

OGE ENERGY CORP.  
Form DEF 14A  
March 30, 2012

SCHEDULE 14A  
SCHEDULE 14A INFORMATION  
PROXY STATEMENT PURSUANT TO SECTION 14(A) OF THE SECURITIES  
EXCHANGE ACT OF 1934 (AMENDMENT NO.)

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under Rule 14a-12

OGE ENERGY CORP.

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

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No fee required

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OGE Energy Corp.

March 30, 2012

Dear Shareholder:

You are cordially invited to attend the annual meeting of OGE Energy Corp. at 10:00 a.m. on Thursday, May 17, 2012, at the Skirvin Hilton Hotel, Centennial Room, 1 Park Avenue, Oklahoma City, Oklahoma.

The matters to be voted on at the meeting are listed in the Notice of Annual Meeting of Shareholders on the next page and described in detail in this Proxy Statement on the following pages.

We have elected to take advantage of U.S. Securities and Exchange Commission rules that allow companies to furnish proxy materials to their shareholders on the Internet. Consequently, we are mailing to many of our shareholders a Notice of Internet Availability of Proxy Materials instead of a paper copy of the proxy statement and our 2011 annual report. We believe that this will provide our shareholders with the information they need, while lowering the costs of delivery and reducing the environmental impact of our annual meeting.

Even though you may own only a few shares, your proxy is important in making up the total number of shares necessary to hold the meeting. Whether or not you plan to attend the meeting, please vote your shares or direct your vote by following the instructions described in your proxy card or in the notice of Internet availability you received in the mail. Your vote will be greatly appreciated. Due to rule changes, brokers will not be able to vote their customers' shares for the election of directors, for the advisory vote on executive compensation or for the shareholder proposal unless their customers return voting instructions. Therefore, if your shares are held in street name by your bank or broker, it is important for you to return your voting instructions in order that your shares are voted for these matters.

Those shareholders arriving before the meeting will have the opportunity to visit informally with the management of your Company. In addition to the business portion of the meeting, there will be reports on our current operations and outlook.

Your continued interest in the Company is most encouraging and, on behalf of the Board of Directors and employees, I want to express our gratitude for your confidence and support.

Very truly yours,

Peter B. Delaney  
Chairman of the Board, President and Chief Executive Officer

Notice of Annual Meeting  
of Shareholders

The Annual Meeting of Shareholders of OGE Energy Corp. will be held on Thursday, May 17, 2012, at 10:00 a.m. at the Skirvin Hilton Hotel, Centennial Room, 1 Park Avenue, Oklahoma City, Oklahoma, for the following purposes:

- 1.To elect seven directors;
- 2.To ratify the appointment of Ernst & Young LLP as our principal independent accountants for 2012;
- 3.To hold an advisory vote to approve named executive officer compensation;
- 4.To consider a shareholder proposal regarding simple majority voting, if properly presented; and
- 5.To transact such other business as may properly come before the meeting.

The map on page 48 will assist you in locating the Skirvin Hilton Hotel, Centennial Room.

Shareholders who owned stock on March 19, 2012, are entitled to notice of and to vote at this meeting or any adjournment of the meeting. A list of such shareholders will be available, as required by law, at our principal offices at 321 North Harvey, Oklahoma City, Oklahoma 73102.

Patricia D. Horn  
Vice President - Governance, Environmental, Health & Safety;  
Corporate Secretary

Dated: March 30, 2012

Even if you plan to attend the meeting in person, please vote your shares or direct your vote by following the instructions described in the notice of Internet availability you received in the mail or in your proxy card. You may vote your shares by Internet, telephone or mail. If you mail the proxy or voting instruction card, no postage is required if mailed in the United States. If your shares are held in the name of a broker, trust, bank or other nominee and you plan to attend the meeting and vote your shares in person, you should bring with you a proxy or letter from the broker, trustee, bank or other nominee confirming your beneficial ownership of the shares. If you do attend the meeting in person and want to withdraw your proxy, you may do so as described in the attached proxy statement and vote in person on all matters properly brought before the meeting.

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREHOLDERS MEETING TO BE HELD ON MAY 17, 2012. The Company's notice of annual meeting and proxy statement and 2011 annual report to shareholders are available on the Internet at [www.proxyvote.com](http://www.proxyvote.com).

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## Proxy Statement

March 30, 2012

### GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND THE PROXY MATERIALS

#### Introduction

The Annual Meeting of Shareholders of OGE Energy Corp. (the "Company") will be held at the Skirvin Hilton Hotel, Centennial Room, 1 Park Avenue, Oklahoma City, Oklahoma, on May 17, 2012, at 10:00 a.m. For the convenience of those shareholders who may attend the meeting, a map is printed on page 48 that gives directions to the Skirvin Hilton Hotel, Centennial Room. At the meeting, we intend to present the first four items in the accompanying notice of annual meeting ("Meeting Notice") for action by the owners of the Company's Common Stock. The Board of Directors does not now know of any other matters to be presented at the meeting, but, if any other matters are properly presented to the meeting for action, the persons named in the accompanying proxy will vote upon them in accordance with their best judgment.

Your Board of Directors is providing you these proxy materials in connection with the solicitation of your proxy for use at the Annual Meeting. When you vote by Internet, telephone or mail (all as more particularly described below), you appoint Peter B. Delaney, Luke R. Corbett and Robert Kelley as your representatives at the Annual Meeting. Mr. Delaney, Mr. Corbett and Mr. Kelley will vote your shares, as you have instructed them, at the Annual Meeting. This way, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the meeting, it is a good idea to vote your shares in advance of the meeting, just in case your plans change. If an issue comes up for vote at the meeting that is not on the proxy card, Mr. Delaney, Mr. Corbett and Mr. Kelley will vote your shares, under your proxy, in accordance with their best judgment.

#### Internet Availability of Proxy Materials

We have elected to take advantage of the "Notice and Access" rules adopted by the U.S. Securities and Exchange Commission ("SEC") that allow public companies to deliver to their shareholders a "Notice of Internet Availability of Proxy Materials" ("Notice of Internet Availability") and to provide Internet access to the proxy materials and annual reports to shareholders.

Accordingly, on or about March 30, 2012, we will begin mailing to many of our shareholders of record a "Notice of Internet Availability." The Notice of Internet Availability will include instructions on accessing and reviewing our proxy materials and our 2011 annual report to shareholders on the Internet and will provide instructions on submitting a proxy on the Internet.

At the time we begin mailing our Notice of Internet Availability, we will also first make available on the Internet at [www.proxyvote.com](http://www.proxyvote.com) our Meeting Notice, our proxy statement and our 2011 annual report to shareholders. Any shareholder may also request a printed copy of these materials by any of the following methods:

Internet at [www.proxyvote.com](http://www.proxyvote.com);  
e-mail at [sendmaterial@proxyvote.com](mailto:sendmaterial@proxyvote.com); or  
telephone at 1-800-579-1639.

Pursuant to the "SEC" rules, our 2011 annual report to shareholders, which includes our audited consolidated financial statements, is not considered a part of, and is not incorporated by reference in, our proxy solicitation materials.

#### Voting Procedures

You may vote by mail, by telephone, by Internet, or in person. Please refer to the summary instructions below and those included on your Notice of Internet Availability or your proxy card or, for shares held in street name, the voting instruction card you received from your broker or nominee. To vote by mail, simply complete and sign the proxy card and mail it in the prepaid and preaddressed envelope. If you received a Notice of Internet Availability, you may



request a proxy card by following the instructions in your Notice. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct. If you return a signed card but do not provide voting instructions, your shares will be voted FOR the seven named nominees for director, FOR the ratification of Ernst & Young LLP as the Company's principal independent accountants for 2012, FOR the approval of our named executive officer compensation in connection with the advisory vote on executive compensation and AGAINST the shareholder proposal regarding simple majority voting.

Shareholders of record also may vote by the Internet or by using the toll-free number listed on your Notice of Internet Availability or the proxy card. Telephone and Internet voting also is available to shareholders who hold their shares in the Automatic Dividend Reinvestment and Stock Purchase Plan ("DRIP/DSPP") and the Company's qualified defined contribution retirement plan (the "401(k) Plan"). The telephone voting and Internet voting procedures are designed to verify shareholders through use of an identification number that will be provided to you. These procedures allow you to vote your shares and to confirm that your instructions have been properly recorded. If you vote by telephone or by the Internet, you do not have to mail in your proxy card. Please see your Notice of Internet Availability or your proxy card for specific instructions. Internet and telephone voting is available until 11:59 P.M. Eastern time on the day before the Annual Meeting of Shareholders.

If you wish to vote in person, we will pass out written ballots at the meeting. If you hold your shares in street name (i.e., they are held by your broker in an account for you), you must request a legal proxy from your broker in order to vote at the meeting.

#### Revocation of Proxy

If you change your mind after voting your proxy, you can revoke your proxy and change your vote at any time before the polls close at the meeting. You can revoke your proxy by either signing and sending another proxy with a later date, by voting by Internet, by telephone or by voting at the meeting. Alternatively, you may provide a written statement to the Company (attention Patricia D. Horn, Vice President - Governance, Environmental, Health & Safety; Corporate Secretary) revoking your proxy.

#### Record Date; Number of Votes

If you owned shares of our Common Stock at the close of business on March 19, 2012, you are entitled to one vote per share upon each matter presented at the meeting.

On March 1, 2012, there were 98,580,917 shares of Common Stock outstanding. The Company does not have any other outstanding class of voting stock. Other than as described below under the heading "Security Ownership," no person holds of record or, to our knowledge, beneficially owns more than five percent of our Common Stock.

#### Expenses of Proxy Solicitation

We will pay all costs associated with preparing, assembling, mailing and distributing the proxy cards and proxy statements except that certain expenses for Internet access may be incurred by you if you choose to access the proxy materials and/or vote over the Internet. We also will reimburse brokers, nominees, fiduciaries and other custodians for their expenses in forwarding proxy materials to shareholders. Officers and other employees of the Company may solicit proxies by mail, personal interview, telephone and/or Internet. In addition, we have retained Phoenix Advisors, LLC to assist in the solicitation of proxies, at a fee of \$10,500 plus associated costs and expenses. Our employees will not receive any additional compensation for soliciting proxies.

#### Mailing of Internet Availability of Proxy Materials or Proxy Statement and Annual Report

A Notice of Internet Availability of this proxy statement, the enclosed proxy and the enclosed Annual Report are being distributed on or about March 30, 2012 to all of our shareholders who owned stock on March 19, 2012.

#### Voting Under Plans

If you are a participant in our DRIP/DSPP, your proxy will represent the shares held on your behalf under the DRIP/DSPP and such shares will be voted in accordance with the instructions on your proxy. If you do not vote your proxy, your shares in the DRIP/DSPP will not be voted.

