



**Earnings Conference Call  
First Quarter 2015**

**May 7, 2015**

# 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, 2014.



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# First Quarter EPS Results

	<u>1Q 2015</u>	<u>1Q 2014</u>
<b>OG&amp;E</b>	<b>\$0.09</b>	<b>\$0.10</b>
<b>OGE Holdings (Natural Gas Midstream Operations)</b>	<b>0.11</b>	<b>0.15</b>
<b>Hold. Co.</b>	<b>0.02</b>	<b>-</b>
<b>Consolidated</b>	<b>\$0.22</b>	<b>\$0.25</b>

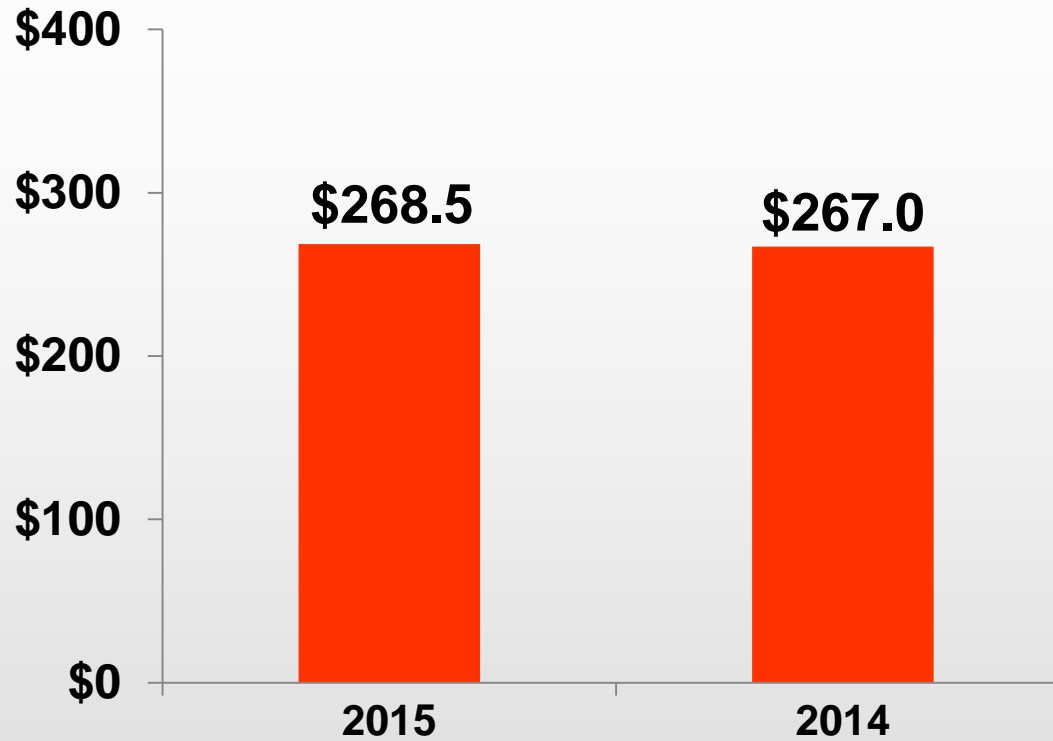
# First Quarter Results – OG&E

Net income for OG&E was \$17 million or \$0.09 per share in 2015 as compared to net income of \$21 million or \$0.10 per share in 2014. Primary drivers include:

In Millions of \$	<u>1Q 2015</u>	<u>1Q 2014</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Gross Margin	268.5	267.0	1.5
Operation & Maintenance	114.3	117.1	2.8
Depreciation & Amortization	73.8	64.3	(9.5)
Interest Expense	36.8	33.9	(2.9)

