

ONEOK INC /NEW/
Form 424B5
November 14, 2005
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Filed pursuant to Rule 424(b)(5)

PROSPECTUS SUPPLEMENT

SEC File No. 333-102105

(to prospectus dated January 23, 2003)

\$402,447,500

ONEOK, Inc.

5.510% Senior Notes due 2008

In January 2003, we issued \$402,500,000 aggregate principal amount of 4.00% senior notes due 2008, referred to in this prospectus supplement as the senior notes, in connection with our issuance of 16,100,000 equity units in the form of corporate units. This prospectus supplement relates to a remarketing of \$402,447,500 aggregate principal amount of those senior notes on behalf of the corporate unit holders participating in the remarketing. The senior notes will mature on February 16, 2008, unless a tax event redemption or an accounting event redemption occurs before the earlier of a successful remarketing or the purchase contract settlement date. We make quarterly interest payments on the senior notes in arrears on February 16, May 16, August 16 and November 16 of each year. Interest on the senior notes will be reset to 5.510% per year, effective from November 16, 2005. The first interest payment on the remarketed senior notes will be made in arrears on February 16, 2006.

We may redeem the senior notes at our option, in whole, but not in part, upon the occurrence and continuation of a tax event or an accounting event, as described in this prospectus supplement under Description of the senior notes Optional redemption Special event.

The senior notes are unsecured and rank equally with all our other unsecured senior indebtedness. The senior notes are effectively subordinated to the indebtedness and other liabilities, including, without limitation, trade payables, of our subsidiaries. We will remarket the senior notes in denominations of \$25 and integral multiples of \$25.

In this remarketing, we will be purchasing \$197,500 aggregate principal amount of the senior notes. We will retire all of the senior notes we purchase in the remarketing. We will not receive any proceeds from the remarketing. See Use of proceeds in this prospectus supplement.

Prior to this offering there has been no public market for the senior notes. The senior notes will not be listed on any exchange.

Investing in the senior notes involves risks. See Risk factors beginning on page S-11 of this prospectus supplement.

	Per senior note	Total
Price to public ⁽¹⁾	100.582%	\$404,789,744.45
Remarketing fee to remarketing agent ⁽²⁾	0.250%	\$1,006,942.64
Net proceeds to participating note holders ⁽³⁾	100.332%	\$403,782,801.81

(1) Plus accrued interest from November 16, 2005, if settlement occurs after that date.

(2) Reflects 0.25% of the treasury portfolio purchase price.

(3) Includes amount of \$402,777,055.71 used to purchase the treasury portfolio on behalf of the holders of corporate units participating in the remarketing and excess proceeds of \$1,005,746.10.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of 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.

We expect the senior notes to be ready for delivery in book-entry form only through The Depository Trust Company on or about November 16, 2005.

Remarketing Agent

UBS Investment Bank

The date of this prospectus supplement is November 10, 2005

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

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About this prospectus supplement

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of this remarketing and other matters relating to us and our financial condition. The second part, the accompanying prospectus, gives more general information, some of which may not apply to this remarketing.

If the description of us, the senior notes or the remarketing varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

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

Where you can find more information

We file annual, quarterly and current reports, proxy statements and other information with the Securities and Exchange Commission, or SEC. You can read and copy any materials we file with the SEC at its Public Reference Room at Station Place, 100 F Street, N.E., Washington, D.C. 20549. You can obtain information about the operations of the SEC's Public Reference Room by calling the SEC at 1-800-SEC-0330. The SEC also maintains a website that contains information we file electronically with the SEC, which you can access over the Internet at www.sec.gov. In addition, our SEC filings are available at www.oneok.com. Information contained in our website does not constitute part of this prospectus supplement. Our common stock is listed on the New York Stock Exchange (NYSE: OKE), and you can obtain information about us at the offices of the New York Stock Exchange, 20 Broad Street, New York, New York 10005.

As permitted by SEC rules, this prospectus supplement does not contain all of the information we have included in the registration statement and the accompanying exhibits. You may refer to the registration statement and the exhibits for more information about us and our securities. The registration statement and the exhibits are available at the SEC's Public Reference Room or through its website.