If you are a participant in our 401(k) Plan, you will receive a voting directive for shares allocated to your account. The trustee will vote these shares as instructed by you in your voting directive. If you do not return your voting directive, the trustee will vote your allocated shares in the same proportion that all plan shares are voted.

#### Voting of Shares Held in Street Name by Your Broker

If your shares are held in a stock brokerage account or by a bank or other nominee, you are considered the beneficial owner of shares held in street name and your broker or nominee is considered, with respect to those shares, the shareholder of record. As the beneficial owner, you have the right to direct your broker on how to vote your shares. You are also invited to attend the Annual Meeting and vote your shares in person. In order to vote your shares in person, you must provide us with a legal proxy from your broker.

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Brokerage firms have authority under New York Stock Exchange ("NYSE") rules to vote customers' shares for which they have not received voting instructions on certain "routine" matters, but may not vote for non-routine matters unless they have received voting instructions. Routine matters include the ratification of our independent auditors. However, the election of directors, the advisory vote on named executive officer compensation and the shareholder proposal are not considered "routine" matters. Therefore, if you do not provide voting instructions, your brokerage firm may not vote your shares on such non-routine matters. We encourage you to provide instructions to your brokerage firm. This ensures your shares will be voted at the meeting. When a brokerage firm votes its customers' shares for which it has not received voting instructions on routine matters, these shares are counted for purposes of establishing a quorum to conduct business at the meeting, but these shares (sometimes referred to as broker non-votes) are considered not entitled to vote on non-routine matters, rather than as a vote against the matter. In order for your shares to be voted on all matters presented at the meeting, we urge all shareholders whose shares are held in street name by a brokerage firm to provide voting instructions to the brokerage firm.

#### Corporate Governance

Corporate Governance Guidelines. The Board of Directors of the Company operates pursuant to a set of written Corporate Governance Guidelines that set forth the Company's corporate governance philosophy and the governance policies and practices that the Company has established to assist in governing the Company and its affiliates. The Guidelines state that the primary mission of the Board of Directors of the Company is to advance the interests of the Company's shareholders by creating a valuable long-term business.

The Guidelines describe Board membership criteria and the Board selection and member orientation process. The Guidelines require that a majority of the directors must be independent and that members of each committee must be independent and state the Board's belief that the chief executive officer ("CEO") should be the only Company executive serving as a director, except as may be part of the succession process described below. Absent approval of the Nominating and Corporate Governance Committee, no director may be nominated to a new term if he or she would be older than 72 at the time of election. The Guidelines also provide that no director may serve on more than three other boards of directors of publicly-held companies without the prior approval of the Nominating and Corporate Governance Committee. Directors whose professional responsibilities change, such as upon retirement or a change in employer, are required to submit a letter of resignation for the Board's consideration.

The Guidelines provide that the Compensation Committee of the Board ("Compensation Committee") will evaluate the performance of the CEO on an annual basis and that the Nominating and Corporate Governance Committee will report to the Board at least annually on succession planning, which will include appropriate contingencies in the event the CEO retires or is incapacitated. The Guidelines also provide that the Nominating and Corporate Governance Committee is responsible for overseeing an annual assessment of the performance of the Board and Board committees, as well as for reviewing with the Board the results of these assessments. All of these tasks were completed for 2011.

The Guidelines provide that Board members have full access to officers and employees of the Company and, as necessary and appropriate, the Company's independent advisors, including legal counsel and independent accountants. The Guidelines further provide that the Board and each committee have the power to hire independent legal, financial or other advisors as they deem necessary. The Guidelines provide that the independent directors, which include all non-management directors, are to meet in executive session, generally coinciding with regularly scheduled Board meetings. In 2011, the independent directors met in executive session five times.

Our Code of Conduct, which is applicable to all of our directors, officers and employees, and our Corporate Governance Guidelines comply with the Sarbanes-Oxley Act of 2002 and the NYSE listing standards. We also have a separate code of ethics that applies to our CEO and our senior financial officers, including, our chief financial officer ("CFO") and our chief accounting officer, and that complies with the requirements imposed by the Sarbanes-Oxley Act of 2002 and the rules issued thereunder for codes of ethics applicable to such officers. The Board has reviewed and will continue to evaluate its role and responsibilities with respect to the legislative and other governance requirements of the NYSE. All of our corporate governance materials, including our codes of conduct and ethics, our Guidelines for Corporate Governance and the charters for the Audit Committee, the Nominating and Corporate

Governance Committee and the Compensation Committee, are available for public viewing on the OGE Energy website at [www.oge.com](http://www.oge.com) under the heading Investor Relations, Corporate Governance.

Director Independence. The Board of Directors of the Company currently has 11 directors, 10 of whom are independent within the meaning of the NYSE listing standards. Our Chairman, President and CEO is the only director who is not considered independent. For purposes of determining independence, we have adopted the following standards for director independence in compliance with the NYSE listing standards:

A director who is or was an employee, or whose immediate family member is or was an executive officer, of the Company or any of our subsidiaries is not independent until three years after the end of such employment relationship;

A director who received, or whose immediate family member received, more than \$120,000 during any 12-month period within the past three years in direct compensation from us or any of our subsidiaries, other than director and committee fees and pension or other forms or deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$120,000 in any 12-month period of such compensation;

A director who is a current partner or employee, or whose immediate family member is a current partner, of a firm that is the internal or external auditor of the Company or any of our subsidiaries is not independent;

A director who was, or whose immediate family member was, within the last three years (but is no longer) a partner or employee of the internal or external auditor of the Company or any of our subsidiaries and who personally worked on the audit of the Company or any of its subsidiaries within that time is not independent;

A director whose immediate family member is a current employee of the internal or external auditor of the Company or any of our subsidiaries and who personally works on the audit of the Company or any of its subsidiaries is not independent;

A director who is or was employed, or whose immediate family member is or was employed, as an executive officer of another company where, at the same time, any of our or any of our subsidiaries' present executives is or was serving on that company's compensation committee is not independent until three years after the end of such service or the employment relationship;

A director who is a current employee, or whose immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of \$1 million or two percent of such other company's consolidated gross revenues is not independent; and

No director qualifies as independent unless the Board affirmatively determines that the director has no other relationship with us or any of our subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with us or any of our subsidiaries) that in the opinion of the Board of Directors could be considered to affect the directors ability to exercise his or her independent judgment as a director.

For purposes of determining whether the directors met the aforementioned tests and should be deemed independent, the Board concluded that the purchase of electricity from the Company's subsidiary, Oklahoma Gas and Electric Company ("OG&E"), at rates approved by a state utility commission does not constitute a material relationship. Based on this, the Board determined that each of the following members of the Board met the aforementioned independence standards: James H. Brandi; Wayne H. Brunetti; Luke R. Corbett; John D. Groendyke; Kirk Humphreys; Robert Kelley; Linda P. Lambert; Robert O. Lorenz; Judy R. McReynolds and Leroy C. Richie. Mr. Delaney does not meet the aforementioned independence standards because he is the current Chairman, President and CEO and an employee of the Company.

Standing Committees. All members of the Audit, Compensation and Nominating and Corporate Governance Committees are independent directors who are nominated and approved by the Board. The roles and responsibilities of these committees are defined in the committee charters adopted by the Board and provide for oversight of, among other things, executive management. Each of these committee charters is available on our website at [www.oge.com](http://www.oge.com) under the heading Investor Relations, Corporate Governance. The Board of Directors also has established a standing Executive Committee, whose members are all independent. The duties and responsibilities of these Board committees

are reviewed regularly and are outlined below.

Audit Committee Financial Expert. The Board has determined that Mr. Robert Kelley and Mr. Robert O. Lorenz meet the SEC definition of audit committee financial expert. Each of Mr. Kelley and Mr. Lorenz is an independent director.

Process Related to Executive Officer and Director Compensation. Under the terms of its charter, the Compensation Committee has broad authority to develop and implement the Company's compensation policies and programs for executive officers and Board members. In particular the Compensation Committee is to:

- review and approve corporate goals and objectives relevant to the compensation of the CEO and other executive officers;

- evaluate the performance of the CEO and the other executive officers in light of the corporate goals and objectives and set compensation levels for the executive officers;
- recommend to the Board the approval, adoption and amendment of all incentive compensation plans in which any executive officer participates and all other equity-based plans;
- administer the equity-based incentive compensation plans and any other plans adopted by the Board that contemplate administration by the Compensation Committee;
- approve all grants of stock options and other equity-based awards;
- review and approve employment, severance or termination arrangements for any executive officers;
- review and evaluate the impact of the Company's compensation policies and practices on the Company's risk profile and risk management;
- review and approve all services, including the fees for such services, to be provided to the Compensation Committee or the Company by a compensation consultant and its affiliates; and
- review Board compensation.

The Compensation Committee may, in its discretion, delegate all or a portion of its duties and responsibilities to a subcommittee or, to the extent permitted by applicable law, to any other body or individual. In particular, the Compensation Committee may delegate the approval of certain transactions to a subcommittee consisting solely of members of the Compensation Committee who are (a) "non-employee directors" within the meaning of Rule 16b-3 of the Securities Exchange Act of 1934 and (b) "outside directors" for the purpose of Section 162(m) of the Internal Revenue Code of 1986 (the "Code").

The process for setting director and executive compensation in 2011 involved numerous steps. The Compensation Committee, with the assistance of Mercer Human Resources Consulting ("Mercer"), approved two peer groups of companies for purposes of targeting executive compensation as discussed in more detail under "Compensation Discussion and Analysis" on page 22. The next step in the process was an annual performance evaluation of each member of the management team. This process entailed for each member of the management team (other than the CEO) an objective scoring by such individual's supervisor of various competencies, including the individual's management skills, business knowledge and achievement of various performance and development objectives set at the beginning of the year. These reviews were used by the CEO and Chief Operating Officer ("COO") in making compensation recommendations to the Compensation Committee.

The balance of the process for setting director and executive compensation for 2011 involved actions taken by the Compensation Committee. The Compensation Committee met in December 2010 and February 2011 to address 2011 compensation. At the December 2010 meeting, the Compensation Committee reviewed with the CEO and COO the performance evaluations of each officer (other than the CEO), with the CEO giving his performance evaluation of the COO. The Compensation Committee at its December 2010 meeting also reviewed and discussed with the CEO and COO their recommendations for each member of management (other than the CEO) of 2011 salaries, target annual incentive awards (expressed as a percentage of salary) and target long-term incentive awards (also expressed as a percentage of salary). In addition, the Compensation Committee evaluated the CEO's performance at its December 2010 meeting and discussed his potential salary, target annual incentive award and target long-term compensation for 2011. Following these discussions, the Compensation Committee set 2011 salaries and, subject to potential adjustment at its meeting in February 2011, target annual incentive awards and target long-term compensation awards for each officer. The target annual incentive awards and target long-term compensation awards were expressed as percentages of salary. The Company performance goals that needed to be achieved for any payouts of annual incentive awards or long-term incentives were not set at the December 2010 meeting; but, instead, were left for consideration at the



scheduled meeting in February 2011. Senior management in making compensation recommendations for an executive in 2011, and the Compensation Committee in deciding the executive's compensation, used as a primary guideline the median market pay data provided by Mercer for an executive with similar responsibilities in the appropriate peer group. At its meeting in December 2010, the Compensation Committee also reviewed and set compensation for the directors, which is described below under "Director Compensation."

