



**Earnings Conference Call
Fourth Quarter 2013**

February 25, 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 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; the risk that Enable Midstream Partners may not be able to successfully integrate the operations of Enogex LLC and the businesses contributed by a wholly-owned subsidiary of CenterPoint Energy, Inc.; 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.

Fourth Quarter EPS Results

	<u>4Q 2013</u>	<u>4Q 2012</u>
OG&E	\$0.15	\$0.14
OGE Holdings (Natural Gas Midstream Operations)	0.14	0.05
Hold. Co.	-	-
Consolidated	\$0.29	\$0.19

2013 EPS Results

	<u>2013</u>	<u>2012</u>
OG&E	\$1.47	\$1.41
OGE Holdings (Natural Gas Midstream Operations)	0.50	0.38
Hold. Co.	(.03)	-
Consolidated	\$1.94	\$1.79

Fourth Quarter Results – OG&E

Net income for OG&E was \$29 million or \$0.15 per share in 2013 as compared to net income of \$28 million or \$0.14 per share in 2012. Primary drivers include:

In Millions of \$	<u>4Q 2013</u>	<u>4Q 2012</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Gross Margin*	276.6	258.3	18.3
Operation & Maintenance	120.8	112.4	(8.4)
Net Other Income	0.6	3.0	(2.4)
Interest Expense	33.3	31.4	(1.9)
Income Tax Expense	11.5	7.8	(3.7)

*The reconciliation of gross margin to revenue is located in the appendix.

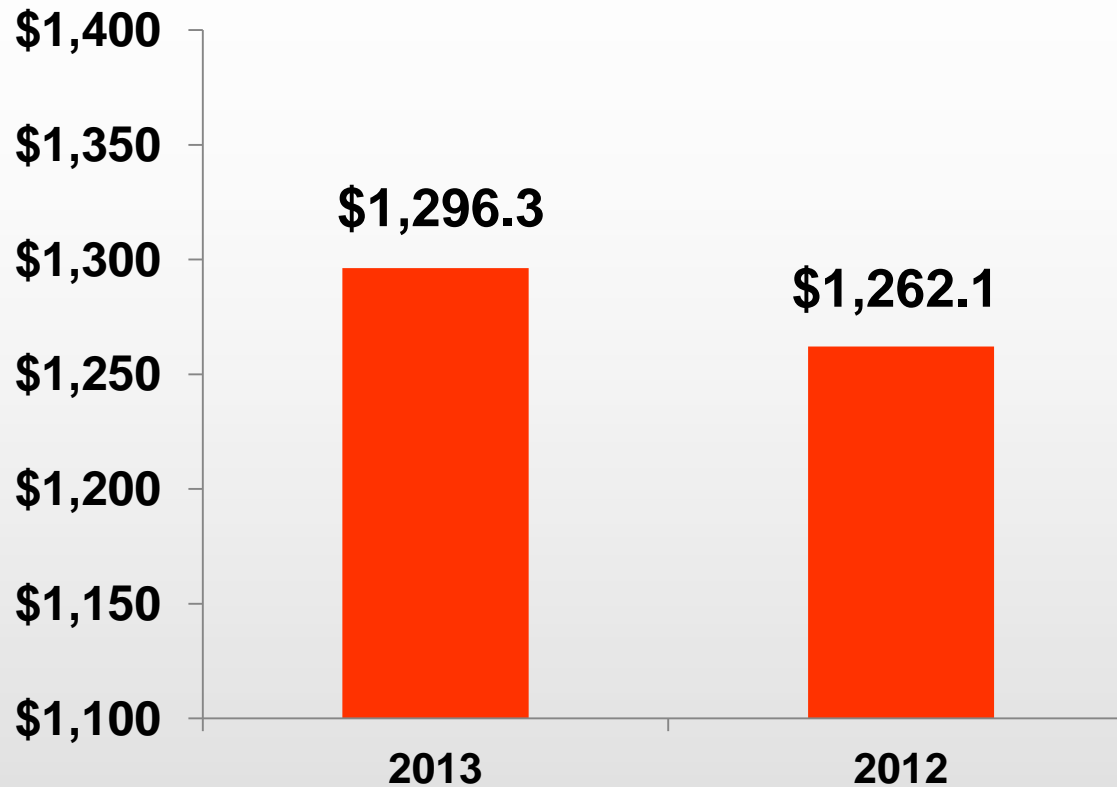
2013 Results – OG&E

Net income for OG&E was \$293 million or \$1.47 per share in 2013 as compared to net income of \$280 million or \$1.41 per share in 2012. Primary drivers include:

In Millions of \$	<u>2013</u>	<u>2012</u>	<u>Variance</u> <u>Fav/(Unfav)</u>
Gross Margin	1,296.3	1,262.1	34.2
Operation & Maintenance	438.8	446.3	7.5
Taxes other than income	83.8	77.7	(6.1)
Interest Expense	129.3	124.6	(4.7)
Income Tax Expense	113.5	94.6	(18.9)

2013 Results – OG&E Gross Margin

Millions of \$



Gross Margin Drivers:

- Transmission Revenues ↑
- Growth ↑
- Price Variance ↓
- Weather ↓

2013 Results – Natural Gas Midstream Operations

Net income to OGE was \$100 million or \$.50 per share in 2013 as compared to net income of \$74 million or \$.38 per share in 2012.

