

ONEOK INC /NEW/  
Form 424B5  
January 24, 2003  
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Filed Pursuant to Rule 424(b)(5)  
Registration No. 333-102105

Prospectus Supplement  
(To Prospectus Dated January 23, 2003)

**14,000,000 Equity Units**  
(Initially Consisting of 14,000,000 Corporate Units)

**ONEOK, INC.**  
**8.50% Equity Units**

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This is an offering of 14,000,000 8.50% Equity Units of ONEOK, Inc., or ONEOK.

Each Equity Unit will have a stated amount of \$25 and will consist of a purchase contract issued by us and, initially, \$25 principal amount of our senior notes due February 16, 2008, which we refer to as a Corporate Unit.

The purchase contract will obligate you to purchase from us, no later than February 16, 2006, for a price of \$25 in cash, the following number of shares of our common stock, subject to anti-dilution adjustments:

if the average closing price of our common stock over the 20-trading day period ending on the third trading day prior to February 16, 2006 equals or exceeds \$20.63, 1.2119 shares of our common stock;

if the average closing price of our common stock over the same period is less than \$20.63 but greater than \$17.19, a number of shares of our common stock having a value, based on the 20-trading day average closing price, equal to \$25; and

if the average closing price of our common stock over the same period is less than or equal to \$17.19, 1.4543 shares of our common stock.

We will also pay you quarterly contract adjustment payments at a rate of 4.5% per year of the stated amount of \$25 per Equity Unit, or \$1.125 per year, as described in this prospectus supplement.

The senior notes will initially bear interest at a rate of 4.0% per year, payable quarterly. The senior notes will be remarketed as described in this prospectus supplement. Following a successful remarketing, the interest rate on the senior notes will be reset.

If there is a successful remarketing prior to the third business day immediately preceding February 16, 2006, or if a special event redemption as described in this prospectus supplement occurs prior to February 16, 2006, the senior notes comprising a part of the Corporate Units will be replaced by the Treasury portfolio described in this prospectus supplement.

You can create Treasury Units from Corporate Units by substituting Treasury securities for the senior notes or your applicable ownership interest in the Treasury portfolio comprising a part of the Corporate Units, and you can recreate Corporate Units by substituting senior notes or your applicable ownership interest in the Treasury portfolio for the Treasury securities comprising a part of the Treasury Units.

The senior notes or, if substituted for the senior notes, the Treasury securities or your applicable ownership interest in the Treasury portfolio, as the case may be, will be pledged to us to secure your obligation under the related purchase contract.

Concurrently with this offering, we are offering, by means of a separate prospectus supplement, 12,000,000 shares of our common stock (or 13,800,000, if the underwriters exercise in full their over-allotment option). Neither offering is contingent upon the other.

The Corporate Units have been approved for listing on the New York Stock Exchange, or NYSE, under the symbol OKE PrA, subject to official notice of issuance. Our common stock is traded on the NYSE under the symbol OKE. The last reported sale price of our common stock on January 22, 2003 was \$17.19 per share.

**Investing in the Equity Units involves risks. See Risk Factors beginning on page S-19 of this prospectus supplement to read about various factors you should consider before buying our Equity Units.**

	<u>Per Corporate Unit</u>	<u>Total</u>
Public offering price	\$ 25.00	\$ 350,000,000
Underwriting discounts and commissions	\$ 0.75	\$ 10,500,000
Proceeds, before expenses, to ONEOK	\$ 24.25	\$ 339,500,000

The underwriters may also purchase up to an additional 2,100,000 Corporate Units at the public offering price less the underwriting discounts and commissions within a 13-day period beginning on the date of this prospectus supplement in order to cover over-allotments, if any.

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.**

The Corporate Units will be ready for delivery in book-entry form only through The Depository Trust Company on or about January 28, 2003.

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*Joint Book-Running Managers*

**UBS Warburg**

**Banc of America Securities  
LLC**

**JPMorgan**

**ABN AMRO Rothschild LLC**

**A.G. Edwards & Sons, Inc.**

**SunTrust Robinson Humphrey**

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The date of this prospectus supplement is January 23, 2003.

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You should rely on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with any information or to make any representations not contained in this prospectus supplement or the accompanying prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of the respective dates of those documents in which the information is contained. Our business, financial condition, results of operations and prospects may have changed since those dates.

Unless we otherwise indicate or unless the context requires otherwise, all references in this prospectus supplement to we, our, us or similar references mean ONEOK, Inc. and its subsidiaries, predecessors and acquired businesses.

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**NOTICE TO RESIDENTS OF THE UNITED KINGDOM**

This prospectus supplement and the accompanying prospectus are directed only at persons who (i) are outside the United Kingdom or (ii) have professional experience in matters relating to investments or (iii) are persons falling within Article 49(2)(a) to (d) ( high net worth companies, unincorporated associations, etc. ) of The Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (all such persons together being referred to as relevant persons ). This prospectus supplement and the accompanying prospectus must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this prospectus supplement and the accompanying prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.

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**ABOUT THIS PROSPECTUS SUPPLEMENT**

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. This prospectus supplement and the accompanying prospectus are part of a registration statement that we filed with the Securities and Exchange Commission using a shelf registration process. Under the shelf registration process, we may sell any combination of the securities described in the accompanying prospectus up to a total dollar amount of \$1,042,222,000, of which this offering is a part. In this prospectus supplement, we provide you with specific information about the terms of this offering of our Equity Units. Both this prospectus supplement and the accompanying prospectus include important information about us, our Equity Units and other information you should know before investing in our Equity Units. This prospectus supplement also adds to, updates and changes some of the information contained in the accompanying prospectus. To the extent that any statement that we make in this prospectus supplement is inconsistent with the statements made in the accompanying prospectus, the statements made in the accompanying prospectus are deemed modified or superseded by the statements made in this prospectus supplement. You should read both this prospectus supplement and the accompanying prospectus as well as the additional information described under the heading *Where You Can Find More Information* beginning on page 2 of the accompanying prospectus before investing in our Equity Units.

**FORWARD-LOOKING INFORMATION**

Some of the statements contained and incorporated in this prospectus supplement and the accompanying prospectus are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. The forward-looking statements relate to: anticipated financial performance, including anticipated operating income for the Texas properties recently acquired from Southern Union Company, a reduction in operating income and a recognition of gains from the sale of some of the assets of our production segment and a reduction in operating income from the sale of some of our midstream natural gas assets; management's plans and objectives for future operations, including anticipated capital expenditures related to the Texas properties recently acquired from Southern Union and anticipated reductions in capital expenditures related to the sale of some of the assets of our production segment; expectations relating to the repurchase of shares of our Series A convertible preferred stock and related transactions; expectations relating to pending or possible acquisitions and dispositions; expectations as to the dividend level on our common stock; business prospects; outcome of regulatory proceedings; market conditions; and other matters. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements in certain circumstances. The following discussion is intended to identify important factors that could cause future outcomes to differ materially from those set forth in the forward-looking statements.

Forward-looking statements include the information concerning possible or assumed future results of our operations and other statements contained or incorporated in this prospectus supplement or the accompanying prospectus identified by words such as *anticipate, estimate, expect, intend, believe, projection or goal.*

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

- risks associated with any reduction in our credit ratings;
- the effects of weather and other natural phenomena on sales and prices;
- competition from other energy suppliers as well as alternative forms of energy;

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the capital intensive nature of our business;

further deregulation, or unbundling, of the natural gas business;

competitive changes in the natural gas gathering, transportation and storage business resulting from deregulation, or unbundling, of the natural gas business;

the profitability of assets or businesses acquired by us;

risks of marketing, trading and hedging activities as a result of changes in energy prices or the financial condition of our trading partners;

economic climate and growth in the geographic areas in which we do business;

the uncertainty of gas and oil reserve estimates;

the timing and extent of changes in commodity prices for natural gas, natural gas liquids, electricity and crude oil;

the effects of changes in governmental policies and regulatory actions, including with respect to accounting policies, income taxes, environmental compliance, authorized rates or recovery of gas costs;

the impact of unforeseen changes in interest rates, equity markets, inflation rates, economic recession and other external factors over which we have no control, including the effect on pension expense and funding resulting from changes in stock market returns;

risks associated with pending or possible acquisitions and dispositions, including our ability to finance or integrate any such acquisitions and any regulatory delay or conditions imposed by regulatory bodies in connection with any such acquisitions and dispositions;

the results of administrative proceedings and litigation involving the Oklahoma Corporation Commission, Kansas Corporation Commission, Texas regulatory authorities or any other local, state or federal regulatory body;

our ability to access capital at competitive rates or on terms acceptable to us;

actions taken by Westar Energy, Inc., formerly Western Resources, Inc., or its affiliates with respect to its investment in ONEOK, including, without limitation, the effect of a sale of our shares of common stock and preferred stock beneficially owned by Westar Energy;

the risk of a significant slowdown in growth or decline in the U.S. economy, the risk of delay in growth or recovery in the U.S. economy or the risk of increased cost for insurance premiums, security and other items as a consequence of the September 11, 2001 terrorist attacks; and

the other factors listed in the reports we have filed and may file with the Securities and Exchange Commission, which are incorporated by reference.

Other factors and assumptions not identified above were also involved in the making of the forward-looking statements. The failure of those assumptions to be realized, as well as other factors, may also cause actual results to differ materially from those projected. We have no obligation and make no undertaking to update publicly or revise any forward-looking information.

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**SUMMARY**

*This summary highlights information contained elsewhere in this prospectus supplement and the accompanying prospectus. This summary may not contain all of the information that may be important to you. You should read carefully all of the information contained in or incorporated by reference into this prospectus supplement and the accompanying prospectus, including the information set forth under the caption "Risk Factors" in this prospectus supplement and our consolidated financial statements and the related notes thereto incorporated by reference herein, before making a decision to invest in our Equity Units. Except as otherwise noted, all information in this prospectus supplement assumes no exercise of the underwriters' over-allotment option.*

**Our Company**

ONEOK is a diversified energy company. We purchase, gather, process, transport, store and distribute natural gas. We drill for and produce oil and natural gas, extract, sell and market natural gas liquids and are engaged in the natural gas, crude oil and natural gas liquids marketing and trading business. We are the largest natural gas distributor in Kansas and Oklahoma, providing service as a regulated public utility to wholesale and retail customers. Our largest markets in Oklahoma are the Oklahoma City and Tulsa metropolitan areas and in Kansas are Wichita, Topeka and Johnson County, which includes Overland Park, Kansas. In addition, as a result of the completion of our recent acquisition of the Texas assets of Southern Union discussed below, we are now the third largest natural gas distributor in Texas. Our largest markets in Texas are the Austin and El Paso metropolitan areas. We also own and operate an electric generating plant and engage in wholesale marketing of electricity. Our energy marketing and trading operations provide service to customers in 28 states.

The following chart illustrates the principal segments in which we report operations, separated into our regulated and our nonregulated operations.

- (1) Excludes the results of the Texas natural gas distribution business recently acquired from Southern Union discussed below under Recent Developments.
- (2) Includes the results of the production assets to be sold, and midstream natural gas assets recently sold, as discussed below under Recent Developments.
- (3) See Recent Developments below.
- (4) As discussed below under Recent Developments, we have announced the sale of \$300 million of assets of our production segment.

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### **Our Strategy**

Our business strategy is focused on the maximization of shareholder value by vertically integrating our natural gas business operations from the wellhead to the burner tip. In order to implement this strategy, we plan to:

acquire assets that complement and strengthen each other;

maximize the earnings potential of existing assets through asset rationalization and consolidation;

maintain a strong credit rating and capital structure while continuing our practice of consistent dividend payments;

pursue regulatory initiatives that benefit us and our customers; and

trade around physical assets and minimize high-risk activities.

The following is a summary of our net revenues and operating income for the nine months ended September 30, 2001 and 2002.

### **Recent Developments**

**Repurchase of ONEOK Stock From Westar and Related Transactions.** Prior to this offering and our concurrent offering of common stock, Westar Industries, Inc., a wholly owned subsidiary of Westar Energy, beneficially owned approximately 44.4% of our common stock after giving effect to the conversion of our Series A convertible preferred stock, all of which is held by Westar Industries. In this prospectus supplement, we refer to Westar Energy and its affiliates, including Westar Industries collectively as Westar. On January 9, 2003, we entered into an agreement with Westar, pursuant to which we agreed to, among other things, make an offering of our common stock and other securities, which obligation we will satisfy by making this offering and our concurrent offering of common stock, and to use a portion of the net proceeds of the offerings to repurchase up to \$250 million of our Series A convertible preferred stock held by Westar. We have also agreed to modify the terms of the remaining shares of our Series A convertible preferred stock by exchanging newly issued shares of our \$0.925 Series D non-cumulative convertible preferred stock for all the shares of our Series A convertible preferred stock held by Westar that we do not repurchase. The new Series D convertible preferred stock will be convertible into shares of our common stock on a one-for-one basis, subject to some adjustments, and will be entitled to receive, when and if declared by our board of directors, fixed quarterly cash dividends of \$0.23125 per share. The total number of shares of our common stock issuable upon the conversion of all the shares of Series D convertible preferred stock to be issued in the exchange will be equal to the total number of shares of our common stock issuable upon the conversion of all the shares of Series A convertible preferred stock currently outstanding less the total number of shares of our common stock issuable upon the conversion of all of the shares of our Series A convertible preferred stock that we will repurchase.

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In addition, we have agreed to register for resale, within 60 days from the date the repurchase and exchange are completed, all of the shares of our common stock held by Westar, as well as all the shares of our Series D convertible preferred stock to be issued to Westar and all the shares of our common stock issuable upon conversion of those shares of our Series D convertible preferred stock. See Risk Factors Risks Related to our Business Future sales of our common stock or the perception that those sales might occur may cause our stock price to decline.

After this offering and our concurrent offering of common stock and assuming that we repurchase \$250 million of Series A convertible preferred stock in the repurchase and that the exchange is consummated, Westar will beneficially own approximately 30.3% of our common stock after giving effect to the conversion of the Series D convertible preferred stock.

On January 9, 2003, we also entered into a new shareholder agreement and a new registration rights agreement with Westar that, when effective, will replace the current shareholder agreement and the current registration rights agreement with Westar. The new shareholder agreement and the new registration rights agreement will not become effective until both the repurchase and the exchange are completed. Both the repurchase and the exchange are conditioned upon, among other things, Westar receiving the approval of the Kansas Corporation Commission with respect to the repurchase, the exchange and the new shareholder agreement and our completing this offering and our concurrent offering of common stock. In addition, concurrently with the completion of the repurchase and the exchange, we will enter into an amended and restated rights agreement, which will amend and restate our current rights agreement in its entirety.

For a more complete description of these transactions with Westar, see the information set forth under the caption Transactions with Westar.

**Settlement of Southern Union Litigation.** On January 3, 2003, we announced that we completed a settlement with Southern Union of all claims arising out of our proposed acquisition of Southwest Gas Corporation. In exchange for the payment of \$5 million by ONEOK, Southern Union dismissed with prejudice its claims against us and our current or former executives. The settlement with Southern Union follows our settlement with Southwest Gas in 2002 and settles all claims between or among ONEOK, Southern Union and Southwest Gas related to the proposed acquisition.

**Acquisition of Texas Properties of Southern Union.** On January 3, 2003, we closed the purchase of all of the Texas assets of Southern Union for a cash purchase price of approximately \$420 million, subject to a working capital adjustment to be determined within 90 days of the closing of the transaction. The acquisition was funded through a combination of cash on hand and the proceeds of the sale of some of our midstream natural gas assets described below, as well as borrowings under our bank credit facility and issuances of commercial paper. The acquisition makes ONEOK the fifth largest gas distributor in the U.S. with over 1.9 million customers in Oklahoma, Kansas and Texas. The assets acquired consist of the third largest gas distribution business in Texas, with operations that serve approximately 535,000 customers, over 90 percent of which are residential. We anticipate that annual capital expenditures related to the Texas assets for the next few years will be approximately \$17 million, although capital expenditures may be somewhat higher for the first full year of operations. Operating income for the Texas properties acquired for the 12 months ended June 30, 2002 was approximately \$41.2 million, of which approximately 95% was related to the Texas distribution operations. We estimate that 2003 operating income for the Texas assets will be approximately \$40 million. Depreciation in 2003 related to the Texas assets is expected to be approximately \$16 million.

**Sale of Midstream Natural Gas Assets.** On December 13, 2002, we closed the sale of some of our midstream natural gas assets for a cash purchase price of approximately \$92.0 million to an affiliate of Mustang Fuel Corporation, a private, independent oil and gas company. We anticipate that our operating income for 2003 will be reduced by approximately \$9.5 million as a result of this sale. The assets that were sold are located in

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North Central Oklahoma and include three processing plants and related gathering systems and our interest in a fourth processing plant. The sale of these assets is part of our strategy to dispose of assets that are not considered core assets for our future.

**Sale of Production Assets.** On November 25, 2002, we announced that we had entered into an agreement to sell some of the natural gas and oil producing properties of our production segment to an affiliate of Chesapeake Energy Corporation for a cash purchase price of approximately \$300 million, subject to adjustment, with the closing anticipated to occur early in 2003. We decided to sell these assets in the light of favorable market conditions. After giving effect to the sale of those production assets, we will have 72.2 Bcfe of reserves and total production of 10.0 Bcfe per year. We anticipate that the proceeds of the sale will be used for the repayment of debt and for general corporate purposes and will generate a pre-tax gain of approximately \$75 million as of the November 30, 2002 effective date, subject to adjustment for operating income and capital expenditures from that date until closing, which adjustments are expected to reduce our pre-tax gain to approximately \$67 million.

**Common Stock Dividend Increase.** On November 21, 2002, our board of directors approved an increase in the quarterly dividend on ONEOK common stock to \$0.17 per share to be applicable to the quarterly dividend to be declared in January 2003. The new dividend rate represents an increase of approximately 9.7% from the quarterly dividend of \$0.155 per share paid in the fourth quarter of 2002.

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ONEOK was organized in May 1997 and acquired the gas business of Westar in November 1997. We are the successor to a company founded in 1906 as Oklahoma Natural Gas Company. Our principal executive offices are located at 100 West Fifth Street, Tulsa, Oklahoma 74103, telephone (918) 588-7000.

The information above concerning us is only a summary and does not purport to be comprehensive. For additional information concerning ONEOK, you should refer to the information under the caption "Our Company" on page S-29 of this prospectus supplement and to the information described under the caption "Where You Can Find More Information" on page 2 of the accompanying prospectus.

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We derived the summary consolidated statements of income data for the years ended December 31, 2001 and 2000 and the year ended August 31, 1999 from our consolidated financial statements, which have been audited by KPMG LLP, our independent auditors, except as set forth in the footnotes to the table below. We derived the summary consolidated statement of income data for the nine months ended September 30, 2002 and 2001 and the summary consolidated balance sheet data as of September 30, 2002 from our unaudited consolidated financial statements, which include all adjustments, consisting only of normal recurring adjustments, that management considers necessary for a fair presentation of the information shown.

You should read the summary consolidated financial data presented below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations, our consolidated financial statements and related notes and other financial information contained in our Annual Report on Form 10-K for the year ended December 31, 2001, as amended, and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2002, which we incorporate by reference in this prospectus supplement and the accompanying prospectus. See Where You Can Find More Information in the accompanying prospectus.

