

ONEOK INC /NEW/  
Form DEF 14A  
April 04, 2019  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**(Rule 14A 101)**

**Proxy Statement Pursuant to Section 14(a)**  
**of the Securities Exchange Act of 1934**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement  
Definitive Proxy Statement  
Definitive Additional Materials  
Soliciting Material Pursuant to §240.14a-12

Confidential, for Use of the Commission Only (as  
permitted by Rule 14a-6(e)(2))

**ONEOK, Inc.**

**(Name of Registrant as Specified in Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

- (3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):
- (4) Proposed maximum aggregate value of transaction:
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Fee paid previously with preliminary materials.

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- (1) Amount Previously Paid:
- (2) Form, Schedule or Registration Statement No.:
- (3) Filing Party:
- (4) Date Filed:

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**Our Values**

**Ethics:** Our actions are founded on trust, honesty and integrity through open communications and adherence to the highest standards of personal, professional and business ethics.

**Quality:** Our commitment to quality drives us to make continuous improvements in our quest for excellence.

**Diversity:** We value diversity, as well as the dignity and worth of each employee, and believe that a diverse and inclusive workforce is critical to our continued success.

**Value:** We are committed to creating value for all stakeholders employees, customers, investors and our communities through the optimum development and utilization of our resources.

**Service:** We provide responsive, flexible service to customers and commit to preserving the environment, providing a safe work environment and improving the quality of life for employees where they live and work.

**Our Core Strategy**

Provide our customers with high-quality service through vertical integration across the midstream value chain focused on the transportation, fractionation, processing, storage, marketing and delivery of natural gas liquids, natural gas and other hydrocarbon liquid products.

We achieve this through our strong asset position and experienced team while attracting and retaining a diverse talent base needed to execute our growth strategies.

Grow our businesses safely, profitably and in an environmentally sustainable manner while maintaining financial strength.

Our focus includes organically growing our businesses and building on our vertically integrated strategy with an emphasis on fee-based earnings.

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April 4, 2019

Dear Shareholder:

You cordially are invited to attend the annual meeting of shareholders of ONEOK, Inc., which will be held at 9:00 a.m. Central Daylight Time on Wednesday, May 22, 2019, at ONEOK Plaza, 100 West Fifth Street, Tulsa, Oklahoma 74103.

The matters to be considered and voted on at the meeting are set forth in the attached notice of the annual meeting and are described in the attached proxy statement. A copy of our 2018 annual report to shareholders is also enclosed. A report on our 2018 performance will be presented at the meeting.

We look forward to greeting as many of our shareholders as possible at the annual meeting. We know, however, that most of our shareholders will be unable to attend. Therefore, proxies are being solicited so that each shareholder has an opportunity to vote by proxy. You can authorize a proxy over the internet or by telephone. Instructions for using these convenient services are included in the proxy statement and on the proxy card. Of course, if you prefer, you may vote by mail by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope.

**If your shares are held by a broker, bank, trustee or other similar fiduciary, unless you provide your broker, bank, trustee or other similar fiduciary with voting instructions, your shares will not be voted in the election of directors or in certain other important proposals as described in the accompanying proxy statement. Consequently, please provide your voting instructions to your broker, bank, trustee or other similar fiduciary in a timely manner to ensure that your shares will be voted.**

Regardless of the number of shares you own, your vote is important. I urge you to submit your proxy or voting instructions as soon as possible so that you can be sure your shares will be voted.

Thank you for your investment in ONEOK and your continued support.

Very truly yours,

**John W. Gibson**

*Chairman of the Board*

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ONEOK, Inc. Notice of 2019 Annual Meeting of Shareholders

**Time and date** May 22, 2019, at 9:00 a.m. Central Daylight Time

**Place** ONEOK Plaza, 100 West Fifth Street, Tulsa, Oklahoma 74103

- Items of business**
- (1) To consider and vote on the election of the 11 director nominees named in the accompanying proxy statement to serve on our Board of Directors.
  - (2) To consider and vote on the ratification of the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm of ONEOK, Inc., for the year ending December 31, 2019.
  - (3) To consider and vote on our executive compensation on a non-binding, advisory basis.
  - (4) To consider and vote on such other business as may come properly before the meeting or any adjournment or postponement of the meeting.

These matters are described more fully in the accompanying proxy statement.

**Record date** March 25, 2019. Only shareholders of record at the close of business on the record date are entitled to receive notice of, and to vote at, the annual meeting.

**Proxy voting** **YOUR VOTE IS IMPORTANT**

The vote of every shareholder is important. The Board of Directors appreciates the cooperation of shareholders in directing proxies to vote at the meeting. To make it easier for you to vote, internet and telephone voting are available. The instructions in the accompanying proxy statement and attached to your proxy card describe how to use these convenient voting methods. Of course, if you prefer, you may vote by mail by completing your proxy card and returning it in the enclosed, postage-paid envelope. You may revoke your proxy at any time by following the procedures set forth in the accompanying proxy statement.

***Whether or not you expect to attend the meeting in person, we urge you to vote your shares at your earliest convenience. This will ensure the presence of a quorum at the meeting. Voting your shares promptly, via the Internet, by telephone, or by signing, dating and returning the enclosed proxy card will save us the expense of additional solicitation.***

**Important Notice Regarding Internet Availability of Proxy Materials.** This notice of Annual Meeting and proxy statement and form of proxy are being distributed and made available on or about April 4, 2019. This proxy statement and our 2018 annual report to shareholders are available on our website at [www.oneok.com](http://www.oneok.com).

Additionally, you may access this proxy statement and our 2018 annual report at [www.proxydocs.com/oke](http://www.proxydocs.com/oke).

By order of the Board of Directors,

**Eric Grimshaw**

*Secretary*

Tulsa, Oklahoma

April 4, 2019



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Proxy Statement

This proxy statement describes important issues affecting our company and is furnished in connection with the solicitation of proxies by our Board of Directors for use at our 2019 annual meeting of shareholders to be held at the time and place set forth in the accompanying notice. The approximate date of the mailing of this proxy statement and accompanying proxy card is April 4, 2019.

Unless we otherwise indicate or unless the context indicates otherwise, all references in this proxy statement to ONEOK, we, our, us, the company or similar references mean ONEOK, Inc. and its predecessors and subsidiaries.

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**Summary Proxy Information**

*To assist you in reviewing the company's 2018 performance and voting your shares, we would like to call your attention to key elements of our 2019 proxy statement and our 2018 annual report to shareholders. The following is only a summary. For more complete information about these topics, please review the complete proxy statement and our 2018 annual report to shareholders.*

**BUSINESS HIGHLIGHTS**

***Our Business.*** We are a corporation incorporated under the laws of the state of Oklahoma, and our common stock is listed on the New York Stock Exchange ( NYSE ) under the trading symbol OKE. We are a leading midstream service provider and own 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 an extensive network of natural gas gathering, processing, storage and transportation assets. We apply our core capabilities of gathering, processing, fractionating, transporting, storing and marketing natural gas and NGLs through vertical integration across the midstream value chain to provide our customers with premium services while generating consistent and sustainable earnings growth.

***Business Update and Market Conditions.*** We operate primarily fee-based businesses in each of our three reportable segments, and our consolidated earnings were nearly 90 percent fee-based in 2018. We are connected to natural gas and natural gas liquids ( NGL ) supply in growing basins and have significant basin diversification, including the Williston, Permian, Powder River and Denver-Julesburg Basins and the Sooner Trend Anadarko Canadian Kingfisher ( STACK ) and South Central Oklahoma Oil Province ( SCOOP ) areas in Oklahoma. While our Natural Gas Gathering and Processing and Natural Gas Liquids segments generate primarily fee-based earnings, those segments' results of operations are exposed to volumetric risk. Our exposure to volumetric risk can result from declining well productivity, reduced drilling activity, severe weather disruptions, operational outages and ethane rejection. Commodity prices decreased in the fourth quarter 2018 and are expected to fluctuate in 2019. However, we do not expect supply volumes in our three business segments to be materially impacted.

Volumes increased across our operating regions in our Natural Gas Gathering and Processing and Natural Gas

Liquids segments in 2018, compared with 2017, as a result of improved crude oil prices, producers experiencing improved drilling economics and continued improvements in production due to enhanced completion techniques. In addition, we experienced increased demand for NGL products from petrochemical and NGL export facilities in the Gulf Coast. We have spent approximately \$2 billion of our announced \$6 billion of capital-growth projects that include NGL pipelines, NGL fractionators and natural gas processing plants supported by a combination of long-term

primarily fee-based contracts, volume commitments and/or acreage dedications. Our NGL projects in the Gulf Coast also allow flexibility to construct additional NGL fractionators, storage and, potentially, new export facilities in the future. We expect these projects to meet the needs of natural gas processors and producers and the petrochemical industry that require additional midstream infrastructure to accommodate increasing supply and demand in the areas in which we operate.

For most of 2018, we benefited from favorable NGL price differentials as available pipeline and fractionation capacity in and between the Conway, Kansas, and Mont Belvieu, Texas, market centers tightened due to growing NGL supply from the Mid-Continent and Rocky Mountain regions, combined with increased petrochemical and NGL export demand in the Gulf Coast, resulting in higher earnings from our Natural Gas Liquids segment's optimization and marketing activities. In the fourth quarter 2018, these differentials narrowed resulting from seasonality of supply and demand in the Mid-Continent region, lower commodity prices and additional pipeline and fractionation capacity resulting from operational efficiencies. While we expect NGL price differentials to be volatile in 2019, we expect that they will be wider than historical norms due to additional demand in the Gulf Coast, additional NGL supply growth in the Mid-Continent region and continuing fractionation and pipeline constraints. We expect these wider NGL price differentials to continue until announced NGL pipeline and fractionation infrastructure projects, including our Arbuckle II pipeline, are completed in early 2020.

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**Summary Proxy Information**

**Financial Performance.** All references to income as used in this Business Highlights section refer to income from continuing operations.

Our 2018 consolidated operating income was approximately \$1.8 billion, compared with approximately \$1.4 billion in 2017. 2018 net income was \$1.2 billion. 2017 net income was \$594 million, which included a one-time non-cash charge to net income through income tax expense of \$141.3 million resulting from the enactment of the Tax Cuts and Jobs Act.

**Dividend Increase.** During 2018, we paid total cash dividends of \$3.245 per share, an increase of 19 percent compared with the \$2.72 per share paid during 2017. In February 2019, we paid a quarterly dividend of \$0.86 per share (\$3.44 per share on an annualized basis), a 12 percent increase compared with the quarterly dividend paid in February 2018.



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**Summary Proxy Information**

**Shareholder Return.** Our 10-, five-, three- and one-year total shareholder returns as of December 31, 2018 (total shareholder return includes share price appreciation/depreciation, dividend reinvestments, stock splits and the impact of the 2014 separation of our natural gas distribution business to ONE Gas, Inc. during the periods presented), compared with the referenced indices, are as follows:

1 The ONEOK peer group used in this graph is the same peer group that will be used in determining our level of performance at the end of the three-year performance period for our 2018 performance units granted under our Equity Compensation Plan and is comprised of the following companies: Boardwalk Pipeline Partners, LP; Buckeye Partners, L.P.; DCP Midstream, LP; Enable Midstream Partners, LP; Enbridge Energy Partners, L.P.; Energy Transfer Partners, L.P. Enterprise Products Partners L.P.; EnLink Midstream Partners, LP; Kinder Morgan, Inc.; Magellan Midstream Partners, L.P.; MPLX LP; NuStar Energy L.P.; Plains All American Pipeline, L.P.; Targa Resources Corp.; and The Williams Companies, Inc. Peer companies that were no longer publicly traded on December 31, 2018 were not considered in the performance calculation.

**CORPORATE GOVERNANCE HIGHLIGHTS**

Our Board of Directors and management are committed to maintaining strong corporate governance practices that promote and protect the long-term interests of our shareholders. Our corporate governance practices are designed not just to satisfy regulatory and stock exchange requirements, but also to provide for effective oversight and management of our company, and include:

An 11-member, balanced board with deep experience and diverse expertise relevant to our strategy, business and industry, including three members added since 2015.

Annual election of directors.

Majority voting for directors.

Board leadership provided by a non-executive chairman of the Board, a lead independent director with robust duties, and independent committee chairs.

Robust director nominee selection process.

By-laws provide for proxy access by eligible shareholders.  
Regular board and committee performance evaluations.

Mandatory director retirement age of 75.

A commitment to regular board refreshment.

Independent Audit, Executive Compensation and Corporate Governance Committees.

Regular executive sessions of non-management directors and independent directors.

Long-standing commitment to corporate responsibility and sustainability, including safety and health, environmental performance, community leadership and investment and oversight of public policy engagement.

Long-standing shareholder engagement program.

Annual review of our strategic plan.

Risk oversight by full board and committees, including a comprehensive annual enterprise risk management process.

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Summary Proxy Information

**EXECUTIVE COMPENSATION HIGHLIGHTS**

**Program Design.** A principal feature of our compensation program is the determination of executive pay by our Executive Compensation Committee (referred to throughout this Proxy Statement as the Executive Compensation Committee or the Committee ) and Board of Directors based on a comprehensive review of quantitative and qualitative factors designed to achieve long-term business success. Our executive compensation program is designed to attract, motivate and retain the key executives who drive our success and who are leaders in the industry, to reward for company performance and to align the long-term interests of our executive officers with those of our shareholders.

Our compensation philosophy and related governance features are summarized below.

**Compensation Program Continuity** Our shareholders have provided strong support for our compensation program over the years. The components of our executive compensation program have remained substantially the same for several years. We believe our program is designed efficiently, is well aligned with the interests of our shareholders and is instrumental to achieving our business goals.

**Independent Committee Determination** Our Executive Compensation Committee, composed solely of independent directors, makes all compensation decisions regarding our named executive officers. These decisions are then submitted to the full Board for its consideration and ratification.

**Prudent Risk Management** The Committee is mindful of not encouraging excessive risks when it designs compensation programs and sets compensation targets.

**Pay for Performance** A significant portion of the compensation for our named executive officers is in the form of at-risk, variable compensation based on company and individual performance, with a focus on creating long-term shareholder value.

**Competitive Compensation** In order to attract and retain qualified executives, our compensation programs provide a competitive total pay opportunity.

**Multiple Performance Metrics** Variable compensation is based on more than one measure to encourage balanced incentives.

**Awards Are Capped** All of our variable compensation plans have caps on plan formulas; provided that, our Chief Executive Officer may recommend to the Committee adjustments to the individual performance multiplier in excess of 125 percent in certain limited cases of exceptional performance with regard to awards under our annual short-term incentive plan.

**Retention Incentives** A significant portion of total compensation relies on multi-year vesting requirements.

**Share Ownership Guidelines** We have market competitive share ownership guidelines for our directors and officers.

**Clawback Provisions** Our clawback provisions provide for the adjustment or recovery of compensation in certain circumstances.

**Tally Sheets** The Committee reviews total compensation tally sheets at least annually as part of making individual compensation decisions.

**Independent Consultant** The Committee engages an executive compensation consultant that is independent under the Securities and Exchange Commission rules and NYSE listing standards to provide advice and expertise on the design and implementation of our executive and director compensation programs.

**Double Trigger Vesting of Equity Awards** Under our Equity Incentive Plan approved by shareholders at our 2018 annual shareholders meeting, in general, a change-in-control will not automatically trigger vesting of outstanding equity awards unless the acquirer does not assume or replace the outstanding awards. Rather, participants must experience a termination of employment without cause or resign for good reason within two years following a change in control for an award to vest in connection with a change in control. The Committee, retains discretion to provide otherwise in an award agreement or before a change in control. Since the effective date of the 2018 Equity Incentive Plan, all equity awards have been granted under the Plan.

- × **No Individual Employment Agreements** We do not enter into individual employment agreements with our executive officers.
- × **No Hedging of Company stock** Our insider trading policy prohibits our named executive officers from engaging in hedging activities with respect to our stock.
- × **No Pledging of Company stock** Our officers and directors may not hold our securities in a margin account or pledge our securities as collateral for a loan, subject to an exception that may be granted by our chief executive officer for loans (not margin accounts), which can be repaid without resorting to the pledged securities.
- × **No Single Trigger for Cash Change-in-Control Plans** All change-in-control benefits under our Change-in-Control Severance Plan are double trigger.
- × **No Tax Gross-ups** We do not provide tax gross-ups for change-in-control benefits.
- × **No Significant Perquisites** Our executive officers, including the named executive officers, receive no recurring significant perquisites or other personal benefits.

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**Table of Contents****Summary Proxy Information**

***Key Components of our Executive Compensation Program in 2018 are Unchanged.*** In reviewing our executive compensation program during 2018, our Executive Compensation Committee took into account, among other factors, the strong shareholder approval at our 2018 annual meeting in favor (96.9 percent of the shares voted) of our 2017 executive compensation program and our executive pay practices. In view of this high level of shareholder support, the Executive Compensation Committee determined that no changes to the components of our executive compensation program were necessary in 2018. Our shareholders have provided consistently strong support for our compensation program since the inception of the say-on-pay advisory shareholder vote.

***Alignment of Executive Compensation and Performance.*** In addition to increasing Mr. Spencer's base salary by \$60,000, his long-term incentive target by \$700,000 and his short-term incentive target by 25 percent, all effective for 2018, our Board of Directors, upon the recommendation of our Executive Compensation Committee, awarded Mr. Spencer incentive compensation for 2018 that was commensurate with our strong business results and his position as our President and Chief Executive Officer, including payment of an annual short-term cash incentive award of \$1,727,000 and the grant of a long-term equity incentive award with a grant date target accounting value of \$4.3 million. Consistent with our executive compensation philosophy, a majority of Mr. Spencer's total direct compensation of approximately \$6,848,000 for 2018 was incentive-based and at-risk, as illustrated by the following chart:

Consistent with our executive compensation philosophy, a majority of 2018 total direct compensation for our other named executive officers (as set forth on page 44) was incentive-based and at-risk, as illustrated by the following chart:



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***Election of Directors (Proposal 1).*** You will find in this proxy statement important information about the qualifications and experience of each of the 11 director nominees, each of whom is a current director. The Corporate Governance Committee performs an annual assessment of the performance of the Board of Directors to ensure that our directors have the skills and experience to oversee effectively our company. All of our directors have proven leadership, sound judgment, integrity and a commitment to the success of our company, and our Board of Directors recommends that shareholders **VOTE IN FAVOR** of each nominee for re-election.

***Ratification of our Independent Auditor (Proposal 2).*** You will also find in this proxy statement important information about our independent auditor, PricewaterhouseCoopers LLP. We believe PricewaterhouseCoopers LLP continues to provide high-quality service to our company, and our Board of Directors recommends that shareholders **VOTE IN FAVOR** of ratification.

***Advisory Vote on Executive Compensation (Proposal 3).*** Our shareholders have the opportunity to cast a non-binding, advisory vote on our executive compensation program. As recommended by our shareholders at our 2018 annual meeting, we provide our shareholders with an annual opportunity to vote on executive compensation. Shareholders holding 96.9 percent of our shares that were voted last year on our executive compensation supported the design and practices of our executive compensation program. In evaluating this say on pay proposal, we recommend that you review our Compensation Discussion and Analysis in this proxy statement, which explains how and why the Executive Compensation Committee made its 2018 executive compensation decisions. Our Board of Directors recommends that shareholders **VOTE IN FAVOR** of our executive compensation program.

***Votes Required for Approval of the Proposals.*** The votes required for each proposal are summarized below, together with information regarding treatment of abstentions and broker non-votes for each proposal:

| Proposal                 | How does the Board recommend that I vote?                                  | Votes required for approval when quorum is present   | Abstentions   | Broker non-votes  |
|--------------------------|--|--|---|---|
| 1. Election of Directors | The Board recommends that you vote <b>FOR</b> each nominee for re-election | Majority of the votes cast by the shareholders present in person or by proxy and entitled to | Do not count as votes cast and have no effect on the vote | Do not count as votes cast and have no effect on the vote |

|  |  |   |   |  |
|--|--|---|---|--|
| 2. Ratification of our Independent Auditor | The Board recommends that you vote <b>FOR</b> the ratification of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2019 | vote<br>Majority of the voting power of the shareholders present in person or by proxy and entitled to vote | Have the same effect as votes against this proposal | Voted at broker's discretion. Shares not voted in the discretion of a brokerage firm, bank, trustee or other similar fiduciary have same effect as votes against this proposal |
| 3. Advisory Vote on Executive Compensation | The Board recommends that you vote <b>FOR</b> the approval, on an advisory basis, of the company's executive compensation program                          | Majority of the voting power of the shareholders present in person or by proxy and entitled to vote         | Have the same effect as votes against this proposal | Do not count as shares entitled to vote and have no effect on the vote   |



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[About the 2019 Annual Meeting](#)

*The following questions and answers are provided for your convenience and briefly address some commonly asked questions about our 2019 annual meeting of shareholders. Please also consult the more detailed information contained elsewhere in this proxy statement and the documents referred to in this proxy statement.*

**Why did I receive these proxy materials?**

We are providing these proxy materials in connection with the solicitation by the Board of Directors of ONEOK, Inc. of proxies to be voted at our 2019 annual meeting of shareholders and at any adjournment or postponement of the meeting. You are invited to attend our annual meeting of shareholders on May 22, 2019, at 9:00 a.m., Central Daylight Time. The meeting will be held at our company headquarters at ONEOK Plaza, 100 West Fifth Street, Tulsa, Oklahoma. For directions to the meeting, please visit our website at [www.oneok.com](http://www.oneok.com) or [www.proxydocs.com/oke](http://www.proxydocs.com/oke).

**Who is soliciting my proxy?**

Our Board of Directors is sending you this proxy statement in connection with its solicitation of proxies for use at our 2019 annual meeting of shareholders. Certain of our directors, officers and employees also may solicit proxies on our behalf in person or by mail, telephone, fax or email.

**Who may attend and vote at the annual meeting?**

All shareholders who held shares of our common stock at the close of business on March 25, 2019, may attend and vote at the meeting. If your shares are held in the name of a broker, bank, trustee or other holder of record, often referred to as being held in street name, bring a copy of your brokerage account statement or a voting instruction card, which you may obtain from your broker, bank, trustee or other holder of record of your shares.

Please note: no cameras, recording equipment, large bags, briefcases or packages will be permitted in the meeting.

**Will the annual meeting be webcast?**

Our annual meeting also will be webcast on May 22, 2019. You are invited to visit [www.oneok.com](http://www.oneok.com) at 9:00 a.m., Central Daylight Time, on May 22, 2019, to access the webcast of the meeting. Registration for the webcast is

required. An archived copy of the webcast also will be available on our website for 30 days following the meeting.

### How do I cast my vote?

If you were a shareholder of record at the close of business on the record date of March 25, 2019, you have the right to vote the shares you held of record that day in person at the meeting or you may appoint a proxy through the internet, by telephone or by mail to vote your shares on your behalf. The internet and telephone methods of voting generally are available 24 hours a day and will ensure that your proxy is confirmed and posted immediately. These methods of voting are also available to shareholders who hold their shares in our Direct Stock Purchase and Dividend Reinvestment Plan, our Employee Stock Purchase Plan, our 401(k) Plan, which now includes our former Profit Sharing Plan as one of its features effective as of January 1, 2019 (collectively, the 401(K) Plan ).

You may revoke your proxy any time before the annual meeting by following the procedures outlined below under the caption What can I do if I change my mind after I vote my shares?

Please help us save time and postage costs by appointing a proxy via the internet or by telephone.

When you appoint a proxy via the internet, by telephone or by mailing a signed proxy card, you are appointing John W. Gibson, Chairman of the Board, and Stephen B. Allen, Senior Vice President, General Counsel and Assistant Secretary, as your representatives at the annual meeting, and they will vote your shares as you have instructed them. If you appoint a proxy via the internet, by telephone or by mailing a signed proxy card but do not provide voting instructions, your shares will be voted **FOR** the election of each proposed director nominee named in this proxy statement and **FOR** Proposals 2 and 3.

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**About the 2019 Annual Meeting**

To appoint a proxy to vote your shares on your behalf, please select from the following options:

**Voting Options**

**Via the Internet**

Go to the website at [www.proxypush.com/oke](http://www.proxypush.com/oke), which is available 24 hours a day, seven days a week, until 11:59 p.m. (Central Daylight Time) on May 21, 2019.

Enter the control number that appears on your proxy card. This process is designed to verify that you are a shareholder and allows you to vote your shares and confirm that your instructions have been properly recorded.

Follow the simple instructions.

If you appoint a proxy via the internet, you do not have to return your proxy card.

**By Telephone**

On a touch-tone telephone, call toll-free 1-866-883-3382, 24 hours a day, seven days a week, until 11:59 p.m. (Central Daylight Time) on May 21, 2019.

Enter the control number that appears on your proxy card. This process is designed to verify that you are a shareholder and allows you to vote your shares and confirm that your instructions have been recorded properly.

Follow the simple recorded instructions.

If you appoint a proxy by telephone, you do not have to return your proxy card.

**By Mail**

Mark your selections on the proxy card.

Date and sign your name exactly as it appears on your proxy card.

Mail the proxy card in the enclosed postage-paid envelope.

If mailed, your completed and signed proxy card must be received prior to the commencement of voting at the annual meeting.

**What if my shares are held by my broker, bank, trustee or other similar fiduciary?**

If your shares are held in a brokerage account or by a bank, trustee or other similar fiduciary, your shares are considered to be held in street name. If you held shares in street name as of the record date of March 25, 2019, this proxy statement and our 2018 annual report to shareholders should have been forwarded to you by your broker, bank, trustee or other similar fiduciary, together with a voting

instruction card. You have the right to direct your broker, bank, trustee or other similar fiduciary how to vote your shares by using the voting instruction card or by following any instructions provided by your broker, bank, trustee or other similar fiduciary for voting via the internet or telephone.

Under the rules of the NYSE, unless you provide your broker, bank, trustee or other similar fiduciary with your instructions on how to vote your shares, your broker, bank, trustee or other similar fiduciary will only be permitted to vote your shares on the ratification of the selection of our independent registered public accounting firm (Proposal 2) and will not be able to vote your shares on any of the other matters to be presented at the annual meeting. Consequently, unless you respond to their request for your voting instructions in a timely manner, your shares held by your broker, bank, trustee or other similar fiduciary will not be voted on any of these other matters (which is referred to as a broker non-vote ).

**Please provide your voting instructions to your broker, bank, trustee or other similar fiduciary so that your shares may be voted.**

**What can I do if I change my mind after I vote my shares?**

If you were a shareholder of record at the close of business on the record date, you have the right to revoke your proxy at any time before it is voted at the meeting by:

- (1) notifying our corporate secretary in writing;
- (2) authorizing a later proxy via the internet or by telephone;
- (3) returning a later-dated proxy card; or
- (4) voting at the meeting in person.

If your shares are held in a brokerage account or by a bank or other similar fiduciary, you may revoke any voting instructions you may have previously provided only in accordance with revocation instructions provided by your broker, bank, trustee or other similar fiduciary.

### **Is my vote confidential?**

Proxy cards, ballots and voting tabulations that identify individual shareholders are mailed and returned directly to our stock transfer agent who is responsible for tabulating the vote in a manner that protects your voting privacy. It is our policy to protect the confidentiality of shareholder votes throughout the voting process. The vote of any shareholder will not be disclosed to our directors, officers or employees, except

- (1) to meet legal requirements;
- (2) to assert or defend claims for or against us; or

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**About the 2019 Annual Meeting**

(3) in those limited circumstances where:

(a) a proxy solicitation is contested (which, to our knowledge, is not the case in connection with the 2019 annual meeting),

(b) a shareholder writes comments on a proxy card, or

(c) a shareholder authorizes disclosure.

The vote tabulator and the inspector of election has been, and will remain, independent of us. This policy does not prohibit shareholders from disclosing the nature of their votes to our directors, officers or employees, or prevent us from voluntarily communicating with our shareholders, ascertaining which shareholders have voted or making efforts to encourage shareholders to vote.

**Who will count the vote?**

Representatives of our stock transfer agent, Equiniti Trust Company, will tabulate the votes and act as the inspector of the election.

**How is common stock held in our 401(k) Plan voted?**

In order to vote shares of our common stock held through our 401(k) Plan, you must instruct the trustee of the 401(k) Plan, Fidelity Management Trust Company, how to vote those shares by providing your instructions via the internet, by telephone or by mail in the manner outlined above. If you fail to provide your instructions or if you return an instruction card with an unclear voting designation or with no voting designation at all, then the trustee will vote the shares in your account in proportion to the way the other participants in the 401(k) Plan vote their shares. These votes receive the same confidentiality as all other shares voted.

**To allow sufficient time for voting by the trustee of our 401(k) Plan, your voting instructions must be received by May 19, 2019.**

**How will shares for which a proxy is appointed be voted on any other business conducted at the annual meeting that is not described in this proxy statement?**

Although we do not know of any business to be considered at the 2019 annual meeting other than the proposals

described in this proxy statement, if any other business is properly presented at the annual meeting, your proxy gives authority to John W. Gibson, Chairman of the Board, and Stephen B. Allen, Senior Vice President, General Counsel and Assistant Secretary, to vote on these matters at their discretion.

### **What shares are included on the proxy card(s)?**

The shares included on your proxy card(s) represent all of the shares that you owned of record as of the close of business on March 25, 2019, including those shares held in our Direct Stock Purchase and Dividend Reinvestment Plan and Employee Stock Purchase Plan, but excluding any shares held for your account by Fidelity Management Trust Company, as trustee for our 401(k) Plan. If you do not authorize a proxy via the internet, by telephone or by mail, your shares, except for those shares held in our 401(k) Plan, will not be voted. Please refer to the discussion above for an explanation of the voting procedures for your shares held by our 401(k) Plan, including its profit sharing feature.

### **What does it mean if I receive more than one proxy card?**

If your shares are registered differently and are in more than one account, you will receive more than one proxy card. Please sign and return all proxy cards, or appoint a proxy via the internet or telephone, to ensure that all your shares are voted. We encourage you to have all accounts registered in the same name and address whenever possible.

### **Why did we receive just one copy of the proxy statement and annual report when we have more than one stock account in our household?**

We have adopted a procedure approved by the Securities and Exchange Commission called householding. This procedure permits us to send a single copy of the proxy statement and annual report to a household if the shareholders provide written or implied consent. Shareholders continue to receive a separate proxy card for each stock account. We previously mailed a notice to eligible registered shareholders stating our intent to utilize this rule unless the shareholder provided an objection.

If you are a registered shareholder and received only one copy of the proxy statement and annual report in your household, we will promptly deliver copies, to the extent you request them, for each member of your household who was a registered shareholder as of the record date. You may make this request by calling EQ Shareowner Services at 1-866-235-0232 or by providing written instructions to EQ Shareowner Services, Attn: Householding/ONEOK, Inc., P.O. Box 64854, St. Paul, Minnesota 55164-0854. You also may contact EQ Shareowner Services in the same manner if you are currently receiving a single copy of the proxy statement and annual report in your household and desire to receive separate copies in the future for each member of your household who is a registered shareholder or if your household is currently receiving multiple copies of the proxy statement and annual report and you desire to receive a single copy in the future for your entire household.

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**About the 2019 Annual Meeting**

If you are not a registered shareholder and your shares are held by a broker, bank, trustee or other holder of record, you will need to contact that entity to revoke your election and receive multiple copies of these documents.

**Is there a list of shareholders entitled to vote at the annual meeting?**

The names of shareholders of record entitled to vote at the annual meeting will be available at the annual meeting and for 10 days prior to the meeting for any purpose relevant to the meeting between the hours of 9:00 a.m. and 4:30 p.m. CDT at our principal executive offices at 100 West Fifth Street, Tulsa, Oklahoma, and may be viewed by contacting our corporate secretary.

**May I access the notice of annual meeting, proxy statement, 2018 annual report and accompanying documents on the internet?**

The notice of annual meeting, proxy statement, 2018 annual report and accompanying documents are currently available on our website at [www.oneok.com](http://www.oneok.com).

Additionally, in accordance with rules of the Securities and Exchange Commission, you may access this proxy statement, our 2018 annual report and any other proxy materials we use at [www.proxydocs.com/oke](http://www.proxydocs.com/oke).

Instead of receiving future copies of our proxy and annual report materials by mail, shareholders may elect to receive an email that

will provide electronic links to these proxy and annual report materials. Opting to receive your proxy materials online will save us the cost of producing and mailing documents to your home or business and also will give you an electronic link to the proxy voting site. You may log on to [www.proxypush.com/oke](http://www.proxypush.com/oke) and follow the prompts to enroll in the electronic proxy delivery service. If you hold your shares in a brokerage account, you also may have the opportunity to receive copies of these documents electronically. Please check the information provided in the proxy materials mailed to you by your broker, bank, trustee or other holder of record of your shares regarding the availability of this service.

**What out-of-pocket costs will we incur in soliciting proxies?**

Morrow Sodali LLC, 470 West Avenue, Stamford, Connecticut 06902, will assist us in the distribution of proxy materials and solicitation of votes for a fee of \$11,000, plus out-of-pocket expenses. We also reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for their reasonable expenses for forwarding proxy materials to our shareholders. We will pay all costs of soliciting proxies.



