



**Earnings Conference Call
Second Quarter 2012**

August 2, 2012

Safe Harbor

Some of the matters discussed in this presentation 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 from those expressed in forward-looking statements. Factors that could cause actual results to differ materially from the forward-looking statements 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; prices and availability of electricity, coal, natural gas and natural gas liquids, each on a stand-alone basis and in relation to each other as well as the processing contract mix between percent-of-liquids, percent-of-proceeds, keep-whole and fixed fee; business conditions in the energy and natural gas midstream industries; competitive factors including the extent and timing of the entry of additional competition in the markets served by the Company; unusual weather; availability and prices of raw materials for current and future construction projects; 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 and regulations that may impact the Company’s operations; changes in accounting standards, rules or guidelines; the discontinuance of accounting principles for certain types of rate-regulated activities; whether OG&E can successfully implement its smart grid program to install meters for its customers and integrate the smart grid meters with its customers billing and other computer information systems; the cost of protecting assets against, or damage to, terrorism or cyber attacks and other catastrophic events; advances in technology; creditworthiness of suppliers, customers and other contractual parties; the higher degree of risk associated with the Company’s nonregulated business compared with the Company’s regulated utility business; and other risk factors listed in the reports filed by the Company with the Securities and Exchange Commission including those listed in Risk Factors and Exhibit 99.01 to the Company’s Form 10-K for the year ended December 31, 2011.

This presentation includes the non-GAAP measure of earnings before interest, taxes, depreciation and amortization (“EBITDA”) when describing the Company’s results of operations and financial performance. The Company has prepared a reconciliation of this measure to the most directly comparable GAAP measure.

Second Quarter EPS Results

	<u>2Q 2012</u>	<u>2Q 2011</u>
OG&E	\$0.74	\$0.79
OGE Enogex Holdings	0.21	0.25
Hold. Co.	-	-
Consolidated	\$0.95	\$1.04

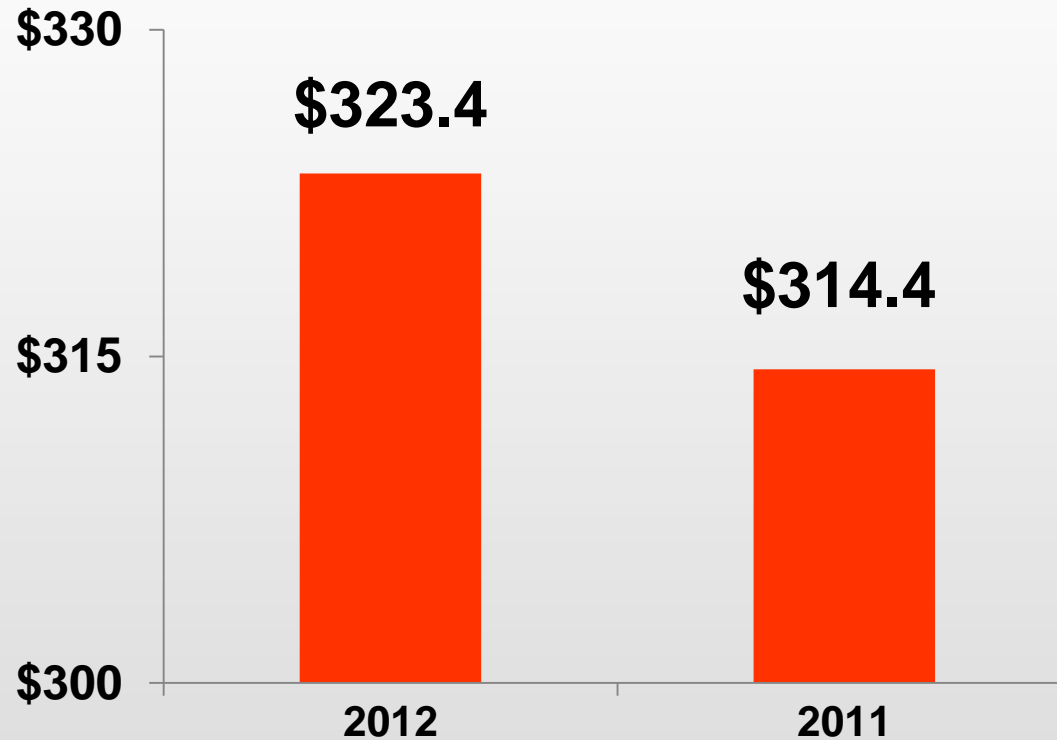
Second Quarter Results – OG&E

Net income for OG&E was \$73.4 million or \$0.74 per share in 2012 as compared to net income of \$78.6 million or \$0.79 per share in 2011. Primary drivers include:

In Millions of \$	<u>2Q 2012</u>	<u>2Q 2011</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Gross Margin	323.4	314.4	9.0
Operation & Maintenance	114.7	110.2	(4.5)
Depreciation & Amortization	62.7	52.1	(10.6)
Net Other Income (Expense)	1.9	6.3	(4.4)
Interest Expense	31.1	27.3	(3.8)

Second Quarter Results - OG&E Gross Margin

Millions of \$



Gross Margin Drivers:

- Key Utility Investments ↑
- Transmission Revenues ↑
- Growth ↑
- Weather ↓

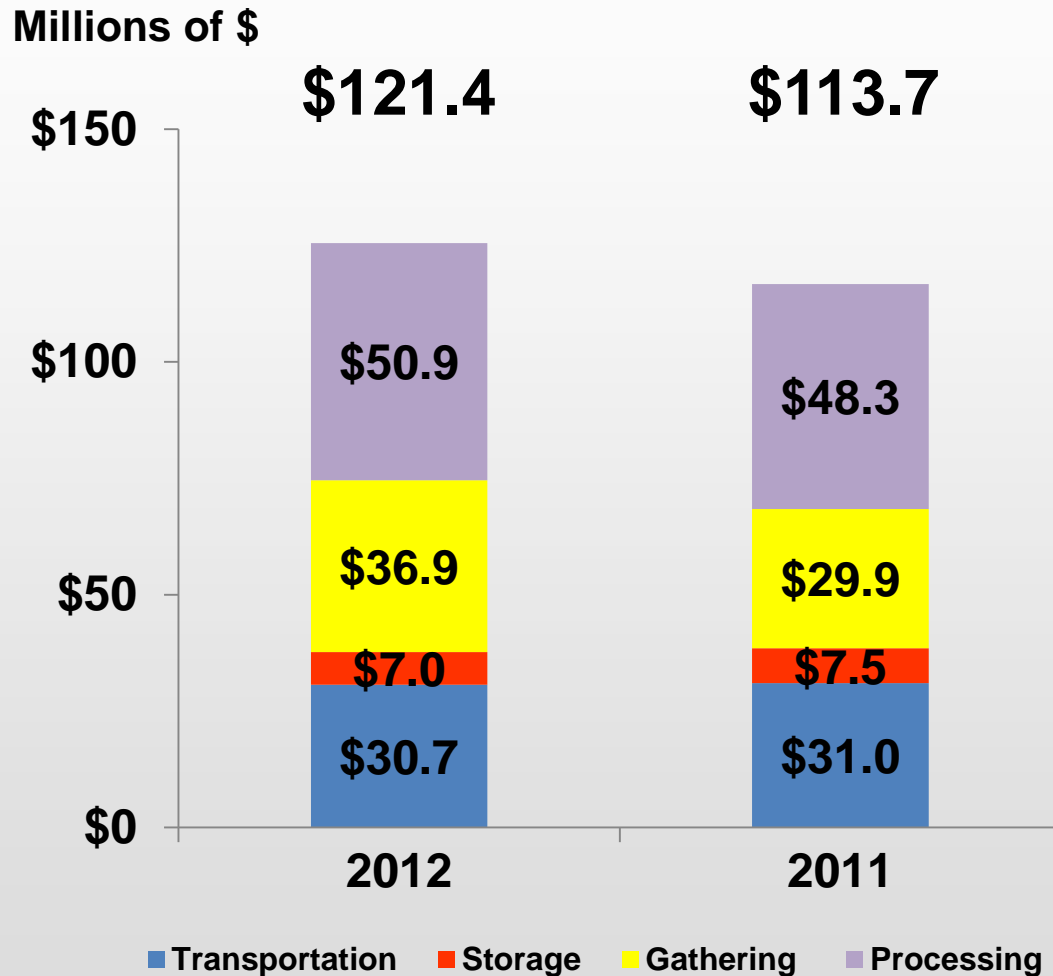
Second Quarter Results – Enogex Holdings

Net income to OGE was \$20.9 million or \$0.21 per share in 2012 as compared to net income of \$25.0 million or \$0.25 per share in 2011. Primary drivers include:

In Millions of \$	<u>2Q 2012</u>	<u>2Q 2011</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Gross Margin	121.4	113.7	7.7
Operation & Maintenance	42.8	40.6	(2.2)
Depreciation & Amortization	24.3	19.3	(5.0)
Net Other Income (Expense)	(0.1)	3.7	(3.8)
Interest Expense	7.4	5.7	(1.7)
Enogex Holdings Net Income	28.4	31.4	(3.0)
OGE Enogex Holdings Net Income (OGE's Portion)	20.9	25.0	(4.1)

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Second Quarter Results - Enogex Holdings Gross Margin*



Gross Margin Drivers:

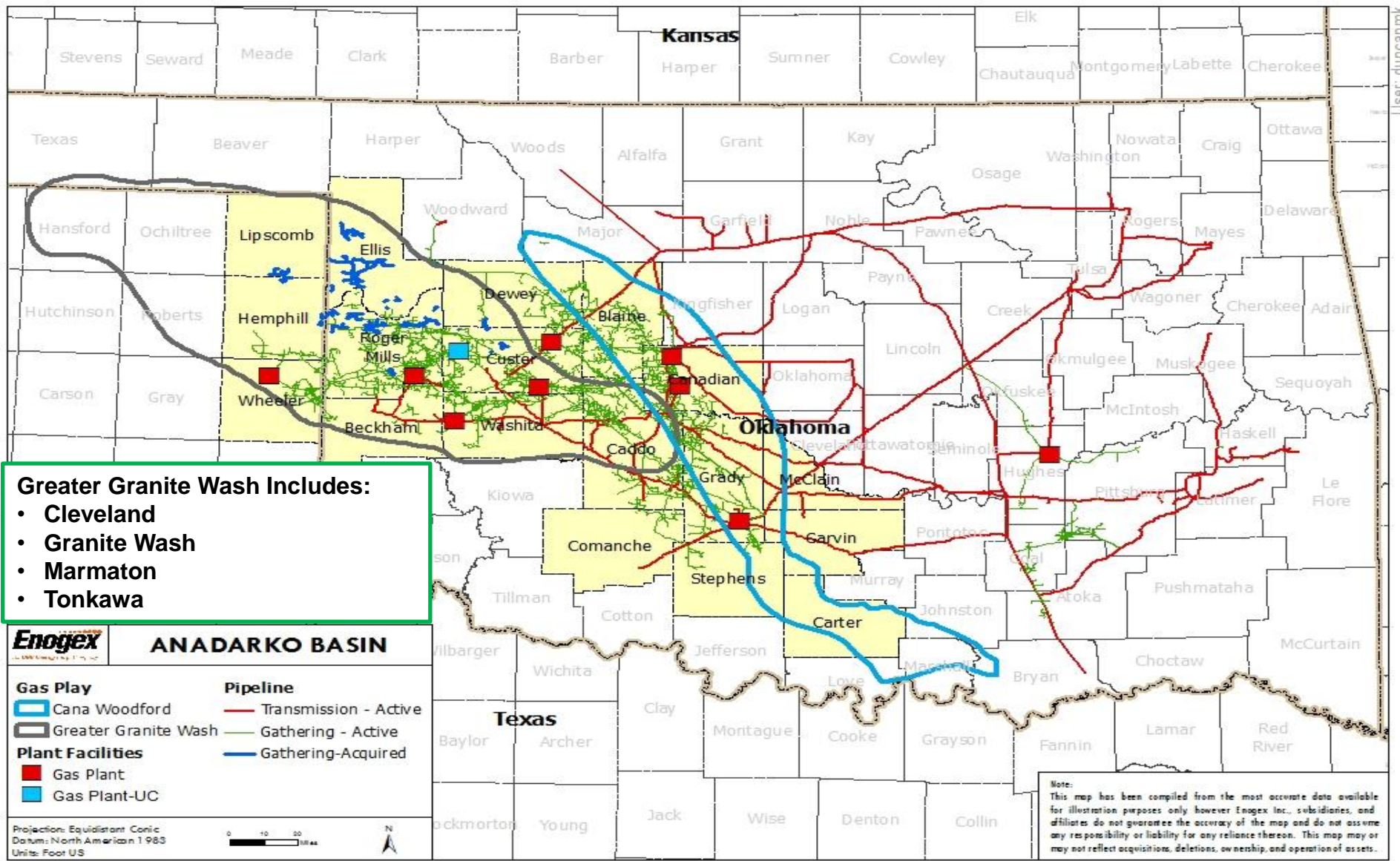
- Processable Volumes up 29%
- Gathering Volumes up 3%
- Condensate Volumes up 35%

*The chart does not include the gross margin for the marketing business or consolidated eliminations which were \$(4.1) million in 2012 and (\$3.0) million in 2011.