	Nine months ended September 30,		Years ended December 31,		Year ended August 31,
	2002	2001	2001	2000	1999
<i>(In millions, except per share data and ratios)</i>					
<b>(unaudited)</b>					
<b>Consolidated Statements of Income Data:</b>					
Operating revenues, excluding energy trading revenues <sup>(1)</sup>	\$ 1,361.9	\$ 1,414.3	\$ 1,896.6	\$ 1,984.0	\$ 1,017.1
Energy trading revenues, net <sup>(1)</sup>	186.8	93.5	101.8	63.6	31.9
Cost of gas <sup>(1)</sup>	761.0	793.2	1,089.6	1,250.5	423.5
<b>Net revenues</b>	<b>787.7</b>	<b>714.6</b>	<b>908.8</b>	<b>797.1</b>	<b>625.5</b>
<b>Operating expenses:</b>					
Operations and maintenance	315.8	283.5	394.4	266.5	240.4
Depreciation, depletion and amortization	129.9	114.1	157.3	143.4	129.7
General taxes	45.5	46.3	61.9	53.3	39.7
<b>Total operating expenses</b>	<b>491.2</b>	<b>443.9</b>	<b>613.6</b>	<b>463.2</b>	<b>409.8</b>
<b>Operating income</b>	<b>296.5</b>	<b>270.7</b>	<b>295.2</b>	<b>333.9</b>	<b>215.7</b>
Other income (loss), net	(2.6)	2.0	0.9	18.5	10.5
Interest expense	83.0	108.5	140.1	118.6	52.8
Income taxes	82.2	54.8	52.2	90.3	67.0
<b>Income before cumulative effect of a change in accounting principle</b>	<b>128.7</b>	<b>109.4</b>	<b>103.8</b>	<b>143.5</b>	<b>106.4</b>
Cumulative effect of a change in accounting principle, net of tax		(2.2)	(2.2)	2.1	
<b>Net income</b>	<b>128.7</b>	<b>107.2</b>	<b>101.6</b>	<b>145.6</b>	<b>106.4</b>
Preferred stock dividends	27.8	27.8	37.1	37.1	37.3
<b>Income available for common stock</b>	<b>\$ 100.9</b>	<b>\$ 79.4</b>	<b>\$ 64.5</b>	<b>\$ 108.5</b>	<b>\$ 69.1</b>
<b>Earnings per share of common stock:</b>					
Basic	\$ 1.07	\$ 0.90	\$ 0.85	\$ 1.23	\$ 0.86
Diluted	\$ 1.06	\$ 0.90	\$ 0.85	\$ 1.23	\$ 0.86
<b>Other Consolidated Financial Data:</b>					
Ratio of earnings to fixed charges <sup>(2)</sup>	3.35x	2.38x	2.01x	2.88x	4.06x

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Ratio of earnings to combined fixed charges and preferred stock dividends requirements <sup>(3)</sup>	2.23x	1.70x	1.43x	1.93x	1.93x
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	September 30, 2002		
	Actual	Supplemental <sup>(4)</sup>	As Adjusted <sup>(5)</sup>
	(unaudited)		
<i>(In millions)</i>			
<b>Consolidated Balance Sheet Data (at period end):</b>			
Net working capital (deficit)	\$ (175.1)	\$ 23.4	\$ 96.4
Property, plant and equipment, net	3,327.0	3,327.0	3,327.0
Total assets	5,693.8	5,696.1	5,696.1
Long-term debt, less current maturities <sup>(6)</sup>	1,515.1	1,865.1	1,865.1
Total shareholders' equity <sup>(7)</sup>	1,345.5	1,167.5	1,240.5

- (1) During the third quarter of 2002, we adopted the applicable provisions of Emerging Issues Task Force Issue No. 02-3, Recognition and Reporting Gains and Losses on Energy Trading Contracts under EITF Issue No. 98-10, Accounting for Contracts Involved in Energy Trading and Risk Management Activities, and No. 00-17, Measuring the Fair Value of Energy-Related Contracts in Applying Issue No. 98-10 (EITF No. 02-3). EITF No. 02-3 provides that all mark-to-market gains and losses on energy trading contracts should be presented on a net basis (energy contract sales less energy contract costs) in the income statement without regard to the settlement provisions of the contract. Prior to the third quarter of 2002, our financial statements presented energy trading revenues and costs on a gross basis. The financial results of all of our energy trading contracts have been restated to reflect the adoption of EITF No. 02-3 for all periods presented. All amounts presented, including the amounts for the years ended December 31, 2001 and 2000 and the year ended August 31, 1999, are unaudited. Energy trading revenues include revenues from natural gas, reservation fees, crude oil, natural gas liquids and basis. Basis is the natural gas price differential that exists between two trading locations relative to the Henry Hub price.
- (2) For purposes of computing the ratios of earnings to fixed charges, earnings consists of income before cumulative effect of a change in accounting principle plus fixed charges and income taxes, less undistributed income from equity investees. Fixed charges consists of interest charges, the representative interest portion of operating leases and the amortization of debt discounts and issue costs.
- (3) For purposes of computing the ratios of earnings to combined fixed charges and preferred stock dividend requirements, earnings consists of income before cumulative effect of a change in accounting principles plus fixed charges and income taxes, less undistributed income from equity investees. Fixed charges consists of interest charges, the representative interest portion of operating leases and the amortization of debt discounts and issue costs. Preferred dividend requirements consist of the pre-tax preferred dividend requirements.
- (4) Reflects our balance sheet data as of September 30, 2002 on a supplemental basis to give effect to the issuance of the Equity Units offered hereby and the application of the net proceeds therefrom, including the repurchase of \$125 million of Series A convertible preferred stock held by Westar, as if the issuance of Equity Units had occurred on September 30, 2002.
- (5) Reflects our balance sheet data as of September 30, 2002 on an as adjusted basis to give effect to the issuance of the Equity Units offered hereby and the completion of our concurrent offering of 12,000,000 shares of our common stock (assuming no exercise of the over-allotment option to purchase additional shares of common stock) and the application of the net proceeds therefrom, including the repurchase of \$250 million of Series A convertible preferred stock held by Westar, as if the issuances of Equity Units and common stock had occurred on September 30, 2002.
- (6) Includes impact of hedge accounting for interest rate swaps, which increases long-term debt, less current maturities, by approximately \$82 million.
- (7) Actual Total shareholders' equity includes 19,946,448 outstanding shares of Series A convertible preferred stock held by Westar. Total shareholders' equity on a supplemental basis and an as adjusted basis gives effect to the repurchase of \$125 million and \$250 million, respectively, of shares of our Series A convertible preferred stock from Westar.

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**The Offering**

**What are Equity Units?**

Equity Units may be either Corporate Units or Treasury Units as described below. The Equity Units offered will initially consist of 14,000,000 Corporate Units (or 16,100,000 Corporate Units if the underwriters exercise their over-allotment option in full), each with a stated amount of \$25. You can create Treasury Units from the Corporate Units in the manner described below under **How can I create Treasury Units from Corporate Units?**

**What are the components of a Corporate Unit?**

Each Corporate Unit consists of a purchase contract and, initially, \$25 principal amount of our senior notes due February 16, 2008. The senior note that is a component of a Corporate Unit is owned by you, but it will be pledged to us to secure your obligation under the related purchase contract. If the senior notes are successfully remarketed prior to the third business day preceding February 16, 2006, or if a special event redemption occurs prior to February 16, 2006, in each case as described in this prospectus supplement, the senior notes comprising part of the Corporate Units will be replaced by the Treasury portfolio described below, under **What is the Treasury Portfolio?**, and your applicable ownership interest in the Treasury portfolio will then be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

**What is a purchase contract?**

Each purchase contract that is a component of an Equity Unit obligates the holder of the purchase contract to purchase, and obligates us to sell, on February 16, 2006, which we refer to as the purchase contract settlement date, for \$25 in cash, a number of newly issued shares of our common stock equal to the settlement rate. The settlement rate will be calculated, subject to adjustment under the circumstances set forth in **Description of the Purchase Contracts Anti-Dilution Adjustments**, as follows:

if the applicable market value of our common stock is equal to or greater than \$20.63, which we refer to as the threshold appreciation price, the settlement rate will be 1.2119 shares of our common stock;

if the applicable market value of our common stock is less than the threshold appreciation price but greater than \$17.19, which we refer to as the reference price, the settlement rate will be a number of shares of our common stock equal to \$25 divided by the applicable market value; and

if the applicable market value of our common stock is less than or equal to the reference price, the settlement rate will be 1.4543 shares of our common stock.

**Applicable market value** means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date, subject to anti-dilution adjustments. The reference price is the reported last sale price of our common stock on the NYSE on January 22, 2003. The threshold appreciation price represents a 20% appreciation over the reference price.

**Can I settle the purchase contract early?**

You can settle a purchase contract at any time on or prior to 5:00 p.m., New York City time, the fifth business day immediately preceding the purchase contract settlement date by paying \$25 cash, in which case 1.2119 shares of our common stock will be issued to you pursuant to the purchase contract. In addition, if we are involved in a merger in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, you will have the right to accelerate and settle the purchase contract early at the settlement rate in effect immediately prior to the closing of that merger.

Your early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect covering the shares of common stock and other securities, if any, deliverable upon settlement of a purchase contract. We have agreed that, if required by U.S. federal securities laws, we will use our best efforts to have a registration statement in effect covering those shares of common stock and other securities to be delivered in respect of the purchase contracts being settled.

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### **What is a Treasury Unit?**

A Treasury Unit is a unit created from a Corporate Unit and consists of a purchase contract and a 2.5% undivided beneficial interest in a zero-coupon U.S. Treasury security with a principal amount of \$1,000 that matures on February 15, 2006 (CUSIP No. 912803AJ2), which we refer to as a Treasury security. The interest in the Treasury security that is a component of a Treasury Unit will be owned by you, but will be pledged to us through the collateral agent to secure your obligation under the related purchase contract.

### **How can I create Treasury Units from Corporate Units?**

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, each holder of Corporate Units will have the right, at any time on or prior to the fifth business day immediately preceding the purchase contract settlement date, to substitute for the related senior notes held by the collateral agent, Treasury securities in a total principal amount at maturity equal to the aggregate principal amount of the senior notes for which substitution is being made. Because Treasury securities are issued in integral multiples of \$1,000, holders of Corporate Units may make this substitution only in integral multiples of 40 Corporate Units. If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, holders of Corporate Units will have the right, at any time on or prior to the second business day immediately preceding the purchase contract settlement date, to substitute Treasury securities for the applicable ownership interest in the Treasury portfolio as a component of the Corporate Unit, but holders of Corporate Units can only make this substitution in integral multiples of 40,000 Corporate Units. Each of these substitutions will create Treasury Units, and the applicable senior notes or applicable ownership interest in the Treasury portfolio will be released to the holder and be separately tradable from the Treasury Units.

### **How can I recreate Corporate Units from Treasury Units?**

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, each holder of Treasury Units will have the right, at any time on or prior to the fifth business day immediately preceding the purchase contract settlement date, to substitute for the related Treasury securities held by the collateral agent, senior notes having a principal amount equal to the aggregate principal amount at stated maturity of the Treasury securities for which substitution is being made. Because Treasury securities are issued in integral multiples of \$1,000, holders of Treasury Units may make these substitutions only in integral multiples of 40 Treasury Units. If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, holders of Treasury Units will have the right, at any time on or prior to the second business day immediately preceding the purchase contract settlement date, to substitute the applicable ownership interest in the Treasury portfolio for the Treasury securities as a component of the Treasury Units, but holders of Treasury Units can only make this substitution in integral multiples of 40,000 Treasury Units. Each of these substitutions will recreate Corporate Units and the applicable Treasury securities will be released to the holder and be separately tradable from the Corporate Units.

### **What payments am I entitled to as a holder of Corporate Units?**

Holders of Corporate Units will be entitled to receive quarterly cash distributions consisting of interest payments calculated at the rate of 4.0% per year on senior notes (or distributions on the applicable ownership interest in the Treasury portfolio if the senior notes have been replaced by the Treasury portfolio), and contract adjustment payments payable by us at the rate of 4.5% per year on the stated amount of \$25 per Corporate Unit until the earlier of the purchase contract settlement date, the early settlement date (in the case of a cash merger early settlement) and the most recent quarterly payment date on or before any other early settlement of the related purchase contracts (in the case of early settlement other than upon a cash merger).

### **What payments will I be entitled to if I convert my Corporate Units to Treasury Units?**

Holders of Treasury Units will be entitled to receive quarterly contract adjustment payments payable by us at the rate of 4.5% per year on the stated amount of \$25 per Treasury Unit. There will be no distributions in respect of the Treasury securities that are a component of the Treasury Units but the holders of the Treasury

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Units will continue to receive the scheduled quarterly interest payments on the senior notes that were released to them when they created the Treasury Units as long as they continue to hold the senior notes.

### **Does ONEOK have the option to defer current payments?**

No, we do not have the right to defer the payment of contract adjustment payments in respect of the Equity Units or the payment of interest on the senior notes.

### **What are the payment dates for the Equity Units?**

The payments described above in respect of the Equity Units will be payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year, commencing May 16, 2003.

### **What is remarketing?**

Except as described below, the senior notes held by Corporate Unit holders as part of a Corporate Unit will be remarketed on the third business day immediately preceding November 16, 2005 (the date three months prior to the purchase contract settlement date), which we refer to as the initial remarketing date. The remarketing agent will use its reasonable efforts to obtain a price for the remarketed senior notes equal to approximately 100.50% of the purchase price for the Treasury portfolio. To obtain that price, the remarketing agent may reset the interest rate on the senior notes, as described below.

Following a successful remarketing of the senior notes on the initial remarketing date, the portion of the proceeds from the remarketing equal to the Treasury portfolio purchase price will be applied to purchase the Treasury portfolio. The Corporate Unit holder's applicable ownership interest in the Treasury portfolio will be substituted for the senior notes as a component of the Corporate Units and will be pledged to us through the collateral agent to secure the Corporate Unit holder's obligation under the purchase contracts. On the purchase contract settlement date, a portion of the proceeds from the Treasury portfolio equal to the principal amount of the senior notes will automatically be applied to satisfy the Corporate Unit holder's obligation to purchase common stock under the purchase contracts and proceeds from the Treasury portfolio equal to the interest payment (assuming no reset of the interest rate) that would have been due on the senior notes on February 16, 2006 will be paid to the holders of the Corporate Units.

The remarketing agent will deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the sum of the Treasury portfolio purchase price plus the purchase price for the senior notes that are no longer a component of the Corporate Units from any proceeds from the remarketing of the senior notes in excess of the Treasury portfolio purchase price. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders. If the remarketing of the senior notes on the initial remarketing date is not successful or does not occur because a condition precedent, such as the registration statement requirement described under Description of the Purchase Contracts Remarketing, is not satisfied, the remarketing agent will use its reasonable efforts to remarket the senior notes on the third business day immediately preceding the purchase contract settlement date, which we refer to as the final remarketing date, at a price of approximately 100.50% of the principal amount of the senior notes remarketed.

If the remarketing of the senior notes on the final remarketing date is successful, a portion of the proceeds from this remarketing equal to the aggregate principal amount of the senior notes sold in the remarketing that were part of the Corporate Units will automatically be applied to satisfy in full each Corporate Unit holder's obligations to purchase common stock under the related purchase contracts on the purchase contract settlement date. The remarketing agent will deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the aggregate principal amount of the remarketed senior notes from proceeds from the remarketing in excess of the aggregate principal amount of the senior notes remarketed. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders.

Remarketing on any remarketing date will be considered successful and no further attempts will be made if the resulting proceeds are at least 100.50% of the Treasury portfolio purchase price in the case of a remarketing on the initial remarketing date or 100.50% of the aggregate principal amount of the senior notes in the case of the final remarketing date.

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**What happens if the senior notes are not successfully remarketed?**

If the senior notes have not been successfully remarketed on or prior to the final remarketing date, the interest rate on the senior notes will not be reset and holders of all senior notes will have the right to put the senior notes to us on the purchase contract settlement date at a put price equal to \$25 per senior note plus accrued and unpaid interest.

A holder of a senior note that is part of a Corporate Unit will be deemed to have automatically exercised this put right unless, prior to 5:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date such holder provides a written notice of an intention to settle the related purchase contract with separate cash and on or prior to the business day immediately preceding the purchase contract settlement date delivers to the collateral agent \$25 in cash. Unless a Corporate Unit holder has settled the related purchase contracts with separate cash on or prior to the purchase contract settlement date, \$25 of the put price will be delivered to the collateral agent, who will apply such amount in satisfaction of such Corporate Unit holder's obligations under the related purchase contract on the purchase contract settlement date. Any remaining amount of the put price following satisfaction of the purchase contract will be paid to such Corporate Unit holder.

**Do I have to participate in the remarketing?**

You may elect not to participate in any remarketing and to retain the senior notes underlying your Corporate Units by (1) creating Treasury Units at any time on or prior to the second business day prior to any of the remarketing dates or (2) if the first remarketing attempt has failed, notifying the purchase contract agent of your intention to pay cash to satisfy your obligation under the related purchase contracts on or prior to the fifth business day before the purchase contract settlement date and delivering the cash payment required under the purchase contracts to the collateral agent on or prior to the fourth business day before the purchase contract settlement date. Following a successful remarketing on the initial remarketing date, holders of Treasury Units can recreate a Corporate Unit, at any time prior to the second business day immediately preceding the purchase contract settlement date, as described under [How can I recreate Corporate Units from Treasury Units?](#)

**What is the Treasury portfolio?**

If there is a successful remarketing prior to the third business day preceding the purchase contract settlement date or if a special event redemption described under [Description of the Senior Notes](#) [Optional Redemption](#) [Special Event](#) occurs prior to the purchase contract settlement date, the senior notes will be replaced by the Treasury portfolio. The Treasury portfolio is a portfolio of U.S. Treasury securities consisting of:

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to February 15, 2006 in an aggregate amount equal to the principal amount of the senior notes included in Corporate Units, and,

either:

- (1) in the case of a successful remarketing prior to the third business day preceding the purchase contract settlement date, U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to February 15, 2006 in an aggregate amount equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been due on February 16, 2006 on the principal amount of the senior notes included in the Corporate Units, or
- (2) in the case of a special event redemption, U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to the business day immediately preceding each scheduled interest payment after the date of the special event redemption and on or prior to the purchase contract settlement date in an aggregate amount at maturity equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been due on such interest payment date on the principal amount of the senior notes included in the Corporate Units.

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**If I am holding a senior note as a separate security from the Corporate Units, can I still participate in a remarketing of the senior notes and do I also have a put right in the event that the final remarketing is not successful?**

Holders of senior notes that are not part of the Corporate Units may elect, in the manner described in this prospectus supplement, to have their senior notes remarketed by the remarketing agent along with the senior notes included in the Corporate Units. See Description of the Senior Notes Optional Remarketing. Such holders may also participate in any remarketing by recreating Corporate Units from their Treasury Units at any time on or prior to the second business day immediately prior to any of the remarketing dates.

Holders of senior notes that are not part of a Corporate Unit may exercise their put rights upon a failed final remarketing by providing written notice at least two business days prior to the purchase contract settlement date. The put price will be paid to such holder on the purchase contract settlement date.

**Besides participating in a remarketing, how else can I satisfy my obligation under the purchase contracts?**

Holders of Corporate Units or Treasury Units may also satisfy their obligations, or their obligations will be terminated, under the purchase contracts as follows:

through early settlement as described under Can I settle the purchase contract early? above;

if the initial remarketing attempt has failed, through cash settlement prior to the final remarketing date in the case of holders of Corporate Units, unless the Treasury portfolio has replaced the senior notes as a part of the Corporate Units, by notifying the purchase contract agent on or prior to the fifth business day prior to February 16, 2006 and delivering the cash payment required under the related purchase contracts on or prior to the fourth business day immediately prior to February 16, 2006;

through the automatic application of the proceeds of the Treasury securities in the case of the Treasury Units or proceeds from the Treasury portfolio equal to the principal amount of the senior notes in the case of Corporate Units if the Treasury portfolio has replaced the senior notes as a component of the Corporate Units;

through exercise of the put right as described under What happens if the senior notes are not successfully remarketed? , if no successful remarketing has occurred and none of the above events has taken place; or,

without any further action, upon the termination of the purchase contracts as a result of our bankruptcy, insolvency or reorganization.

Provisions purporting to terminate the purchase contracts due to the commencement of proceedings under the United States Bankruptcy Code, however, may not be enforceable. In addition, it is not possible to otherwise predict the effect of any bankruptcy proceeding on the purchase contracts, as provisions of the United States Bankruptcy Code may affect the rights and obligations of the parties. If the holder of a Corporate Unit or Treasury Unit settles a purchase contract early (other than in a cash merger early settlement), or if the holder's purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization, such holder will have no right to receive any accrued contract adjustment payments.

**What interest payments will I receive on the senior notes?**

Interest on the senior notes will be payable quarterly in arrears initially at the annual rate of 4.0% per annum to, but excluding, the reset effective date, which will be the third business day following the date on which a remarketing of the senior notes is successfully completed. Following a reset of the interest rate, interest will be payable on the senior notes at the reset rate from and including the reset effective date to, but excluding, February 16, 2008. If there is not a successful remarketing of the senior notes, the interest rate will not be reset and the senior notes will continue to bear interest at the initial interest rate.

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### **What are the interest payment dates on the senior notes?**

The interest payment dates on the senior notes are February 16, May 16, August 16 and November 16 of each year, commencing May 16, 2003 and ending on the maturity date of the senior notes.

### **When will the interest rate on the senior notes be reset and what is the reset rate?**

Unless a special event redemption has occurred, the interest rate on the senior notes will be reset on the date of a successful remarketing and the reset rate will become effective three business days thereafter. The reset rate will be the interest rate determined by the remarketing agent as the rate the senior notes should bear in order for the senior notes included in the Corporate Units to have an approximate aggregate market value on the remarketing date of 100.50% of the Treasury portfolio purchase price, in the case of a remarketing prior to the final remarketing date, or 100.50% of the aggregate principal amount of the senior notes, in the case of the final remarketing. The interest rate on the senior notes will not be reset if there is not a successful remarketing. The reset rate may not exceed the maximum rate, if any, permitted by applicable law.

### **When may the senior notes be redeemed?**

The senior notes are redeemable at our option, in whole but not in part, upon the occurrence and continuation of a tax event or an accounting event at any time prior to the earlier of the date of a successful remarketing and the purchase contract settlement date, as described in this prospectus supplement under Description of the Senior Notes Optional Redemption Special Event. Following any such redemption of the senior notes, which we refer to as a special event redemption, the redemption price for the senior notes that are a component of Corporate Units will be paid to the collateral agent who will purchase the Treasury portfolio and remit any remaining proceeds to the holders. Thereafter, the applicable ownership interest in the Treasury portfolio will replace the senior notes as a component of the Corporate Units and will be pledged to us through the collateral agent. Holders of senior notes that are not a component of Corporate Units will receive the redemption price paid in such special event redemption.

### **What is the ranking of the senior notes?**

The senior notes will rank equally with all of our other unsecured and unsubordinated obligations. The indenture under which the senior notes will be issued will not limit our ability to issue or incur other unsecured debt or issue preferred stock. See Description of Debt Securities in the accompanying prospectus.