**How can I find out the results of the voting at the annual meeting?**

Preliminary voting results will be announced at the annual meeting. Voting results will be published in a Current Report on Form 8-K that we will file with the Securities and Exchange Commission within four business days after the annual meeting.

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**Outstanding Stock and Voting**

**MATTERS TO BE VOTED UPON**

At the annual meeting, the following matters will be voted upon:

- (1) the election of each of the 11 nominees for director named in this proxy statement to serve a one-year term;
- (2) the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2019;
- (3) an advisory vote on executive compensation; and
- (4) such other business as may properly come before the meeting, or any adjournment or postponement of the meeting.

**VOTING**

Only shareholders of record at the close of business on March 25, 2019, are entitled to receive notice of and to vote at the annual meeting. As of that date, 412,742,641 shares of our common stock were outstanding. Each outstanding share entitles the holder to one vote on each matter submitted to a vote of shareholders at the meeting.

Shareholders of record may vote in person or by proxy at the annual meeting. All properly submitted proxies received prior to the commencement of voting at the annual meeting will be voted in accordance with the voting instructions contained on the proxy. Shares for which signed proxies are properly submitted without voting instructions will be voted:

- (1) **FOR** the election of each of the 11 nominees for director named in this proxy statement to serve a one-year term;
- (2) **FOR** the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the year ending December 31, 2019; and

(3) **FOR** the advisory proposal to approve our executive compensation.

While we know of no other matters that are likely to be brought before the meeting, in the event any other business properly comes before the meeting, proxies will be voted in the discretion of the persons named in the proxy. The persons named as proxies were designated by our Board of Directors.

To vote shares held in street name through a broker, bank, trustee or other similar fiduciary, a shareholder must provide voting instructions to his or her broker, bank or other similar fiduciary. Brokerage firms, banks, trustees and other similar fiduciaries are required to request voting instructions for shares they hold on behalf of their customers and others. We encourage you to provide

instructions to your brokerage firm, bank, trustee or other similar fiduciary on how to vote your shares. If your shares are held in street name, to be able to vote those shares in person at the annual meeting, you must obtain a proxy, executed in your favor, from the broker, bank or other similar fiduciary who held those shares as of the close of business on March 25, 2019.

The rules of the NYSE determine whether proposals presented at shareholder meetings are routine or non-routine. If a proposal is routine, a broker, bank, trustee or other similar fiduciary holding shares for an owner in street name may vote for the proposal without receiving voting instructions from the owner under certain circumstances. If a proposal is non-routine, the broker, bank, trustee or other similar fiduciary may vote on the proposal only if the owner has provided voting instructions. A broker non-vote occurs when the broker, bank, trustee or other similar fiduciary is unable to vote on a proposal because the proposal is non-routine and the owner does not provide any voting instructions. Under the rules of the NYSE, Proposals 1 and 3 are considered to be non-routine, and Proposal 2 is considered to be routine. Accordingly, if you do not provide voting instructions to your brokerage firm, bank, trustee or other similar fiduciary holding your shares, your brokerage firm, bank, trustee or other similar fiduciary will not be permitted under the rules of the NYSE to vote your shares on Proposals 1 and 3 and will only be permitted under the rules of the NYSE to vote your shares on Proposal 2 at its discretion.

**Please provide your voting instructions to your broker, bank, trustee or other similar fiduciary so that your shares may be voted.**

Representatives of our stock transfer agent, Equiniti Trust Company, will be responsible for tabulating and certifying the votes cast at the meeting.

## **QUORUM**

The holders of a majority of the shares entitled to vote at the annual meeting, present in person or by proxy, constitute a quorum for the transaction of business at the annual meeting. In determining whether we have a quorum, we count abstentions and broker non-votes as present.

If a quorum is not present at the scheduled time of the meeting, the shareholders who are present in person or by proxy may adjourn the meeting until a quorum is present. If the time and place of the adjourned meeting are announced at the time the adjournment is taken, no other notice will be given. However, if the adjournment is for more than 30 days, or if a new record date is set for the adjourned meeting, a notice will be given to each shareholder entitled to receive notice of, and to vote at, the meeting.

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**Proxy Solicitation**

**VOTES REQUIRED**

**PROPOSAL 1 Election of Directors.**

Our By-laws provide for majority voting for directors in uncontested elections. We expect that the election of directors at our 2019 annual meeting will be uncontested. Under the majority voting standard, the election of directors is decided by the affirmative vote of a majority of the votes cast with respect to that nominee's election by the shareholders present in person or by proxy at the meeting and entitled to vote for the election of directors. In other words, to be elected a nominee must receive a number of for votes that exceeds the number of against votes cast with respect to that director's election. Abstentions and broker non-votes, if any, do not count as for or against votes cast with respect to the election of directors.

Under Oklahoma law, if an incumbent director who is a nominee does not receive, in an uncontested election, the requisite majority vote to be re-elected at an annual meeting, that director remains in office as a holdover director. Accordingly, our corporate governance guidelines require that such a director must promptly, following certification of the shareholder vote, tender his or her resignation to our Board of Directors. The Board (excluding the director who tendered the resignation) will then evaluate the resignation in light of the best interests of our company and our shareholders in determining whether to accept or reject the resignation, or whether other action should be taken. In reaching its decision, the Board may consider any factors it deems relevant, including the director's qualifications, the director's past and expected future contributions to the company, the overall composition of the Board and whether accepting the tendered resignation would cause the company to fail to comply with any applicable rule or regulation (including NYSE listing requirements and the federal securities laws). The Board will act on the tendered resignation and publicly disclose its decision and rationale within 90 days following certification of the shareholder vote.

**PROPOSAL 2 Ratification of Selection of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm for the Year Ending December 31, 2019.**

In accordance with our By-laws, approval of Proposal 2 requires the affirmative vote of a majority of the voting power of the shareholders present in person or by proxy and entitled to vote on each proposal at the meeting. Abstentions will have the same effect as votes against Proposal 2. If you do not provide voting instructions to your

brokerage firm, bank, trustee or other similar fiduciary holding your shares, your brokerage firm, bank, trustee or other similar fiduciary will be permitted to vote your shares on Proposal 2 at its discretion.

**PROPOSAL 3 Advisory Vote on Executive Compensation.**

In accordance with our By-laws, approval of Proposal 3 requires the affirmative vote of a majority of the voting power of the shareholders present in person or by proxy and entitled to vote on each proposal at the meeting. Abstentions will have the same effect as votes against Proposal 3. If you do not provide voting instructions to your brokerage firm, bank, trustee or other similar fiduciary holding your shares, your brokerage firm, bank, trustee or other similar fiduciary will not be permitted to vote your shares on Proposal 3. Broker non-votes do not count as shares entitled to vote for purposes of determining the outcome of the vote on Proposal 3.

## **REVOKING A PROXY**

Any shareholder may revoke his or her proxy at any time before it is voted at the meeting by (1) notifying our corporate secretary in writing (the mailing address of our corporate secretary is 100 West Fifth Street, Tulsa, Oklahoma 74103), (2) authorizing a later proxy via the internet or by telephone, (3) returning a later dated proxy card, or (4) voting at the meeting in person. A shareholder's presence without voting at the annual meeting will not automatically revoke a previously delivered proxy and any revocation during the meeting will not affect votes previously taken at the meeting.

If your shares are held in a brokerage account or by a bank, trustee or other similar fiduciary, you may revoke any voting instructions you may have previously provided in accordance with the revocation instructions provided by the broker, bank, trustee or other similar fiduciary.

## **PROXY SOLICITATION**

Solicitation of proxies will be primarily by mail and telephone. We have engaged Morrow Sodali LLC, 470 West Avenue, Stamford, Connecticut 06902, to solicit proxies for a fee of \$11,000, plus out-of-pocket expenses. In addition, certain of our officers, directors and employees may solicit proxies on our behalf in person or by mail, telephone, fax or email, for which such persons will receive no additional compensation. We will pay all costs of soliciting proxies. We will also reimburse brokerage firms, banks and other custodians, nominees and fiduciaries for their reasonable expenses for forwarding proxy materials to our shareholders.

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**Governance of the Company**

*Our Board of Directors and management are committed to maintaining strong corporate governance practices that allocate rights and responsibilities among our Board, management and shareholders in a manner that benefits the long-term interest of our shareholders. Our corporate governance practices are designed not just to satisfy regulatory and stock exchange requirements, but also to provide for effective oversight and management of our company.*

Our Corporate Governance Committee engages in a regular process of reviewing our corporate governance practices, including comparing our practices with those recommended by various corporate governance authorities, the expectations of our shareholders and the practices of other leading public companies. Our Corporate Governance Committee also reviews regularly our corporate governance practices in light of proposed and adopted laws and regulations, including the rules of the Securities and Exchange Commission and the rules and listing standards of the NYSE.

**CORPORATE GOVERNANCE GUIDELINES**

Our Board of Directors has adopted corporate governance guidelines that address key areas of our corporate governance, including: the Board's mission and responsibilities; Board membership and leadership; the structure and function of the Board's committees; meetings of the Board and its committees, including attendance requirements and executive sessions; Board compensation; Board and officer share ownership requirements; succession planning; evaluation of the performance of our Board; and Board access to management and independent advisors. Our Board annually reviews our corporate governance guidelines and may revise the guidelines from time to time as conditions warrant. The full text of our corporate governance guidelines is published on and may be printed from our website at [www.oneok.com](http://www.oneok.com) and is also available from our corporate secretary upon request.

**CODE OF BUSINESS CONDUCT AND ETHICS**

Our Board of Directors has adopted a code of business conduct and ethics that applies to our directors, officers (including our principal executive and financial officers, principal accounting officer, controllers and other persons performing similar functions) and all other employees. We require all directors, officers and employees to adhere to our code of business conduct and ethics in addressing the legal and ethical issues encountered in conducting their work for our company. Our code of business conduct and ethics requires that our directors, officers and employees avoid conflicts of interest, comply with all applicable laws and other legal requirements, conduct business in an honest and ethical manner and otherwise act with integrity and in our company's best interest. Our code also addresses workplace conduct, including prohibitions on discrimination and workplace harassment. All directors, officers and

employees are required to report any conduct that they believe to be an actual or apparent violation of our code of business conduct and ethics.

The full text of our code of business conduct and ethics is published on and may be printed from our website at [www.oneok.com](http://www.oneok.com) and is also available from our corporate secretary upon request. We intend to disclose on our website

any future amendments to, or waivers from, our code of business conduct and ethics, as permitted by the rules of the Securities and Exchange Commission and the listing standards of the NYSE.

## **DIRECTOR INDEPENDENCE**

Our corporate governance guidelines provide that a majority of our Board of Directors will be independent under the applicable independence requirements of the NYSE. These guidelines and the rules of the NYSE provide that, in qualifying a director as independent, the Board must make an affirmative determination that the director has no material relationship with our company, either directly or as a partner, shareholder or officer of an organization that has a relationship with our company. In making this determination with respect to each director serving on the Executive Compensation Committee, under the rules of the NYSE, the Board is required to consider all factors specifically relevant to determining whether the director has a relationship to our company which is material to that director's ability to be independent from management in connection with the duties of a member of that committee.

Our Board of Directors has also adopted director independence guidelines that specify the types of relationships the Board has determined to be categorically immaterial. Directors who meet these standards are considered to be independent. The full text of our director independence guidelines is published on and may be printed from our website at [www.oneok.com](http://www.oneok.com) and is also available from our corporate secretary upon request.

Our Board of Directors has determined affirmatively that Board members Brian L. Derksen, Julie H. Edwards, Mark W. Helderman, Randall J. Larson, Steven J. Malcolm, Jim W. Mogg, Pattye L. Moore, Gary D. Parker and Eduardo A. Rodriguez have no material relationship with our company, and each qualifies as independent under our corporate governance guidelines, our director independence guidelines and the rules of the NYSE. Accordingly, nine out of our current 11 directors qualify as independent.

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**Our Board and Corporate Strategy**

**BOARD LEADERSHIP STRUCTURE**

During 2018, our Board was led by John W. Gibson, who is our non-executive Chairman of the Board, in consultation and coordination with Julie H. Edwards, who was our lead independent director and the Chairman of the Corporate Governance Committee. In addition, our Audit Committee and Executive Compensation Committee are each led by a chair and vice chair, each of whom is an independent director.

Our corporate governance guidelines provide that our Board of Directors retains the right to exercise its discretion in combining or separating the offices of the Chairman of the Board and Chief Executive Officer. Our Board reviews the issue as a part of its succession planning process. The Board believes that it is advantageous for the Board to maintain flexibility to determine on a case-by-case basis and, if necessary, change the Board leadership structure in order to meet our needs at any time, based on the individuals then available and the circumstances then presented.

The Board believes that maintaining Mr. Gibson's continuing service as non-executive Chairman of the Board provides the most effective leadership model for our Board and our company at this time. In making this determination, the Board considered the advantages to our company of maintaining the continuity of Mr. Gibson's effective leadership as Chairman of the Board based on, among other factors, his lengthy service as an executive officer of our company, including as chief executive officer from 2007 until his retirement on January 31, 2014, his strong leadership skills, his extensive knowledge and experience regarding our operations and the industries and markets in which we compete, as well as his ability to promote communication and to synchronize strategic objectives and activities between our Board and our senior management. The Board also believes this leadership structure continues to ensure significant independent oversight of management, as Messrs. Gibson and Spencer are the only members of the Board who are not independent directors. In addition, our Board has an ongoing practice of holding executive sessions of the independent members of the board as part of each regularly scheduled in-person Board meeting.

In accordance with our corporate governance guidelines, the Board continues to retain the authority to combine the positions of Chairman and Chief Executive Officer in the future if it determines that doing so is in the best interests of our company and our shareholders.

**LEAD INDEPENDENT DIRECTOR**

Our corporate governance guidelines provide the lead independent director who, under these guidelines, is also chair of our Corporate Governance Committee, with various key responsibilities, including leading the Board's process for selecting both the Chairman of the

Board and the Chief Executive Officer. The guidelines provide that the lead independent director shall have served as a director for a minimum of three years, shall serve for a term of three to five years as determined by the Board of Directors, and that the duties of the lead independent director include but are not limited to:

presiding as the chair at all meetings of the Board at which the Chairman of the Board is not present, including



executive sessions of the independent directors;  
approving meeting agendas for the Board; and  
approving meeting schedules to ensure that there is sufficient time for discussion of all agenda items.

In addition, the lead independent director has the authority to call meetings of the independent directors and, if requested by major shareholders, will ensure that he or she is available for consultation and direct communication.

## **SUCCESSION PLANNING**

A key responsibility of the Chief Executive Officer and the Board is ensuring that an effective process is in place to provide continuity of leadership over the long term at all levels in our company. Each year, succession-planning reviews are held at every significant organizational level of the company, culminating in a full review of senior leadership talent by our independent directors. During this review, the Chief Executive Officer, the Chairman of the Board and the other independent directors discuss future candidates for senior leadership positions, succession timing for those positions and development plans for the highest-potential candidates. This process ensures continuity of leadership over the long term, and it forms the basis on which our company makes ongoing leadership assignments.

## **OUR BOARD AND CORPORATE STRATEGY**

Our Board of Directors is actively involved in overseeing, reviewing and guiding our corporate strategy. Our Board formally reviews our company's business strategy, including the risks and opportunities facing our company and its businesses, at an annual strategic planning session. In addition, long-range strategic issues, including the performance and strategic fit of our businesses, are discussed as a matter of course at regular board meetings. Our Board regularly discusses corporate strategy throughout the year with management formally as well as informally and during executive sessions of the Board as appropriate. As discussed in **Risk Oversight** below, our Board views risk management and oversight as an integral part of our strategic planning process, including mapping key risks to our corporate strategy and seeking to manage and mitigate risk. Our Board also views its own composition as a critical component to effective strategic oversight. Accordingly, our Board and relevant

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**Risk Oversight**

Board committees consider our business strategy and the company's regulatory, geographic and market environments when assessing board composition, director succession, executive compensation and other matters of importance.

**SHAREHOLDER ENGAGEMENT**

Our Board of Directors believes that accountability to shareholders is a mark of good corporate governance and that regular shareholder engagement is important to our company's success. Our company frequently engages with shareholders on a variety of topics, with particular focus on matters relating to our company's publicly disclosed strategy and financial performance. During 2018, members of our management team and our investor relations group attended or hosted approximately 20 investor conferences or events and held more than 300 discussions with investment firms.

Our company also engages with shareholders to discuss matters relating to governance, compensation, safety, the environment, social responsibility and other current and emerging issues that the Board and our management understand are important to our shareholders. In addition to this direct engagement, our company also maintains a number of complementary mechanisms that allow our shareholders to effectively communicate to our Board, including:

- maintaining an investor relations website;
- conducting the annual election of directors with a majority voting standard;
- conducting an annual advisory vote to approve executive compensation;
- regular meetings with investors and analysts;
- if requested by major shareholders, ensuring the lead independent director is available for consultation and direct communication;
- permitting shareholders to submit prospective candidates for nomination by our Board for election at the annual meeting of shareholders in accordance with our corporate governance guidelines;
- permitting shareholders to nominate candidates for election at the annual meeting of shareholders in accordance with our By-laws;
- permitting proxy access by eligible shareholders in accordance with our By-laws; and
- providing shareholders the ability to attend and voice opinions at the annual meeting of shareholders.

**RISK OVERSIGHT**

We engage in an annual comprehensive enterprise risk-management (ERM) process to identify and manage risk. Our annual ERM assessment is designed to enable our Board of Directors to establish a mutual understanding with management of the effectiveness of our risk-management practices and capabilities, to review our risk exposure and to elevate certain key risks for dis-

ussion at the Board level. Risk management is an integral part of our annual strategic planning process, which addresses, among other things, the risks and opportunities facing our company.

Our ERM program is overseen by our Chief Financial Officer. The program is designed to identify, assess, monitor

and manage risks that could affect our ability to fulfill our business objectives or execute our corporate strategy. Our ERM process involves the identification and assessment of a broad range of risks and the development of plans to mitigate these risks. These risks generally relate to the strategic, operational, financial, regulatory compliance and human resources aspects of our business.

Not all risks can be dealt with in the same way. Some risks may be easily perceived and controllable. Other risks are unknown. Some risks can be avoided or mitigated by particular behavior, and some risks are unavoidable as a practical matter. For some risks, the potential adverse impact would be minor and, as a matter of business judgment, it may not be appropriate to allocate significant resources to avoid the adverse impact. In other cases, the adverse impact could be significant, and it is prudent to expend resources to seek to avoid or mitigate the potential adverse impact. Management is responsible for identifying risk and risk controls related to our significant business activities; mapping the risks to our corporate strategy; and developing programs and recommendations to determine the sufficiency of risk identification, the balance of potential risk to potential reward and the appropriate manner in which to control and mitigate risk.

The Board implements its risk oversight responsibilities by having management provide periodic briefing and informational sessions on the significant risks that our company faces and how our company is seeking to control and mitigate those risks. In some cases, as with risks relating to significant acquisitions, risk oversight is addressed as part of the full Board's ongoing engagement with the Chief Executive Officer and management.

The Board annually reviews a management assessment of the various operational and regulatory risks facing our company, their relative magnitude and management's plan for mitigating these risks. This review is conducted in conjunction with the Board's review of our company's business strategy at its annual strategic planning meeting and at other meetings as appropriate.

We also maintain a Risk Oversight and Strategy Committee, which consists of members of our senior management. This committee is responsible for ensuring that exposure to commodity and interest rate risk, as well as marketing, trading and hedging practices, are monitored within the framework established by our company policies. The committee also is responsible for ensuring that marketing and hedging strategies are developed and implemented to mitigate or manage those risks within acceptable risk thresholds.

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**Board and Committee Membership**

In certain cases, a Board committee is responsible for oversight of specific risk topics. For example, the Audit Committee oversees risk issues associated with our overall financial reporting and disclosure process and legal compliance, as well as reviewing policies and procedures on risk-control assessment and accounting-risk exposure, including our companywide risk control activities. The Audit Committee meets with our Chief Financial Officer, Senior Vice President, Finance and Treasurer, Chief Accounting Officer and General Counsel, and meets with our Vice President, Audit Services, as well as with our independent registered public accounting firm, in separate executive sessions at each of its in-person meetings during the year at which time risk issues are discussed regularly.

In addition, our Executive Compensation Committee oversees risks related to our compensation programs, as discussed in greater detail elsewhere in this proxy statement, and our Corporate Governance Committee oversees risks related to our governance practices and policies.

**CYBERSECURITY**

We have adopted a cybersecurity program that conforms with the guidelines of the widely utilized National Institute of Standards and Technology (NIST) Cybersecurity Framework. We have a Director of Information Security who oversees a dedicated team of information security professionals who manage a cybersecurity program that includes risk assessment, compliance documentation, and reporting of cyber-events. This team is focused on three areas, including enterprise (corporate) information security, industrial control system ( ICS ) (including supervision control and data acquisition ( SCADA ) systems) security, and physical security. The enterprise security team manages the security of our enterprise network, as well as our overall threat and vulnerability management program and incident response procedures. Our ICS security team manages the security of our operational and SCADA cyber assets, and our physical security team manages technology efforts to improve the physical security across our assets.

Our cybersecurity program is governed by an Information Security Advisory Team, which is comprised of members of our executive

management team. Our Board of Directors is briefed regularly on our preparations with respect to cybersecurity. Employees at all levels receive monthly training to follow cybersecurity best practices and protocols in order to recognize threats in the early stages. The Information Security Advisory Team has also established relationships with the FBI and other relevant law enforcement resources to address cyber threats. The team also conducts periodic, external security reviews and penetration tests to determine and improve the efficacy of our security controls.

We use network segmentation best practices across our networks containing enterprise systems, SCADA, and other ICS systems. We have business continuity and disaster recovery plans in place that allow for failover processes, alternative forms of communication, and manual operation of our assets in the event that primary mechanisms become unavailable. All of our customers' access to our networks is updated quarterly in our disaster recovery plan.

**BOARD AND COMMITTEE MEMBERSHIP**

Our business, property and affairs are managed under the direction of our Board of Directors. Members of our Board are kept informed of our business through discussions with our Chief Executive Officer and other officers, by reviewing materials provided to them periodically and in connection with Board and committee meetings, by visiting

our offices and our operating facilities and by participating in meetings of the Board and its committees.

During 2018, the Board held eight regular meetings and one special meeting. All of our incumbent directors who served on the Board during 2018 attended at least 75 percent of the aggregate of all meetings of the Board and Board committees on which they served in 2018.

Our corporate governance guidelines provide that members of our Board are expected to attend our annual meeting of shareholders. In 2018, all then current members of our Board attended our annual meeting of shareholders.

The Board has three standing committees consisting of the Audit Committee, the Executive Compensation Committee and the Corporate Governance Committee.

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**Board and Committee Membership**

The table below provides the current membership of our Board and each of our Board committees and the number of committee meetings held in 2018.

| Director          | Audit      | Executive Compensation | Corporate Governance |
|-------------------|------------|------------------------|----------------------|
| Brian L. Derksen  | Vice Chair |                        |                      |
| Julie H. Edwards  |            |                        | Chair                |
| John W. Gibson    |            |                        |                      |
| Mark W. Helderman |            |                        |                      |
| Randall J. Larson | Chair      |                        |                      |

Steven J. Malcolm

Jim W. Mogg

Pattye L. Moore

Chair

Gary D. Parker

Eduardo A. Rodriguez

Vice Chair

Vice Chair

Terry K. Spencer

Number of meetings in 2018

six

four

five

Our Board has adopted written charters for each of its Audit, Executive Compensation and Corporate Governance Committees. Copies of the charters of each of these committees are available on and may be printed from our website at [www.oneok.com](http://www.oneok.com). Copies are also available from our corporate secretary upon request. The responsibilities of our Board committees are summarized below. From time to time the Board, in its discretion, may form other committees.

**The Audit Committee.** The Audit Committee represents and assists our Board of Directors with the oversight of the integrity of our financial statements and internal control over financial reporting, our compliance with legal and regulatory requirements, the independence, qualifications and performance of our independent registered public

accounting firm and the performance of our internal audit function. The responsibilities of the Audit Committee include:

- appointing, compensating and overseeing our independent auditor, including review of their qualifications, independence and performance;
- reviewing the scope, plans and results relating to external audits of our financial statements;
- reviewing the internal audit function, its performance, the adequacy of its resources and the areas of internal audit emphasis;
- monitoring and evaluating our financial condition;
- monitoring and evaluating the integrity of our financial reporting processes and procedures;
- assessing our significant financial risks and exposures and evaluating the adequacy of our internal controls in connection with such risks and exposures, including, but not limited to, internal controls over financial reporting and disclosure controls and procedures;
- reviewing policies and procedures on risk-control assessment and accounting risk exposure, including our companywide risk control activities; and
- monitoring our compliance with our policies on ethical business conduct.

Our independent registered public accounting firm reports directly to our Audit Committee.

All members of our Audit Committee are independent under the independence requirements of the NYSE and the Securities and Exchange Commission applicable to audit committee members. The Board has determined that Jim W. Mogg, Gary D. Parker, Brian L. Derksen and Randall J. Larson are each an audit committee financial expert under the applicable rules of the Securities and Exchange Commission.

**The Executive Compensation Committee.** Our Executive Compensation Committee is responsible for establishing and periodically reviewing our executive compensation policies and practices. This responsibility includes:

- evaluating, in consultation with our Corporate Governance Committee, the performance of our Chief Executive Officer, and recommending to our Board of Directors the compensation of our Chief Executive Officer and our other executive officers;
- reviewing and approving, in consultation with our Corporate Governance Committee, the annual objectives of our Chief Executive Officer;
- reviewing our executive compensation program to ensure the attraction, retention and appropriate compensation of executive officers in order to motivate their performance in the achievement of our business objectives and to align their interests with the long-term interests of our shareholders;



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**Director Nominations**

assessing the risks associated with our compensation program; and reviewing and making recommendations to the full Board on executive officer and director compensation and personnel policies, programs and plans.

Our Executive Compensation Committee meets periodically during the year to review our executive and director compensation policies and practices. The Committee annually recommends to our Board of Directors executive officer salaries and short- and long-term incentive compensation. The scope of the authority of this committee is not limited except as set forth in its charter and by applicable law. This committee has the authority to delegate duties to subcommittees of this committee, or to other standing committees of the Board of Directors, as it deems necessary or appropriate. This committee may not delegate to a subcommittee any authority required by any law, regulation or listing standard to be exercised by this committee as a whole.

All members of our Executive Compensation Committee are independent under the independence requirements of the NYSE applicable to compensation committee members.

The executive compensation group in our corporate human resources department supports, in consultation with our Chief Executive Officer, the Executive Compensation Committee in its work.

During 2018, the Executive Compensation Committee continued the engagement of Meridian Compensation Partners, LLC ( Meridian Compensation Partners ) as an independent executive compensation consultant to assist the committee in its evaluation of the amount and form of compensation paid in 2018 to our Chief Executive Officer, our other executive officers and our directors. Meridian Compensation Partners reported directly to the Executive Compensation Committee. For more information on executive compensation and the role of this consultant, see Executive Compensation Discussion and Analysis Executive Compensation Methodology The Role of the Independent Executive Compensation Consultant at page 47.

**The Corporate Governance Committee.** Our Corporate Governance Committee is responsible for overseeing our company's governance, including the selection of directors and the Board's practices and effectiveness. These responsibilities include:

identifying and recommending qualified director candidates, including qualified director candidates suggested by our shareholders in written submissions to our corporate secretary in accordance with our corporate governance guidelines and our By-laws or in accordance with the rules of the Securities Exchange Commission;

making recommendations to the Board with respect to electing directors and filling vacancies on the Board;

adopting an effective process for director selection and tenure by making recommendations on the Board's organization and practices and by aiding in identifying and recruiting director candidates;

reviewing and making recommendations to the Board with respect to the organization, structure, size, composition and operation of the Board and its committees;

in consultation with our Chairman of the Board, our Chief Executive Officer and the Executive Compensation Committee, overseeing management succession and development; and

reviewing, assessing risk and making recommendations with respect to other corporate governance matters.

All members of our Corporate Governance Committee are independent under the independence requirements of the NYSE.

## **DIRECTOR NOMINATIONS**

Our corporate governance guidelines provide that the Board of Directors is responsible for selecting candidates for Board membership and delegates the screening process to the Corporate Governance Committee of the Board. This committee, with recommendations and input from our Chairman of the Board, our Chief Executive Officer and members of our Board, evaluates the qualifications of each director candidate and assesses the appropriate mix of skills, qualifications and characteristics required of Board members in the context of the perceived needs of the Board at a given point in time. The committee is responsible for recommending candidates for nomination by the Board for election as members of our Board.

Our corporate governance guidelines provide that candidates for nomination by the Board must be committed to devoting the time and effort necessary to be productive members of the Board and that, in nominating candidates, the Board will endeavor to establish director diversity in personal background, race, gender, age and nationality. The guidelines also provide that the Board will seek to maintain a mix that includes, but is not limited to, the following areas of core competency: accounting and finance; investment banking; business judgment; management; energy industry knowledge; operations; leadership; strategic vision; law; and corporate relations.

The Corporate Governance Committee's charter provides that it has the responsibility, in consultation with the Chairman of the Board and the Chief Executive Officer, to search for, recruit, screen, interview and select candidates for the position of director as necessary to fill vacancies on the Board or the additional needs of the Board and to consider management and shareholder recommendations for candidates for nomination by the Board. In carrying out this responsibility, the Corporate Governance Committee evaluates the qualifications and performance of incumbent directors and determines whether to recommend them for re-election to the

**Table of Contents****Director Compensation**

Board. In addition, this committee determines, as necessary, the portfolio of skills, experience, diversity, perspective and background required for the effective functioning of the Board considering our business strategy and our regulatory, geographic and market environments.

Our corporate governance guidelines contain a policy regarding the Corporate Governance Committee's consideration of prospective director candidates recommended by shareholders for nomination by our Board. Under this policy, any shareholder who wishes to recommend a prospective candidate for nomination by our Board for election at our 2020 annual meeting should send a letter of recommendation to our corporate secretary at our principal executive offices by no later than September 30, 2019. The letter should include the name, address and number of shares owned by the recommending shareholder (including, if the recommending shareholder is not a shareholder of record, proof of ownership of the type referred to in Rule 14a-8(b)(2) of the proxy rules of the Securities and Exchange Commission), the prospective candidate's name and address, a description of the prospective candidate's background, qualifications and relationships, if any, with our company and all other information necessary for our Board to determine whether the prospective candidate meets the independence standards under the rules of the NYSE and our director independence guidelines. A signed statement from the prospective candidate should accompany the letter of recommendation indicating that he or she consents to being considered as a nominee of the Board and that, if nominated by the Board and elected by the shareholders, he or she will serve as a director. The committee will evaluate prospective candidates recommended by shareholders for nomination by our Board in light of the various factors set forth above.

Neither the Corporate Governance Committee, nor the Board, nor our company itself discriminates in any way against prospective candidates for nomination by the Board on the basis of age, gender, race, religion, or other personal characteristics. There are no differences in the manner in which the Corporate Governance Committee or the Board evaluates prospective candidates based on whether the prospective candidate is recommended by a shareholder or by the Corporate Governance Committee, provided that the recommending shareholder furnishes to our company a letter of recommendation containing the information described above along with the signed statement of the prospective candidate referred to above.

In addition to having the ability to recommend prospective candidates for nomination by our Board, under our By-laws, shareholders may themselves nominate candidates for election at an annual meeting of shareholders so long as they are shareholders of record when they give the notice described below and on the record date for the relevant annual meeting. Any shareholder who desires to

nominate candidates for election as directors at our 2020 annual meeting must follow the procedures set forth in our By-laws. Under these procedures, notice of a shareholder nomination for the election of a director must be received by our corporate secretary at our principal executive offices not less than 120 calendar days, and not more than 150 calendar days, before the first anniversary of the date that our proxy statement was released to shareholders in connection with our 2019 annual meeting of shareholders (i.e., notice must be received no later than December 6, 2019). If the date of the 2020 annual meeting is more than 30 days after May 22, 2020, the first anniversary of our 2019 annual meeting, our corporate secretary must receive notice of a shareholder nomination by the close of business on the tenth day following the earlier of the day on which notice of the date of the 2020 annual meeting is mailed to shareholders or the day on which public announcement of the 2020 annual meeting date is made. In addition, in accordance with our By-laws, the shareholder notice must contain certain information about the candidate the

shareholder desires to nominate for election as a director, the shareholder giving the notice and the beneficial owner, if any, on whose behalf the nomination is made.

In addition, our By-laws permit a shareholder, or a group of up to 20 shareholders, owning 3 percent or more of ONEOK's common stock continuously for a period of at least three years, to nominate for election to our Board and have such director nominations included in our proxy materials, a number of director candidates equal to the greater of (i) two individuals or (ii) the closest whole number that does not exceed 20 percent of our Board, provided that the shareholder(s) and the nominee(s) satisfy certain requirements specified in the By-laws. Under these procedures, notice must be received by our corporate secretary at our principal executive offices not less than 120 calendar days, and not more than 150 calendar days, before the first anniversary of the date that our proxy statement was released to shareholders in connection with our 2019 annual meeting of shareholders (i.e., notice must be received no earlier than November 6, 2019 and later than December 6, 2019). In accordance with our By-laws, the shareholder notice must contain certain information about the candidate the shareholder(s) desires to nominate for election as a director, the shareholder(s) giving the notice and the beneficial owner(s), if any, on whose behalf the nomination is made.