The SEC allows us to incorporate by reference the information we file with it, which means that we can disclose important information to you by referring you to those documents. All information incorporated by reference is part of this document, unless and until that information is updated and superseded by the information contained in this document or any information subsequently filed that is incorporated by reference. We incorporate by reference the documents listed below:

Ø our annual report on Form 10-K for the year ended December 31, 2004;

Ø our quarterly reports on Form 10-Q for the quarters ended March 31, 2005, June 30, 2005 and September 30, 2005;

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- Ø our definitive 2005 Proxy Statement on Schedule 14A, excluding those portions thereof which are furnished and not filed with the SEC; and
 - Ø our current reports on Form 8-K dated January 19, 2005, January 21, 2005 (three reports), January 28, 2005 (two reports), February 23, 2005 (relating to our Equity Compensation Plan and Employee Stock Purchase Plan), March 16, 2005, March 21, 2005, March 31, 2005 (relating to presentation at the Howard Weil 33rd Annual Energy Conference), April 22, 2005 (two reports),
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May 13, 2005, May 20, 2005 (two reports), June 17, 2005 (two reports), June 29, 2005, July 5, 2005 (two reports), July 6, 2005, July 20, 2005, July 27, 2005 (two reports), August 25, 2005, September 1, 2005, September 14, 2005, September 20, 2005, September 27, 2005, September 28, 2005, October 4, 2005, October 12, 2005, October 25, 2005 (excluding Item 7.01 and Exhibit 99.1 attached thereto) and November 2, 2005 (relating to the remarketing of our senior notes).

You may request a copy of these filings (other than an exhibit to the filings, unless we have specifically incorporated that exhibit by reference into the filing) at no cost, by writing or telephoning us at the following address:

ONEOK, Inc.

100 West Fifth Street

Tulsa, Oklahoma 74103

Attention: Chief Financial Officer

Telephone: (918) 588-7000

We also incorporate by reference all future filings we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Securities Exchange Act of 1934 (other than current reports on Form 8-K furnished under Item 2.02 or Item 7.01 and any related exhibits) on or after the date of this prospectus supplement and prior to the closing of the related offering made hereby. Those documents will become a part of this prospectus supplement from the date that the documents are filed with the SEC.

You may request and we will deliver to you promptly, without charge, a paper copy of this prospectus supplement and accompanying prospectus if you send a request in writing to us at the above address.

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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 from the businesses that we acquired from Koch Industries, Inc. and affiliates on July 1, 2005; management's plans and objectives for future operations; business prospects; outcome of regulatory and legal 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, forecast, intend, believe, projection or goal.

You should not place undue reliance on 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:

- Ø risks associated with any reduction in our credit ratings;
- Ø the effects of weather and other natural phenomena on energy sales and prices, production and processing volumes, availability of supplies and other aspects of our business;
- Ø competition from other energy suppliers as well as alternative forms of energy;
- Ø the capital intensive nature of our business;
- Ø the profitability of assets or businesses acquired by us;
- Ø risks of marketing, trading and hedging activities as a result of changes in energy prices or the financial condition of our counterparties;
- Ø economic climate and growth in the geographic areas in which we do business;
- Ø the uncertainty of estimates, including accruals and costs of environmental remediation;

