



**Earnings Conference Call
Fourth Quarter 2015**

February 26, 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; 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.



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Fourth Quarter EPS Results

	<u>4Q 2015</u>	<u>4Q 2014</u>
OG&E	\$0.10	\$0.19
OGE Holdings (Natural Gas Midstream Operations)	0.10	0.10
Hold. Co.	(0.05)	-
Consolidated	\$0.15	\$0.29

2015 EPS Results

	<u>2015 GAAP EPS</u>	<u>2015 Ongoing EPS⁽¹⁾</u>	<u>2014 GAAP & Ongoing EPS⁽²⁾</u>
OG&E	\$1.35	\$1.35	\$1.46
OGE Holdings (Natural Gas Midstream Operations)	0.05	0.40	0.51
Hold. Co.	(0.04)	(0.04)	0.01
Consolidated	\$1.36	\$1.71	\$1.98

(1) OGE recognized a non-cash charge of approximately \$108 million or \$0.33 per average diluted share for its portion of Enable Midstream's goodwill impairment. Additionally, OGE recognized a non-cash charge of approximately \$6 million or \$0.02 per average diluted share for a pension settlement charge. (2) There were no similar charges for the year ended December 31, 2014 therefore, ongoing and GAAP earnings are the same.

Fourth Quarter Results – OG&E

Net income for OG&E was \$20 million or \$0.10 per share in 2015 as compared to net income of \$37 million or \$0.19 per share in 2014. Primary drivers include:

In Millions of \$	<u>4Q 2015</u>	<u>4Q 2014</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Gross Margin	264.4	289.2	(24.8)
Operation & Maintenance	107.2	110.1	2.9
Depreciation & Amortization	75.9	72.1	(3.8)
Income Tax Expense	9.9	16.4	6.5

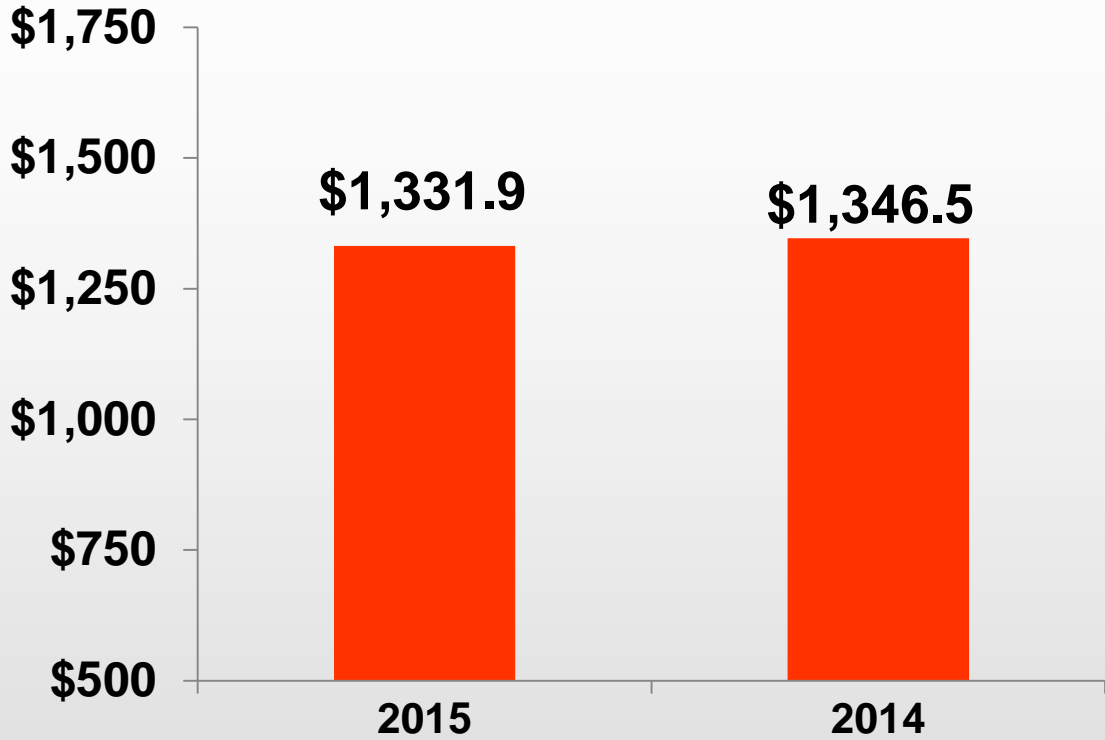
2015 Results – OG&E

Net income for OG&E was \$269 million or \$1.35 per share in 2015 as compared to net income of \$292 million or \$1.46 per share in 2014. Primary drivers include:

In Millions of \$	<u>2015</u>	<u>2014</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Gross Margin	1,331.9	1,346.5	(14.6)
Operation & Maintenance	444.5	453.2	8.7
Depreciation & Amortization	299.9	270.8	(29.1)
Other Income	13.3	4.8	8.5
Income Tax Expense	104.8	111.6	6.8

2015 Results - OG&E Gross Margin

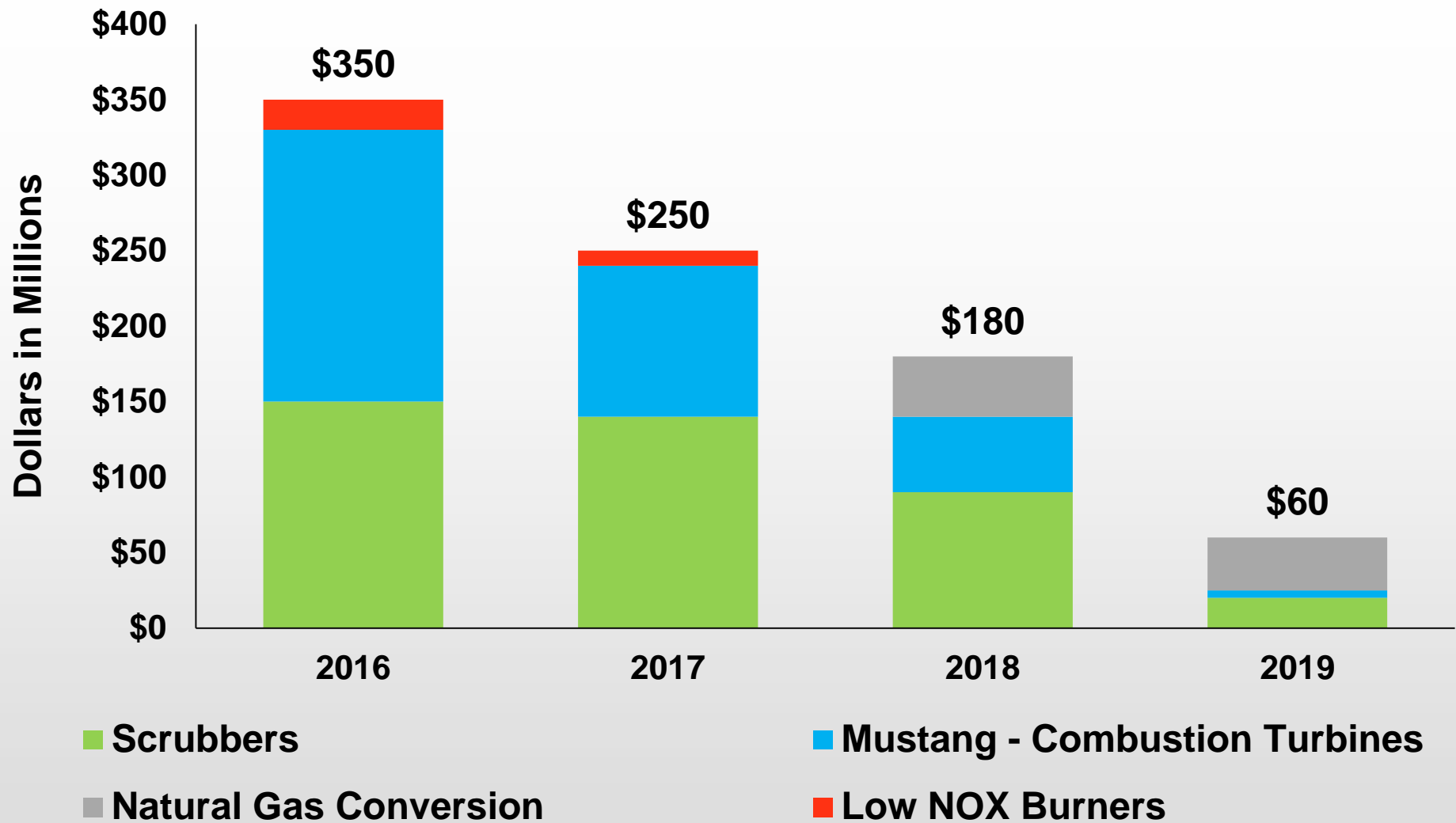
Millions of \$



Gross Margin Drivers:

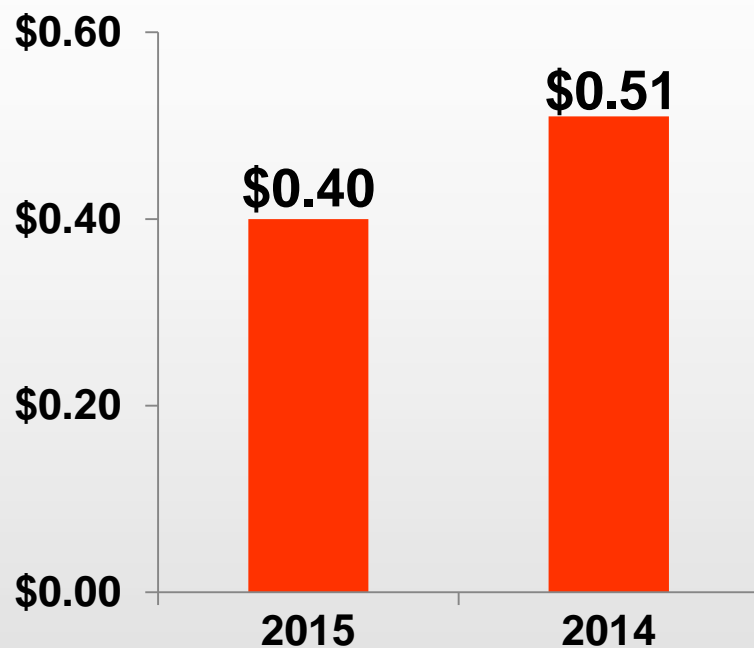
- Weather ↓
- Expired Wholesale Contract ↓
- Transmission Revenues ↓
- Growth ↑
- Price Variance ↑

Projected Environmental & Mustang Modernization Expenditures 2016 - 2019

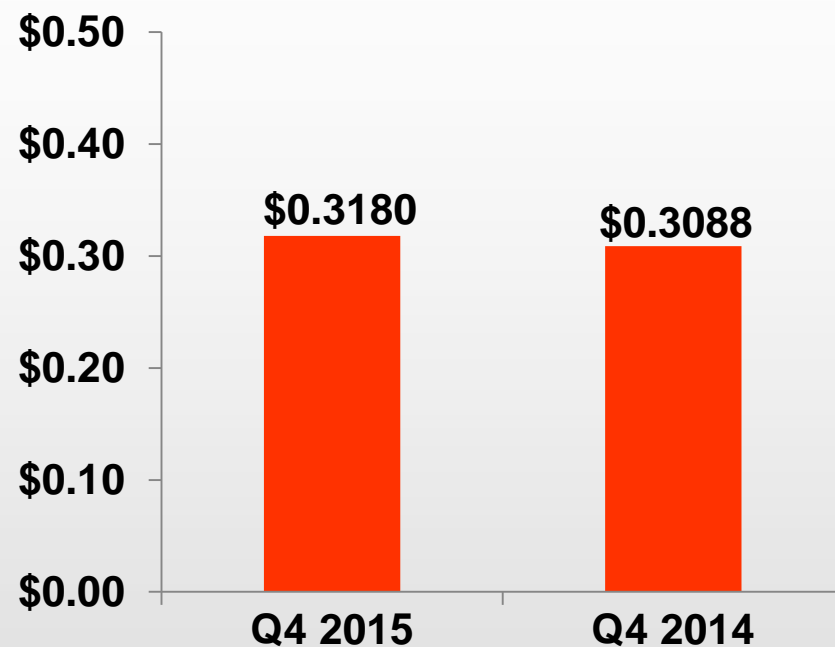


2015 Results - ENABLE (OGE Holdings)

Enable Midstream made cash distributions of approximately \$139 million to OGE in 2015 and contributed ongoing earnings of \$80 million or \$.40 per share compared to earnings of \$102 million or \$.51 per share in 2014. Distributions per unit increased 3% in 2015.