## **DIRECTOR COMPENSATION**

The Executive Compensation Committee reviews director compensation on an annual basis in consultation with Meridian Compensation Partners, the Committee's independent compensation consultant. This review includes consideration of director compensation data compiled by Meridian for the same peer group used to assess competitive compensation for our executive officers

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in order to assess the competitive levels and types of compensation for our directors. In addition to considering director compensation data compiled by Meridian, the Committee also considers relevant factors such as our company's financial and operational perform-

ance when reviewing director compensation. After completing its review, the Committee submits its recommendation for director compensation to the full Board of Directors for approval.

The Committee recommended, and the full Board of Directors approved, the compensation paid to each of our non-management directors for the periods shown in the table below. The modest increase in Board compensation in May 2018 was considered and approved by the Board upon the recommendation of the Committee and taking into account that Board fees had not been increased for several years.

|            | Cash<br>Retainer | Stock<br>Retainer <sup>1</sup> | Committee Chair<br>Retainers                            | Chairman of the<br>Board Cash Retainer |
|------------|------------------|--------------------------------|---|--|
| May 2017   |                  |                                |   | \$ 15,000                              |
| through    | \$65,000         | \$135,000                      | Audit<br>Executive Compensation<br>Corporate Governance | \$ 125,000                             |
| April 2018 |                  |                                |   | \$ 20,000                              |
| May 2018   |                  |                                |   | \$ 20,000                              |
| through    | \$75,000         | \$135,000                      | Audit<br>Executive Compensation<br>Corporate Governance | \$ 140,000                             |
| April 2019 |                  |                                |   | \$ 20,000                              |

<sup>1</sup> The number of shares of common stock issued for the annual stock retainer is determined based on the closing price of our company's common stock on the NYSE on the date of the meeting of the Board of Directors immediately following the company's annual shareholder meeting.

All directors are reimbursed for reasonable expenses incurred in connection with attendance at Board and committee meetings.

Our one management director, Terry K. Spencer, receives no compensation for his service as a director.

Our Board of Directors has established minimum share ownership guidelines for members of our Board that are discussed under [Executive Compensation Discussion and Analysis](#) [Share Ownership Guidelines](#) at page 56. Our shareholder-approved Equity Incentive Plan imposes meaningful caps on the value of stock awards granted to our directors each year.

The following table sets forth the compensation paid to our non-management directors in 2018.

#### 2018 NON-MANAGEMENT DIRECTOR COMPENSATION

| Director                       | Fees Earned or Paid in |                               | Change in Pension Value and Nonqualified Deferred Compensation |        | All Other Compensation <sup>5</sup> | Total      |
|--------------------------------|------------------------|-------------------------------|--|--------|-------------------------------------|------------|
|                                | Cash <sup>1</sup>      | Stock Awards <sup>1 2 3</sup> | Earnings <sup>4</sup>  |        |                                     |            |
| Brian L. Derksen               | \$ 75,000              | \$ 135,000                    | \$   | \$     | 500                                 | \$ 210,500 |
| Julie H. Edwards               | \$ 95,000              | \$ 135,000                    | \$   | 213    | 500                                 | \$ 230,713 |
| John W. Gibson <sup>6</sup>    | \$ 215,000             | \$ 135,000                    | \$   | 11,563 | 20,500                              | \$ 382,063 |
| Mark W. Helderman <sup>7</sup> | \$                     | \$                            | \$   | \$     | \$                                  | \$         |
| Randall J. Larson              | \$ 95,000              | \$ 135,000                    | \$   | \$     | 500                                 | \$ 230,500 |
| Steven J. Malcolm              | \$ 75,000              | \$ 135,000                    | \$   | \$     | 13,000                              | \$ 223,000 |
| Jim W. Mogg                    | \$ 75,000              | \$ 135,000                    | \$   | \$     | 5,500                               | \$ 215,500 |
| Pattye L. Moore                | \$ 90,000              | \$ 135,000                    | \$   | 145    | 500                                 | \$ 225,645 |
| Gary D. Parker                 | \$ 75,000              | \$ 135,000                    | \$   | \$     | 500                                 | \$ 210,500 |
| Eduardo A. Rodriguez           | \$ 75,000              | \$ 135,000                    | \$   | \$     | 500                                 | \$ 210,500 |

1 Non-management directors may defer all or a part of their annual cash and stock retainers under our Deferred Compensation Plan for Non-Employee Directors. During the year ended December 31, 2018, \$645,000 of the total amount payable for directors' fees were deferred under this plan at the election of five of our directors. Deferred amounts are treated, at the election of the participating director, either as phantom stock or as a cash deferral. Phantom stock deferrals are treated as though the deferred amount is invested in our common stock based on the average of our high and low stock price on the NYSE on the date the deferred amount was earned. Phantom stock earns the equivalent of dividends declared on our common stock, reinvested in phantom shares of our common stock based on the closing price of our common stock on the payment date of each common stock dividend. The shares of our common stock reflected in a non-management director's phantom stock account are issued to the director under our Equity Incentive Plan on the last day of the director's service as a director or a later date selected by the director. Cash deferrals earn interest at a rate equal to Moody's seasoned AAA corporate bond yield index on the first business day of the plan year, which, at January 2, 2018, was 3.52 percent, plus 100 basis points, and are paid to the director on the last day of the director's service as a director or at a later date selected by the director.

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## Compensation Committee Interlocks and Insider Participation

### 2018 NON-MANAGEMENT DIRECTOR COMPENSATION (footnotes continued)

The following table sets forth, for each non-management director during 2018, the amount of director compensation deferred during 2018 and cumulative deferred compensation as of December 31, 2018.

| Director             | Total Board Fees  |   |                               |   | Board Fees                    |              | Total Board Fees Deferred to Cash at December 31, 2018 |
|----------------------|---|---|-------------------------------|---|-------------------------------|--------------|--|
|                      | Board Fees Deferred to Phantom Stock in 2018 <sup>a</sup> | Dividends Earned on Phantom Stock Reinvested in 2018 <sup>b</sup> | Deferred to December 31, 2018 | Total Phantom Stock Held at December 31, 2018 | Deferred to December 31, 2018 |              |  |
| Brian L. Derksen     | \$ 135,000  | \$ 32,160   | \$ 522,996                    | 11,218  | \$                            | \$           |  |
| Julie H. Edwards     | \$  | \$ 9,274  | \$ 139,720                    | 2,950   | \$ 929                        | \$ 21,083    |  |
| John W. Gibson       | \$ 135,000  | \$ 46,064   | \$ 818,834                    | 15,640  | \$ 263,222                    | \$ 1,168,865 |  |
| Randall J. Larson    | \$  | \$  | \$                            |   | \$                            | \$           |  |
| Steven J. Malcolm    | \$  | \$  | \$                            |   | \$                            | \$           |  |
| Jim W. Mogg          | \$ 172,500  | \$ 220,957  | \$ 2,762,893                  | 71,545  | \$                            | \$           |  |
| Patty L. Moore       | \$ 135,000  | \$ 374,545  | \$ 3,731,472                  | 120,123                                       | \$ 432                        | \$ 9,818     |  |
| Gary D. Parker       | \$  | \$ 296,507  | \$ 2,793,196                  | 94,312  | \$                            | \$           |  |
| Eduardo A. Rodriguez | \$ 67,500   | \$ 22,754   | \$ 334,042                    | 7,732   | \$                            | \$           |  |

a Reflects the value of the annual cash and stock retainers (with the number of shares of common stock calculated based on the average of our high and low stock price on the NYSE on the grant date) deferred by a director under our Deferred Compensation Plan for Non-Employee Directors.



b Dividend equivalents paid on phantom stock are reinvested in additional shares of phantom stock (with the number of shares of common stock calculated based on the closing price of our common stock on the NYSE on the date the dividend equivalent was paid.)

c The amount for Mr. Gibson reflects board fees that were deferred to cash in 2018 by Mr. Gibson and interest accrued on these deferred fees. The amounts for Ms. Edwards and Ms. Moore reflect interest accrued on prior cash deferrals. No board fees were deferred to cash in 2018 by Ms. Edwards or Ms. Moore. Cash deferrals earn interest at a rate equal to Moody's seasoned AAA corporate bond yield index on the first business day of the plan year, plus 100 basis points, which, at January 2, 2018, was 3.52 percent.

2 The amounts in this column reflect the aggregate grant date fair value, computed in accordance with Financial Accounting Standards Board's Accounting Standards Codification Topic 718, Compensation-Stock Compensation (ASC Topic 718), with respect to stock awards received by directors for service on our Board of Directors. Since the shares are issued free of any restrictions on the grant date, the grant date fair value of these awards is the value of the equity retainer. The following table sets forth the number of shares and grant date fair value of such shares of our common stock issued to our non-management directors during 2018 for service on our Board.

| Director             | Shares Awarded in 2018 | Aggregate Grant Date Fair Value |
|----------------------|------------------------|---------------------------------|
| Brian L. Derksen     | 2,023                  | \$135,000                       |
| Julie H. Edwards     | 2,023                  | \$135,000                       |
| John W. Gibson       | 2,023                  | \$135,000                       |
| Randall J. Larson    | 2,023                  | \$135,000                       |
| Steven J. Malcolm    | 2,023                  | \$135,000                       |
| Jim W. Mogg          | 2,023                  | \$135,000                       |
| Patty L. Moore       | 2,023                  | \$135,000                       |
| Gary D. Parker       | 2,023                  | \$135,000                       |
| Eduardo A. Rodriguez | 2,023                  | \$135,000                       |

3 For the aggregate number of shares of our common stock and phantom stock held by each member of our Board of Directors at March 1, 2019, see [Stock Ownership Holdings of Officers and Directors](#) at page 41.

4 Reflects above-market earnings on Board of Directors fees deferred to cash under our Deferred Compensation Plan for Non-Employee Directors which provides for payment of interest on cash deferrals at a rate equal to Moody's seasoned AAA corporate bond yield index on the first business day of the plan year, plus 100 basis points, which, at January 2, 2018, was 3.52 percent.

5 Reflects charitable contributions made by our company or the ONEOK Foundation, Inc., on behalf of members of our Board as follows: (a) a \$500 annual contribution to the non-profit organization of his or her choice; (b) matching contributions up to \$5,000 per year to non-profit organizations of his or her choice pursuant to our Board matching grant program; and (c) matching contributions to the United Way pursuant to our annual United Way contribution program.

6 There were no incremental costs incurred by our company in connection with travel by Mr. Gibson's spouse as a passenger on our corporate aircraft on three occasions in 2018 during flights whose primary purposes were to conduct company business. The incremental cost of personal use of our company aircraft is calculated based on the incremental cost of fuel, crew travel, on-board catering, trip-related maintenance, landing fees and trip-related hangar and parking costs and other similar variable costs. Fixed costs that do not change based on usage, such as pilot salaries, home hangar expenses and general taxes and insurance are excluded from the incremental cost calculation.

7 Mr. Helderman joined our Board in February 2019. He received no compensation in 2018.

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**Complaint Procedures**

**COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION**

During 2018, Messrs. Malcolm, Rodriguez and Ms. Moore served on our Executive Compensation Committee. No member of the Executive Compensation Committee was an officer or employee of the company or any of its subsidiaries during 2018, and no member of this committee was formerly an officer of the company or any of its subsidiaries. In addition, during 2018, none of our executive officers served as a member of a compensation committee or board of directors of any other entity of which any member of our Board was an executive officer.

**EXECUTIVE SESSIONS OF THE BOARD**

The non-management members and independent members of our Board of Directors each meet in separate, regularly scheduled executive sessions during each regular in-person meeting of the Board held during the year. We intend to continue this practice of regularly scheduled separate meetings of each of the non-management members and independent members of our Board. Our corporate governance guidelines provide that our lead independent director, who is the chair of our Corporate Governance Committee, presides as the chair at executive session meetings of the independent members of our Board.

**COMMUNICATIONS WITH DIRECTORS**

Our Board believes that it is management's role to speak for our company. Directors refer all inquiries regarding our company from institutional investors, analysts, the news media, customers or sup-

pliers to our Chief Executive Officer or his designee. Our Board also believes that any communications between members of the Board and interested parties, including shareholders, should be conducted with the knowledge of our Chief Executive Officer. Interested parties, including shareholders, may contact one or more members of our Board, including non-management directors and non-management directors as a group, by writing to the director or directors in care of our corporate secretary at our principal executive offices. A communication received from an interested party or shareholder will be forwarded promptly to the director or directors to whom the communication is addressed. A copy of the communication also will be provided to our Chief Executive Officer. We will not, however, forward sales or marketing materials, materials that are abusive, threatening or otherwise inappropriate, or correspondence not clearly identified as interested party or shareholder correspondence.

**COMPLAINT PROCEDURES**

Our Board of Directors has adopted procedures for the receipt, retention and treatment of complaints regarding accounting, internal accounting controls, or auditing matters and complaints or concerns under our Code of Business Conduct and Ethics. These procedures allow for the confidential and anonymous submission by employees of concerns regarding accounting or auditing matters and matters arising under our Code of Business Conduct and Ethics. The full text of these procedures, known as our whistleblower policy, is published on and may be printed from our website at [www.oneok.com](http://www.oneok.com) and is also available from our corporate secretary upon request.



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Corporate Sustainability

*ONEOK is engaged in the natural gas gathering and processing, natural gas liquids and natural gas pipelines businesses. As a major operator of midstream assets, we have maintained our focus on our stakeholders and our mission to operate in a safe, reliable and environmentally sustainable manner. As we have grown our business and expanded our operational footprint over the last several years, we also have strengthened our commitment to improve our companywide environmental, safety and health ( ESH ) performance.*

*For additional information on our ESH performance and related matters, please review our 2017-2018 Corporate Sustainability, Environmental, Social and Governance ( ESG ) report on our website at [www.ONEOK.com](http://www.ONEOK.com), the contents of which are expressly not incorporated herein by this reference.*

**ENVIRONMENT, SAFETY AND HEALTH COMMITMENT**

Our goal is to always operate our assets safely, efficiently and environmentally responsibly. As our business grows, we remain committed to our ONEOK values and keeping our focus in the right place on our investors and our mission to operate safely and responsibly.

We are committed to pursuing a zero-incident culture by continuously working toward mitigating risk and eliminating incidents that may harm our employees, contractors, the public and the environment. To meet corporate and operating ESH expectations, all employees and contractors must demonstrate a commitment to the following:

- all employees have the responsibility and ability to control operating exposures that may cause an incident, even if it means stop- ping work;
- all levels of management and all employees must have personal involvement and commitment to ESH management and compliance;
- all employees have the responsibility to report, or elevate to the proper level in the organization, potential ESH compliance risks, incidents and near misses;
- protection of human health, safety and the environment is a top priority, no matter how urgent the job, project or commercial interests; and
- all employees and contractors are responsible and accountable for understanding and complying with all laws, regulations, permits, requirements and procedures related to their roles and responsibilities, including those associated with ESH.

**SAFETY AND HEALTH**

The safety and health of our employees, customers and communities where we operate is at the forefront of each business decision we make. By monitoring the integrity of our assets and promoting the safety and health of our employees, customers and communities, we are investing in the long-term sustainability of our businesses.

We continuously assess the risks our employees face in their jobs, and we work to mitigate those risks through training, appropriate engineering controls, work procedures and other preventive safety and health programs. Reducing incidents and improving our safety incident rates is important, but we are not focused only on statistics. Low incident rates alone cannot prevent a large-scale incident, which is why we continue to focus on enhancing our ESH management systems and process safety programs, such as key risk/key control identification and knowledge sharing.

We have an ESH Leadership Committee which provides vision, leadership, direction and oversight for our ESH programs, processes and management systems. This committee consists of senior leadership representatives from different business segments, as well as our ESH support group. The committee has several responsibilities including:

- Promoting and advocating expectations for ESH excellence across our organization;
- Supporting broad communication of ESH policies, standards, goals and objectives and promoting their consistent application throughout our company; and
- Overseeing the regulatory landscape with respect to changing ESH expectations and requirements.

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**Environment**

**Contractor Safety**

We expect and require our contractors to maintain the same high ESH performance standards we ask of our employees.

Because we use third-party contractors to assist in the construction, operation and maintenance of our facilities and assets, contractor management is an important element of our ESH management system. As part of the management system, we have established contractor qualification, selection and retention criteria designed to attract the most qualified companies. Each company we contract with is responsible for providing personnel who are appropriately screened, trained, qualified and are able to perform specified duties related to all ESH policies and procedures. Once selected, contractors are monitored periodically to ensure they are following our ESH expectations.

Our large construction projects team continues to utilize our Safety Tracking for ONEOK Major Projects ( STOMP ) safety tool, which is designed to capture and monitor our contractors' ESH performance. STOMP assists us and contract employees in the prevention of injuries, equipment damage, environmental impact and facility downtime. Our STOMP tool has raised awareness among our contractors of the benefits and requirements of reporting incidents, implementing corrective actions and identifying events early, which helps prevent and reduce incidents and their consequences.

We believe an effective contractor safety program enhances our projects by assisting contractors with systematically identifying and evaluating anticipated hazards and establishing controls in advance of actual work.

**Asset Integrity and Reliability Management**

It is always our goal to ensure we operate our assets safely, reliably and in an environmentally sustainable manner.

Asset integrity is the ability of an asset to perform its required function effectively and efficiently while also protecting those that live and work near our facilities and the environment. We maintain mature programs that guide trained staff in the completion of these activities, and we continue to enhance and improve these programs and our internal capabilities.

While many of our assets are regulated by local, state and federal agencies, our activities are not limited to compliance. Asset integrity is critical in many ways, and our programs and people are dedicated to satisfying the expectations of each of our key stakeholders, including governmental regulatory agencies, the communities in which we operate, landowners, our customers, our employees and investors.

*Facility Integrity.* Our risk-based inspection program is a data-intensive engineering analysis using information from design, construction, operation and inspection processes to ensure fixed equipment is appropriately maintained, its current condition is known, and it is operated within safe limits.

*Pipeline Integrity.* Our pipeline integrity management program has been developed to meet or exceed state and federal regulatory requirements for pipeline safety and is further strengthened by participation in industry-level

program improvement initiatives. This program provides guidance for identification of high consequence areas and threats specific to individual pipeline segments. Appropriate inspection methods and threat prevention or mitigation activities are selected and scheduled based on a process of integrity-related integration and evaluation.

*Underground Storage Integrity.* Our underground storage safety management program guides our engineering and operations staff in the inspection, maintenance and remediation of our storage assets.

Reservoirs, mined salt caverns and mined rock caverns are used to store natural gas, natural gas liquids and certain refined products within a regulatory and industry appropriate framework. This specialized, technical field depends heavily on industry best practices, experienced practitioners and rigorous documentation and recordkeeping.

### **Short-Term Incentive Safety Metric**

We established an internal safety performance metric in 2009 that became a part of the short-term incentive plan performance criteria for all employees. The Total Recordable Incident Rate (TRIR) is the number of Occupational Safety and Health Administration incidents per 200,000 work-hours. The inclusion of this important metric is designed to emphasize our commitment to the safe operation of our business and to reward safe behavior throughout our company. The 2018 target for TRIR represented a 25.6 percent improvement over the previous year's actual results.

### **Safety and Health Highlights**

In 2018, we experienced our best year on record with respect to our ESH performance.

In 2018, we achieved our best incident rates for the total recordable incident rate ( TRIR: 0.58) and days away, restricted or transferred ( DART: 0.12).

2018's preventable vehicle incident rate ( PVIR ) of 1.11 tied our best previous rate achieved in 2013.

Additional highlights include:

Our natural gas processing and gathering segment received the Chief Executive Officer's ESH Excellence Award for 2018.

2018 natural gas processing facility awards included:

Baker Plant 10 Years without a lost time accident.

Maysville Stephens Plant 10 Years without a lost time accident.

Canadian Valley Plant five years without a lost time accident.



**Table of Contents****Environment****ENVIRONMENT**

We continue our focus on environmental sustainability while operating our assets safely and reliably. We work to minimize the environmental impact of our services while continuously searching for new ways to meet stakeholder expectations for environmental stewardship. Our environmental efforts focus on minimizing the impact of our operations on the environment. These actions include:

- Developing and maintaining an accurate greenhouse gas ( GHG ) emissions inventory according to current rules issued by the Environmental Protection Agency;

- Improving the efficiency of our various pipelines, natural gas processing facilities and NGL fractionation facilities, all of which minimizes emissions;

- Following developing technologies to minimize and mitigate emissions from our facilities;

- Implementing energy efficiency programs; and

- Reducing waste.

Operating our businesses to meet the environmental expectations of each of our key stakeholders, including regulatory agencies, the communities in which we operate, landowners, customers, employees and investors, continues to be the goal we strive for in our day-to-day operations.

**Greenhouse Gas Emissions**

We are committed to understanding and managing our emissions and seeking ways to improve energy efficiency in our operations. We monitor emissions, undertake projects to manage operating emissions and apply innovative technologies to improve our energy efficiency. GHG emissions directly from our facilities, which are referred to as scope 1 emissions, primarily result from a combustion from natural gas compressor engines and process heaters, methane gas escaping from our operating equipment, venting and other processes common to natural gas systems.

As a midstream service provider, we gather, transport, process and store hydrocarbon products for many customers. We deliver these products back into the market, and they are eventually delivered to consumers. Emissions that result from our customers' combustion or oxidation of NGL products produced from our fractionation facilities are referred to as scope 3 emissions.

Federal GHG emissions regulations require annual reporting of emissions from several source categories. In accordance with these regulations, we report emissions from our operating sources that have the potential to emit in excess of 25,000 tons per year of carbon dioxide equivalents ( CO<sub>2</sub>e ). In 2018, we estimate emissions of 61.3 metric tons of CO<sub>2</sub>e consisting of both scope 1 and scope 3 emissions.

In addition to the sources of scope 1 emissions described above, other emission sources include fugitive emission components, such as valves at our facilities, and other operating equipment, including acid gas treatment systems, pressure relief stacks, dehydrator vents and storage tanks. Estimated 2018 scope 1 emissions were 3.2 million metric tons of CO<sub>2</sub>e.

Scope 3 emissions are calculated using the annual volume of each fractionated product and multiplying it by an emission factor. Products covered are ethane, propane, normal butane, isobutene and natural gasoline. Estimated 2018 scope 3 emissions were 58.1 million metric tons of CO<sub>2</sub>e.

In 2018, our specific efforts related to emissions reductions included:

Construction of pipeline connections between our natural gas gathering systems and third-party producing oil and natural gas wells, particularly in the Williston Basin in North Dakota, where the natural gas might, in the interim, otherwise be flared (the controlled burning of natural gas at the wellhead) or vented into the atmosphere by oil and gas producers. Significant drilling activity in recent years in the Williston Basin has caused natural gas production to exceed the capacity of existing natural gas gathering and processing infrastructure, which results in the flaring of natural gas by producers. We significantly increased our natural gas gathering and processing infrastructure over the last several years through construction of additional processing plants, compression capacity and gathering pipelines. This increase in our and other midstream providers infrastructure has resulted in decreased flaring of natural gas in the Williston Basin from 35 percent in February 2014 to an estimated 21 percent in December 2018 and includes:

- Using vapor-recovery units and combustors to capture natural gas that otherwise would be vented;
- Installing compression-optimization tools on certain transmission pipelines, which has decreased emissions;
- Using hot taps instead of venting/flaring of pipeline segments when making connections;
- Reducing pressures on compressors and pipelines prior to venting to conserve natural gas and reduce emissions when taking assets offline for maintenance or other reasons; and
- Implementing rigorous and regular leak-inspection programs for our natural gas pipelines and processing plants.

#### **Environmental Highlights and Awards**

*Newsweek* magazine's Green Rankings lists the 500 largest publicly traded companies in the U.S. (the U.S. 500) and the 500 largest publicly traded companies globally (the Global 500) on overall environmental performance, and is considered one of the world's foremost corporate environmental rankings. In 2017-18, we ranked 281 among the U.S. 500, up from 284 in 2016 and 461 in 2015.

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**Diversity and Inclusion**

Our 2018 green score was 14 percent, up from 9.9 percent in 2015. We ranked 15 out of 33 in the energy industry sector.

Additional highlights and awards include the following:

2018 GPA Environmental Excellence Award for our Mont Belvieu Facility;  
GPA Midstream's annual Chairman's Award for Safety Improvement based on our 2018 TRIR results;  
Gold Verification in Sustainable Tulsa's Scorecard program. Best first-time participant;  
Tulsa Metropolitan Environmental Trust's Recycler of the year award for Recycling Program improvements; and  
Environmental Federation of Oklahoma's Frank Condon recognition award for recycling efforts.

**Short-Term Incentive Environmental Metric**

We established an internal environmental performance metric in 2014 that became a part of the short-term incentive plan performance criteria for all our employees. The Agency Reportable Environmental Event Rate ( AREER ) metric promotes a continued reduction in spills and emission events that are reportable to a state or federal agency. The 2018 target for AREER represented a 15 percent improvement over the previous year's actual results. Since the implementation of the AREER metric, we have seen a year-over-year reduction in our rate of reportable environmental events.

**ENVIRONMENTAL SUSTAINABILITY**

We believe companies that anticipate and manage current and future sustainable opportunities and risks by focusing on quality, innovation and productivity will emerge as industry leaders and are more likely to create a competitive advantage and long-term stakeholder value.

ONEOK created a sustainability group within our corporate ESH organization in 2017 to increase our focus on the challenges and opportunities our industry is facing regarding environmental sustainability. The group takes a proactive approach to promoting sustainable ESH practices and awareness in our business planning and operational processes.

Key strategies include:

Evaluating opportunities to improve conservation and recycling programs;  
Identifying opportunities to reduce company GHG emissions;  
Increasing stakeholder outreach;  
Documenting environmental achievements; and  
Further engaging employees in our ESH sustainability initiatives.

In 2018, this group conducted an environmental and social materiality assessment to determine what is material to our operating processes and potential environmental impacts.

We are included in approximately 10 ESG-related indices, including the FTSE4Good US, MSCI KLD 400 Social, MSCI World ESG and the MSCI USA SRI.

## COMMUNITY INVESTMENTS

We value being a good corporate citizen and are committed to fostering partnerships between our company, employees and the community. We seek to give back through building partnerships with community organizations and key stakeholders that address local needs and provide resources for all to benefit. Providing community investments, programs and opportunities that encourage and support engagement create shared value by connecting the success of business with societal progress.

We strategically invest in charitable organizations and causes that align with our company's values, as well as meet community needs by providing valuable services and resources. Through financial contributions and volunteer service, our goal is to enhance the quality of life and economic well-being of our communities while creating a positive environment in which to do business.

The ONEOK Foundation enables a consistent level of giving through grants and pledges to non-profit organizations, and ONEOK provides corporate contributions, generally in the form of sponsorships, in support of charitable organizations and events.

We encourage employees to volunteer for company-sponsored projects or serve, using personal time, on charitable or civic boards and organizations. Our Employee Matching Grant program and volunteer service grants further support those efforts.

### 2018 Community Investments Updates and Highlights

Approximately 200 communities in our operating footprint were impacted by one or more of our community investments programs.

26 percent of total giving was contributed to diversity and inclusion-related requests.

Total volunteerism (employees/family/friends/retirees): 674 volunteers; 14,245 hours.

Estimated Value of Total Company Volunteerism: \$351,709.

*(Based on the estimated value per hour of volunteer time of \$24.69).*

241 volunteer service grants were earned by employees through our volunteer program to give to designated charitable organizations for a total of \$60,250.

In 2018, the ONEOK Foundation, Inc. contributed approximately \$4.0 million and ONEOK made corporate contributions of approximately \$3.1 million to support local nonprofit organizations.

## DIVERSITY AND INCLUSION

Our success is dependent upon our greatest resource—our employees. To continue our success, we must nurture creativity, new ideas and diverse thought—none of which are attainable without fostering an inclusive workplace.

We are committed to proactively and consciously embracing diversity by recognizing and appreciating the characteristics that make individuals unique. We strive to foster a culture of inclusion and an envi



**Table of Contents****Political Advocacy and Oversight**

ronment where everyone connected with our company feels valued.

Throughout 2018, diversity and inclusion remained a top priority, as evident in our recruiting and programming efforts. We held diversity and inclusion meetings at 10 universities and technical schools, and we have integrated a diversity and inclusion workshop into our intern and trainee programs.

We continue providing professional development and skill-building opportunities for all employees through various programs.

We also seek to recognize employees who are military veterans. We have begun actively recruiting military veterans and attending military career fairs.

We have organized business resource groups ( BRGs ), which are employee-led affiliation groups intended to promote the development of traditionally underrepresented segments of our workforce. The BRGs are allocated an annual budget to support their operation. A key factor in the success of our BRGs is the active participation by executive sponsors and other allies from outside the BRGs underrepresented population.

**Diversity and Inclusion Highlights and Awards**

Our Women's Resource Group celebrated its tenth anniversary with an event featuring our board member, Julie Edwards. In addition, the group hosted a book club reading of *Lean In* by Sheryl Sandberg, as well as a day of events with the book's lead researcher, Marianne Cooper. The group also coordinated two professional development programs available to all employees: a speakers club and leadership development webinar series.

Our Black/African-American Resource Group launched a program called Learning Tables designed to bring employees together to build relationships and explore issues of diversity and race in a small group setting. The group also coordinated employee events recognizing Dr. Martin Luther King Day and Juneteenth, and partnered to host students from Oklahoma's only historically black college and university (HBCU), Langston University, at our headquarters.

Our Veterans Resource Group coordinated a military care package drive in support of employees with family members currently deployed, as well as Veterans Day events across our geographic footprint designed to recognize and appreciate our many veteran employees for their service.

Two members of our board of directors, Julie Edwards and Pattye Moore, were recognized in Women Inc. magazine's issue featuring the 2018 most influential corporate directors.

We were named as an Oklahoma Veteran Employer Champion by a veterans coalition including the Oklahoma Department of Veterans Affairs and the City of Tulsa.

We were recognized as a Top Inclusive Workplace by the Tulsa Regional Chamber of Commerce's Diversity Business Council.

We received a 95 percent score on the Human Rights Campaign's Corporate Equality Index, a leading national survey designed to measure lesbian, gay, bisexual and transgender (LBGT) inclusion, making us the highest ranked company headquartered in Oklahoma.

**POLITICAL ADVOCACY AND OVERSIGHT**

As a company, we do not make corporate contributions to (1) political candidates, parties, committees or campaigns, (2) 527 groups (such as governors associations or super PACs) or (3) 501(c)(4) organizations (or other tax-exempt entities) formed for political purposes. In addition, in most circumstances we will not make contributions designed to influence the outcome of ballot measures. However, we have in the past, and may in the future, support or oppose specific ballot measures that could impact our company, its employees, assets or operations. In the event we decide to support or oppose a particular ballot measure, we will provide the appropriate disclosure of such support or opposition, including any corporate funds expended for that purpose.

We do, however, actively participate in the political process through the lobbying efforts of our government relations department, involvement in multiple business and industry trade organizations, and through the ONEOK, Inc. Employee Political Action Committee (ONEOK PAC).

Political contributions to federal, state and local candidates are made by the ONEOK PAC which is funded by voluntary contributions from eligible company employees. The ONEOK PAC's activities are guided by a steering committee composed of members of senior management and a contribution committee composed of ONEOK PAC members and are subject to comprehensive regulation, including detailed disclosure requirements. ONEOK PAC contributions are reported to the Federal Election Commission and applicable state regulatory authorities. During 2018, the ONEOK PAC made contributions to state and federal candidates for office in the amount of \$152,320.

Our government relations team works with state and federal legislators to ensure ONEOK's inclusion in key legislative issues that affect the company's ability to operate. In 2018, we monitored legislation on a variety of issues that could impact our businesses, including natural gas flaring, increased seismicity, local control, infrastructure and operation security and disaster-response efficiency, state and federal tax issues and reclamation and restoration of pipeline rights of way. During 2018, we also paid \$351,024 for state and federal lobbying activities.

We belong to a number of industry associations that participate in the political process. These associations promote collaboration between companies within an industry concerning public policy initiatives and represent industry interests in the legislative and regulatory arenas. Our primary purpose in becoming a member of these industry associations is not for political purposes, as we may not agree with all positions taken by industry associations on issues. The benefits that we receive from industry associations are primarily expertise and the ability to gain insight on industry related matters. In 2018, we paid dues of approximately \$1,086,826 to 42 trade and industry associations, of which approximately 45 percent was allocated by those associations to lobby expenses and political expenditures.

Our lobbying and political activities are reviewed annually by the Board of Directors. We believe this oversight process ensures accountability and transparency for our lobbying and political activities.

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**Proposal 1 Election of Directors**

**BOARD REFRESHMENT**

Our Board recognizes the importance of Board refreshment to help ensure an appropriate balance of experience, expertise and perspective on our Board.