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- Ø the timing and extent of changes in commodity prices for natural gas, natural gas liquids, power and crude oil, including basis differentials for natural gas and natural gas liquids;
 - Ø the effects of changes in governmental policies and regulatory actions, including changes with respect to income taxes, environmental compliance, pipeline integrity, authorized rates or recovery of gas costs and ERISA;
 - Ø the impact of recently issued and future accounting pronouncements and other changes in accounting policies;
 - Ø the possibility of future terrorist attacks or the possibility or occurrence of an outbreak of, or changes in, hostilities or changes in the political conditions in the Middle East and elsewhere;
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- Ø the risk of increased costs for insurance premiums, security or other items as a consequence of terrorist attacks;
- Ø risks associated with casualty losses, including casualty losses at plant sites that could interrupt portions of our business;
- Ø the impact of 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 and bond market returns;
- Ø 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;
- Ø 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, including the Federal Energy Regulatory Commission;
- Ø our ability to access capital at competitive rates or on terms acceptable to us;
- Ø the risk of a significant slowdown in growth or decline in the U.S. economy or the risk of delay in growth or recovery in the U.S. economy;
- Ø risks associated with adequate supply to our gathering, processing, fractionation and pipeline facilities, including production declines which outpace new drilling;
- Ø risks inherent in the implementation of new software, such as our customer service system, and the impact on the timeliness of information for financial reporting;
- Ø the risk that material weaknesses or significant deficiencies in our internal controls over financial reporting could emerge or that minor problems could become significant;
- Ø the impact of the outcome of pending and future litigation;
- Ø the possible loss of franchises or other adverse effects caused by the actions of municipalities;
- Ø changes in law or increase in competition resulting from new federal energy legislation, including the repeal of the Public Utility Holding Company Act of 1935;
- Ø risks of holding a majority of the general partnership interest in Northern Border Partners, L.P., a publicly-traded limited partnership; and
- Ø the other factors listed in the reports we have filed and may file with the SEC, which are incorporated by reference.

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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 in our consolidated financial statements and the related notes thereto incorporated by reference herein before making a decision to invest in the senior notes.

OUR COMPANY

ONEOK is a diversified energy company. We purchase, gather, process, transport, store and distribute natural gas. We extract, gather, fractionate, store, transport and sell natural gas liquids and are engaged in the marketing of natural gas and natural gas liquids. On a smaller scale, we also trade natural gas and power. We are the largest natural gas distributor in Kansas and Oklahoma and the third largest distributor in Texas, providing service as a regulated public utility to wholesale and retail customers. Our largest markets are Oklahoma City and Tulsa, Oklahoma; Kansas City, Wichita and Topeka, Kansas; and Austin and El Paso, Texas. Our energy services operation provides services to customers in many states.

Our principal operations are reported in the following segments:

- Ø Distribution;
- Ø Pipelines and Storage;
- Ø Gathering and Processing;
- Ø Natural Gas Liquids; and
- Ø Energy Services.

Our distribution segment provides natural gas distribution services to over 2 million customers in Oklahoma, Kansas and Texas. Rates charged for gas services in the states of Oklahoma and Kansas are established by the Oklahoma Corporation Commission and Kansas Corporation Commission, respectively. Our operations in Texas are subject to regulatory oversight by the various municipalities we serve, which have primary jurisdiction in their respective areas. Rates in areas adjacent to the various municipalities and appellate matters are subject to regulatory oversight by the Texas Railroad Commission.

Our pipelines and storage segment, formerly known as transportation and storage, provides natural gas transportation, storage and some gas gathering services. Our transportation assets in Oklahoma, Kansas and Texas are regulated by the Oklahoma Corporation Commission, Kansas

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Corporation Commission and Texas Railroad Commission, respectively. We have flexibility in establishing transportation rates with customers. However, there is a maximum rate that we can charge our customers in Oklahoma and Kansas and if a rate cannot be agreed upon in Texas, then the rate is established by the Texas Railroad Commission. As a result of our acquisition of assets from affiliates of Koch Industries, Inc. on July 1, 2005, we also provide natural gas liquids gathering and distribution services. These pipelines are operated under the guidance and oversight of various governmental agencies including the Oklahoma Corporation Commission, the Kansas Corporation Commission and the Federal Energy Regulatory Commission.

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Our gathering and processing segment is engaged in the gathering and processing of natural gas and fractionation of natural gas liquids primarily in Oklahoma, Kansas and Texas.

Our natural gas liquids segment primarily gathers, fractionates and treats raw natural gas liquids produced from gas processing plants located in Oklahoma, Kansas and Texas. We also provide transportation and storage services with respect to natural gas liquids. This segment was formed in connection with our acquisition of assets from affiliates of Koch Industries, Inc. on July 1, 2005 and consists of our existing natural gas liquids marketing business, which was part of our gathering and processing segment, and the assets acquired from Koch, excluding VESCO which has been added to our gathering and processing segment and those assets regulated by the Federal Energy Regulatory Commission, which have been added to our pipelines and storage segment.

