



Earnings Conference Call
Fourth Quarter 2019 – February 27, 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 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; 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.



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Fourth Quarter EPS Results

	4Q 2019	4Q 2018
OG&E	\$0.15	\$0.10
Natural Gas Midstream Operations	0.02	0.17
Hold. Co. and Other Operations	0.01	0.00
Consolidated	\$0.18	\$0.27

2019 EPS Results

	2019 EPS	2018 EPS
OG&E	\$1.74	\$1.64
Natural Gas Midstream Operations	0.41	0.54
Hold. Co. and Other Operations	0.01	(0.06)
Consolidated	\$2.16	\$2.12

Fourth Quarter Results – OG&E

Net income for OG&E was \$29 million or \$0.15 per share in 2019 as compared to net income of \$21 million or \$0.10 per share in 2018. Primary drivers include:

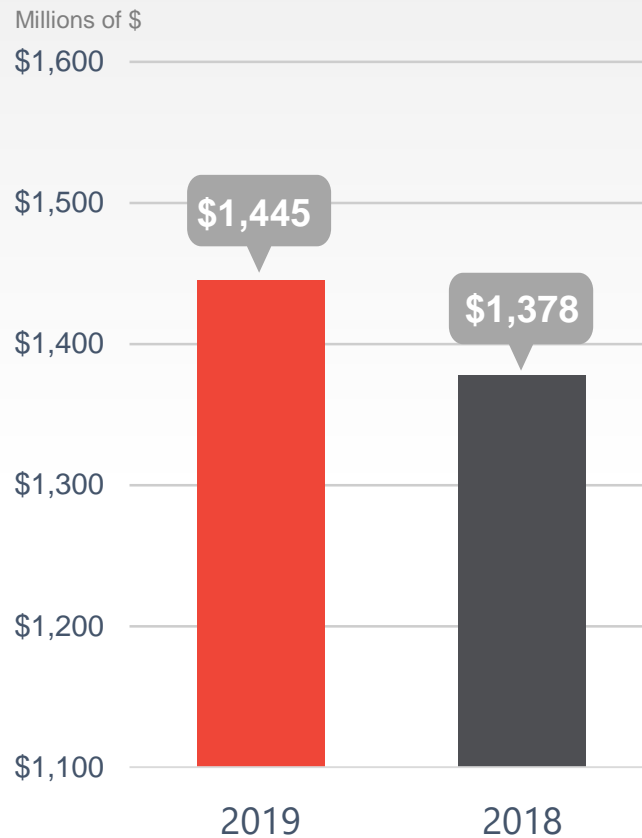
In Millions of \$	4Q 2019	4Q 2018	Variance Fav/(Unfav)
Gross Margin	\$310.9	\$282.9	\$28.0
Operation & Maintenance	122.2	121.6	(0.6)
Depreciation & Amortization	94.2	80.8	(13.4)
Net Other Income	(0.9)	6.9	(7.8)
Income Tax Expense	5.2	7.1	1.9

2019 Results – OG&E

Net income for OG&E was \$350 million or \$1.74 per share in 2019 as compared to net income of \$328 million or \$1.64 per share in 2018. Primary drivers include:

In Millions of \$	2019	2018	Variance Fav/(Unfav)
Gross Margin	\$1,444.7	\$1,377.8	\$66.9
Operation & Maintenance	492.5	473.8	(18.7)
Depreciation & Amortization	355.0	321.6	(33.4)
Net Other Income	3.1	25.6	(22.5)
Income Tax Expense	20.1	40.0	19.9