Based on the recommendations of our Corporate Governance Committee, in December 2015 our Board elected Randall J. Larson and Brian L. Derksen to our Board and in February 2019 elected Mark W. Helderman to our Board. Messrs. Larson, Derksen and Helderman add to the Board's experience, expertise and knowledge in a number of areas, including natural gas and natural gas liquids gathering, processing, fractionation transportation and storage operations and accounting, finance and capital management in the midstream sector of the energy industry.

Your Board of Directors believes that its current membership reflects a balanced Board with deep experience and diverse expertise.

**ANNUAL ELECTION BY MAJORITY VOTE**

Our certificate of incorporation provides for the annual election of directors. Our Board of Directors currently consists of 11 members, each of whose terms will expire at the 2019 annual meeting.

As more fully described above in Outstanding Stock and Voting Votes Required Proposal 1 Election of Directors, our By-laws provide for majority voting for directors in uncontested elections and our corporate governance guidelines require that a nominee for director who does not receive the requisite majority vote in an uncontested election must promptly tender his or her resignation to our Board of Directors for its consideration.

The persons named in the accompanying proxy card intend to vote such proxy in favor of the election of each of the nominees named below, who are all currently directors, unless the proxy provides for a vote against the director. Although the Board has no reason to believe that the nominees will be unable to serve as directors, if a

nominee withdraws or otherwise becomes unavailable to serve, the persons named as proxies will vote for any substitute nominee designated by the Board, unless contrary instructions are given on the proxy. Except for these nominees, no other person has been recommended to our Board as a potential nominee or otherwise nominated for election as a director.

**BOARD QUALIFICATIONS**

Our corporate governance guidelines provide that our Corporate Governance Committee will evaluate the qualifications of each director candidate and assess the appropriate mix of skills and characteristics required of board members in the context of the perceived needs of the Board at a given point in time. Each director also is expected to:



exhibit high standards of integrity, commitment and independence of thought and judgment;  
use his or her skills and experiences to provide independent oversight to the business of our company;  
be willing to devote sufficient time to carrying out his or her duties and responsibilities effectively;  
devote the time and effort necessary to learn the business of the company and the Board;  
represent the long-term interests of all shareholders; and  
participate in a constructive and collegial manner.

**Director Diversity and Core Competencies**

Our governance guidelines provide that, in nominating candidates, the Board will endeavor to establish director diversity in personal background, race, gender, age and nationality, and to maintain a mix that includes, but is not limited to, the following areas of core competency: accounting and finance; investment banking; business judgment; management; energy industry knowledge; operations; leadership; strategic vision; law; and corporate relations.

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**Summary of Director Qualifications and  
Experience**

**SUMMARY OF DIRECTOR QUALIFICATIONS AND EXPERIENCE**

This table provides a summary view of the qualifications and attributes of each director nominee.

**2019** Proxy Statement

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**Board Diversity**

**BOARD TENURE**

Directors with varied tenure contribute to a range of perspectives and ensure we transition knowledge and experience from longer-serving members to those newer to our Board. We have a diverse mix of new and long-standing directors. The average tenure of a board member is 10.6 years as of the 2019 annual meeting.

**BOARD DIVERSITY**

Our directors represent a range of backgrounds and overall experience. In recent years, our Governance Committee has focused on ensuring continued diversity on the Board during refreshment activities by ensuring that candidate pools include diverse individuals meeting the recruitment criteria. Our director nominees range from 59 to 73 years of age, with the average age being 64.5 years, as of the 2019 annual meeting.

Your Board of Directors believes that each member of our Board possesses the necessary integrity, skills and qualifications to serve on our Board and that their individual and collective skills and qualifications provide them with the ability to engage management and each other in a constructive and collaborative fashion and, when necessary and appropriate, challenge management in the execution of our business operations and strategy.

Set forth on the following pages is certain information with respect to each nominee for election as a director, each of whom is a current director. Your Board unanimously recommends a vote [\*FOR\*](#) each nominee.

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**Director Nominees**

**DIRECTOR NOMINEES**

**Brian L. Derksen**

Age **67**

Director since **2015**

Independent

Committees:

Audit (Vice Chair)

Corporate Governance

Mr. Derksen served as Global Deputy Chief Executive Officer of Deloitte Touche Tohmatsu Limited ( DTTL ) from 2011 until 2014, and as Deputy Chief Executive Officer of Deloitte LLP ( Deloitte U.S. ) from 2003 to 2011. Prior to that, he was the Managing Partner of, respectively, the financial advisory business and the Mid-America region of Deloitte U.S. In fulfilling his roles for DTTL and Deloitte U.S., Mr. Derksen acted in his capacity as a partner in Deloitte U.S. Mr. Derksen retired as a partner of Deloitte U.S. on May 31, 2014. Mr. Derksen is a Certified Public Accountant. During the period from November 2014 through May 2015, Mr. Derksen was engaged to serve as an independent consultant in the information technology sector. Mr. Derksen earned a Bachelor of Science degree from the University of Saskatchewan (Canada) and a Master of Business Administration degree from Duke University's Fuqua School of Business.

Mr. Derksen is a member of the Boards of Directors of Brookshire Grocery Company and Dye & Durham Corporation.

**Skills and Qualifications:**

Mr. Derksen has extensive experience and expertise in accounting, auditing, financial reporting, taxation and management consulting. Mr. Derksen's extensive senior executive experience also provides him with particular expertise in leadership, strategic vision and corporate governance matters. Mr. Derksen currently serves as vice chair of our Audit Committee. In light of Mr. Derksen's accounting, audit and financial experience, along with his strong track record of leadership, our Board of Directors has concluded that Mr. Derksen should continue as a member of our Board.

**Julie H. Edwards**

Age **60**

Director since **2007**

Independent

Committees:

Corporate Governance (Chair)

Ms. Edwards retired in 2007 from Southern Union Company where she served as Senior Vice President-Corporate Development from November 2006 to January 2007 and as Senior Vice President and Chief Financial Officer from July 2005 to November 2006. Prior to June 2005, she was an executive officer of Frontier Oil Corporation, having served as Chief Financial Officer from 1994 to 2005 and as Treasurer from 1991 to 1994. Prior to joining Frontier Oil Corporation in 1991, Ms. Edwards was an investment banker with Smith Barney, Harris, Upham & Co., Inc. in New York and Houston, after joining the company as an associate in 1985, when she graduated from the Wharton School of the University of Pennsylvania with an M.B.A. Prior to attending Wharton, she worked as an exploration geologist in the oil industry, having earned a B.S. in Geology and Geophysics from Yale University in 1980.

Ms. Edwards previously served on our Board of Directors in 2004 and 2005. She was also a member of the Board of Directors of ONEOK Partners GP, L.L.C., the sole general partner of ONEOK Partners, L.P. from 2009 until the consummation of the merger transaction with us in June, 2017. She is a member of the Board of Directors of Noble Corporation, a U.K.-based offshore drilling contractor. She was a member of the Board of Directors of NATCO Group, Inc., an oil field services and equipment manufacturing company, from 2004 until its sale to Cameron International Corporation in November 2009.

#### **Skills and Qualifications:**

In addition to her experience from service on the boards of directors of several public companies, Ms. Edwards brings to our Board broad experience and understanding of various segments within the energy industry (exploration and production, refining and marketing, natural gas transmission, processing and distribution, production technology and contract drilling), and significant senior accounting, finance, capital markets, corporate development and management experience and expertise. Ms. Edwards has also demonstrated leadership and has been effective in her role as immediate past chair of our Audit Committee. She currently serves as chair of our Corporate Governance Committee. In light of Ms. Edwards' extensive industry, executive, managerial and financial experience and knowledge, our Board of Directors has concluded that Ms. Edwards should continue as a member of our Board.

**Table of Contents****Director Nominees****John W. Gibson**Age **66**Director since **2006**

Non-Independent

(Chairman of the Board)

Mr. Gibson is the non-executive Chairman of the Board of ONEOK, Inc. He served as our Chief Executive Officer from January 1, 2007, to January 31, 2014. He was appointed Chairman of the Board of ONEOK, Inc. in May 2011, and served as our President from 2010 through 2011. He was appointed Chairman of the Board of ONEOK Partners GP, L.L.C., the general partner of ONEOK Partners, L.P. in 2007 and served in that capacity until the consummation of the merger transaction with us in June 2017. He also served as Chief Executive Officer of ONEOK Partners GP, L.L.C. from 2007 until January 31, 2014, and served as President from 2010 through 2011. From 2005 until May 2006, he was President of ONEOK Energy Companies, which included our natural gas gathering and processing, natural gas liquids, pipelines and storage and energy services business segments. Prior to that, he was our President, Energy, from May 2000 to 2005. Mr. Gibson joined ONEOK in May 2000 from Koch Energy, Inc., a subsidiary of Koch Industries, where he was an Executive Vice President. His career in the energy industry began in 1974 as a refinery engineer with Exxon USA. He spent 18 years with Phillips Petroleum Company in a variety of domestic and international positions in its natural gas, natural gas liquids and exploration and production businesses. He holds an engineering degree from Missouri University of Science and Technology, formerly known as the University of Missouri at Rolla. Mr. Gibson also serves as the non-executive Chairman of the Board of ONE Gas, Inc. and as a member of the Board of Directors of Matrix Service Company.

**Skills and Qualifications:**

Mr. Gibson has served in a variety of roles of continually increasing responsibility at ONEOK since 2000, ONEOK Partners GP, L.L.C. from 2004 until 2017 and, prior to 2000, at Koch Energy, Inc., Exxon USA and Phillips Petroleum. In these roles, Mr. Gibson had direct responsibility for and extensive experience in strategic and financial planning, acquisitions and divestitures, operations, management supervision and development, and compliance. As the executive responsible for numerous merger and acquisition transactions over the course of his career, Mr. Gibson has significant experience in assessing acquisition opportunities and in structuring, financing and completing merger and acquisition transactions. Over the course of his lengthy career in a variety of sectors of the oil and gas industry, Mr. Gibson has gained extensive management and operational experience and has demonstrated a strong track record of leadership, strategic vision and risk management. In light of Mr. Gibson's role as the former Chief Executive Officer of our company and his extensive industry and managerial experience and knowledge, our Board of Directors has concluded that Mr. Gibson should continue as a member of our Board.

**Mark W. Helderman**

Age **61**

Director since **2019**

Independent

Committees:

Executive Compensation

Corporate Governance

From 1997 through January 31, 2019, Mr. Helderman held positions of increasing responsibility at Sasco Capital Inc., an independent, institutional investment firm, focused primarily on corporate turnarounds, restructurings, and transformations. Effective January 31, 2019, Mr. Helderman retired from his position at Sasco Capital as managing director and co-portfolio manager. From 1989 to 1996, Mr. Helderman worked in equity research and sales for Roulston Research Company and from 1986 to 1989 he worked in equity research and sales at McDonald & Company, both in Cleveland, Ohio.

### **Skills and Qualifications**

Mr. Helderman has over 30 years of experience in the U.S. equities markets, including constructive engagement with senior management teams to develop a deep understanding of their corporate vision, value creation philosophy, commitment to long-term sustainable value and shareholder alignment. His experience in over 50 strategic, transformational restructurings span several industries including the entire energy value chain from upstream exploration and production, onshore and offshore oil field services, midstream, downstream petro-chemicals and refining, regulated utilities and merchant energy. In addition to his portfolio management role, Mr. Helderman has been an analyst with broad experience in the commodity, energy, industrial, and utility sectors for more than 20 years. In light of Mr. Helderman's extensive financial experience and knowledge, our Board of Directors has concluded that Mr. Helderman should continue as a member of our Board.

**Table of Contents****Director Nominees****Randall J. Larson**Age **61**Director since **2015**

Independent

Committees:

Audit (Chair)

Mr. Larson previously served as Chief Executive Officer of the general partner of TransMontaigne Partners L.P. from September 2006 until his retirement in August 2009, as its Chief Financial Officer from January 2003 until September 2006, and as its Controller from May 2002 to January 2003. From July 1994 to May 2002, Mr. Larson was a partner with KPMG LLP in its Silicon Valley and National (New York City) offices. From July 1992 to July 1994, Mr. Larson served as a Professional Accounting Fellow in the Office of Chief Accountant of the United States Securities and Exchange Commission. Mr. Larson earned a Bachelor of Business Administration degree from the University of Wisconsin Eau Claire and a Master of Business Administration degree from the University of Wisconsin Madison. Mr. Larson also served on the board of directors of Valero Energy Partners GP LLC prior to its merger with Valero Energy Corp. where he was chair of the Audit Committee and a member of the Conflicts Committee. Mr. Larson formerly served as a director of the general partner of MarkWest Energy Partners, L.P. prior to its merger with MPLX LP where he was chair of the Audit Committee and a member of the Compensation Committee. From August 2011 through February 2014, Mr. Larson served as a director of the general partner of Oiltanking Partners, L.P. where he was chair of the Audit Committee and a member of the Conflicts Committee.

**Skills and Qualifications:**

In addition to Mr. Larson's chief executive officer and senior executive leadership experience, as well as his experience from service on other boards of directors, Mr. Larson brings to our Board broad experience and understanding of the energy industry and significant senior public accounting, finance, capital markets and corporate development experience and expertise. Mr. Larson currently serves as chair of our Audit Committee. In light of Mr. Larson's extensive executive, managerial, industry and financial experience and knowledge, our Board of Directors has concluded that Mr. Larson should continue as a member of our Board.

**Steven J. Malcolm**Age **70**Director since **2012**



Independent

Committees:

Executive Compensation

Corporate Governance

Mr. Malcolm served as President of The Williams Companies, Inc. (Williams) from September 2001 until January 2011, Chief Executive Officer of Williams from January 2002 to January 2011, and Chairman of the Board of Directors of Williams from May 2002 to January 2011. Mr. Malcolm served as Chairman of the Board and Chief Executive Officer of Williams Partners GP LLC, the general partner of Williams Partners L.P., from 2005 to January 2011.

Mr. Malcolm began his career at Cities Service Company in refining, marketing, and transportation services in 1970. Mr. Malcolm joined Williams in 1984 and performed roles of increasing responsibility related to business development, gas management and supply, and gathering and processing. Mr. Malcolm was Senior Vice President and General Manager of Williams Field Services Company, a subsidiary of Williams, from 1994 to 1998. He was President and Chief Executive Officer of Williams Energy Services, LLC, a subsidiary of Williams, from 1998 to 2001. He was Executive Vice President of Williams from May 2001 to September 2001 and Chief Operating Officer of Williams from September 2001 to January 2002.

#### **Skills and Qualifications:**

Mr. Malcolm currently serves as a director of BOK Financial Corporation. Mr. Malcolm also serves on the boards of the YMCA of Greater Tulsa, the YMCA of the USA, the Oklahoma Center for Community and Justice and the Missouri University of Science and Technology Board of Trustees. He was also a member of the Board of Directors of ONEOK Partners GP, L.L.C., the sole general partner of ONEOK Partners, L.P. from 2012 until the consummation of the merger transaction with us in June, 2017. Mr. Malcolm has also demonstrated leadership and has been effective in his role as immediate past chair of our Executive Compensation Committee. In light of Mr. Malcolm's extensive industry, financial, corporate governance, public policy and government, operating and compensation experience, and strong track record of leadership and strategic vision, the Board of Directors has concluded that Mr. Malcolm should continue as a member of our Board.

**Table of Contents****Director Nominees****Jim W. Mogg**Age **70**Director since **2007**

Independent

Committees:

Audit

Corporate Governance

Mr. Mogg served as Chairman of the Board of DCP Midstream GP, LLC, the general partner of DCP Midstream Partners, L.P., from August 2005 to April 2007. In addition to presiding over board meetings and providing strategic oversight, he was involved in launching DCP Midstream Partners as a public company. From January 2004 to September 2006, Mr. Mogg served as Group Vice President, Chief Development Officer and advisor to the Chairman of Duke Energy Corporation, and, in that capacity, was responsible for the merger and acquisition, strategic planning and human resources activities of Duke Energy. Additionally, Duke Energy affiliates, Crescent Resources and TEPPCO Partners, LP, reported to Mr. Mogg, and he was the executive sponsor of Duke Energy's Finance and Risk Management Committee of the Board of Directors. Mr. Mogg served as President and Chief Executive Officer of DCP Midstream, LLC from December 1994 to March 2000, and as Chairman, President and Chief Executive Officer from April 2000 through December 2003. Under Mr. Mogg's leadership, DCP Midstream became the nation's largest producer of natural gas liquids and one of the largest gatherers and processors of natural gas. DCP Midstream achieved this significant growth via acquisitions, construction and optimization of assets. DCP Midstream was the general partner of TEPPCO Partners, LP and, as a result, Mr. Mogg was Vice Chairman of TEPPCO Partners from April 2000 to May 2002 and Chairman from May 2002 to February 2005. Mr. Mogg serves on the boards of directors of HighPoint Resources Corporation, where he is currently the non-executive Chairman of the Board, and Matrix Service Company, where he is also currently the non-executive Chairman of the Board. He was also a member of the Board of Directors of ONEOK Partners GP, L.L.C., the sole general partner of ONEOK Partners, L.P. from 2009 until the consummation of the merger transaction with us in June, 2017.

**Skills and Qualifications:**

Mr. Mogg has extensive senior management experience in a variety of sectors in the oil and natural gas industry as a result of his service at DCP Midstream and Duke Energy where he demonstrated a strong track record of achievement and sound judgment. As the executive responsible for numerous merger and acquisition transactions at DCP Midstream, TEPPCO Partners, and Duke Energy, he has significant experience in assessing acquisition opportunities and in structuring, financing and completing merger and acquisition transactions. In addition, Mr. Mogg's current and previous directorships at other companies, including publicly traded master limited partnerships, provide him with extensive corporate and limited partnership governance experience. As a result of his experience, Mr. Mogg is

qualified to analyze the various financial and operational aspects of our company. Mr. Mogg has also demonstrated leadership and has been effective in his role as immediate past chair of our Corporate Governance Committee. In light of Mr. Mogg's extensive industry and executive managerial experience and knowledge, the Board of Directors has concluded that Mr. Mogg should continue as a member of our Board.

### **Pattye L. Moore**

Age **60**

Director since **2002**

Independent

Committees:

Executive Compensation (Chair)

Ms. Moore currently serves as the non-executive Chairman of the Board of Red Robin Gourmet Burgers (NASDAQ: RRGB) and is a director of ONE Gas, Inc. In addition, Ms. Moore is a business strategy consultant, speaker and the author of *Confessions from the Corner Office*, a book on leadership instincts, published by Wiley & Sons in 2007. She also serves on the Board of Directors of QuikTrip Corporation.

Ms. Moore served on the Board of Directors of Sonic Corp. from 2000 through January 2006 and was the President of Sonic from January 2002 to November 2004. She held numerous senior management positions during her 12 years at Sonic, including Executive Vice President, Senior Vice President-Marketing and Brand Development and Vice President-Marketing.

### **Skills and Qualifications:**

Ms. Moore has extensive senior management, marketing, business strategy, brand development and corporate governance experience as a result of her service at Red Robin and Sonic, her service on other boards and her consulting career. In her role as President of Sonic Corp., Ms. Moore was responsible for company and franchise operations, purchasing and distribution, and marketing and brand development for the 3,000 unit chain with more than \$3 billion in system wide sales. As a business strategy consultant and as a board member, Ms. Moore has extensive experience in leadership, management development and strategic planning. In addition, Ms. Moore's directorships at other companies provide her with extensive corporate governance and executive compensation experience. Ms. Moore also has extensive experience as a member of the board of directors of numerous non-profit organizations, including serving as Chairman of the Board of the National Arthritis Foundation. Ms. Moore has been named a NACD Board Leadership Fellow by the National Association of Corporate Directors and is a recipient of the 2017 Directorship 100 award. Ms. Moore currently serves as chair of our Executive Compensation Committee. In light of Ms. Moore's extensive executive managerial experience and her leadership skills, our Board of Directors has concluded that Ms. Moore should continue as a member of our Board.

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**Director Nominees**

**Gary D. Parker**

Age **73**

Director since **1991**

Independent

Committees:

Audit

Corporate Governance

Mr. Parker, a certified public accountant, is the senior shareholder of Moffitt, Parker & Company, Inc. and has been President of the firm since 1982. He is a director of Firststar Financial Corp. and Firststar Bank in Muskogee, Oklahoma. In addition, he currently serves as a director/trustee of several state and local civic and not-for-profit organizations.

**Skills and Qualifications:**

Mr. Parker has extensive public accounting practice experience and expertise in accounting, auditing, financial reporting, taxation and management consulting. Mr. Parker's operational and entrepreneurial experience, background in public accounting and his directorships at other companies provide him with comprehensive financial, audit and executive compensation experience. Mr. Parker's directorships at other companies also provide him with extensive corporate governance experience. Mr. Parker has also demonstrated leadership and has been effective in his role as a past chair of the Audit Committee. In light of Mr. Parker's extensive accounting, finance and audit experience, our Board of Directors has concluded that Mr. Parker should continue as a member of our Board.

**Eduardo A. Rodriguez**

Age **63**

Director since **2004**

Independent

Committees:

Executive Compensation (Vice Chair)

Corporate Governance (Vice Chair)

Mr. Rodriguez is President of Strategic Communications Consulting Group and is a director of ONE Gas, Inc. Mr. Rodriguez previously served as Executive Vice President of Hunt Building Corporation, a privately held company engaged in construction and real estate development headquartered in El Paso, Texas. He also served as a member of the Board of Directors of Hunt Building Corporation. Prior to his three years with Hunt Building Corporation, Mr. Rodriguez spent 20 years in the electric utility industry at El Paso Electric Company, a publicly traded, investor-owned utility, where he served in various senior-level executive positions, including General Counsel, Senior Vice President for Customer and Corporate Services, Executive Vice President and as Chief Operating Officer. Mr. Rodriguez is a licensed attorney in the states of Texas and New Mexico and is admitted to the United States District Court for the Western District of Texas.

**Skills and Qualifications:**

Mr. Rodriguez has had extensive senior management, operational, entrepreneurial and legal experience in a variety of industries as a result of his service at Strategic Communications Consulting Group, Hunt Building Corporation and El Paso Electric Company. Mr. Rodriguez has engaged in the practice of law for more than 30 years. In addition to his extensive legal experience, Mr. Rodriguez's senior management positions have included responsibility for strategic planning, corporate governance and regulatory compliance. In these positions, he has demonstrated a strong track record of achievement and sound judgment. Mr. Rodriguez has also demonstrated leadership and has been effective in his role as a past chair of our Audit Committee. Mr. Rodriguez is currently vice chair of our Executive Compensation and Corporate Governance Committees. In light of Mr. Rodriguez's extensive legal and business experience and knowledge, our Board of Directors has concluded that Mr. Rodriguez should continue as a member of our Board.

**Table of Contents****Director Nominees****Terry K. Spencer**Age **59**Director since **2014**

Non-Independent

(Chief Executive Officer)

Mr. Spencer became our Chief Executive Officer and the Chief Executive Officer of ONEOK Partners GP, L.L.C., the sole general partner of ONEOK Partners, L.P., and a member of our Board of Directors, effective January 31, 2014. Mr. Spencer is also our President. He was also a member of the Board of Directors of ONEOK Partners GP, L.L.C., the sole general partner of ONEOK Partners, L.P. from 2010 until the consummation of the merger transaction with us in June, 2017. Mr. Spencer joined our company in 2001 as director, project development, of natural gas gathering and processing. Later, he served as Vice President of natural gas supply and project development in the natural gas gathering and processing segment. In 2005, Mr. Spencer became Senior Vice President of our natural gas liquids business following the asset acquisition from Koch. He became President of natural gas liquids in 2006. From 2007 to 2009, he was Executive Vice President of our company, with responsibilities for ONEOK Partners, L.P.'s natural gas liquids gathering and fractionation, and pipeline segments, as well as the company's energy services segment. He served as Chief Operating Officer of ONEOK Partners GP, L.L.C. and was responsible for the partnership's three operating segments—natural gas gathering and processing, natural gas liquids and natural gas pipelines. Mr. Spencer is a member of the Gas Processors Association Board of Directors and its executive and finance committee. He earned a Bachelor of Science degree in petroleum engineering in 1981 from the University of Alabama in Tuscaloosa.

**Skills and Qualifications:**

Mr. Spencer has served in a variety of roles of continually increasing responsibility at ONEOK since 2001. In these roles, Mr. Spencer has had direct responsibility for and extensive experience in strategic and financial planning, acquisitions and divestitures, operations, management supervision and development, and compliance. Mr. Spencer has significant experience in assessing acquisition opportunities and in structuring, financing and completing merger and acquisition transactions. In addition, during the course of his lengthy career in a variety of sectors of the oil and gas industry, Mr. Spencer has gained extensive management and operational experience and has demonstrated a strong track record of leadership, strategic vision and risk management. In light of Mr. Spencer's role as Chief Executive Officer of our company and his extensive industry and managerial experience and knowledge, our Board of Directors has concluded that Mr. Spencer should continue as a member of our Board.



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**Proposal 2 - Ratify the Selection of PricewaterhouseCoopers LLP as our Independent Registered Public Accounting Firm for the Year**

Ending December 31, 2019

**RATIFICATION OF SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2019**

The Audit Committee has the sole authority and responsibility to evaluate, hire and, where appropriate, replace the company's independent auditor and, in its capacity as a committee of our Board of Directors, is directly responsible for the appointment, compensation and general oversight of the work of the independent auditor. The Audit Committee is also responsible for approving the audit and permissible non-audit services provided by the independent auditor and the associated fees.

The Audit Committee evaluates the performance of our independent auditor, including the senior audit engagement team, each year and determines whether to re-engage the current independent auditor or consider other audit firms. In doing so, the Audit Committee considers the quality and efficiency of the services provided by the auditors, the auditors' capabilities, the auditors' technical expertise and knowledge of our operations and industry and the impact to the company in changing auditors. In connection with the mandated rotation of the independent auditor's lead engagement partner, the Audit Committee and its chairperson are directly involved in the selection of the new lead engagement partner.

Based on this evaluation, the Audit Committee has appointed PricewaterhouseCoopers LLP to serve as our independent auditor for the fiscal year ending December 31, 2019. PricewaterhouseCoopers LLP has served as our independent auditor for 12 years and is considered by management to be well qualified. Further, the Audit Committee and the Board of Directors believe that the continued retention of PricewaterhouseCoopers LLP to serve as our independent auditor is in the best interests of the company and its shareholders.

Our Board of Directors has ratified the selection by our Audit Committee of PricewaterhouseCoopers LLP to serve as our independent (consistent with Securities and Exchange Commission and NYSE

policies regarding independence) registered public accounting firm for 2019. As a matter of good corporate governance, the Audit Committee submits its selection of our independent auditor to our shareholders for ratification. If the shareholders should not ratify the appointment of PricewaterhouseCoopers LLP, the Audit Committee will reconsider the appointment.

In carrying out its duties in connection with the 2018 audit, PricewaterhouseCoopers LLP had unrestricted access to our Audit Committee to discuss audit findings and other financial matters. Representatives of PricewaterhouseCoopers LLP will be present at the annual meeting to answer questions. They also will have the opportunity to make a statement if they desire to do so.



Approval of this proposal to ratify the selection of Pricewaterhouse-Coopers LLP as our independent registered public accounting firm requires the affirmative vote of a majority of the voting power of the shareholders present in person or by proxy and entitled to vote on this proposal at the meeting. Abstentions will have the effect of a vote against the proposal.

*Your Board unanimously recommends a vote **FOR** the ratification of the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for 2019.*

#### **AUDIT AND NON-AUDIT FEES**

Audit services provided by PricewaterhouseCoopers LLP during the 2018 and 2017 fiscal years included an integrated audit of our consolidated financial statements and internal control over financial reporting, review of our unaudited quarterly financial statements, consents and review of documents filed with the Securities and Exchange Commission, and performance of certain agreed-upon procedures.

**Table of Contents****2019 Report of the Audit Committee**

The following table presents fees billed for services rendered by PricewaterhouseCoopers LLP for the years ended December 31, 2018 and 2017.

|                    | (Thousands of Dollars) |          |
|--------------------|------------------------|----------|
|                    | 2018                   | 2017     |
| Audit fees         | \$ 2,327               | \$ 2,326 |
| Audit related fees | 210                    |          |
| Tax fees           | 542                    | 945      |
| All other fees     | 6                      | 49       |
| Total              | \$ 3,085               | \$ 3,320 |

PricewaterhouseCoopers LLP was also the independent auditor for ONEOK Partners, prior to completion of the merger transaction with us in June 2017. The fees reflected in the table include fees billed by PricewaterhouseCoopers LLP to both ONEOK and ONEOK Partners for services rendered during the years presented.

**AUDIT COMMITTEE POLICY ON SERVICES PROVIDED BY THE INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

Consistent with Securities and Exchange Commission and NYSE policies regarding auditor independence, the Audit Committee has the responsibility for appointing, setting compensation and overseeing the work of our independent auditor. In furtherance of this responsibility, the Audit Committee has established a policy with respect to the pre-approval of audit and permissible non-audit services provided by our independent auditor. All of the 2018 and 2017 audit and non-audit services provided by PricewaterhouseCoopers LLP were pre-approved by the Audit Committee in accordance with this policy.

Prior to engagement of PricewaterhouseCoopers LLP as our independent auditor for the 2019 audit, a plan was submitted to and approved by the Audit Committee setting forth the audit services expected to be rendered during 2019, which are comprised of work performed in the audit of our financial statements and to attest and report on our internal controls over financial reporting, as well as work that only the independent auditor can reasonably be expected to provide, including quarterly review of our unaudited financial statements, comfort letters, statutory audits, attest services, consents and assistance with the review of documents filed with the Securities and Exchange Commission.

The Audit Committee has adopted a policy that provides that fees for audit, audit related and tax services that are not included in the independent auditor's annual services plan, and for services for which fees are not determinable on an annual basis, are pre-approved if the fees for such services will not exceed \$75,000. In addition, the policy provides that the Audit Committee may dele-

gate pre-approval authority to one or more of its members. The member to whom such authority is delegated must report, for informational purposes only, any pre-approval decisions to the Audit Committee at its next scheduled meeting.

## **2019 REPORT OF THE AUDIT COMMITTEE**

The purpose of the Audit Committee is to assist the Board of Directors with the oversight of the integrity of the company's financial statements and internal control over financial reporting, the company's compliance with legal and regulatory requirements, the independence, qualifications and performance of the company's independent auditor and the performance of the company's internal audit function. The Audit Committee's function is more fully described in its charter, which the Board reviews and approves on an annual basis. The charter is on and may be printed from the company's website at [www.oneok.com](http://www.oneok.com) and is also available from the company's corporate secretary upon request. The Board of Directors annually reviews the definition of independence for audit committee members contained in the listing standards for the NYSE and applicable rules of the Securities and Exchange Commission, as well as our director independence guidelines, and has determined that each member of the Audit Committee is independent under those standards.

Management is responsible for the preparation, presentation and integrity of the company's financial statements, accounting and financial reporting principles, internal controls and procedures designed to ensure compliance with accounting standards, applicable laws and regulations. The company's independent auditor, PricewaterhouseCoopers LLP, is responsible for performing an independent audit of the company's consolidated financial statements and the company's internal control over financial reporting and expressing an opinion on the conformity of those financial statements with generally accepted accounting principles and on the effectiveness of the company's internal control over financial reporting.

In this context, the Audit Committee has met and held discussions with management and the company's independent auditor, PricewaterhouseCoopers LLP, regarding the fair and complete presentation of the company's financial results and management's report on its assessment of the company's internal control over financial reporting. The Audit Committee has discussed the significant accounting policies applied by the company in its financial statements, as well as alternative treatments. Management has represented to the Audit Committee that the company's consolidated financial statements were prepared in accordance with generally accepted accounting principles, and the Audit Committee has reviewed and discussed the consolidated financial statements with management and the company's independent auditor.

**Table of Contents****2019 Report of the Audit Committee**

The Audit Committee has also reviewed and discussed with both management and the independent auditor management's assessment of the company's internal control over financial reporting. In addition, the Audit Committee has discussed the independent auditor's report on the company's internal control over financial reporting. The Audit Committee has also discussed with the company's independent auditors the matters required to be discussed by Public Company Accounting Oversight Board (United States) Auditing Standard No. 1301, Communications with Audit Committees, and Rule 2-07 of the Securities and Exchange Commission's Regulation S-X (Communication with Audit Committees).

In addition, the Audit Committee has discussed with the independent auditor the firm's independence from the company and its management, including the matters in the written disclosures and the letter received from PricewaterhouseCoopers LLP as required by the applicable requirements of the Public Company Accounting Oversight Board (United States) regarding the independent auditor's communications with the Audit Committee concerning independence. While non-audit services provided by PricewaterhouseCoopers LLP did not impact the Audit Committee's determination of PricewaterhouseCoopers LLP's independence in 2017 or 2018, the Audit Committee will also consider in the future whether the provision of non-audit services to the company by PricewaterhouseCoopers LLP is compatible with maintaining that

firm's independence. The Audit Committee has concluded that PricewaterhouseCoopers LLP is independent from the company and its management.