Prior to the Compensation Committee's meeting in February 2011, the Company's senior management developed recommendations for the Company performance goals that needed to be met in order for any payouts of 2011 annual incentive awards or 2011 long-term compensation awards to occur.

At the Compensation Committee's meeting in February 2011, the Compensation Committee reviewed with senior management its recommendations and basis for Company performance goals for payouts of 2011 annual incentive awards and long-term compensation awards. Following this discussion, the Compensation Committee set the 2011 Company performance goals for annual incentive awards and long-term compensation awards that had to be achieved in order for payouts of such awards to occur. The Compensation Committee also approved the form of the long-term compensation awards, which consisted entirely of performance units, as well as the amount of performance units that would be granted.

In 2010, the Compensation Committee engaged Mercer as its executive compensation consultant for 2011. As part of this engagement, Mercer reviewed the Company's current director and executive officer compensation, confirmed the peer groups to be used for assessment of director and executive officer compensation and assessed the competitiveness of the Company's director and executive officer compensation. Mercer also provided perspectives on market trends. During 2011, Mercer received \$113,076 in fees for director and executive officer compensation advisory services to the Compensation Committee. Separately, Mercer and its affiliates received \$1,513,977 in fees for other services, of which \$1,384,811 related to routine annual actuarial services and \$129,166 related to other miscellaneous services, including annual surveys. The decision to engage Mercer and its affiliates for these other services was reviewed and approved by the Compensation Committee. For the reasons described below, the Compensation Committee does not believe that the provision of these services affected the objectiveness of the executive compensation advice it receives from Mercer.

Although the Company retains Mercer and its affiliates for other services, the Compensation Committee is confident that the advice it receives from the individual executive compensation consultant is objective and not influenced by Mercer's or its affiliates' relationships with the Company because of the procedures Mercer and the Compensation Committee have in place. In particular, we have been informed by Mercer that:

- the executive compensation consultant receives no incentive or other compensation based on the fees charged to the Company for other services provided by Mercer or any of its affiliates;

- the executive compensation consultant is not responsible for selling other Mercer or affiliate services to the Company; and

Merger's professional standards prohibit the individual executive compensation consultant from considering any other relationships Mercer or any of its affiliates may have with the Company in rendering his or her advice and recommendations.

In addition:

- the Compensation Committee has the sole authority to retain and terminate the executive compensation consultant;

- the Compensation Committee reviewed and approved all services, including the fees for such services to be provided to the Compensation Committee or the Company by the executive compensation consultant and its affiliates;

- the executive compensation consultant has direct access to the Compensation Committee without management intervention;

- the Compensation Committee evaluates the quality and objectivity of the services provided by the executive compensation consultant each year and determines whether to continue to retain the consultant; and

- the protocols for the engagement (described below) limit how the executive compensation consultant may interact with management.

While it is necessary for the executive compensation consultant to interact with management to gather information, the Compensation Committee has adopted protocols governing if and when such consultant's advice and recommendations can be shared with management. These protocols are included in the consultant's engagement letter. This approach is intended to protect the Compensation Committee's ability to receive objective advice from the executive compensation consultant so that the Compensation Committee may make independent decisions about executive pay at the Company.

**Leadership Structure.** The Company's Corporate Governance Guidelines discussed above state that the Board has no policy with respect to the separation of the offices of Chairman of the Board and CEO. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board, with the assistance of the Nominating and Corporate Governance Committee, to make a determination whenever it elects a new CEO.

Peter B. Delaney currently serves as Chairman of the Board, President and CEO. At the time of his election, the Board believed that it was in the best interests of the Company to have a single person serve as Chairman and CEO to provide unified leadership and direction. The Board still believes this is in the Company's best interest; however, the Board may separate these positions in the future should circumstances change.

In an effort to strengthen independent oversight of management and to provide for more open communication, the Board has appointed Luke R. Corbett to serve in the role of lead director. Mr. Corbett, as an independent lead director, chairs executive sessions of the Board conducted without management. These sessions will be held at least once annually and were held five times in 2011. Management also periodically meets with the lead director to discuss Board and committee agenda items.

**Risk Oversight.** The Board of Directors appoints the Chief Risk Officer ("CRO") of the Company. The CRO serves as the chairman of the Risk Oversight Committee of the Company, which is composed primarily of corporate officers.

The Risk Oversight Committee is responsible for the overall development, implementation and enforcement of strategies and policies for all risk management activities of the Company. The Risk Oversight Committee's responsibilities include review of:

- the existing risk exposure and performance of the Company's business units;

- existing credit and market risk measurement methodologies;

- counterparty credit limit structures;

- fuel procurement activities;

- policy change requests; and

- violations of risk policies.

On a quarterly basis, the Risk Oversight Committee, through the CRO, reports to the Audit Committee of the Board of Directors of the Company ("Audit Committee") on the Company's risk profile affecting anticipated financial results, including any significant risk issues. This report is followed by an executive session with the CRO at which only members of the Audit Committee are present. At each quarterly Audit Committee meeting, the Audit Committee also receives a report on compliance with the Company's Code of Ethics, any material pending or threatened litigation, significant regulatory issues or proceedings, and the status of any governmental audits or inquiries.

Communications with the Board of Directors. Shareholders and other interested parties who wish to communicate with members of the Board, including the lead director or the non-management directors individually or as a group, may send correspondence to them in care of the Corporate Secretary at the Company's principal offices, 321 North Harvey, P.O. Box 321, Oklahoma City, Oklahoma 73101-0321. We currently do not intend to have the Corporate Secretary screen this correspondence to the extent it pertains to business matters and are not solicitations, but we may change this policy if directed by the Board due to the nature and volume of the correspondence.

**Board Attendance at Annual Meeting.** The Company encourages each of its Board members to attend the Annual Meeting and the directors are expected to attend whenever reasonably possible. All of the then serving Board members attended the Annual Meeting in 2011.

**Related Party Transaction Policy; Prohibition on Loans.** The Company's Code of Ethics provides that all employees, including executive officers, have a duty to avoid financial, business or other relationships that might cause a conflict of interest with the performance of their duties and that employees should conduct themselves in a manner that avoids even the appearance of conflict between personal interests and those of the Company. The Company's Code of Ethics provides, among other things, that (i) conflicts of interest may arise when an individual or someone in his or her immediate family receives improper personal benefits as a result of the employee's position, (ii) employees should not authorize business with any firm in which they, or a member of their immediate family, have a direct or indirect interest and (iii) employees should, as a general rule, avoid accepting a gift or invitation of such value (generally in excess of \$100) that acceptance could create or appear to create, an obligation to a person or company with whom the

Company does business. The charter of the Nominating and Corporate Governance Committee provides that the Nominating and Corporate Governance Committee is to consider possible conflicts of interest of directors and management and make recommendations to prevent, minimize or eliminate such conflicts of interest. Similarly, the charter of the Audit Committee provides that the Audit Committee is to periodically obtain reports regarding compliance with the Company's Code of Ethics. If a conflict is found to exist, the matter will be discussed with the employee and the following options will be considered: (1) the employee will be asked to end the activity that caused the conflict; (2) realignment of job responsibilities or assignment or (3) if (1) and (2) are not possible, employment will be terminated. Only the Board or a committee of the Board can waive this

provision for executive officers, and any waiver will be promptly disclosed to the public. The Company's Corporate Governance Guidelines provide that, except for employment arrangements with the CEO, the Company will not engage in transactions with directors or their affiliates if a transaction would cast into doubt the independence of a director, present a conflict of interest, or is otherwise prohibited by law, rule or regulation and includes (i) directly or indirectly, any extension, maintenance or renewal of an extension of credit to any director or member of management of the Company and (ii) significant business dealings with directors or their affiliates, substantial charitable contributions to organizations in which a director is affiliated, and consulting contracts with, or other indirect forms of compensation to, a director. Any waiver of this policy may be made only by the Board or a Board committee and must be promptly disclosed to the Company's shareholders. The Company does not have a related party transaction policy for persons other than employees and directors and their affiliates. Except as discussed above, the Company has not prescribed any specific standards to be applied when determining whether a conflict exists or whether a waiver of any such conflict should be made. The Company's Stock Incentive Plan prohibits all loans to executive officers.

**Auditors; Audit Partner Rotation.** As described on page 18, the Company is requesting that the shareholders ratify the selection of Ernst & Young LLP as the Company's principal independent accountants for 2012. The Audit Committee charter provides that the audit partners will be rotated as required by the Sarbanes-Oxley Act of 2002.

**Stock Ownership Guidelines.** During 2004, the Company established stock ownership guidelines for its directors and officers. These guidelines were reviewed and revised by the Compensation Committee in 2008 and have been reviewed in each subsequent year including 2011. The terms of these guidelines are explained on page 31 in Compensation Discussion and Analysis.

**Director Qualifications and Nomination Process.** It is expected that the Nominating and Corporate Governance Committee will consider nominees recommended by shareholders in accordance with our bylaws. Our bylaws provide that, if you intend to nominate director candidates for election at an Annual Meeting of Shareholders, you must deliver written notice to the Corporate Secretary no later than 90 days in advance of the meeting. The notice must set forth certain information concerning you and the nominee(s), including each nominee's name and address, a representation that you are entitled to vote at such meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in your notice, a description of all arrangements or understandings between you and each nominee and any other person pursuant to which the nomination or nominations are to be made by you, such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominee(s) and the consent of each nominee to serve as a director if so elected. The chairman of the Annual Meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

In considering individuals for nomination as directors, the Nominating and Corporate Governance Committee typically solicits recommendations from its current directors and is authorized to engage third party advisors, including search firms, to assist in the identification and evaluation of candidates. Ms. McReynolds, who was elected to the Board in July 2011, was recommended to the Nominating and Corporate Governance Committee as a potential candidate by Peter B. Delaney, our Chairman, President and CEO.

The Nominating and Corporate Governance Committee has not established specific minimum qualities for director nominees or set forth specific qualities or skills that the Nominating and Corporate Governance Committee believes are necessary for one or more directors to possess. Instead, in evaluating potential candidates and incumbent directors for reelection, the Nominating and Corporate Governance Committee considers numerous factors, including judgment, skill, independence, integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, experience as an officer or director of another publicly-held corporation, understanding of management trends in general or in industries relevant to the Company, expertise in financial accounting and corporate finance, ability to bring diversity to the group, community or civic service, appropriateness of having a member of management, in addition to the CEO, on the Board as part of the succession planning process, knowledge or expertise not currently on the Board, shareholder perception, the extent to which the candidate would be a desirable addition to the Board and any committees of the Board, and, in the case of an incumbent director, the individual's level of performance as a director of the Company. No particular weight is given to one factor over another on a general basis, but rather the factors are weighted in

relationship to the perceived needs of the Board at the time of selecting nominees. The Nominating and Corporate Governance Committee will evaluate candidates recommended by shareholders on the same basis as they evaluate other candidates. The factors that led the Nominating and Corporate Governance Committee to recommend Ms. McReynolds for election to the Board in July 2011 are set forth below.

