



We Energize Life
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Earnings Conference Call

Second Quarter 2020

August 6, 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 June 30, 2020.





Second Quarter Overview

- Affirming 2020 earnings guidance with OG&E projected to earn between \$1.72 and \$1.78
- Executing our response plans to ensure the health and safety of our employees while delivering safe and reliable energy to our customers
- 2020 YTD weather normalized sales were down 3% compared to 2019; sales have improved each month as the economies in our service territory are beginning to return to pre-COVID levels
- Managing business to mitigate COVID impacts
- COVID-19 expense deferral orders were issued in both Oklahoma and Arkansas
- Strong balance sheet and liquidity position
- No delays in project execution
- The Oklahoma Grid Enhancement Plan is back on track with a hearing scheduled for early October

Regulatory Update



Oklahoma Corporation Commission

- **Action in Response to COVID-19** (*PUD 202000050*) – Order received May 7th providing expense deferral
- **The Oklahoma Grid Enhancement Plan** (*PUD 202000021*) received an updated procedural schedule that provides time for an order by the end of the year



Arkansas Public Service Commission

- **Administrative Orders Relating to the COVID-19 State of Emergency** (*Docket No. 20-012-A, Order 1 & 2*) – Order received April 10th providing expense deferral
- Filing our 3rd Evaluation Report for the **Formula Rate Tariff** (*Docket No. 18-046-FR*) on October 1st, with new rates effective April 1, 2021

Second Quarter EPS Results

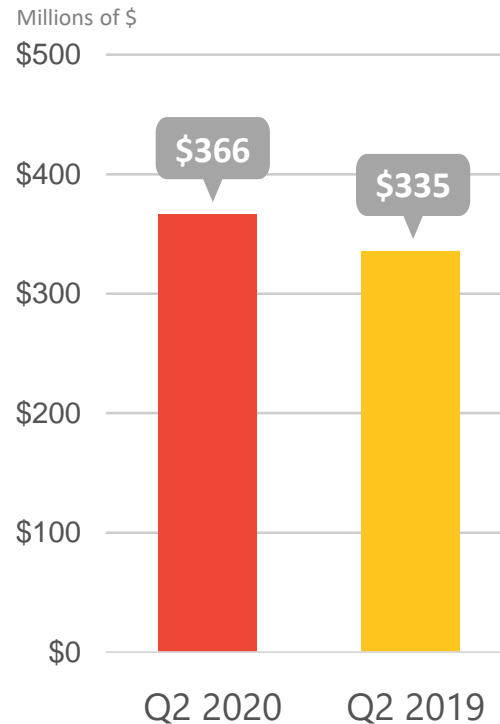
	GAAP Earnings (Loss) per Average Diluted Share	Enable Investment Impairment Charge and Tax Effect per share	Non-GAAP Ongoing Earnings per Average Diluted Share 2Q 2020	2Q 2019
Consolidated	\$0.43	\$0.08	\$0.51	\$0.50
OG&E	0.39	-	0.39	0.37
Natural Gas Midstream Operations	0.10	-	0.10	0.13
Hold. Co. and Other Operations	(0.06)	0.08	0.02	-

Second Quarter Results – OG&E

Net income for OG&E was \$79 million or \$0.39 per share in 2020 as compared to net income of \$75 million or \$0.37 per share in 2019. Primary drivers include:

In Millions of \$	2Q 2020	2Q 2019	Variance Fav/(Unfav)
Gross Margin	\$366.1	\$335.0	\$31.1
Operation & Maintenance	117.7	120.0	2.3
Depreciation & Amortization	97.3	84.3	(13.0)
Interest Expense	39.3	33.3	(6.0)
Income Tax Expense	8.4	4.3	(4.1)

Second Quarter Results – OG&E Gross Margin



Gross Margin Drivers:

- Price Variance, primarily 2019 Rate Review ↑
- Weather ↑
- Customer Growth ↑
- Industrial and oilfield sales/ non-residential demand revenues ↓

Maintaining a Strong Credit Profile & Liquidity Position

- Strong Credit Ratings

	Moody's	S&P	Fitch	Outlook
OG&E	A3	A-	A-	Stable
OGE Energy Corp.	Baa1	BBB+	BBB+	Stable

- Nearly \$1B of liquidity

Second Quarter Results – Natural Gas Midstream Operations

- Natural Gas Midstream Operations received cash distributions from Enable Midstream of approximately \$18 million in the second quarter of 2020 compared to \$35 million in 2019
- Natural Gas Midstream Operations contributed earnings to OGE Energy Corp. of \$19 million for the second quarter of 2020 compared to \$27 million in the same period in 2019
- Enable is on track to achieve the capital and cost reductions announced in April 2020
- Distribution coverage ratio of 2x at the end of the second quarter
- Reaffirmed 2020 guidance



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.
- OGE Holdings guidance is unchanged and 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**.