The Audit Committee discussed with the company's internal and independent auditors the overall scope and plans for their respective audits. The Audit Committee meets with both the internal and independent auditors, with and without management present, to discuss the results of their examinations, the assessments of the company's internal control over financial reporting and the overall quality of the company's financial reporting. Based on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the audited financial statements of the company as of and for the year ended December 31, 2018, in the company's Annual Report on Form 10-K for the year ended December 31, 2018, for filing with the Securities and Exchange Commission.

Respectfully submitted by the members of the Audit Committee of the Board of Directors.

**Randall J. Larson**, *Chair*

**Brian L. Derksen**, *Vice Chair*

**Jim W. Mogg**, *Member*

**Gary D. Parker**, *Member*



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## Stock Ownership

**HOLDINGS OF MAJOR SHAREHOLDERS**

The following table sets forth the beneficial owners of 5 percent or more of our common stock known to us at December 31, 2018.

| Title of Class | Name and Address of Beneficial Owner      | Amount and Nature of Beneficial Ownership | Percent of Class    |
|----------------|---|---|---------------------|
|                | The Vanguard Group, Inc.                  |   |                     |
| Common Stock   | 100 Vanguard Blvd.<br>Malvern, PA 19355   | 45,478,915                                | 11.05% <sup>1</sup> |
|                | BlackRock, Inc.                           |   |                     |
| Common Stock   | 55 East 52nd Street<br>New York, NY 10055 | 41,353,551                                | 10.1% <sup>2</sup>  |

<sup>1</sup> Based upon an amendment to Schedule 13G filed with the Securities and Exchange Commission on February 11, 2019, in which The Vanguard Group, Inc. reported that, as of December 31, 2018, The Vanguard Group, Inc. directly and through its wholly-owned subsidiaries, Vanguard Fiduciary Trust Company and Vanguard Investments Australia, Ltd., beneficially owned in the aggregate 45,478,915 shares of our common stock. Of such shares, The Vanguard Group, Inc. reported it had sole dispositive power with respect to 44,801,505 shares, shared dispositive power with respect to 677,410 shares, sole voting power with respect to 565,550 shares, and shared voting power with respect to 197,904 shares.

<sup>2</sup> Based upon an amendment to Schedule 13G filed with the Securities and Exchange Commission on January 10, 2019, in which BlackRock, Inc. reported that, as of December 31, 2018, BlackRock, Inc. through certain of its subsidiaries, beneficially owned in the aggregate 41,353,551 shares of our common stock with respect to which BlackRock, Inc. had sole voting power with respect to 37,826,301 shares, and sole dispositive power with respect to 41,353,551 shares.



**Table of Contents****Holdings of Officers and Directors****HOLDINGS OF OFFICERS AND DIRECTORS**

The following table sets forth the number of shares of our common stock beneficially owned as of March 1, 2019, by (1) each director and nominee for director, (2) each of the executive officers named in the Summary Compensation Table for Fiscal 2018 under the caption "Executive Compensation Discussion and Analysis" in this proxy statement, and (3) all directors and executive officers as a group.

| Name of Beneficial Owner                        | Shares of ONEOK Common Stock Beneficially Owned <sup>1</sup> | ONEOK Directors Deferred Compensation Plan Phantom Stock <sup>2</sup> | Total Shares of ONEOK Common Stock Beneficially Owned Plus ONEOK Directors Deferred Compensation Plan Phantom Stock | ONEOK Percent of Class <sup>3</sup> |
|---|--|---|---|-------------------------------------|
| Kevin L. Burdick                                | 67,971   |   | 67,971  | *                                   |
| Brian L. Derksen                                | 5,100  | 11,363  | 16,463  | *                                   |
| Julie H. Edwards                                | 48,105   | 2,988   | 51,093  | *                                   |
| John W. Gibson                                  | 1,129,034  | 15,842  | 1,144,876   | *                                   |
| Mark W. Helderman                               | 768  |   | 768   |                                     |
| Walter S. Hulse III                             | 79,257   |   | 79,257  | *                                   |
| Randall J. Larson                               | 12,898   |   | 12,898  | *                                   |
| Steven J. Malcolm                               | 20,971   |   | 20,971  | *                                   |
| Robert F. Martinovich <sup>4</sup>              | 249,314  |   | 249,314   | *                                   |
| Jim W. Mogg                                     | 1,970  | 72,467  | 74,437  | *                                   |
| Patty L. Moore                                  | 3,379  | 121,672   | 125,051   | *                                   |
| Gary D. Parker <sup>5</sup>                     | 38,729   | 95,528  | 134,257   | *                                   |
| Eduardo A. Rodriguez                            | 17,036   | 7,831   | 24,867  | *                                   |
| Terry K. Spencer                                | 503,498  |   | 503,498   | *                                   |
| Sheridan C. Swords                              | 164,721  |   | 164,721   | *                                   |
| All directors and executive officers as a group | 2,462,166  | 327,691   | 2,789,857   | *                                   |

\* Less than 1 percent.



1 Includes shares of common stock held by members of the family of the director or executive officer for which the director or executive officer has sole or shared voting or investment power, shares of common stock held in our Direct Stock Purchase and Dividend Reinvestment Plan, and shares held through our 401(k) Plan.

**2019** Proxy Statement

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**Table of Contents****Section 16(A) Beneficial Ownership Reporting  
Compliance**

(footnotes continued)

The following table sets forth for the persons indicated the number of shares of our common stock that are held on the person's behalf by the trustee of our 401(k) Plan as of March 1, 2019.

| Name of Beneficial Owner                        | Stock Held by<br>401(k) Plan |
|---|------------------------------|
| Kevin L. Burdick                                |                              |
| Brian L. Derksen                                |                              |
| Julie H. Edwards                                |                              |
| John W. Gibson                                  |                              |
| Mark W. Helderman                               |                              |
| Walter S. Hulse III                             |                              |
| Randall J. Larson                               |                              |
| Steven J. Malcolm                               |                              |
| Robert F. Martinovich                           | 15,844                       |
| Jim W. Mogg                                     |                              |
| Pattye L. Moore                                 |                              |
| Gary D. Parker                                  |                              |
| Eduardo A. Rodriguez                            |                              |
| Terry K. Spencer                                | 28,470                       |
| Sheridan C. Swords                              |                              |
| All directors and executive officers as a group | 49,966                       |

2 Represents shares of phantom stock credited to a director's account under our Deferred Compensation Plan for Non-Employee Directors. Each share of phantom stock is equal to one share of our common stock. Phantom stock has no voting or other shareholder rights, except that dividend equivalents are paid on phantom stock and reinvested in additional shares of phantom stock based on the average of the high and low trading prices of our common stock on the NYSE on the date the dividend equivalent was paid. Shares of phantom stock do not give the holder beneficial ownership of any shares of our common stock because they do not give such holder the power to vote or dispose of any shares of our common stock.

3 The percent of our voting securities owned is based on our outstanding shares of common stock on March 1, 2019.

4 Excludes 11,418 shares, the receipt of which was deferred by Mr. Martinovich upon vesting in January 2011, under the deferral provisions of our ECP, which shares will be issued to Mr. Martinovich following his separation of service

from our company and in accordance with the terms of the ECP.

5 Includes 1,880 shares held by Mrs. Gary D. Parker. Mr. Parker disclaims beneficial ownership of these shares.

## **SECTION 16(A) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE**

Section 16(a) of the Exchange Act requires our directors, executive officers and beneficial owners of 10 percent or more of our common stock to file with the Securities and Exchange Commission initial reports of ownership and reports of changes in ownership of our common stock. Based solely on a review of the copies of reports

furnished to us and representations that no other reports were

required, we believe that all of our directors, executive officers, and holders of 10 percent or more of our outstanding shares during the fiscal year ended December 31, 2018, complied on a timely basis with all applicable filing requirements under Section 16(a) of the Exchange Act.

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[Discussion and Analysis](#)

**EXECUTIVE SUMMARY**

**Our Business**

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 a leading midstream service provider and own one of the nation's premier NGL systems, connecting NGL supply in the Mid-Continent, Permian and Rocky Mountain regions with key market centers. We also own and operate an extensive network of natural gas gathering, processing, storage and transportation assets. We apply our core capabilities of gathering, processing, fractionating, transporting, storing and marketing natural gas and NGLs through vertical integration across the midstream value chain to provide our customers with premium services while generating consistent and sustainable earnings growth.

**Business Highlights**

***Business Update and Market Conditions.*** We operate primarily fee-based businesses in each of our three reportable segments, and our consolidated earnings were nearly 90 percent fee-based in 2018. We are connected to natural gas and NGL supply in growing basins and have significant basin diversification, including the Williston, Permian, Powder River and Denver-Julesburg Basins and the STACK and SCOOP areas in Oklahoma. While our Natural Gas Gathering and Processing and Natural Gas Liquids segments generate primarily fee-based earnings, those segments' results of operations are exposed to volumetric risk. Our exposure to volumetric risk can result from declining well productivity, reduced drilling activity, severe weather disruptions, operational outages and ethane rejection. Commodity prices decreased in the fourth quarter 2018 and are expected to fluctuate in 2019. However, we do not expect supply volumes in our three business segments to be materially impacted.

Volumes increased across our operating regions in our Natural Gas Gathering and Processing and Natural Gas Liquids segments in 2018, compared with 2017, as a result of improved crude oil prices, producers experiencing improved drilling economics and continued improvements in production due to enhanced completion techniques. In addition, we experienced increased demand for NGL products from petrochemical and NGL export facilities in the Gulf Coast. We have spent approximately \$2 billion of our announced \$6 billion of capital-growth projects that include NGL pipelines, NGL fractionators and natural gas processing plants supported by a combination of long-term primarily fee-based contracts, volume commitments and/or acreage dedications. Our NGL projects in the Gulf Coast also allow flexibility to

construct additional NGL fractionators, storage and, potentially, new export facilities in the future. We expect these projects to meet the needs of natural gas processors and producers and the petrochemical industry that require additional midstream infrastructure to accommodate increasing supply and demand in the areas in which we operate.

For most of 2018, we benefited from favorable NGL price differentials as available pipeline and fractionation capacity in and between the Conway, Kansas, and Mont Belvieu, Texas, market centers tightened due to growing NGL supply from the Mid-Continent and Rocky Mountain regions, combined with increased petrochemical and NGL export demand in the Gulf Coast, resulting in higher earnings from our Natural Gas Liquids segment's optimization and marketing activities. In the fourth quarter 2018, these differentials narrowed resulting from seasonality of supply and demand in the Mid-Continent region, lower commodity prices and additional pipeline and fractionation capacity resulting from operational efficiencies. While we expect NGL price differentials to be volatile in 2019, we expect that they will be wider than historical norms due to additional demand in the Gulf Coast, additional NGL supply growth in the Mid-Continent region and continuing fractionation and pipeline constraints. We expect these wider NGL price differentials to continue until announced NGL pipeline and fractionation infrastructure projects, including our Arbuckle II pipeline, are completed in early 2020.

**Financial Performance.** Our 2018 consolidated operating income was approximately \$1.8 billion, compared with approximately \$1.4 billion in 2017. 2018 net income was \$1.2 billion. 2017 net income was \$594 million, which included a one-time non-cash charge to net income through income tax expense of \$141.3 million resulting from the enactment of the Tax Cuts and Jobs Act.

**Dividend Increase.** During 2018, we paid total cash dividends of \$3.245 per share, an increase of 19 percent compared with the \$2.72 per share paid during 2017. In February 2019, we paid a quarterly dividend of \$0.86 per share (\$3.44 per share on an annualized basis), a 12 percent increase compared to the quarterly dividend paid in February 2018.

### **2018 Executive Compensation Highlights**

Due to a disciplined effort to achieve our strategic, operating and financial goals, management has strengthened the company's position in the current uncertain and volatile industry climate. We believe a meaningful portion of this success is related to our incentive compensation program, which is designed to pay for performance and to closely align our executives' interests with those of our shareholders.

**Table of Contents****Executive Summary**

Our named executive officers for 2018 were Terry K. Spencer, Walter S. Hulse III, Kevin L. Burdick, Robert F. Martinovich, and Sheridan C. Swords (referred to throughout as our named executive officers).

The Committee's primary recommendations to our Board of Directors, which the Board subsequently approved, regarding 2018 compensation of our named executive officers are summarized below. These actions were taken to more competitively align the compensation levels of our named executive officers with our energy peers, including, in the case of Mr. Hulse, to account for the additional responsibilities he assumed in May 2017 in his new role of Chief Financial Officer while continuing to serve as our Executive Vice President, Strategic Planning and Corporate Affairs and, in the case of Mr. Burdick, the additional responsibilities he assumed in May 2017 in his new role as Executive Vice President and Chief Operating Officer.

Increasing Mr. Spencer's base salary by \$60,000, his long-term incentive target by \$700,000 and his short-term incentive target by 25 percent.

Making no changes to Mr. Hulse's base salary and increasing his long-term incentive target by \$500,000 and his short-term incentive target by 10 percent.

Increasing Mr. Burdick's base salary by \$75,000, his long-term incentive target by \$500,000 and his short-term incentive target by 5 percent.

Increasing Mr. Swords' base salary by \$10,000 and his long-term incentive target by \$250,000.

Making no changes to the 2018 compensation of Mr. Martinovich.

Maintaining the metrics under our short-term cash incentive plan for 2018 as two financial metrics—distributable cash flow per share and return on invested capital—and two operational metrics—TRIR and AREER.

Approving long-term equity incentive grants to our named executive officers consisting of approximately 80 percent of the award's aggregate value in performance units and 20 percent of the award's aggregate value in restricted stock units.

Certifying, based on our total shareholder return performance relative to our peers, a 200 percent of target payout to our named executive officers with respect to performance units granted in 2015 that vested in February 2018. This level of payout resulted because our relative total shareholder return was in excess of the 90<sup>th</sup> percentile of the total shareholder return of the specified peer group of energy companies.

Ratifying in February 2019 the company's level of achievement with respect to the financial and operating goals under our 2018 short-term incentive plan resulting in a corporate performance payout factor of 172.7 percent of target for our named executive officers.

**Specific Compensation Program Features**

Our compensation philosophy and related governance features are complemented by several specific elements that are designed to align our executive compensation with long-term shareholder interests.

The components of our executive compensation program have remained substantially the same for several years. We believe our program is designed effectively, well aligned with the interests of our shareholders, strongly performance-based and instrumental to achieving our business goals.

The main objectives of our compensation program are to pay for performance, to align our executive officers interests with those of our shareholders and to attract and retain qualified executives.

All compensation decisions regarding our named executive officers are made by the Committee and are then submitted to the full Board of Directors for ratification.

The Committee is composed solely of persons who qualify as independent directors under the listing standards of the NYSE.

We provide the following primary elements of compensation for our executive officers, including the named executive officers: base salary, annual short-term cash incentive awards and long-term equity incentive awards.

The Committee references the median level of the market when determining all elements of compensation, including when considering the possibility of above-market short-term incentive and long-term incentive payments for executive and company performance that exceeds our expectations.

We implement our pay-for-performance philosophy with a short-term incentive program providing for cash payments based on achievement of financial and operational goals established annually by the Committee and long-term, performance-based equity incentive awards providing for vesting levels based on our total shareholder return over the vesting period as compared to the total shareholder return of a specified peer group of energy companies.

We encourage alignment of our named executive officers interests with those of our shareholders through the award of long-term incentive equity grants, of which approximately 80 percent are performance-vesting stock units and 20 percent are time-vesting restricted stock units.

Our executive officers, including the named executive officers, receive no significant recurring perquisites or other personal benefits.

We have market competitive stock ownership guidelines for our executive officers, including the named executive officers, and members of our Board of Directors.

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**Executive Compensation Philosophy**

We have adopted clawback provisions permitting the Committee to use appropriate discretion to seek recoupment of grants of restricted and performance units (including any shares earned and the proceeds from any sale of such shares) and short-term cash incentive awards paid to employees in the event of any fraud, negligence or intentional misconduct by such employees that is determined to be a contributing factor to our having to restate all or a portion of our financial statements.

Our Board of Directors has adopted a policy prohibiting officers, members of our Board of Directors and certain employees designated as insiders under our Securities/Insider Trading Policy from engaging in short sales, derivative or speculative transactions in our securities, or purchasing or using, directly or indirectly through family members or other persons or entities, financial instruments (including puts or calls, prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of our securities. For the purposes of this policy, our securities refers to the common stock, preferred stock and debt issued by us or our respective divisions and subsidiaries, as well as derivative securities that relate to or derive their value from our common stock, whether received as compensation or otherwise held. This policy was adopted as a sound governance practice, and we are not aware of any non-compliance of this policy by any of our officers, directors or employees designated as insiders.

Our Board of Directors has adopted a policy prohibiting officers and directors from holding our securities in a margin account or pledging our securities as collateral for a loan. An exception to this prohibition may be granted by the Chief Executive Officer if an officer or director wishes to pledge shares of our stock as collateral for a loan (but not including a margin account), the officer or director clearly demonstrates the financial capacity to repay the loan without resorting to the pledged securities, and the terms of the loan prohibit the sale of any of our stock held as collateral when the officer or director is not permitted to trade in our stock. We are not aware of any officer or member of our Board of Directors who has pledged any of his or her shares of our common stock.

The Committee engages an independent executive compensation consultant which the Committee has determined to be independent under the Securities and Exchange Commission rules and NYSE listing standards to provide advice and expertise on the design and implementation of our executive and director compensation programs. The Committee will continue to monitor executive compensation trends and developments to ensure that we provide the appropriate types and levels of incentives in order to remain competitively positioned to attract and retain the executive talent necessary to achieve our strategic, financial and operational goals.

**Specific Corporate Governance Features Related to Compensation**

We seek to maintain good governance standards, including standards applicable to the oversight of our executive compensation policies and practices. The following policies and practices were in effect during 2018.

The Committee is composed solely of independent directors.

The Committee's independent executive compensation consultant, Meridian Compensation Partners, is retained directly by the Committee and performs no other services for the company.

The Committee regularly meets in executive session without management as well as with and without the representatives of Meridian Compensation Partners.

The Committee conducts an annual review and approval of our compensation program to ensure that the risks arising from the program are not reasonably likely to have a material adverse effect on our company.



## **EXECUTIVE COMPENSATION PHILOSOPHY**

Our executive compensation philosophy is based on the following core elements: paying for performance and providing a competitive compensation package to attract and retain qualified executives while ensuring our compensation program does not provide incentives for excessive risk taking.

### **Pay-for-Performance**

We structure our compensation program to align the interests of our named executive officers with the interests of our shareholders. We believe a named executive officer's compensation should be tied directly to the achievement of our strategic, financial and operating goals, all of which are designed to deliver value to our shareholders. Therefore, a significant part of each named executive officer's pay is at-risk, in the form of an annual, short-term, cash incentive award and long-term, equity-based incentive awards. The amount of the annual short-term incentive award paid depends on our company's performance measured against financial and operating objectives, as well as the named executive officer meeting key leadership and development standards. The portion of our named executive officers' compensation in the form of equity awards ties their compensation directly to creating shareholder value over the long-term. We believe this combination of annual short-term incentive awards and long-term equity awards aligns the incentives of our named executive officers with our shareholders.

### **Competitive Pay**

We believe a competitive compensation program is an important tool to help us attract and retain talented executives capable of leading our company in the competitive business environment in which

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we operate. We seek to establish total compensation opportunities for our named executive officers that are within a competitive range of the median of compensation opportunities awarded at our peer companies as further discussed below. Eventual earned compensation from these opportunities can vary based on the company and individual performance as well as our stock price performance. In certain circumstances, we may target pay above or below the competitive median. For example, to recognize an individual's unique qualifications or performance, we may choose to set their expected pay level above the median. However, if the executive is new to the role, we may set his or her expected pay below the median level.

Our compensation program is designed with the following principles in mind:

pay our executives equitably and fairly relative to one another and industry peers based on their responsibilities, the capabilities and experience they possess, the performance they demonstrate and market conditions;

motivate our executives to perform with the highest integrity for the benefit of our shareholders;

motivate our executives to conduct our business and manage our assets in a safe and environmentally responsible manner;

promote a non-discriminatory work environment that enables us to benefit from the diversity of thought that comes with a diverse and inclusive workforce; and

continue our focus on sound governance practices by implementing executive compensation best practices and policies.

**Risk Assessment**

The Committee believes our compensation program does not provide incentives for excessive risk-taking, and therefore does not produce risks that are reasonably likely to have a material adverse effect on the company for the following reasons:

**Broad-based Compensation Program.** The primary components of our compensation program, including short-term incentive criteria, are the same for all officers and employees across all of our business units;

**Fixed Pay Component.** The base salary component of compensation is market-based and does not encourage risk-taking because it is a fixed amount; and

**Prudent Risk Management.** Our current short- and long-term incentive plan awards have the following risk-limiting characteristics:

under our short-term incentive plan, awards to officers are subject to fixed maximums established by the Committee; provided that, our Chief Executive Officer may recommend to the Committee adjustments to the individual performance multiplier in excess of 125 percent in certain limited cases of exceptional performance; awards are made based on the review and approval by the Committee considering a variety of indicators of performance (rather than a single indicator of performance);

short- and long-term incentive awards are not tied to formulas that could focus executives on specific

short-term outcomes;  
the Committee approves the final short- and long-term incentive plan award payouts after the review and confirmation of individual executive, operating and financial performance;  
short-term cash and long-term equity incentive awards are subject to clawback provisions;  
for executive officers, a significant portion of incentive award value is granted in the form of restricted and performance units that vest over multiple years, which aligns the interests of executive officers to long-term shareholder interests; and  
executive officers are subject to share-ownership guidelines.

## **EXECUTIVE COMPENSATION METHODOLOGY**

### **The Executive Compensation Committee**

The Committee has the responsibility for reviewing, approving and recommending our executive compensation program to the full Board of Directors for approval. The Committee is composed entirely of individuals who qualify as independent directors under the listing standards of the NYSE. The role of the Committee is to oversee our compensation and benefit plans and policies, direct the administration of these plans and review and approve annually all compensation decisions relating to our executive officers, including compensation decisions for our named executive officers.

The Committee's practice is to review our executive officer compensation program and make specific decisions in February of each year, including review and approval of base salaries; review and approval of the achievement of short-term cash incentive goals for the prior year; review and approval of short-term cash incentive program thresholds, targets and maximums for the upcoming fiscal year; review and approval of the level of vesting of long-term incentive grants, which were eligible to vest during the year; and review and approval of new long-term incentive grants. This review coincides with our Board of Directors' review of our financial and operating results for the most recently completed year and allows the Committee to consider those results, as well as our financial and operating plan for the upcoming year, as it makes compensation decisions. The Committee submits its decisions regarding compensation of our Chief Executive Officer, our other named executive officers and our non-management directors to the Board of Directors for approval.

The Committee recognizes the importance of maintaining sound basic principles for the development and administration of our

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**Executive Compensation Methodology**

compensation and benefit programs. The Committee has adopted practices to enhance the Committee's ability to carry out effectively its responsibilities, as well as to ensure we maintain strong links between executive pay and performance. Examples of practices the Committee has adopted include:

- holding executive sessions without company management present at every in-person meeting of the Committee;
- reviewing total compensation tally sheets for the named executive officers on an annual basis;
- engaging an independent executive compensation consultant to advise the Committee on executive compensation issues;
- meeting with the independent executive compensation consultant in executive session without management present at each regularly scheduled in-person meeting of the Committee to discuss our compensation program and actions on a confidential basis;
- evaluating the performance of the Committee each year; and
- assessing the performance of the Committee's independent executive compensation consultant each year.

Following our 2018 annual meeting of shareholders, the Committee took into account the 96.9 percent affirmative vote of our shareholders who voted on our executive compensation at our 2018 annual meeting of shareholders and determined to continue to apply the same principles the Committee has used historically in determining the nature and amount of executive compensation.

**The Role of Executive Management in the Executive Compensation Process**

Each year, our executive management presents our annual strategic and financial plan to our Board of Directors for approval. The presentation includes a review of the expected financial and operating performance of each of our business segments, the expected financial performance of the company on a consolidated basis and the capital expenditure plan, as well as a consolidated five-year strategic and financial outlook. The criteria and targets for our annual short-term cash incentive awards are recommended by executive management to the Committee based on our Board-approved strategic and financial plan. Upon the completion of each fiscal year, and following finalization of the year's financial and operating results, executive management reviews our actual performance relative to the short-term incentive plan criteria and targets established by the Committee for the performance year in order to determine the short-term cash incentive award recommendations to be presented to the Committee for each named executive officer.

In making individual compensation decisions, the Committee reviews the recommendations from the Chief Executive Officer with respect to all named executive officers other than himself. The Committee reviews and discusses these recommendations in executive session and reaches its own decision with respect to the

compensation of the named executive officers, including the Chief Executive Officer. In turn, the Committee presents its compensation decisions with respect to the Chief Executive Officer and the other named executive officers to our full Board of Directors for approval.

The executive compensation group in our human resources department supports both the Committee and executive management in establishing management's recommendations regarding annual performance metrics and targets and providing periodic analyses and reports regarding our executive compensation program.

## **The Role of the Independent Executive Compensation Consultant**

The Committee has the authority under its charter to engage the services of outside advisors, experts and others to assist the Committee in the performance of its duties. During 2018, the Committee continued the engagement of Meridian Compensation Partners to serve as the Committee's independent executive compensation consultant on matters related to executive and director compensation. The independent executive compensation consultant reports directly to the Committee and provides no other services to us.

The Committee annually reviews and establishes the scope of the engagement of the Committee's executive compensation consultant, which is reflected in an annual engagement letter between the consultant and the Committee. During 2018, the scope of the assignment and the material instructions regarding the services of the executive compensation consultant were to:

- provide input to the Committee's decision making with respect to executive compensation matters in light of the company's business strategy, pay philosophy, prevailing market practices, shareholder interests and relevant regulatory mandates;
- provide advice on our executive pay philosophy;
- provide advice on the composition of our compensation peer group for competitive benchmarking;
- provide comprehensive competitive market studies as background against which the Committee can consider the company's Chief Executive Officer and senior management base salaries, annual bonus opportunities, long-term incentive awards, benefits, perquisites and severance protections;
- provide competitive annual salary adjustment budgets as reported in the competitive marketplace;
- provide incentive plan design advice for both annual and various long-term incentive vehicles and other compensation and benefit programs that meet company objectives;
- advise the Committee regarding the design of our Equity Incentive Plan, including share pool modeling, shareholder voting analysis and proxy statement disclosure;
- apprise the Committee about emerging best practices and changes in the regulatory and corporate governance environment;

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**Executive Compensation Methodology**

provide consulting and competitive market data on director compensation matters;  
conduct periodic meetings with our management as required from time to time to discuss executive compensation issues and prepare for Committee meetings;  
assist with preparation of the proxy statement Compensation Discussion and Analysis ;  
assist with developing tally sheets for our Chief Executive Officer and other senior officers; and  
periodically review the Committee s charter.

In addition, the engagement letter provides for the consultant to be available to assist the Committee with respect to other executive compensation matters that may arise throughout the year.

The executive compensation consultant attended each regularly scheduled in-person meeting of the Committee in 2018. During a portion of each regular, in-person meeting, the executive compensation consultant met with the Committee in executive session without members of management present. The executive compensation consultant also communicated with members of the Committee outside of the Committee s meetings as desired by the Committee members. The executive compensation consultant reviewed briefing materials, including those with respect to individual compensation matters prepared by management for the Committee, reviewed recommendations and proposals being submitted to the Committee and provided perspective, advice and recommendations to the Committee regarding the recommendations of management. The executive compensation consultant also gathered and provided competitive market data and other background information for consideration by the Committee.

It is the Committee s view that its executive compensation consultant should be able to render candid and direct advice independent of management s influence and numerous steps have been taken to satisfy this objective. The executive compensation consultant is engaged by and reports directly to the Committee on matters related to compensation. As noted above, representatives of the executive compensation consultant meet separately with the Committee members outside the presence of management at each regular, in-person meeting and also speak separately with the Committee chair and vice chair and other Committee members between meetings, as necessary or desired. The executive compensation consultant interacts from time to time directly with our Executive Vice President and Chief Administrative Officer, Vice President Human Resources and our Vice President, Associate General Counsel and Secretary as necessary to support the work of the executive compensation consultant on behalf of the Committee. These interactions are limited to those that are on the Committee s behalf or related to matters that will be presented to the Committee for review and approval.

At least annually, the Committee conducts a review of the executive compensation consultant s performance and independence. This review includes an evaluation of the services that the executive compensation consultant has provided to the Committee, the related fees and the procedures implemented by the executive compensation consultant with respect to maintaining its independence. During 2018, Meridian Compensation Partners did not advise us or deliver any services other than the referenced compensation consulting services provided to the Committee. We paid fees to Meridian Compensation Partners of \$236,584 for services to the Committee in 2018.

In February 2018, the Committee considered the independence of Meridian Compensation Partners in light of Securities and Exchange Commission rules and NYSE listing standards regarding the independence of consultants to compensation committees. The Committee requested and received a letter from Meridian Compensation Partners addressing the consulting firm s independence, including the following factors: (1) other services provided to us by the consultant; (2) fees paid by us as a percentage of the consulting firm s total revenue; (3) policies or procedures

maintained by the consulting firm that are designed to prevent a conflict of interest; (4) any business or personal relationships between the individual consultants involved in the engagement and any member of the Committee; (5) any company stock owned by the individual consultants involved in the engagement; and (6) any business or personal relationships between our executive officers and the consulting firm or the individual consultants involved in the engagement. The Committee discussed these considerations and concluded that the work of the consultant did not raise any conflict of interest and that the consultant was independent of the Committee and our company.

### **Competitive Assessment**

For 2018 compensation decisions, the Committee asked Meridian Compensation Partners to assist it with the annual competitive assessment of our executive compensation program. The Committee reviewed independent executive compensation data compiled by Meridian Compensation Partners to assess competitive executive compensation levels for our executive officers.

The Committee considers a number of factors in structuring our compensation program and making compensation decisions, including the compensation practices of selected peer companies in the energy industry, which we refer to as our Energy Peers. The Committee's independent consultant annually reviews the peer group with the Committee to assess its continued appropriateness and applicability to our company. The 2018 Energy Peers were recommended by Meridian Compensation Partners and manage-

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ment, and were selected because they have significant lines of business in the energy industry that are similar to our businesses and because the size of their operations (e.g., enterprise value, market value, and earnings before interest, taxes, depreciation and amortization) and the skills and experience required of their senior management to effectively operate their businesses are also similar to our businesses.

The Committee made certain changes to our 2018 Energy Peers to focus the group on companies operating solely or primarily in the midstream energy business while maintaining the reasonable consistency and statistical validity of the competitive compensation assessment. Two companies were removed because they had been acquired. In addition, three other companies were removed from the peer group, and three new companies were added. The compensation paid by the removed and added companies did not skew the peer group analysis up or down as their benchmark compensation spanned all ranges among the peer group. The Committee believes that reference to the Energy Peers is appropriate when reviewing our compensation program because we compete with these companies for executive talent.

Our Energy Peers for 2018 were:

Boardwalk Pipeline Partners, L.P.

Magellan Midstream Partners, L.P.

Buckeye Partners, L.P.

NuStar Energy L.P.

Cheniere Energy, Inc.

Targa Resources Corp.

Energy Transfer Partners, L.P.

TransCanada Corporation

EnLink Midstream Partners, LP

The Williams Companies, Inc.

Enterprise Product Partners L.P.

EQT Corporation

The Committee attempts to set the compensation opportunities of our executive officers at levels that are competitive with those of the Energy Peers and uses market comparison data from each company's proxy statement regarding these



companies as a guide. The Committee reviews the median salary, annual short-term cash target incentive and long-term target equity compensation (and the total of these elements) of persons holding the same or similar positions as our named executive officers at the Energy Peers, based on the most recent market data available. The Committee then generally seeks to set the compensation of our named executive officers for each of these elements within a competitive range of the Energy Peers median level for such element, assuming payout of performance-based compensation at target.

The use of market comparison data, however, is just one of the tools the Committee uses to determine executive compensation, and the Committee retains the flexibility to set target compensation opportunities at levels it deems appropriate for an individual or for a specific element of compensation. An executive's actual compensation may

vary from the target amount set by the Committee based on individual and the company performance, as well as changes in our stock price.

To assess the relative competitiveness of compensation for each named executive officer, the Committee's established practice is to review the Energy Peers base salary, short-term incentives, long-term incentives and total target compensation opportunities for the 25<sup>th</sup>, 50<sup>th</sup> and 75<sup>th</sup> percentiles. 2018 base salary and annual short-term incentive and long-term incentive target amounts established by the Committee for the named executive officers were between the 25<sup>th</sup> and 75<sup>th</sup> percentiles, and therefore the Committee determined that 2018 compensation levels fell within the Committee's established parameters.

### **Tally Sheets**

To better understand the total executive compensation package, and provide further perspective when making pay decisions, the Committee reviewed compensation tally sheets with respect to our named executive officers. Each of these tally sheets presented the dollar amount of each component of the named executive officer's compensation, including current cash compensation (base salary and any annual short-term cash incentive payment), accumulated deferred compensation balances, outstanding long-term equity awards, retirement benefits, incidental or one-time perquisites and any other compensation. These tally sheets also reflected potential payments under certain termination of employment and change-in-control scenarios.

