

ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF INCOME

Years Ended December 31,

2018 2017 2016

(Thousands of dollars, except per share amounts)

Revenues			
Commodity sales	\$ 11,395,642	\$ 9,862,652	\$ 6,858,456
Services	1,197,554	2,311,255	2,062,478
Total revenues	12,593,196	12,173,907	8,920,934
Cost of sales and fuel (exclusive of items shown separately below)	9,422,708	9,538,045	6,496,124
Operations and maintenance	803,146	724,314	658,233
Depreciation and amortization	428,557	406,335	391,585
Impairment of long-lived assets (Note D)	—	15,970	—
General taxes	103,922	98,396	88,849
Gain on sale of assets	(601)	(924)	(9,635)
Operating income	1,835,464	1,391,771	1,295,778
Equity in net earnings from investments (Note M)	158,383	159,278	139,690
Impairment of equity investments (Note M)	—	(4,270)	—
Allowance for equity funds used during construction	7,962	107	209
Other income	674	15,385	6,091
Other expense	(14,928)	(35,812)	(14,161)
Interest expense (net of capitalized interest of \$28,062, \$5,510 and \$10,591, respectively)	(469,620)	(485,658)	(469,651)
Income before income taxes	1,517,935	1,040,801	957,956
Income taxes (Note L)	(362,903)	(447,282)	(212,406)
Income from continuing operations	1,155,032	593,519	745,550
Income (loss) from discontinued operations, net of tax	—	—	(2,051)
Net income	1,155,032	593,519	743,499
Less: Net income attributable to noncontrolling interests	3,329	205,678	391,460
Net income attributable to ONEOK	1,151,703	387,841	352,039
Less: Preferred stock dividends	1,100	767	—
Net income available to common shareholders	\$ 1,150,603	\$ 387,074	\$ 352,039
Amounts available to common shareholders:			
Income from continuing operations	\$ 1,150,603	\$ 387,074	\$ 354,090
Income (loss) from discontinued operations	—	—	(2,051)
Net income	\$ 1,150,603	\$ 387,074	\$ 352,039
Basic earnings per common share:			
Income from continuing operations (Note I)	\$ 2.80	\$ 1.30	\$ 1.68
Income (loss) from discontinued operations	—	—	(0.01)
Net income	\$ 2.80	\$ 1.30	\$ 1.67
Diluted earnings per common share:			
Income from continuing operations (Note I)	\$ 2.78	\$ 1.29	\$ 1.67
Income (loss) from discontinued operations	—	—	(0.01)
Net income	\$ 2.78	\$ 1.29	\$ 1.66
Average shares (thousands)			
Basic	411,485	297,477	211,128
Diluted	414,195	299,780	212,383

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries
CONSOLIDATED BALANCE SHEETS

	December 31, 2018	December 31, 2017
Assets	<i>(Thousands of dollars)</i>	
Current assets		
Cash and cash equivalents	\$ 11,975	\$ 37,193
Accounts receivable, net	818,958	1,202,951
Materials and supplies	141,174	90,301
Natural gas and natural gas liquids in storage	296,667	342,293
Commodity imbalances	29,050	38,712
Other current assets	100,808	53,008
Total current assets	1,398,632	1,764,458
Property, plant and equipment		
Property, plant and equipment	18,030,963	15,559,667
Accumulated depreciation and amortization	3,264,312	2,861,541
Net property, plant and equipment (Note D)	14,766,651	12,698,126
Investments and other assets		
Investments in unconsolidated affiliates (Note M)	969,150	1,003,156
Goodwill and intangible assets (Note E)	967,142	993,460
Deferred income taxes (Note L)	—	205,907
Other assets	130,096	180,830
Total investments and other assets	2,066,388	2,383,353
Total assets	\$ 18,231,671	\$ 16,845,937

