportation and storage services;
- an increase of $6.6 million due to higher natural gas storage services as a result of increased storage rates and increased sales of excess natural gas in storage; and
- an increase of $5.7 million in equity earnings due primarily to higher firm transportation revenues on Northern Border Pipeline and Roadrunner; offset partially by
- an increase of $9.9 million in operating costs due primarily to increased employee-related costs associated with incentive and medical benefit plans and higher ad valorem taxes.

Capital expenditures increased due primarily to the WesTex pipeline expansion and other expansion projects.

2015 vs. 2014 - Adjusted EBITDA decreased $19.2 million primarily as a result of the following:

- a decrease of $16.6 million from lower short-term natural gas storage services as a result of weather-related seasonal demand associated with severely cold weather in the first quarter 2014 and lower sales of excess natural gas in storage;
- a decrease of $10.0 million from lower net retained fuel due to lower natural gas prices and natural gas volumes retained; and
- a decrease of $5.0 million from lower park-and-loan services on ONEOK Partners’ interstate pipelines as a result of weather-related seasonal demand due to severely cold weather in the first quarter 2014; offset partially by
- an increase of $8.6 million due to higher transportation revenues, primarily from increased rates on intrastate pipelines and higher rates on Viking Gas Transmission as a result of the FERC approved settlement, effective January 2015, offset partially by decreased interruptible transportation revenues from lower natural gas volumes transported; and
- a decrease of $5.3 million in operating costs primarily as a result of lower materials and supplies and outside services expenses.

Capital expenditures increased due primarily to a compressor station expansion project.

Operating Information (a)	Years Ended December 31, 2016	2015	2014
Natural gas transportation capacity contracted (*MDth/d*)	**6,345**	5,840	5,781
Transportation capacity subscribed	**92%**	92%	91%
Average natural gas price			
Mid-Continent region (*$/MMBtu*)	**$ 2.28**	$ 2.42	$ 4.33

(a) - Includes volumes for consolidated entities only.

ONEOK Partners' natural gas pipelines primarily serve end users, such as natural gas distribution and electric-generation companies, that require natural gas to operate their businesses regardless of location price differentials. The development of shale and other resource areas has continued to increase available natural gas supply resulting in narrower location and seasonal price differentials. As additional supply is developed, we expect crude oil and natural gas producers to demand incremental services in the future to transport their production to market. The abundance of natural gas supply and regulations on emissions from coal-fired electric-generation plants may also increase the demand for ONEOK Partners' services from electric-generation companies if they convert to a natural gas fuel source. Overall, we expect ONEOK Partners' fee-based earnings in this segment to increase in connection with the October 2016 completion of the WesTex pipeline expansion.

Northern Border Pipeline, in which ONEOK Partners has a 50 percent ownership interest, has contracted substantially all of its long-haul transportation capacity through the first quarter 2018.

Roadrunner, in which ONEOK Partners has a 50 percent ownership interest, has contracted all of its capacity through 2041.

Adjusted EBITDA

Adjusted EBITDA is a non-GAAP measure of the Partnership's financial performance. Adjusted EBITDA is defined as net income adjusted for interest expense, depreciation and amortization, noncash impairment charges, income taxes, allowance for equity funds used during construction and other noncash items. We believe this non-GAAP financial measure is useful to investors because it and similar measures are used by many companies in our industry as a measurement of financial performance and are commonly employed by financial analysts and others to evaluate our financial performance and to compare financial performance among companies in our industry. Adjusted EBITDA should not be considered an alternative to net income, earnings per unit or any other measure of financial performance presented in accordance with GAAP. Additionally, this calculation may not be comparable with similarly titled measures of other companies.

A reconciliation of net income, the nearest comparable GAAP financial performance measure, to adjusted EBITDA for the years ended December 31, 2016 , 2015 and 2014 , is as follows:

(*Unaudited*)	Years Ended December 31, 2016	2015	2014
Reconciliation of net income to adjusted EBITDA	(*Thousands of dollars*)		
Net income from continuing operations	**$ 745,550**	$ 385,276	$ 668,715
Add:			
Interest expense, net of capitalized interest	**469,651**	416,787	356,163
Depreciation and amortization	**391,585**	354,620	294,684
Income taxes	**212,406**	136,600	151,158
Impairment charges	**—**	264,256	76,412
Allowance for equity funds used during construction and other	**9,482**	2,762	(20,366)
Adjusted EBITDA	**$ 1,828,674**	$ 1,560,301	$ 1,526,766
Reconciliation of segment adjusted EBITDA to adjusted EBITDA			
Segment adjusted EBITDA:			
Natural Gas Gathering and Processing	**$ 446,778**	$ 318,554	$ 425,170
Natural Gas Liquids	**1,079,619**	972,292	840,922
Natural Gas Pipelines	**313,137**	274,980	294,202
Total segment adjusted EBITDA	**1,839,534**	**1,565,826**	**1,560,294**
Other corporate costs	**(10,860)**	(5,525)	(33,528)
Adjusted EBITDA	**$ 1,828,674**	$ 1,560,301	$ 1,526,766

CONTINGENCIES

Legal Proceedings - See Part I, Item 3, Legal Proceedings, in this Annual Report for a discussion of developments concerning the Gas Pricing Index Litigation and other legal proceedings.

LIQUIDITY AND CAPITAL RESOURCES

General - We fund operating expenses, debt service and dividends to shareholders primarily from cash on hand and cash distributions received from ONEOK Partners.

Neither ONEOK nor ONEOK Partners guarantees the debt or other similar commitments of unaffiliated parties. ONEOK does not guarantee the debt or other similar commitments of ONEOK Partners, and ONEOK Partners does not guarantee the debt or other similar commitments of ONEOK. Following the completion of the Merger Transaction with ONEOK Partners described in Note B of the Notes to Consolidated Financial Statements in this Annual Report, we and ONEOK Partners expect to enter into a cross guarantee agreement whereby each party to the agreement unconditionally guarantees and becomes liable for the indebtedness of each other party to the agreement.

ONEOK - ONEOK's primary source of cash inflows are distributions to us from our general partner and limited partner interests in ONEOK Partners. The cash distributions that we expect to receive from ONEOK Partners are expected to provide sufficient resources to fund our operations, debt service and quarterly cash dividends. In addition, we incur certain costs on behalf of ONEOK Partners for which we are reimbursed. At December 31, 2016 , we had approximately $249 million of cash on hand. Our next long-term debt maturity is in 2022.

Following the completion of the Merger Transaction with ONEOK Partners, the cash flow sources and requirements for ONEOK are expected to change significantly, as we will receive cash flows directly from operations and fund all capital expenditures. Additionally, we expect to have access to a significantly larger credit facility. Our primary sources of cash inflows are expected to be from operating cash flows, commercial paper, bank credit facilities, debt issuances and the issuance of common stock. We expect these sources of cash flow to provide sufficient resources to finance our operations and quarterly cash dividends. ONEOK may access the capital markets to issue debt or equity securities in 2017 as it considers prudent to provide liquidity to refinance existing debt, improve credit metrics or for other corporate purposes.

ONEOK Partners - ONEOK Partners relies primarily on operating cash flows, commercial paper, bank credit facilities, debt issuances and the issuance of common units for its liquidity and capital resources requirements. ONEOK Partners funds its operating expenses, debt service and cash distributions to its limited partners and general partner primarily with operating cash flows. To the extent operating cash flows are not sufficient to fund its cash distributions, ONEOK Partners may utilize short- and long-term debt and issuances of equity, as necessary. Capital expenditures are funded by operating cash flows, short- and long-term debt and issuances of equity. ONEOK Partners' ability to continue to access capital markets for debt and equity financing under reasonable terms depends on its financial condition, credit ratings and market conditions. While lower commodity prices and industry uncertainty may result in increased financing costs, we believe ONEOK Partners has secured sufficient access to the financial resources and liquidity necessary to meet its requirements for working capital, debt service payments and capital expenditures. We believe that its available credit and cash and cash equivalents are adequate to meet liquidity requirements associated with commodity price volatility. ONEOK Partners may access the capital markets to issue debt or equity securities in 2017 as it considers prudent to provide liquidity for new capital projects, to refinance existing debt, to maintain investment-grade credit ratings or for other partnership purposes.

ONEOK Partners manages interest-rate risk through the use of fixed-rate debt, floating-rate debt and interest-rate swaps. For additional information on ONEOK Partners' interest rate swaps, see Note D of the Notes to Consolidated Financial Statements in this Annual Report.

Cash Management - We and ONEOK Partners each use similar centralized cash management programs that concentrate the cash assets of our operating subsidiaries in joint accounts for the purposes of providing financial flexibility and lowering the cost of borrowing, transaction costs and bank fees. Both centralized cash management programs provide that funds in excess of the daily needs of the operating subsidiaries are concentrated, consolidated or otherwise made available for use by other entities within the respective consolidated groups. ONEOK Partners' operating subsidiaries participate to the extent they are permitted pursuant to FERC regulations or their operating agreements. Under these cash management programs, depending on whether a participating subsidiary has short-term cash surpluses or cash requirements, we and ONEOK Partners provide cash to our respective subsidiaries or the subsidiaries provide cash to us and ONEOK Partners, respectively.

Short-term Liquidity - ONEOK's sources of short-term liquidity are quarterly distributions from ONEOK Partners, cash on hand of approximately $249 million as of December 31, 2016 , and access to our $300 million ONEOK Credit Agreement. At December 31, 2016 , ONEOK had no short-term debt outstanding.

ONEOK Partners' principal sources of short-term liquidity consist of cash generated from operating activities, distributions received from its equity-method investments and proceeds from its commercial paper program and the ONEOK Partners Credit Agreement.

ONEOK Partners had working capital (defined as current assets less current liabilities) deficits of $1.7 billion and $697 million as of December 31, 2016 and 2015, respectively. Although working capital is influenced by several factors, including, among other things, (i) the timing of (a) scheduled debt payments, (b) the collection and payment of accounts receivable and payable, and (c) equity and debt issuances, and (ii) the volume and cost of inventory and commodity imbalances, ONEOK Partners' working capital deficit at December 31, 2016 , was driven primarily by its current maturities of long-term debt and short-term borrowings. ONEOK Partners' working capital deficit at December 31, 2015, was driven primarily by its capital-growth projects. ONEOK Partners may have working capital deficits in future periods as it continues to finance its capital-growth projects and repay long-term debt, often initially with short-term borrowings. ONEOK Partners' decision to utilize short-term borrowings rather than long-term debt, due to more favorable interest rates, contributes to its working capital deficit. We do not expect ONEOK Partners' working capital deficit to have an adverse impact to our or ONEOK Partners' cash flows or operations. The consolidated working capital balance is impacted primarily by ONEOK Partners' working capital balance.

ONEOK Credit Agreement - In January 2016, we extended the term of our ONEOK Credit Agreement by one year to January 2020. The ONEOK Credit Agreement is a $300 million revolving credit facility and contains certain financial, operational and legal covenants. At December 31, 2016 , we had $1.1 million in letters of credit issued and $298.9 million of borrowing capacity under the ONEOK Credit Agreement.

ONEOK Partners Credit Agreement - At December 31, 2016 , ONEOK Partners had $1.1 billion of commercial paper outstanding, $14 million of letters of credit issued and approximately $1.3 billion of borrowing capacity under the ONEOK Partners Credit Agreement.

In January 2016, ONEOK Partners extended the term of the ONEOK Partners Credit Agreement by one year to January 2020. The ONEOK Partners Credit Agreement is a $2.4 billion revolving credit facility and includes a $100 million sublimit for the issuance of standby letters of credit and a $150 million swingline sublimit. The ONEOK Partners Credit Agreement is available for general partnership purposes, and based on ONEOK Partners' current credit ratings, borrowings, if any, will accrue interest at LIBOR plus 117.5 basis points. Amounts outstanding under ONEOK Partners' commercial paper program reduce the borrowing capacity under the ONEOK Partners Credit Agreement. The ONEOK Partners Credit Agreement is guaranteed fully and unconditionally by the Intermediate Partnership.

For additional information on the ONEOK Credit Agreement and ONEOK Partners Credit Agreement, see Note G of the Notes to Consolidated Financial Statements in this Annual Report.

Borrowings under the ONEOK Partners Credit Agreement, the Term Loan Agreement and ONEOK Partners' senior notes are nonrecourse to ONEOK, and ONEOK does not guarantee ONEOK Partners' debt, commercial paper or other similar commitments. Following the completion of the Merger Transaction with ONEOK Partners, we and ONEOK Partners expect to enter into a cross guarantee agreement whereby each party to the agreement unconditionally guarantees and becomes liable for the indebtedness of each other party to the agreement.

For information on ONEOK Partners' distributions from and contributions to equity-method investments, see Note N of the Notes to Consolidated Financial Statements in this Annual Report.

Long-term Financing - In addition to our principal sources of short-term liquidity discussed above, we expect ONEOK Partners to fund its longer-term financing requirements by issuing common units or long-term notes. Other options to obtain financing include, but are not limited to, loans from financial institutions, issuance of convertible debt securities, asset securitization and the sale and lease-back of facilities.

ONEOK Partners' ability to obtain financing is subject to changes in the debt and equity markets, and there is no assurance it will be able or willing to access the public or private markets in the future. ONEOK Partners may choose to meet its cash requirements by utilizing some combination of cash flows from operations, borrowing under its commercial paper program or the ONEOK Partners Credit Agreement, altering the timing of controllable expenditures, restricting future acquisitions and capital projects, selling assets or pursuing other debt or equity financing alternatives. Some of these alternatives could result in higher costs or negatively affect ONEOK Partners' credit ratings, among other factors. Based on ONEOK Partners' investment-grade credit ratings, general financial condition, and expectations regarding its future earnings and projected cash flows, we expect ONEOK Partners will be able to meet its cash requirements and maintain investment-grade credit ratings.

ONEOK debt issuance - In August 2015, we completed an underwritten public offering of $500 million , 7.5 percent senior notes due 2023. The net proceeds, after deducting underwriting discounts, commissions and other expenses, were approximately $487.1 million . We used the proceeds together with cash on hand to purchase $650 million of additional common units from ONEOK Partners.

ONEOK debt repayment - In February 2014, we retired approximately $152.5 million, excluding accrued and unpaid interest, of our 4.25 percent senior notes due 2022 through a tender offer. The total amount paid, including fees and other charges, was approximately $150.0 million.

In March 2014, we repaid our $400 million, 5.2 percent senior notes due in 2015 for $430.1 million, including accrued but unpaid interest to the redemption date.

ONEOK Partners' debt issuances and maturities - In January 2016, ONEOK Partners entered into the $1.0 billion senior unsecured delayed-draw Term Loan Agreement with a syndicate of banks. During the first quarter 2016, ONEOK Partners drew the full $1.0 billion available under the agreement and used the proceeds to repay $650 million of senior notes, which matured in February 2016, to repay amounts outstanding under its commercial paper program and for general partnership purposes. The Term Loan Agreement matures in January 2019 and bears interest at LIBOR plus 130 basis points based on ONEOK Partners' current credit ratings. The Term Loan Agreement contains an option, which may be exercised up to two times, to extend the term of the loan, in each case, for an additional one-year term subject to approval of the banks. The Term Loan Agreement allows prepayment of all or any portion outstanding, without penalty or premium, and contains substantially the same covenants as those contained in the ONEOK Partners Credit Agreement.

ONEOK Partners repaid its $450 million, 6.15 percent senior notes at maturity in October 2016 with a combination of cash on hand and short-term borrowings.

In March 2015, ONEOK Partners completed an underwritten public offering of $800 million of senior notes, consisting of $300 million , 3.8 percent senior notes due 2020, and $500 million , 4.9 percent senior notes due 2025. The net proceeds were approximately $792.3 million . ONEOK Partners used the proceeds to repay amounts outstanding under its commercial paper program and for general partnership purposes.

For additional information on ONEOK and ONEOK Partners' long-term debt, see Note G of the Notes to Consolidated Financial Statements in this Annual Report.

ONEOK Partners' equity issuances - ONEOK Partners has an "at-the-market" equity program for the offer and sale from time to time of its common units, up to an aggregate amount of $650 million . The program allows ONEOK Partners to offer and sell its common units at prices it deems appropriate through a sales agent. Sales of common units are made by means of ordinary brokers' transactions on the NYSE, in block transactions or as otherwise agreed to between ONEOK Partners and the sales agent. ONEOK Partners is under no obligation to offer and sell common units under the program. At December 31, 2016 , ONEOK Partners had approximately $138 million of registered common units available for issuance through its "at-the-market" equity program.

During the year ended December 31, 2016 , no common units were sold through ONEOK Partners' "at-the-market" equity program.

In August 2015, ONEOK Partners completed a private placement of 21.5 million common units at a price of $30.17 per unit with us. Additionally, ONEOK Partners completed a concurrent sale of approximately 3.3 million common units at a price of $30.17 per unit to funds managed by Kayne Anderson Capital Advisors in a registered direct offering, which were issued through its existing "at-the-market" equity program. The combined offerings generated net cash proceeds of approximately $749 million to ONEOK Partners. In conjunction with these issuances, ONEOK Partners GP contributed approximately $15.3 million in order to maintain our 2 percent general partner interest in ONEOK Partners. ONEOK Partners used the proceeds for general partnership purposes, including capital expenditures and repayment of commercial paper borrowings.

During the year ended December 31, 2015, ONEOK Partners sold 10.5 million common units through its "at-the-market" equity program, including the units sold to funds managed by Kayne Anderson Capital Advisors in the offering discussed above. The net proceeds, including ONEOK Partners GP's contribution to maintain our 2 percent general partner interest in

ONEOK Partners, were approximately $381.6 million to ONEOK Partners, which were used for general partnership purposes, including repayment of commercial paper borrowings.

In May 2014, ONEOK Partners completed an underwritten public offering of 13.9 million common units at a public offering price of $52.94 per common unit, generating net proceeds of approximately $714.5 million. In conjunction with this issuance, ONEOK Partners GP contributed approximately $15.0 million in order to maintain its 2 percent general partner interest in ONEOK Partners. ONEOK Partners used the proceeds for general partnership purposes, including capital expenditures and repayment of commercial paper borrowings.

During the year ended December 31, 2014, ONEOK Partners sold 7.9 million common units through its “at-the-market” equity program. The net proceeds, including ONEOK Partners GP’s contribution to maintain our 2 percent general partner interest in ONEOK Partners, were approximately $402.1 million to ONEOK Partners, which were used for general partnership purposes.

Capital Expenditures - ONEOK’s capital expenditures are financed through operating cash flows. ONEOK Partners’ capital expenditures are financed typically through operating cash flows, short- and long-term debt and the issuance of equity.

The following table sets forth our and ONEOK Partners’ capital expenditures, excluding AFUDC and capitalized interest, for the periods indicated:

Capital Expenditures	2016	2015	2014
		(Millions of dollars)	
ONEOK	**$ 2.9**	$ 2.2	$ 33.2
ONEOK Partners:			
Natural Gas Gathering and Processing	**410.5**	887.9	898.9
Natural Gas Liquids	**105.9**	226.1	798.0
Natural Gas Pipelines	**96.3**	58.2	43.0
Other	**9.0**	13.9	6.1
Total capital expenditures	**$ 624.6**	$ 1,188.3	$ 1,779.2

Capital expenditures decreased in 2016 and 2015 , due primarily to ONEOK Partners’ completion of several large projects and reduced capital spending to align with the needs of its crude oil and natural gas producers.

The following table sets forth ONEOK Partners’ 2017 projected capital expenditures, excluding AFUDC and capitalized interest:

2017 Projected Capital Expenditures	
	(Millions of dollars)
Natural Gas Gathering and Processing	$215-$260
Natural Gas Liquids	$215-$260
Natural Gas Pipelines	$80-$105
Other	$10-$15
Total projected capital expenditures	$520-$640

Credit Ratings - ONEOK and ONEOK Partners’ credit ratings as of February 21, 2017, are shown in the table below:

	ONEOK	ONEOK Partners
Rating Agency	**Rating**	**Rating**
Moody’s	Ba1	Baa2
S&P	BB+	BBB

ONEOK Partners’ commercial paper program is rated Prime-2 by Moody’s and A-2 by S&P. In October 2016, Moody’s affirmed ONEOK Partners’ current credit ratings and revised its outlook to stable from negative. In December 2016, S&P affirmed ONEOK Partners’ and our current credit ratings and revised the outlooks to stable from negative. In February 2017, in conjunction with the announcement of the Merger Transaction with ONEOK Partners, S&P affirmed ONEOK Partners’ credit ratings and outlook and placed our credit ratings under review for upgrade, while Moody’s placed ONEOK Partners’ credit ratings under review for downgrade and placed our credit ratings under review for upgrade.

ONEOK Partners' credit ratings, which are investment grade, may be affected by a material change in its financial ratios or a material event affecting its business and industry. The most common criteria for assessment of ONEOK Partners' credit ratings are the debt-to-EBITDA ratio, interest coverage, business risk profile and liquidity. If ONEOK Partners' credit ratings were downgraded, the cost to borrow funds under its Term Loan Agreement, the ONEOK Partners Credit Agreement and its commercial paper program would increase, and ONEOK Partners could potentially lose access to the commercial paper market. In the event that ONEOK Partners is unable to borrow funds under its commercial paper program and there has not been a material adverse change in its business, ONEOK Partners would continue to have access to the ONEOK Partners Credit Agreement, which expires in January 2020. An adverse credit rating change alone is not a default under the ONEOK Credit Agreement or the ONEOK Partners Credit Agreement. A downgrade in ONEOK Partners' credit ratings would likely result in a downgrade to ONEOK's credit ratings. However, we would not expect a downgrade to our credit ratings to have a material impact on our results of operations.

In the normal course of business, ONEOK Partners' counterparties provide secured and unsecured credit. In the event of a downgrade in ONEOK Partners' credit ratings or a significant change in ONEOK Partners' counterparties' evaluation of its creditworthiness, ONEOK Partners could be required to provide additional collateral in the form of cash, letters of credit or other negotiable instruments as a condition of continuing to conduct business with such counterparties. ONEOK Partners may be required to fund margin requirements with its counterparties with cash, letters of credit or other negotiable instruments.

ONEOK Partners Cash Distributions - ONEOK Partners distributes 100 percent of its available cash, as defined in its Partnership Agreement that generally consists of all cash receipts less adjustments for cash disbursements and net change to reserves, to its general and limited partners. Distributions are allocated to the general partner and limited partners according to their partnership percentages of 2 percent and 98 percent, respectively. The effect of any incremental allocations for incentive distributions to the general partner is calculated after the allocation to the general partner's partnership interest and before the allocation to the limited partners.

For the year ended December 31, 2016, ONEOK Partners' cash flow from operations exceeded its cash distributions, and we expect ONEOK Partners' cash flow from operations to exceed its cash distributions in 2017. For the year ended December 31, 2015, ONEOK Partners' cash distributions exceeded its cash flow from operations and, as a result, ONEOK Partners utilized cash from operations, its commercial paper program and distributions received from its equity-method investments to fund cash distributions, short-term liquidity needs and capital projects.

For additional information on ONEOK Partners' cash distributions, see Note O of the Notes to Consolidated Financial Statements in this Annual Report.

Pension and Postretirement Benefit Plans - Information about our pension and postretirement benefits plans, including anticipated contributions, is included under Note L of the Notes to Consolidated Financial Statements in this Annual Report.

During 2016 , we made no contributions to our defined benefit pension plans, and $1.0 million in contributions to our postretirement benefit plans. We contributed $7.5 million to our defined benefit pension plan in January 2017 and we expect to make approximately $2.0 million in contributions to our postretirement benefit plans in 2017.

CASH FLOW ANALYSIS

We use the indirect method to prepare our Consolidated Statements of Cash Flows. Under this method, we reconcile net income to cash flows provided by operating activities by adjusting net income for those items that affect net income but do not result in actual cash receipts or payments during the period and for operating cash items that do not impact net income. These reconciling items include depreciation and amortization, allowance for equity funds used during construction, gain or loss on sale of assets, deferred income taxes, equity in net earnings from investments, distributions received from unconsolidated affiliates, share-based compensation expense, other amounts and changes in our assets and liabilities not classified as investing or financing activities.

The following table sets forth the changes in cash flows by operating, investing and financing activities for the periods indicated:

	Years Ended December 31, 2016	2015	2014
	(*Millions of dollars*)		
Total cash provided by (used in):			
Operating activities	**$ 1,351.6**	$ 1,007.0	$ 1,285.6
Investing activities	**(615.4)**	(1,190.7)	(2,566.2)
Financing activities	**(584.8)**	108.5	1,304.5
Change in cash and cash equivalents	**151.4**	(75.2)	23.9
Change in cash and cash equivalents included in discontinued operations	**(0.1)**	—	3.3
Change in cash and cash equivalents from continuing operations	**151.3**	(75.2)	27.2
Cash and cash equivalents at beginning of period	**97.6**	172.8	145.6
Cash and cash equivalents at end of period	**$ 248.9**	$ 97.6	$ 172.8

Operating Cash Flows - Operating cash flows are affected by earnings from our business activities. Changes in commodity prices and demand for ONEOK Partners' services or products, whether because of general economic conditions, changes in supply, changes in demand for the end products that are made with our products or increased competition from other service providers, could affect our earnings and operating cash flows.

2016 vs. 2015 - Cash flows from operating activities, before changes in operating assets and liabilities, were $1.4 billion for 2016, compared with $1.2 billion for 2015. The increase was due primarily to higher natural gas and NGL volumes from the completed capital-growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments, new plant connections and increased ethane recovery in the Natural Gas Liquids segment and higher fees resulting from contract restructuring in the Natural Gas Gathering and Processing segment, offset partially by lower realized commodity prices, as discussed in "Financial Results and Operating Information." Distributions received from unconsolidated affiliates also increased, due primarily to Overland Pass Pipeline.

The changes in operating assets and liabilities decreased operating cash flows $42.5 million for 2016, compared with a decrease of $149.0 million for 2015. This change is due primarily to the change in accounts receivable, accounts payable, and other accruals and deferrals resulting from the timing of receipt of cash from customers and payments to vendors and suppliers, which vary from period to period and vary with changes in commodity prices, and the change in commodity imbalances, offset partially by the change in risk-management assets and liabilities related to interest-rate swaps.

2015 vs. 2014 - Cash flows from operating activities, before changes in operating assets and liabilities, were $1.16 billion in 2015, compared with $1.23 billion in 2014. The decrease was due primarily to higher interest expense and operating costs, offset partially by higher operating income provided by revenues less cost of sales and fuel at ONEOK Partners, as discussed in "Financial Results and Operating Information." Distributions received from unconsolidated affiliates also increased, due primarily to Overland Pass Pipeline.

The changes in operating assets and liabilities decreased operating cash flows by $149.0 million in 2015, compared with an increase of $58.3 million in 2014. The change is due primarily to the change in accounts receivable and accounts payable resulting from the timing of receipt of cash from customers and payments to vendors and suppliers, which vary from period to period and vary with changes in commodity prices. In the first quarter 2015, ONEOK Partners also paid $55.1 million to settle forward-starting interest-rate swaps in connection with its March 2015 debt offering.

Investing Cash Flows

2016 vs. 2015 - Cash used in investing activities decreased $575.3 million due primarily to lower capital spending as a result of ONEOK Partners' spending reductions to align with customer needs and projects placed in service, higher proceeds received from sale of assets and higher distributions received from Northern Border Pipeline and Overland Pass Pipeline, offset partially by higher contributions made by ONEOK Partners to Roadrunner.

2015 vs. 2014 - Cash used in investing activities decreased $1.4 billion due primarily to the completion of growth projects at ONEOK Partners, the West Texas LPG acquisition in 2014 and the timing of capital expenditures for ONEOK Partners' growth projects in the Natural Gas Gathering and Processing and Natural Gas Liquids segments, offset partially by ONEOK Partners' contributions to Roadrunner in 2015.

Financing Cash Flows

2016 vs. 2015 - Cash used in financing activities was $584.8 million in 2016, compared with cash provided by financing activities of $108.5 million in 2015, a decrease of approximately $693 million, due primarily to ONEOK Partners repayment of $1.1 billion of senior notes, $100 million increase in distributions paid due to a higher number of units outstanding and no equity issuances in 2016. These differences were offset partially by an increase in proceeds from short-term borrowings and drawing on the Term Loan Agreement.

2015 vs. 2014 - Cash provided by financing activities decreased $1.2 billion due primarily to repayment of short-term borrowings at ONEOK Partners, increased distributions from ONEOK Partners to noncontrolling interests and increased ONEOK dividends. Additionally, ONEOK and ONEOK Partners combined raised capital of approximately $1.7 billion through both debt and equity issuances, net of ONEOK's purchase of additional common units in ONEOK Partners, compared with approximately $2.3 billion in 2014, which includes senior notes issued by ONE Gas in January 2014, which at the time was our consolidated subsidiary. These were offset partially by repayments of long-term debt of approximately $7.7 million in 2015, compared with approximately $557.7 million in 2014, and ONEOK's repayment of approximately $564.5 million of commercial paper in 2014 with proceeds received from ONE Gas.

IMPACT OF NEW ACCOUNTING STANDARDS

Information about the impact of new accounting standards is included in Note A of the Notes to Consolidated Financial Statements in this Annual Report.

ESTIMATES AND CRITICAL ACCOUNTING POLICIES

The preparation of our consolidated financial statements and related disclosures in accordance with GAAP requires us to make estimates and assumptions with respect to values or conditions that cannot be known with certainty that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Although we believe these estimates and assumptions are reasonable, actual results could differ from our estimates.

The following is a summary of our most critical accounting policies, which are defined as those estimates and policies most important to the portrayal of our financial condition and results of operations and requiring management's most difficult, subjective or complex judgment, particularly because of the need to make estimates concerning the impact of inherently uncertain matters. We have discussed the development and selection of our estimates and critical accounting policies with the Audit Committee of our Board of Directors.

Derivatives and Risk-Management Activities - We utilize derivatives to reduce our market-risk exposure to commodity price and interest-rate fluctuations and to achieve more predictable cash flows. The accounting for changes in the fair value of a derivative instrument depends on whether it qualifies and has been designated as part of a hedging relationship. When possible, we implement effective hedging strategies using derivative financial instruments that qualify as hedges for accounting purposes. We have not used derivative instruments for trading purposes.

For a derivative designated as a cash flow hedge, the effective portion of the gain or loss from a change in fair value of the derivative instrument is deferred in accumulated other comprehensive income (loss) until the forecasted transaction affects earnings, at which time the fair value of the derivative instrument is reclassified into earnings. The ineffective portion of the gain or loss on a derivative instrument designated as a cash flow hedge is recognized in earnings.

We assess the effectiveness of hedging relationships quarterly by performing an effectiveness test on our hedging relationships to determine whether they are highly effective on a retrospective and prospective basis. We do not believe that changes in our fair value estimates of our derivative instruments have a material impact on our results of operations, as the majority of our derivatives are accounted for as cash flow hedges for which ineffectiveness is not material. However, if a derivative instrument is ineligible for cash flow hedge accounting or if we fail to appropriately designate it as a cash flow hedge, changes in fair value of the derivative instrument would be recorded currently in earnings. Additionally, if a cash flow hedge ceases to qualify for hedge accounting treatment because it is no longer probable that the forecasted transaction will occur, the change in fair value of the derivative instrument would be recognized in earnings. For more information on commodity price sensitivity and a discussion of the market risk of pricing changes, see Item 7A, Quantitative and Qualitative Disclosures about Market Risk.

See Notes C and D of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of fair value measurements and derivatives and risk-management activities.

Impairment of Goodwill and Long-Lived Assets, including Intangible Assets - We assess our goodwill and indefinite-lived intangible assets for impairment at least annually on July 1, unless events or changes in circumstances indicate an impairment may have occurred before that time. As the commodity price environment has remained relatively low since 2015, we elected to perform a quantitative assessment, or Step 1 analysis, to test our goodwill for impairment. The assessment included our current commodity price assumptions, expected contractual terms, anticipated operating costs and volume estimates. Our goodwill impairment analysis performed as of July 1, 2016, did not result in an impairment charge nor did our analysis reflect any reporting units at risk. In each reporting unit, the fair value substantially exceeded the carrying value. Subsequent to that date, no event has occurred indicating that the implied fair value of each of our reporting units is less than the carrying value of its net assets.

As part of our goodwill impairment test, we may first assess qualitative factors (including macroeconomic conditions, industry and market considerations, cost factors and overall financial performance) to determine whether it is more likely than not that the fair value of each of our reporting units is less than its carrying amount. If further testing is necessary or a quantitative test is elected, we perform a two-step impairment test for goodwill. In the first step, an initial assessment is made by comparing the fair value of a reporting unit with its book value, including goodwill. If the fair value is less than the book value, an impairment is indicated, and we must perform a second test to measure the amount of the impairment. In the second test, we calculate the implied fair value of the goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value determined in step one of the assessment. If the carrying value of the goodwill exceeds the implied fair value of the goodwill, we will record an impairment charge.

To estimate the fair value of our reporting units, we use two generally accepted valuation approaches, an income approach and a market approach, using assumptions consistent with a market participant's perspective. Under the income approach, we use anticipated cash flows over a period of years plus a terminal value and discount these amounts to their present value using appropriate discount rates. Under the market approach, we apply EBITDA multiples to forecasted EBITDA. The multiples used are consistent with historical asset transactions. The forecasted cash flows are based on average forecasted cash flows for a reporting unit over a period of years.

The following table sets forth our goodwill, by segment, for the periods indicated:

	December 31, 2016	December 31, 2015
	(*Thousands of dollars*)	
Natural Gas Gathering and Processing	**$ 122,291**	$ 122,291
Natural Gas Liquids	**268,544**	268,544
Natural Gas Pipelines	**134,700**	134,700
Total goodwill	**$ 525,535**	$ 525,535

As part of our indefinite-lived intangible asset impairment test, we first assess qualitative factors similar to those considered in the goodwill impairment test to determine whether it is more likely than not that the indefinite-lived intangible asset is impaired. If further testing is necessary, we compare the estimated fair value of our indefinite-lived intangible asset with its book value. The fair value of our indefinite-lived intangible asset is estimated using the market approach. Under the market approach, we apply multiples to forecasted cash flows of the assets associated with our indefinite-lived intangible asset. The multiples used are consistent with historical asset transactions. After assessing qualitative and quantitative factors, we determined that there were no impairments to our indefinite-lived intangible asset in 2016.

We assess our long-lived assets, including intangible assets with finite useful lives, for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable. An impairment is indicated if the carrying amount of a long-lived asset exceeds the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If an impairment is indicated, we record an impairment loss equal to the difference between the carrying value and the fair value of the long-lived asset.

For the investments we account for under the equity method, the impairment test considers whether the fair value of the equity investment as a whole, not the underlying net assets, has declined and whether that decline is other than temporary. Therefore, we periodically reevaluate the amount at which we carry our equity-method investments to determine whether current events or circumstances warrant adjustments to our carrying value.

Impairment Charges - ONEOK Partners recorded $264.3 million and $76.4 million of noncash impairment charges, primarily related to its long-lived assets and equity investments in the dry natural gas area of the Powder River Basin in 2015 and 2014, respectively.

Our impairment tests require the use of assumptions and estimates such as industry economic factors and the profitability of future business strategies. If actual results are not consistent with our assumptions and estimates or our assumptions and estimates change due to new information, we may be exposed to future impairment charges.

See Notes A , E , F and N of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of goodwill, long-lived assets and investments in unconsolidated affiliates.

Pension and Postretirement Employee Benefits - We have a defined benefit retirement plan covering certain full-time employees. We sponsor welfare plans that provide postretirement medical and life insurance benefits to certain employees who retire with at least five years of service. The expense and liability related to these plans is calculated using statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, expected return on plan assets, rate of future compensation increases, age and employment periods. In determining the projected benefit obligations and costs, assumptions can change from period to period and may result in material changes in the costs and liabilities we recognize. See Note L of the Notes to Consolidated Financial Statements in this Annual Report for additional information.

During 2016, we recorded net periodic benefit costs of $17.2 million related to our defined benefit pension and postretirement benefits plans in continuing operations.

We estimate that in 2017 , we will record net periodic benefit costs of $18.4 million related to our defined benefit pension and postretirement benefits plans.

The following table sets forth the weighted-average assumptions used to determine our estimated 2017 net periodic benefit cost related to our defined benefit pension plans, and sensitivity to changes with respect to these assumptions.

	Rate Used	Cost Sensitivity (a)	Obligation Sensitivity (b)
		(*Millions of dollars*)	
Discount rate	4.5%	$ 1.5	$ 13.7
Expected long-term return on plan assets	7.75%	$ 0.7	$ —

(a) - Approximate impact a quarter percentage point decrease in the assumed rate would have on net periodic pension costs.
(b) - Approximate impact a quarter percentage point decrease in the assumed rate would have on defined benefit pension obligation.

A quarter percentage point change in either of the assumed rates would not have a significant impact on our postretirement benefit plan costs or obligation. Assumed health care cost-trend rates have an effect on the amounts reported for our postretirement benefit plans. A one percentage point change in assumed health care cost trend rates would have the following effects:

	One Percentage Point Increase	One Percentage Point Decrease
	(*Millions of dollars*)	
Effect on total of service and interest cost	**$ 0.2**	**$ (0.2)**
Effect on postretirement benefit obligation	**$ 1.0**	**$ (0.9)**

During 2016 , we made no contributions to our defined benefit pension plan and $1.0 million in contributions to our postretirement benefit plans. We contributed $7.5 million to our defined benefit pension plan in January 2017, and we expect to make approximately $2.0 million in contributions to our postretirement plans in 2017.

Contingencies - Our accounting for contingencies covers a variety of business activities, including contingencies for legal and environmental exposures. We accrue these contingencies when our assessments indicate that it is probable that a liability has been incurred or an asset will not be recovered and an amount can be reasonably estimated. We expense legal fees as incurred and base our legal liability estimates on currently available facts and our assessments of the ultimate outcome or resolution. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than the completion of a remediation feasibility study. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. Our expenditures for environmental evaluation, mitigation, remediation and compliance to date have not been significant in relation to our financial position or results of operations, and our expenditures related to environmental matters had no material effect on earnings or cash flows during 2016, 2015 or 2014. Actual results may differ from our estimates resulting in an impact, positive or negative, on earnings.

See Note P of the Notes to Consolidated Financial Statements in this Annual Report for additional discussion of contingencies.

CONTRACTUAL OBLIGATIONS AND COMMERCIAL COMMITMENTS

The following table sets forth our contractual obligations related to debt, operating leases and other long-term obligations as of December 31, 2016 . For additional discussion of the debt agreements, see Note G of the Notes to the Consolidated Financial Statements in this Annual Report. The table below includes the contractual obligations of our former energy services business as ONEOK remains responsible for those obligations.