### **Compensation Mix and At-Risk Pay**

In determining the overall mix of 2018 compensation for our named executive officers, the Committee considered the competitive market data assembled by its executive compensation consultant in order to assess an appropriate allocation between cash and non-cash compensation.

A significant portion of total executive compensation is variable and at-risk based on both the annual and long-term performance of our company, which aligns the interests of our executives with the interests of our shareholders. In 2018, consistent with our pay-for-performance philosophy, we granted to our named executive officers performance-vesting stock units (having a value equal to approximately 80 percent of the aggregate equity grant value) and time-vesting restricted stock units (having a value equal to approximately 20 percent of the aggregate equity grant value). In addition, the payment of long-term incentive compensation in the form of our common stock helps to align the interests of our executive officers with the interests of our shareholders and assists our executives in establishing a meaningful ownership position in our company and in meeting our share-ownership guidelines.



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**Components of Compensation**

**Personal Performance**

Executive compensation decisions include an assessment of individual performance, including the named executive officer's contribution to our overall performance for the applicable performance period. Individual performance criteria include:

- business results achieved;
- problem analysis;
- directing business activities;
- utilization of human, capital and material resources;
- initiation of and response to change;
- leadership, planning and organizational abilities;
- decision making;
- time management;
- communication and employee relations;
- safety and environmental performance;
- regulatory compliance; and
- customer satisfaction.

The Committee, in consultation with our Corporate Governance Committee, completes an individual performance assessment of the Chief Executive Officer each year. This performance assessment is summarized and presented to the Chief Executive Officer for discussion and is reviewed by the Committee in executive session when evaluating the compensation of the Chief Executive Officer. The other named executive officers are also evaluated each year through our performance appraisal process by the Chief Executive Officer. These performance assessments are considered each year in connection with the overall compensation review process for our executives.

There are no differences in the Committee's compensation policies and practices for determining the compensation awarded to the Chief Executive Officer and the other named executive officers other than as described in the paragraph above. Differences in levels of compensation are attributable to differences in roles and responsibilities, individual performance and the Committee's practice of setting pay levels to reflect competitive market conditions on a position by position basis.

**COMPONENTS OF COMPENSATION**

**Total Compensation**

The Committee strives to provide a comprehensive executive compensation program that is competitive and meaningfully performance-based. To that end, a majority of our executive compensation is tied directly to our operating and financial performance. In structuring executive compensation, the Committee considers long- and short-term financial performance, shareholder return, business unit performance, safety, environmental and regulatory compliance, the previously referenced individual performance criteria, retention considerations and market data.

We believe our executive compensation program must also be internally consistent and equitable in order for the company to achieve its corporate objectives. In setting the elements and amounts of compensation, the Committee generally does not consider amounts of compensation realizable from prior years' compensation. However, when making grants of long-term, equity-based incentive grants each year, the Committee considers, among other factors it deems relevant, the size of grants of long-term, equity-based compensation made in prior years.

### **Annual Cash Compensation**

As in prior years, annual cash compensation in 2018 for the named executive officers consists of two components: base salary and a variable, at-risk, annual short-term cash incentive award that is earned based on both the company's financial and operating performance and the executive officer's individual performance.

**Base Salary.** Annual base salary is designed to compensate executives for their level of responsibility, experience, tenure, sustained individual performance and contribution to our company. Salaries are reviewed annually. While the Committee considers our overall financial performance in establishing levels of executive compensation each year, there are no specific, objective financial results that are quantified by the Committee in establishing or changing the base salaries of our named executive officers.

**Annual Short-Term Cash Incentive Awards.** Variable, at-risk, annual short-term cash incentive awards are made under our Annual Officer Incentive Plan and are designed to communicate collective annual corporate goals, to provide our named executive officers with a direct financial interest in our performance and profitability and to reward performance. The 2018 performance goals established under the Annual Officer Incentive Plan and the company's performance relative to such goals are described under 2018 Annual Short-Term Incentive Awards.

### **Long-Term Equity Incentive Awards**

Historically, annual grants of long-term equity incentive awards were made under our Long-Term Incentive Plan ( LTI Plan ) and our Equity Compensation Plan ( ECP ). At the 2018 annual meeting, our shareholders approved the ONEOK, Inc. Equity Incentive Plan ( 2018 EIP ). The 2018 EIP replaced the ECP, LTI Plan, and the ONEOK, Inc. Stock Compensation Plan for Non-Employee Directors (collectively, the Prior Plans ). The Prior Plans were terminated prior to or immediately following shareholder approval of the 2018 EIP in May 2018, provided, however, that outstanding awards under the Prior Plans will remain in full force and effect and all shares issuable upon vesting of such awards will be issued from the Prior Plans in accordance with the terms of such awards and the terms of the Prior Plans. Since the effective date of the 2018 EIP in May 2018, no new awards have been granted under the Prior Plans. The ECP was used for the 2018 equity awards granted February 21, 2018.

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Since 2004, grants of equity-based compensation have consisted of restricted stock units and performance units. These annual grants are designed to provide a meaningful incentive to enhance long-term shareholder value. A higher ratio of performance units to restricted stock units is granted to higher-level officers and those with more direct ability to impact the performance of the company.

**Retirement Benefits**

We have a defined contribution 401(k) retirement plan covering our employees, including our named executive officers, and we match contributions of our employees under this plan up to six percent of eligible compensation. The 401(k) Plan includes a profit sharing feature for employees hired after December 31, 2004 and employees hired before that date who made a one-time election to participate in our former Profit Sharing Plan. Messrs. Hulse, Martinovich and Burdick each received a profit sharing contribution each calendar quarter during 2018 to our former Profit Sharing Plan, which was merged into our 401(k) Plan effective January 1, 2019, equal to one percent of eligible compensation for that quarter and an additional, discretionary contribution at year end equal to five percent of eligible 2018 compensation. We also maintain a defined benefit pension plan covering Messrs. Spencer and Swords and certain other employees hired prior to January 1, 2005, which provides a monthly retirement benefit based on the participant's final average earnings and years of service.

In addition, we maintain a Supplemental Executive Retirement Plan for the benefit of certain officers. Of our named executive officers, only Messrs. Spencer and Swords are participants in the Supplemental Executive Retirement Plan. No new participants in our Supplemental Executive Retirement Plan have been approved since 2005 and the plan was closed to new participants in 2013. Additional details regarding our defined benefit pension plan and Supplemental Executive Retirement Plan are provided under Pension Benefits.

We also sponsor employee health and welfare plans that provide post-retirement medical and life insurance benefits to full-time employees (including our named executive officers) hired prior to January 1, 2017. The pre-Medicare post-retirement plans are contributory, with retiree contributions adjusted periodically, and contain other cost-sharing features such as deductibles and co-insurance. The retiree medical plan for Medicare-eligible retirees is an account-based plan pursuant to which certain employee groups are eligible for company contributions that can be applied toward the purchase of Medicare supplement policies through a private exchange.

**Nonqualified Deferred Compensation Plan**

Our Nonqualified Deferred Compensation Plan (NQDC Plan) is available to a select group of management and highly compensated employees, including our named executive officers. The NQDC Plan

permits participants to defer receipt of a portion of their compensation to be earned during the following year until a later date permitted under the NQDC Plan and provides notional employer contributions to compensate participants who are subject to certain limits established by the Internal Revenue Code of 1986, as amended (the Tax Code), with respect to their qualified plan benefits. Because these arrangements are, by their nature, tied to cash compensation and qualified plan benefits, they are not considered by the Committee when establishing salary and short-term and long-term incentive measures and amounts. Historically, officers also were eligible to defer the receipt of their performance unit awards granted under our ECP.

## Perquisites and Other Benefits

The company provides only minimal perquisites to the named executive officers, which are not taken into account by the Committee when establishing salary and short- and long-term incentive compensation.

## 2018 COMPENSATION DECISIONS

For each of our named executive officers, 2018 base salary and short- and long-term incentive targets were determined following consideration of the business and economic environment, market data for the Energy Peers compiled and furnished by the executive compensation consultant to the Committee, internal equity considerations and a subjective determination of the officer's individual performance using the performance criteria referenced above. The Committee does not use objective targets when evaluating performance with respect to those individual performance criteria, and does not have a specific weighting for any of the individual performance factors. The final determination is based upon all of the individual performance criteria, considered in the aggregate and in light of the surrounding circumstances, but such determination and the assessment of each individual factor is entirely subjective. The Committee includes and reviews those subjective factors to ensure that it undertakes a comprehensive review of individual performance when setting compensation.

In 2018, the Committee's primary recommendations to our Board of Directors, which the Board subsequently approved, regarding the 2018 compensation of our named executive officers are summarized below. These actions were taken to more competitively align the compensation levels of our named executive officers with our energy peers, including, in the case of Mr. Hulse, to account for the additional responsibilities he assumed in May 2017 in his new role of Chief Financial Officer while continuing to serve as our Executive Vice President, Strategic Planning and Corporate Affairs and, in the case of Mr. Burdick, the additional responsibilities he assumed in May 2017 in his new role as Executive Vice President and Chief Operating Officer.

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## 2018 Annual Short-Term Incentive Awards

Increasing Mr. Spencer's base salary by \$60,000, his long-term incentive target by \$700,000 and his short-term incentive target by 25 percent.

Making no changes to Mr. Hulse's base salary and increasing his long-term incentive target by \$500,000 and his short-term incentive target by 10 percent.

Increasing Mr. Burdick's base salary by \$75,000, his long-term incentive target by \$500,000 and his short-term incentive target by 5 percent.

Increasing Mr. Swords' base salary by \$10,000 and his long-term incentive target by \$250,000.

Making no changes to the 2018 compensation of Mr. Martinovich.

### 2018 ANNUAL SHORT-TERM INCENTIVE AWARDS

The purpose of our Annual Officer Incentive Plan is to align the named executive officers' interests with shareholders interests by providing them with a financial incentive tied directly to key measures of our financial and operational performance. The 2018 annual short-term cash incentive plan measures and weighting were developed and recommended to the Committee by executive management, were reviewed and approved by the Committee, and were approved by our Board of Directors in February 2018.

#### Financial Measures

The 2018 Annual Officer Incentive Plan included the measurement of financial results that take into account the impact of anticipated market conditions (commodity prices, natural gas liquids price differentials and natural gas and natural gas liquids volumes). The financial measures included in the 2018 Annual Officer Incentive Plan were:

***Distributable cash flow (DCF) per share which measures the quantity of our cash flow.*** DCF per share is defined as Adjusted EBITDA (as defined below) less interest expense, budgeted maintenance capital expenditures and equity earnings from investments, adjusted for cash distributions received from unconsolidated affiliates and certain other non-cash items, divided by the weighted-average number of shares of common stock outstanding at the end of the fiscal year. Adjusted EBITDA is defined as net income adjusted for interest expense, depreciation and amortization, noncash impairment charges, income taxes, noncash compensation expense, allowance for equity funds used during construction and other noncash items. DCF per share measures the amount of cash we generate that is available to pay out in the form of dividends to our shareholders.

***Return on invested capital (ROIC) which measures the quality and efficiency of our earnings and capital investments.*** ROIC is earnings before interest and taxes (EBIT), divided by invested capital, where invested capital is the daily average for the fiscal year of short-term debt, less cash, long-term debt and equity, excluding accumulated other comprehensive income. ROIC is a critical indicator of how effectively we use our capital invested in our operations and is an important measurement for judging how much value we are creating for our shareholders.

DCF per share, Adjusted EBITDA and EBIT exclude the cumulative effects of accounting changes.

#### Operational Measures

The operational measures included in the 2018 Annual Officer Incentive Plan were:

**Total Recordable Incident Rate (TRIR).** TRIR is the number of Occupational Safety and Health Administration incidents per 200,000 work-hours. The inclusion of this metric is designed to emphasize our commitment to the safe operation of our business and to reward safe behavior throughout our company. The 2018 target for TRIR represented a 25.6 percent improvement over the previous year's actual results.

**Agency Reportable Environmental Event Rate (AREER).** AREER is defined as the total number of releases and excess emission events that trigger a federal, state or local environmental reporting requirement (with some exceptions to account for events outside our control, planned maintenance and disparities in reporting requirements across our operations) per 200,000 work-hours. The 2018 AREER target represented a 9.8 percent improvement compared with the previous year's actual results.

### **Goal Setting**

The Committee also approved a threshold, target and maximum level for each financial and operational measure. These levels were based on the expectation that there was: a high likelihood the threshold will be achieved; a reasonable likelihood the target will be achieved; and a low likelihood the maximum will be achieved.

Based upon the company's performance against these measures, targeted annual short-term cash incentive awards for 2018 company performance could range from zero to a maximum of 200 percent of target. In determining the actual annual short-term incentive award to be paid to each named executive officer, assuming the company's performance measures are met, the award is adjusted based on individual performance, which is measured based on the individual's contributions to achieving our corporate goals. As in past years, tying the annual short-term cash incentive award to individual performance raises the level of personal accountability for each named executive officer.



**Table of Contents****2018 Annual Short-Term  
Incentive Awards**

The 2018 metrics and targets are summarized as follows:

| <b>ONEOK, Inc.<br/>Corporate</b>                         | <b>Threshold</b> | <b>Target</b>      | <b>Maximum</b>     |                  | <b>Target</b> | <b>Maximum</b> |
|--|------------------|--------------------|--------------------|------------------|---------------|----------------|
| <b>Criteria 2018 Fiscal<br/>Year</b>                     | <b>(Pays 0%)</b> | <b>(Pays 100%)</b> | <b>(Pays 200%)</b> | <b>Weighting</b> | <b>Payout</b> | <b>Payout</b>  |
| Distributable Cash<br>Flow Per Share                     | \$3.75           | \$4.17             | \$4.60             | 40%              | 40%           | 80%            |
| Return On Invested<br>Capital                            | 10.91%           | 12.04%             | 13.17%             | 40%              | 40%           | 80%            |
| Total Recordable<br>Incident Rate (TRIR)                 | 0.70             | 0.58               | 0.46               | 10%              | 10%           | 20%            |
| Agency Reportable<br>Environmental Event<br>Rate (AREER) | 1.33             | 1.11               | 0.89               | 10%              | 10%           | 20%            |
|  |                  |                    |                    | <b>Total</b>     | <b>100%</b>   | <b>200%</b>    |

For each performance measure in the table above, no incentive amount would be paid for that measure if the company's actual result was lower than the threshold level. If our actual result was between the stated performance levels, the percentage payable was interpolated between the stated payout percentages. Maximum corporate payout percentages were set for each performance level. The cumulative maximum corporate payout percentage was 200 percent of target for 2018.

In addition to taking into account the established corporate criteria, annual short-term cash incentive awards to the named executive officers are subject to further adjustment through the application of an individual performance multiplier ranging from zero to 125 percent (a greater percentage may be applied if approved by our Chief Executive Officer). The individual performance multiplier is set by the Committee annually, taking into consideration management's recommendation regarding individual performance and contribution.

## 2018 Results

The following table sets forth the 2018 target and maximum award opportunity for each of the named executive officers expressed as a percentage of his base salary.

| Name                  | 2018                                   |   |
|-----------------------|--|---|
|                       | Target Award as Percentage of Base Pay | Maximum Award as a Percentage of Base Pay |
| Terry K. Spencer      | 125%                                   | 312.5%                                    |
| Walter S. Hulse III   | 80%                                    | 200.0%                                    |
| Kevin L. Burdick      | 75%                                    | 187.5%                                    |
| Robert F. Martinovich | 70%                                    | 175.0%                                    |
| Sheridan C. Swords    | 65%                                    | 162.5%                                    |

At the regular meeting of the Committee held in February 2019, the Committee determined that payouts under the 2018 Annual Officer Incentive Plan would be based on a 172.7 percent corporate multi-

plier. This determination was made following the calculation of the year-end results of the company's achievement with respect to the four objective performance criteria referenced above. The percentage multiplier was calculated based on a sum of the following determinations:

the 2018 DCF per share was \$4.50 which was greater than the target but less than the maximum. As a result, the weighted average percentage of 70.7 percent was earned toward the overall corporate multiplier;  
the 2018 ROIC was 13.15 percent, which was greater than target but less than the maximum. As a result, the weighted average percentage of 79.3 percent was earned toward the overall corporate multiplier;  
the 2018 TRIR performance was 0.58, which equaled the target. As a result, the weighted average percentage of 10.0 percent was earned toward the overall corporate multiplier; and  
the 2018 AREER was 1.05, which was better than the target but less than the maximum. As a result, the weighted average percentage of 12.7 percent was earned toward the overall corporate multiplier.

These performance measure percentages were added together to arrive at the 172.7 percent corporate multiplier.

Our 2018 safety and environmental results improved over 2017, and we met or exceeded 2018's challenging targets, which were based on our historical performance. The 2018 TRIR result was a 25.6 percent reduction from 2017 results and represents the best annual result since the TRIR measure was first included in our 2009 short-term incentive plan. The 2018 AREER result was a 14.6 percent reduction from 2017 and represents the best annual result since the AREER measure was first included in our 2014 short-term incentive plan. The continued safe, reliable and environmentally sustainable operation of our network of integrated natural gas and natural gas liquids assets is essential to our business success.

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**Table of Contents****2018 Long-Term Incentive  
Awards**

To determine the short-term awards payable to each of our named executive officers with respect to 2018, the company's 172.7 percent multiplier was multiplied by the named executive officer's base salary, times his target short-term incentive percentage as set forth in the table above, and times his individual performance multiplier as described above. The annual calculation for our named executive officers may be summarized as follows:

The Committee did not exercise its discretion to adjust the amount of the 2018 corporate multiplier for extraordinary circumstances.

The Non-Equity Incentive Plan Compensation column of the Summary Compensation Table for Fiscal 2018 on page 58 contains the annual short-term incentive awards under the Annual Officer Incentive Plan earned by each of the named executive officers for 2018 and paid in 2019.

**2018 LONG-TERM INCENTIVE AWARDS****Overview**

Various types of long-term equity incentives were granted under the LTI plan and the ECP through February 21, 2018, including restricted stock units and performance units. We have not granted stock options since 2007, and no options are held by our named executive officers. Participation in the LTI Plan and the ECP was limited to those officers and employees who were in a position to contribute significantly to our long-term growth and profitability, which is also the case for the 2018 EIP. The 2018 EIP replaced the Prior Plans upon the approval of shareholders at our May 2018 annual meeting. Accordingly, no new awards were granted under the Prior Plans after February 23, 2018, provided, however, that outstanding awards under the Prior Plans will remain in full force and effect and all shares issuable upon vesting of such awards will be issued from the Prior Plans in accordance with the terms of such awards and the terms of the Prior Plans. All of these plans are administered by the Committee, and the Committee is authorized to make all future grants of long-term incentive awards under the 2018 EIP, as well as to make all decisions and interpretations required to administer the plans.

Equity-based long-term incentive awards are approved and granted on an annual cycle, typically in the first quarter of each year. Awards made by the Committee in February 2018 were based upon competitive market data provided to the Committee by the Committee's executive compensation consultant, as well as the Committee's assessment of our overall performance and the individual executive's performance and contribution. The Committee also considered the

size of equity grants made in prior years to each executive.

The ECP historically provided that the Committee could approve the deferral by officers, for income-tax-planning purposes, of the receipt of shares otherwise issuable upon vesting of performance units granted to them under the plan. With respect to any such deferrals, the issuance of shares is deferred until the date indicated in the participant's election. Dividend equivalents are earned on the deferred awards during the deferral period and are deemed to be reinvested in our common stock. At the distribution date, the remaining state and federal taxes are due, and the shares deferred are distributed to participants net of a number of shares having a value equal to the federal and state taxes calculated based on the fair market value of our common stock price on that date.

## **2018 Awards**

The objectives of our long-term incentive program are to motivate and reward executives and other key employees for sustained long-term performance and to promote their retention. Consistent with our pay-for-performance philosophy, ONEOK's long-term incentive program was designed to place significant emphasis on performance with approximately 80% of named executive officers' long-term incentive opportunity awarded in performance-vested stock unit awards and the remaining 20% awarded in time-vesting restricted stock unit awards.

The aggregate grant date fair value of the restricted stock units and performance units granted under the ECP to the named executive officers in 2018, as determined in accordance with ASC Topic 718, is shown in the Stock Awards column of the Summary Compensation Table for Fiscal 2018 on page 58.

**2018 Restricted Units.** Restricted stock units were granted to named executive officers in 2018 to enhance retention and further align their interests with stockholders.

Restricted stock units granted under the ECP in 2018 vest three years from the date of grant, at which time the holder is entitled to one share of our common stock for each restricted stock unit held. If a holder of restricted stock units retires, becomes disabled, dies or is involuntarily terminated without cause prior to vesting, the restricted stock units will vest immediately on a prorated basis based on the number of full months elapsed from the date of grant and the date of such holder's retirement, disability or death. In cases of termination of employment for any reason other

**Table of Contents****Clawback Provisions**

than (i) retirement, disability, death, or (ii) an involuntary termination without cause, restricted stock units are forfeited. In the event of a change in control of the company, restricted stock unit awards vest as of the effective date of the change in control. Dividend equivalents are accrued with respect to these restricted stock units over the term of the vesting period and are paid when the units vest.

**2018 Performance Units.** Performance units were granted to named executive officers in 2018 to further align their compensation with the long-term performance of the Company and link their interests directly to those of the Company's stockholders.

Performance units granted under the ECP in 2018 vest three years from the date of grant, at which time the holder is entitled to receive a percentage of the performance units granted in shares of our common stock. The number of shares of common stock to be issued upon vesting will range from zero to 200 percent of the number of units granted based on our total shareholder return (TSR) over the performance period beginning on February 21, 2018, and ending on February 21, 2021, compared with the TSR of the peer group established for 2018 performance units (this peer group is set forth in the footnote to our total shareholder returns chart on page 3). TSR includes both the change in market price of the stock and the value of dividends (which are deemed reinvested in the stock) during the three-year performance period. Peer companies that are acquired during the performance period will not be considered in the performance calculation and any peer company that files for bankruptcy protection will continue to be included in the peer group.

The following table reflects the percentage of units that will be earned at the end of the three year performance period under our 2018 performance units based on our TSR performance during such period as compared with our peer group:

**PERFORMANCE UNITS VESTING LEVELS****FEBRUARY 2018 - FEBRUARY 2021  
PERFORMANCE PERIOD**

| <b>ONEOK TSR Ranking vs. ONEOK Peer Group</b> | <b>Percentage of Performance Units Earned</b> |
|---|---|
| 90th percentile and above                     | 200%  |

|                       |      |
|-----------------------|------|
| 75th percentile       | 150% |
| 50th percentile       | 100% |
| 25th percentile       | 50%  |
| Below 25th percentile | 0%   |

If our TSR ranking at the end of the performance period is between the stated percentage levels set forth in the table above, the percen-

tages of performance units earned will be interpolated between the earnings levels.

If a holder of performance units retires, becomes disabled or dies prior to vesting, the performance units will vest based on the performance results at the end of the performance period on a prorated basis based on the number of full months elapsed from the date of grant through the date of such holder's retirement, disability, or death. In cases of termination of employment for any reason other than retirement, disability, or death, performance units are forfeited. Outstanding performance units that vest in connection with a change of control will vest in an amount based on the TSR performance results over the period from the date of grant through the effective date of the change of control. Dividend equivalents are accrued with respect to these performance units over the term of the vesting period and are paid when the units vest.

#### **PAYOUT OF 2015-2018 PERFORMANCE UNITS**

Performance units granted under the ECP in 2015 were eligible to be earned based on our relative TSR during the three-year performance period from February 18, 2015 to February 18, 2018, as compared with the TSR of a specified peer group of energy companies. As illustrated in the table below, the number of shares of common stock to be issued upon vesting ranged from zero to 200 percent of the number of units granted based on our cumulative TSR measured at the end of the performance period.

#### **PERFORMANCE UNITS VESTING LEVELS**

**FEBRUARY 2015 FEBRUARY 2018**

**PERFORMANCE PERIOD**

ONEOK TSR Ranking vs. ONEOK Peer Group

Percentage of  
Performance Units

|                                       | Earned |
|---------------------------------------|--------|
| 90 <sup>th</sup> percentile and above | 200%   |
| 75 <sup>th</sup> percentile           | 150%   |
| 50 <sup>th</sup> percentile           | 100%   |
| 25 <sup>th</sup> percentile           | 50%    |
| Below 25 <sup>th</sup> percentile     | 0%     |

Our cumulative TSR exceeded the 90th percentile TSR of the specified peer group of energy companies during the performance period. As a result, in February 2018, the Committee certified a payout equal to 200 percent of the target number of units granted and the named executive officers were awarded an equivalent number of shares of our common stock.

Additional information regarding the payouts under the 2015-2018 performance units is provided in the Stock Vested in Fiscal Year 2018 table on page 62.



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**Change-In-Control**

**CLAWBACK PROVISIONS**

Our Board of Directors believes that employees who are responsible for material noncompliance with applicable financial reporting requirements resulting in accounting errors leading to a financial statement restatement should not benefit monetarily from such noncompliance. We maintain clawback provisions to permit our Board or a committee of our Board to use appropriate discretion to recapture grants of restricted and performance units and short-term cash incentive awards paid to employees who bear responsibility for such noncompliance. We believe that these clawbacks discourage employees from taking actions that could result in material excessive risk to us.

Our outstanding restricted and performance unit grants contain provisions that allow the Committee, in its sole discretion, to seek recoupment of the unvested restricted and performance units, any resulting shares earned and the gross proceeds from the sale of such shares in the event of fraud, negligence or intentional misconduct by the holder of the performance units that is determined to be a contributing factor to our having to restate all or a portion of our financial statements.

In addition, our 2018 Annual Officer Incentive Plan provides that the Committee, in its sole discretion, may call for repayment of all or a portion of a short-term cash incentive award to a participant in the event of fraud, negligence or intentional misconduct by the participant that is determined to be a contributing factor to our having to restate all or a portion of our financial statements.

In fiscal year 2018, we had no financial statement corrections requiring a restatement, and the Board of Directors has not needed to consider taking any action under these clawback provisions.

**SECURITIES TRADING POLICY**

We have a policy that employees, including our officers and directors, may not purchase or sell our stock when they are in possession of material non-public information. This policy also provides that officers, directors and employees in certain designated work groups may trade in our securities only during open window periods (beginning on the third day after our release of quarterly or annual earnings and continuing until the first day of the following calendar quarter) and must pre-clear all purchases and sales of our securities with our senior management.

This policy also prohibits officers, members of our Board of Directors and employees in certain designated work groups from engaging in short sales, derivative or speculative transactions in our securities, or purchasing or using, directly or indirectly through family members or other persons or entities, financial instruments (including puts or calls, prepaid variable forward contracts, equity swaps, collars and exchange funds) that are designed to hedge or offset any decrease in the market value of our securities. For the

purposes of this policy, our securities refers to the common stock, preferred stock and debt issued by us or our respective divisions and subsidiaries, as well as derivative securities that relate to or derive their value from our common stock, whether received as compensation or otherwise held.

The policy also prohibits officers and directors from holding our securities in a margin account or pledging our securities as collateral for a loan. An exception to this prohibition may be granted by the Chief Executive Officer

when an officer or director wishes to pledge shares of our stock as collateral for a loan (but not including a margin account), the officer or director clearly demonstrates the financial capacity to repay the loan without resorting to the pledged securities, and the terms of the loan prohibit the sale of any of our stock held as collateral when the officer or director is not permitted to trade in our stock.

We are not aware of any named executive officer or member of our Board of Directors who has pledged any of their shares of our common stock.

## **SHARE OWNERSHIP GUIDELINES**

Our Board of Directors strongly advocates executive share ownership as a means to align executive interests with those of our shareholders and has adopted share-ownership guidelines for our Chief Executive Officer and all other officers of the company. These guidelines generally must be achieved by each officer over the course of five years after becoming an officer or over the course of five years following promotion to a new office with a higher ownership guideline. The ownership guideline for the Chief Executive Officer is a share ownership position with a value of six times base salary. The ownership guidelines for our other officers provide for share ownership positions ranging from two to five times base salary, depending on the office held.

Our Board of Directors has also established minimum share-ownership guidelines for our directors that provide that, within five years after joining the Board, each non-management director will own shares of our common stock having a minimum value of five times the annual cash retainer paid for service on our Board.

Our share-ownership guidelines provide that an officer or director may not sell shares of his or her stock unless such officer or director holds shares that meet the minimum ownership guideline after giving effect to such sale.

## **CHANGE-IN-CONTROL BENEFITS**

Our executive management and other employees have built our company into the successful enterprise that it is today, and we believe that it is important to protect their interests in the event of a change in control of our company. Further, it is our belief that the interests of our shareholders will be best served if the interests of

**Table of Contents****Executive Compensation Committee Report**

our senior management are aligned with our shareholders, and that providing change in control benefits should mitigate the reluctance of executive management to pursue potential change-in-control transactions that may be in the best interests of our shareholders.

We have a Change-in-Control Severance Plan that provides for certain payments (comprised of a single lump sum cash payment that may be up to three times the sum of a participant's base salary and target short-term incentive bonus, plus reimbursement of COBRA healthcare premiums for up to 18 months) in the event of termination of employment of an executive officer of our company (including the named executive officers) following a change in control. The plan does not provide for additional pension benefits upon a change in control. In addition, the plan does not provide a tax gross-up feature but provides plan participants a net best approach to excise taxes in determining the benefit payable to a participant under the plan. This approach provides a participant his net best benefit, which is the greater of (i) the full benefit payable to a participant plus the applicable federal excise tax, if any, or (ii) the benefit reduced to a level that would not trigger the payment of federal excise tax. To determine the levels of benefits to be paid to the named executive officers under the plan when the plan was adopted, the Committee consulted with Meridian Compensation Partners, its independent executive compensation consultant, to determine competitive practices in our industry with respect to change in control arrangements. The Committee determined that the levels of benefits provided under the plan, including the payment of various multiples of salary and target short-term incentive compensation, accomplished our objective of providing competitive benefits and that these benefits are consistent with the general practice among our peers. The Committee annually reviews the eligible participants and benefit levels under the plan.

Under this plan, all change-in-control benefits are double trigger and are payable only if the officer's employment is terminated without cause or by the officer for good reason at any time during the two years following a change in control.

For additional information on this plan, see Potential Post-Employment Payments and Payments upon a Change in Control below.

**INTERNAL REVENUE SERVICE LIMITATIONS ON DEDUCTIBILITY OF EXECUTIVE COMPENSATION**

Under Section 162(m) of the Tax Code, the company will generally not be entitled to a tax deduction for individual compensation over

\$1 million that is paid to certain executive officers. As in effect prior to its amendment by the Tax Cuts and Jobs Act of 2017, Section 162(m) provided an exception to the deductibility limitations for performance-based compensation that met certain requirements. As Section 162(m) has been amended, effective for taxable years beginning after December 31, 2017, the performance-based compensation exception was eliminated from Section 162(m), except for certain grandfathered arrangements under the transition rules. In 2018, the Committee compensated executive officers in a manner designed to promote varying corporate goals in the best interest of the company. The Committee has not adopted a policy requiring all compensation to be fully deductible under Section 162(m). The Committee will continue to consider the potential impact of the application of Section 162(m) on compensation for its executive officers among other relevant considerations and reserves the right to provide compensation to executive officers that

would not be tax-deductible, as well as the right to modify compensation that was initially intended to qualify as performance-based compensation if it believes that taking any such action is in the best interests of the company and its stockholders.

## **EXECUTIVE COMPENSATION COMMITTEE REPORT**

The Executive Compensation Committee of the Board of Directors has the responsibility for reviewing and recommending to the full Board of Directors the company's executive compensation program. The Committee is composed entirely of persons who qualify as independent directors under the listing standards of the NYSE.

In this context, the Committee has met, reviewed and discussed with management the Executive Compensation Discussion and Analysis contained in this proxy statement. Based on this review and discussion, the Committee recommended to the Board of Directors, and the Board of Directors approved, the inclusion of the Executive Compensation Discussion and Analysis in this proxy statement.

Respectfully submitted by the members of the Executive Compensation Committee of the Board of Directors:

**Pattye L. Moore**, *Chair*

**Eduardo A. Rodriguez**, *Vice Chair*

**Steven J. Malcolm**, *Member*

**Mark W. Helderman**, *Member*

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## Named Executive Officer Compensation

**NAMED EXECUTIVE OFFICER COMPENSATION**

The following table reflects the compensation paid to the named executive officers in respect of our 2018 fiscal year.