### **What are the principal United States federal income tax consequences related to Corporate Units, Treasury Units and senior notes?**

A beneficial owner of a Corporate Unit or a senior note, if separated from the Corporate Unit, should be treated as owning a debt instrument subject to the Treasury regulations that govern contingent payment debt instruments. If the senior notes are subject to these rules, until November 16, 2005, and possibly thereafter, a holder may be required to include in gross income an amount in excess of the interest actually received, regardless of the holder's usual method of tax accounting, and a holder will generally recognize ordinary income or loss, rather than capital gain or loss, on the sale, exchange or disposition of a senior note (including upon a successful remarketing) or a Corporate Unit, to the extent such income or loss is allocable to the senior notes. A beneficial owner of a Treasury Unit will generally be required to include in gross income any original issue discount with respect to the Treasury securities as it accrues on a constant yield to maturity basis. If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units as a result of a successful remarketing of the senior notes or a special event redemption, a beneficial owner of a Corporate Unit will generally be required to include in gross income original issue discount on the applicable ownership interest in the Treasury portfolio as it accrues on a constant yield to maturity basis. We intend to report contract adjustment payments as income to you, but you may want to consult your tax advisor concerning possible alternative characterizations.

**FOR ADDITIONAL INFORMATION, SEE MATERIAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES IN THIS PROSPECTUS SUPPLEMENT, STARTING ON PAGE S-70.**

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### **What are the rights and privileges of the common stock?**

The shares of our common stock that you will be obligated to purchase under the purchase contracts have one vote per share. For more information, please see the discussion of our common stock in this prospectus supplement under the captions "Risk Factors" and "Transactions with Westar," and in the accompanying prospectus under the caption "Description of Capital Stock."

### **What are the expected uses of proceeds from the offering?**

We estimate that the net proceeds from the sale of Corporate Units in this offering, after deducting underwriting discounts and commissions and the estimated expenses of this offering payable by us, will be approximately \$338.9 million, or \$389.8 million if the underwriters exercise their over-allotment option in full to purchase additional Corporate Units.

We anticipate using the net proceeds from this offering, together with an estimated \$198.0 million of net proceeds from the concurrent offering of our common stock, or \$227.7 million if the underwriters in that offering exercise their over-allotment option in full to purchase additional shares of common stock, to repurchase up to \$250 million of our Series A convertible preferred stock from Westar and to repay short-term debt. See "Use of Proceeds."

### **The Offering Explanatory Diagrams**

The following diagrams demonstrate some of the key features of the purchase contracts, senior notes, Corporate Units and Treasury Units, and the transformation of Corporate Units into Treasury Units and senior notes.

The following diagrams assume that the senior notes are successfully remarketed and the interest rate on the senior notes is reset on the third business day immediately preceding the purchase contract settlement date.

### **Purchase Contract**

Corporate Units and Treasury Units both include a purchase contract under which the holder agrees to purchase shares of our common stock on the purchase contract settlement date. In addition, these purchase contracts include unsecured contract adjustment payments as shown in the diagrams on the following pages.

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#### Notes:

- (1) If the applicable market value of our common stock is less than or equal to the reference price of \$17.19, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be calculated by dividing the stated amount of \$25 by the reference price.

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- (2) If the applicable market value of our common stock is between the reference price and the threshold appreciation price of \$20.63, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be calculated by dividing the stated amount of \$25 by the applicable market value.
- (3) If the applicable market value of our common stock is greater than or equal to the threshold appreciation price, the number of shares of our common stock to be delivered to a holder of an Equity Unit will be calculated by dividing the stated amount of \$25 by the threshold appreciation price of \$20.63.
- (4) The reference price is the last reported sale price of our common stock on the NYSE on January 22, 2003.
- (5) The threshold appreciation price represents a 20% appreciation over the reference price.
- (6) The applicable market value means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding the purchase contract settlement date.

## **Corporate Units**

A Corporate Unit consists of two components as described below:

The holder of a Corporate Unit owns the senior note that forms a part of the Corporate Unit but will pledge it to us to secure its obligation under the related purchase contract.

The foregoing analysis assumes the senior notes are successfully remarketed on the third business day immediately preceding February 16, 2006. If the remarketing were to be successful prior to such date, following the remarketing of the senior notes, the applicable ownership interest in the Treasury portfolio will replace the senior note as a component of the Corporate Unit and the reset rate would be effective three business days following the successful remarketing.

If the Treasury portfolio has replaced the senior notes as a result of a special event redemption prior to February 16, 2006, the applicable ownership interest in the Treasury portfolio will also replace the senior note as a component of the Corporate Unit.

## **Treasury Units**

A Treasury Unit consists of two components as described below:

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The holder owns the Treasury security that forms a part of the Treasury Unit but will pledge it to us through the collateral agent to secure its obligations under the related purchase contract. Unless the purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization or the holder recreates a Corporate Unit, the Treasury security will be used to satisfy the holder's obligation under the related purchase contract. However, we make no representation or warranty regarding the enforceability of any provision purporting to terminate the purchase contracts due to the commencement of proceedings under the United States Bankruptcy Code, or otherwise of the effect of any bankruptcy proceeding on the purchase contracts, as provisions of the United States Bankruptcy Code may render such termination provisions unenforceable or otherwise alter rights and obligations of parties.

Treasury Units can only be created with integral multiples of 40 Corporate Units.

### **Senior Notes**

Senior notes have the terms described below:

### **Transforming Corporate Units into Treasury Units and Senior Notes**

To create a Treasury Unit, a holder separates a Corporate Unit into its components—the purchase contract and the senior note, and then combines the purchase contract with a Treasury security that matures on the day immediately preceding the purchase contract settlement date.

The Treasury security together with the purchase contract constitutes a Treasury Unit. The senior note, which is no longer a component of the Corporate Unit, is released to the holder and is tradable as a separate security.

A holder owns the Treasury security that forms a part of the Treasury Unit but will pledge it to us through the collateral agent to secure its obligation under the related purchase contract.

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Following the successful remarketing of the senior notes on the initial remarketing date or a special event redemption, the applicable ownership interest in the Treasury portfolio, rather than the senior note, will be released to the holder upon the transformation of a Corporate Unit into a Treasury Unit and will be tradable separately.

The holder can also transform Treasury Units and senior notes (or, following a successful remarketing of the senior notes on the initial remarketing date or a special event redemption, the applicable ownership interest in the Treasury portfolio) into Corporate Units. Following that transformation, the Treasury security, which will no longer be a component of the Treasury Unit, will be released to the holder and will be tradable as a separate security.

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the transformation of Corporate Units into Treasury Units requires integral multiples of 40 Corporate Units, and the transformation of Treasury Units into Corporate Units also requires multiples of 40 Treasury Units. If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the transformation of Corporate Units into Treasury Units requires integral multiples of 40,000 Corporate Units, and the transformation of Treasury Units into Corporate Units requires integral multiples of 40,000 Treasury Units.

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**RISK FACTORS**

*Investing in the Equity Units involves risks, including the risks described below that are not specific to the Equity Units and those that could affect us and our business. You should not purchase Equity Units unless you understand these investment risks. Although we have tried to discuss key factors, please be aware that other risks may prove to be important in the future. New risks may emerge at any time and we cannot predict such risks or estimate the extent to which they may affect our financial performance. Before purchasing any Equity Units, you should carefully consider the following discussion of risks and the other information included or incorporated by reference in this prospectus supplement and the accompanying prospectus, including Forward-Looking Information.*

**Risks Related to this Offering**

**You will bear the entire risk of a decline in the price of our common stock.**

Although as a holder of Equity Units you will be the beneficial owner of the related senior notes, applicable ownership interest in the Treasury portfolio or Treasury securities, as the case may be, you do have an obligation to buy shares of our common stock pursuant to the purchase contract that is a part of the Equity Units. On February 16, 2006, unless you pay cash to satisfy your obligation under the purchase contract or the purchase contracts are terminated due to our bankruptcy, insolvency or reorganization, (i) in the case of Corporate Units, either (x) the principal of the appropriate applicable ownership interest in the Treasury portfolio when paid at maturity or (y) either the proceeds derived from the successful remarketing of the senior notes or, if no successful remarketing has occurred, the put price paid upon the automatic put of the senior notes to us, or (ii) in the case of Treasury Units, the principal of the related Treasury securities when paid at maturity, will automatically be used to purchase a specified number of shares of our common stock on your behalf.

The number of shares of our common stock that you will receive upon the settlement of a purchase contract is not fixed but instead will depend on the average of the closing price per share of our common stock on the 20 consecutive trading days ending on the third trading day immediately preceding February 16, 2006, which we refer to as the applicable market value.

The market value of the shares of our common stock you will receive on the stock purchase date may be materially different from the effective price per share paid by you on the stock purchase date. If the average trading price of our common stock on the stock purchase date is less than \$17.19 per share, you will, on the stock purchase date, be required to purchase shares of common stock at a loss. Accordingly, a holder of Equity Units assumes the entire risk that the market value of our common stock may decline. Any such decline could be substantial.

**The opportunity for equity appreciation provided by an investment in the Equity Units is less than that provided by a direct investment in our common stock.**

The aggregate market value of the shares of our common stock you will receive upon settlement of a purchase contract generally will exceed the stated amount of \$25 only if the average closing price per share of our common stock over the applicable 20-trading day period preceding settlement equals or exceeds \$20.63, which we refer to as the threshold appreciation price. The threshold appreciation price represents an appreciation of 20% over \$17.19, which we refer to as the reference price. Therefore, during the period prior to the stock purchase date, an investment in the Equity Units affords less opportunity for equity appreciation than a direct investment in our common stock. If the average closing price exceeds the reference price, but falls below the threshold appreciation price, you will realize no equity appreciation on the common stock for the period during which you hold the purchase contract. Furthermore, if the applicable average closing price exceeds the threshold appreciation price, the value of the shares of common stock you will receive under the purchase contract will be approximately 83.3% of the value of the shares of common stock you could have purchased with \$25 at the time of this offering.

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**The trading price of our common stock and the general level of interest rates and our credit quality will directly affect the trading price for the Equity Units.**

It is impossible to predict whether the price of our common stock or interest rates will rise or fall. Our credit quality, operating results and prospects and economic, financial and other factors will affect trading prices of our common stock. In addition, market conditions can affect the capital markets generally, in turn affecting the price of our common stock. These conditions may include the level of, and fluctuations in, the trading prices of stocks generally and sales of substantial amounts of our common stock in the market after the offering of the Equity Units or the perception that those sales could occur. Fluctuations in interest rates may affect the relative value of our common stock underlying the purchase contracts and of the other components of the Equity Units, which could, in turn, affect the trading prices of the Equity Units and our common stock.

**You may suffer dilution of our common stock issuable upon settlement of your purchase contract.**

The number of shares of our common stock issuable upon settlement of your purchase contract is subject to adjustment only for stock splits and combinations, stock dividends and other specified transactions described in this prospectus supplement. See Description of the Purchase Contracts Anti-Dilution Adjustments for more information. The number of shares of our common stock issuable upon settlement of each purchase contract is not subject to adjustment for other events, such as employee stock option grants, offerings of common stock for cash or in connection with acquisitions or other transactions that may adversely affect the price of our common stock. The terms of the Equity Units do not restrict our ability to offer common stock in the future or to engage in other transactions that could dilute our common stock. Moreover, we have no obligation to consider the interests of the holders of the Equity Units in engaging in any such offering or transaction. If we issue additional shares of common stock, it may materially and adversely affect the price of our common stock and, because of the relationship of the number of shares to be received on February 16, 2006 to the price of the common stock, such events may adversely affect the trading price of the Corporate Units or Treasury Units.

**You will have little protection under the terms of the Equity Units, purchase contracts or senior notes in the event of a highly leveraged transaction or change of control.**

The purchase contracts provide for acceleration in case of a cash merger, but acceleration may not protect you against a decline in the value of your investment, and you will not be protected against other transactions that may adversely affect the value of the Equity Units. The Equity Units, purchase contracts and senior notes do not contain provisions that will afford you protection in the event of a highly leveraged transaction or change in control, including a takeover or other type of merger, recapitalization or similar restructuring, a sale of substantially all of our assets or similar transactions. These types of transactions may adversely affect our financial and operating condition, our credit quality and the investment quality of our securities. Even in the case of a cash merger, while you will be able to accelerate your purchase contract, the merger transaction itself may adversely affect the value of your investment in the common stock and our senior notes that would remain outstanding. Consequently, your investment in the Equity Units, senior notes and common stock may be harmed.

**You will have no rights as a holder of common stock, but you will be subject to all changes made with respect to our common stock.**

Until you acquire shares of our common stock upon settlement of your purchase contract, you will have no rights with respect to our common stock, including voting rights, rights to respond to tender offers and rights to receive any dividends or other distributions on our common stock, but you will be subject to all changes affecting the common stock. You will only be entitled to rights on the common stock if and when we deliver shares of common stock in exchange for Corporate Units or Treasury Units on February 16, 2006, or as a result of early settlement, as the case may be, and the applicable record date, if any, for the exercise of rights occurs after that date. For example, in the event that an amendment is proposed to our articles of incorporation or by-laws requiring shareholder approval and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of the common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock. For more information on our common stock, see Description of Capital Stock in the accompanying prospectus.

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**Your pledged securities will be encumbered.**

Although holders of Corporate Units and Treasury Units will be beneficial owners of the underlying pledged senior notes (or, if either a successful remarketing or a special event redemption date has occurred, their applicable ownership interest in the Treasury portfolio) and the zero-coupon Treasury securities, respectively, the holders will pledge those securities with the collateral agent to secure their obligations under the related purchase contracts. Therefore, for so long as the purchase contracts remain in effect, holders will not be allowed to withdraw their pledged senior notes (or, if either a successful remarketing or a special event redemption date has occurred, their applicable ownership interest in the Treasury portfolio) or zero-coupon Treasury securities from this pledge arrangement, except upon substitution of other securities as described in this prospectus supplement.

In addition, provisions of the purchase contracts purporting to automatically terminate the purchase contracts may not be enforceable in the event of our bankruptcy and the commencement of a case under the United States Bankruptcy Code. Moreover, it may not be possible to obtain the release of the pledged senior notes or other securities held by the collateral agent as security for the obligations of holders under related purchase contracts without an order of a court in a bankruptcy proceeding involving ONEOK as a debtor. Provisions of the United States Bankruptcy Code may also affect our ability to perform our obligations under the purchase contracts or adversely affect your ability to enforce any claims you may have against us under the purchase contracts, the senior notes or otherwise if we were to commence bankruptcy proceedings. In such event, the powers of a bankruptcy court are broad and include the authority to realign the respective interests of claimants, including the subordination of claims of any class of creditors.

**The purchase contract agreement will not be qualified under the Trust Indenture Act of 1939; the obligations of the purchase contract agent will be limited.**

The purchase contract agreement between us and the purchase contract agent will not be qualified as an indenture under the Trust Indenture Act of 1939, and the purchase contract agent will not be required to qualify as a trustee under the Trust Indenture Act. Thus, you will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract agreement or the purchase contract agent. The senior notes constituting a part of the Corporate Units will be issued pursuant to an indenture, which will be qualified under the Trust Indenture Act. Accordingly, if you hold Corporate Units, you will have the benefit of the protections of the Trust Indenture Act only to the extent applicable to the senior notes included in the Corporate Units. The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

disqualification of the indenture trustee for conflicting interests, as defined under the Trust Indenture Act;

provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and

the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

**The secondary market for the Equity Units may be illiquid.**

We are unable to predict how the Equity Units will trade in the secondary market or whether that market will be liquid or illiquid. There is currently no secondary market for the Corporate Units, the Treasury Units or the senior notes; however, the Corporate Units have been approved for listing on the NYSE under the symbol OKE PrA, subject to official notice of issuance. We will not initially list either the Treasury Units or the senior notes; however, if either of these securities is separately traded to a sufficient extent that applicable exchange listing requirements are met, we may attempt to list those securities on the exchange on which the Corporate Units are then listed. We cannot provide assurance that a listing application for Treasury Units or senior notes will be accepted or, if accepted, that the Corporate Units, Treasury Units or senior notes will not be delisted from

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the NYSE or that trading in the Corporate Units, Treasury Units or senior notes will not be suspended as a result of elections to create Treasury Units or recreate Corporate Units through the substitution of collateral that causes the number of these securities to fall below the applicable requirements for listing securities on the NYSE.

We have been advised by the underwriters that they presently intend to make a market for the Equity Units; however, they are not obligated to do so and any market making may be discontinued at any time. There can be no assurance as to the liquidity of any market that may develop for the Corporate Units, the Treasury Units or the senior notes, your ability to sell such securities or whether a trading market, if it develops, will continue. In addition, in the event that sufficient numbers of Corporate Units are converted to Treasury Units, the liquidity of Corporate Units could be adversely affected.

### **We may redeem the senior notes upon the occurrence of a tax event.**

We have the option to redeem the senior notes in cash, on not less than 30 days nor more than 60 days prior written notice, in whole but not in part, at any time if a tax event occurs under the circumstances described in this prospectus supplement. If we exercise this option, we will redeem the senior notes at the redemption price described herein. The redemption price payable to you as a holder of Corporate Units will be distributed to the collateral agent, who in turn will apply a portion of the redemption price to purchase the Treasury portfolio on your behalf, and will remit the remainder of the redemption price, if any, to you, and the Treasury portfolio will be substituted for the senior notes as collateral to secure your obligations under the purchase contracts related to the Corporate Units. If your senior notes are not components of Corporate Units, you will receive the redemption payment directly. There can be no assurance as to the effect on the market prices of the Corporate Units if we substitute the specified tax event portfolio of treasury securities as collateral in place of any senior notes so redeemed. A tax event redemption will be a taxable event to the holders of the senior notes.

### **The United States federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear.**

No statutory, judicial or administrative authority directly addresses the treatment of the Equity Units or instruments similar to the Equity Units for U.S. federal income tax purposes. As a result, the U.S. federal income tax consequences of the purchase, ownership and disposition of the Equity Units are unclear. In addition, any gain on the disposition of a senior note prior to the stock purchase date will generally be treated as ordinary interest income; thus, the ability to offset such interest income with a loss, if any, on a purchase contract may be limited.

### **Because the senior notes will be issued with original issue discount, you will have to include interest in your taxable income before you receive cash.**

Because the senior notes should be treated as contingent payment debt instruments, original issue discount will accrue from the issue date of the senior notes and will be included in your gross income for U.S. federal income tax purposes before you receive a cash payment to which the income is attributable and in an amount greater than the interest payable on the senior notes on or prior to November 16, 2005, and possibly thereafter.

### **The trading price of the senior notes may not fully reflect the value of their accrued but unpaid interest.**

The senior notes may trade at a price that does not fully reflect the value of their accrued but unpaid interest. If you dispose of your senior notes between record dates for interest payments, you will be required to include in gross income the daily portions of original issue discount through the date of disposition in income as ordinary income and to add this amount to your adjusted tax basis in the notes disposed of. To the extent the selling price is less than your adjusted tax basis, you will recognize a loss.

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**Risks Related to our Business**

**Our nonregulated businesses are riskier than our traditional regulated businesses.**

Our nonregulated operations have a higher level of risk than our regulated operations, which include our traditional utility and gas transportation and storage businesses. Our operating income from our nonregulated operations has increased significantly due to acquisitions and expansion of our nonregulated businesses, and represented 65% and 63% of our total operating income for the nine months ended September 30, 2002 and 2001, respectively, and 62% and 52% of our total operating income for the years ended December 31, 2001 and 2000, respectively. We expect to continue investing in nonregulated projects, including natural gas marketing, gas production, gas processing and trading and other projects. These projects could involve risks associated with operational factors such as competition and dependence on certain suppliers and customers, and financial, economic and political factors, such as rapid and significant changes in prices of hydrocarbons and energy, the cost and availability of capital and counterparty risk, including the inability of a trading counterparty, customer or supplier to fulfill a contractual obligation.

**Our regulated and nonregulated businesses are subject to market and credit risks.**

We are exposed to market and credit risks in all of our operations. To minimize the risk of market price and volume fluctuations, we enter into financial derivative instrument contracts to hedge purchase and sale commitments, fuel requirements and inventories of natural gas, natural gas liquids and electricity. However, financial derivative instrument contracts do not eliminate the risks. Specifically, such risks include commodity price changes, market supply shortages, interest rate changes and counterparty default. The impact of these variables could result in our inability to fulfill contractual obligations, significantly higher energy or fuel costs relative to corresponding sales contracts or increased interest expense.

**Any reduction in our credit ratings could materially and adversely affect our business, financial condition, liquidity and results of operations.**

Our senior unsecured debt has been assigned a rating by Standard & Poor's Ratings Group, a division of The McGraw-Hill Companies, Inc., which we refer to as S&P, of A (stable outlook) and by Moody's Investors Service, Inc., which we refer to as Moody's, of Baa1 (negative watch). We will seek to maintain a solid investment grade rating through prudent capital management and financing structures. However, we cannot assure you that any of our current ratings will remain in effect for any given period of time or that a rating will not be lowered or withdrawn entirely by a rating agency if, in its judgment, circumstances in the future so warrant. In particular, if S&P or Moody's were to downgrade our long-term rating, particularly below investment grade, our borrowing costs would increase, which would adversely affect our financial results, and our potential pool of investors and funding sources could decrease. Further, if our short-term ratings were to fall below A-1 or P-2, the current ratings assigned by S&P and Moody's, respectively, it could significantly limit our access to the commercial paper market. Any such downgrade of our long- or short-term ratings could increase our cost of capital and reduce the availability of capital and, thus, have a material adverse effect on our business, financial condition, liquidity and results of operations. Ratings from credit agencies are not recommendations to buy, sell or hold our securities. Each rating should be evaluated independently of any other rating.