Appendix

COVID-19 Response Update



Employees

- ✓ Ensuring health and safety of our employees
- ✓ Situation Room with on-staff physician
- ✓ Social distancing in the office and field
- ✓ Health screenings at all facilities
- ✓ Smart and effective use of work from home procedures



Customers

- ✓ Delivering safe and reliable energy
- ✓ Flexibility for customers to pay bills utilizing installment plans
- ✓ Reduced fuel charge on bills ahead of schedule
- ✓ Our workers are minimizing exposure to the public with safe working procedures

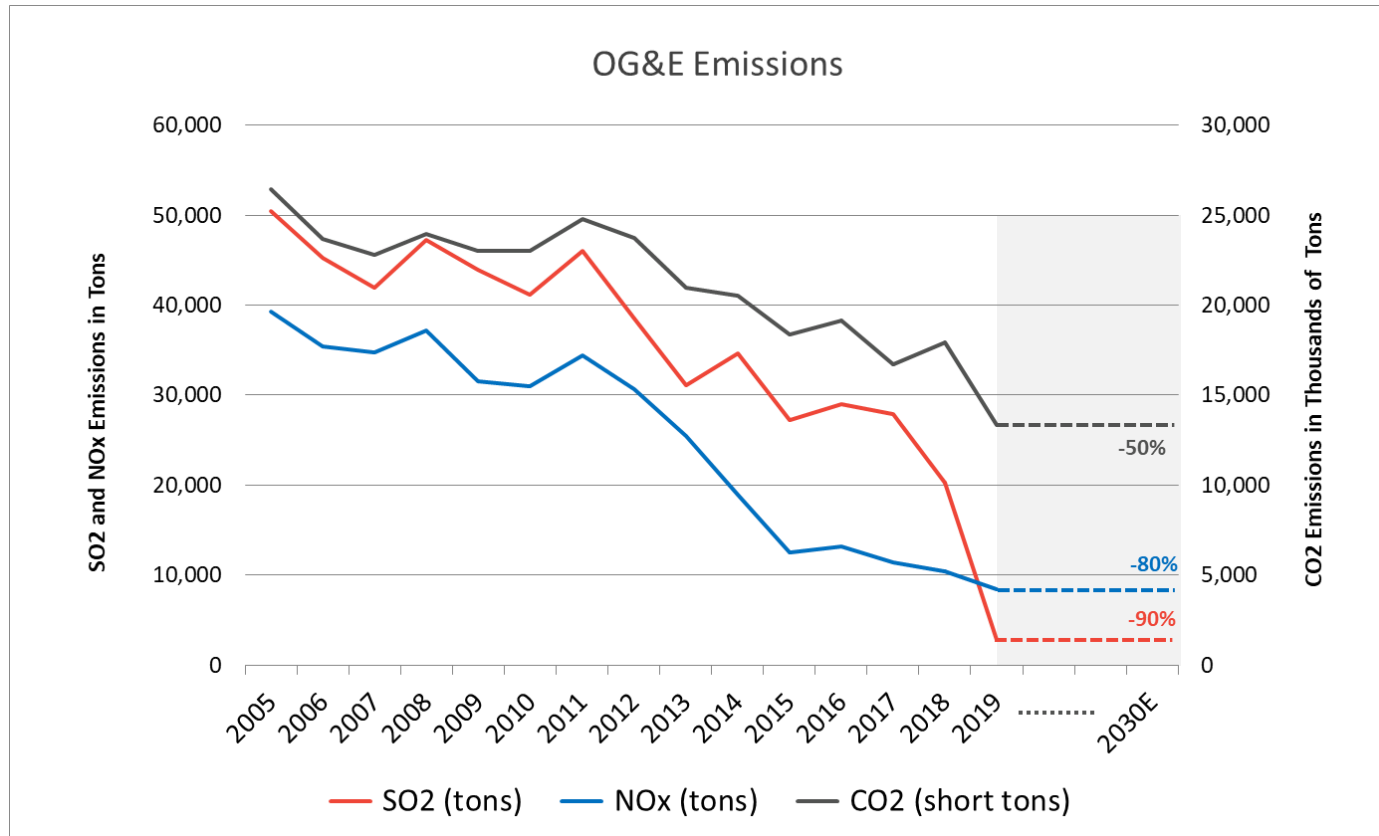


Community

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

Reducing Emissions

- OG&E is gradually shifting generation resources and reducing emissions while maintaining fuel diversity