**SUMMARY COMPENSATION TABLE FOR FISCAL 2018**

| Name and<br>Principal Position  | Year | Salary     | Stock<br>Awards <sup>1</sup> | Non-Equity<br>Incentive<br>Plan<br>Compensation <sup>2</sup> | Change in<br>Pension Value<br>and<br>Nonqualified Deferred<br>Earnings <sup>3</sup> | All Other<br>Compensation <sup>4</sup> | Total        |
|---|------|------------|------------------------------|--|---|--|--------------|
| <b>Terry K. Spencer</b>   | 2018 | \$ 800,000 | \$ 4,320,958                 | \$ 1,727,000   | \$ 135,280  | \$ 116,631                             | \$ 7,099,869 |
| <i>President and<br/>Chief<br/>Executive Officer</i>  | 2017 | \$ 740,000 | \$ 3,505,479                 | \$ 642,000   | \$ 562,586  | \$ 158,880                             | \$ 5,608,945 |
|   | 2016 | \$ 700,000 | \$ 2,714,247                 | \$ 624,000   | \$ 570,405  | \$ 82,140                              | \$ 4,690,792 |
| <b>Walter S. Hulse<br/>III</b>  | 2018 | \$ 500,000 | \$ 1,500,425                 | \$ 725,300   | \$  | \$ 113,219                             | \$ 2,838,944 |
|   | 2017 | \$ 500,000 | \$ 905,856                   | \$ 350,900   | \$  | \$ 89,740                              | \$ 1,846,496 |
|   | 2016 | \$ 500,000 | \$ 904,521                   | \$ 277,000   | \$  | \$ 285,083                             | \$ 1,966,604 |
| <i>Chief Financial<br/>Officer<br/>and Executive Vice<br/>President,<br/>Strategic<br/>Planning and<br/>Corporate</i> |      |            |                              |  |   |  |              |

## Affairs

|                         |      |            |              |            |    |           |              |
|-------------------------|------|------------|--------------|------------|----|-----------|--------------|
| <b>Kevin L. Burdick</b> | 2018 | \$ 475,000 | \$ 1,500,425 | \$ 646,000 | \$ | \$ 99,119 | \$ 2,720,544 |
|                         | 2017 | \$ 400,000 | \$ 905,856   | \$ 283,400 | \$ | \$ 66,940 | \$ 1,656,196 |

|                                 |      |            |            |            |    |           |              |
|---------------------------------|------|------------|------------|------------|----|-----------|--------------|
| <i>Executive Vice President</i> | 2016 | \$ 310,000 | \$ 603,014 | \$ 210,000 | \$ | \$ 40,410 | \$ 1,163,424 |
|---------------------------------|------|------------|------------|------------|----|-----------|--------------|

*and Chief Operating Officer*

*Officer*

|                              |      |            |            |            |    |            |              |
|------------------------------|------|------------|------------|------------|----|------------|--------------|
| <b>Robert F. Martinovich</b> | 2018 | \$ 500,000 | \$ 900,887 | \$ 604,500 | \$ | \$ 130,942 | \$ 2,136,329 |
|                              | 2017 | \$ 500,000 | \$ 905,856 | \$ 337,400 | \$ | \$ 118,440 | \$ 1,861,696 |
|                              | 2016 | \$ 500,000 | \$ 904,521 | \$ 330,000 | \$ | \$ 89,780  | \$ 1,824,301 |

*Executive Vice President*

*and Chief Administrative Officer*

*Officer*

|                           |      |            |            |            |                 |           |              |
|---------------------------|------|------------|------------|------------|-----------------|-----------|--------------|
| <b>Sheridan C. Swords</b> | 2018 | \$ 460,000 | \$ 900,887 | \$ 593,800 | \$ <sup>5</sup> | \$ 50,131 | \$ 2,004,818 |
|---------------------------|------|------------|------------|------------|-----------------|-----------|--------------|

|                               |      |            |            |            |            |           |              |
|-------------------------------|------|------------|------------|------------|------------|-----------|--------------|
| <i>Senior Vice-President,</i> | 2017 | \$ 450,000 | \$ 604,913 | \$ 282,000 | \$ 327,109 | \$ 47,460 | \$ 1,711,482 |
|-------------------------------|------|------------|------------|------------|------------|-----------|--------------|

|                            |      |            |            |            |            |           |              |
|----------------------------|------|------------|------------|------------|------------|-----------|--------------|
| <i>Natural Gas Liquids</i> | 2016 | \$ 450,000 | \$ 603,014 | \$ 232,000 | \$ 331,592 | \$ 39,260 | \$ 1,655,866 |
|----------------------------|------|------------|------------|------------|------------|-----------|--------------|

1 The amounts included relate to restricted stock units and performance units granted under our LTI Plan and our ECP, respectively, and reflect the aggregate grant date fair value calculated pursuant to ASC Topic 718. Material assumptions used in the calculation of the value of these equity grants are included in Note J to our audited financial statements for the year ended December 31, 2018, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2019.

The aggregate grant date fair value of restricted stock units for purposes of ASC Topic 718 was determined based on the closing price of our common stock on the grant date, adjusted for the current dividend yield. With respect to the performance units, the aggregate grant date fair value for purposes of ASC Topic 718 was determined using the probable outcome of the performance conditions as of the grant date based on a valuation model that considers the market condition (TSR) and using assumptions developed from historical information of the company and each of the referenced peer companies. The value included for the performance units is based on 100 percent of the performance units vesting at the end of the three-year

performance period. Using the maximum number of shares issuable upon vesting of the performance units (200 percent of the units granted), the aggregate grant date fair value of the performance units would be as follows:

| Name                         | 2018        | 2017        | 2016        |
|------------------------------|-------------|-------------|-------------|
| <b>Terry K. Spencer</b>      | \$7,202,951 | \$5,852,250 | \$4,528,871 |
| <b>Walter S. Hulse III</b>   | \$2,501,561 | \$1,512,000 | \$1,509,168 |
| <b>Kevin L. Burdick</b>      | \$2,501,561 | \$1,512,000 | \$1,006,112 |
| <b>Robert F. Martinovich</b> | \$1,501,638 | \$1,512,000 | \$1,509,168 |
| <b>Sheridan C. Swords</b>    | \$1,501,638 | \$1,009,125 | \$1,006,112 |

<sup>2</sup> Reflects short-term cash incentives earned in 2016, 2017 and 2018 and paid in 2017, 2018 and 2019, respectively, under our annual short-term incentive plan. For a discussion of the performance criteria established by the Committee for awards under the 2018 annual short-term incentive plan, see 2018 Annual Short-Term Incentive Awards above.

**Table of Contents****Named Executive Officer Compensation**

(footnotes continued)

**SUMMARY COMPENSATION TABLE FOR FISCAL 2018**

3 The amounts reflected represent the aggregate change during 2018 in the actuarial present value of the named executive officers' accumulated benefits under our qualified Retirement Plan and our Supplemental Executive Retirement Plan. For a description of these plans, see Pension Benefits below. The change in the present value of the accrued pension benefit is impacted by variables such as additional years of service, age and the discount rate which was 4.5 percent for 2018 compared with 3.75 percent for 2017. The Retirement Plan was closed to new participants as of December 31, 2004, and the only named executive officers who participate in the plan are Messrs. Spencer and Swords. Messrs. Spencer and Swords are also the only named executive officers who participate in our Supplemental Executive Retirement Plan. This plan has not accepted any new participants since 2005.

4 Reflects (i) the amounts paid as our dollar-for-dollar match of contributions made by the named executive officer under our Nonqualified Deferred Compensation Plan and our 401(k) Plan as well as quarterly and annual Company contributions to our former Profit Sharing Plan and corresponding excess contributions to our Nonqualified Deferred Compensation Plan, (ii) amounts paid for length of service awards, and annual holiday gifts, (iii) incremental cost for personal use of our corporate aircraft, (iv) relocation expenses, (v) commuting expenses, (vi) the value of shares received under our Employee Stock Award Program as of the date of issuance; and (vii) charitable contributions made on behalf of the named executive officer as follows:

| Name                    | Year | Match Under Nonqualified Deferred Compensation Plan a | Match Under 401(K) Plan b | Company Contribution to Profit Sharing Plan c | Service Award/Holiday Gift d | Relocation Expenses e | Stock Award f | Charitable Contributions g |
|-------------------------|------|---|---------------------------|---|------------------------------|-----------------------|---------------|----------------------------|
| <b>Terry K. Spencer</b> | 2018 | \$70,020  | \$16,500                  | \$  | \$ 40                        | \$                    | \$71.21       | \$30,000                   |
|                         | 2017 | \$65,640  | \$16,200                  | \$  | \$ 40                        | \$                    | \$            | \$77,000                   |
|                         | 2016 | \$41,400  | \$15,900                  | \$  | \$ 640                       | \$                    | \$            | \$24,200                   |



|                              |      |          |          |          |         |           |         |          |
|------------------------------|------|----------|----------|----------|---------|-----------|---------|----------|
| <b>Walter S. Hulse III</b>   | 2018 | \$69,108 | \$16,500 | \$16,500 | \$ 40   | \$        | \$71.21 | \$11,000 |
|                              | 2017 | \$50,700 | \$16,200 | \$10,800 | \$ 40   | \$        | \$      | \$12,000 |
|                              | 2016 | \$41,030 | \$15,900 | \$13,250 | \$ 40   | \$204,863 | \$      | \$10,000 |
| <b>Kevin L. Burdick</b>      | 2018 | \$58,008 | \$16,500 | \$16,500 | \$ 40   | \$        | \$71.21 | \$ 8,000 |
|                              | 2017 | \$34,000 | \$16,200 | \$10,800 | \$ 440  | \$        | \$      | \$ 5,500 |
|                              | 2016 | \$11,220 | \$15,900 | \$13,250 | \$ 40   | \$        | \$      | \$       |
| <b>Robert F. Martinovich</b> | 2018 | \$67,488 | \$16,500 | \$16,500 | \$ 40   | \$        | \$71.21 | \$30,343 |
|                              | 2017 | \$56,000 | \$16,200 | \$10,800 | \$ 440  | \$        | \$      | \$35,000 |
|                              | 2016 | \$40,590 | \$15,900 | \$13,250 | \$ 40   | \$        | \$      | \$20,000 |
| <b>Sheridan C. Swords</b>    | 2018 | \$28,020 | \$16,500 | \$       | \$ 40   | \$        | \$71.21 | \$ 5,500 |
|                              | 2017 | \$24,720 | \$16,200 | \$       | \$1,040 | \$        | \$      | \$ 5,500 |
|                              | 2016 | \$17,820 | \$15,900 | \$       | \$ 40   | \$        | \$      | \$ 5,500 |

a For additional information on our Nonqualified Deferred Compensation Plan, see Pension Benefits Nonqualified Deferred Compensation Plan below.

b Our 401(k) Plan is a tax-qualified plan that covers substantially all of our employees. Employee contributions are voluntary. Subject to certain limits, we match 100 percent of employee contributions to the plan up to a maximum of 6 percent of eligible compensation.

c At December 31, 2018, our former Profit Sharing Plan covered all full-time employees hired after December 31, 2004, as well as employees who accepted a one-time opportunity to opt out of our Retirement Plan. We made a contribution to the former Profit Sharing Plan each quarter equal to one percent of each participant's eligible compensation during the quarter. Additional discretionary employer contributions were made at the end of each year. Employee contributions were not allowed under the plan. The Profit Sharing Plan was merged into our 401(k) Plan effective January 1, 2019.

d Service awards are paid to employees for every five years of employment at the rate of \$40 for each year.

e The relocation and commuting expenses reflected in the table relate to the expenses incurred in relocating Mr. Hulse and his family from their home in New Jersey to our headquarters in Tulsa, Oklahoma. Mr. Hulse's relocation expenses were grossed up for tax purposes and the amounts in the table reflect \$67,761 in taxes for 2016 for his relocation allowance.

f Under our Employee Stock Award Program, we have issued one share of our common stock to all eligible employees, including our named executive officers, for no monetary consideration, when the per-share closing price of our common stock on the NYSE was for the first time above \$13 per share. We have issued and will continue to issue, for no monetary consideration, one additional share of our common stock to all eligible employees when the closing price on the NYSE is, for the first time, at or above each one dollar increment above \$13 per share. We issued 2,553 shares to employees under this program during 2018. No shares were issued to employees under this program during 2017 or 2016. The next award will be issued when our common stock closes at or above \$72.

g Reflects charitable contributions made by our company or the ONEOK Foundation, Inc. on behalf of the named executive officer consisting of (i) matching contributions up to \$5,000 per year made to non-profit organizations of the officer's choice under our matching grant program, (ii) matching contributions to the United Way pursuant to our annual United Way contribution program, and (iii) 2-for-1 matching contributions for Hurricane Harvey relief.

5 The change in net pension value for Mr. Swords in 2018 was a decrease of \$75,987. Mr. Swords is the only named executive officer who experienced a decrease in net pension value.

**Table of Contents****2018 Grants of  
Plan-Based Awards****2018 GRANTS OF PLAN-BASED AWARDS**

The following table reflects the grants of plan-based awards to the named executive officers during 2018.

**GRANTS OF PLAN-BASED AWARDS FOR FISCAL YEAR 2018**

| Name                        | Grant Date | Estimated Future Payouts Under Non-Equity Incentive Plan Awards <sup>1</sup> |              |              | Estimated Future Payouts Under Equity Incentive Plan Awards <sup>2</sup> |         |         | All Other Stock Awards: Number of Shares of Stock or Units <sup>3</sup> | Grant Date Fair Value of Stock Awards <sup>4</sup> |
|-----------------------------|------------|--|--------------|--------------|--|---------|---------|---|--|
|                             |            | Threshold  | Target       | Maximum      | Threshold  | Target  | Maximum |   |  |
| <b>Terry K. Spencer</b>     |            |  |              |              |  |         |         |   |  |
| <i>Restricted Units</i>     | 2/21/2018  |  |              |              |  |         |         | 12,825  | \$ 719,483   |
| <i>Performance Units</i>    | 2/21/2018  |  |              |              | 51,325   | 102,650 |         |   | \$ 3,601,475                                       |
| <i>Short-Term Incentive</i> | 2/21/2018  | \$   | \$ 1,000,000 | \$ 2,500,000 |  |         |         |   |  |
| <b>Walter S. Hulse III</b>  |            |  |              |              |  |         |         |   |  |
| <i>Restricted Units</i>     | 2/21/2018  |  |              |              |  |         |         | 4,450   | \$ 249,645   |
| <i>Performance Units</i>    | 2/21/2018  |  |              |              | 17,825   | 35,650  |         |   | \$ 1,250,780                                       |
| <i>Short-Term Incentive</i> | 2/21/2018  | \$   | \$ 400,000   | \$ 1,000,000 |  |         |         |   |  |
| <b>Kevin L. Burdick</b>     |            |  |              |              |  |         |         |   |  |
| <i>Restricted Units</i>     | 2/21/2018  |  |              |              |  |         |         | 4,450   | \$ 249,645   |
| <i>Performance Units</i>    | 2/21/2018  |  |              |              | 17,825   | 35,650  |         |   | \$ 1,250,780                                       |

|                              |           |    |            |            |  |        |        |  |  |       |            |
|------------------------------|-----------|----|------------|------------|--|--------|--------|--|--|-------|------------|
| <i>Short-Term Incentive</i>  | 2/21/2018 | \$ | \$ 356,250 | \$ 890,625 |  |        |        |  |  |       |            |
| <b>Robert F. Martinovich</b> |           |    |            |            |  |        |        |  |  |       |            |
| <i>Restricted Units</i>      | 2/21/2018 |    |            |            |  |        |        |  |  | 2,675 | \$ 150,068 |
| <i>Performance Units</i>     | 2/21/2018 |    |            |            |  | 10,700 | 21,400 |  |  |       | \$ 750,819 |
| <i>Short-Term Incentive</i>  | 2/21/2018 | \$ | \$ 350,000 | \$ 875,000 |  |        |        |  |  |       |            |
| <b>Sheridan C. Swords</b>    |           |    |            |            |  |        |        |  |  |       |            |
| <i>Restricted Units</i>      | 2/21/2018 |    |            |            |  |        |        |  |  | 2,675 | \$ 150,068 |
| <i>Performance Units</i>     | 2/21/2018 |    |            |            |  | 10,700 | 21,400 |  |  |       | \$ 750,819 |
| <i>Short-Term Incentive</i>  | 2/21/2018 | \$ | \$ 299,000 | \$ 747,500 |  |        |        |  |  |       |            |

1 Reflects estimated payments that could have been made under our 2018 annual short-term cash incentive plan. The plan provides that our officers may receive annual short-term incentive cash awards based on the performance and profitability of the company, the performance of particular business units of the company and individual performance during the relevant fiscal year. The corporate and business-unit criteria and individual performance criteria are established annually by the Committee. The Committee also establishes annual target awards for each officer expressed as a percentage of their base salaries. The actual amounts earned by the named executive officers in 2018 under the plan and paid in 2019 are set forth under the *Non-Equity Incentive Plan Compensation* columns in the Summary Compensation Table for Fiscal 2018 above.

2 Reflects the performance units that could be earned pursuant to awards granted under our ECP that are earned three years from the date of grant, at which time the holder is entitled to receive a percentage (0 to 200 percent) of the performance-units granted based on our TSR over the period of February 21, 2018, to February 21, 2021, compared with the TSR of the referenced peer group. One share of our common stock is payable in respect of each performance unit that vests. Performance units are also subject to accelerated vesting upon a change in control based on actual TSR performance relative to the designated peer group as of the effective date of the change in control.

3 Reflects restricted stock units granted under our ECP that vest three years from the date of grant, at which time the grantee is entitled to receive the grant in shares of our common stock.

4 With respect to the performance units, the aggregate grant date fair value for purposes of ASC Topic 718 was determined using the probable outcome of the performance conditions as of the grant date based on a valuation model that considers market conditions (such as TSR) and using assumptions developed from historical information of the company and each of the peer companies referenced under *Long-Term Incentive Awards 2018 Awards* above. This amount is consistent with the estimate of aggregate compensation cost to be recognized over the performance period determined as of the grant date under ASC Topic 718. The value presented is based on 100 percent of the performance units vesting at the end of the three-year performance period.



**Table of Contents****Outstanding Equity Awards****OUTSTANDING EQUITY AWARDS**

The following table shows the outstanding equity awards held by the named executive officers as of December 31, 2018.

**OUTSTANDING EQUITY AWARDS AT 2018 FISCAL YEAR-END**

| Name                  | Stock Awards   |  |   |  |
|-----------------------|--|--|---|--|
|                       | Number of Shares or Units of Stock That Have Not Vested <sup>1 3</sup> | Market Value of Shares or Units of Stock That Have Not Vested <sup>4</sup> | Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested <sup>2 3</sup> | Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested <sup>4</sup> |
| Terry K. Spencer      | 49,065   | \$ 2,647,068   | 429,892   | \$ 23,192,691  |
| Walter S. Hulse III   | 15,651   | \$ 844,383   | 137,070   | \$ 7,394,922   |
| Kevin L. Burdick      | 12,997   | \$ 701,188   | 113,023   | \$ 6,097,586   |
| Robert F. Martinovich | 13,808   | \$ 744,942   | 121,783   | \$ 6,570,194   |
| Sheridan C. Swords    | 10,140   | \$ 547,075   | 88,861  | \$ 4,794,047   |

1 Represents restricted stock units, including accrued dividend equivalents, that have not yet vested. Restricted stock units vest three years from the date of grant at which time the grantee is entitled to receive one share of our common stock for each vested restricted stock unit (and any accrued dividend equivalent rights associated with such restricted stock unit). The following table reflects the vesting schedule for our outstanding restricted stock units.

**RESTRICTED STOCK UNIT VESTING SCHEDULE**

| Name                    | Number of Restricted Units | Vest Date            |
|-------------------------|----------------------------|----------------------|
| <b>Terry K. Spencer</b> | 23,888                     | on February 17, 2019 |
|                         | 11,859                     | on February 22, 2020 |

|                              |        |                      |
|------------------------------|--------|----------------------|
|                              | 13,318 | on February 21, 2021 |
| <b>Walter S. Hulse III</b>   | 7,963  | on February 17, 2019 |
|                              | 3,068  | on February 22, 2020 |
|                              | 4,621  | on February 21, 2021 |
| <b>Kevin L. Burdick</b>      | 5,308  | on February 17, 2019 |
|                              | 3,068  | on February 22, 2020 |
|                              | 4,621  | on February 21, 2021 |
| <b>Robert F. Martinovich</b> | 7,963  | on February 17, 2019 |
|                              | 3,068  | on February 22, 2020 |
|                              | 2,778  | on February 21, 2021 |
| <b>Sheridan C. Swords</b>    | 5,308  | on February 17, 2019 |
|                              | 2,054  | on February 22, 2020 |
|                              | 2,778  | on February 21, 2021 |

2 Represents performance units, including accrued dividend equivalents, that have not yet vested. Performance units vest three years from the date of grant, at which time the holder is entitled to receive a percentage (0 to 200 percent) of the performance-units granted (and any accrued dividend equivalent rights associated with such performance units) based on our TSR over the three-year performance period, compared with the TSR of the referenced peer group. One share of our common stock is payable in respect of each performance unit granted that becomes vested. The following table reflects the projected vesting level of our outstanding performance units reflecting a 200% payout (the maximum payout under the performance units). The estimated level of payout is determined using the previous fiscal year performance unit payout of 200%.

**Table of Contents****Stock Vested**

(footnotes continued)

**PERFORMANCE UNIT VESTING SCHEDULE**

|                              | Number of<br>Performance Units | Vest Date            |
|------------------------------|--------------------------------|----------------------|
| <b>Terry K. Spencer</b>      | 216,488                        | on February 17, 2019 |
|                              | 103,285                        | on February 22, 2020 |
|                              | 110,119                        | on February 21, 2021 |
| <b>Walter S. Hulse III</b>   | 72,141                         | on February 17, 2019 |
|                              | 26,685                         | on February 22, 2020 |
|                              | 38,244                         | on February 21, 2021 |
| <b>Kevin L. Burdick</b>      | 48,094                         | on February 17, 2019 |
|                              | 26,685                         | on February 22, 2020 |
|                              | 38,244                         | on February 21, 2021 |
| <b>Robert F. Martinovich</b> | 72,141                         | on February 17, 2019 |
|                              | 26,685                         | on February 22, 2020 |
|                              | 22,957                         | on February 21, 2021 |
| <b>Sheridan C. Swords</b>    | 48,094                         | on February 17, 2019 |
|                              | 17,810                         | on February 22, 2020 |
|                              | 22,957                         | on February 21, 2021 |

3 The terms of our restricted stock units provide that any such unvested units will vest upon a change in control. Our performance units will vest upon a change in control based on our TSR relative to the designated peer group over the period from the date of grant through the effective date of the change in control. See Post-Employment Payments and Payments upon a Change in Control.

4 Based on the closing price of our common stock on the NYSE on December 31, 2018 of \$53.95.

**STOCK VESTED**

The following table sets forth stock awards held by the named executive officers that vested during 2018, including restricted stock units and performance units that were granted in 2015. No named executive officer exercised any options during 2018, and no named executive officer or any other employee currently holds any unexercised options.

**STOCK VESTED IN FISCAL YEAR 2018**



| Stock Awards <sup>1</sup>    |                                  |  |
|------------------------------|----------------------------------|--|
| Name                         | Number of Shares                 |  |
|                              | Acquired on Vesting <sup>2</sup> | Value Realized on Vesting <sup>3</sup> |
| <b>Terry K. Spencer</b>      | 89,492                           | \$ 5,114,468                           |
| <b>Walter S. Hulse III</b>   | 33,567                           | \$ 1,918,348                           |
| <b>Kevin L. Burdick</b>      | 10,852                           | \$ 620,181                             |
| <b>Robert F. Martinovich</b> | 33,567                           | \$ 1,918,348                           |
| <b>Sheridan C. Swords</b>    | 22,388                           | \$ 1,279,473                           |

Table of Contents**Pension Benefits****(footnotes)****STOCK VESTED IN FISCAL YEAR 2018**

1 All of the named executive officers elected to have vested shares withheld to cover applicable state and federal taxes incurred upon vesting. As a result, the net shares received upon the vesting and the related net value realized are as follows:

| Name                         | Net Shares Acquired on Vesting <sup>2</sup> | Net Value Realized on Vesting <sup>3</sup> |
|------------------------------|---|--|
| <b>Terry K. Spencer</b>      | 49,779                                      | \$ 2,844,917                               |
| <b>Walter S. Hulse III</b>   | 18,628                                      | \$ 1,064,658                               |
| <b>Kevin L. Burdick</b>      | 5,976                                       | \$ 341,583                                 |
| <b>Robert F. Martinovich</b> | 18,628                                      | \$ 1,064,681                               |
| <b>Sheridan C. Swords</b>    | 12,848                                      | \$ 734,370                                 |

2 Includes restricted stock units granted in 2015 that vested in 2018 and were paid in shares of our common stock and performance units granted in 2015 which vested in 2018 at 200 percent of target and were paid in shares of our common stock.

3 The value received on vesting represents the market value of the shares received based on the average of the high and low prices of our common stock on the NYSE on the date of vesting.

**PENSION BENEFITS**

The following table sets forth the estimated present value of accumulated benefits as of December 31, 2018, and payments made during 2018, in respect of each named executive officer under each of the referenced retirement plans.

**PENSION BENEFITS AS OF DECEMBER 31, 2018**

| Name                       | Plan Name <sup>1</sup>                 | Number of Years Credited Service | Present Value of Accumulated Benefits | Payments During 2018 |
|----------------------------|--|----------------------------------|---------------------------------------|----------------------|
| <b>Terry K. Spencer</b>    | Supplemental Executive Retirement Plan | 17.25                            | \$ 2,546,044                          | \$                   |
|                            | Qualified Pension Plan                 | 17.25                            | \$ 971,174                            | \$                   |
| <b>Walter S. Hulse III</b> | Supplemental Executive Retirement Plan |                                  | \$                                    | \$                   |
|                            | Qualified Pension Plan                 |                                  | \$                                    | \$                   |
| <b>Kevin L. Burdick</b>    | Supplemental Executive Retirement Plan |                                  | \$                                    | \$                   |

|                              |  |       |            |    |
|------------------------------|--|-------|------------|----|
|                              | Qualified Pension Plan                 |       | \$         | \$ |
| <b>Robert F. Martinovich</b> | Supplemental Executive Retirement Plan |       | \$         | \$ |
|                              | Qualified Pension Plan                 |       | \$         | \$ |
| <b>Sheridan C. Swords</b>    | Supplemental Executive Retirement Plan | 14.00 | \$ 852,891 | \$ |
|                              | Qualified Pension Plan                 | 14.00 | \$ 509,381 | \$ |

1 No new participants have been added to our Supplemental Executive Retirement Plan since 2005, and, in November 2013, our Board of Directors approved an amendment to the Supplemental Executive Retirement Plan that closed this plan to any additional participants as of January 1, 2014. The Retirement Plan, a qualified defined benefit pension plan, was closed to new participants as of December 31, 2004. Messrs. Spencer and Swords are the only named executive officers who participate in the Retirement Plan and the Supplemental Executive Retirement Plan.

2 A participating executive officer's benefit is determined as of age 62 when an unreduced benefit can be received under the plans. The present value of the unreduced benefit is determined using the assumptions from the pension plan measurement date of December 31, 2018. Material assumptions used in the calculation of the present value of accumulated benefits are included in Note K to our audited financial statements for the year ended December 31, 2018, included in our Annual Report on Form 10-K filed with the Securities and Exchange Commission on February 26, 2019.

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**Table of Contents****Pension Benefits****Retirement Plan**

The ONEOK, Inc. Retirement Plan is a defined benefit pension plan qualified under the Tax Code and is subject to the Employee Retirement Income Security Act of 1974, as amended. At December 31, 2018, the plan covered eligible employees hired prior to January 1, 2005. Employees hired after January 1, 2005, and employees who accepted a one-time opportunity to opt out of our Retirement Plan in 2004 participate in the profit sharing feature in our 401(K) Plan.

Benefits under our Retirement Plan generally become vested and non-forfeitable after completion of five years of continuous employment. Under the plan, a vested participant receives a monthly retirement benefit at normal retirement age, unless an early retirement benefit is elected under the plan, in which case the retirement benefit may be actuarially reduced for early commencement. Generally, participants retiring on or after age 62 through normal retirement age receive 100 percent of their accrued monthly benefit which may be reduced depending on the optional form of payment elected at retirement. Accrued monthly benefits are calculated at the participant's retirement date based on the participant's credited service, limited to a maximum of 35 years, multiplied by a percentage of their final average earnings. The earnings utilized in the Retirement Plan benefit formula for employees include the base salary and short-term incentive compensation paid to an employee during the period of the employee's final average earnings, less any amounts deferred under our non-qualified deferred compensation plan. The period of final average earnings used to calculate the accrued monthly benefit is the employee's highest earnings during any 60 consecutive months during the last 120 months of employment. The amount of eligible compensation that may be considered in calculating retirement benefits is also subject to limitations in the Tax Code.

**Supplemental Executive Retirement Plan**

We maintain a Supplemental Executive Retirement Plan (SERP), a nonqualified supplemental retirement benefit plan for certain officers. No new participants have been added to our SERP since 2005, and in November 2013 our Board of Directors approved an amendment to the SERP that closed the SERP to any additional participants as of January 1, 2014.

Our Board of Directors may amend or terminate the SERP at any time, provided that accrued benefits to current participants may not be reduced.

Participants in the SERP have been selected for participation in a supplemental retirement benefit or an excess retirement benefit, or both. If a participant is eligible for both the supplemental retirement benefit and the excess retirement benefit, the excess retirement benefit and benefits payable under our Retirement Plan are treated as an offset that reduces the supplemental retirement benefit.

Supplemental benefits payable to participating employees in the SERP are based upon a specified percentage (reduced for early retirement and commencement of payment of benefits under the SERP) of the highest 36 consecutive months compensation of the employee's last 60 months of service. The excess retirement benefit under the SERP pays a benefit equal at least to the benefit that would be payable to the participant under our Retirement Plan if limitations imposed by the Tax Code were not applicable, less the benefit payable under our Retirement Plan with such limitations. Benefits under the SERP are offset by the payment of benefits under our Retirement Plan that were or

would have been paid if Retirement Plan benefits were commenced at the same time as the SERP benefits. Although the SERP is an unfunded arrangement for purposes of ERISA and the Tax Code, assets have been set aside in a rabbi trust funded with corporate owned insurance policies to offset the associated SERP liabilities.

**Table of Contents****Pension Benefits****Nonqualified Deferred Compensation Plan**

The following table sets forth certain information regarding the participation by the named executive officers in our Nonqualified Deferred Compensation Plan.

**NONQUALIFIED DEFERRED COMPENSATION IN FISCAL YEAR 2018**

| Name                  | Year | Executive Contributions |                  | Registrant Earnings in Last Fiscal Year | Aggregate Earnings in Last Fiscal Year <sup>2</sup> | Aggregate Withdrawals / Distributions | Aggregate Balance at Last Fiscal Year End <sup>3</sup> |
|-----------------------|------|-------------------------|------------------|---|---|---------------------------------------|--|
|                       |      | in Last Fiscal Year     | Last Fiscal Year |   |   |                                       |  |
| Terry K. Spencer      | 2018 | \$ 350,100              | \$ 70,020        | \$ (193,142)                            | \$  | \$ 3,918,252                          |  |
|                       | 2017 | \$ 332,000              | \$ 65,640        | \$ 584,757                              | \$  | \$ 3,691,274                          |  |
|                       | 2016 | \$ 212,500              | \$ 41,400        | \$ 297,346                              | \$  | \$ 2,708,877                          |  |
| Walter S. Hulse III   | 2018 | \$ 62,824               | \$ 69,108        | \$ (11,204)                             | \$  | \$ 411,168                            |  |
|                       | 2017 | \$ 71,320               | \$ 50,700        | \$ 35,607                               | \$  | \$ 290,440                            |  |
|                       | 2016 | \$ 59,080               | \$ 41,030        | \$ 10,290                               | \$  | \$ 132,813                            |  |
| Kevin L. Burdick      | 2018 | \$ 57,340               | \$ 58,008        | \$ (24,231)                             | \$  | \$ 514,625                            |  |
|                       | 2017 | \$ 43,000               | \$ 34,000        | \$ 48,909                               | \$  | \$ 423,508                            |  |
|                       | 2016 | \$ 18,700               | \$ 11,220        | \$ 17,357                               | \$  | \$ 297,599                            |  |
| Robert F. Martinovich | 2018 | \$ 41,744               | \$ 67,488        | \$ (83,444)                             | \$  | \$ 2,739,440                          |  |
|                       | 2017 | \$ 107,800              | \$ 56,000        | \$ 256,676                              | \$  | \$ 2,713,651                          |  |
|                       | 2016 | \$ 30,040               | \$ 40,590        | \$ 625,456                              | \$  | \$ 2,293,176                          |  |
| Sheridan C. Swords    | 2018 | \$ 26,020               | \$ 28,020        | \$ 2,395                                | \$  | \$ 2,248,536                          |  |
|                       | 2017 | \$ 22,920               | \$ 24,720        | \$ 423,668                              | \$  | \$ 2,192,101                          |  |
|                       | 2016 | \$ 15,720               | \$ 17,820        | \$ 694,799                              | \$  | \$ 1,720,793                          |  |

<sup>1</sup> The All Other Compensation column of the Summary Compensation Table for Fiscal Year 2018 at page 58 includes these amounts paid under our Nonqualified Deferred Compensation Plan as our excess matching contributions with respect to our 401(k) Plan and excess quarterly and annual company contributions, if applicable, with respect to our former Profit Sharing Plan.

<sup>2</sup> There were no above-market earnings in 2018, 2017, or 2016.