**We may not be able to successfully make additional strategic acquisitions or integrate businesses we acquire into our operations.**

Our ability to successfully make strategic acquisitions and investments will depend on: (1) the extent to which acquisitions and investment opportunities become available; (2) our success in bidding for the opportunities that do become available; (3) regulatory approval, if required, of the acquisitions on favorable terms; and (4) our access to capital and the terms upon which we obtain capital. If we are unable to make strategic investments and acquisitions we may be unable to grow. Our ability to successfully integrate acquired businesses into our operations will depend on: (1) the adequacy of our implementation plans; and (2) our ability to achieve desired operating efficiencies. If we are unable to successfully integrate new businesses into our operations, we could experience increased costs and losses on our investments.

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**We are subject to risks associated with recent events affecting capital markets and changes in business climate which could limit our access to capital, thereby increasing our costs and adversely affecting our results of operations.**

We have grown rapidly in the last several years as a result of acquisitions, both in regulated and nonregulated businesses. Further acquisitions may require additional external capital. The September 11, 2001 attack on the United States and the ongoing war against terrorism by the United States have resulted in greater uncertainty in the financial markets. In addition, the availability and cost of capital for our business and those of our competitors has been adversely affected by the bankruptcy of Enron Corporation and disclosures by Enron and other energy companies of their trading practices involving energy products. These events have constrained and are expected to continue to constrain the capital available to our industry and could limit our access to funding for our operations. If we are not able to access capital at competitive rates, our strategy of enhancing the earnings potential of our existing assets, including through acquisitions of complementary assets or businesses, will be adversely affected. A number of other factors could adversely affect our ability to access capital, including (1) general economic conditions; (2) capital market conditions; (3) market prices for gas and other hydrocarbons; (4) the overall health of the energy and related industries; (5) our ability to maintain our investment-grade credit ratings; and (6) our capital structure. Much of our business is capital intensive, and achievement of our long-term growth targets is dependent, at least in part, upon our ability to access capital at rates and on terms we determine to be attractive. If our ability to access capital becomes significantly constrained, our interest costs will likely increase and our financial condition and future results of operations could be significantly harmed.

**We are subject to comprehensive energy regulation by governmental agencies and the recovery of our costs is dependent on regulatory action.**

We are subject to comprehensive regulation by several federal, state and municipal utility regulatory agencies, which significantly influences our operating environment and our ability to recover our costs from utility customers. The utility regulatory authorities in Kansas, Oklahoma and Texas regulate many aspects of our utility operations, including customer service and the rates that we can charge customers. Federal, state and local agencies also have jurisdiction over many of our other activities, including regulation by the Federal Energy Regulatory Commission of our storage and interstate pipeline assets. The profitability of our regulated operations is dependent on our ability to pass costs related to providing energy and other commodities through to our customers. The current regulatory environment applicable to our regulated businesses could impair our ability to recover costs historically absorbed by our customers.

In this regard, we recorded a \$34.6 million charge against earnings in the fourth quarter of 2001 as a result of the Oklahoma Corporation Commission's issuance of an order denying our Oklahoma Natural Gas utility division the right to collect \$34.6 million in gas procurement costs incurred during the 2000-2001 winter season. A joint stipulation approved by the Oklahoma Corporation Commission on May 16, 2002 allowed the recovery of \$14.2 million in gas costs written off in the fourth quarter of 2001. In addition, our Kansas Gas Service utility division's rate moratorium expired in November 2002. Kansas Gas Service expects to file a rate case during the first quarter of 2003. As with any regulatory proceeding, the rate increase request may or may not be granted in total and subjects Kansas Gas Service to what could be a rate reduction. Moreover, if Kansas Gas Service is not granted recovery of various regulatory assets in the rate case, some of the assets may no longer meet the criteria for deferred recognition. As a result, a write-off of regulatory assets may be required, which could have an adverse impact on our financial condition and results of operations.

We are unable to predict the impact on our operating results from the future regulatory activities of these agencies. Changes in regulations or the imposition of additional regulations could have an adverse impact on our business, financial condition and results of operations.

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**We are subject to the impact of recently issued accounting pronouncements, which could have a material impact on our financial condition and results of operations.**

In October 2002, the Emerging Issues Task Force ( EITF ) of the Financial Accounting Standards Board ( FASB ) rescinded EITF Issue No. 98-10, Accounting for Energy Trading and Risk Management Activities. As a result, our energy-related contracts that are not accounted for pursuant to FASB Statement No. 133, Accounting for Derivative Instruments and Hedging Activities, will no longer be carried at fair value, but rather will be accounted for as executory contracts and accounted for on an accrual basis. As a result of the rescission of EITF 98-10, the EITF also stated that energy-trading inventories carried under storage agreements should no longer be carried at fair value, but should be carried at the lower of cost or market.

The rescission of EITF 98-10 is effective for all existing energy trading contracts and inventory as of October 25, 2002 and will be applied to financial statements for periods beginning after December 15, 2002. In addition, the rescission of EITF 98-10 applies immediately to contracts entered into on or after October 25, 2002. Changes to our accounting for existing contracts as a result of the rescission of EITF 98-10 will be reported as a cumulative effect of a change in accounting principle on January 1, 2003. We have not yet determined the impact on our financial statements of the rescission of EITF 98-10. The impact on our financial statements as a result of this change will be non-cash. The impact of adopting the rescission of EITF 98-10 will be included in our March 31, 2003 financial statements and could have a material impact on our financial condition and results of operations.

**Increased competition could have a significant adverse financial impact on us.**

Although there are no major distributors marketing natural gas sales service in our service area, marketing firms do arrange direct purchase contracts between large users in our service area and producers outside our area, taking advantage of the open-access status of the pipeline systems that we use to transport natural gas to our customers. In addition, we may face competition from natural gas distribution operations that may enter the market in the future. Our ability to compete also depends upon general market conditions, which may change. Demand for natural gas is primarily a function of customer usage rates, weather, production volumes, economic conditions, competing distribution operations, prices for competing products and price for service.

Furthermore, retail competition and the unbundling of regulated energy and gas service could have a significant financial impact on us and our subsidiaries due to an impairment of assets, a loss of retail customers, lower profit margins or increased costs of capital. The total impact of restructuring may have a significant financial impact on our financial position, results of operations and cash flows. We cannot predict when we will be subject to changes in legislation or regulation, nor can we predict the impact of these changes on our financial position, results of operations or cash flows. Although we believe that the prices our utility operations charge for gas and the quality and reliability of their service currently place them in a position to compete effectively in the energy market, there can be no assurances that this will be true in the future.

The impact of these variables in conjunction with regulatory constraints on the components of our capital structure could also result in our inability to access capital funding sources adequate to finance our capital expenditure and nonregulated investment plan.

**Recent events that are beyond our control have increased the level of public and regulatory scrutiny of our industry. Governmental and market reactions to these events may have negative effects on our business, financial condition and access to capital.**

As a result of the energy crisis in California during the summer of 2001, the recent volatility of natural gas prices in North America, the bankruptcy filing by Enron Corporation, recently discovered accounting irregularities at public companies in general and energy companies in particular and investigations by governmental authorities into energy trading activities, companies in the regulated and unregulated utility business have been under a generally increased amount of public and regulatory scrutiny and suspicion. In this regard, on January 9, 2003, we received a subpoena from the U.S. Commodity Futures Trading Commission ( CFTC ) requesting information regarding electricity and natural gas trading by ONEOK and information provided by ONEOK to energy industry publications. We intend to respond to the subpoena completely and to fully cooperate with the CFTC.

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In addition, recently discovered accounting irregularities at public companies in general have caused regulators and legislators to review current accounting practices, financial disclosures and companies' relationships with their independent auditors. The capital markets and ratings agencies also have increased their level of scrutiny. We believe that we are complying with all applicable laws and accounting standards, but it is difficult or impossible to predict or control what effect these types of events may have on our business, financial condition or access to the capital markets.

In the light of these events, Congress passed the Sarbanes-Oxley Act of 2002. It is unclear what additional laws or regulations may develop, and we cannot predict the ultimate impact of any future changes in accounting regulations or practices in general with respect to public companies, the energy industry or our operations specifically. Any new accounting standards could affect the way we are required to record revenues, expenses, assets and liabilities. These changes in accounting standards could have a negative effect on reported earnings or increase liabilities that could, in turn, adversely affect our reported results of operations.

### **We do not fully hedge against price changes in commodities. This could result in increased costs, thereby resulting in lower margins and adversely affecting our results of operations.**

We enter into contracts to purchase and sell natural gas. We attempt to manage our exposure by establishing risk limits and entering into contracts to offset some of our positions (i.e., to hedge our exposure to demand, market effects of weather and other changes in commodity prices). However, we cannot always hedge the entire exposure of our operations from commodity price volatility. To the extent we do not hedge against commodity price volatility or our hedges are not effective, our results of operations and financial position may be diminished.

### **We are subject to environmental regulations that could be difficult and costly to comply with.**

We are subject to a number of environmental laws and regulations affecting many aspects of our present and future operations, including air emissions, water quality, wastewater discharges, solid wastes and hazardous substances. These laws and regulations generally require us to obtain and comply with a wide variety of environmental registrations, licenses, permits, inspections and other approvals. Both public officials and private individuals may seek to enforce the applicable environmental laws and regulations against us. If an accidental leak or spill of hazardous materials occurs from our lines or facilities or in the process of transporting natural gas, we may have to pay a significant amount to clean up the leak or spill. The resulting costs and liabilities could negatively affect our level of cash flow. In addition, emission controls required under the Federal Clean Air Act and other similar federal and state laws could require unexpected capital expenditures at our facilities. We cannot assure you that existing environmental regulations will not be revised or that new regulations seeking to protect the environment will not be adopted or become applicable to us. Revised or additional regulations that result in increased compliance costs or additional operating restrictions, particularly if those costs are not fully recoverable from our customers, could have a material adverse effect on our business, financial condition and results of operations.

### **Westar owns a significant percentage of our stock and may have interests that differ from those of our other shareholders.**

Upon completion of the concurrent offering of our common stock (assuming no exercise of the underwriters' over-allotment option in that offering), Westar will beneficially own approximately 6.5% of our outstanding common stock. Westar also beneficially owns 19,946,448 shares of our Series A convertible preferred stock, which is convertible at Westar's option, subject to the terms of our shareholder agreement, into an additional 39,892,896 shares of our common stock. Upon completion of the concurrent offering of our common stock (assuming no exercise of the underwriters' over-allotment option in that offering), Westar's total beneficial ownership of ONEOK stock will represent approximately 39.7% of our common stock assuming conversion of all outstanding shares of our Series A convertible preferred stock into our common stock. Our current shareholder agreement with Westar generally restricts Westar from exercising these conversion rights so

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long as the Public Utility Holding Company Act of 1935 is in effect and continues to restrict Westar from owning 10% or more of our outstanding common stock. However, by its terms, any shares of our Series A convertible preferred stock that are transferred by Westar will automatically convert into shares of our common stock upon such transfer.

Our current shareholder agreement with Westar also generally restricts Westar from acquiring additional shares of ONEOK equity securities and contains a standstill agreement, under which Westar has agreed to refrain from taking various actions that might lead to a change in control or other significant corporate transactions involving ONEOK. Westar is, however, entitled, through open market purchases or the conversion of shares of Series A convertible preferred stock, to acquire additional equity securities so long as its beneficial ownership does not exceed ownership of 9.9% of our outstanding common stock and 45% of our common stock after giving effect to the conversion of the Series A convertible preferred stock.

Under the current shareholder agreement, Westar has the right to dispose of, without restriction, shares of our common stock representing less than 5% of the outstanding shares of common stock provided that the transfer is not to any person or group who is, prior to giving effect to that transfer, a beneficial owner of 5% or more of our outstanding common stock. In order to dispose of 5% or more of our outstanding shares of common stock, the shareholder agreement requires that Westar notify us of its intent to dispose of those shares. We then have a period ending on the later of 90 days after the date of Westar's notice to us and 30 days after the receipt of all necessary regulatory approvals, provided that the period shall in no event exceed 180 days, to effect the purchase of all, but not less than all, of the shares specified in the notice. If we do not elect to purchase the shares specified in Westar's notice to us, Westar would have 16 months from the date of the notice to dispose of those shares.

On May 30, 2002, Westar notified us of its intention to sell all of the shares it owns of ONEOK common and preferred stock. Under the current shareholder agreement, we had until August 28, 2002 to elect to purchase all of the Westar stake for an aggregate purchase price of approximately \$971 million, based upon the trading price of our common stock at that time. On August 22, 2002, we announced that we had elected not to exercise our right to repurchase Westar's stake in ONEOK. Accordingly, under the current shareholder agreement, Westar had until September 30, 2003 to complete a sale of its ONEOK stake without regard to the provisions of the shareholder agreement that limit Westar's ability to dispose of shares representing more than 5% of our outstanding shares of common stock. On August 29, 2002, Westar announced its intention to sell the ONEOK common and preferred stock owned by Westar. Westar said that it planned to sell outright, or sell an option to purchase, all or a portion of the ONEOK stock it owns in privately negotiated transactions or sales into the public market. Westar also announced that it had retained an investment banking firm to advise it with respect to this matter. However, pursuant to our recent agreement with Westar, Westar has agreed that it will not engage in any transactions involving our securities, other than the repurchase, for a period beginning on January 9, 2003 and ending on the later of (1) February 28, 2003 and (2) (a) 90 days from the closing of the repurchase and exchange, if the aggregate amount of Series A convertible preferred stock repurchased is less than \$200,000,000, or (b) 180 days from the closing of the repurchase and exchange, if the aggregate amount of Series A convertible preferred stock repurchased is equal to or greater than \$200,000,000. If we do not complete the offering by February 28, 2003, then the lock-up will expire as of that date. However, if the repurchase and exchange are completed, Westar will not be able to make any sales of our stock following the expiration of that lock-up period, other than in compliance with the new shareholder agreement.

The new shareholder agreement will become effective upon completion of the repurchase and exchange and the current shareholder agreement will terminate. Under the terms of the new shareholder agreement, Westar will be prohibited from acquiring any of our securities whatsoever, other than as a result of a stock split or similar transaction, and will no longer be able to make sales of shares representing 5% or more of our outstanding common stock, other than in limited circumstances, including an underwritten public offering.

For a more complete description of Westar's current rights with respect to stock ownership and corporate governance matters, see the information set forth under the caption "Description of Capital Stock Preferred Stock, Shareholder Agreement and Registration Rights Agreement" in the accompanying prospectus. Our corporate governance documents and our current agreements with Westar, including the current shareholder agreement, are also filed as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.

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For a more complete description of Westar's rights with respect to stock ownership and corporate governance matters if we complete the repurchase and the exchange, see the information set forth in this prospectus supplement under the caption "Transactions with Westar." The corporate governance documents and the other agreements with Westar that will become effective upon the completion of the repurchase and the exchange, including the new shareholder agreement, have been filed as exhibits to our current report on Form 8-K dated January 9, 2003 and are incorporated by reference into the registration statement of which this prospectus supplement and the accompanying prospectus form a part. Completion of the repurchase and exchange is subject to, among other things, completion of this offering and our concurrent offering of common stock and Kansas Corporation Commission approval of the repurchase, the exchange and the new shareholder agreement.

### **Future sales of our common stock or the perception that those sales might occur may cause our stock price to decline.**

If our shareholders, including Westar, sell substantial amounts of our common stock in the public market following this offering and the concurrent offering of our common stock or the market perceives that those sales might occur, the market price of our common stock could decline. These sales might also make it more difficult for us to sell additional equity securities at a time and price that we deem appropriate. Based on outstanding shares as of November 30, 2002, upon completion of the concurrent offering of our common stock (assuming no exercise of the underwriters' over-allotment option in that offering), we will have 72,446,787 shares of common stock outstanding. That number of shares excludes the 39,892,896 shares of common stock into which our preferred stock held by Westar is convertible, subject to the terms of the shareholder agreement.

We and our officers and directors have agreed that, subject to limited exceptions described under the caption "Underwriting," for a period of 90 days from the date of this prospectus supplement, we and they will not, without the prior written consent of UBS Warburg LLC, Banc of America Securities LLC and J.P. Morgan Securities Inc., the representatives of the underwriters of this offering, dispose of or hedge any Equity Units, purchase contracts or shares of our common stock or any securities convertible into or exchangeable for our Equity Units, purchase contracts or shares of our common stock. However, the representatives in their sole discretion, may release any of the securities subject to lock-up agreements at any time and without notice. In addition, Westar has agreed that it will not engage in any transactions involving our securities, other than the repurchase, for a period beginning on January 9, 2003 and ending on the later of (1) February 28, 2003 and (2)(a) 90 days from the closing of the repurchase and exchange, if the aggregate amount of Series A convertible preferred stock repurchased is less than \$200,000,000, or (b) 180 days from the closing of the repurchase and exchange, if the aggregate amount of Series A convertible preferred stock repurchased is equal to or greater than \$200,000,000. If we do not complete the offering by February 28, 2003, then the lock-up will expire as of that date and Westar may sell its ONEOK stake as described below.

We have agreed to register for resale, within 60 days from the date the repurchase and exchange is completed, all of the shares of our common stock held by Westar, as well as all of the shares of our Series D convertible preferred stock issued in the exchange and all the shares of our common stock issuable upon conversion of those shares of Series D convertible preferred stock. The shares of our common stock held by Westar, including shares of common stock issuable upon conversion of our Series D convertible preferred stock, will be generally available for sale at any time, subject to the provisions of the new shareholder agreement and the new registration rights agreement, following the expiration of the lock-up period applicable to Westar. See "Transactions with Westar."

In the event the repurchase and exchange are not consummated, Westar may sell its ONEOK stock without being subject to any of the transfer limitations in the current shareholder agreement at any time after the expiration of the lock-up period applicable to Westar and prior to September 30, 2003. After September 30, 2003, Westar will again be subject to the transfer restrictions imposed by the current shareholder agreement. In addition, Westar has registration rights under the current registration rights agreement that could allow it or its affiliates to sell its shares freely through a further registration statement filed under the Securities Act of 1933.

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**OUR COMPANY**

**General**

ONEOK is a diversified energy company. We purchase, gather, process, transport, store and distribute natural gas. We drill for and produce oil and natural gas, extract, sell and market natural gas liquids and are engaged in the natural gas, crude oil and natural gas liquids marketing and trading business. We are the largest natural gas distributor in Kansas and Oklahoma, providing service as a regulated public utility to wholesale and retail customers. Our largest markets in Oklahoma are the Oklahoma City and Tulsa metropolitan areas and in Kansas are Wichita, Topeka and Johnson County, which includes Overland Park, Kansas. In addition, due to the completion of our recent acquisition of the Texas assets of Southern Union discussed below, we are now the third largest natural gas distributor in Texas. Our largest markets in Texas are the Austin and El Paso metropolitan areas. We also own and operate an electric generating plant and engage in wholesale marketing of electricity. Our energy marketing and trading operations provide service to customers in 28 states.

**Our Business Strategy**

Our business strategy is designed to maximize shareholder value by vertically integrating our natural gas business operations from the wellhead to the burner tip. This strategy has led us to focus on acquiring assets that provide synergistic trading and marketing opportunities along the natural gas energy chain. Our strategy as it applies to each of our business segments is described below under the caption Our Business Segments. In addition, in order to implement this strategy, we plan to:

**Acquire assets that complement and strengthen each other.** We will seek to acquire additional assets that complement our strategic focus. The recently announced acquisition of Southern Union's Texas gas distribution assets will complement our existing assets in Oklahoma and Kansas. We believe that this acquisition will help us achieve additional diversification of our distribution business with respect to geography and regulatory arenas and will provide stable cash flow.

**Maximize the earnings potential of existing assets through asset rationalization and consolidation.** We will seek to sell assets that are not considered core assets and that may not fit with our overall strategy. Our sale of gas processing plants and related gathering systems located in North Central Oklahoma is an example of a disposition of assets not considered to be core assets. In addition, we decided to sell \$300 million of our production assets in the light of favorable market conditions.

**Maintain a strong credit rating and capital structure while continuing our practice of consistent dividend payments.** Our financing strategy is focused on capitalizing and managing our businesses in a manner consistent with the maintenance of strong credit ratings. This strategy is driven by our belief that strong credit ratings provide us a competitive advantage in the current market environment and allow us to minimize our financing costs over the long-term, while also retaining the financial flexibility to pursue attractive capital investment opportunities as and when they are available.

**Pursue regulatory initiatives that benefit us and our customers.** Our philosophy with respect to regulatory bodies is to maintain strong relationships with the regulators, and to seek solutions that benefit our shareholders and our customers.

**Trade around physical assets and minimize high-risk activities.** Our Marketing and Trading segment is actively engaged in value creation through marketing and trading of natural gas, crude oil and natural gas liquids to both wholesale and retail customers in 28 states using leased gas storage and firm transportation capacity from related parties and others. Our strategy involves trading around physical assets.

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**Our Business Segments**

The following chart illustrates the principal segments in which we report operations, separated into our nonregulated operations and our regulated operations.