Weather Impact

Cooling Degree Days

	2Q 2020	2Q 2019	% Change
Actuals	559	481	16%
Normal	626	626	0%
Variance from Normal	(11%)	(23%)	
	YTD 2020	YTD 2019	% Change
Actuals	582	481	21%
Normal	639	639	0%
Variance from Normal	(9%)	(25%)	

Weather Adjusted Sales (January - June)

Compared to 2019	% Change
Residential - Weather Adj.	2.3%
Commercial - Weather Adj.	-5.6%
Industrial	-7.6%
Oilfield	-4.3%
Public Authority	-6.4%
	-3.2%

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

Date	Action
July 31, 2020	OG&E provides 2021 Plan and supporting Supplemental Direct Testimony
August 25, 2020	Discovery Cut-off for Direct Testimony; Responsive Testimony Due
August 31, 2020	Statements of Position Due; Deadline for Intervention
September 8, 2020	Settlement Conference via conference call or video conferencing
September 14, 2020	Discovery Cut-off for Responsive Testimony; Rebuttal Testimony Due at 12:00pm
September 17, 2020	9:00 a.m. Status Conference with ALJ to address any COVID-related accommodations for the hearing in Courtroom B. Settlement Conference at 10:00 a.m. Location TBD
October 2, 2020	Pre-trial Motions Due; Discovery Cut-off on Rebuttal Testimony; Exhibit Lists and Testimony Summaries Due
October 7, 2020	Pre-hearing Conference at 10am; all pre-trial motions heard; Public Comment commencing in Courtroom 301 at 1:30 p.m.
Beginning October 8, 2020, until completed	Hearing on the Merits before the ALJ in Courtroom 301 beginning at 8:30 a.m.
7 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

Reg. G Reconciliation of Gross Margin to Revenue

In Millions of \$	Three Months Ended – June 30	
	2020	2019
Operating revenues	\$503.5	\$513.7
Cost of sales	137.4	178.7
Gross Margin	\$366.1	\$335.0

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, 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 and six months ended June 30, 2020 are below.

	OG&E (Electric Utility)	OGE Holdings (Natural Gas Midstream Operations) (B)	Other Operations (C)	Consolidated Total
Three months ended June 30, 2020				
<i>(In millions)</i>				
GAAP net income (loss)	\$ 78.9	\$ 19.0	\$ (12.0)	\$ 85.9
Enable investment impairment charge	0.0	0.0	0.0	0.0
Tax effect	0.0	0.0	16.4	16.4
Ongoing earnings	\$78.9	\$19.0	\$4.4	\$102.3
GAAP net income (loss) per average diluted share	\$0.39	\$0.10	(\$0.06)	\$0.43
Enable investment impairment charge per share	0.00	0.00	0.00	0.00
Tax effect per share	0.00	0.00	0.08	0.08
Ongoing earnings per average diluted share	\$0.39	\$0.10	\$0.02	\$0.51

Non-GAAP Financial Measures Continued

	OG&E (Electric Utility)	OGE Holdings (Natural Gas Midstream Operations) (B)	Other Operations (C)	Consolidated Total
Six months ended June 30, 2020				
<i>(In millions)</i>				
GAAP net income (loss)	\$98.8	(\$549.0)	\$44.3	(\$405.9)
Enable investment impairment charge (A)	0.0	780.0	0.0	780.0
Tax effect	0.0	(190.4)	(36.4)	(226.8)
Ongoing earnings	\$98.8	\$40.6	\$7.9	\$147.3
GAAP net income (loss) per average diluted share	\$0.49	(\$2.74)	\$0.22	(\$2.03)
Enable investment impairment charge per share (A)	0.00	3.90	0.00	3.90
Tax effect per share	0.00	(0.95)	(0.18)	(1.13)
Ongoing earnings per average diluted share	\$0.49	\$0.21	\$0.04	\$0.74

- (A) Does not include a \$5.4 million pre-tax charge recorded during the six months ended June 30, 2020 for the Company's share of Enable's goodwill, long-lived asset impairments and loss on retirements, as adjusted for basis differences.
- (B) Tax Effect and Tax Effect per Share are calculated utilizing OGE Holdings' statutory tax rate for the six months ended June 30, 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 income tax adjustment related to the interim period that will continue to eliminate in the ordinary course of business over the remainder 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)	
OGE Holdings		
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
Consolidated OGE (In millions)		
GAAP net loss	\$	(163.5)
Enable investment impairment charge (B)		590.0
Ongoing earnings	\$	426.5
Consolidated OGE		
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 in March 2020.