<sup>3</sup> Includes amounts previously reported in the Summary Compensation Table in the previous years when earned, if that officer's compensation was required to be disclosed in a previous year. Amounts reported

in such years include previously earned, but deferred, salary and annual incentive awards; Company matching quarterly and annual contributions; and shares that were deferred upon vesting of long-term incentive grants and the dividend equivalents accumulated on these deferrals.

We maintain a Nonqualified Deferred Compensation Plan ( NQDC Plan ) to provide a select group of management and highly compensated employees with the option to defer portions of their compensation and provide notional employer contributions that are not otherwise available due to limitations on employer and employee contributions to qualified defined contribution plans under the federal tax laws. We match contributions for the benefit of plan participants to replace any company contributions a participant may lose because of limits imposed under the federal tax laws on contributions by a participant to the 401(k) Plan and limits on our contributions to our former Profit Sharing Plan, as well as benefits limited by federal tax laws for participants in the ONEOK, Inc. Retirement Plan who do not participate in the SERP.

The NQDC Plan also allows for supplemental credit amounts, which are amounts that can be contributed at the discretion of the Committee. Under the NQDC Plan, participants have the option to defer a portion of their salary and/or short-term incentive compensation to a short-term deferral account, which pays out a minimum of five years from the date of election to defer compensation into the short-term deferral account, or to a long-term deferral account, which pays out at retirement or termination of the participant's employment. Participants are immediately 100 percent vested. Short-term deferral accounts are credited with a notional investment return based on the five-year United States Treasury bond rate as of the first business day of January each year which was 2.25 percent for 2018. Long-term deferral accounts are cred-

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**Potential Post-Employment  
Payments and Payments Upon a Change in Control**

ited with a notional investment return based on the amount of gains, losses and earnings for each of the investment options selected by the participant. For the year ended December 31, 2018, the notional investment return for the investment options for long-term investment accounts were as follows:

| Fund Name   | Plan Level Returns |
|---|--------------------|
| Moody's Corporate AAA Bond Fund Money Market                          | 4.52%              |
| Vanguard Federal Money Market Investor Shares Intermediate-Term Bond  | 1.78%              |
| PIMCO Total Return Institutional Class                                | (0.63)%            |
| TCW Total Return Bond I Share   | 0.80%              |
| Vanguard Total Bond Market Index Admiral Shares Target-Date Lifecycle | (0.05)%            |



Vanguard Instl Target Retirement Income Instl Shares (1.98)%

Vanguard Instl Target Retirement 2015 Instl Shares (2.91)%

Vanguard Instl Target Retirement 2020 Instl Shares (4.21)%

Vanguard Instl Target Retirement 2025 Instl Shares (5.02)%

Vanguard Instl Target Retirement 2030 Instl Shares (5.82)%

Vanguard Instl Target Retirement 2035 Instl Shares (6.56)%

Vanguard Instl Target Retirement 2040 Instl Shares (7.31)%

Vanguard Instl Target Retirement 2045 Instl Shares (7.87)%

Vanguard Instl Target Retirement 2050 Instl Shares (7.87)%

Vanguard Instl Target Retirement 2055 Instl Shares (7.84)%

Vanguard Instl Target Retirement 2060 Instl Shares (7.88)%

Vanguard Instl Target Retirement 2065 Instl Shares Allocation 50% to 70% Equity (7.84)%

Fidelity Balanced Class K Large Cap Value (3.94)%

American Beacon Large Cap Value Instl Class Large Cap Blend (11.99)%

Vanguard Institutional Index Instl Shares Large Cap Growth (4.42)%

JPMorgan Large Cap Growth Class R6 0.57%

Vanguard PRIMECAP Investor Shares Mid Cap Blend (2.01)%

Vanguard Extended Market Index Admiral Shares Small Cap Blend (9.36)%

(8.99)%

JPMorgan Small Cap Equity Class I Foreign Large Blend

Dodge & Cox International Stock (17.98)%

Vanguard FTSE All-World ex-US Index Admiral Shares Diversified Emerging Markets (13.95)%

(18.89)%

American Century Emerging Markets R6 Shares

At the distribution date, cash is distributed to participants based on the fair market value of the deemed investment of the participant's accounts at that date. Although the NQDC Plan is an unfunded arrangement for purposes of ERISA and the Tax Code, assets have

been set aside in a rabbi trust funded with corporate owned insurance policies to offset the associated NQDC Plan liabilities.

**POTENTIAL POST-EMPLOYMENT PAYMENTS AND PAYMENTS UPON A CHANGE IN CONTROL**

Described below are the post-employment compensation and benefits that we provide to our named executive officers. The objectives of the post-employment compensation and benefits that we provide are to:

- assist in recruiting and retaining talented executives in a competitive market;
- provide security for any compensation or benefits that have been earned;
- permit executives to focus on our business;
- eliminate any potential personal bias of an executive against a transaction that is in the best interest of our shareholders;
- avoid the costs associated with separately negotiating executive severance benefits; and
- provide us with the flexibility needed to react to a continually changing business environment.

We do not enter into individual employment agreements with our executive officers. Instead, in general, the rights of our executives with respect to specific events are covered by our compensation and benefit plans. Under this approach, post-employment compensation and benefits are established separately from the other compensation elements of our executives.

The use of a plan approach instead of individual employment agreements serves several objectives. First, the plan approach provides us with more flexibility to change the terms of severance benefits from time to time if necessary. Second, the plan approach is more transparent, both internally and externally. Internal transparency eliminates the need to negotiate separation benefits on a case-by-case basis and assures an executive that his or her severance benefits are comparable with those of his or her peers. Finally, the plan approach is easier for us to administer, as it requires less time and expense.

#### **Payments Made upon Any Termination**

Regardless of the manner in which a named executive officer's employment terminates, he or she is entitled to receive amounts earned during his or her term of employment. These amounts include:

- accrued but unpaid salary;
- amounts contributed under our 401(k) Plan and the NQDC Plan;
- amounts accrued and vested through our Retirement Plan and SERP; and
- unused prorated vacation (except in the case of death, in which case unused vacation is paid in full).

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**Potential Post-Employment  
Payments and Payments Upon a Change in Control**

**Payments Made upon Retirement or Disability**

In the event of the retirement of a named executive officer, in addition to the items identified above, such named executive officer will be entitled to:

- receive a prorated portion of each outstanding performance unit award granted under our ECP or 2018 EIP upon completion of the applicable performance periods;
- receive a prorated portion of each outstanding restricted stock unit award granted under our LTI Plan, ECP or 2018 EIP; and
- if hired prior to January 1, 2017, participate in retiree health and life benefits for himself and qualifying dependents.

**Payments Made upon Death**

In the event of the death of a named executive officer, in addition to the benefits listed under the headings **Payments Made Upon Any Termination** and **Payments Made Upon Retirement** above, the named executive officer will receive applicable payments under our life insurance plan.

**Payments Made upon or Following a Change in Control**

We believe that the possibility of a change in control creates uncertainty for executive officers because such transactions frequently result in changes in senior management. Our Board of Directors has adopted a Change-in-Control Severance Plan that covers all of our executive officers, including the named executive officers. Subject to certain exceptions, the Change-in-Control Severance Plan will provide our officers with severance benefits if they are terminated by us without cause (as defined in the Change-in-Control Severance Plan and discussed in greater detail below) or if they resign for good reason (as defined in the Change-in-Control Severance Plan), in each case within two years following a change in control of us. All Change-in-Control Severance Plan benefits are double trigger, meaning that payments and benefits under the plan are payable only if the officer's employment is terminated by us without cause or by the officer for a good reason at any time during the two years following a change in control. Severance payments under the plan consist of a single lump sum cash payment that may be up to three times the participant's base salary and target short-term incentive bonus, plus reimbursement of COBRA healthcare premiums for up to 18 months. Our Board of Directors, upon the recommendation of the Committee, established a severance multiplier of two times the sum of annual salary plus target annual bonus for each of our named executive officers except for Mr. Spencer, whose multiplier is three times.

The Change-in-Control Severance Plan does not provide for additional pension benefits upon a change in control. In addition, the Change-in-Control Severance Plan does not contain an excise tax gross-up for any participant. Rather, severance payments and benefits under the Change-in-Control Severance Plan will be reduced if, as a result of such reduction, the officer would receive a greater total payment after taking taxes, including excise taxes, into account.

Relative to the overall value of our company, we believe the potential benefits payable upon a change in control under the Change-in-Control Severance Plan are comparatively minor, and we believe that the level of benefits is consistent

with the general practice among our peers.

For the purposes of the Change-in-Control Severance Plan, a change in control generally means any of the following events:

an acquisition of our voting securities by any person that results in the person having beneficial ownership of 20 percent or more of the combined voting power of our outstanding voting securities, other than an acquisition directly from us;

the current members of our Board of Directors, and any new director approved by a vote of at least two-thirds of our Board, cease for any reason to constitute at least a majority of our Board, other than in connection with an actual or threatened proxy contest (collectively, the Incumbent Board );

a merger, consolidation or reorganization with us or in which we issue securities, unless (a) our shareholders immediately before the transaction, as a result of the transaction, own, directly or indirectly, at least 50 percent of the combined voting power of the voting securities of the company resulting from the transaction, (b) the members of our Incumbent Board after the execution of the transaction agreement constitute at least a majority of the members of the Board of the company resulting from the transaction, or (c) no person other than persons who, immediately before the transaction owned 20 percent or more of our outstanding voting securities, has beneficial ownership of 20 percent or more of the outstanding voting securities of the company resulting from the transaction;

or

our complete liquidation or dissolution or the sale or other disposition of all or substantially all of our assets.

For the purposes of the Change-in-Control Severance Plan, termination for cause means a termination of employment of a participant in the Change-in-Control Severance Plan by reason of:

a participant's indictment for or conviction in a court of law of a felony or any crime or offense involving misuse or misappropriation of money or property;

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## Potential Post-Employment Payments and Payments Upon a Change in Control

a participant's violation of any covenant, agreement or obligation not to disclose confidential information regarding the business of the company (or a division or subsidiary) or a participant's violation of any covenant, agreement or obligation not to compete with the company (or a division or subsidiary);

any act of dishonesty by a participant that adversely affects the business of the company (or a division or subsidiary) or any willful or intentional act of a participant that adversely affects the business, or reflects unfavorably on the reputation, of the company (or a division or subsidiary);

a participant's material violation of any written policy of the company (or a division or subsidiary); or

a participant's failure or refusal to perform the specific directives of the Board or its officers, which are consistent with the scope and nature of the participant's duties and responsibilities, to be determined in the Board's sole discretion.

For the purposes of the Change-in-Control Severance Plan, "good reason" means:

a participant's demotion or material reduction of the participant's significant authority or responsibility with respect to employment with the company from that in effect on the date the change in control occurred;

a material reduction in the participant's base salary from that in effect immediately prior to the change in control;

a material reduction in short-term and/or long-term incentive targets from those applicable to the participant immediately prior to the change in control;

the relocation to a new principal place of employment of the participant's employment by the company, which is more than 35 miles farther from the participant's principal place of employment prior to such change; and

the failure of a successor company to explicitly assume the Change-in-Control Severance Plan.

### **Post-Employment Payments Tables**

The following tables reflect estimates of the incremental amount of compensation due to each named executive officer in the event of such executive's termination of employment by reason of death, disability or retirement, termination of employment without cause, or termination of employment without cause or with good reason within two years following a change in control. The amounts shown assume that such termination was effective as of December 31, 2018, and are estimates of the amounts that would be paid to the executives upon such termination, including, with respect to performance units, the performance factor calculated as if the performance period ended on December 31, 2018. The amounts reflected in the "Qualifying Termination Following a Change in Control" column of the tables that follow are the amounts that would be paid pursuant to our Change-in-Control Severance Plan and, with respect to outstanding performance units, assume a change in control effective December 31, 2018 and a performance factor based on our total shareholder return relative to the designated peer group on that date. The value of restricted units and performance units reflected in the tables below is based on the closing price of our stock on the NYSE on December 31, 2018 of \$53.95.

**Terry K. Spencer**

**Termination upon Termination Qualifying Termination**



|                             | Death         | Without Cause<br>or Upon Disability<br>or Retirement | Following a Change in<br>Control |
|-----------------------------|---------------|--|----------------------------------|
| Cash Severance              | \$            | \$   | \$ 5,400,000                     |
| Health and Welfare Benefits | \$ 83,846     | \$ 32,564  | \$ 55,403                        |
| Equity                      |               |  |                                  |
| Restricted Units            | \$ 1,807,739  | \$ 1,807,739   | \$ 2,647,068                     |
| Performance Units           | \$ 16,086,183 | \$ 16,086,183  | \$ 23,192,691                    |
| Total                       | \$ 17,893,922 | \$ 17,893,922  | \$ 25,839,759                    |
| Total                       | \$ 17,977,768 | \$ 17,926,486  | \$ 31,295,162                    |

| Walter S. Hulse III         | Termination upon<br>Death | Termination<br>Without Cause<br>or Retirement | Qualifying Termination<br>Following a Change in<br>Control |
|-----------------------------|---------------------------|---|--|
| Cash Severance              | \$                        | \$  | \$ 1,800,000   |
| Health and Welfare Benefits | \$ 48,077                 | \$ 44,871                                     | \$ 79,278  |
| Equity                      |                           |   |  |
| Restricted Units            | \$ 576,106                | \$ 576,106                                    | \$ 844,383   |
| Performance Units           | \$ 5,128,700              | \$ 5,128,700                                  | \$ 7,394,922   |
| Total                       | \$ 5,704,806              | \$ 5,704,806                                  | \$ 8,239,305   |
| Total                       | \$ 5,752,883              | \$ 5,749,677                                  | \$ 10,118,583  |

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| Kevin L. Burdick            | Termination Without Cause |   |  |
|-----------------------------|---------------------------|---|--|
|                             | Termination upon Death    | Termination upon Disability or Retirement | Qualifying Termination Following a Change in Control |
| Cash Severance              | \$                        | \$  | \$ 1,662,500   |
| Health and Welfare Benefits | \$ 54,808                 | \$ 12,941                                 | \$ 47,347  |
| Equity                      |                           |   |  |
| Restricted Units            | \$ 440,866                | \$ 440,866                                | \$ 701,188   |
| Performance Units           | \$ 3,903,438              | \$ 3,903,438                              | \$ 6,097,586   |
| Total                       | \$ 4,344,304              | \$ 4,344,304                              | \$ 6,798,774   |
| Total                       | \$ 4,399,112              | \$ 4,357,245                              | \$ 8,508,621   |

| Robert F. Martinovich       | Termination Without Cause |   |  |
|-----------------------------|---------------------------|---|--|
|                             | Termination upon Death    | Termination upon Disability or Retirement | Qualifying Termination Following a Change in Control |
| Cash Severance              | \$                        | \$  | \$ 1,700,000   |
| Health and Welfare Benefits | \$ 57,692                 | \$ 29,648                                 | \$ 52,488  |
| Equity                      |                           |   |  |
| Restricted Units            | \$ 548,483                | \$ 548,483                                | \$ 744,942   |
| Performance Units           | \$ 4,899,609              | \$ 4,899,609                              | \$ 6,570,194   |
| Total                       | \$ 5,448,092              | \$ 5,448,092                              | \$ 7,315,136   |
| Total                       | \$ 5,505,784              | \$ 5,477,740                              | \$ 9,067,624   |

| Sheridan C. Swords          | Termination Without Cause |   |  |
|-----------------------------|---------------------------|---|--|
|                             | Termination upon Death    | Termination upon Disability or Retirement | Qualifying Termination Following a Change in Control |
| Cash Severance              | \$                        | \$  | \$ 1,518,000   |
| Health and Welfare Benefits | \$ 53,077                 | \$ 53,077                                 | \$ 85,226  |
| Equity                      |                           |   |  |
| Restricted Units            | \$ 379,833                | \$ 379,833                                | \$ 547,075   |
| Performance Units           | \$ 3,381,740              | \$ 3,381,740                              | \$ 4,794,046   |
| Total                       | \$ 3,761,573              | \$ 3,761,573                              | \$ 5,341,121   |
| Total                       | \$ 3,814,650              | \$ 3,814,650                              | \$ 6,944,347   |

## 2018 CEO PAY RATIO

Final Securities and Exchange Commission rules implementing the Dodd-Frank Act now require public companies to disclose the ratio of CEO annual total compensation to median employee annual total compensation. Using the methodology described below, (a) the annual total compensation for our CEO in 2018 was \$7,099,869; (b) the annual total compensation for our median employee in 2018 was \$130,481; and (c) the resulting ratio of our CEO's compensation to median employee compensation in 2018 was 54 to 1.

For 2018, we used the same median employee we used in 2017 as permitted by the SEC, and calculated the ratio above pursuant to the methodology described below, as of December 31, 2018. There has been no change in organizational structure, employee demographics or any employee compensation arrangements that would significantly affect our ability to use the previously identified median

employee for this disclosure. No employees were excluded from this ranking.

We calculated annual total compensation for the median employee in 2018 according to the same methodology used to calculate total compensation for our CEO in the Summary Compensation Table. Under the Summary Compensation Table methodology, annual total compensation includes base salary, cash incentive plan compensation, stock awards, benefit accruals under the ONEOK Retirement Plan and SERP, and all other compensation (including overtime pay, service awards, ONEOK matching charitable contributions and ONEOK contributions to the ONEOK 401(k) Plan, our former Profit Sharing Plan and the ONEOK Nonqualified Deferred Compensation Plan, as applicable). The Summary Compensation Table methodology does not include the value of employer-provided health and insurance coverage and benefits.

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**2018 CEO Pay Ratio**

We believe the foregoing pay ratio disclosure, including but not limited to any assumptions, estimates, adjustments, methodologies and existing internal records used to identify our median employee, is a reasonable estimate calculated in a manner consistent with Securities and Exchange Commission Item 402(u) of Regulation S-K. The Securities and Exchange Commission rules for identifying the median employee and calculating that employee's annual total compensation allow companies to make reasonable assumptions

and estimates, and to apply a variety of methodologies and exclusions that reflect their compensation practices. As a result, the pay ratio reported by other companies may not be comparable to the pay ratio reported above, as other companies may have different compensation practices, and may utilize different assumptions, estimates, methodologies and exclusions in calculating their own pay ratios.

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Proposal 3 Advisory Vote on Executive Compensation

**INTRODUCTION**

The Dodd-Frank Act added provisions to Section 14A of the Exchange Act to provide that a public company's proxy statement in connection with the company's annual meeting of shareholders must, at least once every three years, allow shareholders to cast a non-binding, advisory "say-on-pay" vote regarding the compensation of the company's named executive officers as disclosed pursuant to Item 402 of Securities and Exchange Commission Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion. Section 14A of the Exchange Act, as amended by the Dodd-Frank Act, also requires us, not less frequently than once every six years, to provide our shareholders the opportunity to vote, on a non-binding advisory basis, on the frequency with which we will submit to shareholders a "say-on-pay" advisory vote.

At our 2017 annual meeting of shareholders, a substantial majority of our shareholders voted for an annual say-on-pay vote. Based on these results, we will continue to provide our shareholders with an annual, non-binding, advisory say-on-pay vote on executive compensation.

Our shareholders will again have an opportunity to cast a non-binding vote for their preference concerning the frequency of our advisory vote on executive compensation at our 2023 annual meeting of shareholders.

**OUR EXECUTIVE COMPENSATION PROGRAM**

As described in the Compensation Discussion and Analysis section of this proxy statement and the compensation tables and narrative discussion set forth above, our executive compensation program is based on our pay-for-performance philosophy and is designed with the following goals in mind:

**Pay for performance:** to align the interests of our executive officers with the interests of our shareholders;

**Compensation aligned with business strategies:** to attract, retain and motivate highly talented and diverse executives who are critical to the successful implementation of our strategic plan;

**Pay equity:** to pay our executives fairly relative to one another and our industry peers based on their responsibilities, experience and performance; and

**Compensation governance best practices:** to implement sound governance practices by implementing executive compensation best practices and policies.

Our Executive Compensation Committee regularly reviews the compensation program for our named executive officers to assess its effectiveness in delivering these goals.

Examples of how the various elements of our compensation program for our named executive officers are linked to company performance and are designed to achieve the goals set forth above include:

**At-risk pay:** a substantial portion of our named executive officers' compensation is variable or at-risk incentive compensation, meaning that it is tied to our performance relative to various short-term and long-term objectives, which are based on a number of financial and operational goals;

**Awards are capped:** awards to each named executive officer are subject to fixed maximums established by our Executive Compensation Committee; provided that, our Chief Executive Officer may recommend to the Committee adjustments to the individual performance multiplier in excess of 125% in certain limited cases with regard to awards under our annual short-term incentive plan;

**Multiple performance measures:** short-term incentive awards are based on a review of a variety of indicators of performance, rather than any single indicator of performance;

**Prudent risk management:** short-term and long-term incentive awards are not tied to formulas that could focus our named executive officers on specific short-term outcomes;

**Executive Compensation Committee Assessment:** the Executive Compensation Committee approves the final annual incentive plan awards after the review and confirmation of executive and operating and financial performance;

**Clawbacks:** short-term cash and long-term performance-unit incentive awards are subject to clawback provisions;

**Long-term performance period:** for named executive officers, a significant portion of incentive award value is delivered in the form of our stock-based compensation that vests over multiple years;

**Majority performance-based equity:** for executive officers, approximately 80 percent of the long-term, stock-based incentive amounts are in the form of performance units; and

**Robust share ownership guidelines:** executive officers are subject to our share-ownership guidelines.

For additional information on the compensation program for our named executive officers, including specific information about compensation in fiscal year 2018, please read the Executive Compensation Discussion and Analysis, along with the subsequent tables and narrative descriptions, beginning on page 43.

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**Proposal 3 Advisory Vote on  
Executive Compensation**

Following our 2018 annual meeting of shareholders, the Executive Compensation Committee took into account the affirmative vote by 96.9 percent of our shareholders who voted on our executive compensation at our 2018 annual meeting of shareholders and determined to continue to apply the same principles applied in recent years in determining the nature and amount of executive compensation.

For the reasons discussed above, the Board of Directors recommends that shareholders vote in favor of the following resolution:

RESOLVED, that the shareholders hereby approve, on an advisory basis, the compensation paid to the named executive officers, as disclosed in the company's Proxy Statement for the 2019 Annual Meeting of Shareholders pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables and narrative discussion.

**VOTE REQUIRED AND BOARD RECOMMENDATION**

This vote is advisory and will not be binding on the company, our Board of Directors or our Executive Compensation Committee. Our Board and our Executive Compensation Committee value the opinions of our shareholders and, to the extent there is any significant vote against the named executive officer compensation as disclosed in this proxy statement, we will consider our shareholders' concerns, and the Executive Compensation Committee will evaluate whether any actions are necessary to address those concerns.

In accordance with our By-laws, approval of this proposal requires the affirmative vote of a majority of the voting power of the shareholders present in person or by proxy and entitled to vote on this proposal at the meeting. Abstentions will have the same effect as votes against this proposal and broker non-votes do not count as entitled to vote for purposes of determining the outcome of the vote on this proposal.

*Your Board of Directors unanimously recommends a vote **FOR** the approval of the compensation of our named executive officers, as disclosed in this proxy statement pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, the compensation tables and the related narrative discussion.*

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**Related-Person Transactions**

*Our Board of Directors recognizes that transactions in which we participate and in which a related person (executive officer, director, director nominee, five percent or greater shareholder and their immediate family members) has a direct or indirect material interest can present potential or actual conflicts of interest and create the appearance that company decisions are based on considerations other than the best interests of the company and its shareholders.*

Accordingly, as a general matter, it is our preference to avoid related-person transactions. Nevertheless, we recognize that there are situations where related-person transactions may be in, or may not be inconsistent with, the best interests of the company and its shareholders including, but not limited to, situations where we provide products or services to related persons on an arm's length basis and on terms comparable with those provided to unrelated third parties.

In the event we enter into a transaction in which an executive officer (other than an employment relationship), director (other than compensation arrangements for service on our Board provided to each director), director nominee, five percent or greater shareholder, or a member of their immediate family has a direct or indirect material interest, the transaction is presented to our Audit Committee and, if warranted, our Board, for review to determine if the transaction creates a conflict of interest and is otherwise fair to the company. In determining whether a particular transaction creates a conflict of interest and, if so, is fair to the company, our Audit Committee and, if warranted, our Board of Directors, consider the specific facts and circumstances applicable to each such transaction, including: the

parties to the transaction, their relationship to the company and nature of their interest in the transaction; the nature of the transaction; the aggregate value of the transaction; the length of the transaction; whether the transaction occurs in the normal course of our business; the benefits to our company provided by the transaction; if applicable, the availability of other sources of comparable products or services; and, if applicable, whether the terms of the transaction, including price or other consideration, are the same or substantially the same as those available to the company if the transaction were entered into with an unrelated party.

We require each executive officer and director to annually provide us written disclosure of any transaction in which we participate and in which the officer or director or any of his or her immediate family members has a direct or indirect material interest. Our Corporate Governance Committee reviews our disclosure of related-party transactions in connection with its annual review of director independence. These procedures are not in writing but are documented through the meeting agendas and minutes of our Audit and Corporate Governance Committees.



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**Shareholder Proposals**

*The rules of the Securities and Exchange Commission provide when a company must include a shareholder's proposal in its proxy statement and identify the proposal in its form of proxy when the company holds an annual or special meeting of shareholders.*

Under these rules, proposals that shareholders would like to submit for inclusion in our proxy statement for our 2020 annual meeting of shareholders should be received by our corporate secretary at our principal executive offices no later than December 6, 2019, and no sooner than November 6, 2019. Only those shareholder proposals eligible for inclusion under the rules of the Securities and Exchange Commission will be included in our proxy statement.

If a shareholder desires to present a proposal, other than the nomination of directors at our 2020 annual meeting, outside the process provided by the rules of the Securities and Exchange Commission, the shareholder must follow the procedures set forth in our By-laws.

Our By-laws generally provide that a shareholder may present a proposal at an annual meeting if (1) the shareholder is a shareholder of record at the time the shareholder gives written notice of the proposal and is entitled to vote at the meeting and (2) the shareholder gives timely written notice of the proposal, including any information regarding the proposal required under our By-laws, to our corporate secretary. To be timely for our 2020 annual meeting, a shareholder's notice must be delivered to, or mailed and received at, our principal executive offices no later than December 6, 2019, and no sooner than November 6, 2019.

**Householding**

*Shareholders with multiple accounts that share the same last name and household mailing address will receive a single copy of shareholder documents (annual report, proxy statement, or other informational statement) unless we are instructed otherwise.*

Each shareholder, however, will continue to receive a separate proxy card. This practice, known as householding, is designed to reduce our printing and postage costs.

If you are a registered shareholder and received only one copy of the proxy statement and annual report in your household, we will promptly deliver copies, to the extent you request copies, for each member of your household who was a registered shareholder as of the record date. You may make this request by calling EQ Shareowner Services at 1-866-235-0232 or by providing written instructions to EQ Shareowner Services, Attn: Householding/ONEOK, Inc., P.O. Box 64854, St. Paul, Minnesota 55164-0854.

You also may contact us in the same manner if you are currently receiving a single copy of the proxy statement and

annual report in your household and desire to receive separate copies in the future for each member of your household who is a registered shareholder, or if your household is currently receiving multiple copies of the proxy statement and annual report and you desire to receive a single copy in the future for your entire household. If you are not a registered shareholder and your shares are held by a broker, bank, trustee or other holder of record, you will need to contact that entity to revoke your election and receive multiple copies of these documents.

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[Annual Report on Form 10-K](#)

Our 2018 annual report to shareholders (which includes our Annual Report on Form 10-K for the year ended December 31, 2018) is available on our corporate website at [www.oneok.com](http://www.oneok.com). We will provide, without charge, on the written request of any person solicited hereby, a copy of our Annual Report on Form 10-K as filed with the

Securities and Exchange Commission for the year ended December 31, 2018. Written requests should be mailed to Eric Grimshaw, Secretary, ONEOK, Inc., 100 West Fifth Street, Tulsa, Oklahoma 74103.

[Other Matters](#)

So far as is now known to us, there is no business other than that described in this proxy statement above to be presented to the shareholders for action at the annual meeting. Should other business come before the annual meeting, votes may be cast pursuant to proxies in respect to any such business in the best judgment of the persons acting under the proxies.

Please return your proxy as soon as possible. Unless a quorum consisting of a majority of the outstanding shares entitled to vote is represented at the annual meeting, no business can be transacted. Therefore, please authorize a proxy electronically via the Internet, by telephone, or by mail. Please act promptly to ensure that you will be represented at this important meeting.

By order of the Board of Directors.

Eric Grimshaw

*Secretary*

Tulsa, Oklahoma

April 4, 2019

**2019** Proxy Statement

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100 West Fifth Street

Post Office Box 871

Tulsa, Oklahoma 74103

Tulsa, OK 74102-0871

[www.oneok.com](http://www.oneok.com)

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Shareowner Services  
P.O. Box 64873  
St. Paul, MN 55164-0873

Address Change? Mark box, sign, and indicate changes below:

TO VOTE BY INTERNET OR  
TELEPHONE, SEE REVERSE SIDE  
OF THIS PROXY CARD.

***TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW,  
SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.***

**Your Board of Directors recommends a vote FOR the election of each of the nominees listed below.**

1. Election of 11 directors:

**FOR AGAINST ABSTAIN**

**FOR AGAINST ABSTAIN**

01 Brian L. Derksen

07 Jim W. Mogg

02 Julie H. Edwards

08 Pattye L.  
Moore

*Please fold here Do not separate*

03 John W. Gibson

09 Gary D.  
Parker

04 Mark W.  
Helderman

10 Eduardo A.  
Rodriguez

05 Randall J. Larson

11 Terry K.  
Spencer

06 Steven J. Malcolm

**Your Board of Directors recommends a vote FOR Proposals 2 and 3:**

2. Ratification of the selection of PricewaterhouseCoopers LLP as the independent registered public accounting firm of ONEOK, Inc. for the year ending December 31, 2019.

For Against Abstain

3. An advisory vote to approve ONEOK, Inc.'s executive compensation. For Against Abstain

**THIS PROXY WHEN PROPERLY EXECUTED WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED AS RECOMMENDED BY THE BOARD OF DIRECTORS.**

Date \_\_\_\_\_

Signature(s) in Box

Please sign exactly as your name(s) appears on the Proxy. If held in joint tenancy, all persons should sign. Trustees, administrators, etc., should include title and authority. Corporations should provide full name of corporation and title of authorized officer signing the Proxy.

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**ONEOK, Inc.**

**ANNUAL MEETING OF SHAREHOLDERS**

**Wednesday, May 22, 2019**

**9:00 a.m. Central Time**

**100 West Fifth Street**

**Tulsa, Oklahoma 74103**

**proxy**

**ANNUAL MEETING OF SHAREHOLDERS MAY 22, 2019**

**THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS**

The undersigned hereby appoints John W. Gibson and Stephen B. Allen, or either of them, with the power of substitution in each, as proxies to vote all shares of stock of the undersigned in ONEOK, Inc. at the Annual Meeting of Shareholders to be held May 22, 2019, and at any and all adjournments or postponements thereof, upon the matter of the election of directors, the proposals referred to in Items 2 and 3 of this Proxy, and any other business that may properly come before the meeting.

Shares will be voted as specified. **IF YOU SIGN BUT DO NOT GIVE SPECIFIC INSTRUCTIONS, YOUR SHARES WILL BE VOTED FOR THE ELECTION OF EACH OF THE LISTED NOMINEES FOR DIRECTOR AS PROPOSED, AND FOR PROPOSALS 2 AND 3.**

This card also constitutes voting instructions by the undersigned participant to the trustee of the ONEOK, Inc. 401(k) Plan, the ONE Gas, Inc. 401(k) Plan and the ONE Gas, Inc. Profit Sharing Plan for all shares votable by the undersigned participant and held of record by such trustee, if any. The trustee will vote these shares as directed provided your voting instruction is received by 11:59 p.m. Central Daylight Time on May 19, 2019. If there are any shares for which instructions are not timely received, the trustee will cause all such shares to be voted in the same manner and proportion as the shares of the plan for which timely instructions have been received, unless to do so would be contrary to ERISA. All voting instructions for shares held of record by the plans shall be confidential.

**THE BOARD OF DIRECTORS RECOMMENDS A VOTE FOR THE ELECTION OF EACH OF THE LISTED NOMINEES FOR DIRECTOR AS PROPOSED, AND A VOTE FOR PROPOSALS 2 AND 3.**

If you vote by the Internet or Telephone, you DO NOT need to return your proxy card.

Please mark, sign and date the proxy card. Detach the proxy card and return it in the postage-paid envelope.



**Vote by Internet, Telephone or Mail**

**24 Hours a Day, 7 Days a Week**

Your phone or Internet vote authorizes the named proxies to vote your shares  
in the same manner as if you marked, signed and returned your proxy card.

**INTERNET**

[www.proxypush.com/oke](http://www.proxypush.com/oke)

Use the Internet to vote your proxy  
until 11:59 p.m. (CT) on

May 21, 2019.

**PHONE**

**1-866-883-3382**

Use a touch-tone telephone to  
vote your proxy until 11:59 p.m.  
(CT)

on May 21, 2019.

**MAIL**

Mark, sign and date your proxy  
card and return it in the

postage-paid envelope provided.

**If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.**