The Nominating and Corporate Governance Committee has no specific policy on diversity other than, as described above, that it is one factor the committee considers when evaluating potential board candidates and incumbent directors for reelection. For purposes of diversity considerations, the Nominating and Corporate Governance Committee includes differences of viewpoint, professional experience, education and other individual qualities as well as race and gender. The needs of the Board and the factors that the Nominating and Corporate Governance Committee considers in evaluating candidates is reassessed on an annual basis, when the committee's charter is reviewed.

The following is a discussion for each director of the specific experience, qualifications, attributes or skills that led the Nominating and Corporate Governance Committee to recommend to the Board, and for the Board to conclude at its meeting in February 2012, that the individual should be serving as a director of the Company.

James H. Brandi. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Brandi should continue serving as a director of the Company based, in large part, on his demonstrated business and leadership skills and his level of performance as a director. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Brandi's integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his prior experience as a Managing Director of BNP Paribas Securities Corp., UBS Securities, LLC and of Dillon, Read & Co. Inc., his academic achievements at Harvard Business School and at Yale University, his prior experience as a director of a publicly-held utility business, his current experience as a director of a publicly-held company, his ability to interact well with other directors, his financial accounting and corporate finance acumen and his ability to bring additional views on numerous issues facing the utility and pipeline industries. Also, as a result of his business career and his service on the Board, the Board and the Nominating and Corporate Governance Committee believe that Mr. Brandi will continue to provide knowledgeable advice to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

Wayne H. Brunetti. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Brunetti should continue serving as a director of the Company based, in large part, on his demonstrated business and leadership skills and his level of performance as a director. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Brunetti's integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his prior experience as chairman, president and chief executive officer of one of the larger utility holding company systems in the United States, his more than 30 years of experience in the utility industry, his prior experience as a director of another publicly-held company, his ability to interact well with other directors, his involvement in civic and community matters, his understanding of management trends generally and in the utility industry and his financial accounting and corporate finance acumen. Also, as a result of his extensive career in leadership positions in the utility industry and his service on the Board, the Board and the Nominating and Corporate Governance Committee believe that Mr. Brunetti will continue to provide knowledgeable advice to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

Luke R. Corbett. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Corbett should continue serving as a director of the Company based, in large part, on his demonstrated business and leadership skills and his level of performance for many years as a director of the Company. Specifically, the Nominating and Corporate Governance Committee and the Board viewed favorably Mr. Corbett's integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his prior experience as chairman and chief executive officer of a large, multi-national, publicly-held energy company, his current experience as a director of two publicly-held corporations, his ability to interact well with other directors, his active involvement for many years in civic and charitable matters affecting many of the communities served by the Company, his understanding of management trends generally and in industries relevant to the Company, his prior performance as chair of the Board's Compensation Committee, his current performance as Lead Director of the Board and his financial accounting and corporate finance acumen. Also, as a result of his business career and many years as a director of the Company, the Board and the Nominating and Corporate Governance Committee believe that Mr. Corbett will continue to provide knowledgeable advice to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

Peter B. Delaney. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Delaney should continue serving on the Board based, in large part, on his demonstrated business, management and leadership skills, on the Board's policy to have the CEO serve as a member of the Board and on his level of performance as CEO and President and as Chairman of the Board. Specifically, the Nominating and Corporate Governance Committee and the Board viewed favorably Mr. Delaney's integrity, his intelligence, his level of



performance since his employment by the Company in April 2002, his thorough knowledge of the Company's businesses, his prior experience in the energy and financial industries, his involvement with the Edison Electric Institute, his demonstrated understanding of management trends in general and in the Company's businesses, his expertise in financial accounting and corporate finance, his commitment to supporting the communities served by the Company and his active involvement in civic and charitable matters in many of the communities served by the Company.

John D. Groendyke. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Groendyke should continue serving as a director of the Company based, in large part, on his demonstrated business and leadership skills and his level of performance as a director of the Company for many years. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Groendyke's integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his experience as chairman and chief executive officer of a large

trucking business, which, like the utility industry, is highly regulated, his ability to interact well with other directors, his active support of numerous civic and charitable matters affecting many of the communities served by the Company, his understanding of environmental and wildlife issues, his understanding of management trends generally and his financial accounting and corporate finance acumen. Also, as a result of his business experience and many years as a director of the Company, the Board and Nominating and Corporate Governance Committee believe that Mr. Groendyke will continue to provide knowledgeable advice to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

Kirk Humphreys. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Humphreys should continue serving as a director of the Company based, in large part, on his business and leadership skills and his level of performance as a director of the Company. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Humphreys' integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his prior service as Mayor of Oklahoma City for six years, his continued active involvement in civic and charitable matters, his knowledge of business and economic issues facing Oklahoma, his ability to interact well with other directors, his understanding of management trends generally and his financial accounting and corporate finance acumen. Also, as a result of his business career and his prior service as a director of the Company, the Board and Nominating and Corporate Governance Committee believe that Mr. Humphreys will continue to provide knowledgeable advice to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

Robert Kelley. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Kelley should continue serving as a director of the Company based, in large part, on his demonstrated business and leadership skills and his level of performance for many years as a director of the Company, and as Chair of the Audit Committee. Specifically, that Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Kelley's integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his prior experience as chairman, president and chief executive officer of a large, multi-national, publicly-held energy company, his current and prior experience as a director of other publicly-held companies along with having served as the chair of the audit committee of other publicly-held companies, his ability to interact well with other directors, his involvement in civic and charitable matters, his understanding of management trends generally and in industries relevant to the Company, his current performance as Chair of the Audit Committee, his qualification as a "financial expert" and his understanding of corporate finance matters. Also, as a result of his business career and many years as a director of the Company, the Board and the Nominating and Corporate Governance Committee believe that Mr. Kelley will continue to provide knowledgeable advice, particularly on financial and accounting matters, to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

Linda P. Lambert. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Ms. Lambert should continue serving as a director of the Company based, in large part, on her business and leadership skills and her level of performance as a director of the Company for many years. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Ms. Lambert's integrity, her intelligence, her qualifying as an independent director under the NYSE listing standards, her current and prior experience as a director of public, private and charitable entities, her involvement in civic and charitable matters, her understanding of management trends generally and in industries relevant to the Company, her ability to interact well with other directors and her financial accounting and corporate finance acumen. Also, as a result of her business career and her prior service as a director of the Company, the Board and Nominating and Corporate Governance Committee believe that Ms. Lambert will continue to provide knowledgeable advice to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

Robert O. Lorenz. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Lorenz should continue serving as a director of the Company based, in large part, on his business and leadership skills and his level of performance as a director of the Company for many years. Specifically, the Board

and the Nominating and Corporate Governance Committee viewed favorably Mr. Lorenz's integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his current and prior experience as a director of other publicly-held companies, including his service as a chair of an audit committee and as a lead director, his ability to interact well with other directors, his involvement in civic and charitable matters, his understanding of management trends generally and in industries relevant to the Company, his current performance as Chair of the Board's Nominating and Corporate Governance Committee, his qualification as a "financial expert" and his corporate finance acumen. Also, as a result of his business career and many years as a director of the Company, the Board and Nominating and Corporate Governance Committee believe that Mr. Lorenz will continue to provide knowledgeable advice, particularly on financial and accounting matters, to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

Judy R. McReynolds. Ms. McReynolds was elected as a director by the Board at its meeting on July 26, 2011. This action was preceded by a review by the Nominating and Corporate Governance Committee of her qualifications and interviews of Ms.

McReynolds by the Committee and other members of the Board. The Nominating and Corporate Governance Committee and the Board concluded that Ms. McReynolds should serve as a director of the Company based, in large part, on her demonstrated business skills. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Ms. McReynold's integrity, her intelligence, her qualifying as an independent director under the NYSE listing standards, her current and prior experience as president, chief executive officer and director of Arkansas Best Corporation, a publicly-held company, her involvement in civic and charitable matters, her understanding of management trends generally and in industries relevant to the Company and her financial accounting and corporate finance acumen. Also, as a result of her business career, the Board and Nominating and Corporate Governance Committee believe that Ms. McReynolds will provide knowledgeable advice, particularly to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

LeRoy C. Richie. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Richie should continue serving as a director of the Company based, in large part, on his business and leadership skills and his level of performance as a director of the Company. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Richie's integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his current and prior experience as a director of numerous publicly-held companies, including his service as chair of the audit committee of a publicly-held company, his legal expertise from his career as a lawyer and from his experience as a general counsel of Chrysler Corporation, his knowledge of corporate governance matters, his ability to interact well with other directors, his involvement in civic and charitable matters, his understanding of management trends generally and his financial accounting and corporate finance acumen. Also, as a result of his business career and his prior service as a director of the Company, the Board and Nominating and Corporate Governance Committee believe that Mr. Richie will continue to provide knowledgeable advice to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

For additional information concerning the directors, please see "Proposal No. 1 – Election of Directors" below.

## INFORMATION CONCERNING THE BOARD OF DIRECTORS

General. Each member of our Board of Directors was also a director of OG&E during 2011, although Ms. McReynolds joined the Board of Directors of the Company and the Board of Directors of OG&E in July 2011. The Board of Directors of the Company and OG&E met on eight occasions during 2011. Each director attended at least 78 percent of the total number of meetings of the Boards of Directors and the committees of the Boards on which he or she served.

Committees. The standing committees of the Company's Board of Directors include a Compensation Committee, an Audit Committee, a Nominating and Corporate Governance Committee and an Executive Committee.

The members of these committees, the general functions of the committees and number of committee meetings in 2011, are set forth below.

Name of Committee and Members	General Functions of the Committee	Number of Meetings in 2011
Compensation Committee:	Oversees	7
James H. Brandi	compensation of directors and principal officers	
Wayne H. Brunetti	executive compensation	
Luke R. Corbett	benefit programs	
John D. Groendyke		
Kirk Humphreys		
Judy R. McReynolds*		
Leroy C. Richie**		
Audit Committee:	Oversees financial reporting process	4
Wayne H. Brunetti	evaluate performance of independent auditors	
Kirk Humphreys	select independent auditors	
Robert Kelley**	discuss with internal and independent auditors scope and plans for	
Linda P. Lambert	audits, adequacy and effectiveness of internal controls for financial	
Robert O. Lorenz	reporting purposes, and results of their examination	
	review interim financial statements and annual financial statements	
	to be included in Form 10-K and Form 10-Q	
	oversees risk assessment and risk policies	
Nominating and Corporate Governance Committee:	Reviews and recommends	5
James H. Brandi	nominees for election as directors	
John D. Groendyke	membership of director committees	
Linda P. Lambert	succession plans	
Robert O. Lorenz**	various corporate governance issues	
Judy R. McReynolds*	Reviews environmental initiatives and compliance strategies	
Leroy C. Richie		
Executive Committee:	Performs duties of the Board during intervals between Board meetings	0
Luke R. Corbett		
Robert Kelley		
Robert O. Lorenz		
Leroy C. Richie		

\* Ms. McReynolds has been a member of the Compensation Committee and the Nominating and Corporate Governance Committee since September 28, 2011.

