

ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME

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

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

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

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

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

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

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