- (1) Excludes the results of the Texas natural gas distribution business recently acquired from Southern Union discussed above under Summary Recent Developments.
- (2) Includes the results of the production assets to be sold, and midstream natural gas assets recently sold, as discussed above under Summary Recent Developments.
- (3) See Summary Recent Developments above.
- (4) As discussed above under Summary Recent Developments, we have announced the sale of \$300 million of assets of our production segment.

The composition of our operating income for the nine months ended September 30, 2002 and our assets as of September 30, 2002 was as follows:

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**Distribution.** We provide natural gas distribution as a regulated public utility to wholesale and retail customers in Oklahoma, Kansas and Texas. Our distribution operations in Oklahoma are conducted through Oklahoma Natural Gas, which delivered natural gas to approximately 802,000 customers at December 31, 2001. Our largest markets in Oklahoma are the Oklahoma City and Tulsa metropolitan areas. Our distribution operations in Kansas are conducted through Kansas Gas Service, which supplies natural gas to approximately 642,000 customers. Our largest markets in Kansas include Wichita, Topeka and Johnson County, which includes Overland Park, Kansas. As a result of our acquisition of the Southern Union Texas assets described above under Summary Recent Developments, we now serve approximately 535,000 additional customers, over 90 percent of which are residential, in the State of Texas, including the principal cities of El Paso and Austin.

Net revenues from our distribution segment represented approximately 38.2% and 40.2% of our consolidated net revenues for the nine months ended September 30, 2002 and 2001, respectively. Operating income from our distribution segment represented approximately 21.8% and 20.4% of our consolidated operating income for nine months ended September 30, 2002 and 2001, respectively. Operating income for the 12 months ended June 30, 2002 for the Texas assets acquired from Southern Union was approximately \$41.2 million, approximately 95% which relates to the Texas distribution operations. We estimate that 2003 operating income for the Texas assets will be approximately \$40 million. Depreciation in 2003 related to the Texas assets is expected to be approximately \$16 million.

Our net revenues and operating income from our distribution segment for the nine months ended September 30, 2001 and 2002, were as follows:

The average numbers of customers in our distribution segment for the nine months ended September 30, 2001 and 2002, were as follows:

As indicated above, we added approximately 535,000 customers in our distribution segment upon consummation of the acquisition of Southern Union's Texas gas distribution assets on January 3, 2003.

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Our strategy with respect to our distribution businesses is to generate stable cash flows from operations and earnings while providing low-cost service to our customers.

**Transportation and storage.** We provide intrastate natural gas pipeline transportation and storage for Oklahoma, Kansas and Texas. We conduct this business primarily through wholly owned intrastate pipeline companies with a total of 9,024 miles of pipe and wholly owned storage companies with a total capacity of approximately 58 billion cubic feet of natural gas, of which approximately 8 billion cubic feet is currently idled.

Net revenues from our transportation and storage segment represented approximately 11.1% and 12.2% of our consolidated net revenues for the nine months ended September 30, 2002 and 2001, respectively. Operating income from our transportation and storage segment represented approximately 12.8% and 16.2% of our consolidated operating income for the nine months ended September 30, 2002 and 2001, respectively.

ONEOK affiliated entities are among the principal customers of this segment. We serve our marketing and trading segment, as well as a number of transporters in the utilization of the transportation and storage facilities.

Our net revenues and operating income from our transportation and storage segment for the nine months ended September 30, 2001 and 2002, were as follows:

Operating income for the 2002 period decreased compared to 2001 primarily due to higher operating costs of \$5.4 million mainly from the settlement of certain legal proceedings, increased bad debt expense and increased employee costs.

Our strategy is to generate stable cash flows and earnings while providing reliable transportation and storage services. Management believes that our assets are strategically located such that throughputs can be maximized.

**Gathering and processing.** We are engaged in the gathering and processing of natural gas and the fractionation, storage and marketing of natural gas liquids. In December 2002, we completed the sale of three processing plants and related gathering assets, along with an interest in a fourth processing plant, all located in Oklahoma, to Mustang Fuel Corporation. Our operating income related to these assets was \$2.2 million and \$6.0 million for the three- and nine-month periods ended September 30, 2002, respectively. After giving effect to the sale, our processing capacity has been reduced to 2.05 Bcf/d. The capacity associated with plants owned or leased has been reduced to 1.8 Bcf/d while the proportionate amount of the plant capacity that we own an interest in but do not operate is 0.11 Bcf/d. In addition, subsequent to the sale, we own a total of about 13,900 miles of gathering pipelines that supply our gas processing plants.

Net revenues from our gathering and processing segment represented approximately 17.7% and 20.3% of our consolidated net revenues for the nine months ended September 30, 2002 and 2001, respectively. Operating income from our gathering and processing segment represented approximately 5.1% and 13.7% of our consolidated operating income for the nine months ended September 30, 2002 and 2001, respectively.

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Our net revenues and operating income from our gathering and processing segment for the nine months ended September 30, 2001 and 2002, were as follows:

The decline in operating income in the 2002 period reflects the effect of lower revenues caused in part by lower composite natural gas liquids prices and crude oil prices offset somewhat by additional sales volumes generated from the natural gas liquids pipeline facilities leased at the end of 2001. Also contributing to the decline in operating income were higher operating costs, mainly customer charge offs and bad debt reserves, and higher depreciation, depletion and amortization, which is primarily due to the \$2.4 million loss associated with the sale of three Oklahoma gas processing facilities.

Our strategy with respect to our gathering and processing segment is to consolidate and rationalize assets and renegotiate contracts to mitigate the variations in earnings and cash flows caused by fluctuations in commodity prices.

**Marketing and trading.** We are engaged in the marketing and trading of natural gas, crude oil, natural gas liquids and electricity to retail and wholesale customers in 28 states throughout the U.S. We market gas from the West Coast to the Chicago city gate. The focus of our marketing operation has evolved from intrastate aggregation to interstate aggregation. We have focused on executing an integrated wholesale energy business strategy that is based on expanding our existing marketing, trading and arbitrage opportunities in the natural gas and power markets. We believe that the combination of owning or controlling strategic assets and our marketing franchise will allow us to continue to capitalize on existing marketing, trading and arbitrage opportunities.

Net revenues from our marketing and trading segment represented approximately 24.1% and 14.1% of our consolidated net revenues for the nine months ended September 30, 2002 and 2001, respectively. Operating income from our marketing and trading segment represented approximately 55.5% and 32.0% of our consolidated operating income for the nine months ended September 30, 2002 and 2001, respectively.

Our net revenues and operating income from our marketing and trading segment for the nine months ended September 30, 2001 and 2002, were as follows:

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Management believes that our location in the heart of the natural gas producing area of the United States, as well as benefits derived from vertically integrating our gas marketing and trading operations with our other businesses, provides us with strategic advantages we believe necessary to successfully compete in the competitive natural gas market.

**Production.** We own natural gas and oil producing reserves in the Mid-Continent region. Our strategy is to use these reserves in the Mid-Continent region to add value not only to our existing production operations but also to integrate those production operations with our gathering, processing, marketing, transportation and storage businesses. Accordingly, we focus on exploitation activities rather than exploratory drilling.

Net revenues from our production segment represented approximately 8.7% and 12.2% of our consolidated net revenues for the nine months ended September 30, 2002 and 2001, respectively. Operating income from our production segment represented approximately 6.0% and 15.9% of our consolidated operating income for the nine months ended September 30, 2002 and 2001, respectively.

On November 25, 2002, we announced that we had entered into an agreement to sell some of the natural gas and oil producing properties of our production segment to an affiliate of Chesapeake Energy Corporation for a cash purchase price of approximately \$300 million, subject to adjustment, with the closing anticipated to occur in early 2003. We decided to sell these assets in the light of favorable market conditions. After giving effect to the sale of those production assets, we will have 72.2 Bcfe of reserves and total production of 10.0 Bcfe per year. We anticipate that the proceeds of the sale will be used for the repayment of debt and for general corporate purposes and will generate a pre-tax gain of approximately \$75 million as of the November 30, 2002 effective date, subject to adjustment for operating income and capital expenditures from that date until closing, which adjustments are expected to reduce our pre-tax gain to approximately \$67 million.

We expect to generate, after the sale, operating income from our production segment of \$8 to \$12 million in 2003, based on natural gas prices of \$3.95-\$4.11 per thousand cubic feet and oil prices of \$23.94-\$26.85 per barrel, with capital expenditures of \$7 to \$11 million for the same period.

Our net revenues and operating income from our production segment for the nine months ended September 30, 2001 and 2002, were as follows:

Operating income in the production segment declined in 2002 compared to 2001, reflecting lower revenues, caused by lower average gas prices received in 2002 compared with 2001, partially offset by higher oil production in the period. Also contributing to the decline in operating income were higher operating expenses, including an increase in depreciation, depletion and amortization.

ONEOK is committed to its production business, and will pursue reserve acquisitions when the timing and price is appropriate. The recent announcement of a sale of some of our production assets is a result of our ongoing production strategy of developing and acquiring producing properties and, from time to time, selling some of our properties to enhance returns to our shareholders and redeploy capital.

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**TRANSACTIONS WITH WESTAR**

On January 9, 2003, we entered into a transaction agreement with Westar pursuant to which we agreed to, among other things, use commercially reasonable efforts to effect offerings of our common stock and other securities, which obligation we will satisfy by making this offering and our concurrent offering of common stock, and to use a portion of the net proceeds of those offerings to repurchase a portion of the shares of our Series A convertible preferred stock held by Westar. We have also agreed to modify the terms of the remaining shares of our Series A convertible preferred stock by exchanging newly issued shares of our Series D convertible preferred stock for all the shares of our Series A convertible preferred stock held by Westar that we do not repurchase. At the same time, we also entered into a new shareholder agreement and a new registration rights agreement with Westar that, when effective, will replace the current shareholder agreement and the current registration rights agreement with Westar. The new shareholder agreement and the new registration rights agreement will not become effective until both the repurchase and the exchange are completed. Both the repurchase and the exchange are conditioned upon, among other things, Westar receiving the approval of the Kansas Corporation Commission with respect to the repurchase, the exchange and the new shareholder agreement.

We have agreed to register for resale, within 60 days from the date the repurchase and exchange are consummated, all of the shares of our common stock held by Westar, as well as all of the shares of our Series D convertible preferred stock issued in the exchange and all of the shares of our common stock issuable upon conversion of those shares of Series D convertible preferred stock. The shares of our common stock held by Westar, including shares of common stock issuable upon conversion of our Series D convertible preferred stock, will be available for sale at any time, subject to the provisions of the new shareholder agreement and the new registration rights agreement, following the expiration of the lock-up period applicable to Westar.

In the event the repurchase and exchange are not consummated, Westar may sell its ONEOK stock without being subject to transfer limitations in the current shareholder agreement at any time after the expiration of the lock-up period applicable to Westar and prior to September 30, 2003. After September 30, 2003, Westar will again be subject to the transfer restrictions imposed by the current shareholder agreement. In addition, Westar has registration rights under the current registration rights agreement that could allow it or its affiliates to sell its shares freely through a further registration statement filed under the Securities Act of 1933.

In addition, concurrent with the completion of the repurchase and the exchange, we will enter into an amended and restated rights agreement, which will amend and restate our current rights agreement in its entirety. Set forth below are summaries of the transaction agreement, the new shareholder agreement and the new registration rights agreement as well as summaries of the terms of our Series D convertible preferred stock and the amended and restated rights agreement. We believe that these summaries describe all the material terms of these documents; however, you should read the complete text of each of the transaction agreement, the new shareholder agreement, the new registration rights agreement, the form of certificate of designations creating our Series D convertible preferred stock and the form of the amended and restated rights agreement for their precise legal terms and other information that may be important to you. We have filed copies of these agreements as exhibits to our current report on Form 8-K dated January 9, 2003 that we filed with the Securities and Exchange Commission.

Prior to the consummation of the transactions referred to above, our relationship with Westar, including Westar's rights as a ONEOK shareholder with respect to its ONEOK stake, will continue as described in the accompanying prospectus under the captions Description of Capital Stock, Shareholder Rights Agreement, Preferred Stock, Shareholder Agreement and Registration Rights Agreement. Upon consummation of the transactions referred to above, our relationship with Westar will be modified as described in this section. Following consummation of these transactions, to the extent there is a conflict between matters described in this section and matters described elsewhere in this prospectus supplement or in the accompanying prospectus, including as set forth in the accompanying prospectus under the caption Description of Capital Stock, the terms of the relationship and agreements as described in this section will supersede terms set forth elsewhere.

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### **Transaction Agreement**

#### *The offering; the repurchase*

We have agreed to use commercially reasonable efforts to effect an offering of our common stock and other securities, as we may determine, prior to February 28, 2003 if permitted by capital market conditions, as determined by us in our sole discretion. We will satisfy our obligation to make an offering of common stock and other securities by making this offering and our concurrent offering of common stock. We will use an amount, not to exceed \$250,000,000, equal to at least 50% (or such larger percentage as we may, in our sole discretion, determine) of the proceeds of the offering, after deducting underwriters' commissions and discounts and other offering expenses, to repurchase shares of our Series A convertible preferred stock held by Westar. The price paid for each share of our Series A convertible preferred stock in the repurchase will be equal to the per share offering price for our common stock in the concurrent offering, after taking into account underwriters' commissions and discounts and other offering expenses, as adjusted to reflect ONEOK's 2001 common stock split.

Simultaneously with the repurchase, we will modify the terms of the remaining shares of our Series A convertible preferred stock by exchanging newly issued shares of our Series D convertible preferred stock for all the shares of Series A convertible preferred stock held by Westar that we do not repurchase.

*Lock-up.* Westar has agreed that it will not engage in any transactions involving our securities, other than the repurchase, for a period beginning on January 9, 2003 and ending on the later of (1) February 28, 2003 and (2) (a) 90 days from the closing of the repurchase and exchange, if the aggregate amount of Series A convertible preferred stock repurchased is less than \$200,000,000, or (b) 180 days from the closing of the repurchase and exchange, if the aggregate amount of Series A convertible preferred stock repurchased is equal to or greater than \$200,000,000. If we do not complete the offering by February 28, 2003, then the lock-up will expire as of that date.

*Waiver; consent.* Westar has agreed to waive any piggy-back registration rights that it currently has under the current registration rights agreement as well as any dilutive issuances rights that it has under the current shareholder agreement with respect to the offering, so long as the offering and the repurchase are consummated by February 28, 2003.

#### *Shelf registration*

We have agreed to file a registration statement on Form S-3 within 60 days from the completion of the repurchase and the exchange in order to register for resale all of the shares of our common stock and our Series D convertible preferred stock held by Westar as well as all of the shares of our common stock issuable upon conversion of those shares of our Series D convertible preferred stock. In connection with the filing of the shelf registration statement, we have also agreed to use commercially reasonable efforts to cause our shares of Series D convertible preferred stock, if permitted by NYSE rules, and the shares of common stock issuable upon conversion of our Series D convertible preferred stock, to be listed on the NYSE prior to any sale, transfer or conversion of the shares our Series D convertible preferred stock held by Westar.

#### *Conditions*

The obligations of Westar and us to consummate the repurchase and the exchange are subject to the satisfaction (or, to the extent permitted by law, waiver by the relevant party in its sole discretion) of the following conditions:

the Kansas Corporation Commission shall have approved the repurchase, the exchange and the new shareholder agreement;

the offering shall have been consummated; and

the absence of any statute, order, injunction or similar legal obstacle preventing consummation of the repurchase and the exchange.

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In addition, the obligations of Westar to consummate the repurchase and the exchange are subject to the satisfaction (or to the extent permitted under law, waiver by Westar in its sole discretion) of the following conditions:

the representations and warranties of ONEOK set forth in the transaction agreement being true and correct; and

ONEOK having performed in all material respects all of its obligations required to be performed by it under the transaction agreement.

In addition, the obligations of ONEOK to consummate the repurchase and the exchange are subject to the satisfaction (or to the extent permitted under law, waiver by ONEOK in its sole discretion) of the following conditions:

the representations and warranties of Westar set forth in the transaction agreement being true and correct; and

Westar having performed in all material respects all of the obligations required to be performed by it under the transaction agreement.

### *Termination*

The transaction agreement may be terminated:

at any time by the mutual written consent of ONEOK and Westar; or

by ONEOK, on one hand, or Westar, on the other hand, in the event the offering is not completed by February 28, 2003 or such later date as ONEOK and Westar may agree.

### **Shareholder Agreement**

Although Westar and ONEOK entered into the new shareholder agreement on January 9, 2003, it will not be effective until the repurchase and exchange are completed, at which time the current shareholder agreement will terminate.

### *Standstill*

The new shareholder agreement provides, among other things, that Westar is prohibited from taking various actions, including, without limitation:

the acquisition of any of our securities;

the deposit of our equity securities in a voting trust or subjecting of those equity securities to any similar arrangement or proxy with respect to the voting of those equity securities;

the commencement of a merger, acquisition or other business combination transaction relating to us; and

engagement in any other action, either alone or in concert with others, to seek to control or influence our management, board of directors or policies.

### *Restrictions on transfer*

During the term of the new shareholder agreement, Westar is prohibited, without our prior written consent, from transferring any of our equity securities except:

transfers of equity securities representing voting power of less than 5% provided that the transferee does not have a voting ownership percentage of more than 5% immediately prior to the transfer;

in a bona fide underwritten public offering pursuant to the new registration rights agreement;

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pursuant to a pro rata distribution to the shareholders of Westar; and

transfers to affiliates, provided that the party to whom the equity securities are transferred agrees to be bound by the terms of the new shareholder agreement.

In addition, in the event that a third party commences a tender offer and our rights agreement is inapplicable to that tender offer, Westar may tender a proportionate amount of our equity securities held by it into that tender offer.

### *Voting*

During the term of the new shareholder agreement, Westar has agreed to vote all voting securities that it owns as follows:

with respect to the election of directors, in favor of the election of all candidates for director nominated by our board of directors;

with respect to any proposal initiated by any of our shareholders relating to the redemption of the rights issued pursuant to the rights agreement or any modification of the rights agreement (other than nonbinding precatory resolutions), in accordance with the recommendation of our board;

with respect to any proposed amendment to our certificate of incorporation or by-laws that would reasonably have the effect of modifying in any way the amendment to our certificate of incorporation, which we refer to as the opt out amendment, by which we opted out of Sections 1145 through 1155 of Title 18 of the Oklahoma Statutes, which relates to control share acquisitions, or would reasonably cause us to become subject to the control share acquisition statute or any other provisions that are substantially similar to the control share acquisition statute, Westar has the right to abstain or vote against such amendment;

with respect to any transaction or series of transactions constituting a change-in-control, in its sole discretion; and

with respect to all other matters, in its sole discretion those shares of common stock owned by Westar that were not acquired as a result of the conversion of shares of our Series D convertible preferred stock, and must vote all other voting securities held by Westar in the same proportion as all voting securities voted on the matter are voted by our other shareholders.

### *Board Representation*

Westar will be entitled to designate one director to our board of directors. Westar's designee will not have the right to sit on any committee of our board of directors.

### *Term*

The new shareholder agreement will terminate if, among other things, Westar's ownership of our common stock (assuming, for this purpose, the conversion of the Series D convertible preferred stock into common stock) falls below 10% of all common stock issued and outstanding (again, assuming the conversion of the Series D convertible preferred stock); however, in the event that the shareholder agreement is terminated for that reason, the standstill provisions described above will remain in effect until November 26, 2012.

### **New Registration Rights Agreement**

Although Westar and ONEOK entered into the new registration rights agreement on January 9, 2003, it will not be effective until the repurchase and exchange are completed, at which time the current registration rights agreement will terminate.

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As noted above, we have agreed, subject to the effectiveness of the new registration rights agreement, to keep the shelf registration statement that we will file pursuant to the transaction agreement effective until Westar may freely offer for sale shares of our common stock and our Series D convertible preferred stock without any restriction as to manner of sale and volume imposed by the Securities Act of 1933.

### **Form of Amended and Restated Rights Agreement**

Under Oklahoma law, every corporation may create and issue rights entitling the holders of those rights to purchase from the corporation shares of its capital stock of any class or classes, subject to any provisions in its certificate of incorporation. The price and terms of the shares must be stated in the certificate of incorporation or in a resolution adopted by the board of directors for the creation or issuance of those rights.

Concurrent with the closing of the repurchase and the exchange, we will enter into an amended and restated rights agreement, which will amend and restate our current rights agreement in its entirety. As with most rights agreements, the terms of our new rights agreement are complex and not easily summarized, particularly as they relate to the acquisition of our common stock and to exercisability.

Our amended and restated rights agreement will provide that each share of our common stock outstanding as of November 26, 1997 and issued between that date and a date determined pursuant to the new rights agreement, will have one right to purchase one one-hundredth of a share of preferred stock, designated as Series C preferred stock, attached to it, at a purchase price of \$40 per one one-hundredth of a share of preferred stock, subject to adjustment, as described below.

Initially, the rights under our amended and restated rights agreement are attached to outstanding certificates representing our common stock and no separate certificates representing the rights will be distributed. The rights will separate from our common stock and be represented by separate certificates on the earlier of the first date someone acquires beneficial ownership (as defined in the rights agreement) of 15% or more of our outstanding common stock, subject to various exceptions, or approximately 10 days after someone commences or indicates an intent to commence a tender offer or exchange offer for 15% of our common stock. The person or group that acquires or indicates an intent to acquire stock as described in the immediately preceding sentence is referred to as an acquiring person.

