



**Earnings Conference Call
Second Quarter 2016**

August 4, 2016

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 including the demand for natural gas, natural gas liquids, 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; unusual weather; availability and prices of raw materials for current and future construction projects; the effect of retroactive repricing 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 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, 2015.



Earnings Conference Call Second Quarter 2016

August 4, 2016

Second Quarter EPS Results

	<u>2Q 2016</u>	<u>2Q 2015</u>
OG&E	\$0.36	\$0.34
OGE Holdings (Natural Gas Midstream Operations)	-	0.10
Hold. Co.	(0.01)	-
Consolidated	\$0.35	\$0.44

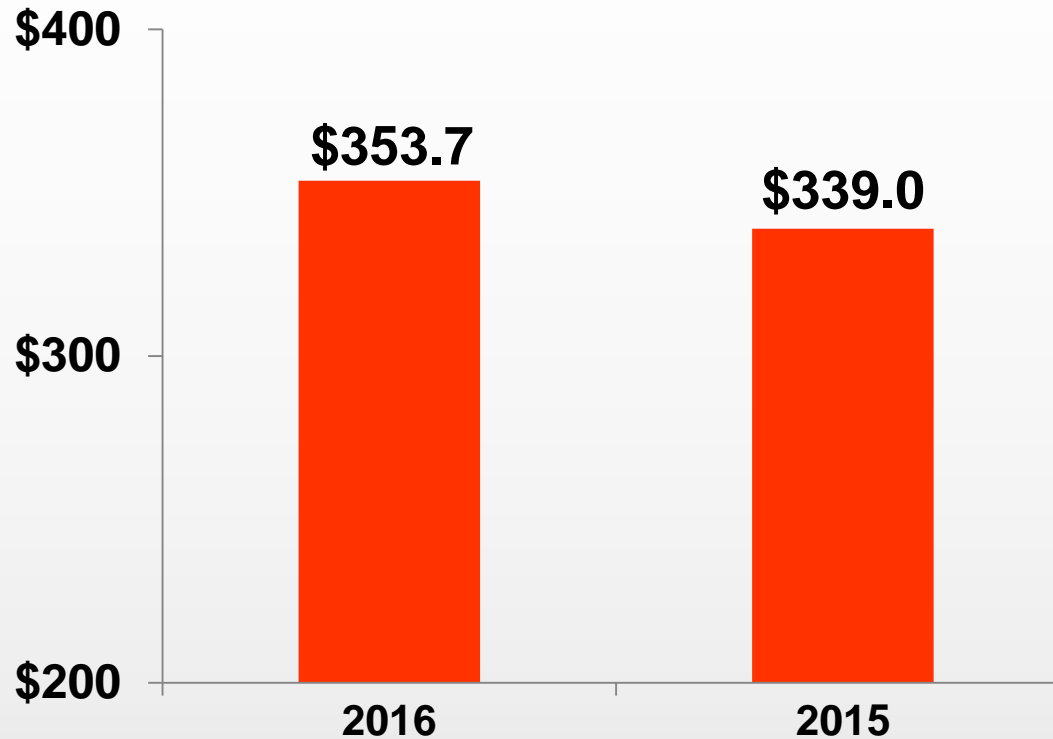
Second Quarter Results – OG&E

Net income for OG&E was \$72 million or \$0.36 per share in 2016 as compared to net income of \$69 million or \$0.34 per share in 2015. Primary drivers include:

In Millions of \$	<u>2Q 2016</u>	<u>2Q 2015</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Gross Margin	353.7	339.0	14.7
Operation & Maintenance	124.8	115.6	(9.2)
Depreciation & Amortization	78.4	74.3	(4.1)
AFUDC	3.7	1.7	2.0
Income Tax Expense	31.1	25.6	(5.5)

