



Earnings Conference Call Third Quarter 2014

November 5, 2014

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. 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; prices and availability of electricity, coal, natural gas and natural gas liquids; the timing and extent of changes in commodity prices, particularly natural gas and natural gas liquids, the competitive effects of the available pipeline capacity in the regions Enable Midstream Partners serves, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable Midstream Partners' interstate pipelines; the timing and extent of changes in the supply of natural gas, particularly supplies available for gathering by Enable Midstream Partners' gathering and processing business and transporting by Enable Midstream Partners' interstate pipelines, including the impact of natural gas and natural gas liquids prices on the level of drilling and production activities in the regions Enable Midstream Partners serves; 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; the cost of protecting assets against, or damage due to, terrorism or cyber attacks and other catastrophic events; advances in technology; creditworthiness of suppliers, customers and other contractual parties; difficulty in making accurate assumptions and projections regarding future revenues and costs associated with the Company's equity investment in Enable Midstream Partners 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 and Exhibit 99.01 to the Company's Form 10-K for the year ended December 31, 2013.



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Third Quarter EPS Results

	<u>3Q 2014</u>	<u>3Q 2013</u>	<u>YTD 2014</u>	<u>YTD 2013</u>
OG&E	\$0.79	\$0.86	\$1.28	\$1.32
OGE Holdings (Natural Gas Midstream Operations)	0.14	0.23	0.41	0.37
Hold. Co.	0.01	(0.01)	-	(0.03)
Consolidated	\$0.94	\$1.08	\$1.69	\$1.66

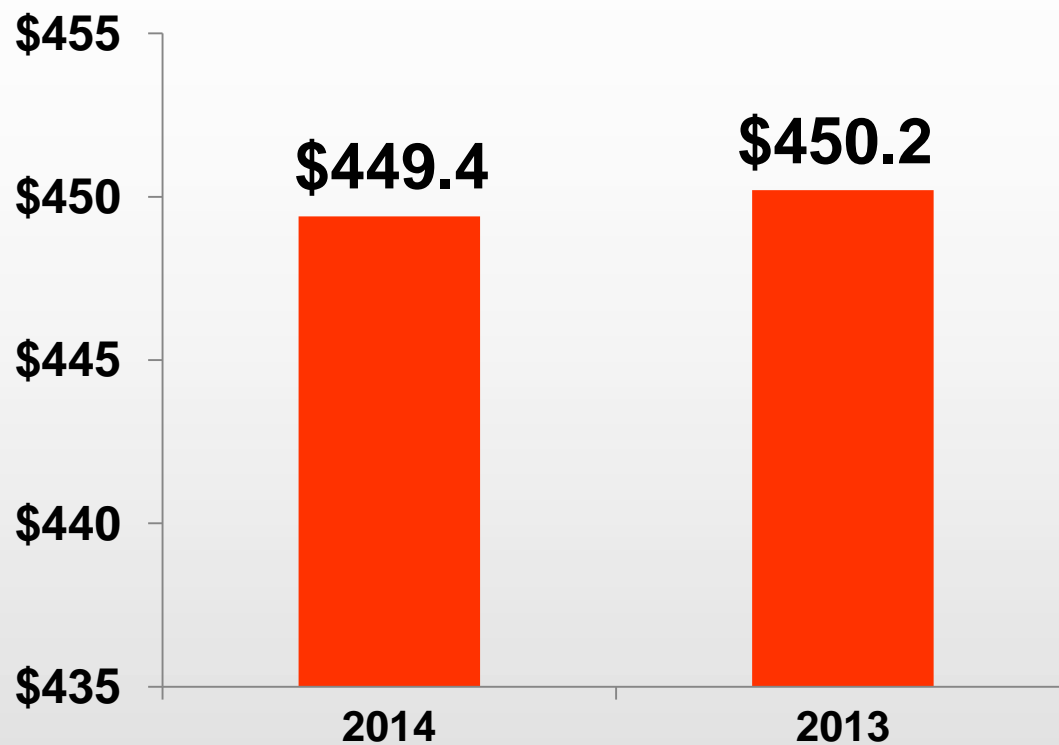
Third Quarter Results – OG&E

Net income for OG&E was \$157.4 million or \$0.79 per share in 2014 as compared to net income of \$171.5 million or \$0.86 per share in 2013. Primary drivers include:

In Millions of \$	<u>3Q 2014</u>	<u>3Q 2013</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Gross Margin	449.4	450.2	(0.8)
Operation & Maintenance	111.0	105.9	(5.1)
Depreciation & Amortization	69.4	62.5	(6.9)
Interest Expense	35.3	31.6	(3.7)