\*\* Chairperson

Director Compensation. Compensation of non-officer directors of the Company in 2011 included an annual retainer fee of \$115,000, of which \$42,000 was payable in cash in monthly installments and \$73,000 was deposited in the director's account under the Company's Deferred Compensation Plan in December 2011 and converted to 1,392.068 common stock units based on the closing price of the Company's Common Stock on December 2, 2011. Directors who did not serve for the full year received a prorated amount of the annual retainer. All non-officer directors received \$1,500 for each Board meeting and \$1,500 for each

committee meeting attended. The lead director received an additional \$15,000 cash retainer in 2011. The chairman of the Audit Committee received an additional \$10,000 cash retainer in 2011. The chairmen of the Compensation and Nominating and Corporate Governance Committees received an additional \$5,000 annual cash retainer in 2011. Each chairman of a board committee also received a meeting fee of \$1,500 for each meeting (either in person or by phone) with management to address committee matters. Each member of the Audit Committee also received an additional annual retainer of \$5,000. These amounts represent the total fees paid to directors in their capacities as directors of the Company and OG&E in 2011.

Under the Company's Deferred Compensation Plan, non-officer directors may defer payment of all or part of their attendance fees and the cash portion of their annual retainer fee, which deferred amounts are credited to their account as of the first day of the month in which the deferred amounts otherwise would have been paid. Amounts credited to the accounts are assumed to be invested in one or more of the investment options permitted under the Company's Deferred Compensation Plan. In 2011, those investment options included a Company Common Stock fund, whose value was determined based on the stock price of the Company's Common Stock, and various money market, bond and equity funds. When an individual ceases to be a director of the Company, all amounts credited under the Company's Deferred Compensation Plan are paid in cash in a lump sum or installments. As described under "Executive Officers' Compensation - 2011 Nonqualified Deferred Compensation Table," in certain circumstances, participants may also be entitled to in-service withdrawals from the Company's Deferred Compensation Plan.

In December 2011, the Compensation Committee met to consider director compensation. At that meeting, the Compensation Committee increased the cash portion of the annual retainer for 2012 to \$45,600 from \$42,000 and increased the fees for each meeting (either in person or by phone) for 2012 to \$2,000 from \$1,500. The other components of director compensation remained unchanged.

#### Director Compensation for 2011

Name	Fees Earned or Paid in Cash (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Non-Equity Incentive Plan Compensation (\$)	Change in Pension Value and Nonqualified Deferred Compensation Earnings (\$)	All Other Compensation (\$)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)
James H. Brandi	\$72,000	\$73,000	—	—	—	—	\$145,000
Wayne H. Brunetti	\$74,000	\$73,000	—	—	—	—	\$147,000
Luke R. Corbett	\$76,000	\$73,000	—	—	—	—	\$149,000
John D. Groendyke	\$65,500	\$73,000	—	—	—	—	\$138,500
Kirk Humphreys	\$75,500	\$73,000	—	—	—	—	\$148,500
Robert Kelley	\$79,000	\$73,000	—	—	—	—	\$152,000
Linda P. Lambert	\$68,000	\$73,000	—	—	—	—	\$141,000
Robert O. Lorenz	\$75,500	\$73,000	—	—	—	—	\$148,500
Judy R. McReynolds (2)	\$28,000	\$30,416	—	—	—	—	\$58,416
Leroy C. Richie	\$80,000	\$73,000	—	—	—	—	\$153,000

(1) Amounts in this column represent the dollar value of the annual retainer that was deposited in the director's account under the Directors' Deferred Compensation Plan. At December 31, 2011, the number of common stock units in the Company Common Stock Fund for each of the directors was as follows: Mr. Brandi, 2,980.444 common stock units; Mr. Brunetti, 7,575.403 common stock units; Mr. Corbett, 65,479.367 common stock units; Mr. Groendyke,

25,786.280 common stock units; Mr. Humphreys, 15,837.975 common stock units; Mr. Kelley, 57,775.754 common stock units; Ms. Lambert, 15,580.078 common stock units; Mr. Lorenz, 28,734.241 common stock units; Ms. McReynolds, 580.015 common stock units and Mr. Richie, 9,419.249 common stock units.

(2) Ms. McReynolds joined the Board of Directors in July 2011, and, therefore, received a pro rata amount of the annual retainer.



PROPOSAL NO. 1 -  
ELECTION OF DIRECTORS

The Board of Directors of the Company currently consists of 11 members; however, Ms. Linda P. Lambert will retire from the Board effective at the Annual Meeting. At the 2010 Annual Meeting, the shareholders approved amendments to the Company's Restated Certificate of Incorporation to declassify the Board of Directors and provide for annual elections of directors upon expiration of the terms of any existing directors. Following the adoption of the amendments to the Company's Restated Certificate of Incorporation, the annual election of directors was phased in, with directors continuing to serve the remainder of their existing terms. As a result, the terms of seven of the directors will expire at this year's Annual Meeting, while the terms of three directors (Mr. Brandi, Mr. Corbett and Mr. Delaney) will expire at the 2013 Annual Meeting.

The following seven persons are the nominees of the Board to be elected for a one-year term at the Annual Meeting to be held on May 17, 2012: Mr. Wayne H. Brunetti, Mr. John D. Groendyke, Mr. Kirk Humphreys, Mr. Robert Kelley, Mr. Robert O. Lorenz, Ms. Judy R. McReynolds and Mr. Leroy C. Richie. The term of each of these nominees will continue until their successors are elected and qualified. Those directors previously elected to terms expiring at the 2013 Annual Meeting will continue to serve until such terms expire. Each of these individuals nominated for election at the Annual Meeting is currently a director of the Company and OG&E. Each of the other directors also was a director of the Company and OG&E during 2011.

As discussed above, Ms. Linda P. Lambert will retire from the Board effective at the Annual Meeting. Ms. Lambert has served as a director of OGE Energy and OG&E since 2004. The Board of Directors expresses its sincere appreciation and thanks to Ms. Lambert for her many years of contribution and dedicated service.

As reported last year in the Company's proxy statement, Oklahoma corporate law was amended after the Company's Annual Meeting in 2010 to require that large public Oklahoma corporations, such as the Company, have a classified board. This law had no impact on the Company in 2011, but, absent a change, would have required the Company to return to a classified board at this Annual Meeting. The law was recently changed in a manner that removes the Company from the requirement to have a classified board.

Proxies solicited by the Board will be voted in favor of the election as directors of the previously listed seven nominees unless a different vote is specified. The Board of Directors does not know of any nominee who will be unable to serve, but if any of them should be unable to serve, the proxy holder may vote for a substitute nominee. All nominees or directors own less than 0.4 percent of any class of voting securities of the Company.

For the nominees described herein to be elected as directors, they must receive the affirmative vote of the holders of a majority of the votes of shares of Common Stock present in person or by proxy and entitled to vote. Broker non-votes will be treated as shares not entitled to be voted.

## INFORMATION ABOUT DIRECTORS AND NOMINEES

The following contains certain information concerning the seven nominees for director, as well as the three directors whose terms of office extend beyond the Annual Meeting on May 17, 2012.

### Nominees for Election for Term Expiring at 2013 Annual Meeting of Shareholders

WAYNE H. BRUNETTI, 69, is a retired Chairman of the Board and Chief Executive Officer of Xcel Energy Inc., which provides electricity and natural gas services in eight Western and Midwestern states. Mr. Brunetti served as Xcel Energy's chairman and chief executive officer from 2001 to 2005. Mr. Brunetti also served as chairman, president and chief executive officer of Xcel Energy's various predecessor companies, including New Century Energies, Public Service Company of Colorado and Southwestern Public Service Company. Mr. Brunetti was the acting Chief Executive Officer of NRG Energy, Inc., a former subsidiary of Xcel Energy Inc., from June 6, 2002 until May 14, 2003 and a director of NRG from June 2000 until May 14, 2003. In May 2003, NRG and certain of NRG's affiliates filed voluntary petitions for reorganization under Chapter 11 of the U.S. Bankruptcy Code to restructure their debt. NRG emerged from bankruptcy on December 5, 2003. Mr. Brunetti began his career at Florida Power & Light in 1964. Mr. Brunetti also served on the Board of Synenco Energy, a Canadian oil sands company, from June 2006 to August 2008. Mr. Brunetti has been a director of the Company and of OG&E since August 2008, and is a member of the Audit Committee and the Compensation Committee of the Board.

JOHN D. GROENDYKE, 67, is Chairman of the Board and Chief Executive Officer of Groendyke Transport, Inc., a bulk truck transportation company in Enid, Oklahoma. Mr. Groendyke has worked at Groendyke Transport, Inc. since 1965. Mr. Groendyke has been a member of the Oklahoma Wildlife Conservation Commission since 1976. Mr. Groendyke has been a director of the Company and of OG&E since January 2003, and is a member of the Compensation Committee and the Nominating and Corporate Governance Committee of the Board.

KIRK HUMPHREYS, 61, is the Chairman and Manager of The Humphreys Company, LLC, a real estate development company, and Board member and Manager of Carlton Landing, LLC, a real estate investment company. He has been active in the development and acquisition of commercial real estate in Oklahoma and surrounding states. He was elected Mayor of Oklahoma City in 1998 and re-elected in 2002. Mr. Humphreys was the founding chairman of the Oklahoma District Council of the Urban Land Institute. He is a trustee of the Oklahoma City Airport Trust and the Oklahoma Industries Authority. He serves on the boards of the Oklahoma State Fair and Native American Cultural and Educational Authority. Mr. Humphreys has been a director of the Company and of OG&E since November 2007, and is a member of the Audit Committee and the Compensation Committee of the Board.