Our amended and restated rights agreement will specifically exclude as an acquiring person, among others, Westar, but only with respect to shares of our common stock (including shares of our common stock issuable upon conversion of our Series D convertible preferred stock) beneficially owned by it as of the date of the amended and restated rights agreement, less any shares transferred to third parties thereafter.

All shares of our common stock issued prior to the date the rights separate from the common stock will be issued with the rights attached. The rights are not exercisable until the date the rights separate from the common stock. The rights will expire on the tenth anniversary of the amended and restated rights agreement, unless we redeem or exchange them at an earlier time or upon the consummation of specified transactions.

If a person or group becomes an acquiring person, then each right not owned by that acquiring person or its affiliates, associates or transferees, will entitle its holder to purchase, within specified time periods and at the right's then current purchase price, shares of our common stock (or, in limited circumstances, one one-hundredths of a share of Series C preferred stock) as equals the result obtained by:

    multiplying the then current purchase price by the then number of one one-hundredths of a share of our preferred stock for which a right was exercisable immediately prior to the first occurrence of a person or group becoming an acquiring person; and

    dividing that product by 50% of the then current per share market price of our common stock on the date of the first occurrence.

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If, after a person or group becomes an acquiring person, and:

we are involved in a merger or consolidation with an interested shareholder or with any other person in a case where all holders of our common stock are not treated alike; or

we sell or transfer more than 50% of our assets or earning power to an interested shareholder or other person or, to any other person in a case where all holders of our common stock are not treated alike,

each right will entitle the holder to purchase, at the right's then current purchase price, shares of common stock of the acquiring company as equal the result obtained by:

multiplying the then current purchase price by the number of one one-hundredths of a share of our preferred stock for which a right is then exercisable; and

dividing the product by 50% of the then current per share market price of the common stock of the acquiring company.

We may, at our option, at any time after any person becomes an acquiring person, exchange all or part of the then outstanding and exercisable rights for our common stock (or shares of our other equity securities, including one one-hundredths of a share of preferred stock, with equivalent rights and privileges as our common stock) at an exchange ratio of one share of our common stock per right, subject to adjustment, until the time that any person, together with its affiliates and associates, has become the beneficial owner of 50% or more of our outstanding common stock.

Our board of directors may, at its option, redeem all of the outstanding rights under our amended and restated rights agreement prior to the earlier of (1) the time that an acquiring person obtains 15% or more of our outstanding stock or (2) the final expiration date of the rights. The redemption price under our amended and restated rights agreement is \$0.005 per right, subject to adjustment. The right to exercise the rights will terminate upon the action of our board ordering the redemption of the rights and the only right of the holders of the rights will be to receive the redemption price.

Holders of rights will have no rights as our shareholders, including the right to vote or receive dividends, simply by virtue of holding the rights.

**Terms of Series D Convertible Preferred Stock**

*Authorized Number of Shares*

The number of authorized shares of our Series D convertible preferred stock will depend on the number of shares of our Series A convertible preferred stock purchased in the repurchase. Our board of directors intends to authorize a number of shares of Series D convertible preferred stock approximately equal to the total number of shares of our common stock issuable upon conversion of the shares of Series A convertible preferred stock outstanding immediately prior to the repurchase, less the number of shares of our common stock issuable upon conversion of all the shares of our Series A convertible preferred stock purchased in the repurchase.

*Rank*

With respect to dividend rights and distribution of assets upon liquidation, dissolution or winding up of affairs, the Series D convertible preferred stock will rank senior to shares of our common stock, or any class of our equity securities that by its terms is junior to the Series D convertible preferred stock, and will not rank junior with respect to any class or series of preferred stock that we may issue, unless the holders of 66<sup>2</sup>/3% of the outstanding shares of the Series D convertible preferred stock consent to the creation of the class or any security convertible into shares of that class or series. We have agreed not to create, authorize or reclassify any authorized stock into any class of capital stock that will rank prior to the Series D convertible preferred stock.

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### *Dividends*

Holders of the shares of our Series D convertible preferred stock will be entitled to receive, when and if declared by our board of directors, quarterly cash dividends in an amount per share equal to \$0.23125. If we do not pay dividends on the Series D convertible preferred stock on the dividend payment date for any dividend period, dividends will not be subsequently paid for that dividend period.

### *Liquidation Preference*

The liquidation preference per share of Series D convertible preferred stock will be equal to the amount payable per share on our common stock, as adjusted appropriately to reflect any stock split or similar events, assuming the conversion of all outstanding shares of convertible preferred stock immediately prior to the event triggering the liquidation preference, plus any dividends then due with respect to the Series D convertible preferred stock.

Neither our merger or consolidation into or with one or more other corporations, nor the voluntary sale, conveyance, exchange or transfer of all or substantially all of our property or assets will be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary, for the purposes of triggering a liquidation preference, unless that voluntary sale, conveyance, exchange or transfer is in connection with a dissolution or winding up of our business.

### *Optional Redemption*

We will have the option to redeem the Series D convertible preferred stock on or after August 1, 2006 at \$20.00 per share if the closing price of our common stock has exceeded \$25.00 for 30 consecutive trading days prior to the date that we provide notice of our intention to redeem all or a portion of the Series D convertible preferred stock.

### *Conversion Rights*

The Series D convertible preferred stock is convertible at any time, at the holder's option, provided that Westar may only convert the shares of Series D convertible preferred stock held by it if the aggregate of the regular dividends for the most recently completed fiscal year prior to conversion that would have been payable on all the shares of common stock issuable upon conversion of one share of Series D convertible preferred stock is greater than \$0.925 and such conversion would not subject us or our affiliates or Westar to the Public Utility Holding Company Act of 1935. In addition, Westar may generally convert any shares of our Series D convertible preferred stock held by it into shares of common stock in connection with transfers made in compliance with the shareholder agreement.

We have agreed that we will have at all times reserved and kept available, out of our authorized and unissued stock, shares of our common stock in an amount sufficient for the conversion of all shares of Series D convertible preferred stock then outstanding.

### *Anti-dilution Provisions*

The number of shares of our common stock into which each share of Series D convertible preferred stock is convertible, the dividend amount payable on each share of Series D convertible preferred stock, and the liquidation preference attached to each share of Series D convertible preferred stock will be subject to adjustments for stock splits, stock dividends, reverse stock splits or any transaction with comparable effect upon our common stock.

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*Voting Rights*

Holders of shares of Series D convertible preferred stock will be entitled to vote together with holders of shares of our common stock, as a single class, with respect to any proposed amendment to our certificate of incorporation or by-laws that would reasonably have the effect of modifying in any way the opt out amendment, or would reasonably cause us to become subject to the control share acquisition statute; or any other provisions that are substantially similar to the control share acquisition statute; any proposal relating to the opt out amendment; and any transaction or series of transactions that, if consummated, would constitute a change-in-control (as defined in the certificate of designation of the Series D convertible preferred stock).

With respect to those matters, each share of Series D convertible preferred stock will carry a number of votes equal to the number of votes carried by the number of shares of our common stock issuable upon conversion of one share of Series D convertible preferred stock.

Holders of Series D convertible preferred stock will not be entitled to vote in any election of directors to our board or on any matter submitted to our shareholders other than the foregoing and other than as required by law.

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**ACCOUNTING TREATMENT**

The net proceeds from the sale of the Corporate Units will be allocated between the purchase contracts and the senior notes in proportion to their respective fair market values at the time of issuance. The present value of the Corporate Units contract adjustment payments will be initially charged to shareholders' equity, with an offsetting credit to liabilities. This liability is accreted over three years by interest charges to the income statement based on a constant rate calculation. Subsequent contract adjustment payments reduce this liability.

The purchase contracts are forward transactions in our common stock. Upon settlement of each purchase contract, we will receive \$25 on the purchase contract and will issue the requisite number of shares of our common stock. The \$25 that we receive will be credited to shareholders' equity.

Before the issuance of our common stock upon settlement of the purchase contracts, the purchase contracts will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of our common stock used in calculating diluted earnings per share (based on the settlement formula applied at the end of the reporting period) is deemed to be increased by the excess, if any, of the number of shares that would be issued upon settlement of the purchase contracts at the end of the period over the number of shares that could be purchased by us in the market (at the average market price during the applicable period) using the proceeds receivable upon settlement. Consequently, we anticipate there will be no dilutive effect on our earnings per share except during periods when the average market price of our common stock is above \$20.63.

The FASB has issued an exposure draft entitled "Accounting for Financial Instruments with Characteristics of Liabilities, Equity or Both." Under the proposed Statement, some financial instruments indexed to an issuer's own stock that are currently recorded in the stockholders' equity section of the issuer's balance sheet would be accounted for as a derivative instrument under the provisions of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." The proposed Statement would be effective for fiscal years beginning after June 15, 2002. However, due to unresolved issues raised during the Board's redeliberations, the FASB has communicated its plans to issue a limited-scope Statement in early 2003 that will address certain, but not all, financial instruments that include forward purchase contracts. The FASB's ultimate conclusions with respect to the accounting for financial instruments with characteristics of liabilities, equity or both could result in the purchase contracts being accounted for as derivative instruments, with the contracts recorded at fair value and changes in fair value recorded in earnings. The FASB could also re-examine the method in which the Equity Units are included in an issuer's diluted earnings per share calculation.

The EITF of the FASB is also considering an issue related to the accounting for certain securities and financial instruments, including securities such as the Equity Units. One proposal being considered, if adopted, could result in instruments like the purchase contracts being accounted for as derivative instruments pursuant to the provisions of FASB Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities." Under these provisions the changes in fair value of such instruments would be recorded as an adjustment to the instruments' carrying value with an offsetting adjustment to earnings. Another proposal under consideration would not alter the accounting for the purchase contracts discussed herein. As part of its deliberations on this topic, the EITF may also choose to expand this issue's scope to include consideration of whether instruments such as the Equity Units should be accounted for on a combined basis, or continue to be accounted for as separate instruments. A scope expansion of this nature may also examine the method in which the Equity Units are included in an issuer's diluted earnings per share calculation. The FASB's conclusions on the exposure draft discussed in the preceding paragraph may affect any consensus of the EITF.

At this time, the ultimate outcome of the deliberations referred to above, the timing of the issuance of a FASB Standard or an EITF Consensus, and their effect on the financial statements is uncertain.

**Table of Contents****USE OF PROCEEDS**

Our net proceeds from the sale of Equity Units in this offering, after deducting underwriting discounts and commissions and the estimated expenses of this offering payable by us, will be approximately \$338.9 million, or \$389.8 million if the underwriters exercise their over-allotment option in full to purchase additional Equity Units. Our net proceeds from the concurrent common stock offering, after deducting underwriting discounts and commissions and the estimated expenses of that offering payable by us, will be approximately \$198.0 million, or \$227.7 million if the underwriters in that offering exercise their over-allotment option in full to purchase additional shares of common stock. We are not required to sell the common stock in order to sell the Equity Units in this offering.

We will use up to \$250 million of the aggregate net proceeds from this offering and the common stock offering to repurchase shares of our Series A convertible preferred stock from Westar as described under the caption Transactions with Westar. We will use the remaining net proceeds from the offerings to repay short-term debt, a significant portion of which was incurred to refinance long-term debt. If we complete this offering of Equity Units but do not complete the concurrent offering of common stock, we expect to use \$125 million of the net proceeds of this offering to repurchase shares of Series A convertible preferred stock from Westar and to use the remaining net proceeds of this offering to repay short-term debt. Our short-term indebtedness totaled approximately \$448.1 million as of November 30, 2002 and had a weighted average interest rate of 2.03% per annum. As of November 30, 2002, our current maturities of long-term debt totaled approximately \$6.3 million and our short-term investments totaled approximately \$111.5 million.

**CAPITALIZATION**

The following table sets forth:

our actual capitalization as of November 30, 2002;

our supplemental capitalization to give effect to this offering of Equity Units and the application of the net proceeds therefrom, including the repurchase of \$125 million of Series A convertible preferred stock; and

our capitalization as adjusted to give effect to this offering of Equity Units and our concurrent offering of 12,000,000 shares of our common stock (assuming no exercise of the over-allotment option to purchase additional shares of common stock) and the application of the aggregate net proceeds from the offerings, including the repurchase of \$250 million of Series A convertible preferred stock.

The information in the table does not give effect to the exchange of Series A convertible preferred stock for new Series D convertible preferred stock described under the caption Transactions with Westar. The information in the table is qualified in its entirety by reference to, and should be read together with, the detailed information and financial statements appearing in the documents incorporated in this prospectus supplement and the accompanying prospectus.

	As of November 30, 2002					
	Actual		Supplemental		As Adjusted	
	(Dollars in millions)					
Short-term notes payable (including current portion of long-term debt)	\$ 454.4	13.7%	\$ 240.5	7.3%	\$ 167.5	5.1%
Long-term debt (excluding current portion)	1,515.1	45.7	1,865.1	57.0	1,865.1	57.0
Series A convertible preferred stock	564.4	17.0	457.8	14.0	351.2	10.7
Common shareholders' equity	782.8	23.6	711.4	21.7	891.0	27.2
<b>Total capitalization</b>	<b>\$ 3,316.7</b>	<b>100.0%</b>	<b>\$ 3,274.8</b>	<b>100.0%</b>	<b>\$ 3,274.8</b>	<b>100.0%</b>

**Table of Contents****PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY**

Our common stock is currently listed on the NYSE under the symbol OKE. The following table sets forth the high and low closing prices for transactions involving our common stock for each calendar quarter, as reported on the NYSE Composite Tape, and related dividends paid per common share during such periods.

	<u>High</u>	<u>Low</u>	<u>Dividend</u>
2003:			
First Quarter (through January 22, 2003)	\$ 20.20	\$ 16.80	
2002:			
Fourth Quarter	\$ 19.71	\$ 16.67	\$ 0.155
Third Quarter	\$ 22.19	\$ 14.62	\$ 0.155
Second Quarter	\$ 23.14	\$ 19.70	\$ 0.155
First Quarter	\$ 20.92	\$ 16.34	\$ 0.155
2001:			
Fourth Quarter	\$ 18.40	\$ 16.15	\$ 0.155
Third Quarter	\$ 20.48	\$ 14.17	\$ 0.155
Second Quarter	\$ 22.50	\$ 19.01	\$ 0.155
First Quarter	\$ 24.34	\$ 18.13	\$ 0.155

On January 22, 2003, the last reported sale price of our common stock on the NYSE was \$17.19 per share.

Dividends on our common stock are paid as declared by ONEOK's board of directors. On September 19, 2002, our board of directors declared a dividend of \$0.155 per share, which was paid on November 15, 2002 to shareholders of record on October 31, 2002. On November 21, 2002, our board of directors approved an increase in the quarterly dividend on ONEOK common stock to \$0.17 per share, to be applicable to the quarterly dividend to be declared by the board in January 2003. Dividends are typically paid on or about the 15<sup>th</sup> of February, May, August and November. Dividends can be paid by check or electronic deposit, or can be reinvested.

Future dividends will depend on future earnings, which, in large part, are dependent upon our cash position and financial condition and other factors. At the increased common stock dividend rate described above, after giving effect to the issuance of the shares of common stock offered in our concurrent offering, our quarterly dividend payments on our outstanding common stock would be approximately \$12.3 million.

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**DESCRIPTION OF THE EQUITY UNITS**

*The following is a summary of the terms of the Equity Units. This summary, together with the summary of some of the provisions of the related documents described below, contains a description of all of the material terms of the Equity Units but is not necessarily complete. We refer you to the copies of those documents that have been or will be filed and incorporated by reference in the registration statement of which this prospectus supplement and accompanying prospectus form a part. This summary supplements the description of the stock purchase units in the accompanying prospectus and, to the extent it is inconsistent, replaces the description in the accompanying prospectus.*

We will issue the Equity Units under the purchase contract agreement between us and SunTrust Bank, who we refer to as the purchase contract agent. Equity Units may be either Corporate Units or Treasury Units. The Equity Units will initially consist of 14,000,000 Corporate Units (or 16,100,000 Corporate Units if the underwriters exercise their over-allotment option in full), each with a stated amount of \$25.

**Corporate Units**

Each Corporate Unit will consist of a unit comprising:

- (a) a purchase contract under which
  - (1) the holder will agree to purchase from us, and we will agree to sell to the holder, not later than February 16, 2006, which we refer to as the purchase contract settlement date, for \$25 in cash, a number of newly issued shares of our common stock equal to the settlement rate described below under Description of the Purchase Contracts Purchase of Common Stock, subject to antidilution adjustments, and
  - (2) we will pay the holder quarterly contract adjustment payments at the rate of 4.5% per year on the stated amount of \$25 or \$1.125 per year, and
- (b) either:
  - (1) a senior note issued by us having a \$25 principal amount, or
  - (2) following a successful remarketing of the senior notes prior to the third business day immediately preceding the purchase contract settlement date, or the occurrence of a special event redemption, the applicable ownership interest in a portfolio of U.S. Treasury securities, which we refer to as the Treasury portfolio.

Applicable ownership interest means, with respect to a Corporate Unit and the U.S. Treasury securities in the Treasury portfolio,

- (1) a 2.5% undivided beneficial ownership interest in \$1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) included in the Treasury portfolio that matures on or prior to February 15, 2006, and
- (2) for the scheduled interest payment date on the senior notes that occurs on February 16, 2006, in the case of a successful remarketing of the senior note included in that Corporate Unit prior to the third business day immediately preceding the purchase contract settlement date, or for each scheduled interest payment date on the senior notes after the date of a special event redemption and on or before the purchase contract settlement date, in the case of a special event redemption, a 0.025% undivided beneficial ownership interest in \$1,000 face amount of U.S. Treasury securities (or principal or interest strips thereof) included in the Treasury portfolio that mature on or prior to the business day immediately preceding such payment date.

The purchase price of each Equity Unit will be allocated between the related purchase contract and the related senior note in proportion to their respective fair market values at the time of issuance. We expect that, at the time of issuance, the fair market value of each senior note will be \$25 and the fair market value of each purchase contract will be \$0.00. This position generally will be binding on each beneficial owner of each Equity Unit but not on the Internal Revenue Service, or IRS.

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As long as a unit is in the form of a Corporate Unit, your senior note or the appropriate applicable ownership interest in the Treasury portfolio, as applicable, forming a part of the Corporate Unit will be pledged to us through the collateral agent to secure your obligation to purchase common stock under the related purchase contract.

### **Creating Treasury Units**

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units as a result of a successful remarketing prior to the third business day preceding February 16, 2006 or a special event redemption prior to February 16, 2006, each holder of Corporate Units will have the right, at any time on or prior to the fifth business day immediately preceding the purchase contract settlement date, to substitute for the related senior notes held by the collateral agent, zero-coupon Treasury securities that mature on February 15, 2006 (CUSIP No. 912803AJ2), which we refer to as Treasury securities, in a total principal amount at maturity equal to the aggregate principal amount of the senior notes for which substitution is being made.

Because Treasury securities are issued in integral multiples of \$1,000, holders of Corporate Units may make this substitution only in integral multiples of 40 Corporate Units.

If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, holders of Corporate Units will have the right, at any time on or prior to the second business day immediately preceding the purchase contract settlement date, to substitute Treasury securities for the applicable ownership interest in the Treasury portfolio as a component of the Corporate Unit, but holders of Corporate Units can only make this substitution in integral multiples of 40,000 Corporate Units. Each of these substitutions will create Treasury Units, and the applicable senior notes or applicable ownership interest in the Treasury portfolio will be released to the holder and be separately tradable from the Treasury Units.

Each Treasury Unit will consist of a unit with a stated amount of \$25 comprising:

- (a) a purchase contract under which
  - (1) the holder will agree to purchase from us, and we will agree to sell to the holder, not later than the purchase contract settlement date, for \$25 in cash, a number of newly issued shares of our common stock equal to the settlement rate, subject to anti-dilution adjustments, and
  - (2) we will pay the holder quarterly contract adjustment payments at the rate of 4.5% per year on the stated amount of \$25, or \$1.125 per year, and
- (b) a 2.5% undivided beneficial interest in a Treasury security with a principal amount of \$1,000.

To create 40 Treasury Units, unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the Corporate Unit holder will:

deposit with the collateral agent a Treasury security that has a principal amount at maturity of \$1,000 which must be purchased in the open market at the Corporate Unit holder's expense, and

transfer 40 Corporate Units to the purchase contract agent accompanied by a notice stating that the holder has deposited a Treasury security with the collateral agent and requesting the release to the holder of the senior notes relating to the 40 Corporate Units.

Upon the deposit and receipt of an instruction from the purchase contract agent, the collateral agent will release the related senior notes from the pledge under the pledge agreement, free and clear of our security interest, to the purchase contract agent. The purchase contract agent then will:

cancel the 40 Corporate Units,

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transfer the related senior notes to the holder, and

deliver 40 Treasury Units to the holder.

The Treasury security will be substituted for the senior notes and will be pledged to us through the collateral agent to secure the holder's obligation to purchase common stock under the related purchase contracts. The related senior notes released to the holder thereafter will trade separately from the resulting Treasury Units.

If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the Corporate Unit holder will follow the same procedure to create a Treasury Unit, except the holder will have to deposit integral multiples of 40,000 Corporate Units.

