ONEOK

Employee Stock Purchase Plan (ESPP)

INCOME TAX CONSEQUENCES

The ONEOK ESPP is intended to comply with Sections 421, 423 and 424 of the Internal Revenue Code (IRC), which governs the income tax consequences on the purchase of shares under ESPPs and any subsequent sale or disposition of those shares.

Time of Grant and Purchase

The grant of an option occurs on the first day of the offering period, and the purchase date is the last day of the offering period.

Amounts deducted from your paychecks to purchase shares of common stock under the ESPP are subject to income tax as wages and compensation, and these taxes are withheld from your paycheck. However, the grant of an option to purchase shares and the actual purchase of shares are not taxable events. The 15% discount, which is the market price minus the purchase price, is not taxable at the time of purchase. The discount and any earnings will be subject to federal and state income taxes at the time the shares are sold.

Holding Period

The IRS determines the income tax impact of ESPP shares based on the holding period. Minimizing the income tax impact requires a holding period of two years after the grant date. For a January 1, 2025, grant date, the holding period will run until December 31, 2027.

Here's An Example

A participating employee is granted an option to purchase a share under the ESPP on January 1, 2025. Thereafter, on June 30, 2025, the employee is treated under the ESPP as acquiring ownership of such share and all rights of ownership to the share. June 30, 2025, is the date of transfer of the share to the employee under the ESPP.

The employee's required holding period is until the end of the two-year period beginning January 1, 2025, (the date the option is granted under the ESPP) or 18 months after the purchase date of June 30, 2025.

The employee will satisfy the required holding period if the share isn't sold or transferred prior to January 1, 2027.

Access your E-Trade account at **etrade.com/enroll** or **800-838-0908**.

Contact HR Solutions with questions at **HRSolutions@oneok.com** or **855-ONEOKHR** (855-663-6547); in Tulsa, call **918-588-7222**.

Effective Dec. 2024

Sale of Shares Purchased Under the ESPP at Market Price

When shares purchased under the ESPP are sold, the following income tax consequences apply.

If the shares are sold after the end of the required holding period:

- Any gain on the sale, up to the amount of the 15% discount on the purchase of the shares under the ESPP, will be taxable as ordinary income and any further gain will be taxable as long-term capital gain.
- Any loss on the sale of shares will be treated as long-term capital loss.

If the shares are sold before the end of the required holding period:

- The sale will be a "disqualifying disposition," resulting in income tax liability calculated by subtracting (i) the discounted per-share purchase price under the ESPP from (ii) the average market price per share at the end of the ESPP offering period. This amount is taxable as ordinary income in the year of the sale, regardless of the market price (price per share) at the time of the sale, and if sold through E-Trade, will be reported as compensation on Form W-2.
- Any gain as a result of the sales price that is greater than the average market price at the end of the ESPP offering period will be taxable as a capital gain, and any loss as a result of the sales price being less than the average market price at the end of the ESPP offering period will be treated as a capital loss. If the shares are held for 12 months or less from the purchase date, the gain/loss will be short-term; however, if the shares are held for more than 12 months from the purchase date, the gain/loss will be long-term.

Income Tax Withholding, FICA and FUTA Don't Apply

The IRS doesn't require ONEOK to withhold income tax from any income realized by an employee purchasing shares under the ESPP or from any sale or disposition of shares acquired under the ESPP.

Any income realized by an employee in purchasing shares under the ESPP or by a subsequent sale or disposition of those shares won't be treated as "wages," for purposes of Federal Insurance Contribution Act (FICA) and Federal Unemployment Tax Act (FUTA) withholding tax. As a result, FICA and FUTA taxes don't apply to the purchase of shares under the ESPP, regardless of when the shares are sold or disposed of by an employee.

Your Individual Tax Planning and Reporting

This is a general summary of certain income tax consequences arising from the purchase and disposition of shares of company common stock by employees under the ESPP. Employees should seek advice from a tax professional about the specific application of federal and state tax laws and reporting requirements for their particular situation involving shares purchased under the ESPP.

For additional information, refer to the **ESPP Prospectus**.

GENERAL INFORMATION

Disposition Other Than by Sale

If you make a gift of or otherwise dispose of shares purchased under the ESPP before the end of the required holding period, the full amount of the discount on the purchase of shares under the ESPP will be taxed as ordinary income to you as donor (or transferor) in the year of the gift or other disposition. Disposition of shares after the expiration of the required holding period may also result in a tax, but the amount of the discount taxed as ordinary income will be limited to the lesser of the full amount of the discount or the amount by which the market value at the time of disposition exceeds the purchase price.

Death of an Employee

In the event of an employee's death while owning shares purchased under the ESPP, compensation in the amount of any discount in purchase price allowed under the plan must be recognized for income tax purposes for the tax year of the death. A subsequent sale or disposition of shares by a deceased employee's estate or beneficiary generally has the same federal income tax consequences as sale or disposition by an employee, subject to certain exceptions.

Current offering period-to-date contributions under the plan will be refunded to the group life insurance beneficiary or beneficiaries designated by the employee on file with the company.

Dividends

Any dividends paid on shares purchased under the ESPP must be reported as ordinary income in the year received, whether received in cash or reinvested in additional shares or fractional shares of ONEOK common stock. Sale of shares purchased through dividend reinvestment is subject to the income tax rules that normally apply to sale of securities. E-Trade will report dividends on participant quarterly statements and will provide an IRS Form 1099-DIV to employees for tax-reporting purposes no later than January 31 of the year following receipt of the dividends.