	Payments Due by Period						
Contractual Obligations	**Total**	**2017**	**2018**	**2019**	**2020**	**2021**	**Thereafter**
ONEOK				*(Millions of dollars)*			
Long-term debt	$ 1,634.5	$ 3.0	$ 3.0	$ 3.0	$ 3.0	$ 3.0	$ 1,619.5
Interest payments on debt	944.3	97.2	97.0	96.8	96.6	96.4	460.3
Operating leases	1.3	0.6	0.5	0.2	—	—	—
Energy Services firm transportation and storage contracts	17.4	9.7	4.0	0.9	0.9	0.7	1.2
Employee benefit plans	67.3	9.5	14.6	14.5	13.8	14.9	—
ONEOK total	$ 2,664.8	$ 120.0	$ 119.1	$ 115.4	$ 114.3	$ 115.0	$ 2,081.0
ONEOK Partners							
ONEOK Partners senior notes	$ 5,700.0	$ 400.0	$ 425.0	$ 500.0	$ 300.0	$ —	$ 4,075.0
Term Loan Agreement	1,000.0	—	—	1,000.0	—	—	—
Guardian Pipeline senior notes	44.3	7.7	7.7	7.7	7.7	7.7	5.8
Commercial paper borrowings	1,110.3	1,110.3	—	—	—	—	—
Interest payments on debt	4,009.5	322.5	314.5	243.0	233.2	222.5	2,673.8
Operating leases	15.0	2.0	1.9	1.6	1.5	1.4	6.6
Firm transportation and storage contracts	227.1	51.5	43.0	37.5	37.1	23.0	35.0
Financial and physical derivatives	193.0	193.0	—	—	—	—	—
Purchase commitments, rights of way and other	296.7	88.3	88.7	45.5	45.5	20.5	8.2
ONEOK Partners total	$ 12,595.9	$ 2,175.3	$ 880.8	$ 1,835.3	$ 625.0	$ 275.1	$ 6,804.4
Total	$ 15,260.7	$ 2,295.3	$ 999.9	$ 1,950.7	$ 739.3	$ 390.1	$ 8,885.4

Long-term debt, ONEOK Partners senior notes, Term Loan Agreement, Guardian Pipeline senior notes and commercial paper borrowings - The amount of principal due in each period.

Interest payments on debt - Interest payments are calculated by multiplying long-term debt principal amount by the respective coupon rates.

Operating leases - Our operating leases include leases for office space and pipeline equipment.

Firm transportation and storage contracts - The Natural Gas Gathering and Processing and Natural Gas Liquids segments are party to fixed-price contracts for firm transportation and storage capacity.

Energy services firm transportation and storage contracts - These obligations include future payments related to released contracts. See additional information in Note Q in the Notes to the Consolidated Financial Statements.

Financial and physical derivatives - These are obligations arising from ONEOK Partners' fixed- and variable-price purchase commitments for physical and financial commodity derivatives. Estimated future variable-price purchase commitments are based on market information at December 31, 2016 . Actual future variable-price purchase obligations may vary depending on market prices at the time of delivery. Sales of the related physical volumes and net positive settlements of financial derivatives are not reflected in the table above.

Employee benefit plans - We contributed $7.5 million to our defined benefit pension plan in January 2017 and expect to make approximately $2.0 million in contributions to our postretirement plans in 2017. See Note L of the Notes to Consolidated Financial Statements in this Annual Report for discussion of our employee benefit plans.

Purchase commitments, rights of way and other - Purchase commitments include commitments related to ONEOK Partners' growth capital expenditures and other rights-of-way and contractual commitments. Purchase commitments exclude commodity purchase contracts, which are included in the "Financial and physical derivatives" amounts.

FORWARD-LOOKING STATEMENTS

Some of the statements contained and incorporated in this Annual Report are forward-looking statements as defined under federal securities laws. The forward-looking statements relate to our anticipated financial performance (including projected operating income, net income, capital expenditures, cash flow and projected levels of dividends and distributions), liquidity, management's plans and objectives for our future growth projects and other future operations (including plans to construct additional natural gas and natural gas liquids pipelines and processing facilities and related cost estimates), our business prospects, the outcome of regulatory and legal proceedings, market conditions and other matters. We make these forward-looking statements in reliance on the safe harbor protections provided under federal securities legislation and other applicable laws. The following discussion is intended to identify important factors that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Forward-looking statements include the items identified in the preceding paragraph, the information concerning possible or assumed future results of our operations and other statements contained or incorporated in this Annual Report identified by words such as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," "should," "goal," "forecast," "guidance," "could," "may," "continue," "might," "potential," "scheduled" and other words and terms of similar meaning.

One should not place undue reliance on forward-looking statements. Known and unknown risks, uncertainties and other factors may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by forward-looking statements. Those factors may affect our operations, markets, products, services and prices. In addition to any assumptions and other factors referred to specifically in connection with the forward-looking statements, factors that could cause our actual results to differ materially from those contemplated in any forward-looking statement include, among others, the following:

- the ability to obtain the requisite approvals from our shareholders or ONEOK Partners' unitholders relating to the Merger Transaction;
- the risk that we or ONEOK Partners may be unable to obtain governmental and regulatory approvals required for the Merger Transaction, if any, or required governmental and regulatory approvals, if any, may delay the Merger Transaction or result in the imposition of conditions that could cause the parties to abandon the Merger Transaction;
- the risk that a condition to closing of the Merger Transaction may not be satisfied;
- the timing to consummate the Merger Transaction;
- the risk that cost savings, tax benefits and any other synergies from the Merger Transaction may not be fully realized or may take longer to realize than expected;
- disruption from the Merger Transaction may make it more difficult to maintain relationships with customers, employees or suppliers;
- the possible diversion of management time on Merger Transaction-related issues;
- the impact and outcome of pending and future litigation, including litigation, if any, relating to the Merger Transaction;
- the effects of weather and other natural phenomena, including climate change, on our operations, demand for our services and energy prices;
- competition from other United States and foreign energy suppliers and transporters, as well as alternative forms of energy, including, but not limited to, solar power, wind power, geothermal energy and biofuels such as ethanol and biodiesel;
- the capital intensive nature of our businesses;
- the profitability of assets or businesses acquired or constructed by us;
- our ability to make cost-saving changes in operations;
- risks of marketing, trading and hedging activities, including the risks of changes in energy prices or the financial condition of our counterparties;
- the uncertainty of estimates, including accruals and costs of environmental remediation;
- the timing and extent of changes in energy commodity prices;

- the effects of changes in governmental policies and regulatory actions, including changes with respect to income and other taxes, pipeline safety, environmental compliance, climate change initiatives and authorized rates of recovery of natural gas and natural gas transportation costs;
- the impact on drilling and production by factors beyond our control, including the demand for natural gas and crude oil; producers' desire and ability to obtain necessary permits; reserve performance; and capacity constraints on the pipelines that transport crude oil, natural gas and NGLs from producing areas and our facilities;
- difficulties or delays experienced by trucks, railroads or pipelines in delivering products to or from our terminals or pipelines;
- changes in demand for the use of natural gas, NGLs and crude oil because of market conditions caused by concerns about climate change;
- conflicts of interest between us, ONEOK Partners and related parties of ONEOK Partners;
- the impact of unforeseen changes in interest rates, equity markets, inflation rates, economic recession and other external factors over which we have no control, including the effect on pension and postretirement expense and funding resulting from changes in equity and bond market returns;
- our indebtedness could make us vulnerable to general adverse economic and industry conditions, limit our ability to borrow additional funds and/or place us at competitive disadvantages compared with our competitors that have less debt, or have other adverse consequences;
- actions by rating agencies concerning the credit ratings of ONEOK and ONEOK Partners;
- the results of administrative proceedings and litigation, regulatory actions, rule changes and receipt of expected clearances involving any local, state or federal regulatory body, including the FERC, the National Transportation Safety Board, the PHMSA, the EPA and CFTC;
- our ability to access capital at competitive rates or on terms acceptable to us;
- risks associated with adequate supply to our gathering, processing, fractionation and pipeline facilities, including production declines that outpace new drilling or extended periods of ethane rejection;
- the risk that material weaknesses or significant deficiencies in our internal controls over financial reporting could emerge or that minor problems could become significant;
- the impact and outcome of pending and future litigation;
- the ability to market pipeline capacity on favorable terms, including the effects of:
  - future demand for and prices of natural gas, NGLs and crude oil;
  - competitive conditions in the overall energy market;
  - availability of supplies of Canadian and United States natural gas and crude oil; and
  - availability of additional storage capacity;
- performance of contractual obligations by our customers, service providers, contractors and shippers;
- the timely receipt of approval by applicable governmental entities for construction and operation of our pipeline and other projects and required regulatory clearances;
- our ability to acquire all necessary permits, consents or other approvals in a timely manner, to promptly obtain all necessary materials and supplies required for construction, and to construct gathering, processing, storage, fractionation and transportation facilities without labor or contractor problems;
- the mechanical integrity of facilities operated;
- demand for our services in the proximity of our facilities;
- our ability to control operating costs;
- acts of nature, sabotage, terrorism or other similar acts that cause damage to our facilities or our suppliers' or shippers' facilities;
- economic climate and growth in the geographic areas in which we do business;
- the risk of a prolonged slowdown in growth or decline in the United States or international economies, including liquidity risks in United States or foreign credit markets;
- the impact of recently issued and future accounting updates and other changes in accounting policies;
- the possibility of future terrorist attacks or the possibility or occurrence of an outbreak of, or changes in, hostilities or changes in the political conditions in the Middle East and elsewhere;
- the risk of increased costs for insurance premiums, security or other items as a consequence of terrorist attacks;
- risks associated with pending or possible acquisitions and dispositions, including our ability to finance or integrate any such acquisitions and any regulatory delay or conditions imposed by regulatory bodies in connection with any such acquisitions and dispositions;
- the impact of uncontracted capacity in our assets being greater or less than expected;
- the ability to recover operating costs and amounts equivalent to income taxes, costs of property, plant and equipment and regulatory assets in our state and FERC-regulated rates;
- the composition and quality of the natural gas and NGLs we gather and process in our plants and transport on our pipelines;
- the efficiency of our plants in processing natural gas and extracting and fractionating NGLs;

- the impact of potential impairment charges;
- the risk inherent in the use of information systems in our respective businesses, implementation of new software and hardware, and the impact on the timeliness of information for financial reporting;
- our ability to control construction costs and completion schedules of our pipelines and other projects; and
- the risk factors listed in the reports we have filed and may file with the SEC, which are incorporated by reference.

These factors are not necessarily all of the important factors that could cause actual results to differ materially from those expressed in any of our forward-looking statements. Other factors could also have material adverse effects on our future results. These and other risks are described in greater detail in Part I, Item 1A, Risk Factors, in this Annual Report and in our other filings that we make with the SEC, which are available via the SEC's website at www.sec.gov and our website at www.oneok.com. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by these factors. Any such forward-looking statement speaks only as of the date on which such statement is made, and other than as required under securities laws, we undertake no obligation to update publicly any forward-looking statement whether as a result of new information, subsequent events or change in circumstances, expectations or otherwise.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Our exposure to market risk discussed below includes forward-looking statements and represents an estimate of possible changes in future earnings that could occur assuming hypothetical future movements in interest rates or commodity prices. Our views on market risk are not necessarily indicative of actual results that may occur and do not represent the maximum possible gains and losses that may occur since actual gains and losses will differ from those estimated based on actual fluctuations in interest rates or commodity prices and the timing of transactions.

We are exposed to market risk due to commodity price and interest-rate volatility. Market risk is the risk of loss arising from adverse changes in market rates and prices. We may use financial instruments, including forward sales, swaps, options and futures, to manage the risks of certain identifiable or anticipated transactions and achieve a more predictable cash flow. Our risk-management function follows established policies and procedures to monitor ONEOK Partners' natural gas, condensate and NGL marketing activities and our and ONEOK Partners' interest rates to ensure our hedging activities mitigate market risks. Neither we nor ONEOK Partners use financial instruments for trading purposes.

We record derivative instruments at fair value. We estimate the fair value of derivative instruments using available market information and appropriate valuation techniques. Changes in derivative instruments' fair values are recognized in earnings unless the instrument qualifies as a hedge and meets specific hedge accounting criteria. The effective portion of qualifying derivative instruments' gains and losses may offset the hedged items' related results in earnings for a fair value hedge or be deferred in accumulated other comprehensive income (loss) for a cash flow hedge.

COMMODITY PRICE RISK

As part of its hedging strategy, ONEOK Partners uses commodity derivative financial instruments and physical-forward contracts described in Note D of the Notes to Consolidated Financial Statements in this Annual Report to minimize the impact of near-term price fluctuations related to natural gas, NGLs and condensate.

ONEOK Partners is exposed to basis risk between the various production and market locations where it receives and sells commodities. Although ONEOK Partners' businesses are predominately fee-based, in the Natural Gas Gathering and Processing segment, ONEOK Partners is exposed to commodity price risk as a result of retaining a portion of the commodity sales proceeds associated with its POP with fee contracts. ONEOK Partners has restructured a portion of its POP with fee contracts to include significantly higher fees, which reduces its equity volumes and the related commodity price exposure. However, under certain POP with fee contracts, ONEOK Partners' fee revenues may increase or decrease if production volumes, delivery pressures or commodity prices change relative to specified thresholds.

The following tables set forth hedging information for the Natural Gas Gathering and Processing segment's forecasted equity volumes for the periods indicated:

	Year Ending December 31, 2017		
	Volumes Hedged	Average Price	Percentage Hedged
NGLs - excluding ethane (*MBbl/d*) - Conway/Mont Belvieu	8.0	$ 0.51 / gallon	91%
Condensate (*MBbl/d*) - WTI-NYMEX	1.8	$ 44.88 / Bbl	72%
Natural gas (*BBtu/d*) - NYMEX and basis	73.1	$ 2.63 / MMBtu	97%

	Year Ending December 31, 2018		
	Volumes Hedged	Average Price	Percentage Hedged
NGLs - excluding ethane (*MBbl/d*) - Conway/Mont Belvieu	1.9	$ 0.68 / gallon	22%
Condensate (*MBbl/d*) - WTI-NYMEX	0.6	$ 56.80 / Bbl	25%
Natural gas (*BBtu/d*) - NYMEX and basis	49.7	$ 2.80 / MMBtu	74%

The Natural Gas Gathering and Processing segment's commodity price sensitivity is estimated as a hypothetical change in the price of NGLs, crude oil and natural gas at December 31, 2016 . Condensate sales are typically based on the price of crude oil. We estimate the following for ONEOK Partners' forecasted equity volumes, including the effects of hedging information set forth above, and assuming normal operating conditions, for the year ending December 31, 2017:

- a $0.01 per-gallon change in the composite price of NGLs would change 12-month adjusted EBITDA for the year ending December 31, 2017, by approximately $0.4 million ;
- a $1.00 per-barrel change in the price of crude oil would change 12-month adjusted EBITDA for the year ending December 31, 2017, by approximately $0.4 million ; and
- a $0.10 per-MMBtu change in the price of residue natural gas would change 12-month adjusted EBITDA for the year ending December 31, 2017, by approximately $0.1 million .

These estimates do not include any effects on demand for ONEOK Partners' services or natural gas processing plant operations that might be caused by, or arise in conjunction with, commodity price fluctuations. For example, a change in the gross processing spread may cause a change in the amount of ethane extracted from the natural gas stream, impacting gathering and processing financial results for certain contracts.

The following tables set forth hedging information related to purchased put options to reduce commodity price sensitivity associated with certain POP with fee contracts:

	Year Ending December 31, 2017		
	Volumes Hedged	Average Strike Price	Fair Value Asset at December 31, 2016
			(*Millions of dollars*)
Natural gas (*BBtu/d*) - NYMEX	147.9	$ 2.47 / MMBtu	$ 1.0

See Note D of the Notes to Consolidated Financial Statements in this Annual Report for more information on ONEOK Partners' hedging activities.

INTEREST-RATE RISK

We and ONEOK Partners are exposed to interest-rate risk through the ONEOK Credit Agreement, the ONEOK Partners Credit Agreement, ONEOK Partners' commercial paper program, Term Loan Agreement and long-term debt issuances. Future increases in LIBOR, corporate commercial paper rates or investment-grade corporate bond rates could expose us to increased interest costs on future borrowings. We manage interest-rate risk through the use of fixed-rate debt, floating-rate debt and interest-rate swaps. Interest-rate swaps are agreements to exchange interest payments at some future point based on specified notional amounts. In January 2016, ONEOK Partners entered into interest-rate swaps with notional amounts totaling $1 billion to hedge the variability of its LIBOR-based interest payments, all of which were active swaps as of December 31, 2016. In addition, in June 2016, ONEOK Partners entered into forward-starting interest-rate swaps with notional amounts totaling $750 million to hedge the variability of interest payments on a portion of its forecasted debt issuances that may result from changes in the benchmark interest rate before the debt is issued, resulting in total notional amounts of this type of interest-rate swap of $1.2 billion at December 31, 2016 , compared with $400 million at December 31, 2015. All of ONEOK Partners' interest-rate swaps are designated as cash flow hedges. At December 31, 2016 , ONEOK Partners had derivative assets of $47.5 million and derivative liabilities of $12.8 million related to these interest-rate swaps. At December 31, 2015 , ONEOK Partners had derivative liabilities of $9.9 million related to these interest-rate swaps.

See Note D of the Notes to Consolidated Financial Statements in this Annual Report for more information on ONEOK Partners' hedging activities.

COUNTERPARTY CREDIT RISK

ONEOK and ONEOK Partners assess the creditworthiness of their counterparties on an ongoing basis and require security, including prepayments and other forms of collateral, when appropriate. Certain of ONEOK Partners' counterparties to the Natural Gas Gathering and Processing segment's natural gas sales, the Natural Gas Liquids segment's marketing activities and the Natural Gas Pipelines segment's storage activities may be impacted by the low commodity price environment and could experience financial problems, which could result in nonpayment and/or nonperformance, which could adversely impact our results of operations.

Customer concentration - In 2016, no single customer represented more than 10 percent of our consolidated revenues and only 26 customers individually represented one percent or more of our consolidated revenues, the majority of which are investment-grade customers, as rated by S&P, Moody's or our comparable internal ratings, or secured by letters of credit or other collateral.

Natural Gas Gathering and Processing - The Natural Gas Gathering and Processing segment's customers are primarily crude oil and natural gas producers, which include both large integrated and independent exploration and production companies. ONEOK Partners is not typically exposed to material credit risk with exploration and production customers under POP with fee contracts as ONEOK Partners sells the commodities and remits a portion of the sales proceeds back to the producer customer. In 2016 and 2015, approximately 99 percent of the downstream commodity sales in the Natural Gas Gathering and Processing segment were made to investment-grade customers, as rated by S&P, Moody's or our comparable internal ratings, or were secured by letters of credit or other collateral.

Natural Gas Liquids - The Natural Gas Liquids segment's customers are primarily NGL and natural gas gathering and processing companies; large and independent crude oil and natural gas production companies; propane distributors; ethanol producers; and petrochemical, refining and NGL marketing companies. ONEOK Partners earns fee-based revenue from NGL and natural gas gathering and processing customers and natural gas liquids pipeline transportation customers. ONEOK Partners is not typically exposed to material credit risk on the majority of its exchange services fee revenues, as ONEOK Partners purchases NGLs from its gathering and processing customers and deducts fees from the amounts it remits. ONEOK Partners also earns sales revenue on the downstream sales of NGL products. In 2016 and 2015, approximately 80 percent of this segment's commodity sales were made to investment-grade customers, as rated by S&P, Moody's or our comparable internal ratings, or were secured by letters of credit or other collateral. In addition, the majority of the Natural Gas Liquids segment's pipeline tariffs provide ONEOK Partners the ability to require security from shippers.

Natural Gas Pipelines - The Natural Gas Pipelines segment's customers are primarily local natural gas distribution companies, electric-generation facilities, large industrial companies, municipalities, irrigation customers and marketing companies. In 2016 and 2015, approximately 85 percent of the revenues in this segment were from investment-grade customers, as rated by S&P, Moody's or our comparable internal ratings, or were secured by letters of credit or other collateral. In addition, the majority of the Natural Gas Pipelines segment's pipeline tariffs provide ONEOK Partners the ability to require security from shippers.

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ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of
ONEOK, Inc.:

In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of income, comprehensive income, shareholders’ equity and cash flows present fairly, in all material respects, the financial position of ONEOK, Inc. and its subsidiaries (the Company) at December 31, 2016 and 2015, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company’s management is responsible for these financial statements, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management’s Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements and on the Company’s internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

A company’s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP

Tulsa, Oklahoma
February 28, 2017

ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF INCOME

	Years Ended December 31,		
	2016	**2015**	**2014**
	(Thousands of dollars, except per share amounts)		
Revenues			
Commodity sales	**$ 6,858,456**	$ 6,098,343	$ 10,724,981
Services	**2,062,478**	1,664,863	1,470,110
Total revenues	**8,920,934**	7,763,206	12,195,091
Cost of sales and fuel (exclusive of items shown separately below)	**6,496,124**	5,641,052	10,088,548
Operations and maintenance	**668,335**	605,748	599,143
Depreciation and amortization	**391,585**	354,620	294,684
Impairment of long-lived assets (Note E)	**—**	83,673	—
General taxes	**88,849**	87,583	75,744
Gain on sale of assets	**(9,635)**	(5,629)	(6,599)
Operating income	**1,285,676**	996,159	1,143,571
Equity in net earnings from investments (Note N)	**139,690**	125,300	117,415
Impairment of equity investments (Note N)	**—**	(180,583)	(76,412)
Allowance for equity funds used during construction	**209**	2,179	14,937
Other income	**6,091**	368	5,598
Other expense	**(4,059)**	(4,760)	(29,073)
Interest expense (net of capitalized interest of $10,591, $36,572 and $54,813, respectively)	**(469,651)**	(416,787)	(356,163)
Income before income taxes	**957,956**	521,876	819,873
Income taxes (Note M)	**(212,406)**	(136,600)	(151,158)
Income from continuing operations	**745,550**	385,276	668,715
Income (loss) from discontinued operations, net of tax (Note Q)	**(2,051)**	(6,081)	(5,607)
Net income	**743,499**	379,195	663,108
Less: Net income attributable to noncontrolling interests	**391,460**	134,218	349,001
Net income attributable to ONEOK	**$ 352,039**	$ 244,977	$ 314,107
Amounts attributable to ONEOK:			
Income from continuing operations	**$ 354,090**	$ 251,058	$ 319,714
Income (loss) from discontinued operations	**(2,051)**	(6,081)	(5,607)
Net income	**$ 352,039**	$ 244,977	$ 314,107
Basic earnings per share:			
Income from continuing operations (Note J)	**$ 1.68**	$ 1.19	$ 1.53
Income (loss) from discontinued operations	**(0.01)**	(0.02)	(0.03)
Net income	**$ 1.67**	$ 1.17	$ 1.50
Diluted earnings per share:			
Income from continuing operations (Note J)	**$ 1.67**	$ 1.19	$ 1.52
Income (loss) from discontinued operations	**(0.01)**	(0.03)	(0.03)
Net income	**$ 1.66**	$ 1.16	$ 1.49
Average shares (*thousands*)			
Basic	**211,128**	210,208	209,391
Diluted	**212,383**	210,541	210,427
Dividends declared per share of common stock	**$ 2.46**	$ 2.43	$ 2.125

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Years Ended December 31,		
	2016	**2015**	**2014**
	(*Thousands of dollars*)		
Net income	**$ 743,499**	$ 379,195	$ 663,108
Other comprehensive income (loss), net of tax			
Unrealized gains (losses) on derivatives, net of tax of $5,452, $(6,138) and $10,029, respectively	**(30,300)**	41,362	(58,307)
Realized (gains) losses on derivatives in net income, net of tax of $230, $8,815 and $(14,098), respectively	**(6,977)**	(54,709)	41,723
Unrealized holding gains (losses) on available-for-sale securities, net of tax of $0, $648 and $(106), respectively	**—**	(955)	98
Change in pension and postretirement benefit plan liability, net of tax of $11,128, $(10,278) and $15,781, respectively	**(16,693)**	15,416	(23,672)
Other comprehensive income (loss) on investments in unconsolidated affiliates, net of tax of $270, $293 and $0, respectively	**(1,505)**	(1,632)	—
Total other comprehensive income (loss), net of tax	**(55,475)**	(518)	(40,158)
Comprehensive income	**688,024**	378,677	622,950
Less: Comprehensive income attributable to noncontrolling interests	**363,093**	124,589	326,598
Comprehensive income attributable to ONEOK	**$ 324,931**	$ 254,088	$ 296,352

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	December 31, 2016	December 31, 2015
Assets	*(Thousands of dollars)*	
Current assets		
Cash and cash equivalents	**$ 248,875**	$ 97,619
Accounts receivable, net	**872,430**	593,979
Materials and supplies	**60,912**	76,696
Natural gas and natural gas liquids in storage	**140,034**	128,084
Commodity imbalances	**60,896**	38,681
Other current assets	**45,986**	39,946
Assets of discontinued operations (Note Q)	**551**	205
Total current assets	**1,429,684**	975,210
Property, plant and equipment		
Property, plant and equipment	**15,078,497**	14,530,460
Accumulated depreciation and amortization	**2,507,094**	2,156,471
Net property, plant and equipment (Note E)	**12,571,403**	12,373,989
Investments and other assets		
Investments in unconsolidated affiliates (Note N)	**958,807**	948,221
Goodwill and intangible assets (Note F)	**1,005,359**	1,017,258
Other assets	**162,998**	112,598
Assets of discontinued operations (Note Q)	**10,500**	18,835
Total investments and other assets	**2,137,664**	2,096,912
Total assets	**$ 16,138,751**	$ 15,446,111

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries

CONSOLIDATED BALANCE SHEETS

	December 31, 2016	December 31, 2015
Liabilities and equity	*(Thousands of dollars)*	
Current liabilities		
Current maturities of long-term debt (Note G)	**$ 410,650**	$ 110,650
Short-term borrowings (Note G)	**1,110,277**	546,340
Accounts payable	**874,731**	615,982
Commodity imbalances	**142,646**	74,460
Accrued interest	**112,514**	129,043
Other current liabilities	**166,042**	132,556
Liabilities of discontinued operations (Note Q)	**19,841**	29,235
Total current liabilities	**2,836,701**	1,638,266
Long-term debt, excluding current maturities (Note G)	**7,919,996**	8,323,582
Deferred credits and other liabilities		
Deferred income taxes (Note M)	**1,623,822**	1,436,715
Other deferred credits	**321,846**	264,248
Liabilities of discontinued operations (Note Q)	**7,471**	16,964
Total deferred credits and other liabilities	**1,953,139**	1,717,927
Commitments and contingencies (Note P)		
Equity (Note H)		
ONEOK shareholders' equity:		
Common stock, $0.01 par value:		
authorized 600,000,000 shares; issued 245,811,180 shares and outstanding 210,681,661 shares at December 31, 2016; issued 245,811,180 shares and outstanding 209,731,028 shares at December 31, 2015	**2,458**	2,458
Paid-in capital	**1,234,314**	1,378,444
Accumulated other comprehensive loss (Note I)	**(154,350)**	(127,242)
Retained earnings	**—**	—
Treasury stock, at cost: 35,129,519 shares at December 31, 2016 and 36,080,152 shares at December 31, 2015	**(893,677)**	(917,862)
Total ONEOK shareholders' equity	**188,745**	335,798
Noncontrolling interests in consolidated subsidiaries	**3,240,170**	3,430,538
Total equity	**3,428,915**	3,766,336
Total liabilities and equity	**$ 16,138,751**	$ 15,446,111

See accompanying Notes to Consolidated Financial Statements.

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ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2016	**2015**	**2014**
	(Thousands of dollars)		
Operating activities			
Net income	**$ 743,499**	$ 379,195	$ 663,108
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	**391,585**	354,620	306,038
Impairment charges	**—**	264,256	76,412
Equity in net earnings from investments	**(139,690)**	(125,300)	(117,415)
Distributions received from unconsolidated affiliates	**144,673**	122,003	117,912
Deferred income taxes	**211,638**	137,737	156,728
Share-based compensation expense	**40,563**	16,435	26,226
Pension and postretirement benefit expense, net of contributions	**11,643**	14,814	18,093
Allowance for equity funds used during construction	**(209)**	(2,179)	(14,937)
Gain on sale of assets	**(9,635)**	(5,629)	(6,599)
Changes in assets and liabilities, net of acquisitions:			
Accounts receivable	**(285,806)**	157,051	381,513
Natural gas and natural gas liquids in storage	**(11,950)**	6,050	160,860
Accounts payable	**287,632**	(205,143)	(417,993)
Commodity imbalances, net	**45,971**	(4,083)	(90,354)
Settlement of exit activities liabilities	**(19,906)**	(38,536)	(51,757)
Accrued interest	**(16,529)**	24,166	(4,351)
Risk-management assets and liabilities	**(78,136)**	(32,370)	59,539
Other assets and liabilities, net	**36,271**	(56,107)	22,587
Cash provided by operating activities	**1,351,614**	1,006,980	1,285,610
Investing activities			
Capital expenditures (less allowance for equity funds used during construction)	**(624,634)**	(1,188,312)	(1,779,150)
Cash paid for acquisitions, net of cash received	**—**	—	(814,934)
Contributions to unconsolidated affiliates	**(68,275)**	(27,540)	(1,063)
Distributions received from unconsolidated affiliates in excess of cumulative earnings	**52,044**	33,915	21,107
Proceeds from sale of assets	**25,420**	3,825	7,817
Other	**—**	(12,607)	—
Cash used in investing activities	**(615,445)**	(1,190,719)	(2,566,223)
Financing activities			
Dividends paid	**(517,601)**	(509,197)	(443,817)
Distributions to noncontrolling interests	**(549,419)**	(535,825)	(447,459)
Borrowing (repayment) of short-term borrowings, net	**563,937**	(508,956)	490,834
Issuance of ONE Gas debt, net of discounts	**—**	—	1,199,994
Issuance of long-term debt, net of discounts	**1,000,000**	1,291,506	—
ONE Gas long-term debt financing costs	**—**	—	(9,663)
Debt financing costs	**(2,770)**	(17,515)	—
Repayment of long-term debt	**(1,108,040)**	(7,753)	(557,679)
Issuance of common stock	**21,971**	20,669	19,150
Issuance of common units, net of issuance costs	**—**	375,660	1,113,139
Cash of ONE Gas at separation	**—**	—	(60,000)
Other	**7,130**	—	—
Cash provided by (used in) financing activities	**(584,792)**	108,589	1,304,499
Change in cash and cash equivalents	**151,377**	(75,150)	23,886
Change in cash and cash equivalents included in discontinued operations	**(121)**	(43)	3,361
Change in cash and cash equivalents from continuing operations	**151,256**	(75,193)	27,247
Cash and cash equivalents at beginning of period	**97,619**	172,812	145,565

Cash and cash equivalents at end of period	**$**	**248,875**	$	97,619	$	172,812
Supplemental cash flow information:						
Cash paid for interest, net of amounts capitalized	**$**	**461,208**	$	367,835	$	340,144
Cash paid (refunds received) for income taxes	**$**	**361**	$	3,324	$	(11,881)

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

	ONEOK Shareholders' Equity						
	Common Stock Issued		**Common Stock**		**Paid-in Capital**		**Accumulated Other Comprehensive Loss**
	(Shares)				*(Thousands of dollars)*		
January 1, 2014	245,811,180	$	2,458	$	1,433,600	$	(121,987)
Net income	—		—		—		—
Other comprehensive income (loss)	—		—		—		(17,755)
Common stock issued	—		—		(18,307)		—
Common stock dividends - $2.125 per share (Note H)	—		—		—		—
Issuance of common units of ONEOK Partners (Note O)	—		—		156,143		—
Distribution of ONE Gas to shareholders (Note Q)	—		—		—		3,389
Distributions to noncontrolling interests	—		—		—		—
West Texas LPG noncontrolling interest (Note R)	—		—		—		—
Other	—		—		(29,853)		—
December 31, 2014	245,811,180		2,458		1,541,583		(136,353)
Net income	—		—		—		—
Other comprehensive income (loss) (Note I)	—		—		—		9,111
Common stock issued	—		—		(7,550)		—
Common stock dividends - $2.43 per share (Note H)	—		—		(126,090)		—
Issuance of common units of ONEOK Partners (Note O)	—		—		(34,446)		—
Distributions to noncontrolling interests	—		—		—		—
Other	—		—		4,947		—
December 31, 2015	245,811,180		2,458		1,378,444		(127,242)
Net income	—		—		—		—
Other comprehensive income (loss) (Note I)	—		—		—		**(27,108)**
Common stock issued	—		—		**2,331**		—
Common stock dividends - $2.46 per share (Note H)	—		—		**(165,562)**		—
Distributions to noncontrolling interests	—		—		—		—
Other	—		—		**19,101**		—
December 31, 2016	**245,811,180**	**$**	**2,458**	**$**	**1,234,314**	**$**	**(154,350)**

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries

CONSOLIDATED STATEMENTS OF SHAREHOLDERS’ EQUITY

(Continued)

	ONEOK Shareholders’ Equity			
	Retained Earnings	**Treasury Stock**	**Noncontrolling Interest in Consolidated Subsidiaries**	**Total Equity**
		(Thousands of dollars)		
January 1, 2014	$ 2,020,815	$ (997,035)	$ 2,507,329	$ 4,845,180
Net income	314,107	—	349,001	663,108
Other comprehensive income (loss)	—	—	(22,403)	(40,158)
Common stock issued	—	43,334	—	25,027
Common stock dividends - $2.125 per share (Note H)	(443,817)	—	—	(443,817)
Issuance of common units of ONEOK Partners (Note O)	—	—	864,387	1,020,530
Distribution of ONE Gas to shareholders (Note Q)	(1,752,977)	—	—	(1,749,588)
Distributions to noncontrolling interests	—	—	(447,459)	(447,459)
West Texas LPG noncontrolling interest (Note R)	—	—	162,913	162,913
Other	—	—	—	(29,853)
December 31, 2014	138,128	(953,701)	3,413,768	4,005,883
Net income	244,977	—	134,218	379,195
Other comprehensive income (loss) (Note I)	—	—	(9,629)	(518)
Common stock issued	—	35,839	—	28,289
Common stock dividends - $2.43 per share (Note H)	(383,107)	—	—	(509,197)
Issuance of common units of ONEOK Partners (Note O)	—	—	428,443	393,997
Distributions to noncontrolling interests	—	—	(535,825)	(535,825)
Other	2	—	(437)	4,512
December 31, 2015	—	(917,862)	3,430,538	3,766,336
Net income	**352,039**	**—**	**391,460**	**743,499**
Other comprehensive income (loss) (Note I)	**—**	**—**	**(28,367)**	**(55,475)**
Common stock issued	**—**	**24,185**	**—**	**26,516**
Common stock dividends - $2.46 per share (Note H)	**(352,039)**	**—**	**—**	**(517,601)**
Distributions to noncontrolling interests	**—**	**—**	**(549,419)**	**(549,419)**
Other	**—**	**—**	**(4,042)**	**15,059**
December 31, 2016	**$ —**	**$ (893,677)**	**$ 3,240,170**	**$ 3,428,915**

ONEOK, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A . SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Nature of Operations - We are the sole general partner and owned 41.2 percent of ONEOK Partners, L.P. (NYSE: OKS), one of the largest publicly traded master limited partnerships, at December 31, 2016 . We are a corporation incorporated under the laws of the state of Oklahoma, and our common stock is listed on the NYSE under the trading symbol "OKE."

On January 31, 2017, we and ONEOK Partners entered into the Merger Agreement, by and among ONEOK, Merger Sub, ONEOK Partners and ONEOK Partners GP, the general partner of ONEOK Partners, pursuant to which we will acquire all of the outstanding common units representing limited partner interests in ONEOK Partners not already directly or indirectly owned by us. Upon the terms and conditions set forth in the Merger Agreement, Merger Sub will be merged with and into ONEOK Partners, with ONEOK Partners continuing as a wholly owned subsidiary of ours, in a taxable transaction to ONEOK Partners' unitholders. For additional information on this transaction, see Note B .

ONEOK Partners is a publicly traded master limited partnership involved in the gathering, processing, storage and transportation of natural gas in the United States. In addition, ONEOK Partners owns one of the nation's premier natural gas liquids systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers.

The Natural Gas Gathering and Processing segment gathers and processes natural gas in the Mid-Continent region, which includes the NGL-rich STACK and SCOOP areas in the Anadarko Basin and the Cana-Woodford Shale, Woodford Shale, Springer Shale, Meramec, Granite Wash and Mississippian Lime formations of Oklahoma and Kansas, and the Hugoton and Central Kansas Uplift Basins in Kansas. ONEOK Partners also gathers and/or processes natural gas in two producing basins in the Rocky Mountain region: the Williston Basin, which spans portions of North Dakota and Montana and includes the oil-producing, NGL-rich Bakken Shale and Three Forks formations; and the Powder River Basin located in Wyoming, which includes the NGL-rich Niobrara Shale and Frontier, Turner and Sussex formations in Wyoming.

The Natural Gas Liquids segment consists of facilities that gather, fractionate and treat NGLs and store NGL products primarily in Oklahoma, Kansas, Texas, New Mexico and the Rocky Mountain region where it provides midstream services to producers of NGLs. The Natural Gas Liquids segment owns or has an ownership interest in FERC-regulated natural gas liquids gathering and distribution pipelines in Oklahoma, Kansas, Texas, New Mexico, Montana, North Dakota, Wyoming and Colorado, and terminal and storage facilities in Missouri, Nebraska, Iowa and Illinois. It also owns FERC-regulated natural gas liquids distribution and refined petroleum products pipelines in Kansas, Missouri, Nebraska, Iowa, Illinois and Indiana that connect its Mid-Continent assets with Midwest markets, including Chicago, Illinois. ONEOK Partners' Natural Gas Liquids segment owns and operates truck- and rail-loading and -unloading facilities that interconnect with its NGL fractionation and pipeline assets.

The Natural Gas Pipelines segment operates interstate and intrastate natural gas transmission pipelines and natural gas storage facilities. ONEOK Partners' FERC-regulated interstate natural gas pipeline assets transport natural gas through pipelines in North Dakota, Minnesota, Wisconsin, Illinois, Indiana, Kentucky, Tennessee, Oklahoma, Texas and New Mexico. ONEOK Partners' intrastate natural gas pipeline assets in Oklahoma transport natural gas throughout the state and have access to the major natural gas producing areas in the Mid-Continent region, which include the emerging STACK and SCOOP areas in the Anadarko Basin and the Cana-Woodford Shale, Woodford Shale, Springer Shale, Meramec, Granite Wash and Mississippian Lime formations. The Roadrunner pipeline transports natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas, and is fully subscribed with 25-year firm demand charge, fee-based agreements. ONEOK Partners owns underground natural gas storage facilities in Oklahoma and Texas that are connected to its intrastate natural gas pipeline assets. ONEOK Partners also has underground natural gas storage facilities in Kansas.