ROBERT KELLEY, 66, is President of Kellco Investments Inc., a private investment company. Prior to May 1, 2001, he served as Chairman of the Board of Noble Affiliates, Inc., an independent energy company with exploration and production operations in the United States and international operations in China, Ecuador, Equatorial Guinea and the U.K. sector of the North Sea. Prior to October 2, 2000 he also served as President and Chief Executive Officer of Noble Affiliates, Inc. and of its three subsidiaries: Samedan Oil Corporation, Noble Gas Marketing, Inc. and Noble Trading, Inc. Mr. Kelley also serves as a member of the Board of Directors and audit committees of Cabot Oil and Gas Corporation and Smith International, Inc. Mr. Kelley also served as a director

of Lone Star Technologies, Inc. from 2001 until 2008. Mr. Kelley is a certified public accountant and his prior experiences include working for a public accounting firm and teaching accounting at two universities. Mr. Kelley has been a director of the Company and OG&E since December 1996, and is chairman of the Audit Committee and a member of the Executive Committee of the Board.

ROBERT O. LORENZ, 65, is a retired partner of the Arthur Andersen accounting firm. Mr. Lorenz joined Arthur Andersen in 1969, became a partner in 1982, was named managing partner of the Oklahoma City office in 1994 and was named managing partner of the Oklahoma practice in 2000, the position he held until November 2002, when he retired. Mr. Lorenz serves on the Board of Directors, audit committee and as lead independent director of Panhandle Oil and Gas, Inc. Mr. Lorenz also is a member of the Advisory Board of the United Way of Central Oklahoma. Mr. Lorenz served on the Board of Directors of Kerr-McGee Corporation until September 1, 2006 when Kerr-McGee was acquired by Anadarko Petroleum Corporation. Mr. Lorenz also served on the Board of Infinity Energy Resources, Inc. from 2004 until March 2009. Mr. Lorenz has been a director of the Company and OG&E since July 2005, and is chairman of the Nominating and Corporate Governance Committee and a member of the Audit Committee and of the Executive Committee of the Board.

JUDY R. MCREYNOLDS, 49, is President and Chief Executive Officer of Arkansas Best Corporation, headquartered in Fort Smith, Ark., whose largest subsidiary is ABF Freight System, Inc. Ms. McReynolds has been a member of Arkansas Best Corporation's board of directors since she was named President and Chief Executive Officer on January 1, 2010. Ms. McReynolds previously served as senior vice president, chief financial officer and treasurer from 2006 through 2009, and was vice president and controller from 2000 to early 2006. Ms. McReynolds serves on the boards of First Bank Corp., the Westark Area Council of the Boy Scouts of America, the Sparks Health System Board of Trustees, the University of Arkansas Fort Smith Foundation Board, the Dean's Executive Advisory Board of the Sam M. Walton College of Business at the University of Arkansas, the American Trucking Associations Executive Committee and Board and the American Transportation Research Institute Board. Ms. McReynolds has been a director of the Company and of OG&E since July 2011, and is a member of the Compensation Committee and the Nominating and Corporate Governance Committee of the Board.

LEROY C. RICHIE, 70, serves as counsel to the Detroit-based law firm of Lewis & Munday, P.C., one of the oldest and largest law firms in the nation founded by minorities. From 1998 to 2004, Mr. Richie was chairman and CEO of Q Standards World Wide Inc. and Capitol Coating Technologies Inc., and President of Intrepid World Communications. Mr. Richie also has served as Vice President and General Counsel for Automotive Legal Affairs of Chrysler Corporation and as director of the New York office of the Federal Trade Commission. Mr. Richie served on the Board of Directors of Kerr-McGee Corporation from 1998 to 2006, the last three years as chairman of the audit committee. He currently serves as a director of Digital Ally Inc., Infinity Energy Resources Inc. and RiverSource Investment Funds. Mr. Richie previously served as a director of Vibration Control Technologies, LLC (2004-2010), Great Lakes Assemblies, LLC (2005-2010) and Gulf Shores Assemblies, LLC (2008-2010). Mr. Richie served on the boards of the Seligman Mutual Fund Family from 2000 until 2008, when they merged with and into RiverSource. Mr. Richie has been a director of the Company and of OG&E since November 2007, and is chairman of the Compensation Committee and a member of the Nominating and Corporate Governance Committee and of the Executive Committee of the Board.

Directors Whose Terms Expire at 2013 Annual Meeting of Shareholders

JAMES H. BRANDI, 63, is recently retired from a position as Managing Director of BNP Paribas Securities Corp., an investment banking firm, where he served from 2010 until late 2011. From 2005 to 2010, Mr. Brandi was a partner of Hill Street Capital, LLC, a financial advisory and private investment firm. From 2001 to 2005, Mr. Brandi was a Managing Director at UBS Securities, LLC, where he was the Deputy Global Head of the Energy and Power Group. Prior to 2000, Mr. Brandi was a Managing Director at Dillon, Read & Co. Inc. and later its successor firm, UBS Warburg, concentrating on transactions in the energy and consumer goods areas. Mr. Brandi currently serves as a director of Approach Resources Inc. Mr. Brandi is a trustee of The Kenyon Review and a former trustee of Kenyon College. Mr. Brandi served as a director of Energy East Corporation from 2006 to 2008. Mr. Brandi has been a director of the Company and of OG&E since February 2010, and is a member of the Compensation Committee and the Nominating and Corporate Governance Committee of the Board.

LUKE R. CORBETT, 65, is the former Chairman and Chief Executive Officer of Kerr-McGee Corporation, which engaged in oil and gas exploration and production and chemical operations. He had been employed by Kerr-McGee Corporation for more than 17 years prior to his retirement from Kerr-McGee Corporation on September 1, 2006, having served as Chairman and Chief Executive Officer since 1997; President and Chief Operating Officer from 1995 to 1997; and Group Vice President from 1992 to 1995. Mr. Corbett also serves as a member of the Board of Directors of Noble Corporation and Anadarko Petroleum Corporation, which acquired Kerr-McGee Corporation on September 1, 2006. Mr. Corbett has been a director of the Company and OG&E since December 1996. He serves as Lead Director of the Board and is a member of the Compensation Committee and the Executive Committee of the Board.

PETER B. DELANEY, 58, is Chairman, President and Chief Executive Officer of the Company and OG&E. From January 2011 to December 2011, Mr. Delaney was Chairman and Chief Executive Officer of the Company and OG&E. From September 2007 until December 2010, Mr. Delaney was Chairman, President and Chief Executive Officer of the Company and OG&E. From January 2007 until September 2007, Mr. Delaney was President and Chief Operating Officer of the Company and OG&E. From 2004 to January 2007 he was Executive Vice President and Chief Operating Officer of the Company and OG&E. From 2002 to 2004, Mr. Delaney was Executive Vice President, Finance and Strategic Planning for the Company and has served since 2002 as the Chief Executive Officer of the Company's Enogex LLC subsidiary. Mr. Delaney is a member of the Board of Directors of the Federal Reserve Bank of Kansas City. Mr. Delaney has been a director of the Company and OG&E since January 2007.

The affirmative vote of the holders of a majority of the shares of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting will be required for the election of the seven nominees as director. Broker non-votes will be treated as shares not entitled to be voted.

The Board of Directors recommends a vote "FOR" the election of the seven nominees as director. Proxies solicited by the Board of Directors will be voted "FOR" the election of the seven nominees as director, unless a different vote is specified.



PROPOSAL NO. 2 -

RATIFICATION OF THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S PRINCIPAL INDEPENDENT ACCOUNTANTS FOR 2012

The Audit Committee has selected Ernst & Young LLP as principal independent accountants to audit the accounts of the Company for the fiscal year ending December 31, 2012. Ernst & Young LLP was originally selected by the Board, upon the recommendation of the Audit Committee, as principal independent accountants for the Company effective May 16, 2002.

While the Audit Committee is responsible for the appointment, retention, termination and oversight of the Company's principal independent accountants, the Audit Committee and the Board are requesting, as a matter of policy, that shareholders ratify the appointment of Ernst & Young LLP as the Company's principal independent accountants. The Audit Committee is not required to take any action as a result of the outcome of the vote on this proposal. However, if the shareholders do not ratify appointment, the Audit Committee may investigate the reasons for the shareholders' rejection and may consider whether to retain Ernst & Young LLP or to appoint another auditor. Furthermore, even if the appointment is ratified, the Audit Committee in its discretion may direct the appointment of different principal independent accountants at any time during the year if it determines that such a change would be in the best interests of the Company and its shareholders.

Representatives of Ernst & Young LLP will be present at the Annual Meeting and will have an opportunity to make a statement if they so desire. Such representatives will be available to respond to appropriate questions from the shareholders at the Annual Meeting.

The affirmative vote of the holders of a majority of the votes of shares of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting will be required for the ratification of the appointment of Ernst & Young LLP as the Company's principal independent accountants for 2012. Abstentions from voting in this matter are treated as votes against.

The Board of Directors recommends a vote "FOR" the ratification of the appointment of the Company's principal independent accountants. Proxies solicited by the Board of Directors will be voted "FOR" the ratification of the appointment of the Company's principal independent accountants, unless a different vote is specified.

PROPOSAL NO. 3 -  
ADVISORY VOTE TO APPROVE NAMED EXECUTIVE OFFICER COMPENSATION

In accordance with recently enacted Federal legislation that is sometimes referred to as "say on pay", the Company is providing shareholders with an advisory (non-binding) vote on compensation programs for our CEO and the other officers named in the Summary Compensation Table on page 33 (who we refer to as "named executive officers"). Accordingly, you may vote on the following resolution at the 2012 Annual Meeting:

"RESOLVED, that the compensation paid to the Company's named executive officers, as disclosed pursuant to Item 402 of Regulation S-K, including the Compensation Discussion and Analysis, compensation tables, and narrative discussion is hereby APPROVED."

This vote is non-binding. The Board and the Compensation Committee, which is comprised of independent directors, intends to consider the outcome of the vote when making future executive compensation decisions and, in particular, to consider any significant negative voting results to the extent they can determine the cause or causes for such votes.

As described in detail under "Compensation Discussion and Analysis," our executive compensation program is premised on providing competitive and responsible levels of compensation that are substantially performance-based so as to align the interests of our executive officers with those of our shareholders. Payouts of annual and long-term incentive awards require the achievement of specific goals established by the Compensation Committee that are designed to benefit our shareholders and the Company, both in the long and short term. Specifically, awards under the Annual Incentive Plan provide officers an opportunity to earn an annual cash bonus, with the amount of the bonus being dependent on the level of achievement of specified Company performance-based goals established for the year. These Company performance goals typically are tied to earnings per share and measures of operating performance. Awards under the Stock Incentive Plan are equity-based, with the amount ultimately paid to an officer being dependent on the level of achievement, usually over a three-year period, of specific Company performance goals that typically are tied directly to total shareholder return compared to a broad utility peer group and to growth in earnings per share. By having a significant portion of our executives' compensation dependent on the level of achievement of various performance goals, our executive compensation program is designed to reward executives with a highly-competitive level of compensation during years of excellent Company performance and, conversely, in years of below average performance, for their compensation to be below competitive levels.

We believe the program strikes the appropriate balance between utilizing responsible pay practices and effectively incentivizing our executives to create value for our shareholders. This balance is evidenced by the following:

Our executive compensation was approved by more than 90 percent of our shareholders who voted at last year's meeting.