Third Quarter Results - OG&E Gross Margin

Millions of \$

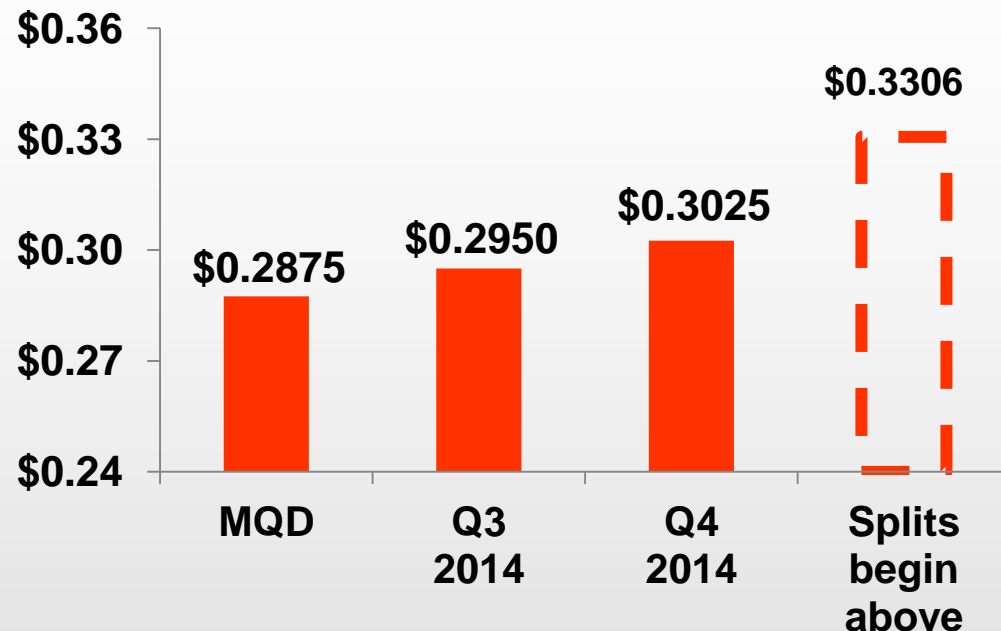
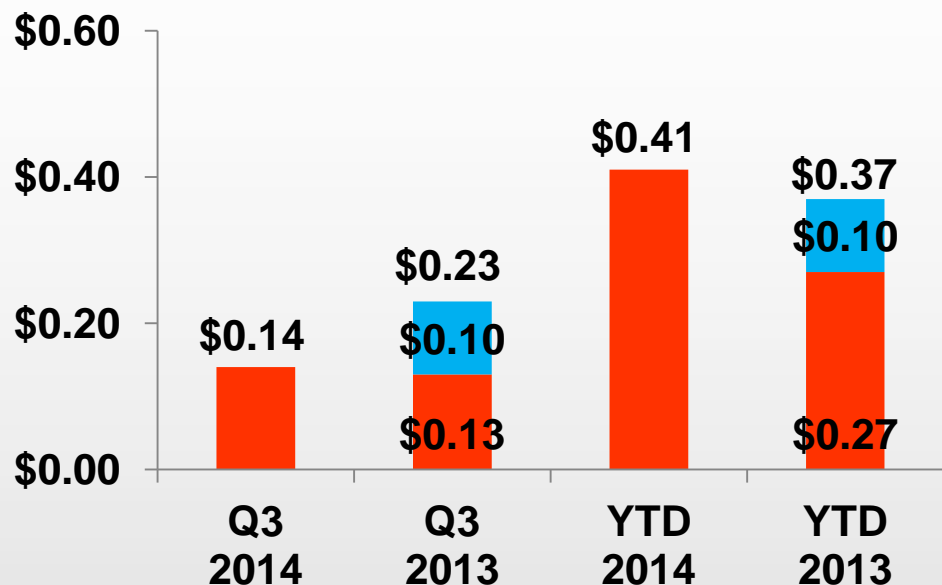


Gross Margin Drivers:

- Transmission Revenues ↑
- Growth ↑
- Weather ↓

Third Quarter Results – Natural Gas Midstream Operations

Net income to OGE was \$28 million or \$.14 per share in 2014 as compared to net income of \$46 million or \$.23 per share in 2013.



- Equity earnings per share
- One time equity earnings per share

- Quarterly distribution

2014 Outlook

- **The Company estimates 2014 consolidated earnings to be at the low end of the previously issued earnings guidance between \$388 million to \$411 million of net income, or \$1.94 to \$2.06 per average diluted share.**



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OGHE

Appendix

Reg. G Reconciliation of Gross Margin to Revenue

<i>(In millions)</i>	Three Months Ended Sep 30,			
	2014		2013	
Operating revenues	\$	754.7	\$	723.2
Cost of sales		305.3		273.0
Gross Margin	\$	449.4	\$	450.2

Gross Margin is defined by OG&E as operating revenues less 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, purchased power and transmission expenses 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.

Projected Capital Expenditures 2014 – 2018

Dollars in millions	2014	2015	2016	2017	2018
OG&E Base Transmission	\$ 35	\$ 30	\$ 30	\$ 30	\$ 30
OG&E Base Distribution	185	190	175	175	175
OG&E Base Generation	115	90	75	75	75
OG&E Other	30	40	25	25	25
Total OG&E Base T&D, Gen & Other	365	350	305	305	305
OG&E Known and Committed Projects:					
Transmission Projects					
Regionally Allocated Base Projects (1)	45	20	20	20	20
Balanced Portfolio 3E Projects (2)	20	-	-	-	-
SPP Priority Projects (2)	80	-	-	-	-
ITP 10-year Projects (2)	5	30	30	25	10
Total Transmission Projects	150	50	50	45	30
Other Projects:					
Smart Grid Program	25	10	10	-	-
Environmental - Low NOX	20	25	20	10	-
Environmental - Activated Carbon Injection	10	10	5	-	-
Environmental - Combustion Turbines (3)	5	15	45	175	140
Environmental - Natural Gas Conversion	5	-	-	20	55
Environmental - Scrubbers (3)	10	60	115	75	215
Total Other Projects	75	120	195	280	410
Total Known and Committed Projects	225	170	245	325	440
Total	590	520	550	630	745

(1) Approximately 30% of revenue requirement allocated to SPP members other than OG&E

(2) Approximately 85% of revenue requirement allocated to SPP members other than OG&E

(3) Planned environmental expenditures in 2019 are \$35 million and \$55 million for combustion turbines and scrubbers, respectively. ¹²