On January 31, 2014, we completed the separation of our former natural gas distribution business into a stand-alone publicly traded company, ONE Gas. In addition, we completed the wind down of our former energy services business on March 31, 2014. Following the separation of the natural gas distribution business and the wind down of our energy services business, our primary source of income and cash flows is generated from our investment in ONEOK Partners. See Note Q for additional discussion of the separation of the natural gas distribution business and the wind down of the energy services business.

For all periods presented, the accompanying consolidated financial statements and notes reflect the results of operations and financial position of our former natural gas distribution and energy services businesses as discontinued operations. Unless indicated otherwise, the information in the Notes to the Consolidated Financial Statements relates to our continuing operations.

Consolidation - Our consolidated financial statements include our accounts and the accounts of our subsidiaries over which we have control or are the primary beneficiary. Management's judgment is required when:

- determining whether an entity is a variable interest entity (VIE);
- determining whether we are the primary beneficiary of a VIE; and
- identifying events that require reconsideration of whether an entity is a VIE.

As a result of adopting ASU 2015-02 described below, we have concluded that ONEOK Partners is a VIE and that we are the primary beneficiary. Therefore, we continue to consolidate ONEOK Partners. We have recorded noncontrolling interests in consolidated subsidiaries on our Consolidated Balance Sheets to recognize the portion of ONEOK Partners that we do not own. We reflected our ownership interest in ONEOK Partners' accumulated other comprehensive income (loss) in our consolidated accumulated other comprehensive income (loss). The remaining portion is reflected as an adjustment to noncontrolling interests in consolidated subsidiaries.

ONEOK Partners provides natural gas sales and transportation and storage services to our former natural gas distribution business. Prior to the completion of the energy services wind down, ONEOK Partners provided natural gas sales and transportation and storage services to our former energy services business. While these transactions were eliminated in consolidation in previous periods, they are reflected now as affiliate transactions and not eliminated in consolidation for all periods presented as these transactions have continued with third parties. See Note Q for additional information.

All significant intercompany balances and transactions have been eliminated in consolidation.

Investments in unconsolidated affiliates are accounted for using the equity method if we have the ability to exercise significant influence over operating and financial policies of our investee. Under this method, an investment is carried at its acquisition cost and adjusted each period for contributions made, distributions received and our share of the investee's comprehensive income. For the investments we account for under the equity method, the premium or excess cost over underlying fair value of net assets is referred to as equity-method goodwill. Impairment of equity investments is recorded when the impairments are other than temporary. These amounts are recorded as investments in unconsolidated affiliates on our accompanying Consolidated Balance Sheets. See Note N for disclosures of our unconsolidated affiliates.

Distributions paid to us from our unconsolidated affiliates are classified as operating activities on our Consolidated Statements of Cash Flows until the cumulative distributions exceed our proportionate share of income from the unconsolidated affiliate since the date of our initial investment. The amount of cumulative distributions paid to us that exceeds our cumulative proportionate share of income in each period represents a return of investment and is classified as an investing activity on our Consolidated Statements of Cash Flows.

Use of Estimates - The preparation of our consolidated financial statements and related disclosures in accordance with GAAP requires us to make estimates and assumptions with respect to values or conditions that cannot be known with certainty that affect the reported amount of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the consolidated financial statements. These estimates and assumptions also affect the reported amounts of revenue and expenses during the reporting period. Items that may be estimated include, but are not limited to, the economic useful life of assets, fair value of assets, liabilities and equity-method investments, obligations under employee benefit plans, provisions for uncollectible accounts receivable, unbilled revenues and cost of goods sold, expenses for services received but for which no invoice has been received, provision for income taxes, including any deferred tax valuation allowances, the results of litigation and various other recorded or disclosed amounts.

We evaluate these estimates on an ongoing basis using historical experience, consultation with experts and other methods we consider reasonable based on the particular circumstances. Nevertheless, actual results may differ significantly from the estimates. Any effects on our financial position or results of operations from revisions to these estimates are recorded in the period when the facts that give rise to the revision become known.

Fair Value Measurements - We define fair value as the price that would be received from the sale of an asset or the transfer of a liability in an orderly transaction between market participants at the measurement date. We use market and income approaches to determine the fair value of our assets and liabilities and consider the markets in which the transactions are executed. We measure the fair value of a group of financial assets and liabilities consistent with how a market participant would price the net risk exposure at the measurement date.

While many of the contracts in our derivative portfolio are executed in liquid markets where price transparency exists, some contracts are executed in markets for which market prices may exist, but the market may be relatively inactive. This results in limited price transparency that requires management's judgment and assumptions to estimate fair values. For certain transactions, we utilize modeling techniques using NYMEX-settled pricing data and implied forward LIBOR curves. Inputs into our fair value estimates include commodity-exchange prices, over-the-counter quotes, historical correlations of pricing data, data obtained from third-party pricing services and LIBOR and other liquid money-market instrument rates. We validate our valuation inputs with third-party information and settlement prices from other sources, where available.

In addition, as prescribed by the income approach, we compute the fair value of the derivative portfolio by discounting the projected future cash flows from the derivative assets and liabilities to present value using interest-rate yields to calculate present-value discount factors derived from LIBOR, Eurodollar futures and the LIBOR interest-rate swaps market. We also take into consideration the potential impact on market prices of liquidating positions in an orderly manner over a reasonable period of time under current market conditions. We consider current market data in evaluating counterparties', as well as our own, nonperformance risk, net of collateral, by using specific and sector bond yields and monitoring the credit default swap markets. Although we use our best estimates to determine the fair value of the executed derivative contracts, the ultimate market prices realized could differ from our estimates, and the differences could be material.

The fair value of forward-starting interest-rate swaps are determined using financial models that incorporate the implied forward LIBOR yield curve for the same period as the future interest-rate swap settlements.

Fair Value Hierarchy - At each balance sheet date, we utilize a fair value hierarchy to classify fair value amounts recognized or disclosed in our financial statements based on the observability of inputs used to estimate such fair value. The levels of the hierarchy are described below:

- Level 1 - fair value measurements are based on unadjusted quoted prices for identical securities in active markets, including NYMEX-settled prices. These balances are comprised predominantly of exchange-traded derivative contracts for natural gas and crude oil.
- Level 2 - fair value measurements are based on significant observable pricing inputs, such as NYMEX-settled prices for natural gas and crude oil, and financial models that utilize implied forward LIBOR yield curves for interest-rate swaps.
- Level 3 - fair value measurements are based on inputs that may include one or more unobservable inputs, including internally developed natural gas basis and NGL price curves that incorporate observable and unobservable market data from broker quotes, third-party pricing services, market volatilities derived from the most recent NYMEX close spot prices and forward LIBOR curves, and adjustments for the credit risk of our counterparties. We corroborate the data on which our fair value estimates are based using our market knowledge of recent transactions, analysis of historical correlations and validation with independent broker quotes. These balances categorized as Level 3 are comprised of derivatives for natural gas and NGLs. We do not believe that our Level 3 fair value estimates have a material impact on our results of operations, as the majority of our derivatives are accounted for as hedges for which ineffectiveness has not been material.

Determining the appropriate classification of our fair value measurements within the fair value hierarchy requires management's judgment regarding the degree to which market data is observable or corroborated by observable market data. We categorize derivatives for which fair value is determined using multiple inputs within a single level, based on the lowest level input that is significant to the fair value measurement in its entirety.

See Note C for discussion of our fair value measurements.

Cash and Cash Equivalents - Cash equivalents consist of highly liquid investments, which are readily convertible into cash and have original maturities of three months or less.

Revenue Recognition - Our reportable segments recognize revenue when services are rendered or product is delivered. The Natural Gas Gathering and Processing segment records revenues when natural gas is gathered or processed through ONEOK Partners' facilities. The Natural Gas Liquids segment records revenues based upon contracted services and volumes exchanged or stored under service agreements in the period services are provided. A portion of revenues for the Natural Gas Pipelines segment and the Natural Gas Liquids segment are recognized based upon contracted capacity and contracted volumes transported and stored under service agreements in the period services are provided. We disaggregate revenue on the Consolidated Statements of Income as follows:

- *Commodity sales* - Commodity sales represent the sale of NGLs, condensate and residue natural gas. ONEOK Partners generally purchases a supplier's raw natural gas or unfractionated NGLs, which it processes into marketable

commodities and condensate, then sells those commodities and condensate to downstream customers. Commodity sales are recognized upon delivery or title transfer to the customer, when revenue recognition criteria are met.
- *Service revenue* - Service revenue represents the fees generated from the performance of ONEOK Partners' services.

ONEOK Partners enters into a variety of contract types that provide commodity sales and service revenue. ONEOK Partners provides services primarily under the following types of contracts:

- *Fee-based* - Under fee-based arrangements, ONEOK Partners receives a fee or fees for one or more of the following services: gathering, compression, processing, transmission and storage of natural gas; and gathering, transportation, fractionation and storage of NGLs. The revenue ONEOK Partners earns from these arrangements generally is directly related to the volume of natural gas and NGLs that flow through ONEOK Partners' systems and facilities, and is not normally directly dependent on commodity prices. However, to the extent a sustained decline in commodity prices results in a decline in volumes, ONEOK Partners' revenues from these arrangements would be reduced. In addition, many of ONEOK Partners' arrangements provide for fixed fee, minimum volume or firm demand charges. Fee-based arrangements are reported as service revenue on the Consolidated Statements of Income.
- *Percent-of-proceeds* - Under POP arrangements in the Natural Gas Gathering and Processing segment, ONEOK Partners generally purchases the producer's raw natural gas which it processes into natural gas and natural gas liquids, then sells these commodities and condensate to downstream customers. ONEOK Partners remits sales proceeds to the producer according to the contractual terms and retains its portion. Typically, ONEOK Partners' POP arrangements also include a fee-based component.

In many cases, the Natural Gas Gathering and Processing segment provides services under contracts that contain a combination of the arrangements described above. When services are provided (in addition to raw natural gas purchased) under POP with fee contracts, ONEOK Partners records such fees as service revenue on the Consolidated Statements of Income. The terms of ONEOK Partners' contracts vary based on natural gas quality conditions, the competitive environment when the contracts are signed and customer requirements.

Cost of Sales and Fuel - Cost of sales and fuel primarily includes (i) the cost of purchased commodities, including NGLs, natural gas and condensate, (ii) fees incurred for third-party transportation, fractionation and storage of commodities, and (iii) fuel and power costs incurred to operate ONEOK Partners' facilities that gather, process, transport and store commodities.

Operations and Maintenance - Operations and maintenance primarily includes (i) payroll and benefit costs, (ii) third-party costs for operations, maintenance and integrity management, regulatory compliance and environmental and safety, and (iii) other business related service costs.

Accounts Receivable - Accounts receivable represent valid claims against nonaffiliated customers for products sold or services rendered, net of allowances for doubtful accounts. We assess the creditworthiness of our counterparties on an ongoing basis and require security, including prepayments and other forms of collateral, when appropriate. Outstanding customer receivables are reviewed regularly for possible nonpayment indicators and allowances for doubtful accounts are recorded based upon management's estimate of collectability at each balance sheet date. At December 31, 2016 and 2015 , the allowance for doubtful accounts was not material.

Inventory - The values of current natural gas and NGLs in storage are determined using the lower of weighted-average cost or market method. Noncurrent natural gas and NGLs are classified as property and valued at cost. Materials and supplies are valued at average cost.

Commodity Imbalances - Commodity imbalances represent amounts payable or receivable for NGL exchange contracts and natural gas pipeline imbalances and are valued at market prices. Under the majority of ONEOK Partners' NGL exchange agreements, it physically receives volumes of unfractionated NGLs, including the risk of loss and legal title to such volumes, from the exchange counterparty. In turn, ONEOK Partners delivers NGL products back to the customer and charges them gathering, fractionation and transportation fees. To the extent that the volumes ONEOK Partners receives under such agreements differ from those it delivers, we record a net exchange receivable or payable position with the counterparties. These net exchange receivables and payables are settled with movements of NGL products rather than with cash. Natural gas pipeline imbalances are settled in cash or in-kind, subject to the terms of the pipelines' tariffs or by agreement.

Derivatives and Risk Management - We utilize derivatives to reduce our market-risk exposure to commodity price and interest-rate fluctuations and to achieve more predictable cash flows. We record all derivative instruments at fair value, with the exception of normal purchases and normal sales transactions that are expected to result in physical delivery. Commodity price and interest-rate volatility may have a significant impact on the fair value of derivative instruments as of a given date.

The accounting for changes in the fair value of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and, if so, the reason for holding it. The table below summarizes the various ways in which we account for our derivative instruments and the impact on our consolidated financial statements:

	Recognition and Measurement	
Accounting Treatment	**Balance Sheet**	**Income Statement**
Normal purchases and normal sales	- Fair value not recorded	- Change in fair value not recognized in earnings
Mark-to-market	- Recorded at fair value	- Change in fair value recognized in earnings
Cash flow hedge	- Recorded at fair value	- Ineffective portion of the gain or loss on the derivative instrument is recognized in earnings
	- Effective portion of the gain or loss on the derivative instrument is reported initially as a component of accumulated other comprehensive income (loss)	- Effective portion of the gain or loss on the derivative instrument is reclassified out of accumulated other comprehensive income (loss) into earnings when the forecasted transaction affects earnings
Fair value hedge	- Recorded at fair value	- The gain or loss on the derivative instrument is recognized in earnings
	- Change in fair value of the hedged item is recorded as an adjustment to book value	- Change in fair value of the hedged item is recognized in earnings

To reduce our exposure to fluctuations in natural gas, NGLs and condensate prices, we periodically enter into futures, forward purchases and sales, options or swap transactions in order to hedge anticipated purchases and sales of natural gas, NGLs and condensate. Interest-rate swaps are used from time to time to manage interest-rate risk. Under certain conditions, these derivative instruments are designated as a hedge of exposure to changes in fair values or cash flows. All relationships between hedging instruments and hedged items are formally documented, as well as risk-management objectives and strategies for undertaking various hedge transactions, and methods for assessing and testing correlation and hedge ineffectiveness. The forecasted transaction that has been designated as the hedged item in a cash flow hedge relationship is specifically identified. The effectiveness of hedging relationships are assessed quarterly by performing an effectiveness analysis on the fair value and cash flow hedging relationships to determine whether the hedge relationships are highly effective on a retrospective and prospective basis. Normal purchases and normal sales transactions that are expected to result in physical delivery and, through election, are exempt from derivative accounting treatment are also documented.

The realized revenues and purchase costs of derivative instruments not considered held for trading purposes and derivatives that qualify as normal purchases or normal sales that are expected to result in physical delivery are reported on a gross basis.

Cash flows from futures, forwards and swaps that are accounted for as hedges are included in the same category as the cash flows from the related hedged items in our Consolidated Statements of Cash Flows.

See Notes C and D for more discussion of our fair value measurements and risk-management and hedging activities using derivatives.

Property, Plant and Equipment - Our properties are stated at cost, including AFUDC and capitalized interest. In some cases, the cost of regulated property retired or sold, plus removal costs, less salvage, is charged to accumulated depreciation. Gains and losses from sales or transfers of nonregulated properties or an entire operating unit or system of our regulated properties are recognized in income. Maintenance and repairs are charged directly to expense.

The interest portion of AFUDC and capitalized interest represent the cost of borrowed funds used to finance construction activities for regulated and nonregulated projects, respectively. We capitalize interest costs during the construction or upgrade of qualifying assets. These costs are recorded as a reduction to interest expense. The equity portion of AFUDC represents the capitalization of the estimated average cost of equity used during the construction of major projects and is recorded in the cost of our regulated properties and as a credit to the allowance for equity funds used during construction.

Our properties are depreciated using the straight-line method over their estimated useful lives. Generally, we apply composite depreciation rates to functional groups of property having similar economic circumstances. We periodically conduct depreciation studies to assess the economic lives of our assets. For ONEOK Partners' regulated assets, these depreciation studies are completed as a part of our rate proceedings or tariff filings, and the changes in economic lives, if applicable, are implemented prospectively when the new rates are billed. For our nonregulated assets, if it is determined that the estimated economic life changes, the changes are made prospectively. Changes in the estimated economic lives of our property, plant and equipment could have a material effect on our financial position or results of operations.

Property, plant and equipment on our Consolidated Balance Sheets includes construction work in process for capital projects that have not yet been placed in service and therefore are not being depreciated. Assets are transferred out of construction work in process when they are substantially complete and ready for their intended use.

See Note E for disclosures of our property, plant and equipment.

Impairment of Goodwill and Long-Lived Assets, Including Intangible Assets - We assess our goodwill for impairment at least annually on July 1, unless events or changes in circumstances indicate an impairment may have occurred before that time. As the commodity-price environment has remained relatively low since 2015, we elected to perform a quantitative assessment, or Step 1 analysis, to test our goodwill for impairment. The assessment included our current commodity price assumptions, expected contractual terms, anticipated operating costs and volume estimates. Our goodwill impairment analysis performed as of July 1, 2016, did not result in an impairment charge nor did our analysis reflect any reporting units at risk. In each reporting unit, the fair value substantially exceeded the carrying value. Subsequent to that date, no event has occurred indicating that the implied fair value of each of our reporting units is less than the carrying value of its net assets.

As part of our impairment test, we may first assess qualitative factors (including macroeconomic conditions, industry and market considerations, cost factors and overall financial performance) to determine whether it is more likely than not that the fair value of each of our reporting units is less than its carrying amount. If further testing is necessary or a quantitative test is elected, we perform a two-step impairment test for goodwill. In the first step, an initial assessment is made by comparing the fair value of a reporting unit with its book value, including goodwill. If the fair value is less than the book value, an impairment is indicated, and we must perform a second test to measure the amount of the impairment. In the second test, we calculate the implied fair value of the goodwill by deducting the fair value of all tangible and intangible net assets of the reporting unit from the fair value determined in step one of the assessment. If the carrying value of the goodwill exceeds the implied fair value of the goodwill, we will record an impairment charge.

To estimate the fair value of our reporting units, we use two generally accepted valuation approaches, an income approach and a market approach, using assumptions consistent with a market participant's perspective. Under the income approach, we use anticipated cash flows over a period of years plus a terminal value and discount these amounts to their present value using appropriate discount rates. Under the market approach, we apply EBITDA multiples to forecasted EBITDA. The multiples used are consistent with historical asset transactions. The forecasted cash flows are based on average forecasted cash flows for a reporting unit over a period of years.

As part of our indefinite-lived intangible asset impairment test, we first assess qualitative factors similar to those considered in the goodwill impairment test to determine whether it is more likely than not that the indefinite-lived intangible asset was impaired. If further testing is necessary, we compare the estimated fair value of our indefinite-lived intangible asset with its book value. The fair value of our indefinite-lived intangible asset is estimated using the market approach. Under the market approach, we apply multiples to forecasted cash flows of the assets associated with our indefinite-lived intangible asset. The multiples used are consistent with historical asset transactions. After assessing qualitative and quantitative factors, we determined that there were no impairments to our indefinite-lived intangible asset in 2016. There were also no impairment charges resulting from our 2015 and 2014 annual impairment tests.

We assess our long-lived assets, including intangible assets with finite useful lives, for impairment whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable. An impairment is indicated if the carrying amount of a long-lived asset exceeds the sum of the undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If an impairment is indicated, we record an impairment loss equal to the difference between the carrying value and the fair value of the long-lived asset.

For the investments we account for under the equity method, the impairment test considers whether the fair value of the equity investment as a whole, not the underlying net assets, has declined and whether that decline is other than temporary. Therefore, we periodically reevaluate the amount at which we carry our equity-method investments to determine whether current events or circumstances warrant adjustments to our carrying values.

See Notes E , F and N for our long-lived assets, goodwill and intangible assets and investments in unconsolidated affiliates disclosures.

Regulation - ONEOK Partners' intrastate natural gas transmission and natural gas liquids pipelines are subject to the rate regulation and accounting requirements of the OCC, KCC, RRC and various municipalities in Texas. ONEOK Partners' interstate natural gas and natural gas liquids pipelines are subject to regulation by the FERC. In Kansas and Texas, natural gas storage may be regulated by the state and the FERC for certain types of services. Portions of the Natural Gas Liquids and Natural Gas Pipelines segments follow the accounting and reporting guidance for regulated operations. In our Consolidated Financial Statements and our Notes to Consolidated Financial Statements, regulated operations are defined pursuant to Financial Accounting Standards Board's (FASB) Accounting Standards Codification (ASC) 980, Regulated Operations. During the rate-making process for certain of ONEOK Partners' assets, regulatory authorities set the framework for what ONEOK Partners can charge customers for its services and establish the manner that its costs are accounted for, including allowing ONEOK Partners to defer recognition of certain costs and permitting recovery of the amounts through rates over time, as opposed to expensing such costs as incurred. Certain examples of types of regulatory guidance include costs for fuel and losses, acquisition costs, contributions in aid of construction, charges for depreciation and gains or losses on disposition of assets. This allows ONEOK Partners to stabilize rates over time rather than passing such costs on to the customer for immediate recovery. Actions by regulatory authorities could have an effect on the amount recovered from rate payers. Any difference in the amount recoverable and the amount deferred is recorded as income or expense at the time of the regulatory action. A write-off of regulatory assets and costs not recovered may be required if all or a portion of the regulated operations have rates that are no longer:

- established by independent, third-party regulators;
- designed to recover the specific entity's costs of providing regulated services; and
- set at levels that will recover our costs when considering the demand and competition for our services.

At December 31, 2016 and 2015 , we recorded regulatory assets of approximately $5.5 million and $5.8 million , respectively, which are currently being recovered and are expected to be recovered from ONEOK Partners' customers. Regulatory assets are being recovered as a result of approved rate proceedings over varying time periods up to 50 years. These assets are reflected in other assets on our Consolidated Balance Sheets.

Pension and Postretirement Employee Benefits - We have a defined benefit retirement plan covering certain full-time employees. We sponsor welfare plans that provide postretirement medical and life insurance benefits to certain employees who retire with at least five years of service. The expense and liability related to these plans is calculated using statistical and other factors that attempt to anticipate future events. These factors include assumptions about the discount rate, expected return on plan assets, rate of future compensation increases, mortality and employment length. In determining the projected benefit obligations and costs, assumptions can change from period to period and may result in material changes in the costs and liabilities we recognize. See Note L for more discussion of pension and postretirement employee benefits.

Income Taxes - Deferred income taxes are provided for the difference between the financial statement and income tax basis of assets and liabilities and carryforward items based on income tax laws and rates existing at the time the temporary differences are expected to reverse. Generally, the effect of a change in tax rates on deferred tax assets and liabilities is recognized in income in the period that includes the enactment date of the rate change. For regulated companies, the effect on deferred tax assets and liabilities of a change in tax rates is recorded as regulatory assets and regulatory liabilities in the period that includes the enactment date, if, as a result of an action by a regulator, it is probable that the effect of the change in tax rates will be recovered from or returned to customers through future rates.

We utilize a more-likely-than-not recognition threshold and measurement attribute for the financial statement recognition and measurement of a tax position that is taken or expected to be taken in a tax return. We reflect penalties and interest as part of income tax expense as they become applicable for tax provisions that do not meet the more-likely-than-not recognition threshold and measurement attribute. During 2016, 2015 and 2014 , our tax positions did not require an establishment of a material reserve.

We utilize the "with-and-without" approach for intra-period tax allocation for purposes of allocating total tax expense (or benefit) for the year among the various financial statement components.

We file numerous consolidated and separate income tax returns with federal tax authorities of the United States along with the tax authorities of several states. There are no United States federal audits or statute waivers at this time. See Note M for additional discussion of income taxes.

Asset Retirement Obligations - Asset retirement obligations represent legal obligations associated with the retirement of long-lived assets that result from the acquisition, construction, development and/or normal use of the asset. Certain long-lived assets that comprise ONEOK Partners' natural gas gathering and processing, natural gas liquids and natural gas pipeline facilities are subject to agreements or regulations that give rise to asset retirement obligations for removal or other disposition costs associated with retiring the assets in place upon the discontinued use of the assets. We recognize the fair value of a liability for an asset-retirement obligation in the period when it is incurred if a reasonable estimate of the fair value can be made. We are not able to estimate reasonably the fair value of the asset retirement obligations for portions of ONEOK Partners' assets, primarily certain pipeline assets, because the settlement dates are indeterminable given the expected continued use of the assets with proper maintenance. We expect ONEOK Partners' pipeline assets, for which we are unable to estimate reasonably the fair value of the asset retirement obligation, will continue in operation as long as supply and demand for natural gas and natural gas liquids exists. Based on the widespread use of natural gas for heating and cooking activities for residential users and electric-power generation for commercial users, as well as use of natural gas liquids by the petrochemical industry, we expect supply and demand to exist for the foreseeable future.

For our assets that we are able to make an estimate, the fair value of the liability is added to the carrying amount of the associated asset, and this additional carrying amount is depreciated over the life of the asset. The liability is accreted at the end of each period through charges to operating expense. If the obligation is settled for an amount other than the carrying amount of the liability, we will recognize a gain or loss on settlement. The depreciation and accretion expense are immaterial to our consolidated financial statements.

In accordance with long-standing regulatory treatment, ONEOK Partners collects, through rates, the estimated costs of removal on certain regulated properties through depreciation expense, with a corresponding credit to accumulated depreciation and amortization. These removal costs collected through rates include legal and nonlegal removal obligations; however, the amounts collected in excess of the asset-removal costs incurred are accounted for as a regulatory liability for financial reporting purposes. Historically, the regulatory authorities that have jurisdiction over our regulated operations have not required us to quantify this amount; rather, these costs are addressed prospectively in depreciation rates and are set in each general rate order. We have made an estimate of our regulatory liability using current rates since the last general rate order in each of our jurisdictions; however, for financial reporting purposes, significant uncertainty exists regarding the ultimate disposition of this regulatory liability, pending, among other issues, clarification of regulatory intent. We continue to monitor regulatory requirements, and the liability may be adjusted as more information is obtained.

Contingencies - Our accounting for contingencies covers a variety of business activities, including contingencies for legal and environmental exposures. We accrue these contingencies when our assessments indicate that it is probable that a liability has been incurred or an asset will not be recovered and an amount can be estimated reasonably. We expense legal fees as incurred and base our legal liability estimates on currently available facts and our estimates of the ultimate outcome or resolution. Accruals for estimated losses from environmental remediation obligations generally are recognized no later than completion of a remediation feasibility study. Recoveries of environmental remediation costs from other parties are recorded as assets when their receipt is deemed probable. Our expenditures for environmental evaluation, mitigation, remediation and compliance to date have not been significant in relation to our financial position or results of operations, and our expenditures related to environmental matters had no material effect on earnings or cash flows during 2016, 2015 and 2014 . Actual results may differ from our estimates resulting in an impact, positive or negative, on earnings. See Note P for additional discussion of contingencies.

Share-Based Payments - We expense the fair value of share-based payments net of estimated forfeitures. We estimate forfeiture rates based on historical forfeitures under our share-based payment plans.

Earnings per Common Share - Basic EPS is calculated based on the daily weighted-average number of shares of common stock outstanding during the period, vested restricted and performance units that have been deferred and share awards deferred under the compensation plan for non-employee directors. Diluted EPS is calculated based on the daily weighted-average number of shares of common stock outstanding during the period plus potentially dilutive components. The dilutive components are calculated based on the dilutive effect for each quarter. For fiscal-year periods, the dilutive components for each quarter are averaged to arrive at the fiscal year-to-date dilutive component.

Recently Issued Accounting Standards Update - Changes to GAAP are established by the FASB in the form of ASUs to the FASB Accounting Standards Codification. We consider the applicability and impact of all ASUs. ASUs not listed below were assessed and determined to be either not applicable or clarifications of ASUs listed below. The following tables provide a brief description of recent accounting pronouncements and our analysis of the effects on our financial statements:

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Standards that were adopted			
ASU 2015-16, "Business Combinations (Topic 805): Simplifying the Accounting for Measurement-Period Adjustments"	The standard requires that an acquirer recognize adjustments to provisional amounts that are identified during the measurement period in the reporting period in which the adjustment amounts are determined.	First quarter 2016	There was no impact, but it could impact us in the future if we complete any acquisitions with subsequent measurement period adjustments.
ASU 2015-07, "Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value per Share (or Its Equivalent)"	The standard removes the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the net asset value per share practical expedient. The amendment also removes the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the net asset value per share practical expedient.	First quarter 2016	The impact of adopting this standard was not material.
ASU 2015-05, "Intangibles—Goodwill and Other—Internal-Use Software (Subtopic 350-40): Customer's Accounting for Fees Paid in a Cloud Computing Arrangement"	The standard clarifies whether a cloud computing arrangement includes a software license. If it does, the customer should account for the software license element of the arrangement consistent with the acquisition of other software licenses; if not, the customer should account for the arrangement as a service contract.	First quarter 2016	The impact of adopting this standard was not material.
ASU 2015-02, "Consolidation (Topic 810): Amendments to the Consolidation Analysis"	The standard eliminates the presumption that a general partner should consolidate a limited partnership. It also modifies the evaluation of whether limited partnerships are variable interest entities or voting interest entities and adds requirements that limited partnerships must meet to qualify as voting interest entities.	First quarter 2016	As a result of adopting this standard, we no longer consolidate ONEOK Partners under the presumption that a general partner should consolidate a limited partnership. We concluded, however, that ONEOK Partners is a VIE and ONEOK is the primary beneficiary, and we therefore consolidate ONEOK Partners under the variable interest model of consolidation. There was no financial statement impact due to the change in consolidation methodology. See Note O for additional information.
ASU 2014-15, "Presentation of Financial Statements- Going Concern (Subtopic 205-40): Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern"	This standard provides guidance on determining when and how to disclose going-concern uncertainties in the financial statements. The new standard requires management to perform interim and annual assessments of an entity's ability to continue as a going concern within one year of the date the financial statements are issued. An entity must provide certain disclosures if conditions or events raise substantial doubt about the entity's ability to continue as a going concern.	Fourth quarter 2016	The impact of adopting this standard was not material.

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Standards that are not yet adopted			
ASU 2015-11, “Inventory (Topic 330): Simplifying the Measurement of Inventory”	The standard requires that inventory, excluding inventory measured using last-in, first-out (LIFO) or the retail inventory method, be measured at the lower of cost or net realizable value.	First quarter 2017	We do not expect the adoption of this standard to materially impact us.
ASU 2016-05, “Derivatives and Hedging (Topic 815): Effect of Derivative Contract Novations on Existing Hedge Accounting Relationships”	The standard clarifies that a change in the counterparty to a derivative instrument that has been designated as the hedging instrument under Topic 815 does not, in and of itself, require dedesignation of that hedging relationship provided that all other hedge accounting criteria continue to be met.	First quarter 2017	We do not expect the adoption of this standard to materially impact us.
ASU 2016-06, “Derivatives and Hedging (Topic 815): Contingent Put and Call Options in Debt Instruments”	The standard clarifies the requirements for assessing whether a contingent call (put) option that can accelerate the payment of principal on a debt instrument is clearly and closely related to its debt host.	First quarter 2017	We do not expect the adoption of this standard to materially impact us.
ASU 2016-09, “Compensation - Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting”	The standard provides simplified accounting for share-based payment transactions in relation to income tax consequences, classification of awards as either equity or liabilities, and classification on the statement of cash flows.	First quarter 2017	As a result of adopting this guidance, we expect to record an adjustment increasing beginning retained earnings and deferred tax assets in the first quarter 2017 of approximately $73 million to recognize previously unrecognized cumulative excess tax benefits related to share-based payments on a modified retrospective basis. Prospectively, all share-based payment tax effects will be recorded in earnings. We do not expect the other effects of adopting this standard to materially impact us.
ASU 2014-09, “Revenue from Contracts with Customers (Topic 606)”	The standard outlines the principles an entity must apply to measure and recognize revenue for entities that enter into contracts to provide goods or services to their customers. The core principle is that an entity should recognize revenue at an amount that reflects the consideration to which the entity expects to be entitled in exchange for transferring goods or services to a customer. The amendment also requires more extensive disaggregated revenue disclosures in interim and annual financial statements.	First quarter 2018	We are evaluating the impact of this standard on us. Our evaluation process includes a review of our and ONEOK Partners’ contracts and transaction types across all of the business segments. In addition, we are currently evaluating the methods of adoption and analyzing the impact of the standard on our internal controls, accounting policies and financial statements and disclosures.
ASU 2016-01, “Financial Instruments-Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities”	The standard requires all equity investments, other than those accounted for using the equity method of accounting or those that result in consolidation of the investee, to be measured at fair value with changes in fair value recognized in net income, eliminates the available-for-sale classification for equity securities with readily determinable fair values and eliminates the cost method for equity investments without readily determinable fair values.	First quarter 2018	We are evaluating the impact of this standard on us.
ASU 2016-15, “Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments”	The standard clarifies the classification of certain cash receipts and cash payments on the statement of cash flows where diversity in practice has been identified.	First quarter 2018	We are evaluating the impact of this standard on us.
ASU 2016-02, “Leases (Topic 842)”	The standard requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. It also requires qualitative disclosures along with specific quantitative disclosures by lessees and lessors to meet the objective of enabling users of financial statements to assess the amount, timing and uncertainty of cash flows arising from leases.	First quarter 2019	We are evaluating our current leases and the impact of the standard on our internal controls, accounting policies and financial statements and disclosures.

Standard	Description	Date of Adoption	Effect on the Financial Statements or Other Significant Matters
Standards that are not yet adopted (continued)			
ASU 2016-13, “Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments”	The standard requires a financial asset (or a group of financial assets) measured at amortized cost basis to be presented net of the allowance for credit losses to reflect the net carrying value at the amount expected to be collected on the financial asset; and the initial allowance for credit losses for purchased financial assets, including available-for-sale debt securities, to be added to the purchase price rather than being reported as a credit loss expense.	First quarter 2020	We are evaluating the impact of this standard on us.
ASU 2017-04, “Intangibles- Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment”	The standard simplifies the subsequent measurement of goodwill by eliminating the requirement to calculate the implied fair value of goodwill under step 2. Instead, an entity will recognize an impairment charge for the amount by which the carrying amount exceeds the reporting unit’s fair value. The standard does not change step zero or step 1 assessments.	First quarter 2020	We are evaluating the impact of this standard on us.

B . ACQUISITION OF ONEOK PARTNERS

On January 31, 2017, we and ONEOK Partners entered into the Merger Agreement in which we will acquire all of ONEOK Partners’ outstanding common units representing limited partner interests in ONEOK Partners not already directly or indirectly owned by us in an all stock-for-unit transaction at a ratio of 0.985 of our common shares per common unit of ONEOK Partners, in a taxable transaction to ONEOK Partners’ common unitholders. Following completion of the Merger Transaction, all of ONEOK Partners’ outstanding common units will be directly or indirectly owned by us and will no longer be publicly traded. All of our and ONEOK Partners’ outstanding debt is expected to remain outstanding. We and ONEOK Partners expect to enter into a cross guarantee agreement whereby each party to the agreement unconditionally guarantees and becomes liable for the indebtedness of each other party to the agreement.

A Special Committee of our Board of Directors, the Conflicts Committee of the Board of Directors of the general partner of ONEOK Partners and the Board of Directors of the general partner of ONEOK Partners each unanimously approved the Merger Agreement. Subject to customary approvals and conditions, the Merger Transaction is expected to close in the second quarter of 2017. The Merger Transaction is subject to the approval of ONEOK Partners’ common unitholders and the approval by our shareholders of the issuance of ONEOK common shares in the Merger Transaction.

The Merger Agreement contains certain termination rights, including the right for either us or ONEOK Partners, as applicable, to terminate the Merger Agreement if the closing of the transactions contemplated by the Merger Agreement has not occurred on or before September 30, 2017. In the event of termination of the Merger Agreement under certain circumstances, we may be required to pay ONEOK Partners a termination fee in the form of a temporary reduction in incentive distributions (up to, in certain instances, $300 million) and, under other certain circumstances, ONEOK Partners may be required to pay us a termination fee of (up to, in certain instances, $300 million in cash).

If the Merger Transaction closes, the expected changes in our ownership interest in ONEOK Partners will be accounted for as an equity transaction pursuant to ASC 810 as we expect to continue to control ONEOK Partners, and no gain or loss will be recognized in our consolidated statements of income resulting from the Merger Transaction. In addition, the tax effects of the Merger Transaction will be reported as adjustments to other assets, deferred income taxes and additional paid-in capital consistent with ASC 740, Income Taxes (ASC 740).

C . FAIR VALUE MEASUREMENTS

Recurring Fair Value Measurements - The following tables set forth our recurring fair value measurements for the periods indicated:

	December 31, 2016					
	Level 1	Level 2	Level 3	Total - Gross	Netting (a)	Total - Net (b)
			(*Thousands of dollars*)			
Derivative assets						
Commodity contracts						
Financial contracts	**$ 1,147**	**$ —**	**$ 4,564**	**$ 5,711**	**$ (4,760)**	**$ 951**
Interest-rate contracts	**—**	**47,457**	**—**	**47,457**	**—**	**47,457**
Total derivative assets	**$ 1,147**	**$ 47,457**	**$ 4,564**	**$ 53,168**	**$ (4,760)**	**$ 48,408**
Derivative liabilities						
Commodity contracts						
Financial contracts	**$ (31,458)**	**$ —**	**$ (24,861)**	**$ (56,319)**	**$ 56,319**	**$ —**
Physical contracts	**—**	**—**	**(3,022)**	**(3,022)**	**—**	**(3,022)**
Interest-rate contracts	**—**	**(12,795)**	**—**	**(12,795)**	**—**	**(12,795)**
Total derivative liabilities	**$ (31,458)**	**$ (12,795)**	**$ (27,883)**	**$ (72,136)**	**$ 56,319**	**$ (15,817)**

(a) - Derivative assets and liabilities are presented in our Consolidated Balance Sheets on a net basis. We net derivative assets and liabilities when a legally enforceable master-netting arrangement exists between the counterparty to a derivative contract and us. At December 31, 2016 , we held no cash and posted $67.7 million of cash with various counterparties, including $51.6 million of cash collateral that is offsetting derivative net liability positions under master-netting arrangements in the table above. The remaining $16.1 million of cash collateral in excess of derivative net liability positions is included in other current assets in our Consolidated Balance Sheets.
(b) - Included in other current assets, other assets or other current liabilities in our Consolidated Balance Sheets.