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

	December 31, 2018	December 31, 2017
Liabilities and equity	<i>(Thousands of dollars)</i>	
Current liabilities		
Current maturities of long-term debt (Note F)	\$ 507,650	\$ 432,650
Short-term borrowings (Note F)	—	614,673
Accounts payable	1,118,102	1,140,571
Commodity imbalances	110,197	164,161
Accrued interest	161,377	135,309
Other current liabilities	211,110	179,971
Total current liabilities	2,108,436	2,667,335
Long-term debt, excluding current maturities (Note F)	8,873,334	8,091,629
Deferred credits and other liabilities		
Deferred income taxes (Note L)	219,731	52,697
Other deferred credits	450,627	348,924
Total deferred credits and other liabilities	670,358	401,621
Commitments and contingencies (Note N)		
Equity (Note G)		
ONEOK shareholders' equity:		
Preferred stock, \$0.01 par value: authorized and issued 20,000 shares at December 31, 2018, and at December 31, 2017	—	—
Common stock, \$0.01 par value: authorized 1,200,000,000 shares; issued 445,016,234 shares and outstanding 411,532,606 shares at December 31, 2018; issued 423,166,234 shares and outstanding 388,703,543 shares at December 31, 2017	4,450	4,232
Paid-in capital	7,615,138	6,588,878
Accumulated other comprehensive loss (Note H)	(188,239)	(188,530)
Retained earnings	—	—
Treasury stock, at cost: 33,483,628 shares at December 31, 2018, and 34,462,691 shares at December 31, 2017	(851,806)	(876,713)
Total ONEOK shareholders' equity	6,579,543	5,527,867
Noncontrolling interests in consolidated subsidiaries	—	157,485
Total equity	6,579,543	5,685,352
Total liabilities and equity	\$ 18,231,671	\$ 16,845,937

See accompanying Notes to Consolidated Financial Statements.

ONEOK, Inc. and Subsidiaries
CONSOLIDATED STATEMENTS OF CASH FLOWS

	Years Ended December 31,		
	2018	2017	2016
	<i>(Thousands of dollars)</i>		
Operating activities			
Net income	\$ 1,155,032	\$ 593,519	\$ 743,499
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	428,557	406,335	391,585
Impairment charges	—	20,240	—
Noncash contribution of preferred stock, net of tax	—	12,600	—
Equity in net earnings from investments	(158,383)	(159,278)	(139,690)
Distributions received from unconsolidated affiliates	170,528	167,372	144,673
Deferred income taxes	361,010	437,917	211,638
Share-based compensation expense	31,664	26,262	40,563
Pension and postretirement benefit expense, net of contributions	469	4,079	11,643
Allowance for equity funds used during construction	(7,962)	(107)	(209)
Gain on sale of assets	(601)	(924)	(9,635)
Changes in assets and liabilities:			
Accounts receivable	383,993	(330,521)	(285,806)
Natural gas and natural gas liquids in storage	38,456	(202,259)	(11,950)
Accounts payable	(320,132)	261,305	287,632
Commodity imbalances, net	(44,302)	43,699	45,971
Accrued interest	26,068	22,795	(16,529)
Risk-management assets and liabilities	117,717	37,617	(78,136)
Other assets and liabilities, net	4,605	(25,239)	17,971
Cash provided by operating activities	2,186,719	1,315,412	1,353,220
Investing activities			
Capital expenditures (less allowance for equity funds used during construction)	(2,141,475)	(512,393)	(624,634)
Contributions to unconsolidated affiliates	(1,748)	(87,861)	(68,275)
Distributions received from unconsolidated affiliates in excess of cumulative earnings	26,757	28,742	52,044
Proceeds from sale of assets	1,578	3,879	25,420
Cash used in investing activities	(2,114,888)	(567,633)	(615,445)
Financing activities			
Dividends paid	(1,335,058)	(829,414)	(517,601)
Distributions to noncontrolling interests	(3,500)	(276,260)	(549,419)
Borrowing (repayment) of short-term borrowings, net	(614,673)	(495,604)	563,937
Issuance of long-term debt, net of discounts	1,795,773	1,190,496	1,000,000
Debt financing costs	(13,441)	(11,425)	(2,770)
Repayment of long-term debt	(932,650)	(994,776)	(1,108,040)
Issuance of common stock	1,203,981	471,358	21,971
Acquisition of noncontrolling interests	(195,000)	—	—
Other, net	(2,481)	(13,836)	5,403
Cash used in financing activities	(97,049)	(959,461)	(586,519)
Change in cash and cash equivalents	(25,218)	(211,682)	151,256
Cash and cash equivalents at beginning of period	37,193	248,875	97,619
Cash and cash equivalents at end of period	\$ 11,975	\$ 37,193	\$ 248,875
Supplemental cash flow information:			
Cash paid for interest, net of amounts capitalized	\$ 418,244	\$ 432,210	\$ 461,208
Cash paid for income taxes	\$ 2,225	\$ 6,633	\$ 361

See accompanying Notes to Consolidated Financial Statements.