We set the 2011 total direct compensation (i.e., the salary plus the target awards under the Annual Incentive Plan and under the Stock Incentive Plan) of each of our named executive officers either below or within five percent of the median amount, as reported by the Compensation Committee's executive compensation consultant, for an executive with similar duties in the applicable compensation peer group used by the Compensation Committee (which peer groups are listed on pages 23 and 24).

We provide a significant part of executive compensation in performance-based incentives. For 2011, the target awards under the Annual Incentive Plan and under the Stock Incentive Plan represented from approximately 56 percent to 77 percent of a named executive officer's total direct compensation, with the officer having the ability to earn from 0 percent to 150 percent of the award under the Annual Incentive Plan and from 0 percent to 200 percent of the award under the Stock Incentive Plan, based entirely on the level of achievement of the applicable performance goals set by



the Compensation Committee.

Shareholders are encouraged to read the Compensation Discussion and Analysis, the accompanying compensation tables, and the related narrative disclosure for more information about the Company's executive compensation program.

The affirmative vote of the holders of a majority of the shares of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting will be required for the approval, on an advisory basis, of the compensation of our named executive officers. Abstaining is treated as a vote against. Broker non-votes will be treated as shares not entitled to be voted.

The Board of Directors unanimously recommends that you vote "FOR" the approval of the named executive officer compensation as disclosed in the Compensation Discussion and Analysis, the accompanying compensation tables and the related narrative disclosure. Proxies solicited by the Board of Directors will be voted "FOR" the approval of the named executive officer compensation, unless a different vote is specified.

## REPORT OF AUDIT COMMITTEE

The Audit Committee oversees the Company's financial reporting process on behalf of the Board of Directors. Management, however, has the primary responsibility for the financial statements and the reporting process including the systems of internal controls.

The Audit Committee has five members, none of whom has any relationship to the Company that interferes with the exercise of his or her independence from management and the Company, and each of whom qualifies as independent under the standards used by the NYSE, where the Company's shares are listed. The Audit Committee operates under a written charter that has been approved by the Board of Directors. The Audit Committee annually reviews and reassesses the adequacy of its charter. Among other things, the charter specifies the policies for selecting the auditors (including rotation for the audit partner) and the scope of the Audit Committee's responsibilities and how it carries out those responsibilities, including structure, processes and membership requirements.

In fulfilling its oversight responsibilities regarding the 2011 financial statements, the Audit Committee reviewed with Company management the audited financial statements contained in our Annual Report to Shareholders. The Audit Committee's review included a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

The Audit Committee also reviewed with the Company's independent auditors the Company's 2011 financial statements and management's assessment of the Company's internal control over financial reporting. The Company's independent auditors are responsible for expressing an opinion on the conformity of our audited financial statements with accounting principles generally accepted in the United States and on the Company's internal control over financial reporting. Our review with the independent auditors included a discussion of the auditors' judgments as to the quality, not just the acceptability, of the Company's accounting principles and such other matters as are required to be discussed with the Audit Committee under Statement on Auditing Standards No. 61, as amended, as adopted by the Public Company Accounting Oversight Board in Rule 3200T. In addition, the Audit Committee discussed with the independent auditors the auditors' independence from management and the Company, including the matters in the written disclosures received by the Audit Committee pursuant to Rule 3526 of the Public Company Accounting Oversight Board.

The Audit Committee also discussed with the Company's internal and independent auditors the overall scope and plans for their respective audits for 2012. The Audit Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company's internal controls, and the overall quality of the Company's financial reporting. The Audit Committee held four meetings during 2011.

## Fees for Independent Auditors

Year ended December 31	2011	2010
Integrated audit of OGE Energy and its subsidiaries financial statements and internal control over financial reporting	\$1,610,000	\$1,530,000
Services in support of debt and stock offerings	60,000	60,000
Other (A)	456,200	410,000
Total audit fees (B)	2,126,200	2,000,000
Employee benefit plan audits	116,000	110,000
Other (C)	106,840	—
Total audit-related fees	222,840	110,000
Assistance with examinations and other return issues	107,850	105,675
Review of Federal and state tax returns	26,000	80,830
Total tax preparation and compliance fees	133,850	186,505
Other tax services	—	81,220
Total tax fees	133,850	267,725
Total fees	\$2,482,890	\$2,377,725

(A) Includes reviews of the financial statements included in OGE Energy's and OG&E's Quarterly Reports on Form 10-Q, audits of OGE Energy's subsidiaries, preparation for Audit Committee meetings and fees for consulting with

OGE Energy's and OG&E's executives regarding accounting issues.

(B) The aggregate audit fees include fees billed for the audit of OGE Energy's and OG&E's annual financial statements and for

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the reviews of the financial statements included in OGE Energy's and OG&E's Quarterly Reports on Form 10-Q. For 2011, this amount includes estimated billings for the completion of the 2011 audit, which services were rendered after year-end.

(C) Includes the U.S. Department of Energy Smart Grid grant audits.

There were no other fees billed by the independent auditors to OGE Energy in 2011 and 2010 for other services.

The Audit Committee has considered whether the provision of non-audit services by the Company's principal independent public accountants is compatible with maintaining auditor independence.

In reliance on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the Company's audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2011, for filing with the SEC. The Audit Committee selected Ernst & Young LLP as the Company's independent public accountants for 2012.

#### Audit Committee Pre-Approval Procedures

Rules adopted by the Securities and Exchange Commission in order to implement requirements of the Sarbanes-Oxley Act of 2002 require public company audit committees to pre-approve audit and non-audit services. OGE Energy's Audit Committee follows procedures pursuant to which audit, audit-related and tax services, and all permissible non-audit services are pre-approved by category of service. The fees are budgeted, and actual fees versus the budget are monitored throughout the year. During the year, circumstances may arise when it may become necessary to engage the independent public accountants for additional services not contemplated in the original pre-approval. In those instances, OGE Energy will obtain the specific pre-approval of the Audit Committee before engaging the independent public accountants. The procedures require the Audit Committee to be informed of each service, and the procedures do not include any delegation of the Audit Committee's responsibilities to management. The Audit Committee may delegate pre-approval authority to one or more of its members. The member to whom such authority is delegated will report any pre-approval decisions to the Audit Committee at its next scheduled meeting.

For 2011, 100 percent of the audit fees, audit-related fees, tax fees and all other fees were pre-approved by the Audit Committee or the Chairman of the Audit Committee pursuant to delegated authority.

#### Audit Committee

Robert Kelley, Chairman  
Wayne H. Brunetti, Member  
Kirk Humphreys, Member  
Linda P. Lambert, Member  
Robert O. Lorenz, Member

## EXECUTIVE OFFICERS' COMPENSATION

The following discussion and analysis is intended to present the material principles underlying our executive compensation policies and decisions and the key factors relevant to an analysis of those policies and decisions.

### COMPENSATION DISCUSSION AND ANALYSIS

**Executive Summary.** Three key components of compensation for the five named executive officers in the Summary Compensation Table on page 33 are salary, annual incentive awards under our Annual Incentive Plan and long-term awards under our Stock Incentive Plan. Consistent with the Company's compensation principles of providing competitive and, at the same time, reasonable levels of compensation, the sum of the 2011 salary, target award under our Annual Incentive Plan and target long-term award under our Stock Incentive Plan for each named executive officer was set by the Compensation Committee in February 2011 either below or within five percent of the median amount as reported by the Compensation Committee's executive compensation consultant for an executive with similar duties in the Company Peer Group (as defined below) or, in the case of Mr. Mitchell, for an executive with similar duties in the Enogex Peer Group (as defined below). As indicated above, at last year's annual meeting, the compensation of our named executive officers was approved by more than 90 percent of our shareholders who voted. Although the results of this vote occurred after the Compensation Committee took action to set 2011 compensation as discussed below, the results of the vote at last year's annual meeting were reviewed by the Compensation Committee and, in light of the 90 percent approval, the Compensation Committee determined that no significant changes to its executive compensation practices were warranted.

Payouts of the awards under the Annual Incentive Plan to executive officers are entirely performance-based with an individual having the opportunity to earn from 0 percent to 150 percent of his or her targeted award depending on the level of achievement of Company performance goals set by the Compensation Committee in February 2011. For the named executive officers, other than Mr. Mitchell, the Company performance goals for 2011 were based: 55 percent on the Company's consolidated earnings per share ("EPS"), 30 percent on the operation and maintenance expenses ("O&M") for various business units of the Company and OG&E (its utility subsidiary) and 15 percent on safety records of the Company and its subsidiaries. For Mr. Mitchell, the Senior Vice President and COO of Enogex in February 2011, his performance goals were based 80 percent on Enogex's Earnings Per Unit and 20 percent on Enogex's safety record.

The Company achieved record consolidated EPS of \$3.45 for 2011 and met the O&M target established by the Compensation Committee. This high level of performance caused the named executive officers, other than Mr. Mitchell, to receive 122 percent of their 2011 targeted annual awards under the Annual Incentive Plan. Mr. Mitchell received a 70 percent payout of his targeted annual award as Enogex's earnings were below the target level established by the Compensation Committee for a 100 percent payout while Enogex's safety record in 2011 far exceeded the target level established by the Committee.

As noted above, the named executive officers also received in 2011 long-term awards under the Stock Incentive Plan. Those awards are also entirely performance-based with payouts, if any, to occur after the end of the three-year performance period on December 31 2013. Payout of 75 percent of the awards is dependent on the Company's total shareholder return over the three years ending December 31, 2013 compared to the total shareholder return for the same period of 61 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index. Payout of the remaining 25 percent of the long-term awards is based on the growth over the same three-year period in consolidated EPS from the \$2.99 earned by the Company in 2010.

Compensation in 2011 for the named executive officers (other than Mr. Trauschke who did not join the Company until April 2009) also included payouts of the long-term awards made to them in early 2009 for the three-year performance

period ending December 31, 2011. Payouts of 75 percent of the 2009 long-term awards were tied to total shareholder return over the three-year period ending December 31, 2011 and payouts of the remaining 25 percent were tied to growth in EPS over the same three-year period from the Company's 2008 EPS of \$2.49. Each named executive officer received a payout of 200 percent of his 2009 target long-term award. This high payout was due to the Company's total shareholder return for the three years ending December 31, 2011 being at the 97th percentile (the top three percent) of 61 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index and the Company's earnings growing over the same period from \$2.49 per share to \$3.45 per share. As part of Mr. Trauschke's employment arrangement upon his joining the Company in April 2009, Mr. Trauschke received a target long-term award based on total shareholder return and earnings growth for the period commencing April 1, 2009 and ending December 31, 2011. Mr. Trauschke received a payout of 200 percent of this award as a result of the Company's high total shareholder return and earnings growth based on an EPS of \$2.51 during the 33-month period ending December 31, 2011.