### **Recreating Corporate Units**

Unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, each holder of Treasury Units will have the right at any time on or prior to the fifth business day immediately preceding the purchase contract settlement date, to substitute for the related Treasury securities held by the collateral agent, the senior notes having a principal amount equal to the aggregate principal amount at stated maturity of the Treasury securities for which substitution is being made.

Because Treasury securities are issued in integral multiples of \$1,000, holders of Treasury Units may make these substitutions only in integral multiples of 40 Treasury Units.

If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, holders of Treasury Units will have the right, at any time on or prior to the second business day immediately preceding the purchase contract settlement date, to substitute the applicable ownership interests in the Treasury portfolio for the Treasury securities that were a component of the Treasury Units, but holders of Treasury Units can only make this substitution in integral multiples of 40,000 Treasury Units.

Each of these substitutions will recreate Corporate Units, and the applicable Treasury securities will be released to the holder and be separately tradable from the Corporate Units.

To create 40 Corporate Units, unless the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the Treasury Unit holder will:

deposit with the collateral agent 40 senior notes, which must be purchased in the open market at the holder's expense unless otherwise owned by the holder, and

transfer 40 Treasury Unit certificates to the purchase contract agent accompanied by a notice stating that the Treasury Unit holder has deposited 40 senior notes with the collateral agent and requesting the release to the holder of the Treasury security relating to the Treasury Units.

Upon the deposit and receipt of an instruction from the purchase contract agent, the collateral agent will release the related Treasury securities from the pledge under the pledge agreement, free and clear of our security interest, to the purchase contract agent. The purchase contract agent will then:

cancel the 40 Treasury Units,

transfer the related Treasury security to the holder, and

deliver 40 Corporate Units to the holder.

The substituted senior notes or the applicable ownership interests in the Treasury portfolio will be pledged to us through the collateral agent to secure the Corporate Unit holder's obligation to purchase common stock under the related purchase contracts.

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If the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, the Treasury Unit holder will follow the same procedure to create a Corporate Unit, except the holder will have to deposit integral multiples of 40,000 Treasury Units.

Holders that elect to substitute pledged securities, thereby creating Treasury Units or recreating Corporate Units, will be responsible for any fees or expenses payable in connection with the substitution.

### **Current Payments**

Holders of Corporate Units will be entitled to receive quarterly cash distributions consisting of interest payments calculated at the rate of 4.0% per year on the senior notes (or distributions on the applicable ownership interest in the Treasury portfolio if the senior notes have been replaced by the Treasury portfolio), and contract adjustment payments payable by us at the rate of 4.5% per year on the stated amount of \$25 per Corporate Unit until the earlier of the purchase contract settlement date, the early settlement date (in the case of a cash merger early settlement, as described in [Description of the Purchase Contracts Early Settlement Upon Cash Merger](#) ) and the most recent quarterly payment date on or before any other early settlement of the related purchase contracts. Holders of Treasury Units will be entitled to receive quarterly contract adjustment payments payable by us at the rate of 4.5% per year on the stated amount of \$25 per Treasury Unit until the earlier of the purchase contract settlement date, the early settlement date (in the case of a cash merger early settlement, as described in [Description of the Purchase Contracts Early Settlement Upon Cash Merger](#) ) and the most recent quarterly payment date on or before any other early settlement of the related purchase contracts. There will be no distributions in respect of the Treasury securities that are a component of the Treasury Units but the holders of the Treasury Units will continue to receive the scheduled quarterly interest payments on the senior notes that were released to them when the Treasury Units were created for as long as they hold the senior notes.

### **Ranking**

Our obligations with respect to the senior notes will be senior and unsecured and will rank equally with all of our other unsecured and unsubordinated obligations. The indenture under which the senior notes will be issued will not limit our ability to issue or incur other unsecured debt or issue preferred stock. See [Description of Debt Securities](#) in the accompanying prospectus.

Our obligations with respect to the contract adjustment payments will be subordinate in right of payment to our senior indebtedness. Senior indebtedness with respect to the contract adjustment payments means indebtedness of any kind unless the instrument under which such indebtedness is incurred expressly provides that it is on a parity in right of payment with or subordinate in right of payment to the contract adjustment payments.

### **Voting and Certain Other Rights**

Holders of purchase contracts forming part of the Corporate Units or Treasury Units, in their capacities as such holders, will have no voting or other rights in respect of the common stock.

### **Listing of the Securities**

The Corporate Units have been approved for listing on the NYSE under the symbol OKE PrA, subject to official notice of issuance. Unless and until substitution has been made as described in [Creating Treasury Units](#) or [Recreating Corporate Units](#), neither the senior notes nor the applicable ownership interest in the Treasury portfolio component of a Corporate Unit will trade separately from the Corporate Units. The senior notes or the applicable ownership interest in the Treasury portfolio component will trade as a unit with the purchase contract component of the Corporate Units. If the Treasury Units or the senior notes are separately traded to a sufficient extent that applicable exchange listing requirements are met, we will try to list the Treasury Units or the senior notes on the same exchange as the Corporate Units are then listed, including, if applicable, the NYSE.

### **Miscellaneous**

We or our affiliates may from time to time purchase any of the securities offered by this prospectus supplement which are then outstanding by tender, in the open market or by private agreement.

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**DESCRIPTION OF THE PURCHASE CONTRACTS**

*This section summarizes some of the terms of the purchase contract agreement, purchase contracts, pledge agreement and remarketing agreement. The summary should be read together with the purchase contract agreement, pledge agreement and remarketing agreement, forms of which have been filed as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.*

**Purchase of Common Stock**

Each purchase contract underlying a Corporate Unit or Treasury Unit will obligate the holder of the purchase contract to purchase, and us to sell, on the purchase contract settlement date, for an amount in cash equal to the stated amount of the Corporate Unit or Treasury Unit, a number of newly issued shares of our common stock equal to the settlement rate. The settlement rate will be calculated, subject to adjustment under the circumstances described in Anti-Dilution Adjustments, as follows:

If the applicable market value of our common stock is equal to or greater than the threshold appreciation price of \$20.63, the settlement rate will be 1.2119 shares of our common stock, which is equal to the stated amount divided by the threshold appreciation price.

Accordingly, if the market value for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured and the applicable market value is greater than the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be higher than the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock. If the applicable market value is the same as the threshold appreciation price, the aggregate market value of the shares issued upon settlement will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

If the applicable market value of our common stock is less than the threshold appreciation price but greater than the reference price of \$17.19, the settlement rate will be a number of shares of our common stock equal to \$25 divided by the applicable market value.

Accordingly, if the market value for the common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured, but the applicable market value is less than the threshold appreciation price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

If the applicable market value of our common stock is less than or equal to the reference price, the settlement rate will be 1.4543 shares of our common stock, which is equal to the stated amount divided by the reference price.

Accordingly, if the market value for the common stock decreases between the date of this prospectus supplement and the period during which the applicable market value is measured and the applicable market value is less than the reference price, the aggregate market value of the shares of common stock issued upon settlement of each purchase contract will be less than the stated amount, assuming that the market price on the purchase contract settlement date is the same as the applicable market value of the common stock. If the applicable market value is the same as the reference price, the aggregate market value of the shares will be equal to the stated amount, assuming that the market price of the common stock on the purchase contract settlement date is the same as the applicable market value of the common stock.

Applicable market value means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding the purchase contract

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settlement date, subject to adjustment as set forth in Anti-Dilution Adjustments. The reference price is the last reported sale price of our common stock on the NYSE on January 22, 2003. The threshold appreciation price represents a 20% appreciation over the reference price.

Closing price of the common stock on any date of determination means the closing sale price (or, if no closing price is reported, the last reported sale price) per share of the common stock on the NYSE on that date or, if the common stock is not listed for trading on the NYSE on any such date, as reported in the composite transactions for the principal United States securities exchange on which the common stock is so listed. If the common stock is not so listed on a United States national or regional securities exchange, the closing price means the last closing sale price of the common stock as reported by the Nasdaq National Market, or, if the common stock is not so reported, the last quoted bid price for the common stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization. If the bid price is not available, the closing price means the market value of the common stock on the date of determination as determined by a nationally recognized independent investment banking firm retained by us for this purpose.

A trading day means a day on which the common stock

is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business, and

has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of the common stock.

We will not issue any fractional shares of common stock pursuant to the purchase contracts. In lieu of fractional shares otherwise issuable (calculated on an aggregate basis) in respect of purchase contracts being settled by a holder of Corporate Units or Treasury Units, the holder will be entitled to receive an amount of cash equal to the fraction of a share times the applicable market value.

On the business day immediately preceding the purchase contract settlement date, unless:

a holder of Corporate Units or Treasury Units has settled the related purchase contracts prior to the purchase contract settlement date through the early delivery of cash to the purchase contract agent in the manner described under Early Settlement, or Early Settlement Upon Cash Merger,

a holder of Corporate Units that include senior notes has settled the related purchase contracts with separate cash on the fourth business day immediately preceding the purchase contract settlement date pursuant to prior notice given in the manner described under Notice to Settle with Cash, or

an event described under Termination has occurred,

then,

in the case of Corporate Units where the Treasury portfolio has replaced the senior notes as a component of the Corporate Units, proceeds equal to the stated amount of \$25 per Corporate Unit when paid at maturity, of the appropriate applicable ownership interest of the Treasury portfolio will automatically be applied to satisfy in full the holder's obligation to purchase common stock under the related purchase contracts,

in the case of Corporate Units where the Treasury portfolio has not replaced the senior notes as a component of the Corporate Units and there has been a successful final remarketing of the senior notes, the portion of the proceeds from the remarketing equal to the principal amount of the senior notes remarketed will automatically be applied to satisfy in full the holder's obligation to purchase shares of our common stock under the related purchase contracts,

in the case of Corporate Units where the Treasury portfolio has not replaced the senior notes as a component of the Corporate Units and there has not been a successful remarketing of the senior notes, (1) if holders of Corporate Units exercise their put right of the related senior notes, \$25 of the put price

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received by the collateral agent or (2) if such holders elect not to exercise their put right, the cash delivered by such holders in settlement of the related purchase contracts, in each case will automatically be applied to satisfy in full the holders' obligation to purchase common stock under the related purchase contracts, and

in the case of Treasury Units, the principal amount of the related Treasury securities, when paid at maturity, will automatically be applied to satisfy in full the holder's obligation to purchase common stock under the related purchase contracts.

The common stock will then be issued and delivered to the holder or the holder's designee, upon presentation and surrender of the certificate evidencing the Corporate Units or Treasury Units and payment by the holder of any transfer or similar taxes payable in connection with the issuance of the common stock to any person other than the holder.

Each holder of Corporate Units or Treasury Units, by acceptance of these securities, will be deemed to have:

irrevocably agreed to be bound by the terms and provisions of the related purchase contracts and the pledge agreement and to have agreed to perform its obligations thereunder for so long as the holder remains a holder of the Corporate Units or Treasury Units, and

duly appointed the purchase contract agent as the holder's attorney-in-fact to enter into and perform the related purchase contracts and pledge agreement on behalf of and in the name of the holder.

In addition, each beneficial owner of Corporate Units or Treasury Units, by acceptance of the beneficial interest therein, will be deemed to have agreed to treat:

itself as the owner of the related senior notes, applicable ownership interests in the Treasury portfolio or the Treasury securities, as the case may be, and

the senior notes as indebtedness for all United States federal income tax purposes.

## **Remarketing**

Pursuant to the remarketing agreement among us, the purchase contract agent and the remarketing agent to be appointed thereunder, and subject to the terms of the remarketing agreement, unless a special event redemption has occurred, the senior notes held by Corporate Unit holders as part of a Corporate Unit will be remarketed on the third business day immediately preceding November 16, 2005 (the date three months prior to the purchase contract settlement date), which we refer to as the initial remarketing date.

The remarketing agent will use its reasonable efforts to obtain a price for the remarketed senior notes of approximately 100.50% of the purchase price for the Treasury portfolio described below. To obtain that price, the remarketing agent may reset the interest rate on the senior notes, as described under "Description of the Senior Notes."

Following a successful remarketing of the senior notes on the initial remarketing date, the portion of the proceeds from the remarketing equal to the Treasury portfolio purchase price will be applied to purchase the Treasury portfolio consisting of:

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to February 15, 2006 in an aggregate amount equal to the principal amount of the senior notes included in Corporate Units, and

U.S. Treasury securities (or principal or interest strips thereof) that mature on or prior to February 15, 2006 in an aggregate amount equal to the aggregate interest payment (assuming no reset of the interest rate) that would have been paid to the holders of Corporate Units on the purchase contract settlement date on the aggregate principal amount of the senior notes included in the Corporate Units.

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The Treasury portfolio will be substituted for the senior notes as a component of the Corporate Units and will be pledged to us through the collateral agent to secure the Corporate Unit holders' obligation under the purchase contracts. On the purchase contract settlement date, a portion of the proceeds from the Treasury portfolio equal to the principal amount of the senior notes included in the Corporate Units at the time of remarketing will automatically be applied to satisfy the Corporate Unit holders' obligation to purchase common stock under the purchase contracts and proceeds from the Treasury portfolio equal to the interest payment (assuming no reset of the interest rate) that would have been paid to the holders of Corporate Units on the senior notes included in the Corporate Units at the time of remarketing on the purchase contract settlement date will be paid to the holders of the Corporate Units.

The remarketing agent will deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the sum of the Treasury portfolio purchase price plus the purchase price for the senior notes that are no longer components of the Corporate Units from any proceeds from the remarketing of the senior notes in excess of the Treasury portfolio purchase price. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders of the senior notes included in the remarketing.

As used in this context, Treasury portfolio purchase price means the lowest aggregate ask-side price quoted by a primary U.S. government securities dealer to the quotation agent between 9:00 a.m. and 11:00 a.m., New York City time, on the date of a successful remarketing for the purchase of the Treasury portfolio described above for settlement the third business day immediately following such date. Quotation agent means any primary U.S. government securities dealer in New York City selected by us.

If a successful remarketing of the senior notes has not occurred on the initial remarketing date, the remarketing agent will use its reasonable efforts to remarket the senior notes on the third business day immediately preceding the purchase contract settlement date, which we refer to as the final remarketing date, at a price of approximately 100.50% of the principal amount of the senior notes remarketed.

If the remarketing of the senior notes on the final remarketing date is successful, a portion of the proceeds from this remarketing equal to the aggregate principal amount of the senior notes included in the Corporate Units at the time of remarketing will automatically be applied to satisfy in full the Corporate Unit holders' obligations to purchase common stock under the related purchase contracts on the purchase contract settlement date. The remarketing agent will deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the aggregate principal amount of the remarketed senior notes from any proceeds from the remarketing in excess of the aggregate principal amount of the senior notes remarketed. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders of the senior notes included in the remarketing.

Remarketing on any remarketing date will be considered successful and no further attempts will be made if the resulting proceeds are at least 100.50% of the Treasury portfolio purchase price in the case of a remarketing prior to the final remarketing date or 100.50% of the aggregate principal amount of the senior notes in the case of the final remarketing date.

Following a successful remarketing on the initial remarketing date, holders of Treasury Units can recreate a Corporate Unit at any time prior to the second business day immediately preceding the purchase contract settlement date as described under Description of the Equity Units Recreating Corporate Units.

We will cause a notice of any failed remarketing to be published on the business day immediately following the applicable remarketing date, by publication in a daily newspaper in the English language of general circulation in The City of New York, which is expected to be The Wall Street Journal. In addition, we will request, not later than seven nor more than 15 calendar days prior to the applicable remarketing date, that the depository notify its participants holding senior notes, Corporate Units and Treasury Units of the remarketing, including, in the case of a failed remarketing on the final remarketing date, the procedures that must be followed if a senior note holder wishes to exercise its right to put its senior note to us as described in this prospectus supplement. If required, we will use our best efforts to ensure that a registration statement with regard to the full

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amount of the senior notes to be remarketed will be effective in a form that will enable the remarketing agent to rely on it in connection with the remarketing process.

If a successful remarketing of the senior notes underlying your Corporate Units has not occurred prior to the purchase contract settlement date, the holders of the senior notes will have the right to put their senior notes to us on the purchase contract settlement date, at a price equal to \$25 per senior note, plus accrued and unpaid interest. The put right of holders of senior notes that are part of Corporate Units will be automatically exercised unless such holders (1) prior to 5:00 p.m., New York City time, on the second business day immediately preceding the purchase contract settlement date, provide written notice of their intention to settle the related purchase contract with separate cash, and (2) on or prior to the business day immediately preceding the purchase contract settlement date, deliver to the collateral agent \$25 in cash per purchase contract. Unless a Corporate Unit holder has settled the related purchase contract with separate cash on or prior to the purchase contract settlement date, \$25 of the put price will be delivered to the collateral agent who will apply such amount in satisfaction of such holder's obligations under the related purchase contract on the purchase contract settlement date. Any remaining amount of the put price following satisfaction of the purchase contract will be paid to such Corporate Unit holder. At our option, we may elect (or, if we do not deliver the put price, we will be deemed to have elected) to net our obligation to pay the put price against the holder's obligation to pay the purchase price under the related purchase contract on the purchase contract settlement date.

You may elect not to participate in any remarketing and to retain the senior notes underlying your Corporate Units by (1) creating Treasury Units at any time on or prior to the second business day prior to any of the remarketing dates or (2) if the first remarketing attempt has failed, notifying the purchase contract agent of your intention to pay cash to satisfy your obligation under the related purchase contracts on or prior to the fifth business day before the purchase contract settlement date and delivering the cash payment required under the purchase contracts to the collateral agent on or prior to the fourth business day before the purchase contract settlement date.

### **Early Settlement**

Subject to the conditions described below, a holder of Corporate Units or Treasury Units may settle the related purchase contracts in cash at any time on or prior to 5:00 p.m., New York City time, on the fifth business day immediately preceding the purchase contract settlement date by presenting and surrendering the related Corporate Unit or Treasury Units certificate, if they are in certificated form, at the offices of the purchase contract agent with the form of Election to Settle Early on the reverse side of such certificate completed and executed as indicated, accompanied by payment to us in immediately available funds of an amount equal to

the stated amount times the number of purchase contracts being settled, plus

if the delivery is made with respect to any purchase contract during the period from the close of business on any record date next preceding any payment date to the opening of business on such payment date, an amount equal to the contract adjustment payments payable on the payment date with respect to the purchase contract.

If the Treasury portfolio has replaced the senior notes as a component of Corporate Units, holders of the Corporate Units may settle early only in integral multiples of 40,000 Corporate Units. Holders of Treasury Units may settle early only in integral multiples of 40 Treasury Units.

So long as the Equity Units are evidenced by one or more global security certificates deposited with the depository, procedures for early settlement will also be governed by standing arrangements between the depository and the purchase contract agent. The early settlement right is also subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect covering the shares of common stock and other securities, if any, deliverable upon settlement of a purchase contract. We have agreed that, if required under the U.S. federal securities laws, we will use our best

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efforts to (1) have a registration statement in effect covering those shares of common stock and other securities to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement right.

Upon early settlement of the purchase contracts related to any Corporate Units or Treasury Units:

except as described below in Early Settlement Upon Cash Merger the holder will receive newly issued shares of common stock per Corporate Unit or Treasury Unit, subject to adjustment under the circumstances described under Anti-Dilution Adjustments, accompanied by an appropriate prospectus if required by law,

the senior notes, the applicable ownership interest in the Treasury portfolio or the Treasury securities, as the case may be, related to the Corporate Units or Treasury Units will be transferred to the holder free and clear of our security interest,

the holder's right to receive future contract adjustment payments and any accrued and unpaid contract adjustment payments for the period since the most recent quarterly payment date will terminate, and

no adjustment will be made to or for the holder on account of any accrued and unpaid contract adjustment payments referred to in the previous bullet.

If the purchase contract agent receives a Corporate Unit certificate, or Treasury Unit certificate if they are in certificated form accompanied by the completed Election to Settle Early and required immediately available funds, from a holder of Corporate Units or Treasury Units by 5:00 p.m., New York City time, on a business day and all conditions to early settlement have been satisfied, that day will be considered the settlement date.

If the purchase contract agent receives the above after 5:00 p.m., New York City time, on a business day or at any time on a day that is not a business day, the next business day will be considered the settlement date. Upon early settlement of purchase contracts in the manner described above, presentation and surrender of the certificate evidencing the related Corporate Units or Treasury Units if they are in certificated form and payment of any transfer or similar taxes payable by the holder in connection with the issuance of the related common stock to any person other than the holder of the Corporate Units or Treasury Units, we will cause the shares of common stock being purchased to be issued, and the related senior notes, the applicable ownership interest in the Treasury portfolio or the Treasury securities, as the case may be, securing the purchase contracts to be released from the pledge under the pledge agreement described in Pledged Securities and Pledge Agreement and transferred, within three business days following the settlement date, to the purchasing holder or the holder's designee.

**Notice to Settle with Cash**

Unless the Treasury portfolio has replaced the senior notes as a component of Corporate Units, a holder of Corporate Units may settle the related purchase contract with separate cash. A holder of a Corporate Unit wishing to settle the related purchase contract with separate cash must notify the purchase contract agent by presenting and surrendering the Corporate Unit certificate evidencing the Corporate Unit at the offices of the purchase contract agent with the form of Notice to Settle by Separate Cash on the reverse side of the certificate completed and executed as indicated on or prior to 5:00 p.m., New York City time, on the fifth business day immediately preceding the purchase contract settlement date and delivering the required cash payment to the collateral agent on or prior to 5:00 p.m., New York City time, on the fourth business day immediately preceding the purchase contract settlement date.

