



**Earnings Conference Call
First Quarter 2017**

May 4, 2017

Safe Harbor

Some of the matters discussed in this news release 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; the ability to obtain timely and sufficient rate relief to allow for recovery of items such as capital expenditures, fuel costs, operating costs, transmission costs and deferred expenditures; prices and availability of electricity, coal, natural gas and NGLs; the timing and extent of changes in commodity prices, particularly natural gas and NGLs, the competitive effects of the available pipeline capacity in the regions Enable serves, and the effects of geographic and seasonal commodity price differentials, including the effects of these circumstances on re-contracting available capacity on Enable's interstate pipelines; the timing and extent of changes in the supply of natural gas, particularly supplies available for gathering by Enable's gathering and processing business and transporting by Enable's interstate pipelines, including the impact of natural gas and NGLs prices on the level of drilling and production activities in the regions Enable serves; business conditions in the energy and natural gas midstream industries, including the demand for natural gas, NGLs, 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; the impact on demand for our services resulting from cost-competitive advances in technology, such as distributed electricity generation and customer energy efficiency programs; technological developments, changing markets and other factors that result in competitive disadvantages and create the potential for impairment of existing assets; factors affecting utility operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, unusual maintenance or repairs; unanticipated changes to fossil fuel, natural gas or coal supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints; availability and prices of raw materials for current and future construction projects; the effect of retroactive pricing 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, safety laws or other regulations that may impact the cost of operations or restrict or change the way the Company operates its facilities; 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 cyberattacks and other catastrophic events; creditworthiness of suppliers, customers and other contractual parties; social attitudes regarding the utility, natural gas and power industries; identification of suitable investment opportunities to enhance shareholder returns and achieve long-term financial objectives through business acquisitions and divestitures; increased pension and healthcare costs; costs and other effects of legal and administrative proceedings, settlements, investigations, claims and matters, including, but not limited to, those described in this Form 10-K; difficulty in making accurate assumptions and projections regarding future revenues and costs associated with the Company's equity investment in Enable 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 in the Company's Form 10-K for the year ended December 31, 2016.



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First Quarter EPS Results

	<u>1Q 2017</u>	<u>1Q 2016</u>
OG&E	\$0.08	\$0.03
OGE Holdings (Natural Gas Midstream Operations)	0.10	0.09
Hold. Co.	-	0.01
Consolidated	\$0.18	\$0.13

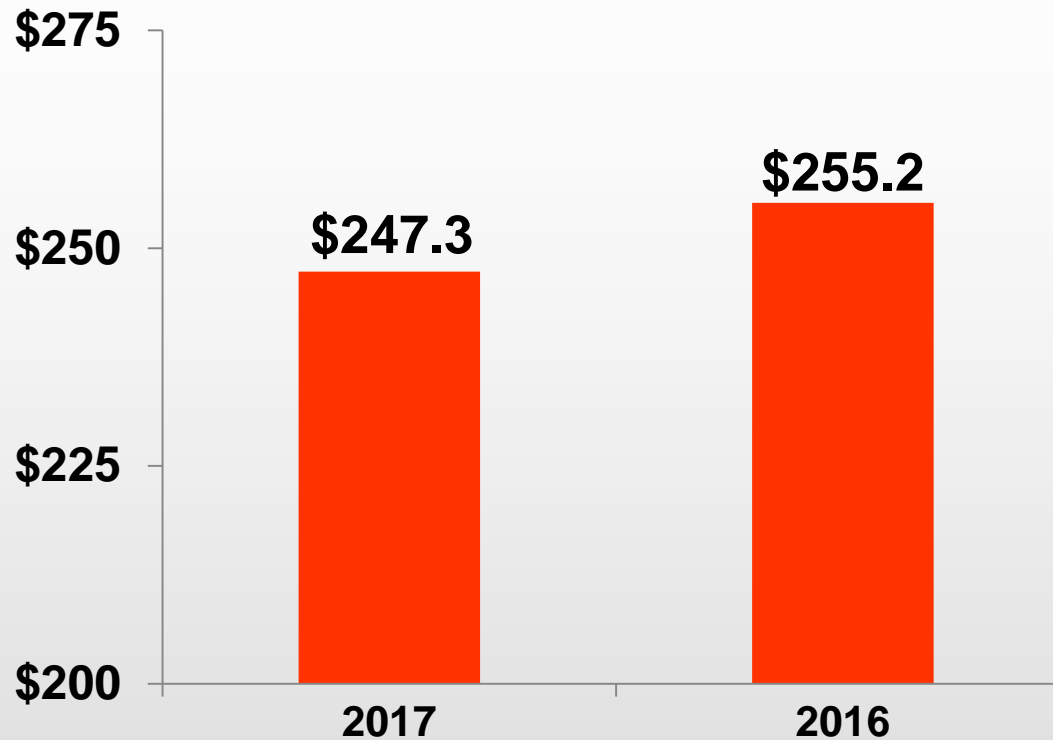
First Quarter Results – OG&E

Net income for OG&E was \$16 million or \$0.08 per share in 2017 as compared to net income of \$6 million or \$0.03 per share in 2016. Primary drivers include:

In Millions of \$	1Q 2017	1Q 2016	Variance Fav/(Unfav)
Gross Margin	247.3	255.2	(7.9)
Operation & Maintenance	126.1	116.3	(9.8)
Depreciation & Amortization	54.7	76.7	22.0
AFUDC	6.9	1.6	5.3
Other Income	6.4	4.0	2.4
Income Tax Expense	7.3	2.3	5.0

First Quarter Results - OG&E Gross Margin

Millions of \$



Gross Margin Drivers:

- Net impact of Rate Increase/
Reserve ↓
- Weather ↓
- Customer growth ↑

Regulatory Schedule

Oklahoma

Rate Case filed 4th Quarter 2017

- Recovery of the Mustang CTs – investment approximately \$425M
- Test year ending June 2017
- Rates implemented Mid-2018

Rate Case filed 4th Quarter 2018

- Recovery of the Scrubbers and Natural Gas Conversion – investment approximately \$545M and \$70M, respectively
- Test year ending June 2018
- Rates implemented Mid-2019

Arkansas

Rate Case filed August 25, 2016

- Recovery of expired wholesale contract, retail portion of transmission lines in service, and any other capital additions
- Settlement reached April 20, 2017, awaiting Commission approval
 - \$7.1 million revenue increase
 - 9.5% ROE
 - 50/50 capital structure

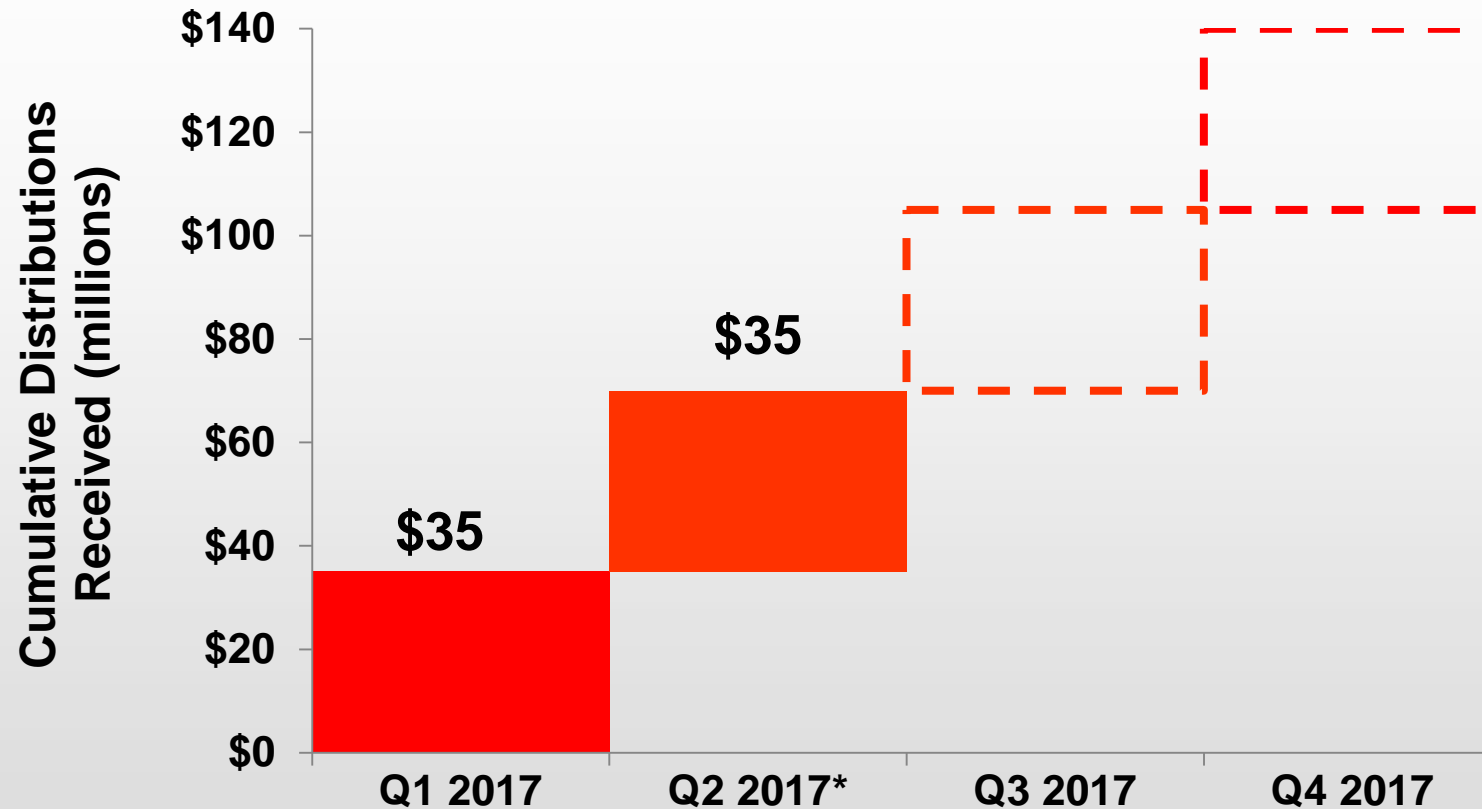
Formula Rate Plan filings will be October 1st each year, starting in 2018