Our energy services segment is actively engaged in the marketing of natural gas to both wholesale and retail customers throughout the United States using gas storage and pipeline capacity, including firm transportation capacity, leased from related parties and others. The combination of owning supply and controlling strategic assets allows us to provide customers with enhanced services in return for premium value. This combination also allows us to capture incremental value from the volatility in the energy markets.

OUR BUSINESS STRATEGY

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

- Ø maximize the earnings potential of existing assets through rationalization and consolidation;
- Ø pursue regulatory initiatives that benefit us and our customers;
- Ø look for acquisition opportunities, when advantageous, that complement and strengthen our geographic footprint and core lines of business; and
- Ø sell assets when deemed to be less strategic.

RECENT DEVELOPMENTS

Sale of Power Plant. On October 21, 2005, we signed a definitive agreement to sell our Spring Creek power plant located in southwest Logan County, Oklahoma to Westar Energy, Inc. for \$53 million. The transaction requires approval of the Federal Energy Regulatory Commission and is expected to be completed in 2006.

Sale of Gathering and Processing Assets. On October 11, 2005, we entered into an agreement to sell natural gas gathering and processing assets located in the Texas panhandle to Eagle Rock Energy for approximately \$528 million. The assets to be sold include six gas processing

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plants and approximately 3,700 miles of gas gathering lines. The transaction is subject to Hart-Scott-Rodino antitrust clearance and is expected to close December 1, 2005.

Approval of ONG Rate Increase. On October 4, 2005, the Oklahoma Corporation Commission unanimously approved an annual rate increase of \$57.5 million for Oklahoma Natural Gas Company (ONG), a division of ONEOK, Inc.

Sale of Production Segment. On September 27, 2005, we sold the companies comprising our production segment to TXOK Acquisition, Inc. for \$645 million, subject to adjustments. The sale included natural gas and oil properties in four fields in Oklahoma and Texas.

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Acquisition of Natural Gas Liquids Businesses. On July 1, 2005 we completed the acquisition of the natural gas liquids, or NGL, businesses owned by several affiliates of Koch Industries, Inc. for approximately \$1.33 billion, referred to collectively as the Koch Acquisition. This transaction includes Koch Hydrocarbon, LP's entire mid-continent NGL business that provides NGL gathering, fractionation, storage and marketing services in Oklahoma, Kansas and Texas, including two fractionators in Medford, Oklahoma and Hutchinson, Kansas, a 10% interest in a fractionator in Conway, Kansas, two underground NGL storage facilities and an isomerization facility. This transaction also includes Koch Pipeline Company, L.P.'s natural gas pipeline distribution systems; Chisholm Pipeline Holdings, Inc., which has a 50% ownership interest in Chisholm Pipeline Company; MBFF, LP, which owns an 80% interest in a 160,000 barrel per day fractionator at Mont Belvieu, Texas; and Koch Vesco Holdings, LLC, an entity which owns a 10.2% interest in Venice Energy Services Company, LLC (VESCO).

The Koch Acquisition was initially financed through our \$1.0 billion bridge financing agreement, which we entered into on June 27, 2005, and our commercial paper program. We anticipate permanent financing of the acquisition to come from a combination of proceeds from the sale of assets (such as our production segment, our natural gas gathering and processing assets located in Texas and our Spring Creek power plant), proceeds from the February 2006 settlement of the purchase contracts that are part of our equity units and free cash flow.

New Segment Reporting. In connection with the transactions referred to above, beginning with the third quarter of 2005, we realigned our business segments as described in Note N of our notes to the consolidated financial statements in our Quarterly Report on Form 10-Q for the quarter ended September 30, 2005. For more information regarding the differences between these business segments and our business segments prior to the above transactions, please see that Quarterly Report. Prior-period segment results contained in that report were restated in accordance with generally accepted accounting principles to reflect the current business segments and reporting classifications. Prior-period segment results not required to be included in that report (including prior-year segment results) have not yet been restated. Restated business segment results for prior-year periods will be reflected in our Annual Report on Form 10-K for the year ended December 31, 2005 when it becomes available.

