



Earnings Conference Call  
First Quarter 2020 – May 7, 2020



## Safe Harbor

Some of the matters discussed in this news release may contain forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words "anticipate", "believe", "estimate", "expect", "intend", "objective", "plan", "possible", "potential", "project" and similar expressions. Actual results may vary materially. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including the availability of credit, access to existing lines of credit, access to the commercial paper markets, actions of rating agencies and their impact on capital expenditures; the ability of the Company and its subsidiaries to access the capital markets and obtain financing on favorable terms as well as inflation rates and monetary fluctuations; the ability to obtain timely and sufficient rate relief to allow for recovery of items such as capital expenditures, fuel costs, operating costs, transmission costs and deferred expenditures; prices and availability of electricity, coal, natural gas and natural gas liquids ("NGLs"); the timing and extent of changes in commodity prices, particularly natural gas and NGLs, the competitive effects of the available pipeline capacity in the regions Enable serves, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable's interstate pipelines; the timing and extent of changes in the supply of natural gas, particularly supplies available for gathering by Enable's gathering and processing business and transporting by Enable's interstate pipelines, including the impact of natural gas and NGLs prices on the level of drilling and production activities in the regions Enable serves; business conditions in the energy and natural gas midstream industries, including the demand for natural gas, NGLs, crude oil and midstream services; competitive factors including the extent and timing of the entry of additional competition in the markets served by the Company; the impact on demand for our services resulting from cost-competitive advances in technology, such as distributed electricity generation and customer energy efficiency programs; technological developments, changing markets and other factors that result in competitive disadvantages and create the potential for impairment of existing assets; factors affecting utility operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, unusual maintenance or repairs; unanticipated changes to fossil fuel, natural gas or coal supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints; availability and prices of raw materials for current and future construction projects; the effect of retroactive pricing of transactions in the SPP markets or adjustments in market pricing mechanisms by the SPP; federal or state legislation and regulatory decisions and initiatives that affect cost and investment recovery, have an impact on rate structures or affect the speed and degree to which competition enters the Company's markets; environmental laws, safety laws or other regulations that may impact the cost of operations or restrict or change the way the Company operates its facilities; changes in accounting standards, rules or guidelines; the discontinuance of accounting principles for certain types of rate-regulated activities; the cost of protecting assets against, or damage due to, terrorism or cyberattacks and other catastrophic events; creditworthiness of suppliers, customers and other contractual parties; social attitudes regarding the utility, natural gas and power industries; identification of suitable investment opportunities to enhance shareholder returns and achieve long-term financial objectives through business acquisitions and divestitures; increased pension and healthcare costs; the impact of extraordinary external events, such as the current pandemic health event resulting from COVID-19, and their collateral consequences, including extended disruption of economic activity in our markets; costs and other effects of legal and administrative proceedings, settlements, investigations, claims and matters; difficulty in making accurate assumptions and projections regarding future revenues and costs associated with the Company's equity investment in Enable that the Company does not control; and other risk factors listed in the reports filed by the Company with the Securities and Exchange Commission including those listed in Risk Factors in the Company's Form 10-K for the year ended December 31, 2019 and in the Company's Form 10-Q for the quarter ended March 31, 2020.



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## COVID-19 Response



### Community

- ✓ Coordinating response with regulators
- ✓ Philanthropy supporting local restaurants and Ending Hunger OKC



### Employees

- ✓ Ensuring health and safety of our employees
- ✓ Social distancing in the office and field
- ✓ Health screenings at all facilities
- ✓ Leveraging work from home capabilities where possible



### Customers

- ✓ Delivering safe and reliable energy
- ✓ Implemented customer disconnect moratoriums
- ✓ Minimizing exposure to the public