	December 31, 2015					
	Level 1	Level 2	Level 3	Total - Gross	Netting (a)	Total - Net (b)
			(*Thousands of dollars*)			
Derivative assets						
Commodity contracts						
Financial contracts	$ 38,921	$ —	$ 7,253	$ 46,174	$ (42,414)	$ 3,760
Physical contracts	—	—	3,591	3,591	—	3,591
Total derivative assets	$ 38,921	$ —	$ 10,844	$ 49,765	$ (42,414)	$ 7,351
Derivative liabilities						
Commodity contracts						
Financial contracts	$ (4,513)	$ —	$ (3,513)	$ (8,026)	$ 8,026	$ —
Interest-rate contracts	—	(9,936)	—	(9,936)	—	(9,936)
Total derivative liabilities	$ (4,513)	$ (9,936)	$ (3,513)	$ (17,962)	$ 8,026	$ (9,936)

(a) - Derivative assets and liabilities are presented in our Consolidated Balance Sheets on a net basis. We net derivative assets and liabilities when a legally enforceable master-netting arrangement exists between the counterparty to a derivative contract and us. At December 31, 2015 , we held $34.4 million of cash from various counterparties that is offsetting derivative net asset positions in the table above under master-netting arrangements and had no cash collateral posted.
(b) - Included in other current assets or other current liabilities in our Consolidated Balance Sheets.

The following table sets forth the reconciliation of our Level 3 fair value measurements for the periods indicated:

Derivative Assets (Liabilities)	Years Ended December 31, 2016	2015
	(*Thousands of dollars*)	
Net assets (liabilities) at beginning of period	**$ 7,331**	$ 9,285
Total realized/unrealized gains (losses):		
Included in earnings (a)	**(320)**	216
Included in other comprehensive income (loss)	**(30,330)**	(2,170)
Net assets (liabilities) at end of period	**$ (23,319)**	$ 7,331

(a) - Included in commodity sales revenues in our Consolidated Statements of Income.

Realized/unrealized gains (losses) include the realization of derivative contracts through maturity. During the years ended December 31, 2016 and 2015 , gains or losses included in earnings attributable to the change in unrealized gains or losses relating to assets and liabilities still held at the end of each reporting period were not material.

We recognize transfers into and out of the levels in the fair value hierarc hy as of the end of each reporting period. During the years ended December 31, 2016 and 2015 , there were no transfers between levels.

Other Financial Instruments - The approximate fair value of cash and cash equivalents, accounts receivable, accounts payable and short-term borrowings is equal to book value, due to the short-term nature of these items. Our cash and cash equivalents are comprised of bank and money market accounts and are classified as Level 1. Our short-term borrowings are classified as Level 2 since the estimated fair value of the short-term borrowings can be determined using information available in the commercial paper market.

The estimated fair value of our consolidated long-term debt, including current maturities, was $8.8 billion and $7.4 billion at December 31, 2016 and 2015 , respectively. The book value of long-term debt, including current maturities, was $8.3 billion and $8.4 billion at December 31, 2016 and 2015 , respectively. The estimated fair value of the aggregate of ONEOK's and ONEOK Partners' long-term debt outstanding was determined using quoted market prices for similar issues with similar terms and maturities. The estimated fair value of our consolidated long-term debt is classified as Level 2.

During 2015 and 2014, ONEOK Partners recorded noncash impairment charges, primarily related to its equity investments in the dry natural gas area of the Powder River Basin. The valuation of these investments required use of significant unobservable inputs. ONEOK Partners used an income approach to estimate the fair value of its investments. ONEOK Partners' discounted cash flow analysis included the following inputs that are not readily available: a discount rate reflective of its cost of capital and estimated contract rates, volumes, operating and maintenance costs and capital expenditures. The estimated fair value of these investments is classified as Level 3. See Note N for additional information about ONEOK Partners' equity investments and the impairment charges.

D . RISK-MANAGEMENT AND HEDGING ACTIVITIES USING DERIVATIVES

Risk-Management Activities - We are sensitive to changes in natural gas, crude oil and NGL prices, principally as a result of contractual terms under which these commodities are processed, purchased and sold. We use physical-forward purchases and sales and financial derivatives to secure a certain price for a portion of our natural gas, condensate and NGL products; to reduce our exposure to commodity price and interest-rate fluctuations; and to achieve more predictable cash flows. We follow established policies and procedures to assess risk and approve, monitor and report risk-management activities. We have not used these instruments for trading purposes. We are also subject to the risk of interest-rate fluctuation in the normal course of business.

Commodity price risk - Commodity price risk refers to the risk of loss in cash flows and future earnings arising from adverse changes in the price of natural gas, NGLs and condensate. We use the following commodity derivative instruments to mitigate the near-term commodity price risk associated with a portion of the forecasted sales of these commodities:

- Futures contracts - Standardized contracts to purchase or sell natural gas and crude oil for future delivery or settlement under the provisions of exchange regulations;
- Forward contracts - Nonstandardized commitments between two parties to purchase or sell natural gas, crude oil or NGLs for future physical delivery. These contracts are typically nontransferable and can only be canceled with the consent of both parties;

- Swaps - Exchange of one or more payments based on the value of one or more commodities. These instruments transfer the financial risk associated with a future change in value between the counterparties of the transaction, without also conveying ownership interest in the asset or liability; and
- Options - Contractual agreements that give the holder the right, but not the obligation, to buy or sell a fixed quantity of a commodity at a fixed price within a specified period of time. Options may either be standardized and exchange-traded or customized and nonexchange-traded.

We may also use other instruments including collars to mitigate commodity price risk. A collar is a combination of a purchased put option and a sold call option, which places a floor and a ceiling price for commodity sales being hedged.

The Natural Gas Gathering and Processing segment is exposed to commodity price risk as a result of retaining a portion of the commodity sales proceeds associated with its POP with fee contracts. Under certain POP with fee contracts, ONEOK Partners' fee revenues may increase or decrease if production volumes, delivery pressures or commodity prices change relative to specified thresholds. The Natural Gas Gathering and Processing segment also is exposed to basis risk between the various production and market locations where it receives and sells commodities. As part of our hedging strategy, we use the previously described commodity derivative financial instruments and physical-forward contracts to reduce the impact of price fluctuations related to natural gas, NGLs and condensate.

The Natural Gas Liquids segment is exposed to location price differential risk, primarily as a result of the relative value of NGL purchases at one location and sales at another location. The Natural Gas Liquids segment also is exposed to commodity price risk resulting from the relative values of the various NGL products to each other, NGLs in storage and the relative value of NGLs to natural gas. We utilize physical-forward contracts and commodity derivative financial instruments to reduce the impact of price fluctuations related to NGLs.

The Natural Gas Pipelines segment is exposed to commodity price risk because its intrastate and interstate natural gas pipelines retain natural gas from its customers for operations or as part of its fee for services provided. When the amount of natural gas consumed in operations by these pipelines differs from the amount provided by its customers, these pipelines must buy or sell natural gas, or store or use natural gas from inventory, which can expose them to commodity price risk depending on the regulatory treatment for this activity. To the extent that commodity price risk in the Natural Gas Pipelines segment is not mitigated by fuel cost-recovery mechanisms, we may use physical-forward sales or purchases to reduce the impact of price fluctuations related to natural gas. At December 31, 2016 and 2015 , there were no financial derivative instruments with respect to ONEOK Partners' natural gas pipeline operations.

Interest-rate risk - We manage interest-rate risk through the use of fixed-rate debt, floating-rate debt and interest-rate swaps. Interest-rate swaps are agreements to exchange interest payments at some future point based on specified notional amounts. In January 2016, ONEOK Partners entered into forward-starting interest-rate swaps with notional amounts totaling $1 billion to hedge the variability of its LIBOR-based interest payments, all of which were active swaps as of December 31, 2016. In addition, in June 2016, ONEOK Partners entered into forward-starting interest rate swaps with notional amounts totaling $750 million to hedge the variability of interest payments on a portion of its forecasted debt issuances that may result from changes in the benchmark interest rate before the debt is issued, resulting in total notional amounts of this type of interest-rate swap of $ 1.2 billion at December 31, 2016, compared with $400 million at December 31, 2015. All of ONEOK Partners' interest-rate swaps are designated as cash flow hedges. Upon ONEOK Partners' debt issuance in March 2015, ONEOK Partners settled $500 million of its interest-rate swaps and realized a loss of $55.1 million , which is included in accumulated other comprehensive loss and will be amortized to interest expense over the term of the related debt.

Table of contents

Fair Values of Derivative Instruments - The following table sets forth the fair values of derivative instruments presented on a gross basis for the periods indicated:

	Location in our Consolidated Balance Sheets	December 31, 2016 Assets	December 31, 2016 (Liabilities)	December 31, 2015 Assets	December 31, 2015 (Liabilities)
		(*Thousands of dollars*)			
Derivatives designated as hedging instruments					
Commodity contracts					
Financial contracts	Other current assets/other current liabilities	**$ 1,155**	**$ (49,938)**	$ 39,255	$ (1,440)
	Other assets/deferred credits and other liabilities	**210**	**(2,142)**	—	—
Physical contracts	Other current assets/other current liabilities	**—**	**(3,022)**	3,591	—
Interest-rate contracts	Other assets/other current liabilities	**47,457**	**(12,795)**	—	(9,936)
Total derivatives designated as hedging instruments		**48,822**	**(67,897)**	42,846	(11,376)
Derivatives not designated as hedging instruments					
Commodity contracts					
Financial contracts	Other current assets/other current liabilities	**4,346**	**(4,239)**	6,919	(6,586)
Total derivatives not designated as hedging instruments		**4,346**	**(4,239)**	6,919	(6,586)
Total derivatives		**$ 53,168**	**$ (72,136)**	$ 49,765	$ (17,962)

Notional Quantities for Derivative Instruments - The following table sets forth the notional quantities for derivative instruments held for the periods indicated:

	Contract Type	December 31, 2016 Purchased/ Payor	December 31, 2016 Sold/ Receiver	December 31, 2015 Purchased/ Payor	December 31, 2015 Sold/ Receiver
Derivatives designated as hedging instruments:					
Cash flow hedges					
Fixed price					
-Natural gas (*Bcf*)	Futures and swaps	**—**	**(38.4)**	—	(27.1)
-Natural gas (*Bcf*)	Put options	**49.5**	**—**	—	—
-Crude oil and NGLs (*MMBbl*)	Futures, forwards and swaps	**—**	**(3.6)**	—	(2.3)
Basis					
-Natural gas (*Bcf*)	Futures and swaps	**—**	**(38.4)**	—	(27.1)
Interest-rate contracts (*Millions of dollars*)	Swaps	**$ 2,150.0**	**$ —**	$ 400.0	$ —
Derivatives not designated as hedging instruments:					
Fixed price					
-Natural gas (Bcf)	Futures and swaps	**0.4**	**—**	—	—
-NGLs (*MMBbl*)	Futures, forwards and swaps	**0.5**	**(0.7)**	0.6	(0.6)
Basis					
-Natural gas (*Bcf*)	Futures and swaps	**0.4**	**—**	—	—

These notional amounts are used to summarize the volume of financial instruments; however, they do not reflect the extent to which the positions offset one another and, consequently, do not reflect our actual exposure to market or credit risk.

Cash Flow Hedges - At December 31, 2016 , our Consolidated Balance Sheet reflected a net loss of $154.4 million in accumulated other comprehensive loss. The portion of accumulated other comprehensive loss attributable to commodity derivative financial instruments is an unrealized loss of $16.5 million , net of tax, which will be realized within the next 24 months as the forecasted transactions affect earnings. If commodity prices remain at current levels, we will realize approximately $16.0 million in net losses, net of tax, over the next 12 months and an immaterial amount of net losses thereafter. The amount deferred in accumulated other comprehensive loss attributable to settled interest-rate swaps is a loss of $43.9 million , net of tax, which will be recognized over the life of the long-term, fixed-rate debt. We expect that losses of $6.4 million , net of tax, will be reclassified into earnings during the next 12 months as the hedged items affect earnings. The remaining amounts in accumulated other comprehensive loss are attributable primarily to forward-starting interest-rate swaps with future settlement dates, which will be amortized to interest expense over the life of long-term, fixed-rate debt upon issuance of the debt.

The following table sets forth the unrealized effect of cash flow hedges recognized in other comprehensive income (loss) for the periods indicated:

Derivatives in Cash Flow Hedging Relationships	Years Ended December 31, 2016	2015	2014
		(Thousands of dollars)	
Continuing Operations			
Commodity contracts	**$ (78,513)**	$ 70,065	$ 32,354
Interest-rate contracts	**42,761**	(22,565)	(96,993)
Total unrealized gain (loss) recognized in other comprehensive income (loss) on derivatives (effective portion) for continuing operations	**$ (35,752)**	$ 47,500	$ (64,639)

The following table sets forth the effect of cash flow hedges on our Consolidated Statements of Income for the periods indicated:

Derivatives in Cash Flow Hedging Relationships	Location of Gain (Loss) Reclassified from Accumulated Other Comprehensive Income (Loss) into Net Income (Effective Portion)	Years Ended December 31, 2016	2015	2014
			(Thousands of dollars)	
Continuing Operations				
Commodity contracts	Commodity sales revenues	**$ 26,422**	$ 81,089	$ (21,052)
Interest-rate contracts	Interest expense	**(19,215)**	(17,565)	(21,966)
Total gain (loss) reclassified from accumulated other comprehensive loss into net income from continuing operations on derivatives (effective portion)		**$ 7,207**	$ 63,524	$ (43,018)

For the year ended December 31, 2014, an unrealized loss of $3.7 million was recognized in other comprehensive income (loss) and a realized loss of $12.8 million was reclassified from accumulated other comprehensive loss into net income related to cash flow hedges for our former energy services business.

Credit Risk - We monitor the creditworthiness of our counterparties and compliance with policies and limits established by our Risk Oversight and Strategy Committee. We maintain credit policies with regard to our counterparties that we believe minimize overall credit risk. These policies include an evaluation of potential counterparties' financial condition (including credit ratings, bond yields and credit default swap rates), collateral requirements under certain circumstances and the use of standardized master-netting agreements that allow us to net the positive and negative exposures associated with a single counterparty. We have counterparties whose credit is not rated, and for those customers, we use internally developed credit ratings.

From time to time, ONEOK Partners may enter into financial derivative instruments that contain provisions that require it to maintain an investment-grade credit rating from S&P and/or Moody's. If ONEOK Partners' credit ratings on its senior unsecured long-term debt were to decline below investment grade, the counterparties to the derivative instruments could request collateralization on derivative instruments in net liability positions. There were no financial derivative instruments with contingent features related to credit risk as of December 31, 2016 .

The counterparties to our derivative contracts consist primarily of major energy companies, financial institutions and commercial and industrial end users. This concentration of counterparties may affect our overall exposure to credit risk, either positively or negatively, in that the counterparties may be affected similarly by changes in economic, regulatory or other conditions. Based on our policies, exposures, credit and other reserves, we do not anticipate a material adverse effect on our financial position or results of operations as a result of counterparty nonperformance.

At December 31, 2016 , the net credit exposure from our derivative assets is primarily with investment-grade companies in the financial services sector.

E . PROPERTY, PLANT AND EQUIPMENT

The following table sets forth property, plant and equipment by property type, for the periods indicated:

	Estimated Useful Lives (Years)	December 31, 2016	December 31, 2015
		(*Thousands of dollars*)	
Nonregulated			
Gathering pipelines and related equipment	5 to 40	**$ 3,352,963**	$ 2,961,388
Processing and fractionation and related equipment	3 to 40	**3,831,966**	3,627,062
Storage and related equipment	5 to 54	**558,695**	510,820
Transmission pipelines and related equipment	5 to 54	**689,804**	598,375
General plant and other	2 to 60	**487,559**	448,044
Construction work in process	—	**371,628**	691,907
Regulated			
Storage and related equipment	5 to 25	**13,524**	22,085
Natural gas transmission pipelines and related equipment	5 to 77	**1,345,740**	1,325,235
Natural gas liquids transmission pipelines and related equipment	5 to 88	**4,309,341**	4,208,121
General plant and other	2 to 50	**54,643**	53,962
Construction work in process	—	**62,634**	83,461
Property, plant and equipment		**15,078,497**	14,530,460
Accumulated depreciation and amortization - nonregulated		**(1,641,490)**	(1,396,647)
Accumulated depreciation and amortization - regulated		**(865,604)**	(759,824)
Net property, plant and equipment		**$ 12,571,403**	$ 12,373,989

The average depreciation rates for ONEOK Partners' regulated property are set forth, by segment, in the following table for the periods indicated:

	Years Ended December 31,		
	2016	2015	2014
Natural Gas Liquids	**1.9%**	1.9%	2.0%
Natural Gas Pipelines	**2.1%**	2.1%	2.1%

We and ONEOK Partners incurred costs for construction work in process that had not been paid at December 31, 2016, 2015 and 2014 , of $83.0 million , $115.7 million and $187.2 million , respectively. Such amounts are not included in capital expenditures (less AFUDC and capitalized interest) on the Consolidated Statements of Cash Flows.

Impairment Charges - Due to the continued and greater than expected decline in volumes gathered in the dry natural gas area of the Powder River Basin, we evaluated our long-lived assets and equity investments in this area in 2015 and made the decision to cease operations of our wholly owned coal-bed methane natural gas gathering system in 2016. This resulted in a $63.5 million noncash impairment charge to long-lived assets in 2015 in the Natural Gas Gathering and Processing segment.

In addition, ONEOK Partners recorded noncash impairment charges of approximately $20.2 million for previously idled assets in the Natural Gas Gathering and Processing and Natural Gas Liquids segments in 2015, as the expectation for future use of these assets changed.

F . GOODWILL AND INTANGIBLE ASSETS

Goodwill - The following table sets forth our goodwill by segment for the periods indicated:

	December 31, 2016	December 31, 2015
	(*Thousands of dollars*)	
Natural Gas Gathering and Processing	**$ 122,291**	$ 122,291
Natural Gas Liquids	**268,544**	268,544
Natural Gas Pipelines	**134,700**	134,700
Total goodwill	**$ 525,535**	$ 525,535

Intangible Assets - The following table sets forth the gross carrying amount and accumulated amortization of intangible assets for the periods indicated:

	December 31, 2016	December 31, 2015
	(*Thousands of dollars*)	
Gross intangible assets	**$ 581,633**	$ 581,632
Accumulated amortization	**(101,809)**	(89,909)
Net intangible assets	**$ 479,824**	$ 491,723

At December 31, 2016 and 2015 , ONEOK Partners had $324.3 million and $336.2 million , respectively, of intangible assets related primarily to contracts acquired through acquisitions in the Natural Gas Gathering and Processing and Natural Gas Liquids segments, which are being amortized over periods of 20 to 40 years. The remaining intangible asset balance has an indefinite life. Amortization expense for intangible assets for 2016, 2015 and 2014 was $11.9 million , $11.9 million and $11.8 million , respectively, and the aggregate amortization expense for each of the next five years is estimated to be approximately $11.9 million.

Table of contents

G . DEBT

The following table sets forth our debt for the periods indicated:

	December 31, 2016	December 31, 2015
	(*Thousands of dollars*)	
ONEOK		
Borrowings outstanding under the ONEOK Credit Agreement (a)	**$ —**	$ —
Senior unsecured obligations:		
$700,000 at 4.25% due 2022	**547,397**	547,397
$500,000 at 7.5% due 2023	**500,000**	500,000
$100,000 at 6.5% due 2028	**87,126**	87,516
$100,000 at 6.875% due 2028	**100,000**	100,000
$400,000 at 6.0% due 2035	**400,000**	400,000
Total ONEOK senior notes payable	**1,634,523**	1,634,913
ONEOK Partners		
Borrowings outstanding under the ONEOK Partners Credit Agreement at 1.60% as of December 31, 2015 (b)	**—**	300,000
Commercial paper outstanding, bearing a weighted-average interest rate of 1.27% and 1.23%, respectively	**1,110,277**	246,340
Senior unsecured obligations:		
$650,000 at 3.25% due 2016	**—**	650,000
$450,000 at 6.15% due 2016	**—**	450,000
$400,000 at 2.0% due 2017	**400,000**	400,000
$425,000 at 3.2% due 2018	**425,000**	425,000
$1,000,000 term loan, variable rate, due 2019	**1,000,000**	—
$500,000 at 8.625% due 2019	**500,000**	500,000
$300,000 at 3.8% due 2020	**300,000**	300,000
$900,000 at 3.375 % due 2022	**900,000**	900,000
$425,000 at 5.0 % due 2023	**425,000**	425,000
$500,000 at 4.9 % due 2025	**500,000**	500,000
$600,000 at 6.65% due 2036	**600,000**	600,000
$600,000 at 6.85% due 2037	**600,000**	600,000
$650,000 at 6.125% due 2041	**650,000**	650,000
$400,000 at 6.2% due 2043	**400,000**	400,000
Guardian Pipeline		
Average 7.88% due 2022	**44,257**	51,907
Total debt	**9,489,057**	9,033,160
Unamortized portion of terminated swaps	**20,186**	21,904
Unamortized debt issuance costs and discounts	**(68,320)**	(74,492)
Current maturities of long-term debt	**(410,650)**	(110,650)
Short-term borrowings (c)	**(1,110,277)**	(546,340)
Long-term debt	**$ 7,919,996**	$ 8,323,582

(a) - ONEOK had $1.1 million of letters of credit issued at December 31, 2016 and 2015.
(b) - ONEOK Partners had $14 million of letters of credit issued at December 31, 2016 and 2015.
(c) - Individual issuances of commercial paper under ONEOK Partners' $2.4 billion commercial paper program generally mature in 90 days or less. However, these issuances are supported by and reduce the borrowing capacity under the ONEOK Partners Credit Agreement.

ONEOK Credit Agreement - In January 2016, we extended the term of the ONEOK Credit Agreement by one year to January 2020. The ONEOK Credit Agreement is a $300 million revolving credit facility and contains certain financial, operational and legal covenants. Among other things, these covenants include maintaining a ratio of indebtedness to consolidated EBITDA (EBITDA, as defined in our ONEOK Credit Agreement) of no more than 4.0 to 1. Upon breach of certain covenants by us in our ONEOK Credit Agreement, amounts outstanding under our ONEOK Credit Agreement, if any, may become due and payable immediately. At December 31, 2016, ONEOK's ratio of indebtedness to consolidated EBITDA was 2.2 to 1, and ONEOK was in compliance with all covenants under the ONEOK Credit Agreement.

The ONEOK Credit Agreement includes a $50 million sublimit for the issuance of standby letters of credit and a $50 million sublimit for swingline loans. Under the terms of the ONEOK Credit Agreement, ONEOK may request an increase in the size of the facility to an aggregate of $500 million from $300 million by either commitments from new lenders or increased commitments from existing lenders. The ONEOK Credit Agreement contains provisions for an applicable margin rate and an annual facility fee, both of which adjust with changes in our credit rating. Based on our current credit rating, borrowings, if any, will accrue interest at LIBOR plus 145 basis points , and the annual facility fee is 30 basis points .

ONEOK Partners Credit Agreement - In January 2016, ONEOK Partners extended the term of the ONEOK Partners Credit Agreement by one year to January 2020. The ONEOK Partners Credit Agreement is a $2.4 billion revolving credit facility and includes a $100 million sublimit for the issuance of standby letters of credit and a $150 million swingline sublimit. The ONEOK Partners Credit Agreement is available for general partnership purposes and had available capacity of approximately $1.3 billion at December 31, 2016.

The ONEOK Partners Credit Agreement contains provisions for an applicable margin rate and an annual facility fee, both of which adjust with changes in our credit rating. Under the terms of the ONEOK Partners Credit Agreement, based on ONEOK Partners' current credit ratings, borrowings, if any, will accrue interest at LIBOR plus 117.5 basis points , and the annual facility fee is 20 basis points. The ONEOK Partners Credit Agreement is guaranteed fully and unconditionally by the Intermediate Partnership. Borrowings under the ONEOK Partners Credit Agreement are nonrecourse to ONEOK. Following the completion of the Merger Transaction described in Note B , we and ONEOK Partners expect to enter into a cross guarantee agreement whereby each party to the agreement unconditionally guarantees and becomes liable for the indebtedness of each other party to the agreement.

The ONEOK Partners Credit Agreement contains certain financial, operational and legal covenants. Among other things, these covenants include maintaining a ratio of indebtedness to adjusted EBITDA (EBITDA, as defined in the ONEOK Partners Credit Agreement, adjusted for all noncash charges and increased for projected EBITDA from certain lender-approved capital expansion projects) of no more than 5.0 to 1. If ONEOK Partners consummates one or more acquisitions in which the aggregate purchase price is $25 million or more, the allowable ratio of indebtedness to adjusted EBITDA will increase to 5.5 to 1 for the quarter in which the acquisition was completed and the two following quarters. If ONEOK Partners were to breach certain covenants in the ONEOK Partners Credit Agreement, amounts outstanding under the ONEOK Partners Credit Agreement, if any, may become due and payable immediately. At December 31, 2016 , ONEOK Partners' ratio of indebtedness to adjusted EBITDA was 4.1 to 1, and it was in compliance with all covenants under the ONEOK Partners Credit Agreement.

Senior Unsecured Obligations - All notes are senior unsecured obligations, ranking equally in right of payment with all of our existing and future unsecured senior indebtedness, and are structurally subordinate to any of the existing and future debt and other liabilities of any nonguarantor subsidiaries.

<u>ONEOK issuance</u> - In August 2015, we completed an underwritten public offering of $500 million , 7.5 percent senior notes due 2023. The net proceeds, after deducting underwriting discounts, commissions and other expenses, were approximately $487.1 million . We used the proceeds together with cash on hand to purchase $650 million of additional common units from ONEOK Partners.

<u>ONEOK repayment</u> - In February 2014, we retired approximately $152.5 million of the 4.25 percent senior notes due 2022 through a tender offer. The total amount paid, including fees and other charges, was approximately $150 million . In March 2014, we repaid our $400 million , 5.2 percent senior notes due in 2015 for a total of $430.1 million , including accrued but unpaid interest to the redemption date. We recorded a loss on extinguishment of $24.8 million related to the debt retirements, which is included in other expense in our Consolidated Statements of Income.

<u>ONEOK Partners issuances and maturities</u> - In January 2016, ONEOK Partners entered into the $1.0 billion senior unsecured Term Loan Agreement with a syndicate of banks. The Term Loan Agreement matures in January 2019 and bears interest at LIBOR plus 130 basis points based on ONEOK Partners' current credit ratings. At December 31, 2016, the interest rate was 2.04 percent percent. The Term Loan Agreement contains an option, which may be exercised up to two times, to extend the term of the loan, in each case, for an additional one-year term, subject to approval of the banks. The Term Loan Agreement allows prepayment of all or any portion outstanding without penalty or premium. During the first quarter 2016, ONEOK Partners drew the full $1.0 billion available under the agreement and used the proceeds to repay $650 million of senior notes at maturity, to repay amounts outstanding under ONEOK Partners' commercial paper program and for general partnership purposes.

ONEOK Partners repaid its $450 million , 6.15 percent senior notes at maturity in October 2016, with a combination of cash on hand and short-term borrowings.

In March 2015, ONEOK Partners completed an underwritten public offering of $800 million of senior notes, consisting of $300 million , 3.8 percent senior notes due 2020, and $500 million , 4.9 percent senior notes due 2025. The net proceeds, after deducting underwriting discounts, commissions and offering expenses, were approximately $792.3 million . ONEOK Partners used the proceeds to repay amounts outstanding under its commercial paper program and for general partnership purposes.

ONE Gas issuance - In January 2014, ONE Gas, which at the time was our wholly owned subsidiary, completed a private placement of three series of senior notes aggregating $1.2 billion , consisting of $300 million of five-year senior notes at 2.07 percent ; $300 million of 10-year senior notes at 3.61 percent ; and $600 million of 30-year senior notes at 4.658 percent . ONE Gas received approximately $1.19 billion from the offering, net of issuance costs. Our obligations related to the ONE Gas Senior Notes terminated in connection with the completion of the separation of ONE Gas.

The aggregate maturities of long-term debt outstanding as of December 31, 2016, for the years 2017 through 2021 are shown below:

	ONEOK	ONEOK Partners	Guardian Pipeline	Total
			(*Millions of dollars*)	
2017	$ 3.0	$ 400.0	$ 7.7	$ 410.7
2018	$ 3.0	$ 425.0	$ 7.7	$ 435.7
2019	$ 3.0	$ 1,500.0	$ 7.7	$ 1,510.7
2020	$ 3.0	$ 300.0	$ 7.7	$ 310.7
2021	$ 3.0	$ —	$ 7.7	$ 10.7

ONEOK covenants - The indentures governing ONEOK’s 6.5 percent and 6.875 percent senior notes due 2028 include an event of default upon acceleration of other indebtedness of $15 million or more, and the indentures governing the senior notes due 2022, 2023 and 2035 include an event of default upon the acceleration of other indebtedness of $100 million or more. Such events of default would entitle the trustee or the holders of 25 percent in aggregate principal amount of the outstanding senior notes due 2022, 2023, 2028 and 2035 to declare those senior notes immediately due and payable in full. The indenture for the notes due 2023 also contains a provision that allows the holders of the notes to require ONEOK to offer to repurchase all or any part of their notes if a change of control and a credit rating downgrade occur at a purchase price of 101 percent of the principal amount, plus accrued and unpaid interest, if any.

ONEOK may redeem the 6.875 percent senior notes due 2028 and the senior notes due 2035, in whole or in part, at any time prior to their maturity at a redemption price equal to the principal amount, plus accrued and unpaid interest and a make-whole premium. ONEOK may redeem the 6.5 percent senior notes due 2028, in whole or in part, at any time prior to their maturity at a redemption price equal to the principal amount, plus accrued and unpaid interest. ONEOK may redeem the remaining balance of its senior notes due 2022 and 2023 at a redemption price equal to the principal amount, plus accrued and unpaid interest, starting three months before the maturity date. Prior to this date, ONEOK may redeem these senior notes on the same basis as the 6.875 percent senior notes due 2028 and the senior notes due 2035. The redemption price will never be less than 100 percent of the principal amount of the respective note plus accrued and unpaid interest to the redemption date. ONEOK’s senior notes are senior unsecured obligations, ranking equally in right of payment with all of ONEOK’s existing and future unsecured senior indebtedness.

ONEOK Partners covenants - ONEOK Partners’ Term Loan Agreement contains substantially the same covenants as the ONEOK Partners Credit Agreement.

ONEOK Partners’ senior notes are governed by an indenture, dated as of September 25, 2006, between ONEOK Partners and Wells Fargo Bank, N.A., the trustee, as supplemented. The indenture does not limit the aggregate principal amount of debt securities that may be issued and provides that debt securities may be issued from time to time in one or more additional series. The indenture contains covenants including, among other provisions, limitations on ONEOK Partners’ ability to place liens on its property or assets and to sell and lease back its property. The indenture includes an event of default upon acceleration of other indebtedness of $100 million or more. Such events of default would entitle the trustee or the holders of 25 percent in aggregate principal amount of any of ONEOK Partners’ outstanding senior notes to declare those notes immediately due and payable in full.

ONEOK Partners may redeem its senior notes due 2019, 2036 and 2037, in whole or in part, at any time prior to their maturity at a redemption price equal to the principal amount, plus accrued and unpaid interest and a make-whole premium. The redemption price will never be less than 100 percent of the principal amount of the respective note plus accrued and unpaid interest to the redemption date. ONEOK Partners may redeem its senior notes due 2017 and its senior notes due 2022 at par starting one month and three months, respectively, before their maturity dates. ONEOK Partners may redeem its senior notes due 2041 at a redemption price equal to the principal amount, plus accrued and unpaid interest, starting six months before its maturity date. Prior to that date, ONEOK Partners may redeem these notes, in whole or in part, at a redemption price equal to the principal amount, plus accrued and unpaid interest and a make-whole premium. ONEOK Partners may redeem its senior notes due 2018, 2020, 2023, 2025, and 2043 at par, plus accrued and unpaid interest to the redemption date, starting one month, one month, three months, three months, and six months, respectively, before their maturity dates. Prior to these dates, ONEOK Partners may redeem these notes, in whole or in part, at a redemption price equal to the principal amount, plus accrued and unpaid interest and a make-whole premium. The redemption price will never be less than 100 percent of the principal amount of the respective note plus accrued and unpaid interest to the redemption date.

ONEOK Partners Debt Guarantee - ONEOK Partners' senior notes are guaranteed fully and unconditionally on a senior unsecured basis by the Intermediate Partnership. The Intermediate Partnership's guarantee is full and unconditional, subject to certain customary automatic release provisions. The guarantee ranks equally in right of payment to all of the Intermediate Partnership's existing and future unsecured senior indebtedness. ONEOK Partners, L.P. has no significant assets or operations other than its investment in the Intermediate Partnership, which is also consolidated. At December 31, 2016, the Intermediate Partnership held the equity of ONEOK Partners' subsidiaries, as well as a 50 percent interest in Northern Border Pipeline. ONEOK Partners' long-term debt is nonrecourse to ONEOK.

Neither ONEOK nor ONEOK Partners guarantees the debt or other similar commitments of unaffiliated parties. ONEOK does not guarantee the debt or other similar commitments of ONEOK Partners, and ONEOK Partners does not guarantee the debt or other similar commitments of ONEOK. Following the completion of the Merger Transaction with ONEOK Partners, we and ONEOK Partners expect to enter into a cross guarantee agreement whereby each party to the agreement unconditionally guarantees and becomes liable for the indebtedness of each other party to the agreement.

Guardian Pipeline Senior Notes - These senior notes were issued under a master shelf agreement dated November 8, 2001, with certain financial institutions. Principal payments are due quarterly through 2022. Guardian Pipeline's senior notes contain financial covenants that require the maintenance of certain financial ratios as defined in the master shelf agreement based on Guardian Pipeline's financial position and results of operations. Upon any breach of these covenants, all amounts outstanding under the master shelf agreement may become due and payable immediately. At December 31, 2016, Guardian Pipeline was in compliance with its financial covenants.

Other - We amortize premiums, discounts and expenses incurred in connection with the issuance of long-term debt consistent with the terms of the respective debt instrument.

H . EQUITY

Series A and B Convertible Preferred Stock - There are no shares of Series A or Series B Preferred Stock currently issued or outstanding.

Common Stock - At December 31, 2016 , we had approximately 373.2 million shares of authorized and unreserved common stock available for issuance.

Dividends - Dividends paid totaled $517.6 million , $509.2 million and $443.8 million for 2016, 2015 and 2014 , respectively. The following table sets forth the quarterly dividends per share declared and paid on our common stock for the periods indicated:

	Years Ended December 31,		
	2016	**2015**	**2014**
First Quarter	**$ 0.615**	$ 0.605	$ 0.40
Second Quarter	**0.615**	0.605	0.56
Third Quarter	**0.615**	0.605	0.575
Fourth Quarter	**0.615**	0.615	0.59
Total	**$ 2.46**	$ 2.43	$ 2.125

Additionally, a quarterly dividend of $0.615 per share was declared in January 2017 , payable in the first quarter 2017 .

See Note O for a discussion of ONEOK Partners' issuance of common units and distributions to noncontrolling interests.

I. ACCUMULATED OTHER COMPREHENSIVE LOSS

The following table sets forth the balance in accumulated other comprehensive loss for the periods indicated:

	Unrealized Gains (Losses) on Risk-Management Assets/Liabilities (a)	Unrealized Holding Gains (Losses) on Investment Securities (a)	Pension and Postretirement Benefit Plan Obligations (a) (b)	Unrealized Gains (Losses) on Risk-Management Assets/Liabilities of Unconsolidated Affiliates (a)	Accumulated Other Comprehensive Loss (a)
			(Thousands of dollars)		
January 1, 2015	$ (37,349)	$ 955	$ (99,959)	$ —	$ (136,353)
Other comprehensive income (loss) before reclassifications	10,444	(955)	5,722	(500)	14,711
Amounts reclassified from accumulated other comprehensive loss	(15,294)	—	9,694	—	(5,600)
Other comprehensive income (loss) attributable to ONEOK	(4,850)	(955)	15,416	(500)	9,111
December 31, 2015	(42,199)	—	(84,543)	(500)	(127,242)
Other comprehensive income (loss) before reclassifications	**(9,280)**	**—**	**(22,903)**	**(475)**	**(32,658)**
Amounts reclassified from accumulated other comprehensive loss	**(676)**	**—**	**6,210**	**16**	**5,550**
Other comprehensive income (loss) attributable to ONEOK	**(9,956)**	**—**	**(16,693)**	**(459)**	**(27,108)**
December 31, 2016	**$ (52,155)**	**$ —**	**$ (101,236)**	**$ (959)**	**$ (154,350)**

(a) All amounts are presented net of tax.
(b) Includes amounts related to supplemental executive retirement plan.

The following table sets forth the effect of reclassifications from accumulated other comprehensive loss on our Consolidated Statements of Income for the periods indicated:

Details about Accumulated Other Comprehensive Loss Components	Years Ended December 31, 2016	2015	2014	Affected Line Item in the Consolidated Statements of Income
	(*Thousands of dollars*)			
Unrealized gains (losses) on risk-management assets/liabilities				
Commodity contracts	**$ 26,422**	$ 81,089	$ (21,052)	Commodity sales revenues
Interest-rate contracts	**(19,215)**	(17,565)	(21,966)	Interest expense
	7,207	63,524	(43,018)	Income before income taxes
	(230)	(8,815)	8,977	Income tax expense
	6,977	54,709	(34,041)	Income from continuing operations
	—	—	(7,682)	Income (loss) from discontinued operations
	6,977	54,709	(41,723)	Net income
Noncontrolling interest	**6,301**	39,415	(19,679)	Less: Net income attributable to noncontrolling interest
	$ 676	$ 15,294	$ (22,044)	Net income attributable to ONEOK
Pension and postretirement benefit plan obligations (a)				
Amortization of net loss	**$ (12,012)**	$ (17,724)	$ (15,914)	
Amortization of unrecognized prior service cost	**1,662**	1,568	1,469	
	(10,350)	(16,156)	(14,445)	Income before income taxes
	4,140	6,462	5,778	Income tax expense
	(6,210)	(9,694)	(8,667)	Income from continuing operations
	—	—	(1,648)	Income (loss) from discontinued operations
	$ (6,210)	$ (9,694)	$ (10,315)	Net income attributable to ONEOK
Unrealized Gains (Losses) on Risk-Management Assets/Liabilities of Unconsolidated Affiliates				
	$ (63)	$ —	$ —	Equity in net earnings from investments
	10	—	—	Income tax expense
	(53)	—	—	Net income
Noncontrolling interest	**(37)**	—	—	Less: Net income attributable to noncontrolling interests
	$ (16)	$ —	$ —	Net income attributable to ONEOK
Total reclassifications for the period attributable to ONEOK	**$ (5,550)**	$ 5,600	$ (32,359)	Net income attributable to ONEOK

(a) These components of accumulated other comprehensive loss are included in the computation of net periodic benefit cost. See Note L for additional detail of our net periodic benefit cost.