ONEOK was organized in May 1997 and acquired the gas business of Westar Energy, Inc. and its affiliates 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 described under the caption "Where you can find more information" on page S-1 of this prospectus supplement.

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The remarketing

Issuer	ONEOK, Inc., an Oklahoma corporation.
Securities Remarketed	\$402,447,500 aggregate principal amount of 5.510% senior notes due 2008.
Maturity	The senior notes will mature on February 16, 2008.
Interest	The senior notes will bear interest at 5.510% per year effective from November 16, 2005. Interest on the senior notes is payable quarterly in arrears on February 16, May 16, August 16 and November 16 of each year. The first interest payment on the remarketed senior notes will be made on February 16, 2006.
Ranking	The senior notes are senior unsecured obligations of ours and rank equally with all of our other unsecured senior indebtedness. The senior notes will be effectively subordinated to all our existing and future secured indebtedness to the extent of the assets securing that indebtedness. The senior notes will also be structurally subordinated to the indebtedness and other liabilities, including, without limitation, trade payables, of our subsidiaries.
Remarketing	We issued the senior notes in January 2003 in connection with our issuance and sale to the public of our equity units in the form of corporate units. Each corporate unit initially consisted of both a purchase contract and a senior note. Pursuant to the terms of the equity units, the remarketing agent remarketed the senior notes on behalf of holders of corporate units participating in the remarketing in accordance with a remarketing agreement among us, the remarketing agent and SunTrust Bank, as purchase contract agent and as attorney-in-fact and trustee for holders of purchase contracts. See Remarketing in this prospectus supplement.

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The terms of the corporate units and senior notes require the remarketing agent to use its reasonable efforts to remarket the senior notes of holders participating in the remarketing at a price equal to approximately 100.5% of the purchase price for the treasury portfolio as described in this prospectus supplement. In the remarketing, the remarketing agent reset the interest rate on the senior notes to a rate sufficient to cause the price of all then outstanding senior notes participating in the remarketing to be approximately 100.5% of the purchase price for the treasury portfolio as described in this prospectus supplement.

Our Participation in the Remarketing

In this remarketing, we will be purchasing \$197,500 aggregate principal amount of the senior notes. We will retire all of the senior notes we purchase in the remarketing. We will not receive any proceeds from the remarketing.

Use of Proceeds

The proceeds from the remarketing of the senior notes are estimated to be \$404,789,744.45, before application of the remarketing agent's fee. We will not receive any proceeds of the remarketing. Instead, the proceeds of senior notes held by holders of corporate units participating in the remarketing will be used to purchase the treasury portfolio described in this prospectus supplement, which treasury portfolio will then be pledged to secure the stock purchase obligations of the holders of the corporate units, with the proceeds in excess of the treasury portfolio purchase price being applied to pay the remarketing agent's fee. After deducting the remarketing fee, the remarketing agent will remit to SunTrust Bank, as Purchase Contract Agent for payment to the holders of corporate units, the remaining portion of the proceeds from the remarketing of senior notes that were held by corporate unit holders that were remarketed. The total remarketing fee will be an amount equal to 0.25% of the purchase price for the treasury portfolio. See "Use of proceeds" in this prospectus supplement.

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U.S. Federal Income Taxation

We have treated and will continue to treat the senior notes for U.S. federal income tax purposes as indebtedness subject to the Treasury regulations governing contingent payment debt instruments. These regulations are complex and their application to the senior notes following the remarketing is uncertain in some respects. Generally, assuming you report your income in a manner consistent with the method described in this prospectus supplement, the amount of income that you will recognize in respect of the senior notes should correspond to the economic accrual of income on the senior notes to you and the amount of income you would have recognized on an accrual basis if the senior notes were not subject to the contingent payment debt regulations. However, no assurance can be given that the Internal Revenue Service will agree with our position. For a detailed discussion, please see the section of this prospectus supplement entitled United States federal income tax considerations .

Listing

The senior notes will not be listed on any national securities exchange.