## First Quarter EPS Results

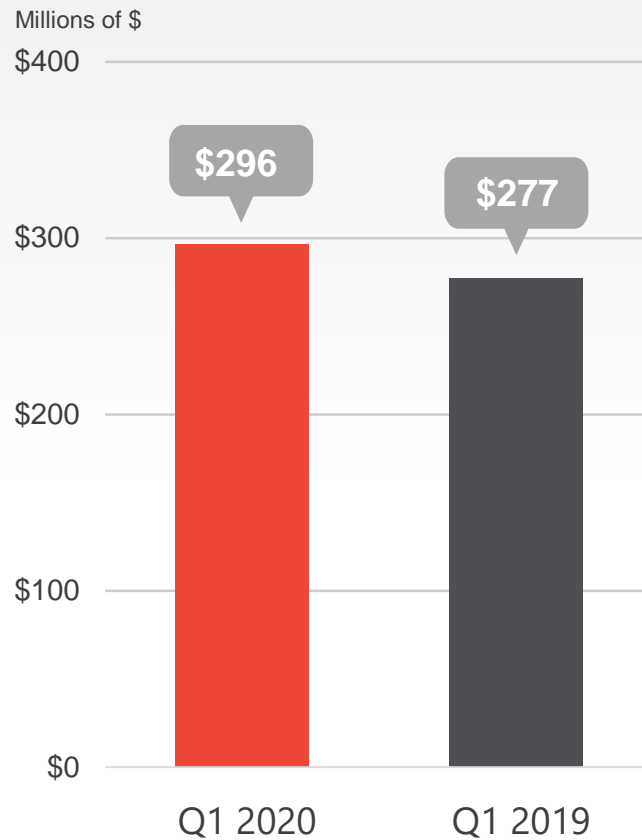
	GAAP Earnings (Loss) per Average Diluted Share	Enable Investment Impairment Charge and Tax Effect per share	Ongoing Earnings per Average Diluted Share 1Q 2020	1Q 2019
Consolidated	(\$2.46)	\$2.69	\$0.23	\$0.24
OG&E	0.10	-	0.10	0.10
Natural Gas Midstream Operations	(2.84)	2.95	0.11	0.11
Hold. Co. and Other Operations	0.28	(0.26)	0.02	0.03

**First Quarter Results – OG&E**

Net income for OG&E was \$20 million or \$0.10 per share in 2020 as compared to net income of \$20 million or \$0.10 per share in 2019. Primary drivers include:

In Millions of \$	1Q 2020	1Q 2019	Variance Fav/(Unfav)
<b>Gross Margin</b>	\$296.3	\$277.4	\$18.9
<b>Operation &amp; Maintenance</b>	121.0	120.3	(0.7)
<b>Depreciation &amp; Amortization</b>	94.4	82.4	(12.0)
<b>Interest Expense</b>	36.9	32.4	(4.5)

