

**ONEOK, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF INCOME**

	Years Ended December 31,		
	2017	2016	2015
	<i>(Thousands of dollars, except per share amounts)</i>		
<b>Revenues</b>			
Commodity sales	\$ 9,862,652	\$ 6,858,456	\$ 6,098,343
Services	2,311,255	2,062,478	1,664,863
Total revenues	12,173,907	8,920,934	7,763,206
Cost of sales and fuel (exclusive of items shown separately below)	9,538,045	6,496,124	5,641,052
Operations and maintenance	735,190	668,335	605,748
Depreciation and amortization	406,335	391,585	354,620
Impairment of long-lived assets (Note E)	15,970	—	83,673
General taxes	98,396	88,849	87,583
Gain on sale of assets	(924)	(9,635)	(5,629)
<b>Operating income</b>	<b>1,380,895</b>	<b>1,285,676</b>	<b>996,159</b>
Equity in net earnings from investments (Note N)	159,278	139,690	125,300
Impairment of equity investments (Note N)	(4,270)	—	(180,583)
Allowance for equity funds used during construction	107	209	2,179
Other income	15,385	6,091	368
Other expense	(24,936)	(4,059)	(4,760)
Interest expense (net of capitalized interest of \$5,510, \$10,591 and \$36,572, respectively)	(485,658)	(469,651)	(416,787)
Income before income taxes	1,040,801	957,956	521,876
Income taxes (Note M)	(447,282)	(212,406)	(136,600)
Income from continuing operations	593,519	745,550	385,276
Income (loss) from discontinued operations, net of tax	—	(2,051)	(6,081)
Net income	593,519	743,499	379,195
Less: Net income attributable to noncontrolling interests	205,678	391,460	134,218
<b>Net income attributable to ONEOK</b>	<b>387,841</b>	<b>352,039</b>	<b>244,977</b>
Less: Preferred stock dividends	767	—	—
<b>Net income available to common shareholders</b>	<b>\$ 387,074</b>	<b>\$ 352,039</b>	<b>\$ 244,977</b>
Amounts available to common shareholders:			
Income from continuing operations	\$ 387,074	\$ 354,090	\$ 251,058
Income (loss) from discontinued operations	—	(2,051)	(6,081)
Net income	\$ 387,074	\$ 352,039	\$ 244,977
Basic earnings per common share:			
Income from continuing operations (Note J)	\$ 1.30	\$ 1.68	\$ 1.19
Income (loss) from discontinued operations	—	(0.01)	(0.02)
Net income	\$ 1.30	\$ 1.67	\$ 1.17
Diluted earnings per common share:			
Income from continuing operations (Note J)	\$ 1.29	\$ 1.67	\$ 1.19
Income (loss) from discontinued operations	—	(0.01)	(0.03)
Net income	\$ 1.29	\$ 1.66	\$ 1.16
Average shares ( <i>thousands</i> )			
Basic	297,477	211,128	210,208
Diluted	299,780	212,383	210,541
Dividends declared per share of common stock	\$ 2.72	\$ 2.46	\$ 2.43

See accompanying Notes to Consolidated Financial Statements.

**ONEOK, Inc. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**

	December 31, 2017	December 31, 2016
<b>Assets</b>	<i>(Thousands of dollars)</i>	
<b>Current assets</b>		
Cash and cash equivalents	\$ 37,193	\$ 248,875
Accounts receivable, net	1,202,951	872,430
Materials and supplies	90,301	60,912
Natural gas and natural gas liquids in storage	342,293	140,034
Commodity imbalances	38,712	60,896
Other current assets	53,008	45,986
Assets of discontinued operations	—	551
Total current assets	1,764,458	1,429,684
<b>Property, plant and equipment</b>		
Property, plant and equipment	15,559,667	15,078,497
Accumulated depreciation and amortization	2,861,541	2,507,094
Net property, plant and equipment (Note E)	12,698,126	12,571,403
<b>Investments and other assets</b>		
Investments in unconsolidated affiliates (Note N)	1,003,156	958,807
Goodwill and intangible assets (Note F)	993,460	1,005,359
Deferred income taxes (Note M)	205,907	—
Other assets	180,830	162,998
Assets of discontinued operations	—	10,500
Total investments and other assets	2,383,353	2,137,664
Total assets	\$ 16,845,937	\$ 16,138,751