310 Filings – Environmental

- To pick up Scrubbers and NG Conversion

First Quarter Results - ENABLE (OGE Holdings)

Enable Midstream made cash distributions of approximately \$35 million to OGE in the first quarter of 2017 compared to \$35 million in 2016 and contributed earnings of \$20 million or \$.10 per share compared to \$18 million or \$.09 per share in 2016.



*Q1 distribution was declared by the Enable Board on 5/2/17 to be paid on 5/30/17.

2017 Outlook

- **The Company projects OG&E earnings guidance to be at the low end of the earnings range of \$316 million to \$340 million of net income or \$1.58 to \$1.70 per average diluted share based on the Oklahoma Corporation Commission rate order and assumes normal weather.**
- **OGE Enogex Holdings projects the earnings contribution from its ownership interest in Enable Midstream to be approximately \$70 million to \$78 million or \$0.35 to \$0.39 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,	
	2017	2016
Operating revenues	\$ 456.0	\$ 433.1
Fuel and purchased power	208.7	177.9
Gross Margin	\$ 247.3	\$ 255.2

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 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 2017 – 2021

Dollars in millions	2017	2018	2019	2020	2021
OG&E Base Transmission	\$ 35	\$ 30	\$ 30	\$ 30	\$ 30
OG&E Base Distribution	195	175	175	175	175
OG&E Base Generation	40	75	75	75	75
OG&E Other	35	25	25	25	25
Total OG&E Base T&D, Gen & Other	305	305	305	305	305
OG&E Known and Committed Projects:					
Transmission Projects					
Other Regionally Allocated Projects (1)	50	20	20	20	20
Large SPP Integrated Transmission Projects (2)	155	20	-	-	-
Total Transmission Projects	205	40	20	20	20
Other Projects:					
Solar	20	-	-	-	-
Environmental - Low NOX burners	15	-	-	-	-
Environmental - Natural Gas Conversion	20	25	25	-	-
Environmental - Scrubbers	160	95	15	-	-
Combustion Turbines - Mustang Modernization	150	55	-	-	-
AFUDC and Ad Valorem taxes	55	40	5	-	-
Total Other Projects	420	215	45	-	-
Total Known and Committed Projects	625	255	65	20	20
Total	930	560	370	325	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

2017 Assumptions – OG&E

The Company projects OG&E earnings guidance to be at the low end of the earnings range of \$316 million to \$340 million of net income or \$1.58 to \$1.70 per average diluted share in 2017 based on the Oklahoma Corporation Commission rate order and the following assumptions:

- Normal weather patterns are experienced for the remainder of the year;
- New rates take effect in Oklahoma May 1st, 2017;
- New rates take effect in Arkansas in 2017;
- Gross margin on revenues of approximately \$1.405 billion to \$1.420 billion based on sales growth of approximately 1 percent on a weather adjusted basis;
 - Approximately \$110 million of gross margin is primarily attributed to regionally allocated transmission projects;
- Operating expenses of approximately \$844 million to \$865 million with operation and maintenance expenses approximately 57% of the total;
- Interest expense of approximately \$144 million which assumes a \$16 million ABFUDC reduction to interest expense and includes the debt issuance of \$300 million on March 31, 2017;
- Other Income of approximately \$62 million including approximately \$35 million of AEFUDC;
- An effective tax rate of approximately 31%; and
- Assumes \$21 million of pre-tax net income or \$0.06 per average diluted share for rates implemented on July 1, 2016 through December 31, 2016 based on the rate order received for the Oklahoma General Rate Case;

Projected Rate Base 2016 - 2018