Ongoing EPS



Distribution Rate

*OGE recognized a non-cash charge of approximately \$108 million or \$0.33 per average diluted share for its portion of Enable Midstream's goodwill impairment. Additionally, OGE recognized a non-cash charge of approximately \$6 million or \$0.02 per average diluted share for a pension settlement charge. See the appendix for a reconciliation of ongoing earnings to GAAP earnings.

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.**

2016 Assumptions – OG&E

The Company projects OG&E to earn approximately \$288 million to \$300 million or \$1.44 to \$1.50 per average diluted share in 2016 and is based on the following assumptions:

- Normal weather patterns are experienced for the remainder of the year;
- New Oklahoma rates in place mid 2016;
- Gross margin on revenues of approximately \$1.405 billion to \$1.415 billion based on sales growth of approximately 1 percent on a weather adjusted basis;
 - Approximately \$106 million of gross margin is primarily attributed to regionally allocated transmission projects;
- Operating expenses of approximately \$885 million to \$895 million with operation and maintenance expenses approximately 54% of the total;
- Interest expense of approximately \$140 million which assumes a \$8 million ABFUDC reduction to interest expense
- Other Income of approximately \$27 million including AEFUDC of approximately \$15 million; and
- An effective tax rate of approximately 28%.



Earnings Conference Call Fourth Quarter 2014

February 26, 2015

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Appendix

Reg. G Reconciliation of OG&E Gross Margin to Revenue

<i>(In millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2015	2014	2015	2014
Operating revenues	\$ 447.1	\$ 526.2	\$ 2,196.9	\$ 2,453.1
Fuel and purchased power	182.7	237.0	865.0	1,106.6
Gross Margin	\$ 264.4	\$ 289.2	\$ 1,331.9	\$ 1,346.5

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

Reg. G Reconciliation of OG&E Gross Margin to Revenue

(in millions)	Twelve Months Ended December 31, 2016E (A)
Operating revenues	\$ 2,162
Fuel and purchased power	752
Gross Margin	\$ 1,410

(A) Based on the midpoint of OG&E earnings guidance for 2016

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

Reg. G Reconciliation

Reconciliation of Ongoing Earnings (Loss) to GAAP Earnings (Loss)

(In millions)	2015 GAAP	Goodwill and	2015 Ongoing	2014 GAAP and
	Earnings	Pension		
	(Loss)	Settlement		(Loss) ⁽²⁾
		Charges ⁽¹⁾		
OG&E	\$268.9	\$0.0	\$268.9	\$292.0
Natural Gas Midstream Operations	9.4	70.8	80.2	102.3
Holding Company	(7.0)	0.0	(7.0)	1.5
Consolidated	\$271.3	\$70.8	\$342.1	\$395.8

Reconciliation of Ongoing Earnings per Average Diluted Share to GAAP Earnings per Average Diluted Share

	2015 GAAP	Goodwill and	2015 Ongoing	2014 GAAP and
	Earnings Per	Pension		
	Share	Settlement	Share	Per Share ⁽²⁾
		Charges ⁽¹⁾		
OG&E	\$1.35	\$0.00	\$1.35	\$1.46
Natural Gas Midstream Operations	0.05	0.35	0.40	0.51
Holding Company	(0.04)	0.00	(0.04)	0.01
Consolidated	\$1.36	\$0.35	\$1.71	\$1.98

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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	190	175	175	175	175
OG&E Base Generation	60	75	75	75	75
OG&E Other	40	25	25	25	25
Total OG&E Base T&D, Gen & Other	340	305	305	305	305
OG&E Known and Committed Projects:					
Transmission Projects					
Regionally Allocated Base Projects (1)	50	25	20	20	20
ITP 10-year Projects (2)	20	150	20	-	-
Total Transmission Projects	70	175	40	20	20
Other Projects:					
Environmental - Low NOX	20	10	-	-	-
Environmental - Natural Gas Conversion	-	-	40	35	-
Environmental - Scrubbers	150	140	90	20	-
Combustion Turbines - Mustang Modernization	180	100	50	5	-
Total Other Projects	350	250	180	60	-
Total Known and Committed Projects	420	425	220	80	20
Total OG&E	760	730	525	385	325

(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