## First Quarter Results – OG&E Gross Margin

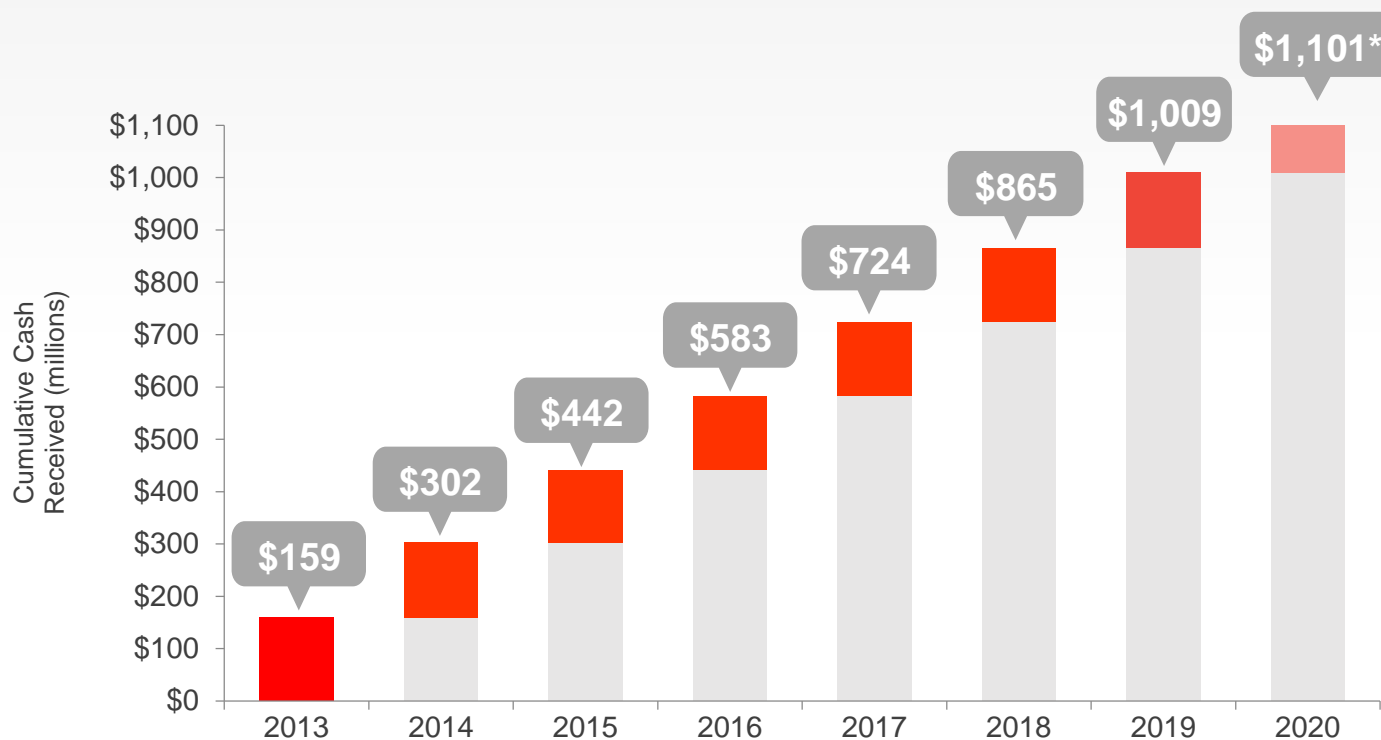


### Gross Margin Drivers:

- Recovery of environmental assets placed into service ↑
- New customer growth ↑
- Weather ↓

## First Quarter Results – Natural Gas Midstream Operations

Natural Gas Midstream Operations received cash distributions from Enable Midstream of approximately \$37 million in the first quarter of 2020 compared to \$35 million in 2019 and contributed ongoing earnings to OGE Energy Corp. of \$22 million for the first quarter of 2020 consistent with GAAP earnings in the same period in 2019.



\*Includes 2020 distributions at the current rate. Must be approved by the Enable Board of Directors.



## 2020 Outlook

- OG&E guidance is unchanged and is projected to be between approximately \$346 million to \$357 million of net income **or \$1.72 to \$1.78 per average diluted share** assuming normal weather.
- As a result of the revised guidance by Enable and the equity method investment impairment recorded by the Company, OGE Holdings projects earnings contributions to be between **(\$2.59) to (\$2.55) per average diluted share**. Ongoing earnings are projected to be between **\$0.36 and \$0.40 per average diluted share**.



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## Appendix



## Reg. G Reconciliation of Gross Margin to Revenue

In Millions of \$	Three Months Ended – March 31	
	2020	2019
<b>Operating revenues</b>	<b>\$431.3</b>	\$490.0
<b>Cost of sales</b>	<b>135.0</b>	212.6
<b>Gross Margin</b>	<b>\$296.3</b>	\$277.4

Gross Margin is defined by OG&E as operating revenues less cost of sales. Cost of sales, as reflected on the income statement, includes fuel, purchased power and certain transmission expenses. Gross margin is a non-GAAP financial measure because it excludes depreciation and amortization and other operation and maintenance expenses. Expenses for fuel and purchased power are recovered through fuel adjustment clauses, and as a result, changes in these expenses are offset in operating revenues with no impact on net income. OG&E believes gross margin provides a more meaningful basis for evaluating its operations across periods than operating revenues because gross margin excludes the revenue effect of fluctuations in these expenses. Gross margin is used internally to measure performance against budget and in reports for management and the Board of Directors. OG&E's definition of gross margin may be different from similar terms used by other companies. Further, gross margin is not intended to replace operating revenues as determined in accordance with GAAP as an indicator of operating performance.

## Non-GAAP Financial Measures

### The Company

"Ongoing earnings" and "ongoing earnings per average diluted share" are defined by the Company as GAAP Net Income (Loss) and GAAP Earnings (Loss) per Average Diluted Share adjusted to exclude certain non-cash charges and the associated tax impacts. These financial measures excluded a non-cash charge of \$780.0 million, or \$3.90 per average diluted share in the three months ended March 31, 2020, associated with the impairment of the Company's investment in Enable, which the Company's management considers an unusual and infrequent event. Management believes that ongoing earnings and ongoing earnings per average diluted share provide a more meaningful comparison of earnings results and are more representative of the Company's fundamental core earnings power. The Company's management uses ongoing earnings and ongoing earnings per average diluted share internally for financial planning and analysis, for reporting of results to the Board of Directors and when communicating its earnings outlook to analysts and investors. Reconciliations of ongoing earnings and ongoing earnings per average diluted share for the three months ended March 31, 2020 are below.