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Risk factors

Investing in the senior notes involves risks, including the risks described below that are not specific to the senior notes and those that could affect us and our business. You should not purchase the senior notes 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 the senior notes, 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 OUR BUSINESS

Our nonregulated businesses are riskier than our regulated businesses.

Our nonregulated operations have a higher level of risk than our regulated operations, which include our utility and gas transportation businesses. We expect to continue investing in natural gas projects and other related projects, some or all of which may involve nonregulated businesses or assets. 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 counterparty, customer or supplier to fulfill a contractual obligation.

Our 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 commodity price fluctuations, we periodically enter into derivative transactions to hedge anticipated purchases and sales of natural gas, natural gas liquids, crude oil, fuel requirements and firm transportation commitments. Interest rate swaps are also used to manage interest rate risk. 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.

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

The natural gas industry is expected to remain highly competitive, resulting from deregulation and other initiatives being pursued by the industry and regulatory agencies that allow customers increased options for energy supplies and service. The demand for natural gas is primarily a function of commodity prices, including prices for alternative energy sources, customer usage rates, weather, economic conditions and prices for service. Our ability to compete also depends on a number of other factors, including competition from other pipelines for our existing load, the efficiency, quality and reliability of the services we provide, and competition for throughput for our gathering systems and processing plants.

In the future, we may face additional competition from new entrants to the energy industry as a result of the Energy Policy Act of 2005. This comprehensive legislation signed into law by President Bush in August 2005 will substantially affect the regulation of energy companies. Among the important changes to be implemented as a result of this act is the repeal of the Public Utility Holding Company Act of 1935, or PUHCA, effective in February 2006. PUHCA imposed a number of restrictions, including restrictions on the structure of companies involved in the retail distribution of natural gas. As a result of the repeal of PUHCA, new competitors may enter the industry.

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Risk factors

We cannot predict when we will be subject to other 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 our businesses are positioned to compete effectively in the energy market, there can be no assurances that this will be true in the future.

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, including our ability to use our equity in acquisitions or investments, and the terms upon which we obtain capital. If we are unable to make strategic investments and acquisitions, we may be unable to grow. If we are unable to successfully integrate new businesses into our operations, we could experience increased costs and losses on our investments.

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 BBB (Stable) and by Moody's Investors Service, Inc., which we refer to as Moody's, of Baa2 (Stable). We will continue to maintain an 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-2 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 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.

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On October 4, 2005, the Oklahoma Corporation Commission unanimously approved an annual rate increase of \$57.5 million for our Oklahoma Natural Gas Company division. Our Kansas Gas Service

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Risk factors

division began operating under a new rate schedule effective September 22, 2003. As part of the order issued by the Kansas Corporation Commission, Kansas Gas Service cannot file a new rate case before May 15, 2006.

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.

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

We are subject to multiple environmental laws and regulations affecting many aspects of present and future operations, including air emissions, water quality, wastewater discharges, solid wastes and hazardous material and substance management. These laws and regulations generally require us to obtain and comply with a wide variety of environmental registrations, licenses, permits, inspections and other approvals. Failure to comply with these laws, regulations, permits and licenses may expose us to fines, penalties and/or interruptions in our operations that could be material to the results of operations. If an accidental leak or spill of hazardous materials occurs from our lines or facilities in the process of transporting natural gas or natural gas liquids or at any facility that we own, operate or otherwise use, we could be held jointly and severally liable for all resulting liabilities, including investigation and cleanup costs, which could materially affect our results of operations and 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 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 customers, could have a material adverse effect on our business, financial condition and results of operations.

We own or retain legal responsibility for the environmental conditions at 12 former manufactured gas sites in Kansas. These sites contain potentially harmful materials that are subject to control or remediation under various environmental laws and regulations. A consent agreement with the Kansas Department of Health and Environment, or KDHE, presently governs all remediation work at these sites. The terms of the consent agreement allow us to investigate these sites and set remediation activities based upon the results of the investigations and risk analysis. We have commenced active remediation on six sites and have achieved regulatory closure at two of these locations, while active remediation continues on the remaining four sites. We have completed some analysis of the six other sites upon which no active remediation is being conducted. The site situations are not similar. We have no previous experience, beyond these 12 sites, with similar remediation efforts, and therefore are unable to fully estimate individual or aggregate costs that may be required to satisfy the remedial obligations.