In Millions	2013	2012
Natural Gas Midstream Operations	\$0.08 (Consolidated- Four Months Ended April 30, 2013)	
Natural Gas Midstream Operations	-	\$0.38 (Consolidated- Twelve Months Ended December 31, 2012)
OGE Holdings	\$0.42 (Equity Method – Eight Months Ended December 31, 2013)	-
Net income to OGE Energy	\$0.50	\$0.38

2014 Outlook*

- The Company's 2014 earnings guidance is between approximately \$388 million and \$411 million of net income, or \$1.94 to \$2.06 per average diluted share assuming 100 million average diluted shares outstanding.
- OG&E is projected earn between approximately \$292 million to \$303 million of net income or \$1.46 to \$1.52 per average diluted share assuming normal weather.
- OGE Enogex Holdings is projected to earn between approximately \$98 million to \$110 million of net income or \$0.49 to \$0.55 per average diluted share.
- The loss at the Holding Company is projected to be approximately \$2 million or \$0.01 per average diluted share.

**OGE Enogex Holdings 2014 earnings guidance does not include the impact of gain and dilution from the issuance of shares associated with the anticipated IPO of Enable Midstream Partners, LP.*

2014 Assumptions – OG&E

The Company projects OG&E to earn approximately \$292 million to \$303 million or \$1.46 to \$1.52 per average diluted share in 2014 and is based on the following assumptions:

- Normal weather patterns are experienced for the remainder of the year;
- Gross margin on revenues of approximately \$1.355 billion to \$1.345 billion based on sales growth of approximately 1.2 percent on a weather adjusted basis;
 - Approximately \$115 million of gross margin is primarily attributed to regionally allocated transmission projects;
- Operating expenses of approximately \$805 million to \$815 million with operation and maintenance expenses approximately 56% of the total;
- Interest expense of approximately \$141 million which assumes a \$4 million ABFUDC reduction to interest expense and \$250 million of long-term debt issued in the first half of 2014;
- AEFUDC of approximately \$11 million; and
- An effective tax rate of approximately 28%.

OG&E has significant seasonality in its earnings. OG&E typically shows minimal earnings in the first and fourth quarters with a majority of earnings in the third quarter due to the seasonal nature of air conditioning demand.



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Appendix

Reg. G Reconciliation of Gross Margin to Revenue

<i>(In millions)</i>	Three Months Ended December 31,		Twelve Months Ended December 31,	
	2013	2012	2013	2012
Operating revenues	\$ 508.9	\$ 465.5	\$ 2,262.2	\$ 2,141.2
Fuel and purchased power	232.3	207.2	965.9	879.1
Gross Margin	\$ 276.6	\$ 258.3	\$ 1,296.6	\$ 1,262.1

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 Gross Margin to Revenue

(in millions)	Twelve Months Ended December 31, 2014E (A)
Operating revenues	\$ 2,240
Fuel and purchased power	892
Gross Margin	\$ 1,348

(A) Based on the midpoint of OG&E earnings guidance for 2014

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.

Projected Capital Expenditures 2014 - 2018

Dollars in millions	2014	2015	2016	2017	2018
OG&E Base Transmission	\$ 30	\$ 30	\$ 30	\$ 30	\$ 30
OG&E Base Distribution	175	175	175	175	175
OG&E Base Generation	140	75	75	75	75
OG&E Other	15	15	15	15	15
Total OG&E Base T&D, Gen & Other	360	295	295	295	295
OG&E Known and Committed Projects:					
Transmission Projects					
Regionally Allocated Base Projects (1)	55	20	20	20	20
Balanced Portfolio 3E Projects (2)	15	-	-	-	-
SPP Priority Projects (2)	75	-	-	-	-
ITP 10-year Projects (2)	15	25	30	25	10
Total Transmission Projects	160	45	50	45	30
Other Projects:					
Smart Grid Program	25	10	10	-	-
Environmental - Low NOX	35	20	15	10	-
Environmental - Activated Carbon Injection	5	10	5	-	-
Total Other Projects	65	40	30	10	-
Total Known and Committed Projects	225	85	80	55	30
Total OG&E	585	380	375	350	325
OGE Energy	15	10	10	10	10
TOTAL OGE Consolidated	\$ 600	\$ 390	\$ 385	\$ 360	\$ 335

(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