#### Reconciliation of Ongoing Earnings to GAAP Net Income (Loss)

In Millions	GAAP Net Income (Loss)	Enable Investment Impairment Charge (A)	Tax Effect	Ongoing Earnings
OG&E (Electric Utility)	\$ 19.9	\$ -	\$ -	\$ 19.9
OGE Holdings (Natural Gas Midstream Operations) (B)	(568.0)	780.0	(190.4)	21.6
Other Operations (C)	56.3	-	(52.8)	3.5
Consolidated Total	\$ (491.8)	\$ 780.0	\$ (243.2)	\$ 45.0

## Non-GAAP Financial Measures Continued

Reconciliation of Ongoing Earnings per Average Diluted Share to GAAP Earnings (Loss) per Average Diluted Share

	GAAP Earnings (Loss) per Average Diluted Share	Enable Investment Impairment Charge per Share (A)	Tax Effect per Share	Ongoing Earnings per Average Diluted Share
OG&E (Electric Utility)	\$ 0.10	\$ -	\$ -	\$ 0.10
OGE Holdings (Natural Gas Midstream Operations) (B)	(2.84)	3.90	(0.95)	0.11
Other Operations (C)	0.28	-	(0.26)	0.02
Consolidated Total	\$ (2.46)	\$ 3.90	\$ (1.21)	\$ 0.23

- A. Does not include a \$4.4 million pre-tax charge recorded during the three months ended March 31, 2020 for the Company's share of Enable's goodwill and long-lived asset impairments, as adjusted for basis differences.
- B. Tax Effect and Tax Effect per Share are calculated utilizing the Company's effective tax rate for the three months ended March 31, 2020.
- C. As a result of the impairment of the Company's investment in Enable, other operations' GAAP Net Income (Loss) and GAAP Earnings (Loss) per Average Diluted Share include a tax benefit impact due to a consolidating tax adjustment related to the interim period that will reverse over the course of the year.

## Non-GAAP Financial Measures Continued

Reconciliations of ongoing earnings and ongoing earnings per average diluted share included in the 2020 Outlook are below.

	Twelve Months Ended December 31, 2020 (A)
<b>OGE Holdings</b>	
GAAP net loss per average diluted share	\$ (2.57)
Enable investment impairment charge per share (B)	2.95
Ongoing earnings per average diluted share	\$ 0.38
<b>Consolidated OGE (In millions)</b>	
GAAP net loss	\$ (163.5)
Enable investment impairment charge (B)	590.0
Ongoing earnings	\$ 426.5
<b>Consolidated OGE</b>	
GAAP net loss per average diluted share	\$ (0.82)
Enable investment impairment charge per share (B)	2.95
Ongoing earnings per average diluted share	\$ 2.13

A. Based on the midpoint of earnings guidance for 2020.

B. Represents the tax-effected impairment amount that the Company recorded on its equity investment in Enable for the three months ended March 31, 2020.

## OK Grid Enhancement Plan Procedural Schedule *(PUD 202000021)*

Date	Action
February 24, 2020	Application and Supporting Testimony Filed
May 20, 2020	Discovery Cut-off for Direct Testimony; Responsive Testimony Due
May 26, 2020	Statements of Position Due; Deadline for Intervention
June 12, 2020	Discovery Cut-off for Responsive Testimony; Rebuttal Testimony Due
June 15, 2020	Settlement Conference at 1:30 p.m. Location TBD
June 29, 2020	Pre-trial Motions Due; Discovery Cut-off on Rebuttal Testimony; Exhibit Lists and Testimony Summaries Due
July 6, 2020	Pre-hearing Conference; all pre-trial motions heard in Courtroom 301 at 1:30 p.m.; Public Comment commencing in Courtroom 301 immediately thereafter
Beginning July 7, 2020, until completed	Hearing on the Merits before the ALJ in Courtroom 301 beginning at 9:00 a.m.
5 business days after conclusion of the Hearing on the Merits	Findings of Facts and Conclusions of law filed. Word document provided to ALJ
30 calendar days after filing of Findings of Fact and Conclusions of Law	ALJ report filed
10 calendar days following issuance of ALJ Report	Written Exceptions, if any, to be filed
7 calendar days following filing of Written Exceptions	Responses to Written Exceptions, if any, to be filed
To be determined	Hearing on Exceptions to the ALJ Report, if any