J . EARNINGS PER SHARE

The following tables set forth the computation of basic and diluted EPS from continuing operations for the periods indicated:

	Year Ended December 31, 2016		
	Income	Shares	Per Share Amount
	(Thousands, except per share amounts)		
Basic EPS from continuing operations			
Income from continuing operations attributable to ONEOK available for common stock	**$ 354,090**	**211,128**	**$ 1.68**
Diluted EPS from continuing operations			
Effect of dilutive securities	**—**	**1,255**	
Income from continuing operations attributable to ONEOK available for common stock and common stock equivalents	**$ 354,090**	**212,383**	**$ 1.67**

	Year Ended December 31, 2015		
	Income	Shares	Per Share Amount
	(Thousands, except per share amounts)		
Basic EPS from continuing operations			
Income from continuing operations attributable to ONEOK available for common stock	$ 251,058	210,208	$ 1.19
Diluted EPS from continuing operations			
Effect of dilutive securities	—	333	
Income from continuing operations attributable to ONEOK available for common stock and common stock equivalents	$ 251,058	210,541	$ 1.19

	Year Ended December 31, 2014		
	Income	Shares	Per Share Amount
	(Thousands, except per share amounts)		
Basic EPS from continuing operations			
Income from continuing operations attributable to ONEOK available for common stock	$ 319,714	209,391	$ 1.53
Diluted EPS from continuing operations			
Effect of dilutive securities	—	1,036	
Income from continuing operations attributable to ONEOK available for common stock and common stock equivalents	$ 319,714	210,427	$ 1.52

K . SHARE-BASED PAYMENTS

The ONEOK, Inc. Equity Compensation Plan (ECP) and the ONEOK, Inc. Long-Term Incentive Plan (LTIP) provide for the granting of stock-based compensation, including incentive stock options, nonstatutory stock options, stock bonus awards, restricted stock awards, restricted stock-unit awards, performance stock awards and performance-unit awards to eligible employees and the granting of stock awards to nonemployee directors. We have reserved 10.0 million and 15.6 million shares of common stock for issuance under the ECP and LTIP, respectively. At December 31, 2016 , we had approximately 2.4 million and 0.2 million shares available for issuance under the ECP and LTIP, respectively, which reflect shares issued and estimated shares expected to be issued upon vesting of outstanding awards granted under these plans, less forfeitures. These plans allow for the deferral of awards granted in stock or cash, in accordance with Internal Revenue Code section 409A requirements.

Restricted Stock Units - We have granted restricted stock units to key employees that vest over a three -year period and entitle the grantee to receive shares of our common stock. Restricted stock unit awards are measured at fair value as if they were vested and issued on the grant date, reduced by expected dividend payments and adjusted for estimated forfeitures. Restricted stock unit awards granted accrue dividend equivalents in the form of additional restricted stock units prior to vesting. Compensation expense is recognized on a straight-line basis over the vesting period of the award.

Performance-Unit Awards - We have granted performance-unit awards to key employees. The shares of our common stock underlying the performance units vest at the expiration of a period determined by the Executive Compensation Committee if certain performance criteria are met by the company. Outstanding performance units vest at the expiration of a three -year period. Upon vesting, a holder of outstanding performance units is entitled to receive a number of shares of our common stock equal to a percentage (0 percent to 200 percent) of the performance units granted, based on our total shareholder return over the vesting period, compared with the total shareholder return of a peer group of other energy companies over the same period. Compensation expense is recognized on a straight-line basis over the period of the award.

If paid, the outstanding performance unit awards entitle the grantee to receive the grant in shares of our common stock. Our outstanding performance unit awards are equity awards with a market-based condition, which results in the compensation cost for these awards being recognized over the requisite service period, provided that the requisite service period is fulfilled, regardless of when, if ever, the market condition is satisfied. The fair value of these performance units was estimated on the grant date based on a Monte Carlo model. Performance stock unit awards granted accrue dividend equivalents in the form of additional performance units prior to vesting. The compensation expense on these awards only will be adjusted for changes in forfeitures.

Stock Compensation Plan for Non-Employee Directors

The ONEOK, Inc. Stock Compensation Plan for Non-Employee Directors (the DSCP) provides for the granting of stock options, stock bonus awards, including performance-unit awards, restricted stock awards and restricted stock unit awards. Under the DSCP, these awards may be granted by the Executive Compensation Committee at any time, until grants have been made for all shares authorized under the DSCP. We have reserved a total of 1.4 million shares of common stock for issuance under the DSCP, and at December 31, 2016 , we had approximately 1.0 million shares available for issuance under the plan. The maximum number of shares of common stock that can be issued to a participant under the DSCP during any year is 40,000 . No performance unit awards, restricted stock unit awards or restricted stock awards have been made to nonemployee directors under the DSCP.

General

For all awards outstanding, we used a 3 percent forfeiture rate based on historical forfeitures under our share-based payment plans. We currently use treasury stock to satisfy our share-based payment obligations.

Compensation cost expensed for our share-based payment plans described above was $30.7 million , $11.5 million and $19.5 million during 2016, 2015 and 2014 , respectively, which is net of tax benefits of $9.8 million , $4.9 million and $6.8 million , respectively. Compensation cost expensed included in income from continuing operations for each respective year was $30.7 million , $11.5 million , and $16.8 million , net of tax benefits.

Restricted Stock Unit Activity

As of December 31, 2016 , we had $11.0 million of total unrecognized compensation cost related to our nonvested restricted stock unit awards, which is expected to be recognized over a weighted-average period of 1.8 years . The following tables set forth activity and various statistics for our restricted stock unit awards:

	Number of Units		Weighted Average Price
Nonvested December 31, 2015	**463,569**	**$**	**45.88**
Granted	**552,876**	**$**	**20.04**
Released to participants	**(124,075)**	**$**	**35.69**
Forfeited	**(10,723)**	**$**	**34.38**
Nonvested December 31, 2016	**881,647**	**$**	**31.25**

		2016		2015		2014
Weighted-average grant date fair value (per share)	**$**	**20.04**	$	42.98	$	58.23
Fair value of units granted (thousands of dollars)	**$**	**11,081**	$	10,186	$	8,463
Fair value of units vested (thousands of dollars)	**$**	**4,429**	$	6,458	$	10,649

Performance-Unit Activity

As of December 31, 2016 , we had $15.0 million of total unrecognized compensation cost related to the nonvested performance-unit awards, which is expected to be recognized over a weighted-average period of 1.8 years . The following tables set forth activity and various statistics related to the performance-unit awards and the assumptions used in the valuations of the 2016, 2015 and 2014 grants at the grant date:

	Number of Units		Weighted Average Price
Nonvested December 31, 2015	**691,260**	**$**	**51.01**
Granted	**596,278**	**$**	**25.54**
Released to participants	**—**	**$**	**—**
Forfeited	**(281,787)**	**$**	**40.66**
Nonvested December 31, 2016	**1,005,751**	**$**	**38.81**

	2016	2015	2014
Volatility (a)	**39.94%**	26.70%	25.48%
Dividend Yield	**11.32%**	5.02%	2.63%
Risk-free Interest Rate	**0.93%**	1.00%	0.69%

(a) - Volatility was based on historical volatility over three years using daily stock price observations.

		2016		2015		2014
Weighted-average grant date fair value (per share)	**$**	**25.54**	$	50.30	$	64.75
Fair value of units granted (thousands of dollars)	**$**	**15,229**	$	13,370	$	12,071
Fair value of units vested (thousands of dollars)	**$**	**—**	$	13,736	$	25,795

Employee Stock Purchase Plan

We have reserved a total of 11.6 million shares of common stock for issuance under our ONEOK, Inc. Employee Stock Purchase Plan (the ESPP). Subject to certain exclusions, all full-time employees are eligible to participate in the ESPP. Employees can choose to have up to 10 percent of their annual base pay withheld to purchase our common stock, subject to terms and limitations of the plan. The purchase price of the stock is 85 percent of the lower of its grant date or exercise date market price. Approximately 57 percent , 53 percent and 67 percent of employees participated in the plan in 2016, 2015 and 2014 , respectively. Under the plan, we sold 232,553 shares at $27.21 per share in 2016 , 222,872 shares at $25.51 per share in 2015 and 110,592 shares at $43.85 per share in 2014 .

Employee Stock Award Program

Under our Employee Stock Award Program, we issued, for no monetary consideration, to all eligible employees one share of our common stock when the per-share closing price of our common stock on the NYSE was for the first time at or above $13 per share, and one additional share of common stock when the per-share closing price of our common stock on the NYSE was at or above each one dollar increment above $13. The total number of shares of our common stock available for issuance under this program was 900,000 . No shares were issued to employees under this program during 2016 or 2015. Shares issued to employees under this program during 2014 totaled 49,864 and compensation expense related to the Employee Stock Award Program was $2.1 million in 2014.

Deferred Compensation Plan for Non-Employee Directors

The ONEOK, Inc. Nonqualified Deferred Compensation Plan for Non-Employee Directors provides our nonemployee directors the option to defer all or a portion of their compensation for their service on our Board of Directors. Under the plan, directors may elect either a cash deferral option or a phantom stock option. Under the cash deferral option, directors may defer the receipt of all or a portion of their annual retainer fees, plus accrued interest. Under the phantom stock option, directors may defer all or a portion of their annual retainer fees and receive such fees on a deferred basis in the form of shares of common stock under our Long-Term Incentive Plan or Equity Compensation Plan. Shares are distributed to nonemployee directors at the fair market value of our common stock at the date of distribution.

L . EMPLOYEE BENEFIT PLANS

Retirement and Postretirement Benefit Plans

Retirement Plans - We have a defined benefit pension plan covering employees hired before January 1, 2005. Employees hired after December 31, 2004, and employees who accepted a one-time opportunity to opt out of our pension plan are covered by our Profit Sharing Plan. In addition, we have a supplemental executive retirement plan for the benefit of certain officers. No new participants in our supplemental executive retirement plan have been approved since 2005, and effective January 2014, the plan was formally closed to new participants. We fund our pension costs at a level needed to maintain or exceed the minimum funding levels required by the Employee Retirement Income Security Act of 1974, as amended, and the Pension Protection Act of 2006.

Postretirement Benefit Plans - We sponsor health and welfare plans that provide postretirement medical and life insurance benefits to employees who retire with at least five years of service. The postretirement medical plan is contributory with retiree contributions adjusted periodically and contains other cost-sharing features such as deductibles and coinsurance.

Obligations and Funded Status - The following tables set forth our pension and postretirement benefit plans benefit obligations and fair value of plan assets for our continuing operations for the periods indicated:

	Pension Benefits		Postretirement Benefits	
	December 31,		December 31,	
	2016	2015	**2016**	2015
Change in benefit obligation		*(Thousands of dollars)*		
Benefit obligation, beginning of period	**$ 390,688**	$ 414,181	**$ 49,496**	$ 56,663
Service cost	**6,501**	7,565	**596**	743
Interest cost	**19,820**	18,218	**2,404**	2,347
Plan participants' contributions	**—**	—	**894**	1,005
Actuarial loss (gain)	**24,458**	(34,826)	**4,905**	(6,473)
Benefits paid	**(13,081)**	(12,574)	**(3,472)**	(4,433)
Other adjustments	**—**	(1,876)	**—**	(356)
Benefit obligation, end of period	**428,386**	390,688	**54,823**	49,496
Change in plan assets				
Fair value of plan assets, beginning of period	**258,635**	277,568	**28,641**	29,429
Actual return on plan assets	**16,117**	(4,266)	**1,902**	174
Employer contributions	**—**	—	**1,000**	2,000
Plan participants' contributions	**—**	—	**894**	1,005
Benefits paid	**(13,081)**	(12,574)	**(2,887)**	(3,728)
Other adjustments	**—**	(2,093)	**—**	(239)
Fair value of plan assets, end of period	**261,671**	258,635	**29,550**	28,641
Balance at December 31	**$ (166,715)**	$ (132,053)	**$ (25,273)**	$ (20,855)
Current liabilities	**$ (4,363)**	$ (4,616)	**$ —**	$ —
Noncurrent liabilities	**(162,352)**	(127,437)	**(25,273)**	(20,855)
Balance at December 31	**$ (166,715)**	$ (132,053)	**$ (25,273)**	$ (20,855)

The table above includes the supplemental executive retirement plan obligation. ONEOK has investments included in other assets on the Consolidated Balance Sheets, which totaled $84.5 million and $81.1 million at December 31, 2016 and 2015, respectively, for the purpose of funding the obligation. These assets are excluded from the table above as those are not assets of the supplemental executive retirement plan.

The accumulated benefit obligation for our pension plans for our continuing operations was $407.2 million and $370.8 million at December 31, 2016 and 2015 , respectively.

Components of Net Periodic Benefit Cost - The following table sets forth the components of net periodic benefit cost for our pension and postretirement benefit plans for our continuing operations for the periods indicated:

	Pension Benefits			Postretirement Benefits		
	Years Ended December 31,			Years Ended December 31,		
	2016	2015	2014	2016	2015	2014
	(*Thousands of dollars*)					
Components of net periodic benefit cost						
Service cost	**$ 6,501**	$ 7,565	$ 7,238	**$ 596**	$ 743	$ 710
Interest cost	**19,820**	18,218	18,324	**2,404**	2,347	2,433
Expected return on plan assets	**(20,348)**	(20,900)	(19,526)	**(2,124)**	(2,253)	(2,163)
Amortization of prior service cost (credit)	**—**	94	193	**(1,662)**	(1,662)	(1,662)
Amortization of net loss	**10,966**	15,981	15,078	**1,046**	1,743	836
Net periodic benefit cost	**$ 16,939**	$ 20,958	$ 21,307	**$ 260**	$ 918	$ 154

Other Comprehensive Income (Loss) - The following table sets forth the amounts recognized in other comprehensive income (loss) related to our pension benefits and postretirement benefits for our continuing operations for the periods indicated:

	Pension Benefits			Postretirement Benefits		
	Years Ended December 31,			Years Ended December 31,		
	2016	2015	2014	2016	2015	2014
	(*Thousands of dollars*)					
Net gain (loss) arising during the period	**$ (33,043)**	$ 5,145	$ (49,293)	**$ (5,128)**	$ 4,393	$ (7,220)
Amortization of prior service cost (credit)	**—**	94	193	**(1,662)**	(1,662)	(1,662)
Amortization of net loss	**10,966**	15,981	15,078	**1,046**	1,743	836
Deferred income taxes	**8,831**	(8,488)	13,609	**2,297**	(1,790)	3,218
Total recognized in other comprehensive income (loss)	**$ (13,246)**	$ 12,732	$ (20,413)	**$ (3,447)**	$ 2,684	$ (4,828)

The table below sets forth the amounts in accumulated other comprehensive loss that had not yet been recognized as components of net periodic benefit expense for our continuing operations for the periods indicated:

	Pension Benefits		Postretirement Benefits	
	December 31,		December 31,	
	2016	2015	2016	2015
	(*Thousands of dollars*)			
Prior service credit (cost)	**$ —**	$ —	**$ 3,550**	$ 5,212
Accumulated loss	**(157,935)**	(135,858)	**(14,341)**	(10,259)
Accumulated other comprehensive loss	**(157,935)**	(135,858)	**(10,791)**	(5,047)
Deferred income taxes	**63,174**	54,343	**4,316**	2,019
Accumulated other comprehensive loss, net of tax	**$ (94,761)**	$ (81,515)	**$ (6,475)**	$ (3,028)

The following table sets forth the amounts recognized in accumulated comprehensive loss expected to be recognized as components of net periodic benefit expense for our continuing operations in the next fiscal year.

	Pension Benefits	Postretirement Benefits
Amounts to be recognized in 2017	(*Thousands of dollars*)	
Prior service (credit) cost	$ —	$ (1,662)
Net loss	$ 13,586	$ 1,679

Actuarial Assumptions - The following table sets forth the weighted-average assumptions used to determine benefit obligations for pension and postretirement benefits for the periods indicated:

	Pension Benefits		Postretirement Benefits	
	December 31,		December 31,	
	2016	2015	2016	2015
Discount rate	**4.50%**	5.25%	**4.25%**	5.00%
Compensation increase rate	**3.10%**	3.10%	**N/A**	N/A

The following table sets forth the weighted-average assumptions used to determine net periodic benefit costs for the periods indicated:

	Years Ended December 31,		
	2016	2015	2014
Discount rate - pension plans	**5.25%**	4.50%	5.25%
Discount rate - postretirement plans	**5.00%**	4.25%	5.00%
Expected long-term return on plan assets	**7.75%**	8.00%	7.75%
Compensation increase rate	**3.10%**	3.15%	3.20%

We determine our overall expected long-term rate of return on plan assets based on our review of historical returns and economic growth models.

We determine our discount rates annually. We estimate our discount rate based upon a comparison of the expected cash flows associated with our future payments under our pension and postretirement obligations to a hypothetical bond portfolio created using high-quality bonds that closely match expected cash flows. Bond portfolios are developed by selecting a bond for each of the next 60 years based on the maturity dates of the bonds. Bonds selected to be included in the portfolios are only those rated by Moody’s as AA- or better and exclude callable bonds, bonds with less than a minimum issue size, yield outliers and other filtering criteria to remove unsuitable bonds.

Health Care Cost Trend Rates - The following table sets forth the assumed health care cost-trend rates for the periods indicated:

	2016	2015
Health care cost-trend rate assumed for next year	**7.25%**	4.0% - 7.50%
Rate to which the cost-trend rate is assumed to decline (the ultimate trend rate)	**5.00%**	4.0% - 5.0%
Year that the rate reaches the ultimate trend rate	**2022**	2022

Assumed health care cost-trend rates have an impact on the amounts reported for our health care plans. A one percentage point change in assumed health care cost-trend rates would have the following effects on our continuing operations:

	One Percentage Point Increase	One Percentage Point Decrease
	(Thousands of dollars)	
Effect on total of service and interest cost	**$ 63**	**$ (57)**
Effect on postretirement benefit obligation	**$ 994**	**$ (907)**

Plan Assets - Our investment strategy is to invest plan assets in accordance with sound investment practices that emphasize long-term fundamentals. The goal of this strategy is to maximize investment returns while managing risk in order to meet the plan's current and projected financial obligations. The investment policy follows a glide path approach toward liability-driven investing that shifts a higher portfolio weighting to fixed income as the plan's funded status increases. The purpose of liability-driven investing is to structure the asset portfolio to more closely resemble the pension liability and thereby more effectively hedge against changes in the liability. The plan's current investments include a diverse blend of various domestic and international equities, investments in various classes of debt securities, insurance contracts and venture capital. The target allocation for the assets of our pension plan as of December 31, 2016, is as follows:

U.S. large-cap equities	37%
Long duration bonds	30%
Developed foreign large-cap equities	10%
Alternative investments	8%
Mid-cap equities	6%
Emerging markets equities	5%
Small-cap equities	4%
Total	100%

As part of our risk management for the plans, minimums and maximums have been set for each of the asset classes listed above. All investment managers for the plan are subject to certain restrictions on the securities they purchase and, with the exception of indexing purposes, are prohibited from owning our stock.

The following tables set forth our pension benefits and postretirement benefits plan assets by fair value category for our continuing operations as of the measurement date:

	Pension Benefits December 31, 2016					
Asset Category	**Level 1**	**Level 2**	**Level 3**	**Subtotal**	**Measured at NAV** (d)	**Total**
			(*Thousands of dollars*)			
Investments:						
Equity securities (a)	$ **146,980**	$ **13,606**	$ **—**	$ **160,586**	$ **—**	$ **160,586**
Government obligations	**—**	**17,979**	**—**	**17,979**	**—**	**17,979**
Corporate obligations (b)	**—**	**56,484**	**—**	**56,484**	**—**	**56,484**
Common/collective trusts	**—**	**6,577**	**—**	**6,577**	**—**	**6,577**
Cash	**43**	**—**	**—**	**43**	**—**	**43**
Other investments (c)	**—**	**—**	**—**	**—**	**20,002**	**20,002**
Fair value of plan assets	$ **147,023**	$ **94,646**	$ **—**	$ **241,669**	$ **20,002**	$ **261,671**

(a) - This category represents securities of the respective market sector from diverse industries.
(b) - This category represents bonds from diverse industries.
(c) - This category represents alternative investments in limited partnerships, which can be redeemed with a 30-day notice with no further restrictions. There are no unfunded capital commitments.
(d) - Plan asset investments measured at fair value using the net asset value per share.

Asset Category	Pension Benefits December 31, 2015 Level 1	Level 2	Level 3	Subtotal	Measured at NAV (d)	Total
	(*Thousands of dollars*)					
Investments:						
Equity securities (a)	$ 143,515	$ 13,517	$ —	$ 157,032	$ —	$ 157,032
Government obligations	—	20,241	—	20,241	—	20,241
Corporate obligations (b)	—	55,495	—	55,495	—	55,495
Common/collective trusts	—	5,076	—	5,076	—	5,076
Cash	525	—	—	525	—	525
Other investments (c)	—	—	—	—	20,266	20,266
Fair value of plan assets	$ 144,040	$ 94,329	$ —	$ 238,369	$ 20,266	$ 258,635

(a) - This category represents securities of the respective market sector from diverse industries.
(b) - This category represents bonds from diverse industries.
(c) - This category represents alternative investments in limited partnerships, which can be redeemed with a 30-day notice with no further restrictions.
(d) - Plan asset investments measured at fair value using the net asset value per share.

Asset Category	Postretirement Benefits December 31, 2016 Level 1	Level 2	Level 3	Total
	(*Thousands of dollars*)			
Investments:				
Equity securities (a)	**$ 1,777**	**$ —**	**$ —**	**$ 1,777**
Money market funds	**—**	**1,259**	**—**	**1,259**
Insurance and group annuity contracts	**—**	**26,514**	**—**	**26,514**
Fair value of plan assets	**$ 1,777**	**$ 27,773**	**$ —**	**$ 29,550**

(a) - This category represents securities of the respective market sector from diverse industries.

Asset Category	Postretirement Benefits December 31, 2015 Level 1	Level 2	Level 3	Total
	(*Thousands of dollars*)			
Investments:				
Equity securities (a)	$ 1,632	$ —	$ —	$ 1,632
Money market funds	—	1,398	—	1,398
Insurance and group annuity contracts	—	25,611	—	25,611
Fair value of plan assets	$ 1,632	$ 27,009	$ —	$ 28,641

(a) - This category represents securities of the respective market sector from diverse industries.

Contributions - During 2016 , we made no contributions to our defined benefit pension plan and $1.0 million in contributions to our postretirement benefit plans. We contributed $7.5 million to our defined benefit pension plan in January 2017 and expect to make approximately $2.0 million in contributions to our postretirement plans in 2017.

Pension and Postretirement Benefit Payments - Benefit payments for our pension and postretirement benefit plans for the period ending December 31, 2016 , were $13.1 million and $3.5 million , respectively. The following table sets forth the pension benefits and postretirement benefits payments expected to be paid in 2017 through 2026:

	Pension Benefits	Postretirement Benefits
Benefits to be paid in:	*(Thousands of dollars)*	
2017	$ 15,487	$ 3,251
2018	$ 16,717	$ 3,436
2019	$ 17,788	$ 3,616
2020	$ 18,672	$ 3,801
2021	$ 19,839	$ 3,900
2022 through 2026	$ 111,899	$ 19,326

The expected benefits to be paid are based on the same assumptions used to measure our benefit obligation at December 31, 2016 , and include estimated future employee service.

Other Employee Benefit Plans

401(k) Plan - We have a 401(k) Plan covering all employees, and employee contributions are discretionary. We match 100 percent of employee contributions up to 6 percent of each participant's eligible compensation, subject to certain limits. Our contributions made to the plan for our continuing operations were $11.9 million , $12.0 million and $9.3 million in 2016, 2015 and 2014 , respectively.

Profit Sharing Plan - We have a profit-sharing plan (Profit Sharing Plan) for all employees hired after December 31, 2004. Employees who were employed prior to January 1, 2005, were given a one-time opportunity to make an irrevocable election to participate in the Profit Sharing Plan and not accrue any additional benefits under our defined benefit pension plan after December 31, 2004. We plan to make a contribution to the Profit Sharing Plan each quarter equal to 1 percent of each participant's eligible compensation during the quarter. Additional discretionary employer contributions may be made at the end of each year. Employee contributions are not allowed under the plan. Our contributions made to the plan for our continuing operations were $8.2 million , $4.9 million and $4.6 million in 2016, 2015 and 2014 , respectively.

Nonqualified Deferred Compensation Plan - The Nonqualified Deferred Compensation Plan provides select employees, as approved by our Chief Executive Officer, with the option to defer portions of their compensation and provides nonqualified deferred compensation benefits that are not available due to limitations on employer and employee contributions to qualified defined contribution plans under the federal tax laws. Our contributions to the plan were not material in 2016, 2015 and 2014 .

M . INCOME TAXES

The following table sets forth our provisions for income taxes for the periods indicated:

	Years Ended December 31,		
	2016	**2015**	**2014**
Current income taxes		*(Thousands of dollars)*	
Federal	**$ 6,086**	$ 13,191	$ 10,180
State	**2,449**	2,967	3,311
Total current income taxes from continuing operations	**8,535**	16,158	13,491
Deferred income taxes			
Federal	**193,974**	116,681	152,352
State	**9,897**	3,761	(14,685)
Total deferred income taxes from continuing operations	**203,871**	120,442	137,667
Total provision for income taxes from continuing operations	**212,406**	136,600	151,158
Discontinued operations	**(1,250)**	2,031	7,567
Total provision for income taxes	**$ 211,156**	$ 138,631	$ 158,725

The following table is a reconciliation of our income tax provision from continuing operations for the periods indicated:

	Years Ended December 31,		
	2016	2015	2014
	(*Thousands of dollars*)		
Income from continuing operations before income taxes	**$ 957,956**	$ 521,876	$ 819,873
Less: Net income attributable to noncontrolling interest	**391,460**	134,218	349,001
Income from continuing operations attributable to ONEOK before income taxes	**566,496**	387,658	470,872
Federal statutory income tax rate	**35%**	35%	35%
Provision for federal income taxes	**198,274**	135,680	164,805
State income taxes, net of federal tax benefit	**12,303**	5,800	14,278
State deferred tax rate change, net of valuation allowance	**43**	928	(25,653)
Other, net	**1,786**	(5,808)	(2,272)
Income tax provision from continuing operations	**$ 212,406**	$ 136,600	$ 151,158

The following table sets forth the tax effects of temporary differences that gave rise to significant portions of the deferred tax assets and liabilities for the periods indicated:

	December 31, 2016	**December 31, 2015**
Deferred tax assets	(*Thousands of dollars*)	
Employee benefits and other accrued liabilities	**$ 118,831**	$ 97,719
Federal net operating loss	**26,334**	76,805
State net operating loss and benefits	**39,759**	39,363
Derivative instruments	**32,082**	26,132
Other	**2,425**	12,386
Total deferred tax assets	**219,431**	252,405
Valuation allowance for state tax credits		
Carryforward expected to expire prior to utilization	**(9,430)**	(10,223)
Net deferred tax assets	**210,001**	242,182
Deferred tax liabilities		
Excess of tax over book depreciation	**107,249**	93,421
Investment in partnerships	**1,726,541**	1,585,427
Regulatory assets	**33**	49
Total deferred tax liabilities	**1,833,823**	1,678,897
Net deferred tax liabilities before discontinued operations	**1,623,822**	1,436,715
Discontinued operations	**(10,500)**	(18,265)
Net deferred tax liabilities	**$ 1,613,322**	$ 1,418,450

Tax benefits related to net operating loss (NOL) carryforwards will begin expiring in 2030. We believe that it is more likely than not that the tax benefits of the net operating loss carryforwards will be utilized prior to their expirations; therefore, no valuation allowance is necessary.

Deferred tax assets related to tax benefits of employee share-based compensation have been reduced for performance share units and restricted share units that vested in periods in which ONEOK was in an NOL position. This vesting resulted in tax deductions in excess of previously recorded benefits based on the performance share unit and restricted share unit value at the time of grant. Although these additional tax benefits are reflected in NOL carryforwards in the tax return, the additional tax benefit is not recognized until the deduction reduces taxes payable. A portion of the tax benefit does not reduce ONEOK's current taxes payable due to NOL carryforwards; accordingly, these tax benefits are not reflected in ONEOK's NOLs in deferred tax assets. Cumulative tax benefits included in NOL carryforwards but not reflected in deferred tax assets were $73.4 million as of December 31, 2016 , and $75.1 million as of December 31, 2015 . As a result of adopting ASU 2016-09 in 2017, the portion of the tax benefit that does not reduce ONEOK's current taxes payable will be reflected in deferred tax assets. See Note A for more information on ASU 2016-09.

ONE Gas Separation - ONE Gas was included in our consolidated federal and state income tax returns through the date of the separation. Any changes to the estimated ONE Gas taxes at the separation date will result in a reimbursement between us and

ONE Gas under the terms of the tax sharing agreement. We are principally responsible for managing any income tax audits by the various tax jurisdictions for periods prior to the separation.

Deferred tax liabilities and deferred income tax expense were reduced by $34.6 million in the first quarter 2014 due primarily to a reduction in our estimate of the effective state income tax rate to reflect a change in the mix of taxable income in the states in which we now operate, resulting from the separation of our former natural gas distribution business and the wind down of our energy services business. We also recorded a valuation allowance of $8.2 million in the first quarter 2014 for state tax credits as it is more likely than not that we will not be able to utilize these credits as a result of the separation of our former natural gas distribution business and the wind down of our energy services business. Together, these adjustments resulted in a net $26.4 million reduction in deferred tax liabilities and deferred income tax expense.

N . UNCONSOLIDATED AFFILIATES

Investments in Unconsolidated Affiliates - The following table sets forth ONEOK Partners' investments in unconsolidated affiliates for the periods indicated:

	Net Ownership Interest	December 31, 2016	December 31, 2015
		(*Thousands of dollars*)	
Northern Border Pipeline	50%	**$ 328,456**	$ 363,231
Overland Pass Pipeline Company	50%	**444,138**	459,354
Other	Various	**186,213**	125,636
Investments in unconsolidated affiliates (a)		**$ 958,807**	$ 948,221

(a) - Equity-method goodwill (Note A) was $40.1 million at December 31, 2016 and 2015 , respectively.

Equity in Net Earnings from Investments and Impairments - The following table sets forth ONEOK Partners' equity in net earnings from investments for the periods indicated:

	Years Ended December 31, 2016	2015	2014
		(*Thousands of dollars*)	
Northern Border Pipeline	**$ 69,990**	$ 66,941	$ 69,819
Overland Pass Pipeline Company	**53,984**	37,783	25,906
Other	**15,716**	20,576	21,690
Equity in net earnings from investments	**$ 139,690**	$ 125,300	$ 117,415
Impairment of equity investments	**$ —**	$ (180,583)	$ (76,412)

Unconsolidated Affiliates Financial Information - The following tables set forth summarized combined financial information of ONEOK Partners' unconsolidated affiliates for the periods indicated:

	December 31, 2016	December 31, 2015
	(*Thousands of dollars*)	
Balance Sheet		
Current assets	**$ 143,317**	$ 149,439
Property, plant and equipment, net	**$ 2,579,607**	$ 2,556,559
Other noncurrent assets	**$ 20,784**	$ 23,722
Current liabilities	**$ 77,388**	$ 211,037
Long-term debt	**$ 649,539**	$ 425,521
Other noncurrent liabilities	**$ 69,265**	$ 69,356
Accumulated other comprehensive loss	**$ (7,450)**	$ (5,669)
Owners' equity	**$ 1,954,966**	$ 2,029,475

	Years Ended December 31,		
	2016	2015	2014
	(*Thousands of dollars*)		
Income Statement			
Operating revenues	**$ 578,542**	$ 524,496	$ 548,491
Operating expenses (a)	**$ 260,753**	$ 304,930	$ 309,990
Net income (a)	**$ 293,921**	$ 200,064	$ 214,410
Distributions paid to us	**$ 196,717**	$ 155,918	$ 139,019

(a) Includes long-lived asset impairment charges in 2015 and 2014.

ONEOK Partners' incurred expenses in transactions with unconsolidated affiliates of $140.3 million , $104.7 million and $62.0 million for 2016, 2015 and 2014 , respectively, primarily related to Overland Pass Pipeline Company and Northern Border Pipeline. Accounts payable to ONEOK Partners' equity-method investees at December 31, 2016 and 2015, was $11.1 million and $8.0 million , respectively.

Northern Border Pipeline - The Northern Border Pipeline partnership agreement provides that distributions to Northern Border Pipeline's partners are to be made on a pro rata basis according to each partner's percentage interest. The Northern Border Pipeline Management Committee determines the amount and timing of such distributions. Any changes to, or suspension of, the cash distribution policy of Northern Border Pipeline requires the unanimous approval of the Northern Border Pipeline Management Committee. Cash distributions are equal to 100 percent of distributable cash flow as determined from Northern Border Pipeline's financial statements based upon EBITDA, less interest expense and maintenance capital expenditures. Loans or other advances from Northern Border Pipeline to its partners or affiliates are prohibited under its credit agreement.

Overland Pass Pipeline Company - The Overland Pass Pipeline Company limited liability company agreement provides that distributions to Overland Pass Pipeline Company's members are to be made on a pro rata basis according to each member's percentage interest. The Overland Pass Pipeline Company Management Committee determines the amount and timing of such distributions. Any changes to, or suspension of, cash distributions from Overland Pass Pipeline Company requires the unanimous approval of the Overland Pass Pipeline Management Committee. Cash distributions are equal to 100 percent of available cash as defined in the limited liability company agreement.

Roadrunner Gas Transmission - In March 2015, ONEOK Partners entered into a 50-50 joint venture with a subsidiary of Fermaca, a Mexico City-based natural gas infrastructure company, to construct the Roadrunner pipeline to transport natural gas from the Permian Basin in West Texas to the Mexican border near El Paso, Texas. ONEOK Partners contributed approximately $65 million and $30 million to Roadrunner in 2016 and 2015, respectively.

The Roadrunner limited liability agreement provides that distributions to members are made on a pro rata basis according to each member's ownership interest. The Roadrunner Management Committee determines the amount and timing of such distributions. Cash distributions are equal to 100 percent of available cash, as defined in the limited liability company agreement.

Impairment Charges - Due to the continued and greater than expected decline in volumes gathered in the dry natural gas area of the Powder River Basin, ONEOK Partners evaluated its long-lived assets and equity investments in this area in 2015 and made the decision to cease operations of its wholly owned coal-bed methane natural gas gathering system in 2016. Bighorn Gas Gathering, in which ONEOK Partners owns a 49 percent equity interest, and Fort Union Gas Gathering, in which ONEOK Partners owns a 37 percent equity interest, are both partially supplied with volumes from ONEOK Partners' wholly owned coal-bed methane natural gas gathering system. ONEOK Partners owns a 35 percent equity interest in Lost Creek Gathering Company, which also is located in a dry natural gas area. ONEOK Partners reviewed its Bighorn Gas Gathering, Fort Union Gas Gathering and Lost Creek Gathering Company equity investments and recorded noncash impairment charges of $180.6 million in 2015. The remaining net book value of ONEOK Partners' equity investments in this dry natural gas area is $31.1 million as of December 31, 2016.

In 2014, Bighorn Gas Gathering recorded an impairment of its underlying assets when the operator determined that the volume decline would be sustained for the foreseeable future. As a result, ONEOK Partners reviewed its equity investment in Bighorn Gas Gathering for impairment and recorded noncash impairment charges of $76.4 million in 2014.

O . ONEOK PARTNERS

Ownership Interest in ONEOK Partners - Our ownership interest in ONEOK Partners is shown in the table below as of December 31, 2016 :

General partner interest	**2.0%**
Limited partner interest (a)	**39.2%**
Total ownership interest	**41.2%**

(a) - Represents 41.3 million common units and approximately 73.0 million Class B units, which are convertible, at our option, into common units.

Consolidation - We determined ONEOK Partners is a VIE due to the limited partners' lack of substantive voting rights under the Partnership Agreement. Substantive voting rights under a master limited partnership are either kick-out rights or participating rights, as defined by FASB Accounting Standards Codification 810-10, that can be exercised with a simple majority of the vote of the limited partners. Prior to the adoption of ASU 2015-02, ONEOK Partners was not considered a VIE but was consolidated by us under the presumption that a general partner consolidates its limited partnership. See Note A for more information on ASU 2015-02.

We have determined that we are the primary beneficiary of ONEOK Partners as we have the power, through our general partner interest, to direct the operations of ONEOK Partners that impact its economic performance and the right to receive the benefits of ONEOK Partners through our general partner and limited partner interests. These interests are significant due to our 41.2 percent ownership interest in ONEOK Partners, the largest ownership interest by an individual entity, and our incentive distribution rights.

As we are the primary beneficiary of ONEOK Partners, we consolidate ONEOK Partners in our consolidated financial statements; however, we are restricted from the assets and cash flows of ONEOK Partners except for the distributions we receive from ONEOK Partners. Distributions are declared quarterly by the board of ONEOK Partners' general partner based on the terms of the Partnership Agreement.

The following table shows the carrying amount and classification of ONEOK Partners' assets and liabilities in our Consolidated Balance Sheets:

	December 31, 2016	December 31, 2015
	(Thousands of dollars)	
Assets		
Total current assets	**$ 1,174,245**	$ 883,164
Net property, plant and equipment	**12,462,692**	12,256,791
Total investments and other assets	**1,832,410**	1,787,631
Total assets	**$ 15,469,347**	$ 14,927,586
Liabilities		
Total current liabilities	**$ 2,824,376**	$ 1,580,300
Long-term debt, excluding current maturities	**6,291,307**	6,695,312
Total deferred credits and other liabilities	**175,844**	154,631
Total liabilities	**$ 9,291,527**	$ 8,430,243

ONEOK receives distributions from ONEOK Partners through its general partner and limited partner interests, but otherwise the assets of ONEOK Partners cannot be used to settle obligations of ONEOK. ONEOK does not guarantee the debt, commercial paper or other similar commitments of ONEOK Partners, and the obligations of ONEOK Partners may only be settled using the assets of ONEOK Partners. ONEOK Partners does not guarantee the debt or other similar commitments of ONEOK. Following the completion of the Merger Transaction with ONEOK Partners described in Note B , we and ONEOK Partners expect to enter into a cross guarantee agreement whereby each party to the agreement unconditionally guarantees and becomes liable for the indebtedness of each other party to the agreement.

Equity Issuances - ONEOK Partners has an "at-the-market" equity program for the offer and sale from time to time of its common units, up to an aggregate amount of $650 million . The program allows ONEOK Partners to offer and sell its common units at prices it deems appropriate through a sales agent. Sales of common units are made by means of ordinary brokers' transactions on the NYSE, in block transactions or as otherwise agreed to between ONEOK Partners and the sales agent.

ONEOK Partners is under no obligation to offer and sell common units under the program. At December 31, 2016 , ONEOK Partners had approximately $138 million of registered common units available for issuance through its “at-the-market” equity program.