Second Quarter Results - OG&E Gross Margin

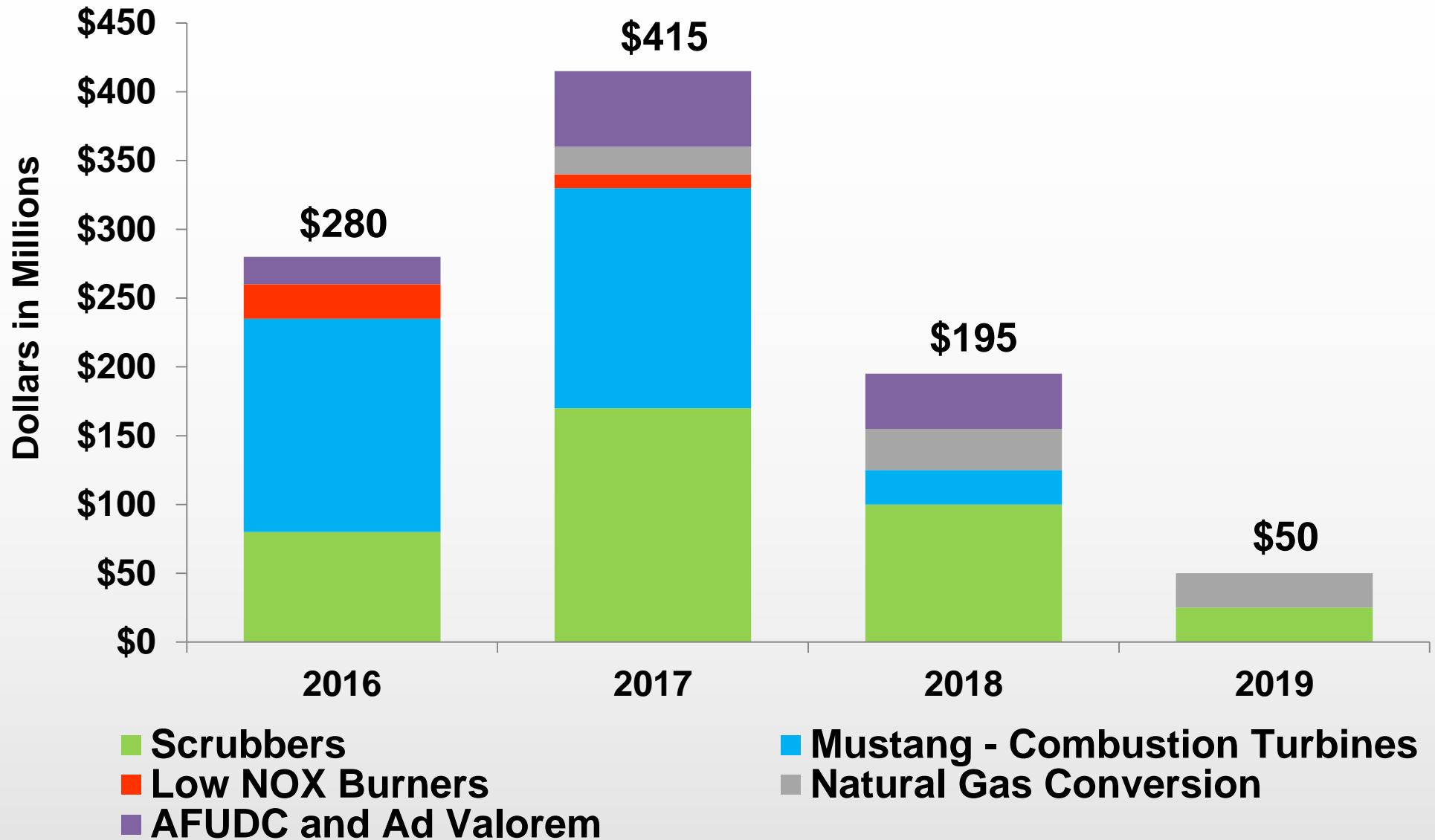
Millions of \$



Gross Margin Drivers:

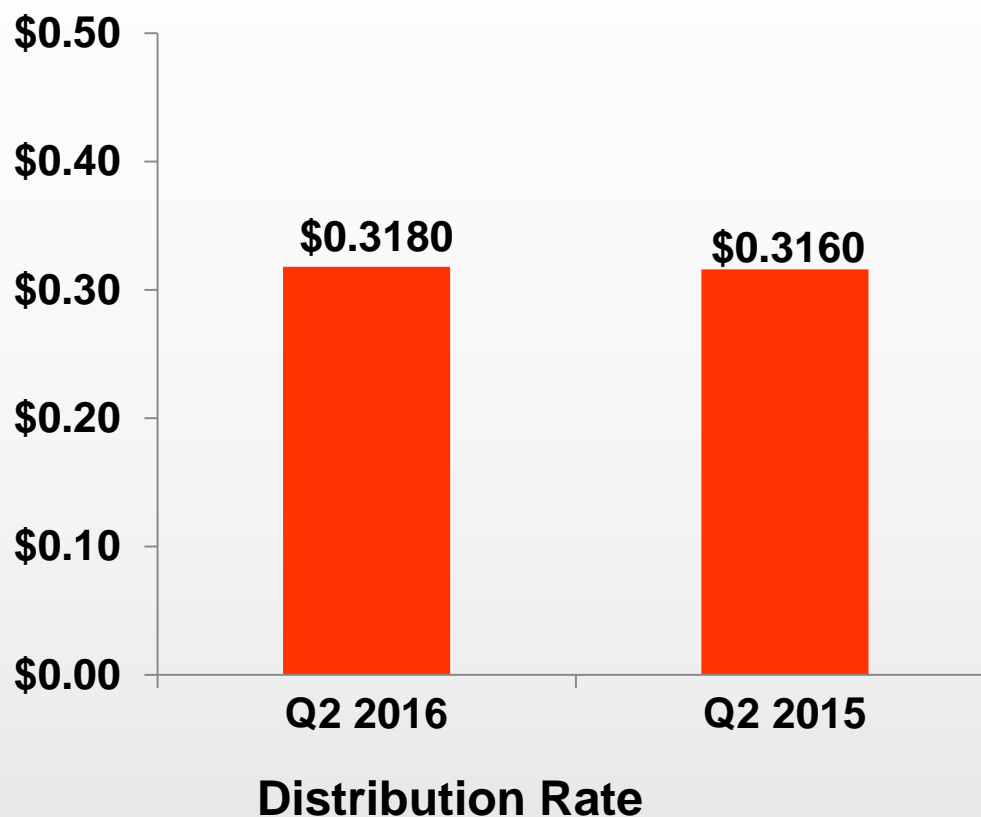
- Wholesale Transmission Revenue ↑
- Weather ↑
- Expired Wholesale Contract ↓