2019 Results – OG&E Gross Margin

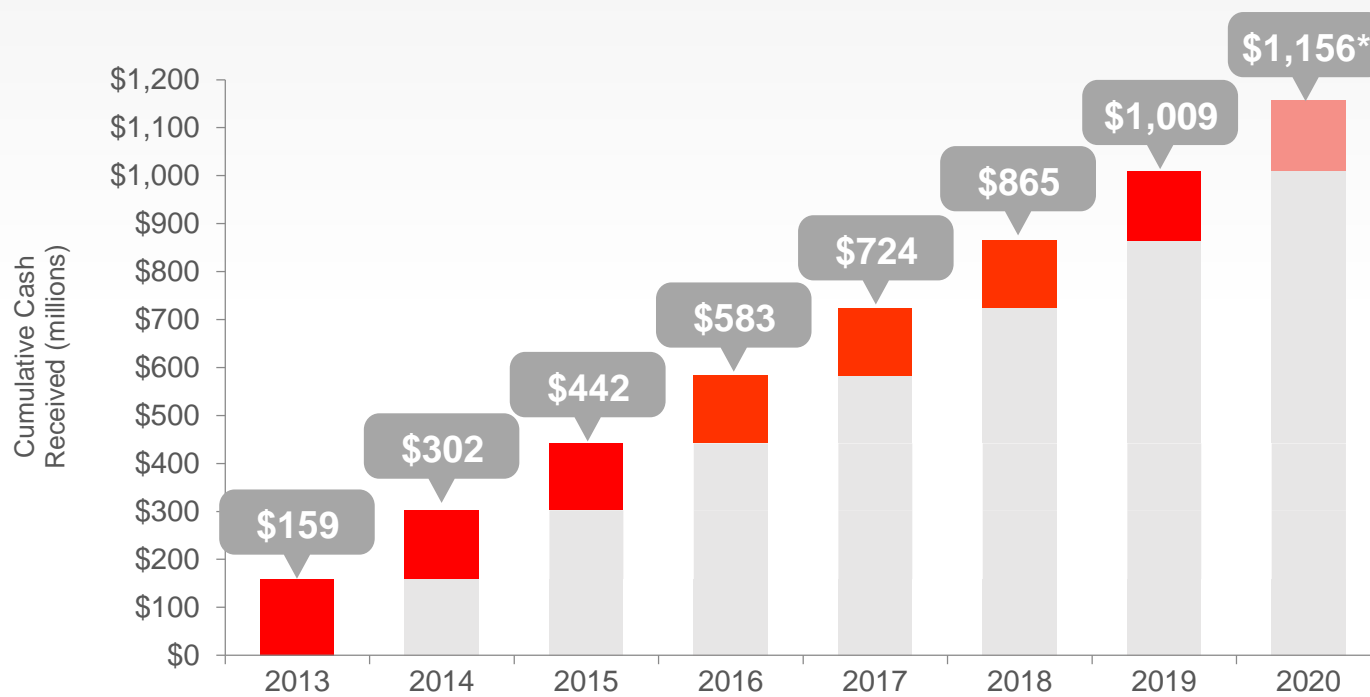


Gross Margin Drivers:

- Price Variance (Expiration of the cogeneration credit rider) ↑
- Weather ↑

2019 Results – Natural Gas Midstream Operations

Natural Gas Midstream Operations received cash distributions from Enable Midstream of approximately \$144 million and contributed earnings of \$81 million or \$0.41 per share compared to \$109 million or \$0.54 per share in 2018.



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

Oklahoma Grid Enhancement Filing

<i>Dollars in millions</i>	2020	2021	2022	2023	2024	Total
Grid Resiliency	\$50.2	\$71.8	\$86.8	\$86.8	\$86.8	\$382.4
Grid Automation	36.3	52.0	61.5	61.5	61.5	272.8
Communication Systems	-	30.0	16.7	16.7	16.7	80.1
Technology Platforms and Applications	2.5	18.4	18.0	18.0	18.0	74.9
Total	\$89.0	\$172.2	\$183.0	\$183.0	\$183.0	\$810.2

2020 Outlook

- OG&E is projected to earn 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 projects the earnings contribution from its ownership interest in Enable Midstream to be at the lower end of their guidance between approximately \$94 million to \$106 million or **\$0.47 to \$0.53 per average diluted share**.

The Company projects OG&E to earn approximately \$346 million to \$357 million or \$1.72 to \$1.78 per average diluted share in 2020 and is based on the following assumptions:

- Normal weather patterns are experienced for the remainder of the year;
- Gross margin on revenues of approximately \$1.515 billion to \$1.521 billion based on sales growth of approximately 1 percent on a weather adjusted basis;
- Operating expenses of comprising approximately \$980 million to \$984 million with operation and maintenance expenses approximately 51% of the total;
- Net interest expense of approximately \$148 million to \$150 million which assumes a \$1.8 million ABFUDC reduction to interest expense;
- Other Income of approximately \$3.0 million including approximately \$4.5 million of AEFUDC;
- An effective tax rate of approximately 10%.



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Appendix



Reg. G Reconciliation of Gross Margin to Revenue

In Millions of \$	Three Months Ended – December 31		Twelve Months Ended – December 31	
	2019	2018	2019	2018
Operating revenues	\$472.5	\$511.8	\$2,231.6	\$2,270.3
Cost of sales	161.6	228.9	786.9	892.5
Gross Margin	\$310.9	\$282.9	\$1,444.7	\$1,377.8

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.