During the year ended December 31, 2016 , ONEOK Partners sold no common units through its “at-the-market” equity program.

In August 2015, ONEOK Partners completed the sale to us in a private placement of 21.5 million common units at a price of $30.17 per unit. Additionally, ONEOK Partners completed a concurrent sale of approximately 3.3 million common units at a price of $30.17 per unit to funds managed by Kayne Anderson Capital Advisors in a registered direct offering, which were issued through ONEOK Partners’ existing “at-the-market” equity program. The combined offerings generated net cash proceeds of approximately $749 million to ONEOK Partners. In conjunction with these issuances, ONEOK Partners GP contributed approximately $15.3 million in order to maintain our 2 percent general partner interest in ONEOK Partners. ONEOK Partners used the proceeds for general partnership purposes, including capital expenditures and repayment of commercial paper borrowings.

During the year ended December 31, 2015 , ONEOK Partners sold 10.5 million common units through its “at-the-market” equity program, including the units sold to funds managed by Kayne Anderson Capital Advisors in the offering discussed above. The net proceeds, including ONEOK Partners GP’s contribution to maintain our 2 percent general partner interest in ONEOK Partners, were approximately $381.6 million , which were used for general partnership purposes, including repayment of commercial paper borrowings.

In May 2014, ONEOK Partners completed an underwritten public offering of 13.9 million common units at a public offering price of $52.94 per common unit, generating net proceeds of approximately $714.5 million . In conjunction with this issuance, ONEOK Partners GP contributed approximately $15.0 million in order to maintain our 2 percent general partner interest in ONEOK Partners. ONEOK Partners used the proceeds for general partnership purposes, including capital expenditures and repayment commercial paper borrowings.

During the year ended December 31, 2014, ONEOK Partners sold 7.9 million common units through its “at-the-market” equity program. The net proceeds, including ONEOK Partners GP’s contribution to maintain our 2 percent general partner interest in ONEOK Partners, were approximately $402.1 million , which were used for general partnership purposes.

We account for the difference between the carrying amount of our investment in ONEOK Partners and the underlying book value arising from issuance of common units by ONEOK Partners as an equity transaction. If ONEOK Partners issues common units at a price different than our carrying value per unit, we account for the premium or deficiency as an adjustment to paid-in capital. As a result of ONEOK Partners’ issuance of common units, we recognized a decrease to paid-in capital of approximately $34.4 million , net of taxes in 2015 , and an increase to paid-in capital of approximately $156.1 million , net of taxes, in 2014 .

Cash Distributions - We receive distributions from ONEOK Partners on our common and Class B units and our 2 percent general partner interest, which includes our incentive distribution rights. Under the Partnership Agreement, distributions are made to the partners with respect to each calendar quarter in an amount equal to 100 percent of available cash as defined in the Partnership Agreement. Available cash generally will be distributed 98 percent to limited partners and 2 percent to the general partner. The general partner’s percentage interest in quarterly distributions is increased after certain specified target levels are met during the quarter. Under the incentive distribution provisions, as set forth in the Partnership Agreement, the general partner receives:

- 15 percent of amounts distributed in excess of $0.3025 per unit;
- 25 percent of amounts distributed in excess of $0.3575 per unit; and
- 50 percent of amounts distributed in excess of $0.4675 per unit.

The following table shows ONEOK Partners' distributions paid during the periods indicated:

	Years Ended December 31,		
	2016	2015	2014
	(Thousands, except per unit amounts)		
Distribution per unit	**$ 3.16**	$ 3.16	$ 3.01
General partner distributions	**$ 26,640**	$ 24,610	$ 21,044
Incentive distributions	**402,152**	371,500	304,999
Distributions to general partner	**428,792**	396,110	326,043
Limited partner distributions to ONEOK	**361,292**	310,230	279,292
Limited partner distributions to noncontrolling interest	**541,919**	524,135	446,910
Total distributions paid	**$ 1,332,003**	$ 1,230,475	$ 1,052,245

ONEOK Partners' distributions are declared and paid within 45 days of the end of each quarter. The following table shows ONEOK Partners' distributions declared for the periods indicated:

	Years Ended December 31,		
	2016	2015	2014
	(Thousands, except per unit amounts)		
Distribution per unit	**$ 3.16**	$ 3.16	$ 3.07
General partner distributions	**$ 26,640**	$ 25,356	$ 22,109
Incentive distributions	**402,152**	382,759	326,022
Distributions to general partner	**428,792**	408,115	348,131
Limited partner distributions to ONEOK	**361,292**	327,250	284,860
Limited partner distributions to noncontrolling interest	**541,919**	532,405	472,466
Total distributions declared	**$ 1,332,003**	$ 1,267,770	$ 1,105,457

Affiliate Transactions - We provide a variety of services to our affiliates, including cash management and financial services, employee benefits, legal and administrative services by our employees and management, insurance and office space leased in our headquarters building and other field locations. Where costs are incurred specifically on behalf of an affiliate, the costs are billed directly to the affiliate by us. In other situations, the costs may be allocated to the affiliates through a variety of methods, depending upon the nature of the expenses and the activities of the affiliates. Beginning in the second quarter 2014, we allocate substantially all of our general overhead costs to ONEOK Partners as a result of the separation of our natural gas distribution business and the wind down of our energy services business in the first quarter 2014. For the first quarter 2014, it is not practicable to determine what these general overhead costs would be on a stand-alone basis.

The following table shows ONEOK Partners' transactions with us for the periods indicated:

	Years Ended December 31,		
	2016	2015	2014
	(Thousands of dollars)		
Revenues	**$ —**	$ —	$ 53,526
Expenses			
Cost of sales and fuel	**$ —**	$ —	$ 10,835
Operating expenses	**388,142**	368,346	330,541
Total expenses	**$ 388,142**	$ 368,346	$ 341,376

Prior to the ONE Gas separation, ONEOK Partners provided natural gas sales and transportation and storage services to our former natural gas distribution business. Prior to February 1, 2014, these revenues and related costs were eliminated in consolidation. Beginning February 1, 2014, these revenues represent third-party transactions with ONE Gas and are not eliminated in consolidation, as such sales and services have continued subsequent to the separation and are expected to continue in future periods. Prior to the completion of the energy services wind down, ONEOK Partners provided natural gas and natural gas liquids sales and transportation and storage services to our energy services business. While these transactions were eliminated in consolidation in previous periods, they are now reflected as affiliate transactions and not eliminated in consolidation as these transactions have continued with third parties. See Note Q for additional detail on these revenues.

ONEOK Partners has an operating agreement with Roadrunner that provides for reimbursement or payment to it for management services and certain operating costs. Charges to Roadrunner included in operating income in our Consolidated Statements of Income for 2016 and 2015 were $7.7 million and $5.4 million , respectively.

P . COMMITMENTS AND CONTINGENCIES

Commitments - Operating leases represent future minimum lease payments under noncancelable leases covering office space and pipeline equipment. Rental expense in 2016, 2015 and 2014 was not material. ONEOK and ONEOK Partners have no material operating leases. Firm transportation and storage contracts are fixed-price contracts that provide us with firm transportation and storage capacity. The following table sets forth ONEOK Partners' firm transportation and storage contract payments for the periods indicated:

ONEOK Partners	**Firm Transportation and Storage Contracts**
	(Millions of dollars)
2017	$ 51.5
2018	43.0
2019	37.5
2020	37.1
2021	23.0
Thereafter	35.0
Total	$ 227.1

Environmental Matters and Pipeline Safety - The operation of pipelines, plants and other facilities for the gathering, processing, transportation and storage of natural gas, NGLs, condensate, and other products is subject to numerous and complex laws and regulations pertaining to health, safety and the environment. As an owner and/or operator of these facilities, ONEOK Partners must comply with United States laws and regulations at the federal, state and local levels that relate to air and water quality, hazardous and solid waste management and disposal, and other environmental matters. The cost of planning, designing, constructing and operating pipelines, plants and other facilities must incorporate compliance with environmental laws and regulations and safety standards. Failure to comply with these laws and regulations may trigger a variety of administrative, civil and potentially criminal enforcement measures, including citizen suits, which can include the assessment of monetary penalties, the imposition of remedial requirements and the issuance of injunctions or restrictions on operation. Management believes that, based on currently known information, compliance with these laws and regulations will not have a material adverse effect on our or ONEOK Partners' results of operations, financial condition or cash flows.

Legal Proceedings - Gas Index Pricing Litigation - As previously reported, ONEOK and its subsidiary, OESC, along with several other energy companies, are defending multiple lawsuits arising from alleged market manipulation or false reporting of natural gas prices to natural gas-index publications alleged to have occurred prior to 2003.

In November 2016, we settled the claims alleged against us and our affiliate OESC in *Reorganized FLI* . The amount we paid to settle this case is not material to our results of operations, financial position or cash flows and was paid with cash on hand.

In November 2016, we entered into an agreement to settle the claims alleged against us and our affiliates, OESC and Kansas Gas Marketing Company, in the following cases: *Learjet, Arandell, Heartland* and *NewPage* . The amount we agreed to pay to settle these cases is not material to our results of operations, financial position or cash flows and is expected to be paid with cash on hand.

The above settlements do not apply to the *Sinclair* case. We expect that future charges, if any, from the ultimate resolution of this matter will not be material to our results of operations, financial position or cash flows and is expected to be paid with cash on hand.

Other Legal Proceedings - We and ONEOK Partners are party to various other litigation matters and claims that have arisen in the normal course of our operations. While the results of these various other litigation matters and claims cannot be predicted with certainty, we believe the reasonably possible losses from such matters, individually and in the aggregate, are not material. Additionally, we believe the probable final outcome of such matters will not have a material adverse effect on our consolidated results of operations, financial position or cash flows.

ONE Gas Separation - In connection with the separation of ONE Gas, we entered into a Separation and Distribution Agreement with ONE Gas, which sets forth the agreements between us and ONE Gas regarding the principal transactions necessary to effect the separation, including cross-indemnities between us and ONE Gas. In general, we agreed to indemnify ONE Gas for any liabilities relating to our business following the separation, including ONEOK Partners and our energy services business, and ONE Gas agreed to indemnify us for liabilities relating to the natural gas distribution business. If a liability does not relate to either our remaining business or to ONE Gas, then we and ONE Gas will each be responsible for a portion of such liability.

Q . DISCONTINUED OPERATIONS

Separation of ONE Gas - On January 31, 2014, we completed the separation of ONE Gas. ONE Gas consists of our former natural gas distribution business. ONEOK shareholders of record at the close of business on January 21, 2014, retained their shares of ONEOK stock and received one share of ONE Gas stock for every four shares of ONEOK stock owned in a transaction that was tax-free to ONEOK and its shareholders. We retained no ownership interest in ONE Gas. Excluding cash of ONE Gas at separation, the separation was accounted for as a noncash activity.

Wind Down of Energy Services Business - On March 31, 2014, we completed the wind down of our energy services business. We executed agreements in 2013 and the first quarter 2014 to release a significant portion of our nonaffiliated natural gas transportation and storage contracts to third parties that resulted in noncash charges, which are included in income (loss) from discontinued operations, net of tax, in our Consolidated Statements of Income.

The following table summarizes the change in our liability related to released capacity contracts for the period indicated:

	Years Ended December 31,	
	2016	**2015**
	(Millions of dollars)	
Beginning balance	**$ 36.3**	$ 73.8
Settlements	**(19.9)**	(38.5)
Accretion	**0.5**	1.0
Ending balance	**$ 16.9**	$ 36.3

We expect future cash payments associated with released transportation and storage capacity from the wind down of our former energy services business to total approximately $18 million , which consists of approximately $10 million paid in 2017, $4 million in 2018, $1 million in 2019, and $3 million during the period from 2020 through 2023.

Results of Operations of Discontinued Operations - The results of operations for our former natural gas distribution business and energy services business have been reported as discontinued operations for all periods presented. Income (loss) from discontinued operations, net of tax, in the Consolidated Statements of Income for the years ended December 31, 2016 and 2015, consists of accretion expense, net of tax benefit, on the released contracts for our former energy services business and certain tax-related adjustments. The table below provides selected financial information reported in discontinued operations in the Consolidated Statements of Income for the year ended December 31, 2014:

	Year Ended December 31, 2014		
	Natural Gas Distribution	Energy Services	Total
	(Thousands of dollars)		
Revenues	$ 287,249	$ 353,404	$ 640,653
Cost of sales and fuel (exclusive of items shown separately below)	190,893	364,648	555,541
Operating costs	60,847 (a)	5,051	65,898
Depreciation and amortization	11,035	319	11,354
Operating income (loss)	24,474	(16,614)	7,860
Other income (expense), net	(888)	(7)	(895)
Interest expense, net	(4,592)	(413)	(5,005)
Income tax benefit (expense)	(16,415)	8,848	(7,567)
Income (loss) from discontinued operations, net	$ 2,579	$ (8,186)	$ (5,607)

(a) - Includes approximately $23.0 million for the year ended December 31, 2014, of costs related to the ONE Gas separation.

Prior to the ONE Gas separation, natural gas sales and transportation and storage services provided to our former natural gas distribution business by ONEOK Partners were $7.5 million for the year ended December 31, 2014. Prior to February 1, 2014, these revenues and related costs were eliminated in consolidation. Beginning February 1, 2014, these revenues represent third-party transactions with ONE Gas and are not eliminated in consolidation for all periods presented, as such sales and services have continued subsequent to the separation and are expected to continue in future periods.

Prior to the completion of the energy services wind down, natural gas sales and transportation and storage services provided to our energy services business by ONEOK Partners were $46.0 million for the year ended December 31, 2014. While these transactions were eliminated in consolidation in previous periods, they are reflected now as affiliate transactions and are not eliminated in consolidation for all periods presented as these transactions have continued with third parties.

Statement of Financial Position of Discontinued Operations - At December 31, 2016 and 2015 , assets and liabilities of discontinued operations in our Consolidated Balance Sheets relate primarily to deferred tax assets and capacity release obligations associated with our former energy services business.

R . ACQUISITIONS

In November 2014 , ONEOK Partners completed the acquisition of an 80 percent interest in WTLPG and a 100 percent interest in the Mesquite Pipeline for approximately $800 million from affiliates of Chevron Corporation, and ONEOK Partners became the operator of both pipelines. Financing to close this transaction came from available cash on hand and borrowings under its existing commercial paper program.

We accounted for the West Texas LPG acquisition as a business combination which, among other things, requires assets acquired and liabilities assumed to be measured at their acquisition-date fair values.

The final purchase price allocation and assessment of the fair value of the assets acquired as of the acquisition date were as follows:

		(*Thousands of dollars*)
Cash	$	13,839
Accounts receivable		9,132
Other current assets		3,369
Property, plant and equipment		
Regulated		812,716
Nonregulated		157,643
Total property, plant and equipment		970,359
Total fair value of assets acquired		996,699
Accounts payable		(8,621)
Other liabilities		(10,867)
Total fair value of liabilities acquired		(19,488)
Less: Fair value of noncontrolling interest		(162,438)
Net assets acquired		814,773
Less: Cash received		(13,839)
Net cash paid for acquisition	$	800,934

Beginning November 29, 2014, the results of operations for West Texas LPG are included in the Natural Gas Liquids segment. We consolidate WTLPG and have recorded noncontrolling interests in consolidated subsidiaries on our Consolidated Statements of Income and Consolidated Balance Sheets to recognize the portion of WTLPG that ONEOK Partners does not own. The portion of the assets and liabilities of WTLPG acquired attributable to noncontrolling interests was accounted for as noncash activity. The fair value of the noncontrolling interest of WTLPG was estimated by applying a market approach.

Revenues and earnings related to West Texas LPG have been included within our Consolidated Statements of Income since the acquisition date. Supplemental pro forma revenue and earnings reflecting this acquisition as if it had occurred as of January 1, 2014, are not materially different from the information presented in the accompanying Consolidated Statements of Income and are, therefore, not presented.

The limited partnership agreement of WTLPG provides that cash distributions to the partners are to be made on a pro rata basis according to each partner’s ownership interest. Cash distributions are equal to 100 percent of distributable cash as defined in the limited partnership agreement of WTLPG. Any changes to, or suspension of, the cash distributions from WTLPG requires the approval of a minimum of 90 percent of the ownership interest and a minimum of two general partners of WTLPG.

S . SEGMENTS

Segment Descriptions - Our reportable business segments are based upon the following segments of ONEOK Partners:

- the Natural Gas Gathering and Processing segment gathers, treats and processes natural gas;
- the Natural Gas Liquids segment gathers, treats, fractionates and transports NGLs and stores, markets and distributes NGL products; and
- the Natural Gas Pipelines segment operates regulated interstate and intrastate natural gas transmission pipelines and natural gas storage facilities.

Other and eliminations consist of the operating and leasing operations of our headquarters building and related parking facility and other amounts needed to reconcile our reportable segments to our consolidated financial statements.

Accounting Policies - The accounting policies of the segments are described in Note A . Our chief operating decision-maker reviews the financial performance of each of ONEOK Partners’ three segments, as well as our financial performance, on a regular basis. Beginning in 2016, adjusted EBITDA by segment is utilized in this evaluation. We believe this financial measure is useful to investors because it and similar measures are used by many companies in our industry as a measurement of financial performance and are commonly employed by financial analysts and others to evaluate our financial performance and to compare financial performance among companies in our industry. Adjusted EBITDA for each segment is defined as net income adjusted for interest expense, depreciation and amortization, noncash impairment charges, income taxes, allowance for equity funds used during construction and other noncash items. This calculation may not be comparable with similarly titled measures of other companies. Prior period segment disclosures have been recast to reflect this change.

Intersegment and affiliate sales are recorded on the same basis as sales to unaffiliated customers and are discussed further in Note O . Revenues from sales and services provided by ONEOK Partners to our former natural gas distribution business prior to the separation, which were previously eliminated in consolidation, are now reported as sales to affiliated customers for the year ended December 31, 2014, and are no longer eliminated in consolidation. Revenues from sales and services provided by ONEOK Partners to our former natural gas distribution business after the separation are reported as sales to unaffiliated customers as these now represent third-party transactions.

Customers - The primary customers of the Natural Gas Gathering and Processing segment are crude oil and natural gas producers, which include both large integrated and independent exploration and production companies. The Natural Gas Liquids segment's customers are primarily NGL and natural gas gathering and processing companies; large integrated and independent crude oil and natural gas production companies; propane distributors; ethanol producers; and petrochemical, refining and NGL marketing companies. The Natural Gas Pipelines segment's customers are primarily local natural gas distribution companies, electric-generation companies, large industrial companies, municipalities, irrigation customers and marketing companies.

For each of the years ended December 31, 2016, 2015 and 2014 , ONEOK Partners had no single customer from which it received 10 percent or more of our consolidated revenues.

Operating Segment Information - The following tables set forth certain selected financial information for our operating segments for the periods indicated:

Year Ended December 31, 2016	**Natural Gas Gathering and Processing**	**Natural Gas Liquids (a)**	**Natural Gas Pipelines (b)**	**Total Segments**
		(Thousands of dollars)		
Sales to unaffiliated customers	**$ 1,375,738**	**$ 7,168,983**	**$ 373,738**	**$ 8,918,459**
Intersegment revenues	**675,839**	**506,671**	**5,623**	**1,188,133**
Total revenues	**2,051,577**	**7,675,654**	**379,361**	**10,106,592**
Cost of sales and fuel (exclusive of depreciation and items shown separately below)	**(1,331,542)**	**(6,321,377)**	**(30,561)**	**(7,683,480)**
Operating costs	**(285,599)**	**(327,597)**	**(115,628)**	**(728,824)**
Equity in net earnings from investments	**10,742**	**54,513**	**74,435**	**139,690**
Other	**1,600**	**(1,574)**	**5,530**	**5,556**
Segment adjusted EBITDA	**$ 446,778**	**$ 1,079,619**	**$ 313,137**	**$ 1,839,534**
Depreciation and amortization	**$ (178,548)**	**$ (163,303)**	**$ (46,718)**	**$ (388,569)**
Total assets	**$ 5,320,666**	**$ 8,347,961**	**$ 1,946,318**	**$ 15,614,945**
Capital expenditures	**$ 410,485**	**$ 105,861**	**$ 96,274**	**$ 612,620**

(a) - The Natural Gas Liquids segment has regulated and nonregulated operations. The Natural Gas Liquids segment's regulated operations had revenues of $1.2 billion , of which $992.8 million related to sales within the segment, cost of sales and fuel of $458.7 million and operating income of $467.9 million .
(b) - The Natural Gas Pipelines segment has regulated and nonregulated operations. The Natural Gas Pipelines segment's regulated operations had revenues of $238.7 million , cost of sales and fuel of $30.0 million and operating income of $100.8 million .

Year Ended December 31, 2016	Total Segments	Other and Eliminations	Total
		(*Thousands of dollars*)	
Reconciliations of total segments to consolidated			
Sales to unaffiliated customers	**$ 8,918,459**	**$ 2,475**	**$ 8,920,934**
Intersegment revenues	**1,188,133**	**(1,188,133)**	**—**
Total revenues	**$ 10,106,592**	**$ (1,185,658)**	**$ 8,920,934**
Cost of sales and fuel (exclusive of depreciation and operating costs)	**$ (7,683,480)**	**$ 1,187,356**	**$ (6,496,124)**
Operating costs	**$ (728,824)**	**$ (28,360)**	**$ (757,184)**
Depreciation and amortization	**$ (388,569)**	**$ (3,016)**	**$ (391,585)**
Equity in net earnings from investments	**$ 139,690**	**$ —**	**$ 139,690**
Total assets	**$ 15,614,945**	**$ 523,806**	**$ 16,138,751**
Capital expenditures	**$ 612,620**	**$ 12,014**	**$ 624,634**

Year Ended December 31, 2015	Natural Gas Gathering and Processing	Natural Gas Liquids (a)	Natural Gas Pipelines (b)	Total Segments
		(*Thousands of dollars*)		
Sales to unaffiliated customers	$ 1,187,390	$ 6,248,002	$ 325,676	$ 7,761,068
Intersegment revenues	649,726	331,697	6,771	988,194
Total revenues	1,837,116	6,579,699	332,447	8,749,262
Cost of sales and fuel (exclusive of depreciation and items shown separately below)	(1,265,617)	(5,328,256)	(34,481)	(6,628,354)
Operating costs	(272,418)	(314,505)	(105,720)	(692,643)
Equity in net earnings from investments	17,863	38,696	68,741	125,300
Other	1,610	(3,342)	13,993	12,261
Segment adjusted EBITDA	$ 318,554	$ 972,292	$ 274,980	$ 1,565,826
Depreciation and amortization	$ (150,008)	$ (158,709)	$ (43,479)	$ (352,196)
Impairment of long-lived assets	$ (73,681)	$ (9,992)	$ —	$ (83,673)
Impairment of equity investments	$ (180,583)	$ —	$ —	$ (180,583)
Total assets	$ 5,123,450	$ 8,017,799	$ 1,851,857	$ 14,993,106
Capital expenditures	$ 887,938	$ 226,135	$ 58,215	$ 1,172,288

(a) - The Natural Gas Liquids segment has regulated and nonregulated operations. The Natural Gas Liquids segment’s regulated operations had revenues of $954.8 million , of which $770.1 million related to sales within the segment, cost of sales and fuel of $412.6 million and operating income of $306.9 million .

(b) - The Natural Gas Pipelines segment has regulated and nonregulated operations. The Natural Gas Pipelines segment’s regulated operations had revenues of $266.9 million , cost of sales and fuel of $31.1 million and operating income of $103.7 million .

Year Ended December 31, 2015	Total Segments	Other and Eliminations	Total
	(*Thousands of dollars*)		
Reconciliations of total segments to consolidated			
Sales to unaffiliated customers	$ 7,761,068	$ 2,138	$ 7,763,206
Intersegment revenues	988,194	(988,194)	—
Total revenues	$ 8,749,262	$ (986,056)	$ 7,763,206
Cost of sales and fuel (exclusive of depreciation and operating costs)	$ (6,628,354)	$ 987,302	$ (5,641,052)
Operating costs	$ (692,643)	$ (688)	$ (693,331)
Depreciation and amortization	$ (352,196)	$ (2,424)	$ (354,620)
Impairment of long-lived assets	$ (83,673)	$ —	$ (83,673)
Impairment of equity investments	$ (180,583)	$ —	$ (180,583)
Equity in net earnings from investments	$ 125,300	$ —	$ 125,300
Total assets	$ 14,993,106	$ 453,005	$ 15,446,111
Capital expenditures	$ 1,172,288	$ 16,024	$ 1,188,312

Year Ended December 31, 2014	Natural Gas Gathering and Processing	Natural Gas Liquids (a)	Natural Gas Pipelines (b)	Total Segments
		(*Thousands of dollars*)		
Sales to unaffiliated customers	$ 1,478,729	$ 10,329,609	$ 329,801	$ 12,138,139
Sales to affiliated customers	41,214	—	12,312	53,526
Intersegment revenues	1,447,665	215,772	8,343	1,671,780
Total revenues	2,967,608	10,545,381	350,456	13,863,445
Cost of sales and fuel (exclusive of depreciation and items shown separately below)	(2,305,723)	(9,435,296)	(21,935)	(11,762,954)
Operating costs	(257,658)	(296,402)	(111,037)	(665,097)
Equity in net earnings from investments	20,271	27,326	69,818	117,415
Other	672	(87)	6,900	7,485
Segment adjusted EBITDA	$ 425,170	$ 840,922	$ 294,202	$ 1,560,294
Depreciation and amortization	$ (123,847)	$ (124,071)	$ (43,318)	$ (291,236)
Impairment of equity investments	$ (76,412)	$ —	$ —	$ (76,412)
Total assets	$ 4,911,283	$ 8,143,575	$ 1,835,884	$ 14,890,742
Capital expenditures	$ 898,896	$ 798,048	$ 42,991	$ 1,739,935

(a) - The Natural Gas Liquids segment has regulated and nonregulated operations. The Natural Gas Liquids segment’s regulated operations had revenues of $695.9 million , of which $598.1 million related to sales within the segment, cost of sales and fuel of $309.4 million and operating income of $196.1 million .
(b) - The Natural Gas Pipelines segment has regulated and nonregulated operations. The Natural Gas Pipelines segment’s regulated operations had revenues of $290.0 million , cost of sales and fuel of $47.7 million and operating income of $106.5 million .

Year Ended December 31, 2014	Total Segments	Other and Eliminations	Total
		(*Thousands of dollars*)	
Reconciliations of total segments to consolidated			
Sales to unaffiliated customers	$ 12,138,139	$ 3,426	$ 12,141,565
Sales to affiliated customers	53,526	—	53,526
Intersegment revenues	1,671,780	(1,671,780)	—
Total revenues	$ 13,863,445	$ (1,668,354)	$ 12,195,091
Cost of sales and fuel (exclusive of depreciation and operating costs)	$ (11,762,954)	$ 1,674,406	$ (10,088,548)
Operating costs	$ (665,097)	$ (9,790)	$ (674,887)
Depreciation and amortization	$ (291,236)	$ (3,448)	$ (294,684)
Impairment of equity investments	$ (76,412)	$ —	$ (76,412)
Equity in net earnings from investments	$ 117,415	$ —	$ 117,415
Total assets	$ 14,890,742	$ 371,031	$ 15,261,773
Capital expenditures	$ 1,739,935	$ 39,215	$ 1,779,150

(*Unaudited*)	Years Ended December 31, 2016	2015	2014
Reconciliation of net income to total segment adjusted EBITDA		(*Thousands of dollars*)	
Net income from continuing operations	**$ 745,550**	$ 385,276	$ 668,715
Add:			
Interest expense, net of capitalized interest	**469,651**	416,787	356,163
Depreciation and amortization	**391,585**	354,620	294,684
Income taxes	**212,406**	136,600	151,158
Impairment charges	**—**	264,256	76,412
Allowance for equity funds used during construction and other	**20,342**	8,287	13,162
Total segment adjusted EBITDA	**$ 1,839,534**	$ 1,565,826	$ 1,560,294

T . QUARTERLY FINANCIAL DATA (UNAUDITED)

Year Ended December 31, 2016	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
		(*Thousands of dollars except per share amounts*)		
Total revenues	**$ 1,774,459**	**$ 2,134,107**	**$ 2,357,907**	**$ 2,654,461**
Income from continuing operations	**$ 175,911**	**$ 180,086**	**$ 194,792**	**$ 194,761**
Income (loss) from discontinued operations, net of tax	**$ (952)**	**$ (227)**	**$ (576)**	**$ (296)**
Net income	**$ 174,959**	**$ 179,859**	**$ 194,216**	**$ 194,465**
Net income attributable to ONEOK	**$ 83,446**	**$ 85,944**	**$ 92,144**	**$ 90,505**
Earnings per share total				
Basic	**$ 0.40**	**$ 0.41**	**$ 0.44**	**$ 0.43**
Diluted	**$ 0.40**	**$ 0.40**	**$ 0.43**	**$ 0.43**

Year Ended December 31, 2015	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
	(*Thousands of dollars except per share amounts*)			
Total revenues	$ 1,805,306	$ 2,128,052	$ 1,898,946	$ 1,930,902
Income from continuing operations	$ 95,837	$ 151,020	$ 164,698	$ (26,279)
Income (loss) from discontinued operations, net of tax	$ (144)	$ (140)	$ (3,860)	$ (1,937)
Net income	$ 95,693	$ 150,880	$ 160,838	$ (28,216)
Net income attributable to ONEOK	$ 60,800	$ 76,505	$ 82,157	$ 25,515
Earnings per share total				
Basic	$ 0.29	$ 0.36	$ 0.39	$ 0.13
Diluted	$ 0.29	$ 0.36	$ 0.39	$ 0.12

The fourth quarter 2015 includes noncash impairment charges of $264.3 million related to long-lived assets and equity investments.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Our Chief Executive Officer (Principal Executive Officer) and Chief Financial Officer (Principal Financial Officer) have concluded that our disclosure controls and procedures were effective as of the end of the period covered by this report based on the evaluation of the controls and procedures required by Rule 13a-15(b) of the Exchange Act.

Management's Report on Internal Control Over Financial Reporting

Our management is responsible for establishing and maintaining adequate internal control over financial reporting, as such term is defined in Exchange Act Rule 13a-15(f). Under the supervision and with the participation of our management, including our Principal Executive Officer and Principal Financial Officer, we evaluated the effectiveness of our internal control over financial reporting based on the framework in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission. Because of inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate. Based on our evaluation under that framework and applicable SEC rules, our management concluded that our internal control over financial reporting was effective as of December 31, 2016 .

The effectiveness of our internal control over financial reporting as of December 31, 2016 , has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report which is included herein (Item 8).

Changes in Internal Control Over Financial Reporting

There have been no changes in our internal control over financial reporting during the quarter ended December 31, 2016 , that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

Not applicable.

PART III

ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors of the Registrant

Information concerning our directors is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

Executive Officers of the Registrant

Information concerning our executive officers is included in Part I, Item 1, Business, of this Annual Report.

Compliance with Section 16(a) of the Exchange Act

Information on compliance with Section 16(a) of the Exchange Act is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

Code of Ethics

Information concerning the code of ethics, or code of business conduct, is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

Nominating Committee Procedures

Information concerning the Nominating Committee procedures is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

Audit Committee

Information concerning the Audit Committee is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

Audit Committee Financial Experts

Information concerning the Audit Committee Financial Experts is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

ITEM 11. EXECUTIVE COMPENSATION

Information on executive compensation is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

Security Ownership of Certain Beneficial Owners

Information concerning the ownership of certain beneficial owners is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

Security Ownership of Management

Information on security ownership of directors and officers is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

Equity Compensation Plan Information

The following table sets forth certain information concerning our equity compensation plans as of December 31, 2016 :

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available For Future Issuance Under Equity Compensation Plans (Excluding Securities in Column (a)) (c)
Equity compensation plans approved by security holders (1)	2,585,484	$ 41.25	4,565,666
Equity compensation plans not approved by security holders (2)	274,999	$ 57.41 (3)	1,007,204
Total	2,860,483	$ 42.81	5,572,870

(1) - Includes shares granted under our Employee Stock Purchase Plan and Employee Stock Award Program and restricted stock incentive units and performance-unit awards granted under our Long-Term Incentive Plan and Equity Compensation Plan. For a brief description of the material features of these plans, see Note K of the Notes to Consolidated Financial Statements in this Annual Report. Column (c) includes 1,779,830, 149,650, 249,871 and 2,386,315 shares available for future issuance under our Employee Stock Purchase Plan, Employee Stock Award Program, Long-Term Incentive Plan and Equity Compensation Plan, respectively.

(2) - Includes our Employee Non-Qualified Deferred Compensation Plan, Deferred Compensation Plan for Non-Employee Directors and Stock Compensation Plan for Non-Employee Directors. For a brief description of the material features of these plans, see Note K of the Notes to Consolidated Financial Statements in this Annual Report.

(3) - Compensation deferred into our common stock under our Employee Non-Qualified Deferred Compensation Plan and Deferred Compensation Plan for Non-Employee Directors is distributed to participants at fair market value on the date of distribution. The price used for these plans to calculate the weighted-average exercise price in the table is $57.41, which represents the 2016 year-end closing price of our common stock on the NYSE.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

Information on certain relationships and related transactions and director independence is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

Information concerning the principal accountant's fees and services is set forth in our 2017 definitive Proxy Statement and is incorporated herein by this reference.

PART IV

ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES

(2) Financial Statements Schedules

All schedules have been omitted because of the absence of conditions under which they are required.

(3) Exhibits

2	Separation and Distribution Agreement, dated as of January 14, 2014, by and between ONE Gas, Inc. and ONEOK, Inc. (incorporated by reference to Exhibit 2.1 to ONEOK, Inc.'s Current Report on Form 8-K filed January 15, 2014 (File No. 1-13643)).
2.1	Agreement and Plan of Merger, dated as of January 31, 2017, by and among ONEOK, Inc., New Holdings Subsidiary, LLC, ONEOK Partners, L.P. and ONEOK Partners GP, L.L.C. (incorporated by reference from Exhibit 2.1 to ONEOK Inc.'s Current Report on Form 8-K filed February 1, 2017 (File No. 1-13643)).
3	Not used.
3.1	Not used.
3.2	Not used.
3.3	Not used.
3.4	Amended and Restated Bylaws of ONEOK, Inc. (incorporated by reference from Exhibit 3.1 to ONEOK, Inc.'s Current Report on Form 8-K filed February 19, 2016 (File No. 1-13643)).
3.5	Amended and Restated Certificate of Incorporation of ONEOK, Inc., dated May 15, 2008, as amended (incorporated by reference from Exhibit 3.1 to ONEOK, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June, 30, 2012, filed August 1, 2012 (File No. 1-13643)).
3.6	Not used.

4	Certificate of Designation for Convertible Preferred Stock of WAI, Inc. (now ONEOK, Inc.) filed November 21, 2008 (incorporated by reference from Exhibit 3.1 to ONEOK, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed August 1, 2012 (File No. 1-13643)).
4.1	Certificate of Designation for Series C Participating Preferred Stock of ONEOK, Inc. filed November 21, 2008 (incorporated by reference from Exhibit No. 3.1 to ONEOK, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed August 1, 2012 (File No. 1-13643)).
4.2	Not used
4.3	Form of Common Stock Certificate (incorporated by reference from Exhibit 1 to ONEOK, Inc.'s Registration Statement on Form 8-A filed November 21, 1997 (File No. 1-13643)).
4.4	Indenture, dated September 24, 1998, between ONEOK, Inc. and Chase Bank of Texas, as trustee (incorporated by reference from Exhibit 4.1 to ONEOK, Inc.'s Registration Statement on Form S-3 filed August 26, 1998 (File No. 333-62279)).
4.5	Indenture dated December 28, 2001, between ONEOK, Inc. and SunTrust Bank, as trustee (incorporated by reference from Exhibit 4.1 to Amendment No. 1 to ONEOK, Inc.'s Registration Statement on Form S-3 filed December 28, 2001 (File No. 333-65392)).
4.6	First Supplemental Indenture dated September 24, 1998, between ONEOK, Inc. and Chase Bank of Texas, as trustee (incorporated by reference from Exhibit 5(a) to ONEOK, Inc.'s Current Report on Form 8-K/A filed October 2, 1998 (File No. 1-13643)).
4.7	Second Supplemental Indenture dated September 25, 1998, between ONEOK, Inc. and Chase Bank of Texas, as trustee (incorporated by reference from Exhibit 5(b) to ONEOK, Inc.'s Current Report on Form 8-K/A filed October 2, 1998 (File No. 1-13643)).
4.8	Second Amended and Restated Rights Agreement, dated March 31, 2011, between ONEOK, Inc. and Wells Fargo Bank, N.A. as Rights Agent (incorporated by reference from Exhibit 4.1 to ONEOK, Inc.'s Quarterly Report on Form 10-Q for the quarter ended March 31, 2011, filed May 4, 2011 (File No. 1-13643)).
4.9	Thirteenth Supplemental Indenture, dated March 20, 2015, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 3.80 percent Senior Notes due 2020 (incorporated by reference to Exhibit 4.2 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed on March 20, 2015 (File No. 1-12202)).
4.10	Fourteenth Supplemental Indenture, dated March 20, 2015, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 4.90 percent Senior Notes due 2025 (incorporated by reference to Exhibit 4.3 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed on March 20, 2015 (File No. 1-12202)).
4.11	Not used.
4.12	Not used.
4.13	Not used.
4.14	Second Supplemental Indenture, dated June 17, 2005, between ONEOK, Inc. and SunTrust Bank, as trustee (incorporated by reference from Exhibit 4.1 to ONEOK, Inc.'s Current Report on Form 8-K filed June 17, 2005 (File No. 1-13643)).