2012 Outlook

- **The Company's 2012 earnings guidance is between approximately \$337 million and \$357 million of net income, or \$3.40 to \$3.60 per average diluted share assuming 99.1 million average diluted shares outstanding.**
- **OG&E is projected to earn approximately \$258 million to \$268 million or \$2.60 to \$2.70 per average diluted share in 2012 assuming normal weather patterns for the remainder of the year.**
- **OGE Enogex Holdings outlook remains unchanged between approximately \$80 million to \$95 million of net income or \$0.80 to \$0.95 per average diluted share in 2012.**

Enogex's Expanding Position in the Mid-Continent



User: duncanmk



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Appendix

Reconciliation of EBITDA to net income attributable to Enogex Holdings

<i>(In millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2012	2011	2012	2011
Net income attributable to Enogex Holdings	\$ 41.2	\$ 46.7	\$ 90.7	\$ 81.2
Add:				
Interest expense, net	7.4	5.6	15.0	12.0
Income tax expense (A)	---	---	0.1	0.1
Depreciation and amortization expense (B)	25.0	19.0	49.1	37.6
EBITDA	\$ 73.6	\$ 71.3	\$ 154.9	\$ 130.9
OGE Energy's Portion	\$ 59.8	\$ 61.8	\$ 125.9	\$ 114.1

(A) As of November 1, 2010, Enogex Holdings' earnings are no longer subject to tax (other than Texas state margin taxes) and are taxable at the individual partner level.

(B) Includes amortization of certain customer-based intangible assets associated with the acquisition from Cordillera Energy Partners III, LLC in November 2011, which is included in gross margin for financial reporting purposes.

Reconciliation of EBITDA to net income attributable to Enogex Holdings

<i>(In millions)</i>	Twelve Months Ended December 31, 2012 (A) (B)
Net income attributable to Enogex Holdings	\$ 176.0
Add:	
Interest expense, net	32.0
Depreciation and amortization expense (C)	100.0
EBITDA	\$ 308.0
OGE Energy's Portion	\$ 250.0

(A) Based on midpoint of 2012 guidance.

(B) As of November 1, 2010, Enogex Holdings' earnings are no longer subject to tax (other than Texas state margin taxes) and are taxable at the individual partner level.

(C) Includes amortization of certain customer-based intangible assets associated with the acquisition from Cordillera Energy Partners III, LLC in November 2011, which is included in gross margin for financial reporting purposes.

Projected Capital Expenditures 2012-2016

Dollars in millions	2012	2013	2014	2015	2016
OG&E Base Transmission	\$ 70	\$ 50	\$ 50	\$ 50	\$ 50
OG&E Base Distribution	175	175	175	175	175
OG&E Base Generation	75	75	75	75	75
OG&E Other	20	15	15	15	15
Total OG&E Base T&D, Gen & Other	340	315	315	315	315
OG&E Known and Committed Projects:					
Transmission Projects					
Sunnyside-Hugo (345 kV)	25	-	-	-	-
Sooner-Rose Hill (345 kV)	5	-	-	-	-
Balanced Portfolio 3E Projects	115	180	50	-	-
SPP Priority Projects	20	200	115	-	-
Total Transmission Projects	165	380	165	-	-
Other Projects:					
Smart Grid Program	90	30	30	15	15
Crossroads	40	-	-	-	-
System Hardening	10	15	-	-	-
Environmental - Low NOX	10	45	20	25	20
Total Other Projects	150	90	50	40	35
Total Known and Committed Projects	315	470	215	40	35
Total OG&E	655	785	530	355	350
Enogex:					
Maintenance	55	55	55	55	55
Known and Committed Projects:					
Western OK & TX Panhandle Expansion	470	250	20	15	5
Other Gathering, Etc.	20	15	15	15	15
Total Known and Committed Projects	490	265	35	30	20
Enogex (Base Maintenance and Committed Projects)*	545	320	90	85	75
OGE Energy	15	10	10	10	10
TOTAL OGE Consolidated	\$ 1,215	\$ 1,115	\$ 630	\$ 450	\$ 435

* These capital expenditures represent 100% of Enogex capital expenditures, of which a portion may be funded by ArcLight.