Reg. G Reconciliation of Gross Margin to Revenue

In Millions of \$	Twelve Months Ended December 31, 2020 (A)
Operating revenues	\$2,247
Cost of sales	729
Gross Margin	\$1,518

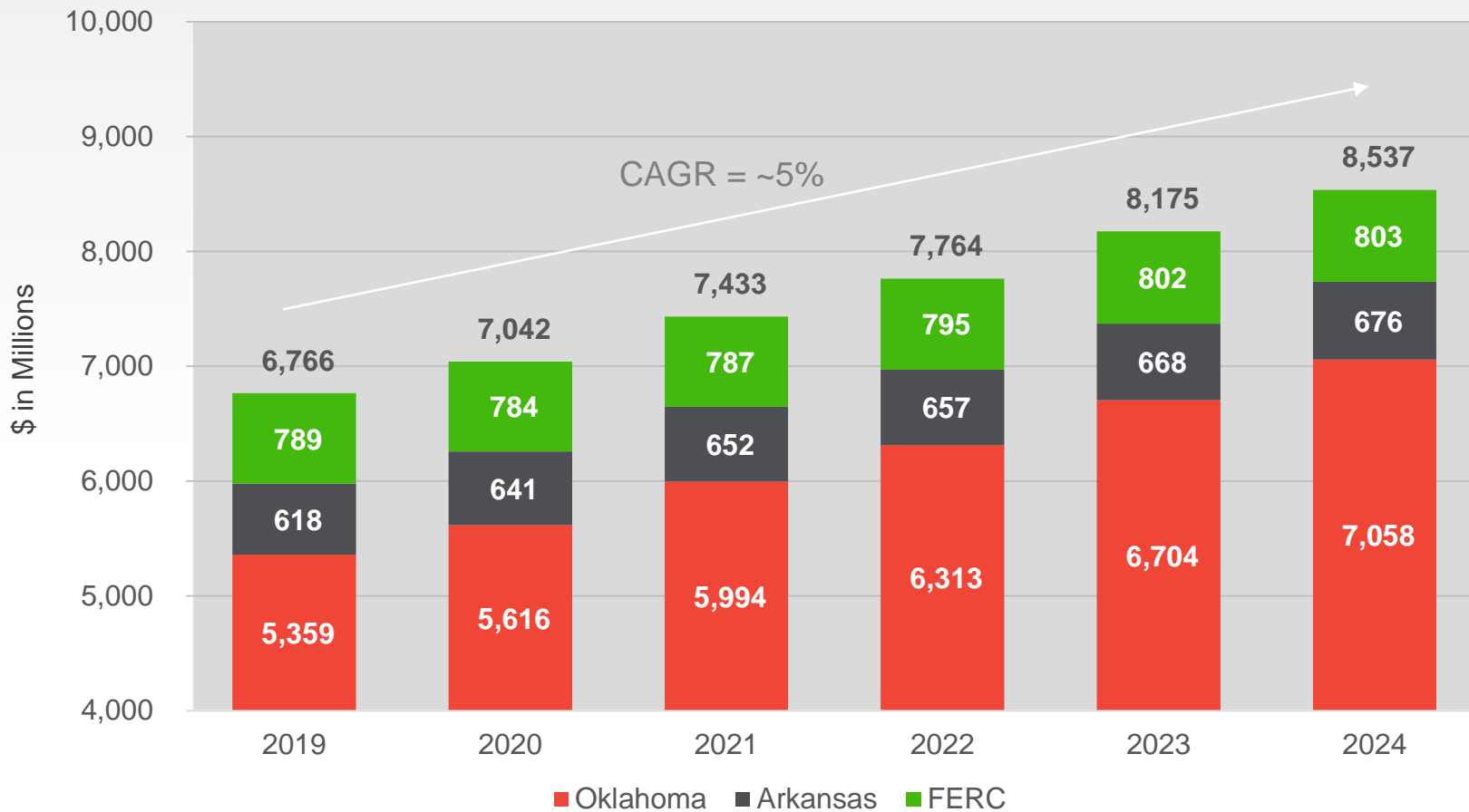
(A) Based on the midpoint of OG&E earnings guidance for 2020

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Projected Capital Expenditures 2020 – 2024

<i>Dollars in millions</i>	2020	2021	2022	2023	2024	Total
Transmission	\$45	\$40	\$35	\$35	\$35	\$190
Oklahoma Distribution	215	225	225	225	225	1,115
Arkansas Distribution	30	15	15	15	15	90
Generation	135	60	60	90	60	405
Reliability, resiliency, technology and other	90	335	335	335	335	1,430
Other	60	50	60	55	55	280
Total	\$575	\$725	\$730	\$755	\$725	\$3,510

Projected Rate Base



*Includes projects under construction; Year-end totals