4.15	Third Supplemental Indenture, dated June 17, 2005, between ONEOK, Inc. and SunTrust Bank, as trustee (incorporated by reference from Exhibit 4.3 to ONEOK, Inc.'s Current Report on Form 8-K filed June 17, 2005 (File No. 1-13643)).
4.16	Tenth Supplemental Indenture, dated September 12, 2013, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 3.200 percent Senior Notes due 2018 (incorporated by reference to Exhibit 4.2 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 12, 2013 (File No. 1-12202)).
4.17	Eleventh Supplemental Indenture, dated September 12, 2013, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 5.000 percent Senior Notes due 2023 (incorporated by reference to Exhibit 4.3 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 12, 2013 (File No. 1-12202)).
4.18	Twelfth Supplemental Indenture, dated September 12, 2013, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 6.200 percent Senior Notes due 2043 (incorporated by reference to Exhibit 4.4 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 12, 2013 (File No. 1-12202)).
4.19	Indenture, dated September 25, 2006, between ONEOK Partners, L.P. and Wells Fargo Bank, N.A., as trustee (incorporated by reference to Exhibit 4.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 26, 2006 (File No. 1-12202)).
4.20	Eighth Supplemental Indenture, dated September 13, 2012, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 2.000 percent Senior Notes due 2017 (incorporated by reference from Exhibit 4.2 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 13, 2012 (File No. 1-12202)).
4.21	Second Supplemental Indenture, dated September 25, 2006, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 6.15 percent Senior Notes due 2016 (incorporated by reference to Exhibit 4.3 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 26, 2006 (File No. 1-12202)).
4.22	Third Supplemental Indenture, dated September 25, 2006, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 6.65 percent Senior Notes due 2036 (incorporated by reference to Exhibit 4.4 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 26, 2006 (File No. 1-12202)).
4.23	Fourth Supplemental Indenture, dated September 28, 2007, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 6.85 percent Senior Notes due 2037 (incorporated by reference to Exhibit 4.2 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 28, 2007 (File No. 1-12202)).
4.24	Fifth Supplemental Indenture, dated March 3, 2009, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 8.625 percent Senior Notes due 2019 (incorporated by reference to Exhibit 4.2 to ONEOK Partner, L.P.'s Current Report on Form 8-K filed March 3, 2009 (File No. 1-12202)).
4.25	Ninth Supplemental Indenture, dated September 13, 2012, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 3.375 percent Senior Notes due 2022 (incorporated by reference from Exhibit 4.3 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 13, 2012 (File No. 1-12202)).
4.26	Form of Class B unit certificate of ONEOK Partners, L.P. (incorporated by reference to Exhibit 4.1 to Northern Border Partners, L.P.'s Current Report on Form 8-K filed April 12, 2006 (File No. 1-12202)).

4.27	Sixth Supplemental Indenture, dated January 26, 2011, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 3.250 percent Senior Notes due 2016 (incorporated by reference from Exhibit 4.2 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed January 26, 2011 (File No. 1-12202)).
4.28	Seventh Supplemental Indenture, dated January 26, 2011, among ONEOK Partners, L.P., ONEOK Partners Intermediate Limited Partnership and Wells Fargo Bank, N.A., as trustee, with respect to the 6.125 percent Senior Notes due 2041 (incorporated by reference from Exhibit 4.3 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed January 26, 2011 (File No. 1-12202)).
4.29	Indenture, dated January 26, 2012, among ONEOK, Inc. and U.S. Bank National Association, as trustee (incorporated by reference to Exhibit 4.1 to ONEOK, Inc.'s Current Report on Form 8-K filed January 26, 2012 (File No. 1-13643)).
4.30	First Supplemental Indenture, dated January 26, 2012, among ONEOK, Inc. and U.S. Bank National Association, as trustee, with respect to the 4.25 percent Senior Notes due 2022 (incorporated by reference to Exhibit 4.2 to ONEOK, Inc.'s Current Report on Form 8-K filed January 26, 2012 (File No. 1-13643)).
4.31	Second Supplemental Indenture, dated August 21, 2015, between ONEOK, Inc. and U.S. Bank National Association, as trustee, with respect to the 7.50 percent Notes due 2023 (incorporated by reference to Exhibit 4.1 to ONEOK, Inc.'s Current Report on Form 8-K filed August 21, 2015 (File No. 1-13643)).
10	ONEOK, Inc. Long-Term Incentive Plan (incorporated by reference from Exhibit 10(a) to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2001, filed March 14, 2002 (File No. 1-13643).
10.1	ONEOK, Inc. Stock Compensation Plan for Non-Employee Directors (incorporated by reference from Exhibit 99 to ONEOK, Inc.'s Registration Statement on Form S-8 filed January 25, 2001 (File No. 333-54274)).
10.2	ONEOK, Inc. Supplemental Executive Retirement Plan terminated and frozen December 31, 2004 (incorporated by reference from Exhibit 10.1 to ONEOK, Inc.'s Current Report on Form 8-K filed December 20, 2004 (File No. 1-13643)).
10.3	ONEOK, Inc. 2005 Supplemental Executive Retirement Plan, as amended and restated, dated December 18, 2008 (incorporated by reference from Exhibit 10.3 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed February 25, 2009 (File No. 1-13643)).
10.4	Not used.
10.5	Form of Indemnification Agreement between ONEOK, Inc. and ONEOK, Inc. officers and directors, as amended (incorporated by reference from Exhibit 10.5 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2014, filed February 25, 2015 (File No. 1-13643)).
10.6	Amended and Restated ONEOK, Inc. Annual Officer Incentive Plan (incorporated by reference from Exhibit 10.1 to ONEOK, Inc.'s Current Report on Form 8-K filed May 27, 2009 (File No. 1-13643)).
10.7	ONEOK, Inc. Employee Nonqualified Deferred Compensation Plan, as amended and restated December 16, 2004 (incorporated by reference from Exhibit 10.3 to ONEOK, Inc.'s Current Report on Form 8-K filed December 20, 2004 (File No. 1-13643)).
10.8	ONEOK, Inc. 2005 Nonqualified Deferred Compensation Plan, as amended and restated, dated December 18, 2008 (incorporated by reference from Exhibit 10.8 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed February 25, 2009 (File No. 1-13643)).

10.9	ONEOK, Inc. Deferred Compensation Plan for Non-Employee Directors, as amended and restated, dated December 18, 2008 (incorporated by reference from Exhibit 10.9 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed February 25, 2009 (File No. 1-13643)).
10.10	Not used.
10.11	Equity Distribution Agreement, dated November 19, 2014, among ONEOK Partners, L.P., Citigroup Global Markets Inc., Barclays Capital Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Deutsche Bank Securities Inc., Goldman, Sachs & Co., Jefferies LLC, J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC, Mitsubishi UFJ Securities (USA), Inc., RBC Capital Markets, LLC, UBS Securities LLC and Wells Fargo Securities, LLC (incorporated by reference to Exhibit 1.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed November 19, 2014 (File No. 1-12202)).
10.12	Not used.
10.13	Amended and Restated Limited Liability Company Agreement of Overland Pass Pipeline Company LLC entered into between ONEOK Overland Pass Holdings, L.L.C. and Williams Field Services Company, LLC dated May 31, 2006 (incorporated by reference to Exhibit 10.6 to ONEOK Partners, L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2006, filed August 4, 2006 (File No. 1-12202)).
10.14	Form of ONEOK, Inc. Officer Change in Control Severance Plan (incorporated by reference from Exhibit 10.1 to ONEOK, Inc.'s Current Report on Form 8-K filed July 22, 2011 (File No. 1-13643)).
10.15	Not used.
10.16	Not used.
10.17	Form of Restricted Unit Stock Bonus Award Agreement, as amended and restated effective February 20, 2013 (incorporated by reference to Exhibit 10.1 to ONEOK, Inc.'s Form 8-K filed February 22, 2013 (File No. 1-13643)).
10.18	Form of Performance Unit Award Agreement, as amended and restated effective February 20, 2013 (incorporated by reference to Exhibit 10.2 to ONEOK, Inc.'s Form 8-K filed February 22, 2013 (File No. 1-13643)).
10.19	Form of 2017 Restricted Unit Stock Bonus Award Agreement dated February 22, 2017
10.20	Form of 2017 Performance Unit Award Agreement dated February 22, 2017.
10.21	Term Loan Agreement, dated as of January 8, 2016, among ONEOK Partners, L.P., Mizuho Bank, Ltd., as administrative agent and a lender, and the other lenders parties thereto (incorporated by reference to Exhibit 10.1 to ONEOK, Inc.'s Current Report on Form 8-K filed on January 12, 2016 (File No. 1-13643)).
10.22	Guaranty Agreement, dated as of January 8, 2016, by ONEOK Partners Intermediate Limited Partnership in favor of Mizuho Bank, Ltd., as administrative agent, under the above-referenced Term Loan Agreement (incorporated by reference to Exhibit 10.2 to ONEOK, Inc.'s Current Report on Form 8-K filed on January 12, 2016 (File No. 1-13643)).
10.23	Not used.
10.24	Not used.
10.25	Letter Agreement between ONEOK, Inc. and John W. Gibson, dated as of December 9, 2013 (incorporated by reference to Exhibit 10.1 to ONEOK, Inc.'s Current Report on Form 8-K filed December 10, 2013 (File No. 1-13643)).

10.26	Not used.
10.27	Not used.
10.28	Underwriting Agreement, dated March 17, 2015, among ONEOK Partners, L.P. and ONEOK Partners Intermediate Limited Partnership and J.P. Morgan Securities LLC, Deutsche Bank Securities, Inc., Mitsubishi UFJ Securities (USA), Inc. and U.S. Bancorp Investments, Inc., as representatives of the several underwriters named therein (incorporated by reference to Exhibit 1.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed on March 19, 2015 (File No. 1-12202)).
10.29	Extension Agreement, dated as of January 29, 2016, among ONEOK Partners, L.P., Citibank, N.A., as administrative agent, swingline lender, a letter of credit issuer and a lender, and the other lenders and letter of credit issuers parties thereto (incorporated by reference to Exhibit 10.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed on February 3, 2016 (File No. 1-12202)).
10.30	Not used.
10.31	Extension Agreement, dated as of January 29, 2016, among ONEOK, Inc., Bank of America, N.A., as administrative agent, swingline lender, a letter of credit issuer and a lender, and the other lenders and letter of credit issuers parties thereto (incorporated by reference to Exhibit 10.1 to ONEOK. Inc.'s Current Report on Form 8-K filed on February 3, 2016 (File No. 1-13643)).
10.32	Services Agreement among ONEOK, Inc., Northern Plains Natural Gas Company, LLC, NBP Services, LLC, Northern Border Partners, L.P. and Northern Border Intermediate Limited Partnership executed April 6, 2006, but effective as of April 1, 2006 (incorporated by reference from Exhibit 10.1 to ONEOK, Inc.'s Current Report on Form 8-K filed April 12, 2006 (File No. 1-13643)).
10.33	Third Amended and Restated Agreement of Limited Partnership of ONEOK Partners, L.P., dated September 15, 2006 (incorporated by reference to Exhibit 3.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed September 19, 2006 (File No. 1-12202)).
10.34	Amendment No. 3 to Third Amended and Restated Agreement of Limited Partnership of ONEOK Partners, L.P. (incorporated by reference to Exhibit 3.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed February 17, 2012 (File No. 1-12202)).
10.35	Form of 2013 Additional Restricted Unit Stock Bonus Award Agreement, effective February 19, 2014 (incorporated by reference to Exhibit 10.35 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed February 25, 2014 (File No. 1-13643)).
10.36	Form of 2013 Additional Performance Unit Award Agreement, effective February 19, 2014 (incorporated by reference to Exhibit 10.36 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed February 25, 2014 (File No. 1-13643)).
10.37	ONEOK, Inc. Profit Sharing Plan, dated January 1, 2005 (incorporated by reference from Exhibit 99 to ONEOK, Inc.'s Registration Statement on Form S-8 filed December 30, 2004 (File No. 333-121769)).
10.38	Increase and Joinder Agreement, dated as of March 10, 2015, among ONEOK Partners, L.P., Citibank, N.A., as administrative agent, and the other lenders parties thereto (incorporated by reference to Exhibit 10.1 to ONEOK, Inc.'s Current Report on Form 8-K filed on March 10, 2015 (File No. 1-13643)).
10.39	Not used.
10.40	Not used.

10.41	Not used.
10.42	Amended and Restated Credit Agreement, effective as of January 31, 2014, among ONEOK, Inc., Bank of America, N.A., as administrative agent, swing-line lender, a letter of credit issuer and a lender, and the other lenders and letter of credit issuers parties thereto, attached as an annex to that certain Amendment Agreement, dated as of December 20, 2013 (incorporated by reference to Exhibit 10.1 to ONEOK, Inc.'s Current Report on Form 8-K filed December 23, 2013 (File No. 1-13643)).
10.43	Amended and Restated Credit Agreement, effective as of January 31, 2014, among ONEOK Partners, L.P., Citibank, N.A., as administrative agent, swing-line lender, a letter of credit issuer and a lender, and the other lenders and letter of credit issuers parties thereto, attached as an annex to that certain Amendment Agreement, dated as of December 20, 2013 (incorporated by reference to Exhibit 10.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed December 23, 2013 (File No. 1-12202)).
10.44	Guaranty Agreement, dated as of January 31, 2014, by ONEOK Partners Intermediate Limited Partnership in favor of Citibank, N.A., as administrative agent, under the above-referenced Amended and Restated Credit Agreement (incorporated by reference to Exhibit 10.2 to ONEOK Partners, L.P.'s Quarterly Report on Form 10-Q for the period ended March 31, 2014, filed May 7, 2014 (File No. 1-12202)).
10.45	ONEOK, Inc. Equity Compensation Plan, as amended and restated, dated December 18, 2008 (incorporated by reference from Exhibit 10.44 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2008, filed February 25, 2009 (File No. 1-13643)).
10.46	Tax Matters Agreement, dated as of January 14, 2014, by and between ONE Gas, Inc. and ONEOK, Inc. (incorporated by reference to Exhibit 10.1 to ONEOK, Inc.'s Current Report on Form 8-K filed January 15, 2014 (File No. 1-13643)).
10.47	Transition Services Agreement, dated January 14, 2014, by and between ONE Gas, Inc. and ONEOK, Inc. (incorporated by reference to Exhibit 10.2 to ONEOK, Inc.'s Current Report on Form 8-K filed January 15, 2014 (File No. 1-13643)).
10.48	Employee Matters Agreement, dated January 14, 2014, by and between ONE Gas, Inc. and ONEOK, Inc. (incorporated by reference to Exhibit 10.3 to ONEOK, Inc.'s Current Report on Form 8-K filed January 15, 2014 (File No. 1-13643)).
10.49	Not used.
10.50	Not used.
10.51	Amendment No. 1 to Third Amended and Restated Agreement of Limited Partnership of ONEOK Partners, L.P., dated July 20, 2007 (incorporated by reference to Exhibit 3.1 to ONEOK Partners, L.P.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2007, filed August 3, 2007 (File No. 1-12202)).
10.52	Amendment No. 2 to Third Amended and Restated Agreement of Limited Partnership of ONEOK Partners, L.P., dated July 12, 2011 (incorporated by reference to Exhibit 3.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed July 13, 2011 (File No. 1-12202)).
10.53	Amendment No. 1 to Third Amended and Restated Limited Liability Company Agreement of ONEOK Partners GP, L.L.C. effective July 14, 2009 (incorporated by reference to Exhibit 10.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed February 17, 2012 (File No. 1-12202)).
10.54	Form of 2014 Restricted Unit Award Agreement, effective February 19, 2014 (incorporated by reference to Exhibit 10.54 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed February 25, 2014 (File No. 1-13643)).

10.55	Form of 2014 Performance Unit Award Agreement, effective February 19, 2014 (incorporated by reference to Exhibit 10.55 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed February 25, 2014 (File No. 1-13643)).
10.56	First Amended and Restated Limited Liability Company Agreement of ONEOK ILP GP, L.L.C. effective July 14, 2009 (incorporated by reference to Exhibit 99.2 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed July 17, 2009 (File No. 1-12202)).
10.57	Form of 2016 Restricted Unit Award Agreement, effective February 17, 2016 (incorporated by reference to Exhibit 10.57 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed February 23, 2016 (File No. 1-13643)).
10.58	Form of 2016 Performance Unit Award Agreement, effective February 17, 2016 (incorporated by reference to Exhibit 10.58 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed February 23, 2016 (File No. 1-13643)).
10.59	Form of 2015 Restricted Unit Award Agreement, effective February 18, 2015 (incorporated by reference to Exhibit 10.59 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed February 25, 2015 (File No. 1-13643)).
10.60	Form of 2015 Performance Unit Award Agreement, effective February 18, 2015 (incorporated by reference to Exhibit 10.60 to ONEOK, Inc.'s Annual Report on Form 10-K for the fiscal year ended December 31, 2015, filed February 25, 2015 (File No. 1-13643)).
10.61	Not used.
10.62	ONEOK, Inc. Employee Stock Purchase Plan as amended and restated effective May 23, 2012 (incorporated by reference to Exhibit 10.2 to ONEOK, Inc.'s Quarterly Report on Form 10-Q for the quarter ended June 30, 2012, filed August 1, 2012 (File No. 1-13643)).
10.63	Common Unit Purchase Agreement dated, August 11, 2015, between ONEOK Partners, L.P. and ONEOK Inc. (incorporated by reference to Exhibit 1.1 to ONEOK, Inc.'s Current Report on Form 8-K filed on August 17, 2015 (File No. 1-13643)).
10.64	Underwriting Agreement, dated August 18, 2015, between ONEOK, Inc. and Citigroup Global Markets, Inc., as respective of the several underwriters named therein (incorporated by reference to Exhibit 1.1 to ONEOK, Inc.'s Current Report on Form 8-K filed on August 21, 2015 (File No. 1-13643)).
12	Computation of Ratio of Earnings to Fixed Charges for the years ended December 31, 2016, 2015, 2014, 2013 and 2012.
21	Required information concerning the registrant's subsidiaries.
23	Consent of Independent Registered Public Accounting Firm - PricewaterhouseCoopers LLP.
31.1	Certification of Terry K. Spencer pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
31.2	Certification of Derek S. Reiners pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
32.1	Certification of Terry K. Spencer pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished only pursuant to Rule 13a-14(b)).

32.2	Certification of Derek S. Reiners pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 (furnished only pursuant to Rule 13a-14(b)).
99.1	Unaudited Pro Forma Condensed Consolidated Financial Statements (incorporated by reference to Exhibit 99.1 to ONEOK, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2014, filed February 25, 2015 (File No. 1-13643)).
99.2	Common Unit Purchase Agreement, dated August 11, 2015, between ONEOK Partners, L.P. and Kayne Anderson MLP Investment Company, Kayne Anderson Energy Total Return Fund, Inc., Kayne Anderson Midstream/Energy Fund, Inc., Kayne Anderson Energy Development Company, KA First Reserve, LLC, Nationwide Mutual Insurance Company, Massachusetts Mutual Life Insurance Company, Kayne Anderson MLP Fund, L.P., Kayne Anderson Midstream Institutional Fund, L.P., Kayne Anderson Real Assets Fund, L.P., Kayne Institutional Energy Growth & Income Fund, L.P., Kayne Anderson Capital Income Partners (QP), L.P., Kayne Anderson Income Partners, L.P., KANTI (QP), L.P., Kayne Anderson Non-Traditional Investments, L.P., KARBO, L.P. and Kaiser Foundation Hospitals (incorporated by reference to Exhibit 99.1 to ONEOK Partners, L.P.'s Current Report on Form 8-K filed on August 17, 2015 (File No. 1-12202)).
101.INS	XBRL Instance Document
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definitions Document
101.LAB	XBRL Taxonomy Label Linkbase Document
101.PRE	XBRL Taxonomy Presentation Linkbase Document

Attached as Exhibit 101 to this Annual Report are the following XBRL-related documents: (i) Document and Entity Information; (ii) Consolidated Statements of Income for the years ended December 31, 2016, 2015 and 2014 ; (iii) Consolidated Statements of Comprehensive Income for the years ended December 31, 2016, 2015 and 2014 ; (iv) Consolidated Balance Sheets at December 31, 2016 and 2015 ; (v) Consolidated Statements of Cash Flows for the years ended December 31, 2016, 2015 and 2014 ; (vi) Consolidated Statements of Shareholders' Equity for the years ended December 31, 2016, 2015 and 2014 ; and (vii) Notes to Consolidated Financial Statements.

We also make available on our website the Interactive Data Files submitted as Exhibit 101 to this Annual Report.

ITEM 16. FORM 10-K SUMMARY

None.

Signatures

Pursuant to the requirements of Section 13 or 15(d) of the Exchange Act, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: February 28, 2017

ONEOK, Inc.
Registrant

By: /s/ Derek S. Reiners
Derek S. Reiners
Senior Vice President,
Chief Financial Officer and Treasurer

Pursuant to the requirements of the Exchange Act, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on this 28th day of February 2017 .

/s/ John W. Gibson
John W. Gibson
Chairman of the Board

/s/ Terry K. Spencer
Terry K. Spencer
President, Chief Executive Officer and Director

/s/ Derek S. Reiners
Derek S. Reiners
Senior Vice President,
Chief Financial Officer and Treasurer

/s/ Sheppard F. Miers III
Sheppard F. Miers III
Vice President and
Chief Accounting Officer

/s/ Brian L. Derksen
Brian L. Derksen
Director

/s/ Julie H. Edwards
Julie H. Edwards
Director

/s/ Randall J. Larson
Randall J. Larson
Director

/s/ Steven J. Malcolm
Steven J. Malcolm
Director

/s/ Kevin S. McCarthy
Kevin S. McCarthy
Director

/s/ Jim W. Mogg
Jim W. Mogg
Director

/s/ Pattye L. Moore
Pattye L. Moore
Director

/s/ Gary D. Parker
Gary D. Parker
Director

/s/ Eduardo A. Rodriguez
Eduardo A. Rodriguez
Director

Exhibit 10.57

RESTRICTED UNIT AWARD AGREEMENT

This Restricted Unit Award Agreement (the “Agreement”) is entered into as of the 22nd day of February, 2017, by and between ONEOK, Inc. (the “Company”) and « **Employee_Name** » (the “Grantee”), an employee of the Company or a Subsidiary thereof, pursuant to the terms of the ONEOK, Inc. Long-Term Incentive Plan (the “Plan”).

1. Restricted Unit Award. This Agreement and the Notice of Restricted Unit Award and Agreement dated February 22, 2017, a copy of which is attached hereto and incorporated herein by reference, establish the terms and conditions for the Company’s grant of an Award of « **No_of_Restricted_Units** » Restricted Units (the “Award”) to the Grantee pursuant to the Plan. This Agreement, when executed by the Grantee, constitutes an agreement between the Company and the Grantee. Capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Plan.

2. Restricted Period; Vesting. The Restricted Units granted pursuant to the Award will vest in accordance with the following terms and conditions:

(a) Grantee’s rights with respect to the Restricted Units shall be restricted during the period beginning February 22, 2017 (the “Grant Date”), and ending on February 22, 2020 (the “Restricted Period”).

(b) Except as otherwise provided in this Agreement or under the Plan, the Grantee shall vest in the Restricted Units granted by this Award (including any Dividend Equivalents, as described below) at the end of the Restricted Period if the Grantee’s employment by the Company does not terminate during the Restricted Period. Upon vesting, the Grantee shall become entitled to one (1) share of the Company’s common stock (“Common Stock”) for each such Restricted Unit. No fractional shares shall be issued, and any amount attributable to a fractional share shall instead be paid to the Grantee in cash.

(c) If the Grantee’s employment with the Company terminates prior to the end of the Restricted Period by reason of (i) voluntary termination other than Retirement or (ii) involuntary Termination for Cause, the Grantee shall forfeit all right, title and interest in the Restricted Units and any Common Stock otherwise payable pursuant to this Agreement. For purposes of this Agreement, employment with any Subsidiary of the Company shall be treated as employment with the Company. Likewise, a termination of employment shall not be deemed to occur by reason of a transfer of employment between the Company and any Subsidiary.

(d) In the event of termination of the Grantee’s employment with the Company during the Restricted Period by reason of (i) involuntary termination other than a Termination for Cause, (ii) Retirement, (iii) Total Disability or (iv) death, then the Grantee shall be partially vested in, and the Grantee shall be entitled to receive, the percentage of the Restricted Units which is determined by dividing the number of full months which have elapsed under the Restricted Period at the time of such event by the number of full months in the Restricted Period.

Upon the effective date of a Change in Control (as defined below), the Restricted Period will expire and the Restricted Units will vest immediately and in full upon such Change in Control.

(e) For purposes of this Agreement, the term “voluntary termination” shall mean that the Grantee had an opportunity to continue employment with the Company, but did not do so. An “involuntary termination” shall mean that the Company has ended the Grantee’s employment without the Grantee having an opportunity to continue employment with the Company. A “Termination for Cause” of the Grantee’s employment shall mean that the Company has ended such employment by reason of (i) the Grantee’s conviction in a court of law of a felony, or any crime or offense involving misuse or misappropriation of money or property, (ii) the Grantee’s violation of any covenant, agreement or obligation not to disclose confidential information regarding the business of the Company, (iii) any violation by the Grantee of any covenant not to compete with the Company, (iv) any act of dishonesty by the Grantee which adversely effects the business of the Company, (v) any willful or intentional act of the Grantee which adversely affects the business of, or reflects unfavorably on the reputation of the Company, (vi) the Grantee’s use of alcohol or drugs which interferes with the Grantee’s duties as an employee of the Company, or (vii) the Grantee’s failure or refusal to perform the specific directives of the Company’s Board of Directors or officers. “Retirement” shall mean a voluntary termination of employment with the Company if the Grantee has both completed five (5) years of service with the Company and attained age fifty (50). “Total Disability” shall mean that the Grantee is permanently and totally disabled and unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months and has established such disability to the extent and in the manner and form as may be required by the Committee. The term “Change in Control” shall have the meaning provided in the Plan unless the Award is or becomes subject to Code Section 409A, in which event the term “Change in Control” shall mean a “change in control event” as defined in Treasury Regulations Section 1.409A-3(i)(5).

3. Dividend Equivalents. During the Restricted Period, the Award will be increased by a number of additional Restricted Units (“Dividend Equivalents”) representing all cash dividends that would have been paid to the Grantee if one share of Common Stock had been issued to the Grantee on the Grant Date for each Restricted Unit granted pursuant to this Agreement. The Dividend Equivalents credited during the Restricted Period will include fractional shares; provided, however, the shares of Common Stock actually issued upon vesting of the Dividend Equivalents shall be paid only in whole shares of Common Stock, and any fractional shares of Common Stock shall be paid in an amount of cash equal to the Fair Market Value of such fractional shares of Common Stock. Except as provided above, Dividend Equivalents shall be subject to the same vesting provisions and other terms and conditions of this Agreement, and shall be paid on the same date, as the Restricted Units to which they are attributable. Moreover, references in this Agreement to Restricted Units shall be deemed to include any Restricted Units attributable to Dividend Equivalents.

4. Non-Transferability of Restricted Units.

(a) Except as provided below, the Restricted Units may not be sold, assigned, transferred, pledged, encumbered or otherwise disposed of by Grantee or any other person until the expiration of the Restricted Period. Any such attempt shall be wholly ineffective and will result in immediate forfeiture of all such amounts.

(b) Notwithstanding the foregoing, the Grantee may transfer any part or all rights in the Restricted Units to members of the Grantee's immediate family, to one or more trusts for the benefit of such immediate family members or to partnerships in which such immediate family members are the only partners, in each case only if the Grantee does not receive any consideration for the transfer. In the event of any such transfer, the Restricted Units shall remain subject to the terms and conditions of this Agreement. For any such transfer to be effective, the Grantee must provide prior written notice thereof to the Committee, unless otherwise authorized and approved by the Committee, in its sole discretion; and the Grantee shall furnish to the Committee such information as it may request with respect to the transferee and the terms and conditions of any such transfer. For purposes of this Agreement, "immediate family" shall mean the Grantee's spouse, children and grandchildren.

(c) The Grantee also may designate a Beneficiary, using the form attached hereto as Exhibit A or such other form as may be approved by the Committee, to receive any rights of the Grantee which may become vested in the event of the death of the Grantee under procedures and in the form established by the Committee. In the absence of such designation of a Beneficiary, any such rights shall be deemed to be transferred to the estate of the Grantee.

5. Distribution of Common Stock. Subject to Section 13 of this Agreement, the Common Stock or cash the Grantee becomes entitled to receive upon vesting of any Restricted Units shall be distributed to the Grantee as soon as practicable after the vesting date for such Restricted Units, as determined by the Committee in its discretion, but in no event later than 75 days after the vesting date. The Grantee shall not be permitted, directly or indirectly, to designate the form of payment or the taxable year in which any payment is to be made.

6. Administration of Award. The Award shall be subject to such other rules as the Committee, in its sole discretion, may determine to be appropriate with respect to administration thereof. This Agreement shall be subject to discretionary interpretation and construction by the Committee. Day-to-day authority and responsibility for administration of the Plan, the Award and this Agreement have been delegated to the Company's Benefit Plan Administration Committee and its authorized representatives, and all actions taken thereby shall be entitled to the same deference as if taken by the Committee itself. The Grantee shall take all actions and execute and deliver all documents as may from time to time be requested by the Committee.

7. Tax Liability and Withholding. The Grantee agrees to pay to the Company any applicable federal, state or local income, employment, social security, Medicare or other withholding tax obligation arising in connection with the Award to the Grantee, which the Company shall determine; and the Company shall have the right, without the Grantee's prior approval or direction, to satisfy such withholding tax by withholding all or any part of the Common Stock that would otherwise be distributed to the Grantee, with any shares of Common Stock so withheld to be valued at the Fair Market Value on the date of such withholding. The Grantee, with the consent of the Company, may satisfy such withholding tax by transferring cash or Common Stock to the Company, with any shares of Common Stock so transferred to be valued at the Fair Market Value on the date of such transfer. Notwithstanding the foregoing, the

ultimate liability for Grantee's share of all tax withholding is the Grantee's responsibility, and the Company makes no tax-related representations in connection with the grant or vesting of Restricted Units or the distribution of Common Stock or cash to Grantee.

8. Adjustment Provisions. If, prior to the expiration of the Restricted Period, any change is made to the outstanding Common Stock or in the capitalization of the Company, the Restricted Units granted pursuant to this Award shall be equitably adjusted or terminated to the extent and in the manner provided under the terms of the Plan.

9. Clawbacks, Insider Trading and Other Company Policies. The Grantee acknowledges and agrees that this Award is subject to all applicable clawback or recoupment, insider trading, share ownership and retention and other policies that the Company's Board of Directors may adopt from time to time. Notwithstanding anything in the Plan or this Agreement to the contrary, all or a portion of the Award made to the Grantee under this Agreement is subject to being called for repayment to the Company or reduced in any situation where the Board of Directors or a Committee thereof determines that fraud, negligence, or intentional misconduct by the Grantee was a contributing factor to the Company having to restate all or a portion of its financial statement(s). The Committee may determine whether the Company shall effect any such repayment or reduction: (i) by seeking repayment from the Grantee, (ii) by reducing (subject to applicable law and the terms and conditions of the Plan or any other applicable plan, program, or arrangement) the amount that would otherwise be awarded or payable to the Grantee under the Award, the Plan or any other compensatory plan, program, or arrangement maintained by the Company, (iii) by withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards that would otherwise have been made in accordance with the Company's otherwise applicable compensation practices, or (iv) by any combination of the foregoing. The determination regarding the Grantee's conduct, and repayment or reduction under this provision shall be within the sole discretion of the Committee and shall be final and binding on the Grantee and the Company. The Grantee, in consideration of the grant of the Award, and by the Grantee's execution of this Agreement, acknowledges the Grantee's understanding of this provision and hereby agrees to make and allow an immediate and complete repayment or reduction in accordance with this provision in the event of a call for repayment or other action by the Company or Committee to effect its terms with respect to the Grantee, the Award and/or any other compensation described in this Agreement.

10. Stock Reserved. The Company shall at all times during the term of the Award reserve and keep available such number of shares of its Common Stock as will be sufficient to satisfy the Award issued and granted to Grantee and the terms stated in this Agreement. It is intended by the Company that the Plan and shares of Common Stock covered by the Award are to be registered under the Securities Act of 1933, as amended, prior to the grant date; provided, that in the event such registration is for any reason not effective for such shares, the Grantee agrees that all shares acquired pursuant to the grant will be acquired for investment and will not be available for sale or tender to any third party.

11. No Rights as Shareholder. The issuance and transfer of Common Stock shall be subject to compliance by the Company and the Grantee with all applicable laws, rules, regulations and approvals. No shares of Common Stock shall be issued or transferred unless and

until any then-applicable legal requirements have been fully met or obtained to the satisfaction of the Company and its counsel. Except as otherwise provided in this Agreement, the Grantee shall have no rights as a shareholder of the Company in respect of the Restricted Units or Common Stock for which the Award is granted. The Grantee shall not be considered a record owner of shares of Common Stock with respect to the Restricted Units until the Common Stock is actually distributed to Grantee.

12. Continued Employment; Employment at Will . In consideration of the Company's granting the Award as incentive compensation to Grantee pursuant to this Agreement, the Grantee agrees to all of the terms of this Agreement and to continue to perform services for the Company in a satisfactory manner as directed by the Company. Provided, however, no provision in this Agreement shall confer any right to the Grantee's continued employment, limit the right of the Company to terminate the Grantee's employment at any time or create any contractual right to receive any future awards under the Plan. Moreover, unless specifically provided under the terms thereof, the value of the Award will not be included as compensation or earnings when calculating the Grantee's benefits under any employee benefit plan sponsored by the Company.

13. Code Section 409A . This Award and Agreement are intended to comply with Code Section 409A or an exemption therefrom and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Code Section 409A. Notwithstanding any other provision of the Agreement, any distributions or payments due hereunder that are subject to Code Section 409A may only be made upon an event and in a manner permitted by Code Section 409A. "Termination of employment" or words of similar import used in this Agreement shall mean, with respect to any payments of deferred compensation subject to Code Section 409A, a "separation from service" as defined in Code Section 409A. Each payment of compensation under this Agreement, including installment payments, shall be treated as a separate payment of compensation for purposes of applying Code Section 409A. Except as permitted under Code Section 409A, Grantee may not, directly or indirectly, designate the calendar year of settlement, distribution or payment. To the extent that an Award is or becomes subject to Code Section 409A and Grantee is a Specified Employee (within the meaning of Code Section 409A) who becomes entitled to a distribution on account of a separation from service, no payment shall be made before the date which is six (6) months after the date of the Grantee's separation from service or, if earlier, the date of Grantee's death (the "Delayed Payment Date"), and the accumulated amounts shall be distributed or paid in a lump sum payment on the Delayed Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Code Section 409A and shall not be liable for all or any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of non-compliance with Code Section 409A.

14. Entire Agreement; Severability; Conflicts . This Agreement contains the entire terms of the Award, and may not be changed other than by a written instrument executed by both parties or an amendment of the Plan. This Agreement supersedes any prior agreements or understandings, and there are no other agreements or understandings relating to its subject matter. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law. Should there

be any inconsistency between the provisions of this Agreement and the terms of the Award as stated in the resolutions and records of the Board of Directors or the Plan, the provisions of such resolutions and records of the Board of Directors and the Plan shall control.

15. Successors and Assigns . The Award evidenced by this Agreement shall inure to the benefit of and be binding upon the heirs, legatees, legal representatives, successors, and assigns of the parties hereto.

The Grantee hereby acknowledges receipt of this Agreement, the Notice of Restricted Unit Award and Agreement and a copy of the Plan, and accepts the Award under the terms and conditions stated in this Agreement, subject to all terms and provisions of the Plan, by signing this Agreement as of the date indicated.

______________________________	______________________________
Date	« Employee_Name » Grantee

Exhibit A

Beneficiary Designation Form

I, ________________________________ ("Plan Participant"), state that I am a participant in the ONEOK, Inc. Long Term Incentive Plan, the ONEOK, Inc. Equity Compensation Plan, or any other stock compensation plan sponsored by ONEOK, Inc. (individually and collectively, the "Plan"), and the holder of one or more Stock Incentives granted or awarded to me under the Plan. With the understanding that I may change the following beneficiary designations at any time by furnishing written notice thereof to the Committee, I hereby designate the following individuals (or entities) as my beneficiaries to receive any and all benefits payable to me under the Plan and to exercise all rights, benefits and features of the Stock Incentives that have been awarded to me under the Plan, in accordance with the terms of the Plan and any associated award agreement, in the event of my death as follows:

1. **Primary Beneficiary (Beneficiaries)**

The Primary Beneficiaries named below shall have first priority to any and all benefits payable to me under the Plan and to exercise all rights, benefits and features of the Stock Incentives that have been awarded to me under the Plan, in accordance with the terms of the Plan and any associated award agreement, in the event of my death.

Name	Relationship	SSN	Percentage of Total

If a designated Primary Beneficiary named dies or ceases to exist prior to receiving the share designated for such Primary Beneficiary, such share shall be transferred proportionately to other surviving and existing designated Primary Beneficiaries.

2. **Contingent Beneficiary (or Beneficiaries)**

The Contingent Beneficiaries named below, if any, shall receive any benefits provided or payable to me under the Plan and be entitled to exercise, enjoy and receive all rights, benefits and features of the Stock Incentives that have been granted or awarded to me under the Plan in accordance with the Plan and the terms and provisions of such Stock Incentives in the event of my death if no Primary Beneficiary named above survives me or exists.

Name	Relationship	SSN	Percentage of Total

3. **Stock Incentives Covered By Beneficiary Designation**

This Beneficiary Designation is applicable to and covers the following Stock Incentives that have been granted or awarded to me under the Plan:

(**Check one**)

_______ All Stock Incentives previously or subsequently granted or awarded to me under the Plan; or

_______ The following Stock Incentives that have been granted or awarded to me under the Plan:

(**List Stock Incentives Covered**)

Stock Incentive	Grant Date	Number of Shares of Stock

4. **General Terms**

This instrument does not modify, extend or increase any rights or benefits otherwise provided for by any Stock Incentive under the Plan. All terms used in this instrument shall have the meaning provided for under the Plan, unless otherwise indicated herein. This instrument is not applicable to Common Stock of ONEOK, Inc. that I have acquired outright and without any restrictions or limitations under the Plan prior to my death. This instrument revokes and supersedes any prior designation of a Beneficiary (or Beneficiaries) made by me with respect to the Stock Incentives covered by this Beneficiary Designation.

IN WITNESS WHEREOF, I have signed this instrument this __ day of ____________, __________.

Plan Participant

Witness

Witness

RECEIVED AND ACKNOWLEDGED this ____ day of ________, 20__,

For the Committee

PERFORMANCE UNIT AWARD AGREEMENT

This Performance Unit Award Agreement (the "Agreement") is entered into as of the 22nd day of February, 2017, by and between ONEOK, Inc. (the "Company") and « **Employee_Name** » (the "Grantee"), an employee of the Company or Subsidiary thereof, pursuant to the terms of the ONEOK, Inc. Equity Compensation Plan (the "Plan").

1. Performance Unit Award. This Performance Unit Award Agreement and the Notice of Performance Unit Award and Agreement dated February 22, 2017, a copy of which is attached hereto and incorporated herein by reference, establishes the terms and conditions for the Company's grant of an award of « **No of_Perf_Units** » Performance Units (the "Award") to the Grantee pursuant to the Plan. This Agreement, when executed by the Grantee, constitutes an agreement between the Company and the Grantee. Capitalized terms not defined in this Agreement shall have the meaning ascribed to them in the Plan.

2. Performance Period; Vesting. The Performance Units granted pursuant to the Award will vest in accordance with the following terms and conditions:

(a) Grantee's rights with respect to the Performance Units shall be restricted during the period beginning February 22, 2017, (the "Grant Date"), and ending on February 22, 2020, (the "Performance Period").