# First Quarter Results - OG&E Gross Margin

Millions of \$

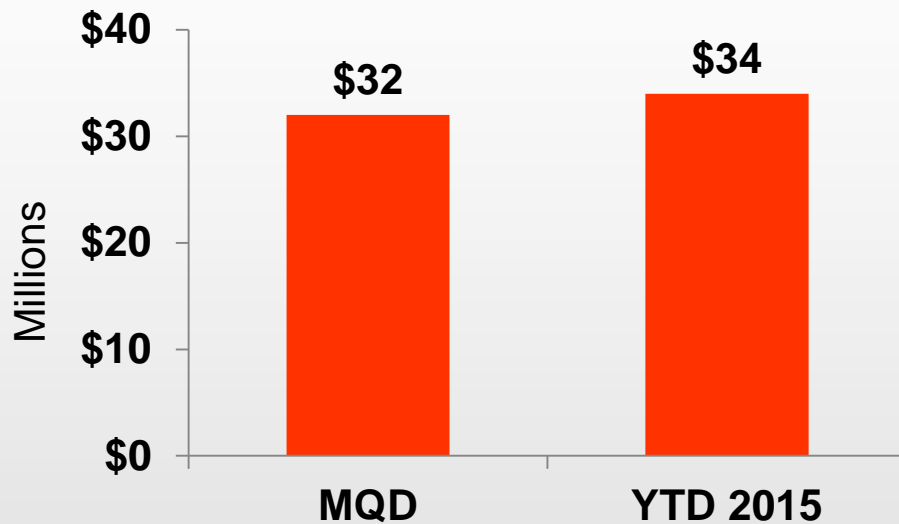


*Gross Margin Drivers:*

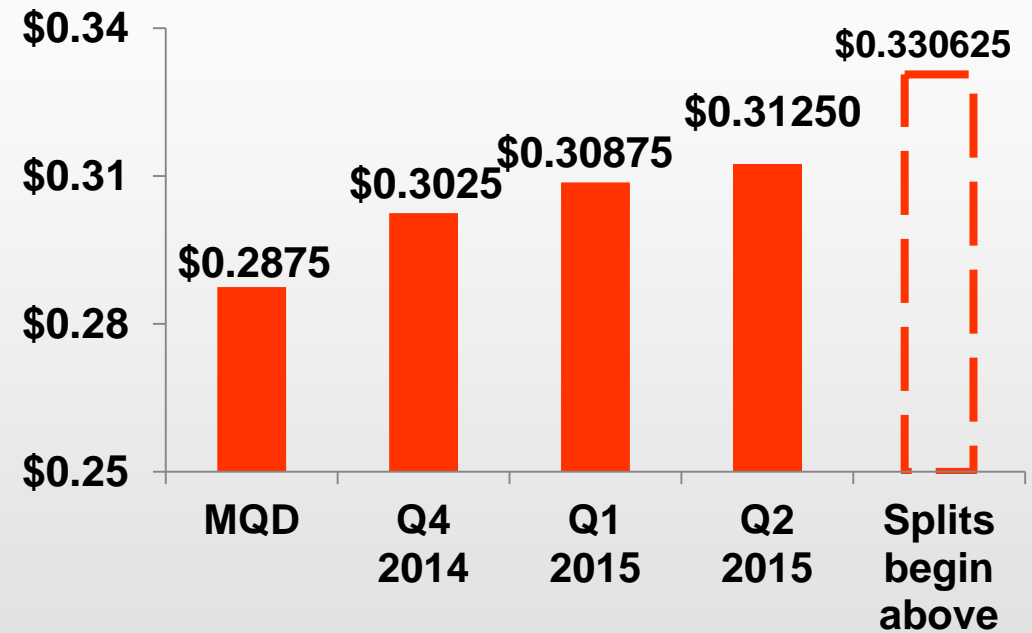
- Growth ↑
- Price Variance ↑
- Weather ↓

# 2015 Results – Natural Gas Midstream Operations

Enable Midstream made cash distributions of approximately \$34 million to OGE in 2015 compared to \$33 million in 2014 and contributed earnings of \$23 million or \$.11 per share compared to \$29 million or \$.15 per share in 2014.



■ Distribution



■ Quarterly distribution

# 2015 Outlook

- **OG&E is projected to earn between approximately \$282 million to \$298 million of net income or \$1.41 to \$1.49 per average diluted share assuming normal weather.**
- **OGE Enogex Holdings projects cash distributions from its ownership interest in Enable Midstream to be between approximately \$139 million to \$142 million, and the earnings contribution to be approximately \$70 million to \$80 million or \$0.35 to \$0.40 per average diluted share.**
- **OGE's dividend growth rate is projected to be 10% per year through 2019.**





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*OGHE*

**Appendix**

# Reg. G Reconciliation of Gross Margin to Revenue

<i>(In millions)</i>	Three Months Ended March 31,	
	2015	2014
Operating revenues	\$ 480.1	\$ 560.4
Fuel and purchased power	211.6	293.4
Gross Margin	\$ 268.5	\$ 267.0

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 2015 – 2019

Dollars in millions	2015	2016	2017	2018	2019
OG&E Base Transmission	\$ 40	\$ 30	\$ 30	\$ 30	\$ 30
OG&E Base Distribution	175	175	175	175	175
OG&E Base Generation	90	75	75	75	75
OG&E Other	50	25	25	25	25
<b>Total Base T&amp;D, Gen &amp; Other</b>	<b>355</b>	<b>305</b>	<b>305</b>	<b>305</b>	<b>305</b>
<b>OG&amp;E Known and Committed Projects:</b>					
<b>Transmission Projects</b>					
Other Regionally Allocated Base Projects (1)	20	20	20	20	20
Large SPP Integrated Transmission Projects (2)	30	35	25	10	60
<b>Total Transmission Projects</b>	<b>50</b>	<b>55</b>	<b>45</b>	<b>30</b>	<b>80</b>
<b>Other Projects:</b>					
Smart Grid Program	10	10	-	-	-
Environmental - Low NOX	30	25	10	-	-
Environmental - Activated Carbon Injection	20	-	-	-	-
Environmental - Natural Gas Conversion	-	-	-	40	35
Environmental - Scrubbers	80	150	140	95	20
Combustion Turbines - Mustang Modernization	15	45	175	165	-
<b>Total Other Projects</b>	<b>155</b>	<b>230</b>	<b>325</b>	<b>300</b>	<b>55</b>
<b>Total Known and Committed Projects</b>	<b>205</b>	<b>285</b>	<b>370</b>	<b>330</b>	<b>135</b>
<b>Total</b>	<b>560</b>	<b>590</b>	<b>675</b>	<b>635</b>	<b>440</b>

(1) Typically 300kV and above projects. Approximately 30% of revenue requirement allocated to SPP members other than OG&E.

(2) Typically 100kV to 299kV projects. Approximately 85% of revenue requirement allocated to SPP members other than OG&E.