Projected Environmental & Mustang Modernization Expenditures 2016 - 2019



Second Quarter Results - ENABLE (OGE Holdings)

Enable Midstream made cash distributions of approximately \$35 million to OGE in the second quarter of 2016. Enable Midstream posted breakeven results for the second quarter compared to earnings of \$18 million or \$.10 per share in 2015.



2016 Outlook

- **OG&E is projected to earn between approximately \$288 million to \$300 million of net income or \$1.44 to \$1.50 per average diluted share assuming normal weather.**
- **OGE Enogex Holdings projects the earnings contribution from its ownership interest in Enable Midstream to be approximately \$56 million to \$66 million or \$0.28 to \$0.33 per average diluted share.**
- **OGE's dividend growth rate is projected to be 10% per year through 2019.**



Earnings Conference Call Second Quarter 2016

August 4, 2016

OGHE

Appendix

Reg. G Reconciliation of Gross Margin to Revenue

<i>(In millions)</i>	Three Months Ended June 30,	
	2016	2015
Operating revenues	\$ 551.4	\$ 549.9
Fuel and purchased power	197.7	210.9
Gross Margin	\$ 353.7	\$ 339.0

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 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.

Projected Capital Expenditures 2016 – 2020

Dollars in millions	2016	2017	2018	2019	2020
OG&E Base Transmission	\$ 50	\$ 30	\$ 30	\$ 30	\$ 30
OG&E Base Distribution	185	175	175	175	175
OG&E Base Generation	45	75	75	75	75
OG&E Other	40	25	25	25	25
Total OG&E Base T&D, Gen & Other	320	305	305	305	305
OG&E Known and Committed Projects:					
Transmission Projects					
Regionally Allocated Base Projects (1)	45	30	20	20	20
ITP 10-year Projects (2)	20	150	20	-	-
Total Transmission Projects	65	180	40	20	20
Other Projects:					
Environmental – Low NO _x Burners	25	10	-	-	-
Environmental – Natural Gas Conversion	-	20	30	25	-
Environmental – Dry Scrubbers	80	170	100	25	-
Combustion Turbines – Mustang	155	160	25	-	-
AFUDC and Ad Valorem	20	55	40		
Total Other Projects	280	415	195	50	-
Total Known and Committed Projects	345	595	235	70	20
Total OG&E	\$ 665	\$ 900	\$ 540	\$ 375	\$ 325

(1) Typically 100kV to 299kV projects. Approximately 30% of revenue requirement allocated to SPP members other than OG&E.

(2) Typically 300kV and above projects. Approximately 85% of revenue requirement allocated to SPP members other than OG&E.

Regulatory Schedule – Oklahoma

- **Rate Case filed December 2015**
 - Test year ending June 2015
 - Rates implemented July 2016
- **Rate Case filed November 2017**
 - Recovery of the Mustang CTs
 - Test year ending June 2017
 - Rates implemented by May 2018
- **Rate Case filed November 2018**
 - Recovery of the Scrubbers and Natural Gas Conversion
 - Test year ending June 2018
 - Rates implemented by May 2019

Regulatory Schedule – Arkansas

- **Rate Case filed August 2016**
 - Test year ending June 2016
 - Rates implemented by July 2017
 - Anticipate filing application for Formula Rates Tariff
 - Request Major Capital Additions Rider for the future recovery of CTs
- **Formula Rate Plan Filing in Mid-2018**
- **310 Filings – Environmental**
 - September 2016
 - April 2017
 - December 2017
 - April 2019