(b) Except as otherwise provided in this Agreement, the Grantee shall vest in a percentage of the number of Performance Units granted by this Award (including any Dividend Equivalents, as described below) at the end of the Performance Period, as provided for in Exhibit A and Exhibit B attached hereto, based upon the Company's ranking for Total Stockholder Return against the ONEOK Peer Group listed in Exhibit C attached hereto, all as determined by the Committee in its sole discretion. Upon vesting, the Grantee shall be entitled to receive one (1) share of the Company's common stock ("Common Stock") for each such Performance Unit. No fractional shares shall be issued, and any amount attributable to a fractional share shall instead be paid to the Grantee in cash.

(c) If the Grantee's employment with the Company terminates prior to the end of the Performance Period other than by reason of Retirement, Total Disability, death or Change in Control, the Grantee shall forfeit all right, title and interest in the Performance Units and any Common Stock otherwise payable pursuant to this Agreement. For purposes of this Agreement, employment with any Subsidiary of the Company shall be treated as employment with the Company. Likewise, a termination of employment shall not be deemed to occur by reason of a transfer of employment between the Company and any Subsidiary.

(d) If the Grantee's employment with the Company is terminated during the Performance Period by reason of (i) Retirement, (ii) Total Disability or (iii) death, then the Grantee shall be partially vested in, and the Grantee shall be entitled to receive, a prorated amount of Performance Units. The prorated amount is determined by multiplying the original Award times the percentage certified by the Committee at the end of the Performance Period, which is then multiplied by a fraction consisting of the number of full months that have elapsed under the Performance Period at the time of such event divided by the total number of months in the Performance Period. Upon the effective date of a Change in Control (as defined in the Plan), the Performance Period will expire and the Performance Units will vest immediately at a percentage reflecting the Company's performance in terms of Total Stockholder Return relative to the ONEOK Peer Group from the beginning of the Performance Period through the effective date of such Change in Control.

(e) For purposes of the Award and this Agreement, "Retirement" shall mean a voluntary termination of employment if the Grantee has both completed five (5) years of service with the Company and attained age fifty (50); and "voluntary termination" shall mean that the Grantee had an opportunity to continue employment with the Company, but did not do so. "Total Disability" shall mean that the Grantee is permanently and totally disabled and unable to engage in any substantial gainful activity by reason of a medically determinable physical or mental impairment which can be expected to result in death or which has lasted or can be expected to last for a continuous period of not less than twelve (12) months, and has established such disability to the extent and in the manner and form as may be required by the Committee.

3. Dividend Equivalents . During the Performance Period, the Award will be increased by a number of additional Performance Units ("Dividend Equivalents") representing all cash dividends that would have been paid to Grantee if one share of Common Stock had been issued to the Grantee on the Grant Date for each Performance Unit granted pursuant to this Agreement. The Dividend Equivalents credited during the Performance Period will include fractional shares; provided, however, the shares of Common Stock actually issued upon vesting of the Dividend Equivalents shall be paid only in whole shares of Common Stock, and any fractional shares of Common Stock shall be paid in an amount of cash equal to the Fair Market Value of such fractional shares of Common Stock. Except as provided above, Dividend Equivalents shall be subject to the same vesting provisions and other terms and conditions of this Agreement, and shall be paid on the same date, as the Performance Units to which they are attributable. Moreover, references in this Agreement to Performance Units shall be deemed to include any Performance Units attributable to Dividend Equivalents.

4. Non-Transferability of Performance Units .

(a) Except as provided below, the Performance Units may not be sold, assigned, transferred, pledged, encumbered or otherwise disposed of by Grantee or any other person until the end of the Performance Period. Any such attempt shall be wholly ineffective and will result in immediate forfeiture of all such amounts.

(b) Notwithstanding the foregoing, the Grantee may transfer any part or all rights in and to the Performance Units to members of the Grantee's immediate family, to one or more trusts for the benefit of such immediate family members or to partnerships in which such immediate family members are the only partners, in each case only if the Grantee does not receive any consideration for the transfer. In the event of any such transfer, the Performance Units shall remain subject to the terms and conditions of this Agreement. For any such transfer to be effective, the Grantee must provide prior written notice thereof to the Committee, unless otherwise authorized and approved by the Committee in its sole discretion; and the Grantee shall furnish to the Committee such information as it may request with respect to the transferee and the terms and conditions of any such transfer. For purposes of this Agreement, “immediate family” shall mean the Grantee’s spouse, children and grandchildren.

(c) The Grantee also may designate a Beneficiary, using the form attached hereto as Exhibit D or such other form as may be approved by the Committee, to receive any rights of the Grantee which may become vested in the event of the death of the Grantee under procedures and in the form established by the Committee. In the absence of such designation of a Beneficiary, any such rights shall be deemed to be transferred to the estate of the Grantee.

5. Distribution of Common Stock . Unless a timely deferral election (if available) is made in accordance with Section 6 below, and subject to any payment restrictions under Code Section 409A or other applicable law, the Common Stock or cash the Grantee becomes entitled to receive upon vesting of the Performance Units shall be distributed to the Grantee no later than 75 days after the earlier of (i) the last day of the Performance Period; or (ii) the effective date of a Change in Control. Except as provided in Section 6 below, the Grantee shall not be permitted, directly or indirectly, to designate the form of payment or the taxable year in which it is to be made.

6. Deferral Feature for Officers.

(a) If the Grantee is an officer of the Company, the Grantee may irrevocably elect to defer the time of payment of Performance Units, Common Stock and cash that the Grantee becomes entitled to receive under this Agreement (the “Deferred Amount”) by filing with the Committee, on or before the Election Date (as defined below), a signed written irrevocable election (the “Election”), which shall be in the form attached hereto as Exhibit E or as otherwise approved by the Committee.

(b) Any such Election must be filed with the Committee on or prior to the last business day that is at least six (6) months before the end of the Performance Period (the “Election Deadline”) and shall become effective as of such date provided that the Grantee performs services for the Company continuously from the beginning of the Performance Period through the Election Deadline. Notwithstanding the foregoing, in no event shall the Grantee’s Election become effective with respect to any portion of the Deferred Amount that has become readily ascertainable within the meaning of Code Section 409A and is substantially certain to be paid to the Grantee as of the Election Deadline. For this purpose, performance-based compensation during the Performance Period is to be bifurcated between the portion, if any, that is readily ascertainable and the amount that is not readily ascertainable, and any amount that is both calculable and substantially certain to be paid shall be treated as readily ascertainable. No subsequent election to delay or modify the time or form of payment shall be permitted unless agreed upon in writing by the Company and Grantee, and in a manner that complies with Code Section 409A.

(c) Subject to Section 15, an Election may provide for payment at a Specified Time, which shall be either (i) the later of (A) the date of the Grantee's separation from service with the Company, or (B) a specified calendar date; or (ii) the date of the Grantee's separation from service with the Company. An Election also may provide for a specified form of payment, which shall be either (i) a single lump sum payment; or (ii) a payment in two, three, four or five equal annual installments commencing at the Specified Time, as elected by the Grantee, and continuing until fully distributed.

(d) The provisions of this Agreement providing for the deferral of payment of Performance Units, Common Stock or cash shall be applicable solely to this Award and shall not apply to any other compensation payable to Grantee under the Plan or otherwise. The right to make a deferral election under this Section 6 is expressly limited to officers of the Company or any subset thereof as determined by the Committee from time to time.

7. Administration of Award. The Award shall be subject to such other rules as the Committee, in its sole discretion, may determine to be appropriate with respect to administration thereof. This Agreement shall be subject to discretionary interpretation and construction by the Committee. Day-to-day authority and responsibility for administration of the Plan, the Award and this Agreement have been delegated to the Company's Benefit Plan Administration Committee and its authorized representatives, and all actions taken thereby shall be entitled to the same deference as if taken by the Committee itself. The Grantee shall take all actions and execute and deliver all documents as may from time to time be requested by the Committee.

8. Tax Liability and Withholding. The Grantee agrees to pay to the Company any applicable federal, state or local income, employment, social security, Medicare or other withholding tax obligation arising in connection with the Award to the Grantee, which the Company shall determine; and the Company shall have the right, without the Grantee's prior approval or direction, to satisfy such withholding tax by withholding all or any part of the shares of Common Stock or cash that would otherwise be paid to the Grantee, with any shares of Common Stock so withheld to be valued at the Fair Market Value on the date of such withholding. The Grantee, with the consent of the Company, may satisfy such withholding tax by transferring cash or Common Stock to the Company, with any shares so transferred to be valued at the Fair Market Value on the date of such delivery. Income tax withholding shall occur on the date of actual distribution. Notwithstanding the foregoing, the ultimate liability for Grantee's share of all tax withholding is the Grantee's responsibility, and the Company makes no tax-related representations in connection with the grant or vesting of Performance Units or the distribution of Common Stock or cash to the Grantee.

9. Adjustment Provisions. If, prior to the expiration of the Performance Period, any change is made to the outstanding Common Stock or in the capitalization of the Company, the Performance Units granted pursuant to this Award shall be equitably adjusted or terminated to the extent and in the manner provided under the terms of the Plan.

10. Clawbacks, Insider Trading and Other Company Policies. The Grantee acknowledges and agrees that this Award is subject to all applicable clawback or recoupment, insider trading, share ownership and retention and other policies that the Company's Board of Directors may adopt from time to time. Notwithstanding anything in the Plan or this Agreement to the contrary, all or a portion of the Award made to the Grantee under this Agreement is subject to being called for repayment to the Company or reduced in any situation where the Board of Directors or a Committee thereof determines that fraud, negligence, or intentional misconduct by the Grantee was a contributing factor to the Company having to

restate all or a portion of its financial statement(s). Moreover, any Performance Units awarded under the Plan in this or any prior year to any Participant who is a current or former "executive officer" (as defined in Securities and Exchange Commission Rule 16a-1(f) under the Securities Exchange Act of 1934, as amended) is subject to any clawback policy adopted or amended by the Company from time to time (including, but not limited to, any clawback policy adopted to comply with Section 954 of the Dodd-Frank Act or guidance issued thereunder by any governmental agency or national securities exchange), regardless of whether such clawback policy is adopted or amended before or after the date on which such Performance Units are granted, determined or paid. A Participant's acceptance of any Award under the Plan in any year shall constitute full and adequate consideration for the Company's right to recover amounts paid to such Participant under the Plan in any prior year. The Committee may determine whether the Company shall effect any such repayment or reduction: (i) by seeking repayment from the Grantee, (ii) by reducing (subject to applicable law and the terms and conditions of the Plan or any other applicable plan, program, policy or arrangement) the amount that would otherwise be awarded or payable to the Grantee under the Award, the Plan or any other compensatory plan, program, or arrangement maintained by the Company, (iii) by withholding payment of future increases in compensation (including the payment of any discretionary bonus amount) or grants of compensatory awards that would otherwise have been made in accordance with the Company's otherwise applicable compensation practices, or (iv) by any combination of the foregoing. The determination regarding the Grantee's conduct, and repayment or reduction under this provision shall be within the sole discretion of the Committee and shall be final and binding on the Grantee and the Company. The Grantee, in consideration of the grant of the Award, and by the Grantee's execution of this Agreement, acknowledges the Grantee's understanding of this provision and hereby agrees to make and allow an immediate and complete repayment or reduction in accordance with this provision in the event of a call for repayment or other action by the Company or Committee to effect its terms with respect to the Grantee, the Award and/or any other compensation described in this Agreement.

11. Stock Reserved . The Company shall at all times during the term of the Award reserve and keep available such number of shares of its Common Stock as will be sufficient to satisfy the Award issued and granted to Grantee and the requirements thereof as evidenced by this Agreement. It is intended by the Company that the Plan and the shares of Common Stock covered by the Award are to be registered under the Securities Act of 1933, as amended, prior to the grant date; provided, that in the event such registration is for any reason not made effective for such shares, the Grantee agrees that all shares acquired pursuant to the grant will be acquired for investment and will not be available for sale or tender to any third party.

12. No Rights as Shareholder . The issuance and transfer of Common Stock shall be subject to compliance by the Company and the Grantee with all applicable laws, rules, regulations and approvals. No shares of Common Stock shall be issued or transferred unless and until any then-applicable legal requirements have been fully met or obtained to the satisfaction of the Company and its counsel. Except as otherwise provided in this Agreement, the Grantee shall have no rights as a shareholder of the Company in respect of the Performance Units or Common Stock for which the Award is granted. The Grantee shall not be considered a record owner of shares of Common Stock with respect to the Performance Units until the Performance Units are fully vested and Common Stock is actually distributed to the Grantee.

13. Continued Employment; Employment at Will. In consideration of the Company's granting the Award as incentive compensation to Grantee pursuant to this Agreement, the Grantee agrees to all of the terms of this Agreement and to continue to perform services for the Company in a satisfactory manner as directed by the Company. Provided, however, no provision in this Agreement shall confer any right to the Grantee's continued employment, limit the right of the Company to terminate the Grantee's employment at any time or create any contractual right to receive any future awards under the Plan. Moreover, unless specifically provided under the terms thereof, the value of the Award will not be included as compensation or earnings when calculating the Grantee's benefits under any employee benefit plan sponsored by the Company.

14. Code Section 409A. This Award and Agreement are intended to comply with Code Section 409A or an exemption therefrom and shall be construed and interpreted in a manner that is consistent with the requirements for avoiding additional taxes or penalties under Code Section 409A. Notwithstanding any other provision of the Agreement, any distributions or payments due hereunder that are subject to Code Section 409A may only be made upon an event and in a manner permitted by Code Section 409A. "Termination of employment" or words of similar import used in this Agreement shall mean, with respect to any payments of deferred compensation subject to Code Section 409A, a "separation from service" as defined in Code Section 409A. Each payment of compensation under this Agreement, including installment payments, shall be treated as a separate payment of compensation for purposes of applying Code Section 409A. Except as provided in Section 6 of this Agreement or as otherwise permitted under Code Section 409A, Grantee may not, directly or indirectly, designate the calendar year of settlement, distribution or payment. To the extent that an Award is or becomes subject to Code Section 409A and Grantee is a Specified Employee (within the meaning of Code Section 409A) who becomes entitled to a distribution on account of a separation from service, no payment shall be made before the date which is six (6) months after the date of the Grantee's separation from service or, if earlier, the date of Grantee's death (the "Delayed Payment Date"), and the accumulated amounts shall be distributed or paid in a lump sum payment on the Delayed Payment Date. Notwithstanding the foregoing, the Company makes no representations that the payments and benefits provided under this Agreement comply with Code Section 409A and shall not be liable for all or any taxes, penalties, interest or other expenses that may be incurred by the Grantee on account of non-compliance with Code Section 409A.

15. Entire Agreement; Severability; Conflicts. This Agreement contains the entire terms of the Award, and may not be changed other than by a written instrument executed by both parties or an amendment of the Plan. This Agreement supersedes any prior agreements or understandings, and there are no other agreements or understandings relating to its subject matter. The invalidity or unenforceability of any provision of the Plan or this Agreement shall not affect any other provision of the Plan or this Agreement, and each provision of the Plan and this Agreement shall be severable and enforceable to the extent permitted by law. Should there be any inconsistency between the provisions of this Agreement and the terms of the Award as stated in the resolutions and records of the Board of Directors or the Plan, the provisions of such resolutions and records of the Board of Directors and the Plan shall control.

16. Successors and Assigns . The Award shall inure to the benefit of and be binding upon the heirs, legatees, legal representatives, successors, and assigns of the parties thereto. The Grantee hereby acknowledges receipt of this Agreement, the Notice of Performance Unit Award and Agreement and a copy of the Plan, and accepts the Award under the terms and conditions stated in this Agreement, subject to all terms and provisions of the Plan, by signing this Agreement as of the date indicated.

______________________________	______________________________
Date	« **Employee_Name** »
	Grantee

Exhibit A

Performance Unit Criteria
2017-20 Performance Period

ONEOK Total Stockholder Return (TSR) Ranking vs. ONEOK Peer Group	Percentage of Performance Units Earned (Performance Multiplier)
90th percentile and above	200%
75th percentile	150%
50th percentile	100%
25th percentile	50%
Below 25th percentile	0%

IF ONEOK's TSR ranking within the ONEOK Peer Group at the end of the Performance Period is between any two of the stated percentile levels in the above table, the percentage of the Performance Units earned (the performance multiplier) will be interpolated between the earning levels. No Performance Units are earned if ONEOK's TSR ranking at the end of the Performance Period is below the 25th percentile within its Peer Group.

Exhibit B

Illustration of Hypothetical 2017-20 Performance Period
Performance Unit Award Calculation

The illustrations below assume that 500 Performance Units are awarded to Grantee in February 2017.

ONEOK Total Stockholder Return (TSR) Ranking vs. ONEOK Peer Group
Hypothetical 1 : If ONEOK's TSR Ranking for 2017-20 is at the 40 th percentile within the ONEOK Peer Group, then the performance multiplier would be 80 percent, as interpolated between a 50 percent multiplier (25 th percentile within Peer Group) and a 100 percent multiplier (50 th percentile within Peer Group) from Exhibit A. Hypothetical 2 : If ONEOK's TSR Ranking for 2017-20 is at the 60 th percentile within the ONEOK Peer Group, then the performance multiplier would be 120 percent, as interpolated between a 100 percent multiplier (50 th percentile within Peer Group) and a 150 percent multiplier (75 th percentile within Peer Group) from Exhibit A.

Percentage of Performance Units Earned
Hypothetical 1 : 80% x 500 PUs = 400 shares of Common Stock payable to Grantee in 2020. Hypothetical 2 : 120% x 500 PUs = 600 shares of Common Stock payable to Grantee in 2020.

Exhibit C

2017-20 ONEOK TSR Peer Group*

Company Name	**Sym**				
Boardwalk Pipeline Partners LP	BWP				
Buckeye Partners LP	BPL				
DCP Midstream LP	DCP				
Enable Midstream Partners LP	ENBL				
Enbridge Energy Partners LP	EEP				
Enlink Midstream Partners LP	ENLK				
Enterprise Products Partners, LP	EPD				
Kinder Morgan Inc.	KMI				
Magellan Midstream Partners LP	MMP				
MPLX LP	MPLX				
NuStar Energy LP	NS				
Plains All American Pipeline, LP	PAA				
Sunoco Logistics Partners LP	SLX				
Targa Resources Corp	TRGP				
Williams Companies Inc.	WMB				

* In the event that any member of the 2017-20 ONEOK Peer Group liquidates or reorganizes under the United States Bankruptcy Code (U.S.C. Title 11) before the end of the Performance Period, such member shall remain in the 2017-20 ONEOK Peer Group for purposes of calculating the Performance Multiplier. If any member of the 2017-20 ONEOK Peer Group is acquired by another entity before the end of the Performance Period, such member shall be removed from the 2017-20 ONEOK Peer Group for purposes of calculating the Performance Multiplier. In all other cases involving merger, reorganization or other material change in ownership, legal structure or business operations of any member of the 2017-20 ONEOK Peer Group before the end of the Performance Period, the Committee shall have discretionary authority to retain, remove or replace such member for purposes of calculating the Performance Multiplier.

Exhibit D

Beneficiary Designation Form

I, ________________________________ ("Plan Participant"), state that I am a participant in the the ONEOK, Inc. Long Term Incentive Plan, the ONEOK, Inc. Equity Compensation Plan, or any other stock compensation plan sponsored by ONEOK, Inc. (individually and collectively, the "Plan"), and the holder of one or more Stock Incentives granted or awarded to me under the Plan. With the understanding that I may change the following beneficiary designations at any time by furnishing written notice thereof to the Committee (provided that such change does not affect the time and form of payment of any amounts subject to an existing deferral election), I hereby designate the following individuals (or entities) as my beneficiaries to receive any and all benefits payable to me under the Plan and to exercise all rights, benefits and features of the Stock Incentives that have been awarded to me under the Plan, in accordance with the terms of the Plan and any associated award agreement, in the event of my death as follows:

1. **Primary Beneficiary (Beneficiaries)**

The Primary Beneficiaries named below shall have first priority to any and all benefits payable to me under the Plan and to exercise all rights, benefits and features of the Stock Incentives that have been awarded to me under the Plan, in accordance with the terms of the Plan and any associated award agreement, in the event of my death.

Name	Relationship	SSN	Percentage of Total

If a designated Primary Beneficiary named dies or ceases to exist prior to receiving the share designated for such Primary Beneficiary, such share shall be transferred proportionately to other surviving and existing designated Primary Beneficiaries.

2. **Contingent Beneficiary (or Beneficiaries)**

The Contingent Beneficiaries named below, if any, shall receive any benefits provided or payable to me under the Plan and be entitled to exercise, enjoy and receive all rights, benefits and features of the Stock Incentives that have been granted or awarded to me under the Plan (including Stock Incentives that I have elected to defer, if applicable) in accordance with the Plan and the terms and provisions of such Stock Incentives in the event of my death if no Primary Beneficiary named above survives me or exists.

Name	Relationship	SSN	Percentage of Total

3. **Stock Incentives Covered By Beneficiary Designation**

This Beneficiary Designation is applicable to and covers the following Stock Incentives that have been granted or awarded to me under the Plan:

(**Check one**)

_______ All Stock Incentives previously or subsequently granted or awarded to me under the Plan; or

_______ The following Stock Incentives that have been granted or awarded to me under the Plan:

(**List Stock Incentives Covered**)

Stock Incentive	Grant Date	Number of Shares of Stock

4. **General Terms**

This instrument does not modify, extend or increase any rights or benefits otherwise provided for by any Stock Incentive under the Plan. All terms used in this instrument shall have the meaning provided for under the Plan, unless otherwise indicated herein. This instrument is not applicable to Common Stock of ONEOK, Inc. that I have acquired outright and without any restrictions or limitations under the Plan prior to my death. This instrument revokes and supersedes any prior designation of a Beneficiary (or Beneficiaries) made by me with respect to the Stock Incentives covered by this Beneficiary Designation.

IN WITNESS WHEREOF, I have signed this instrument this __ day of ____________, __________.

Plan Participant

Witness

Witness

RECEIVED AND ACKNOWLEDGED this ____ day of ________, 20__,

For the Committee

Exhibit E

2017 Performance Unit Deferral Election Form

INSTRUCTIONS : In order to be effective, this Election Form must be completed, signed and returned no later than August 22, 2019 (the "Election Deadline"). Otherwise, the Award will be paid in accordance with its regularly scheduled time and form as described in the Agreement.

This Election is made by the undersigned Grantee pursuant to the terms of the ONEOK, Inc. Equity Compensation Plan (the "Plan") and that certain Notice of Performance Unit Award and Agreement issued to me under the Plan on the 22nd day of February, 2017 (the "Agreement"). Capitalized terms that are used but not defined herein shall have the meaning set forth in the Plan or the Agreement, as applicable.

1. Irrevocable Elections as to the Time and Form of Payment

I hereby irrevocably elect to defer the payment and my receipt of all Performance Units, Common Stock and cash that I may become entitled to receive pursuant to the Agreement (the "Deferred Amount") from the regularly scheduled time of payment of each Award, until a later date as follows:

A. Election of Specified Time of Payment (**Initial one election of time of payment)**

___ I elect to have the Deferred Amount deferred and paid to me on the later of (i) the date of my separation from service with the Company, or (ii) [________, 20__] (**specify month and year after February 2020**) in the form specified below.

___ I elect to have the Deferred Amount deferred and paid to me on the date of my separation from service with the Company.

B. Election of Form of Payment (**Initial one election of form of payment)**

___ I elect to receive payment of the Deferred Amount in a single lump sum payment.

____ I elect to receive payment of the Deferred Amount in ______ **(specify 2, 3, 4 or 5)** equal annual installments commencing at the Specified Time of Payment elected in Part A, above, until fully paid. The number of shares of Common Stock or cash received in each installment will equal the number and amount, respectively, that have not been paid as of the date immediately preceding the installment payment date, divided by the number of installments remaining to be paid as of the date immediately preceding the installment payment date. The resulting number shall be rounded down to the next whole number, except that the final installment shall be rounded up to the next whole number.

C. Election in the Event of Death **(Put initials by your choice)**

___ In the event of my death prior to, or after, the Specified Time of Payment that I have elected above, I elect to have my named beneficiaries (or my estate, if I have not designated any beneficiaries) receive payment and transfer of the Deferred Amount in a single lump sum by December 31 of the year following the year of my death.

___ In the event of my death prior to, or after, the Specified Time of Payment that I have elected above, I elect to have my named beneficiaries (or my estate, if I have not designated any beneficiaries) receive payment and transfer of the Deferred Amount in ______ (**specify 2, 3, 4 or 5**) equal annual installments commencing by December 31 of the year following the year of my death, until fully paid. The number of shares of Common Stock or cash received in each installment will equal the number and amount, respectively, that have not been paid as of the date immediately preceding the installment payment date, divided by the number of installments remaining to be paid as of the date immediately preceding the installment payment date. The resulting number shall be rounded down to the next whole number, except that the final installment shall be rounded up to the next whole number.

D. Change in Control Event (**Deemed election**)

Notwithstanding the foregoing, immediately following a Change in Control Event (as defined in Treasury Regulations Section 1.409A-3(i)(5)), any remaining portion of the Deferred Amount that has not been paid and transferred as of such date will be paid and transferred as soon as administratively practicable thereafter, but in no event later than 75 days after the effective date of such Change in Control Event. In the event shares of Common Stock no longer exist at the time of payment and transfer, each of the deferred Performance Units shall be converted in a manner that is consistent with the manner in which shares held by shareholders of ONEOK, Inc. Common Stock were treated with respect to the Change in Control Event.

E. Additional Rights and Restrictions

Notwithstanding the foregoing, (1) an accelerated payment of all or a portion of the Deferred Amount may be requested upon the occurrence of an Unforeseeable Emergency (as defined in the Plan, but also including the death of, or an Unforeseeable Emergency sustained by, a named beneficiary who has become entitled to payment under the Plan) and paid in accordance with the terms of the Plan; (2) the Committee reserves discretionary authority to permit a subsequent deferral election with respect to the Deferred Amount in accordance with the terms of the Plan; and (3) if a "specified employee" (as defined in the Plan) becomes entitled to a distribution on account of a separation from service, payment of all or a portion of the Deferred Amount will be delayed in accordance with the terms of the Plan.

2. **Grantee Representations and Warranties**

By executing this Election Form, I represent and warrant that:

A. I have read the Plan, the Agreement and this Election Form, understand that this Election will become irrevocable as of the Election Deadline, and agree to all the terms and conditions thereof.

B. I understand that any amounts that I defer hereunder are unfunded and unsecured and subject to the claims of the Company's creditors in the event of the Company's insolvency.

C. I understand that the Plan, the Agreement and this Election are intended to comply with Code Section 409A and that they will be interpreted accordingly. However, I understand that the Company will have no liability with respect to any failure to comply with Code Section 409A.

D. I understand that I will be required to satisfy any tax withholding obligations relating to the Deferred Amount, and that delivery of shares of Common Stock or cash to me or my beneficiaries is conditioned upon my satisfaction of such obligations. I have consulted with my own tax advisor regarding the tax consequences of participating in the Plan and making this Election.

Made and executed by me as Grantee of the Award pursuant to the terms and provisions of the Award Agreement, on this [____] day of [________], 201_.

____

Grantee

RECEIVED AND ACKNOWLEDGED this ____ day of ________, 20__.

____

For the Committee

ONEOK, Inc.

Computation of Ratio of Earnings to Fixed Charges

		Years Ended December 31,			
(Unaudited)	**2016**	**2015**	**2014**	**2013**	**2012**
		(Thousands of dollars)			
Fixed charges, as defined					
Interest on long-term debt	**$ 438,915**	$ 432,234	$ 380,441	$ 374,520	$ 326,206
Other interest	**32,385**	13,330	4,127	10,397	12,045
Amortization of debt discount, premium and expense	**8,943**	7,795	6,652	7,064	5,830
Interest on lease agreements	**1,150**	962	275	1,494	539
Total fixed charges	**481,393**	454,321	391,495	393,475	344,620
Earnings before income taxes and undistributed income of equity method investees	**958,659**	670,762	854,181	709,825	823,710
Earnings available for fixed charges	**$ 1,440,052**	$ 1,125,083	$ 1,245,676	$ 1,103,300	$ 1,168,330
Ratio of earnings to fixed charges	**2.99 x**	2.48 x	3.18 x	2.80 x	3.39 x

For purposes of computing the ratio of earnings to fixed charges, “earnings” consists of pretax income from continuing operations before adjustment for income or loss from equity investees plus fixed charges and distributed income of equity investees, less interest capitalized. “Fixed charges” consists of interest charges, the amortization of debt discounts and issue costs and the representative interest portion of operating leases.

Exhibit 21

ONEOK, Inc.

SUBSIDIARIES OF THE COMPANY
AS OF DECEMBER 31, 2016

Subsidiaries	State of Incorporation or Organization
Kansas Gas Marketing Company	Kansas
NBP Services, LLC	Delaware
New Holdings, Inc.	Oklahoma
New Holdings Sub 1, Inc.	Oklahoma
New Holdings Sub 2, Inc.	Delaware
ONEOK Energy Services Canada, Ltd.	Yukon
ONEOK Energy Services Company, II	Delaware
ONEOK Energy Services Company, L.P.	Texas
ONEOK Energy Services Holdings, L.L.C.	Oklahoma
ONEOK Kansas Company	Kansas
ONEOK Kansas Properties, L.L.C.	Kansas
ONEOK Leasing Company	Delaware
ONEOK Parking Company, L.L.C.	Delaware
ONEOK Partners GP, L.L.C.	Delaware
ONEOK Partners, L.P. (41.2%)	Delaware
ONEOK Services Company, L.L.C.	Oklahoma
ONEOK Texas Resources, Inc.	Delaware

ONEOK Partners, L.P.

Subsidiaries of ONEOK Partners, L.P.	State of Incorporation or Organization
Bighorn Gas Gathering, L.L.C. (49.0%)	Delaware
Black Mesa Holdings, Inc.	Delaware
Black Mesa Pipeline, Inc.	Delaware
Black Mesa Pipeline Operations, L.L.C.	Delaware
Black Mesa Technologies, Inc.	Oklahoma
Border Midwestern Company	Delaware
Border Minnesota Pipeline, LLC	Delaware
Border Viking Company	Delaware
Chisholm Pipeline Company (50%)	Delaware
Chisholm Pipeline Holdings, L.L.C.	Delaware
Crestone Bighorn, L.L.C.	Delaware
Crestone Energy Ventures, L.L.C.	Delaware
Crestone Gathering Services, L.L.C.	Delaware
Crestone Powder River, L.L.C.	Delaware
Crestone Wind River, L.L.C.	Delaware
Fort Union Gas Gathering, L.L.C. (37.04%)	Delaware
Guardian Pipeline, L.L.C.	Delaware
Heartland Pipeline Company (general partnership) (50%)	Texas
Lost Creek Gathering Company, L.L.C. (35%)	Delaware
Mid Continent Market Center, L.L.C.	Kansas
Midwestern Gas Transmission Company	Delaware
Mont Belvieu I Fractionation Facility (joint venture) (80%)	Texas
Northern Border Pipeline Company (general partnership) (50%)	Texas
OkTex Pipeline Company, L.L.C.	Delaware
ONEOK Arbuckle North Pipeline, L.L.C.	Delaware
ONEOK Arbuckle Pipeline, L.L.C.	Delaware
ONEOK Bakken Pipeline, L.L.C.	Delaware
ONEOK Bushton Processing, L.L.C.	Delaware
ONEOK Field Services Company, L.L.C.	Oklahoma
ONEOK Gas Storage Holdings, L.L.C.	Delaware
ONEOK Gas Storage, L.L.C.	Oklahoma
ONEOK Gas Transportation, L.L.C.	Oklahoma
ONEOK Hydrocarbon GP, L.L.C.	Delaware
ONEOK Hydrocarbon Holdings, L.L.C.	Delaware
ONEOK Hydrocarbon Southwest, L.L.C.	Delaware
ONEOK Hydrocarbon, L.L.C.	Delaware
ONEOK Hydrocarbon, L.P.	Delaware
ONEOK ILP GP, L.L.C.	Delaware
ONEOK MB I, L.P.	Delaware
ONEOK Midstream Gas Supply, L.L.C.	Oklahoma
ONEOK Mont Belvieu Storage Company, L.L.C.	Delaware

ONEOK NGL Gathering, L.L.C.	Delaware
ONEOK NGL Pipeline, L.L.C.	Delaware
ONEOK North System, L.L.C.	Delaware
ONEOK Overland Pass Holdings, L.L.C.	Oklahoma
ONEOK Partners Intermediate Limited Partnership	Delaware
ONEOK Permian NGL Pipeline GP, L.L.C.	Delaware
ONEOK Permian NGL Pipeline LP, L.L.C.	Delaware
ONEOK Permian NGL Operating Company, L.L.C.	Delaware
ONEOK Pipeline Holdings, L.L.C.	Delaware
ONEOK Rockies Enterprises, L.L.C.	Delaware
ONEOK Rockies Investments, L.L.C.	Delaware
ONEOK Rockies Midstream, L.L.C.	Delaware
ONEOK Rockies Processing Company (Canada) Ltd.	Alberta
ONEOK Sterling III Pipeline, L.L.C.	Oklahoma
ONEOK Texas Gas Storage, L.L.C.	Texas
ONEOK Transmission Company, L.L.C.	Delaware
ONEOK Underground Storage Company, L.L.C.	Kansas
ONEOK VESCO Holdings, L.L.C.	Delaware
ONEOK Western Trail Pipeline, L.L.C.	Oklahoma
ONEOK WesTex Transmission, L.L.C.	Delaware
Overland Pass Pipeline Company LLC (50%)	Delaware
Roadrunner Gas Transmission Holdings, L.L.C. (50%)	Delaware
Roadrunner Gas Transmission, LLC (100% owned by RGT Holdings)	Delaware
Sycamore Gas System (general partnership) (48.445%)	Oklahoma
Venice Energy Services Company, L.L.C. (10.1765%)	Delaware
Viking Gas Transmission Company	Delaware
West Texas LPG Pipeline Limited Partnership (.8% GP & 79.2% LP)	Texas

Exhibit 23

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-198938 and 333-198937) and S-8 (Nos. 333-185633, 333-182991, 333-41263, 333-54274, 333-75768, 333-121769, 333-140629, 333-152748, 333-157548, 333-165044, 333-171308, 333-178622 and 333-194284) of ONEOK, Inc. of our report dated February 28, 2017, relating to the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

Tulsa, Oklahoma
February 28, 2017

Exhibit 31.1

Certification

I, Terry K. Spencer, certify that:

I have reviewed this annual report on Form 10-K of ONEOK, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant’s other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c) Evaluated the effectiveness of the registrant’s disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
d) Disclosed in this report any change in the registrant’s internal control over financial reporting that occurred during the registrant’s most recent fiscal quarter (the registrant’s fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant’s internal control over financial reporting; and

The registrant’s other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant’s auditors and the audit committee of the registrant’s board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant’s ability to record, process, summarize and report financial information; and
b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant’s internal control over financial reporting.

Date: February 28, 2017

/s/ Terry K. Spencer
Terry K. Spencer
Chief Executive Officer

Exhibit 31.2

Certification

I, Derek S. Reiners, certify that:

I have reviewed this annual report on Form 10-K of ONEOK, Inc.;

Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors:

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2017

/s/ Derek S. Reiners
Derek S. Reiners
Chief Financial Officer

Exhibit 32.1

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of ONEOK, Inc. (the “Registrant”) for the period ending December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the “Report”), I, Terry K. Spencer, Chief Executive Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Terry K. Spencer
Terry K. Spencer
Chief Executive Officer

February 28, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to ONEOK, Inc. and will be retained by ONEOK, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K of ONEOK, Inc. (the "Registrant") for the period ending December 31, 2016, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Derek S. Reiners, Chief Financial Officer of the Registrant, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that:

(1) the Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
(2) the information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Registrant.

/s/ Derek S. Reiners
Derek S. Reiners
Chief Financial Officer

February 28, 2017

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to ONEOK, Inc. and will be retained by ONEOK, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

BOARD OF DIRECTORS

Brian L. Derksen
Retired Global Deputy Chief Executive Officer,
Deloitte Touche Tohmatsu Limited
Dallas, Texas

Julie H. Edwards
Former Chief Financial Officer, Southern Union Company;
Former Chief Financial Officer, Frontier Oil Corporation
Houston, Texas

John W. Gibson
Chairman of the Board and Retired Chief Executive Officer,
ONEOK, Inc. and ONEOK Partners, L.P.
Tulsa, Oklahoma

Randall J. Larson
Retired Chief Executive Officer, TransMontaigne Partners L.P.
Tucson, Arizona

Steven J. Malcolm
Retired Chairman, President and Chief Executive Officer,
The Williams Companies, Inc.
Tulsa, Oklahoma

Kevin S. McCarthy
Co-founder and Managing Partner, Kayne Anderson
Fund Advisors
Houston, Texas

Jim W. Mogg
Retired Chairman, DCP Midstream GP, L.L.C.
Hydro, Oklahoma

Pattye L. Moore
Chairman, Red Robin Gourmet Burgers;
Former President, Sonic Corp.
Broken Arrow, Oklahoma

Gary D. Parker
President, Moffitt, Parker & Company, Inc.
Muskogee, Oklahoma

Eduardo A. Rodriguez
President, Strategic Communications Consulting Group
El Paso, Texas

Terry K. Spencer
President and Chief Executive Officer, ONEOK, Inc. and
ONEOK Partners, L.P.
Tulsa, Oklahoma

OFFICERS

Positions as of March 1, 2017
Ages as of Dec. 31, 2016

ONEOK, Inc. and ONEOK Partners, L.P.

Terry K. Spencer, 57
President and Chief Executive Officer

Robert F. Martinovich, 59
Executive Vice President and Chief Administrative Officer

Walter S. Hulse III, 52
Executive Vice President, Strategic Planning and Corporate Affairs

Kevin L. Burdick, 52
Executive Vice President and Chief Commercial Officer

Wesley J. Christensen, 63
Senior Vice President, Operations

Stephen W. Lake, 53
Senior Vice President, General Counsel and Assistant Secretary

Derek S. Reiners, 45
Senior Vice President, Chief Financial Officer and Treasurer

Charles M. Kelley, 58
Senior Vice President, Corporate Planning and Development

Sheridan C. Swords, 47
Senior Vice President, Natural Gas Liquids

Michael A. Fitzgibbons, 58
Senior Vice President, Natural Gas Gathering and Processing

J. Phillip May, 54
Senior Vice President, Natural Gas Pipelines

Sheppard F. Miers III, 48
Vice President and Chief Accounting Officer

Eric Grimshaw, 64
Vice President, Associate General Counsel
and Corporate Secretary

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