If a holder that has given notice of its intention to settle the related purchase contract with separate cash fails to deliver the cash to the collateral agent on the fourth business day immediately preceding the purchase contract settlement date, such holder's senior notes will be included in the final remarketing of senior notes occurring on the third business day immediately preceding the purchase contract settlement date.

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**Early Settlement Upon Cash Merger**

Prior to the purchase contract settlement date, if we are involved in a merger in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, which we refer to as a cash merger, then following the cash merger, each holder of a purchase contract will have the right to accelerate and settle such contract early at the settlement rate in effect immediately prior to the closing of the cash merger, provided that at such time, if so required under the U.S. federal securities laws, there is in effect a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled. We refer to this right as the merger early settlement right.

We will provide each of the holders with a notice of the completion of a cash merger within five business days thereof. The notice will specify a date, which shall be 10 days after the date of the notice but no later than five business days prior to the purchase contract settlement date by which each holder's merger early settlement right must be exercised. The notice will set forth, among other things, the applicable settlement rate and the amount of the cash, securities and other consideration receivable by the holder upon settlement. To exercise the merger early settlement right, you must deliver to the purchase contract agent, three business days before the early settlement date, the certificate evidencing your Corporate Units or Treasury Units if they are held in certificated form, and payment of the applicable purchase price in immediately available funds.

If you exercise the merger early settlement right, we will deliver to you on the early settlement date the kind and amount of securities, cash or other property that you would have been entitled to receive if you had settled the purchase contract immediately before the cash merger at the settlement rate in effect at such time in addition to accrued and unpaid contract adjustment payments. You will also receive the senior notes, applicable ownership interests in the Treasury portfolio or Treasury securities underlying the Corporate Units or Treasury Units, as the case may be. If you do not elect to exercise your merger early settlement right, your Corporate Units or Treasury Units will remain outstanding and subject to normal settlement on the settlement date. We have agreed that, if required under the U.S. federal securities laws, we will use our best efforts to (1) have in effect a registration statement covering the common stock and other securities, if any, to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case, in a form that may be used in connection with the early settlement upon a cash merger.

If the Treasury portfolio has replaced the senior notes as a component of Corporate Units, holders of the Corporate Units may exercise the merger early settlement right only in integral multiples of 40,000 Corporate Units. A holder of Treasury Units may exercise the merger early settlement right only in integral multiples of 40 Treasury Units.

**Contract Adjustment Payments**

Contract adjustment payments in respect of Corporate Units and Treasury Units will be fixed at a rate per year of 4.5% of the stated amount of \$25 per purchase contract. Contract adjustment payments payable for any period will be computed on the basis of a 360-day year of twelve 30-day months. Contract adjustment payments will accrue from the date of issuance of the purchase contracts and will be payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year, commencing May 16, 2003. We do not have the right to defer the payment of these contract adjustment payments.

Contract adjustment payments will be payable to the holders of purchase contracts as they appear on the books and records of the purchase contract agent at the close of business on the relevant record dates, which will be on the first day of the month in which the relevant payment date falls. These distributions will be paid through the purchase contract agent, who will hold amounts received in respect of the contract adjustment payments for the benefit of the holders of the purchase contracts relating to the Corporate Units. Subject to any applicable laws and regulations, each such payment will be made as described under Book-Entry System.

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If any date on which contract adjustment payments are to be made on the purchase contracts related to the Corporate Units or Treasury Units is not a business day, then payment of the contract adjustment payments payable on that date will be made on the next succeeding day which is a business day, and no interest or payment will be paid in respect of the delay. However, if that business day is in the next succeeding calendar year, that payment will be made on the immediately preceding business day, in each case with the same force and effect as if made on that payment date. A business day means any day other than a Saturday, Sunday or any other day on which banking institutions and trust companies in the City of New York are permitted or required by any applicable law to close.

Our obligations with respect to contract adjustment payments will be subordinated and junior in right of payment to our obligations under any of our senior indebtedness.

### **Anti-Dilution Adjustments**

The formula for determining the settlement rate will be subject to adjustment, without duplication, upon the occurrence of certain events, including:

- (a) the payment of dividends and distributions of shares of common stock on the outstanding shares of common stock;
- (b) the issuance to all holders of outstanding shares of common stock of rights, warrants or options (other than pursuant to any dividend reinvestment or share purchase plans) entitling them, for a period of up to 45 days, to subscribe for or purchase shares of common stock at less than the current market price thereof;
- (c) subdivisions, splits and combinations of shares of common stock;
- (d) distributions to all holders of outstanding shares of common stock of evidences of our indebtedness, shares of capital stock, securities, cash or property (excluding any dividend or distribution covered by clause (a) or (b) above and any dividend or distribution paid exclusively in cash);
- (e) distributions (other than regular quarterly cash distributions) consisting exclusively of cash to all holders of outstanding shares of common stock in an aggregate amount that, together with (1) other all-cash distributions (other than regular quarterly cash distributions) made within the preceding 12 months and (2) any cash and the fair market value, as of the expiration of the tender or exchange offer referred to below, of consideration payable in respect of any tender or exchange offer (other than consideration payable in respect of any odd-lot tender offer) by us or any of our subsidiaries for shares of common stock concluded within the preceding 12 months, exceeds 15% of our aggregate market capitalization (aggregate market capitalization being the product of the current market price of shares of common stock multiplied by the number of shares of common stock then outstanding) on the record date of such distribution; and
- (f) the successful completion of a tender or exchange offer made by us or any of our subsidiaries for shares of common stock which involves an aggregate consideration that, together with (1) any cash and the fair market value of other consideration payable in respect of any tender or exchange offer (other than consideration payable in respect of any odd-lot tender offer) by us or any of our subsidiaries for the common stock concluded within the preceding 12 months and (2) the aggregate amount of any all-cash distributions (other than regular quarterly cash distributions) to all holders of shares of common stock within the preceding 12 months, exceeds 15% of our aggregate market capitalization on the expiration of the tender or exchange offer.

The current market price per share of common stock on any day means the average of the daily closing prices for the five consecutive trading days selected by us commencing not more than 30 trading days before, and ending not later than, the earlier of the day in question and the day before the ex date with respect to the issuance or distribution requiring the computation. For purposes of this paragraph, the term ex date, when used

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with respect to any issuance or distribution, will mean the first date on which the common stock trades regular way on the applicable exchange or in the applicable market without the right to receive the issuance or distribution.

If the rights provided for in our rights plan have separated from our common stock in accordance with the provisions of the rights plan so that the holders of the Corporate Units or Treasury Units would not be entitled to receive any rights in respect of the common stock issuable on the purchase contract settlement date, the settlement rate will be adjusted as if we distributed to all holders of our common stock, evidences of indebtedness, shares of capital stock, securities, cash or property as described under clause (d) above, subject to readjustment in the event of the expiration, termination or redemption of the rights. In lieu of any such adjustment, we may amend our rights plan to provide that on the purchase contract settlement date the holders will receive, in addition to the common stock issuable on such date, the rights which would have attached to such shares of common stock if the rights had not become separated from the common stock under our rights plan. To the extent that we adopt any future rights plan, on the purchase contract settlement date, you will receive, in addition to the common stock, the rights under the future rights plan whether or not the rights have separated from the common stock on the purchase contract settlement date and no adjustment to the settlement rate will be made in accordance with clause (d) above.

In the case of certain reclassifications, consolidations, mergers, sales or transfers of assets or other transactions that cause our common stock to be converted into the right to receive other securities, cash or property, each purchase contract then outstanding would, without the consent of the holders of the related Corporate Units or Treasury Units, as the case may be, become a contract to purchase such other securities, cash and property instead of our common stock. Upon the occurrence of any such transaction, on the purchase contract settlement date the settlement rate then in effect will be applied to the value, on the purchase contract settlement date, of the securities, cash or property a holder would have received had it held shares covered by the purchase contract when such transaction occurred.

If at any time we make a distribution of property to our shareholders which would be taxable to the shareholders as a dividend for United States federal income tax purposes (i.e., distributions out of our current or accumulated earnings and profits or distributions of evidences of indebtedness or assets, but generally not stock dividends or rights to subscribe for capital stock) and, pursuant to the settlement rate adjustment provisions of the purchase contract agreement, the settlement rate is increased, this increase may give rise to a taxable dividend to holders of Corporate Units.

In addition, we may make increases in the settlement rate as our board of directors deems advisable to avoid or diminish any income tax to holders of our capital stock resulting from any dividend or distribution of capital stock (or rights to acquire capital stock) or from any event treated as such for income tax purposes or for any other reasons.

Adjustments to the settlement rate will be calculated to the nearest 1/10,000th of a share. No adjustment in the settlement rate will be required unless the adjustment would require an increase or decrease of at least one percent in the settlement rate. However, any adjustments which are not required to be made because they would have required an increase or decrease of less than one percent will be carried forward and taken into account in any subsequent adjustment.

We will be required, within ten business days following the adjustment to the settlement rate, to provide written notice to the purchase contract agent of the occurrence of the adjustment and a statement in reasonable detail setting forth the method by which the adjustment to the settlement rate was determined and setting forth the revised settlement rate.

Each adjustment to the settlement rate will result in a corresponding adjustment to the number of shares of common stock issuable upon early settlement of a purchase contract. Each adjustment to the settlement rate will

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also result in an adjustment to the applicable market value for purposes of determining the settlement rate on the purchase contract settlement date.

### **Termination**

The purchase contracts state that our rights and obligations and those of the holders of the Corporate Units and Treasury Units, including the right and obligation to purchase shares of common stock and the right to receive accumulated and unpaid contract adjustment payments, will automatically terminate upon the occurrence of particular events of our bankruptcy, insolvency or reorganization. However, provisions of the United States Bankruptcy Code may affect such termination provisions or otherwise alter rights and obligations of the parties. In addition, in the event of the commencement of a case under the United States Bankruptcy Code, it may not be possible to obtain the release of the pledged senior notes or other securities held by the collateral agent as security for the obligations of holders under related purchase contracts without an order of a court in a bankruptcy proceeding involving ONEOK as a debtor. Provisions of the United States Bankruptcy Code may also affect our ability to perform our obligations under the purchase contracts or adversely affect your ability to enforce any claims you may have against us under the purchase contracts, the senior notes or otherwise if we were to commence bankruptcy proceedings. In such event, the powers of a bankruptcy court are broad and include the authority to realign the respective interests of claimants, including the subordination of claims of any class of creditors.

If the purchase contracts were terminated, however, the collateral agent would release the securities held by it to the purchase contract agent for distribution to the holders. In such a circumstance, if a holder would otherwise have been entitled to receive less than \$1,000 principal amount at maturity of any Treasury security upon termination of the purchase contract, the purchase contract agent will dispose of the security for cash and pay the cash to the holder. If the holder's purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization, such holder will have no right to receive any accrued contract adjustment payments.

### **Pledged Securities and Pledge Agreement**

Pledged securities will be pledged to us through the collateral agent, for our benefit, pursuant to the pledge agreement to secure the obligations of holders of Corporate Units and Treasury Units to purchase shares of common stock under the related purchase contracts. The rights of holders of Corporate Units and Treasury Units to the related pledged securities will be subject to our security interest created by the pledge agreement.

No holder of Corporate Units or Treasury Units will be permitted to withdraw the pledged securities related to the Corporate Units or Treasury Units from the pledge arrangement except:

to substitute Treasury securities for the related senior notes or the applicable ownership interest in the Treasury portfolio, as the case may be, as provided for under Description of the Equity Units Creating Treasury Units,

to substitute senior notes or the applicable ownership interest of the Treasury portfolio, as the case may be, for the related Treasury securities, as provided for under Description of the Equity Units Recreating Corporate Units, or

upon the termination or early settlement of the related purchase contracts.

Subject to the security interest and the terms of the purchase contract agreement and the pledge agreement, each holder of Corporate Units, unless the Treasury portfolio has replaced the senior notes as a component of Corporate Units, will be entitled through the purchase contract agent and the collateral agent to all of the proportional rights of the related senior notes, including voting and redemption rights. Each holder of Treasury Units and each holder of Corporate Units, if the Treasury portfolio has replaced the senior notes as a component of Corporate Units, will retain beneficial ownership of the related Treasury securities or the applicable ownership

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interest of the Treasury portfolio, as applicable, pledged in respect of the related purchase contracts. We will have no interest in the pledged securities other than our security interest.

Except as described in Certain Provisions of the Purchase Contract Agreement and the Pledge Agreement General, the collateral agent will, upon receipt, if any, of payments on the pledged securities, distribute the payments to the purchase contract agent, which will in turn distribute those payments, together with contract adjustment payments received from us, to the persons in whose names the related Corporate Units or Treasury Units are registered at the close of business on the record date immediately preceding the date of payment.

### **Book-Entry System**

The Depository Trust Company, which we refer to along with its successors in this capacity as the depository, will act as securities depository for the Corporate Units and Treasury Units. The Corporate Units and Treasury Units will be issued only as fully registered securities registered in the name of Cede & Co., the depository's nominee. One or more fully registered global security certificates, representing the total aggregate number of Corporate Units and Treasury Units, will be issued and will be deposited with the depository and will bear a legend regarding the restrictions on exchanges and registration of transfer referred to below.

The laws of some jurisdictions may require that some purchasers of securities take physical delivery of securities in definitive form. These laws may impair the ability to transfer beneficial interests in the Corporate Units or the Treasury Units so long as the Corporate Units or the Treasury Units are represented by global security certificates.

The depository is a limited-purpose trust company organized under the New York Banking Law, a banking organization within the meaning of the New York Banking Law, a member of the Federal Reserve System, a clearing corporation within the meaning of the New York Uniform Commercial Code and a clearing agency registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. The depository holds securities that its participants deposit with the depository. The depository also facilitates the settlement among participants of securities transactions, including transfers and pledges, in deposited securities through electronic computerized book-entry changes in participants' accounts, thereby eliminating the need for physical movement of securities certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations. The depository is owned by a number of its direct participants and by the NYSE, the American Stock Exchange, Inc., and the National Association of Securities Dealers, Inc. Access to the depository's system is also available to others, including securities brokers and dealers, banks and trust companies that clear transactions through or maintain a direct or indirect custodial relationship with a direct participant either directly, or indirectly. The rules applicable to the depository and its participants are on file with the Securities and Exchange Commission.

In the event that

the depository notifies us that it is unwilling or unable to continue as a depository for the global security certificates and no successor depository has been appointed within 90 days after this notice,

the depository at any time ceases to be a clearing agency registered under the Securities Exchange Act of 1934 when the depository is required to be so registered to act as the depository and no successor depository has been appointed within 90 days after we learn that the depository has ceased to be so registered, or

we, in our sole discretion, determine that the global security certificates shall be so exchangeable,

certificates for the Corporate Units or Treasury Units will be printed and delivered in exchange for beneficial interests in the global security certificates. Any global Corporate Unit or Treasury Unit that is exchangeable pursuant to the preceding sentence will be exchangeable for Corporate Unit or Treasury Unit certificates

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registered in the names directed by the depositary. We expect that these instructions will be based upon directions received by the depositary from its participants with respect to ownership of beneficial interests in the global security certificates.

As long as the depositary or its nominee is the registered owner of the global security certificates, the depositary or its nominee, as the case may be, will be considered the sole owner and holder of the global security certificates and all Corporate Units or Treasury Units represented by these certificates for all purposes under the Corporate Units or Treasury Units and the purchase contract agreement. Except in the limited circumstances referred to above, owners of beneficial interests in global security certificates

will not be entitled to have such global security certificates or the Corporate Units or Treasury Units represented by these certificates registered in their names,

will not receive or be entitled to receive physical delivery of Corporate Unit or Treasury Unit certificates in exchange for beneficial interests in global security certificates, and

will not be considered to be owners or holders of the global security certificates or any Corporate Units or Treasury Units represented by these certificates for any purpose under the Corporate Units or Treasury Units or the purchase contract agreement.

All payments on the Corporate Units or Treasury Units represented by the global security certificates and all transfers and deliveries of related senior notes, Treasury portfolio, Treasury securities and shares of common stock will be made to the depositary or its nominee, as the case may be, as the holder of the securities.

Ownership of beneficial interests in the global security certificates will be limited to participants or persons that may hold beneficial interests through institutions that have accounts with the depositary or its nominee. Ownership of beneficial interests in global security certificates will be shown only on, and the transfer of those ownership interests will be effected only through, records maintained by the depositary or its nominee, with respect to participants' interests, or any participant, with respect to interests of persons held by the participant on their behalf. Procedures for settlement of purchase contracts on the purchase contract settlement date or upon early settlement will be governed by arrangements among the depositary, participants and persons that may hold beneficial interests through participants designed to permit settlement without the physical movement of certificates. Payments, transfers, deliveries, exchanges and other matters relating to beneficial interests in global security certificates may be subject to various policies and procedures adopted by the depositary from time to time. None of us, the purchase contract agent or any agent of ours or of the purchase contract agent will have any responsibility or liability for any aspect of the depositary's or any participant's records relating to, or for payments made on account of, beneficial interests in global security certificates, or for maintaining, supervising or reviewing any of the depositary's records or any participant's records relating to these beneficial ownership interests.

Although the depositary has agreed to the foregoing procedures in order to facilitate transfer of interests in the global security certificates among participants, the depositary is under no obligation to perform or continue to perform these procedures, and these procedures may be discontinued at any time. We will not have any responsibility for the performance by the depositary or its direct participants or indirect participants under the rules and procedures governing the depositary.

The information in this section concerning the depositary and its book-entry system has been obtained from sources that we believe to be reliable, but we have not attempted to verify the accuracy of this information.

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**CERTAIN PROVISIONS OF  
THE PURCHASE CONTRACT AGREEMENT AND THE PLEDGE AGREEMENT**

*This summary summarizes some of the other provisions of the purchase contract agreement and the pledge agreement. This summary should be read together with the purchase contract agreement and pledge agreement, forms of which have been filed as exhibits to the registration statement of which this prospectus supplement and the accompanying prospectus form a part.*

**General**

Except as described in Description of the Purchase Contracts Book-Entry System, payments on the Equity Units will be made, purchase contracts (and documents relating to the Corporate Units, Treasury Units and purchase contracts) will be settled, and transfers of the Corporate Units and Treasury Units will be registrable, at the office of the purchase contract agent in the Borough of Manhattan, The City of New York. In addition, if the Corporate Units and Treasury Units do not remain in book-entry form, payment on the Equity Units may be made, at our option, by check mailed to the address of the holder entitled to payment as shown on the security register or by a wire transfer to the account designated by the holder by a prior written notice.

Shares of common stock will be delivered on the purchase contract settlement date (or earlier upon early settlement) or, if the purchase contracts have terminated, the related pledged securities will be delivered (subject to the effect of certain provisions of the Bankruptcy Code, see

Description of the Purchase Contracts Termination ) at the office of the purchase contract agent upon presentation and surrender of the applicable certificate.

If you fail to present and surrender the certificate evidencing the Corporate Units or Treasury Units to the purchase contract agent on or prior to the purchase contract settlement date, the shares of common stock issuable upon settlement of the related purchase contract will be registered in the name of the purchase contract agent. The shares, together with any distributions, will be held by the purchase contract agent as agent for your benefit until the certificate is presented and surrendered or you provide satisfactory evidence that the certificate has been destroyed, lost or stolen, together with any indemnity that may be required by the purchase contract agent and us.

If the purchase contracts terminate prior to the purchase contract settlement date, the related pledged securities are transferred to the purchase contract agent for distribution to the holders, and a holder fails to present and surrender the certificate evidencing the holder's Corporate Units or Treasury Units to the purchase contract agent, the related pledged securities delivered to the purchase contract agent and payments on the pledged securities will be held by the purchase contract agent as agent for the benefit of the holder until the applicable certificate is presented or the holder provides the evidence and indemnity described above.

The purchase contract agent will have no obligation to invest or to pay interest on any amounts held by the purchase contract agent pending payment to any holder.

No service charge will be made for any registration of transfer or exchange of the Corporate Units or Treasury Units, except for any tax or other governmental charge that may be imposed in connection with a transfer or exchange.

**Modification**

The purchase contract agreement and the pledge agreement will contain provisions permitting us and the purchase contract agent, and in the case of the pledge agreement, the collateral agent, to modify the purchase contract agreement or the pledge agreement without the consent of the holders for any of the following purposes:

to evidence the succession of another person to our obligations;

to add to the covenants for the benefit of holders or to surrender any of our rights or powers under those agreements;

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to evidence and provide for the acceptance of appointment of a successor purchase contract agent or a successor collateral agent or securities intermediary;

to make provision with respect to the rights of holders pursuant to adjustments in the settlement rate due to consolidations, mergers or other reorganization events;

to cure any ambiguity, to correct or supplement any provisions that may be inconsistent; and

to make any other provisions with respect to such matters or questions, provided that such action shall not materially adversely affect the interest of the holders.

The purchase contract agreement and the pledge agreement will contain provisions permitting us and the purchase contract agent, and in the case of the pledge agreement, the collateral agent, with the consent of the holders of not less than a majority of the purchase contracts at the time outstanding to modify the terms of the purchase contracts, the purchase contract agreement or the pledge agreement. However, no such modification may, without the consent of the holder of each outstanding purchase contract affected by the modification,

change any payment date,