Our preliminary review of similar cleanup efforts at former manufactured gas sites reveals that costs can range from \$100,000 to \$10 million per site. These estimates do not give effect to potential insurance recoveries, recoveries through rates or from unaffiliated parties, to which we may be entitled. At this time, we have not recorded any amounts for potential insurance recoveries or recoveries from unaffiliated parties, and we are not recovering any environmental amounts in rates. Total costs to remediate the two sites, which have achieved regulatory closure, were approximately \$700,000. Total remedial costs for each of the remaining sites are expected to exceed \$500,000 per site, but there is no assurance that costs to investigate and remediate the remaining sites will not be significantly higher. As more information related to the site investigations and remediation activities becomes available, and to the extent such amounts are expected to exceed our current estimates, additional expenses could be

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recorded. Such amounts could be material to our results of operations and cash flows depending on the remediation done and number of years over which the remediation is completed.

Our expenditures for environmental evaluation and remediation to date have not been significant in relation to our results of operations and there have been no material adverse effects upon earnings related to compliance with environmental regulations.

We are subject to risks that 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. Further acquisitions may require additional external capital. 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 factors could adversely affect our ability to access capital, including: (1) general economic conditions; (2) capital market conditions; (3) market prices for gas, natural gas liquids 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.

Our business could be adversely affected by strikes or work stoppages by our unionized employees.

As of October 24, 2005, approximately 794 of our 4,665 employees were represented by labor unions under collective bargaining agreements. We are involved periodically in discussions with labor unions representing some of our employees to negotiate or renegotiate labor agreements. We cannot predict the results of these negotiations, including whether any failure to reach new agreements will have a negative effect on our business, financial condition and results of operations or whether we will be able to reach agreement at all with the unions. Any failure to reach agreement on new labor contracts might result in a work stoppage. Any future work stoppage could, depending on the operations and the length of the work stoppage, have a material adverse effect on our business, financial condition and results of operations.

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

Our nonregulated businesses are exposed to market risk and the impact of market price fluctuations of natural gas, natural gas liquids, crude oil and power prices. Market risk refers to the risk of loss in cash flows and future earnings arising from adverse changes in commodity energy prices. Our primary exposure arises from fixed price purchase or sale agreements that extend for periods of up to five years, gas in storage utilized by the energy services segment, natural gas liquids in storage utilized by our natural gas liquids segment and the difference between natural gas and natural gas liquids prices with respect to our keep whole processing agreements. To a lesser extent, we are exposed to the risk of changing prices or the cost of transportation resulting from purchasing gas at one location and selling it at another (referred to as basis risk). To minimize the risk from market price fluctuations of natural gas, natural gas liquids and crude oil, we use commodity derivative instruments such as futures contracts, swaps and options to manage market risk of existing or anticipated purchases and sales of natural gas,

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natural gas liquids and crude oil. We adhere to policies and procedures that limit our exposure to market risk from open positions and that monitor our market risk exposure.

Our distribution segment uses storage to minimize the volatility of gas costs by placing gas in storage during the summer months for consumption in the winter months. In addition, various gas supply contracts allow us the option to convert index-based purchases to fixed prices. Also, we use derivative instruments to hedge the cost of anticipated gas purchases during the winter heating months to protect customers of our Kansas operation from upward volatility in the market price of natural gas. From time to time, our Texas operation uses derivative instruments to mitigate the volatility of the cost of gas to protect its customers in the City of El Paso.

We could be subject to claims arising out of our ownership of a majority of the general partnership interest in Northern Border Partners, L.P., a publicly traded limited partnership.

In November 2004, we acquired Northern Plains Natural Gas Company and its wholly owned subsidiary Pan Border Gas Company, which we refer to collectively as Northern Plains. Northern Plains owns 82.5% of the general partnership interest and 500,000 limited partnership units, together representing a 2.73 percent ownership interest, in Northern Border Partners, a publicly traded limited partnership. As the holder of a majority of the general partnership interests in Northern Border Partners we have certain duties and responsibilities. Although we do not expect to incur any material liability relating to such duties or responsibilities, we cannot provide assurance that such claims will not arise or that any claims that do arise will not have an adverse effect on our business, financial condition or results of operation.