**ONEOK, Inc. and Subsidiaries**  
**CONSOLIDATED BALANCE SHEETS**  
**(Continued)**

	December 31, 2017	December 31, 2016
<i>(Thousands of dollars)</i>		
<b>Liabilities and equity</b>		
<b>Current liabilities</b>		
Current maturities of long-term debt (Note G)	\$ 432,650	\$ 410,650
Short-term borrowings (Note G)	614,673	1,110,277
Accounts payable	1,140,571	874,731
Commodity imbalances	164,161	142,646
Accrued interest	135,309	112,514
Other current liabilities	179,971	166,042
Liabilities of discontinued operations	—	19,841
Total current liabilities	2,667,335	2,836,701
<b>Long-term debt, excluding current maturities (Note G)</b>	<b>8,091,629</b>	<b>7,919,996</b>
<b>Deferred credits and other liabilities</b>		
Deferred income taxes (Note M)	52,697	1,623,822
Other deferred credits	348,924	321,846
Liabilities of discontinued operations	—	7,471
Total deferred credits and other liabilities	401,621	1,953,139
<b>Commitments and contingencies (Note O)</b>		
<b>Equity (Note H)</b>		
ONEOK shareholders' equity:		
Preferred stock, \$0.01 par value: issued 20,000 shares at December 31, 2017, and no shares at December 31, 2016	—	—
Common stock, \$0.01 par value: authorized 1,200,000,000 shares; issued 423,166,234 shares and outstanding 388,703,543 shares at December 31, 2017; authorized 600,000,000 shares; issued 245,811,180 shares and outstanding 210,681,661 shares at December 31, 2016	4,232	2,458
Paid-in capital	6,588,878	1,234,314
Accumulated other comprehensive loss (Note I)	(188,530)	(154,350)
Retained earnings	—	—
Treasury stock, at cost: 34,462,691 shares at December 31, 2017, and 35,129,519 shares at December 31, 2016	(876,713)	(893,677)
Total ONEOK shareholders' equity	5,527,867	188,745
Noncontrolling interests in consolidated subsidiaries	157,485	3,240,170
Total equity	5,685,352	3,428,915
Total liabilities and equity	\$ 16,845,937	\$ 16,138,751

See accompanying Notes to Consolidated Financial Statements.

**ONEOK, Inc. and Subsidiaries**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**

	Years Ended December 31,		
	2017	2016	2015
	<i>(Thousands of dollars)</i>		
<b>Operating activities</b>			
Net income	\$ 593,519	\$ 743,499	\$ 379,195
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	406,335	391,585	354,620
Impairment charges	20,240	—	264,256
Noncash contribution of preferred stock, net of tax	12,600	—	—
Equity in net earnings from investments	(159,278)	(139,690)	(125,300)
Distributions received from unconsolidated affiliates	167,372	144,673	122,003
Deferred income taxes	437,917	211,638	137,737
Share-based compensation expense	26,262	40,563	16,435
Pension and postretirement benefit expense, net of contributions	4,079	11,643	14,814
Allowance for equity funds used during construction	(107)	(209)	(2,179)
Gain on sale of assets	(924)	(9,635)	(5,629)
Changes in assets and liabilities:			
Accounts receivable	(330,521)	(285,806)	157,051
Natural gas and natural gas liquids in storage	(202,259)	(11,950)	6,050
Accounts payable	261,305	287,632	(205,143)
Commodity imbalances, net	43,699	45,971	(4,083)
Settlement of exit activities liabilities	(9,707)	(19,906)	(38,536)
Accrued interest	22,795	(16,529)	24,166
Risk-management assets and liabilities	37,617	(78,136)	(32,370)
Other assets and liabilities, net	(15,532)	37,998	(40,259)
Cash provided by operating activities	1,315,412	1,353,341	1,022,828
<b>Investing activities</b>			
Capital expenditures (less allowance for equity funds used during construction)	(512,393)	(624,634)	(1,188,312)
Contributions to unconsolidated affiliates	(87,861)	(68,275)	(27,540)
Distributions received from unconsolidated affiliates in excess of cumulative earnings	28,742	52,044	33,915
Proceeds from sale of assets	3,879	25,420	3,825
Other	—	—	(12,607)
Cash used in investing activities	(567,633)	(615,445)	(1,190,719)
<b>Financing activities</b>			
Dividends paid	(829,414)	(517,601)	(509,197)
Distributions to noncontrolling interests	(276,260)	(549,419)	(535,825)
Borrowing (repayment) of short-term borrowings, net	(495,604)	563,937	(508,956)
Issuance of long-term debt, net of discounts	1,190,496	1,000,000	1,291,506
Debt financing costs	(11,425)	(2,770)	(17,515)
Repayment of long-term debt	(994,776)	(1,108,040)	(7,753)
Issuance of common stock	471,358	21,971	20,669
Issuance of common units, net of issuance costs	—	—	375,660
Other	(13,836)	5,403	(15,848)
Cash provided by (used in) financing activities	(959,461)	(586,519)	92,741
Change in cash and cash equivalents	(211,682)	151,377	(75,150)
Change in cash and cash equivalents included in discontinued operations	—	(121)	(43)
Change in cash and cash equivalents from continuing operations	(211,682)	151,256	(75,193)
Cash and cash equivalents at beginning of period	248,875	97,619	172,812
Cash and cash equivalents at end of period	\$ 37,193	\$ 248,875	\$ 97,619
<b>Supplemental cash flow information:</b>			
Cash paid for interest, net of amounts capitalized	\$ 432,210	\$ 461,208	\$ 367,835
Cash paid for income taxes	\$ 6,633	\$ 361	\$ 3,324

See accompanying Notes to Consolidated Financial Statements.