RISKS RELATED TO THE KOCH ACQUISITION

Our anticipated financial results from the Koch Acquisition could be adversely impacted if we are unable to successfully integrate the acquisition.

On July 1, 2005 we completed the acquisition of the natural gas liquids businesses owned by several affiliates of Koch Industries, Inc. for approximately \$1.33 billion (see Summary Recent Developments).

We believe that the Koch Acquisition will provide us with a number of benefits including improved operating results from fee-based contracts. For the Koch Acquisition, we have relied upon improved financial results from recently renegotiated contracts and the historical operations of those businesses. Our ability to realize the benefits will depend upon the successful integration of the Koch Acquisition, the retention of production volumes, a continuation of the currently favorable operating environment in the NGL market and the realization of the benefit from recent and on-going contract renegotiations. Our success in integrating the Koch Acquisition will involve, among other things, combining our operations with those of the acquired properties. There can be no assurance that our anticipated improved financial results from recently renegotiated contracts will be achieved. Additionally, our management may be required to dedicate significant time and effort to this integration and retention process, which could divert their attention from other business concerns.

RISKS RELATED TO THE SENIOR NOTES

Our holding company structure results in structural subordination and may affect our ability to make payments on the senior notes.

The senior notes are obligations exclusively of ONEOK, Inc. A substantial portion of our operations is conducted through our subsidiaries. As a result, a substantial portion of our cash flow and our ability to

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service our debt, including the senior notes, depends upon the earnings of our subsidiaries. In addition, we depend on the distribution of earnings, loans or other payments by our subsidiaries to us.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the senior notes or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends, distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the senior notes to participate in those assets, will be effectively subordinate to the claims of that subsidiary's creditors, including trade creditors. Our subsidiaries have trade payables that are structurally senior to the senior notes. Any future trade payables would likewise be structurally senior to the senior notes and there are no restrictions on the ability of our subsidiaries to incur additional trade payables. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us. Any transfer of assets from our parent company, ONEOK, Inc., to one or more of our subsidiaries would increase the effect of the structural subordination described above.

We could enter into various transactions that could increase the amount of our outstanding debt, or adversely affect our financial results, capital structure or credit rating, or otherwise adversely affect holders of the senior notes.

The terms of the senior notes and our indenture do not prevent us from entering into a variety of acquisition, disposition, change of control, financing, refinancing, recapitalization or highly leveraged transactions, other than any such transaction, with some exceptions, that results in us (i) subjecting any of our property to a lien, (ii) entering into a sale or leaseback transaction or (iii) merging or consolidating with, or selling all or substantially all of our assets to, another entity. See "Description of debt securities" in the accompanying prospectus. Subject to certain limitations, we could enter into such transactions even though the transactions could increase the total amount of our outstanding indebtedness, adversely affect our financial results, capital structure or credit ratings or otherwise adversely affect the holders of the senior notes. For example, the terms of the senior notes and our indenture would not prevent us from transferring some of our assets to Northern Border Partners, L.P. or any other entity in exchange for cash, equity interests or other consideration. If we accept equity interests in Northern Border Partners, L.P. or any other entity, we would have the normal risks of ownership in that entity.

There has not been, and there may not be, a public market for the senior notes.

Prior to this offering, no public market existed for the senior notes. We cannot assure you that any liquid market will develop for the senior notes, that holders of the senior notes will be able to sell their senior notes, or at what price holders would be able to sell their senior notes. The liquidity of any trading market in the senior notes and the market price quoted for such senior notes may be affected adversely by changes in the overall markets for corporate debt securities and by changes in our financial performance or prospects, or prospects for companies in our industry generally. We have been informed by the remarketing agent that it intends to make a market in the senior notes after this offering is completed, although it is not obligated to do so, and it may cease its market making at any time without notice. We do not intend to apply for listing of any senior notes on any securities exchange.

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