As explained below, the named executive officers also participate in various retirement, health and welfare plans and programs that are generally available all full-time employees of the Company and receive limited perquisites. The foregoing Executive Summary is subject to the following detailed explanation of the Company's executive compensation practices and policies.

General. The Compensation Committee administers our executive compensation program. Our executive compensation program is premised on two basic principles. First, our overall compensation levels must be sufficiently competitive to attract and retain talented leaders. At the same time, we believe that compensation should be set at reasonable and responsible levels, consistent with our continuing focus on controlling costs. Second, our executive compensation program should be substantially performance-based and should align the interests of our executives with those of our shareholders. The Compensation Committee uses the same compensation principles and policies in setting the compensation of the CEO as it uses in setting the compensation for the other executive officers.

Three key components of our executive compensation program are salary, annual incentive awards under our Annual Incentive Plan and long-term incentive awards under our Stock Incentive Plan. Both the Annual Incentive Plan and Stock Incentive Plan have been approved by our shareholders. Salaries are a critical element of executive compensation because they provide executives with a base level of monthly income. The Compensation Committee's intent in setting salaries is to pay competitive rates based on an individual's responsibilities, experience and level of performance. The annual and long-term incentive awards of an executive's compensation are directly linked to performance. Payouts of these portions of an executive's compensation are placed at risk and require the accomplishment of specific results that are designed to benefit our shareholders and the Company, both in the long and short term. Specifically, awards under the Annual Incentive Plan provide officers an opportunity to earn an annual cash bonus for achieving specified Company performance-based goals established for the year. These Company performance goals typically are tied to measures of operating performance. Awards under the Stock Incentive Plan are equity-based and require the achievement, typically over a three-year period, of specific Company performance goals that are tied directly to the performance of the Company's stock or to factors that affect the performance of the Company's stock.

Our executive compensation program recognizes that our senior executives are in a position to directly influence the Company's achievement of targeted results and strategic initiatives. For this reason, as an individual's position and responsibilities increase, a greater portion of the officer's compensation is at risk and consists of performance-based pay dependent on the achievement of performance objectives. This is shown by the level of 2011 salaries, annual incentive awards and long-term incentive awards set for the five executive officers reported in the Summary Compensation Table on page 33. Based on the grant date fair value of equity awards granted to the named executive officers in 2011 and the base salary of the named executive officers, "Salary" accounted for approximately 23 percent to 44 percent of total direct compensation (i.e., salary plus annual and long-term incentive compensation), while incentive compensation accounted for approximately 56 percent to 77 percent of total direct compensation, assuming achievement of a target level of performance for each named executive officer. As a result, our executive compensation program is designed to reward executives with a highly-competitive level of compensation during years of excellent Company performance and, conversely, in years of below-average performance, for their compensation to be below competitive levels.

An important part of the Compensation Committee's process in setting executive compensation pay levels is a market analysis of executive pay levels. For more than 10 years, the Compensation Committee has utilized a nationally recognized compensation consulting firm to assist it in performing this task. In 2007, the Company, at the direction of the Compensation Committee, issued a request for proposals to numerous nationally recognized compensation consulting firms. Following this process, the Compensation Committee selected Mercer as its executive compensation consultant for 2008 and subsequently has retained Mercer in 2009, 2010 and 2011. Following Mercer's selection in 2008, the Compensation Committee immediately assigned to Mercer the task of developing a recommended peer group to be used by the Compensation Committee as part of the market analysis in setting executive compensation.

The Compensation Committee worked with Mercer to review and select a peer group (the "Company Peer Group") for executive compensation. The following Company Peer Group was established in 2008 for all officers of the Company

other than those officers whose responsibilities are limited to Enogex (the "Enogex Officers"):

Alliant Energy Corp.	Pepco Holdings, Inc.
Ameren Corp.	PNM Resources, Inc.
CenterPoint Energy, Inc.	Puget Energy, Inc.
CMS Energy Corp.	SCANA Corporation
DTE Energy Company	Sierra Pacific Resources <sup>1</sup>
Great Plains Energy, Inc.	TECO Energy, Inc.
Integrus Energy Group, Inc.	Vectren Corporation
NiSource Inc.	Wisconsin Energy Corporation
ONEOK, Inc.	

<sup>1</sup> Name changed to NV Energy.



The companies comprising the Company Peer Group were selected because each company met a majority of the following specific criteria relevant to the Company: (i) size determined by revenues (0.5 times to two times relative to the Company); (ii) a market value to revenue of less than 1.5 times; (iii) business mix of reportable business segments for utility and natural gas operations; (iv) geographic location and markets served and (v) presence of midstream natural gas operations. The Compensation Committee reviewed with Mercer and the Company's management the Company Peer Group in 2009 and 2010 and determined each year that no change in the peer group was needed for determining executive compensation for the following year.

In years prior to the selection of the above Company Peer Group for compensation purposes, the Committee in conducting its market analysis and setting executive compensation had used more broad-based survey groups that included energy services organizations and general industry organizations. There was not one compelling factor that caused the Compensation Committee to shift from its prior use of these very broad-based industry groups to a more defined peer group in conducting a market analysis and setting executive compensation. Rather, the decision was based on a variety of factors and included the prevalence, based on information from Mercer, of the use of defined peer groups by companies comparable to the Company and the Compensation Committee's belief that a defined peer group of corporations with similar characteristics to the Company would allow for more precise comparison of executive compensation.

A similar screening process has been used to select a peer group for compensation purposes for the Enogex Officers (the "Enogex Peer Group") with the key criteria including revenue, miles of pipeline assets, total assets, geographic location and markets served. In September and December 2010, the Compensation Committee reviewed with Mercer and the Company's management the existing peer group for compensation purposes for the Enogex Officers and added five companies to the peer group for purposes of 2011 compensation as each of the companies also met a majority of the key criteria. The Enogex Peer Group for 2011 consisted of the following 18 companies:

Atlas Pipeline Partners <sup>1</sup>	Genesis Energy, L.P.
Boardwalk Pipeline Partners LP <sup>1</sup>	Magellan Midstream Partners, L.P.
Buckeye Partners LP <sup>1</sup>	NuStar Energy L.P.
Copano Energy, L.L.C.	ONEOK Partners, L.P.
Crosstex Energy, L.P.	Regency Energy Partners LP
DCP Midstream Partners, LP	Southern Union Company
Duncan Energy Partners LP <sup>1</sup>	Spectra Energy Corp
El Paso Corporation	Sunoco Logistics Partners L.P.
Energy Transfer Partners, L.P.	Targa Resources Partners LP <sup>1</sup>

<sup>1</sup> New peer company for 2011.

The Compensation Committee believes that a separate peer group for Enogex is appropriate for several reasons, including the distinct differences of Enogex's midstream natural gas business and of the skills and market for executives in the natural gas business as compared to the rest of the Company.

As noted above, the Compensation Committee retained Mercer in 2010, as its compensation consultant for 2011. For 2011, senior management in making recommendations on compensation and the Compensation Committee in making decisions on compensation used as a primary guideline the median market pay data provided by Mercer of the Company Peer Group for all executives other than the Enogex Officers and the median market pay data provided by Mercer of the Enogex Peer Group for the Enogex Officers. This market pay data for an executive is intended to represent what would be paid to a hypothetical, seasoned performer in a job having similar responsibilities and scope to the executive in question. However, actual compensation recommendations by senior management and decisions on compensation by the Compensation Committee can vary from this market data for numerous reasons, including an individual's performance, experience level and internal equity.

An individual's performance for a particular year is judged through an annual performance evaluation, which involves, for each member of senior management (other than the CEO), a scoring by such individual's supervisor of various competencies, including the individual's management skills, business knowledge and achievement of various performance and development objectives set at the beginning of the year. The annual performance evaluations are

reviewed with the Compensation Committee and are used by the CEO and COO in making compensation recommendations to the Compensation Committee. The Compensation Committee also conducted an annual performance evaluation of the CEO.

The Compensation Committee met in December 2010 and set each executive officer's 2011 salary and, subject to potential adjustment at its meeting in February 2011, each executive officer's target annual incentive award and target long-term incentive award for 2011 based primarily on the individual's annual performance evaluation and on the comparable amounts shown at the median for an executive officer with similar duties in the Company Peer Group or, in the case of an executive officer whose responsibilities are limited to Enogex, the Enogex Peer Group. The target annual and long-term incentive awards were expressed as percentages of salary. While the setting of the target annual incentive and long-term incentive awards is an important part of

the executive compensation process, another critical part is the setting of the Company performance goals for such awards. This is a critical part because the level of achievement of the Company performance goals will determine the amount, if any, of the possible payouts of the target annual and long-term incentive awards.

Following a discussion of recommendations by the CEO and COO, the Compensation Committee, at its meeting in February 2011, set the Company performance goals for annual incentive and long-term incentive awards. These Company performance goals for executive officers are described in detail below and were intended to align the executive's interests with our shareholders by having achievement of Company performance goals be directly beneficial to our shareholders or indirectly beneficial to our shareholders by being tied to an operational measure that improves the efficiency of our operations. At its meeting in February 2011, the Compensation Committee also approved the form of the long-term compensation awards for the executive officers, which awards were equity-based and, like prior years, consisted entirely of performance units whose payout was dependent on the Company's achievement of specified performance goals during the three-year period ending December 31, 2013. The Compensation Committee chose to take these actions at its meeting in February 2011 rather than at its December 2010 meeting because the Compensation Committee wanted to know the Company's audited 2010 financial results before setting many of the 2011 performance goals and such audited financial results were not available until shortly before the meeting.

In setting the executive compensation for any given year, the Compensation Committee historically (including 2011) has not looked to compensation earned by executives in prior years, including specifically amounts realized from grants in prior years of annual incentive awards or long-term incentive awards. The primary reasons are that our executive compensation program seeks to have all components of executive compensation be competitive, and the portions of an executive's compensation that could vary materially from year to year are primarily performance-based. As a result, high levels of executive compensation in a particular year historically have resulted from excellent Company performance, which the Compensation Committee believed did not warrant a reduction in future compensation levels or in our compensation principles. There also is no established policy or target for the allocation between either cash and non-cash or annual and long-term compensation. Rather, the Compensation Committee reviews market pay information from Mercer in determining the appropriate level and mix of incentive compensation. As indicated above, our senior management and, in particular, our CEO and COO played an important part in setting 2011 executive compensation. Besides developing recommendations for the Company performance goals that needed to be met for payouts of 2011 annual incentive awards and long-term incentive awards, they reviewed with the Compensation Committee at its December 2010 meeting the performance evaluations of each officer (other than the CEO), with the CEO giving his performance evaluation of the COO. They also reviewed and discussed with the Compensation Committee at its December meeting their recommendations for each member of management of 2011 salaries, target annual incentive awards and target long-term incentive awards. As noted above, the CEO's performance evaluation and the setting of his potential salary, target annual incentive award and target long-term incentive award were conducted by the Compensation Committee without any members of management present. The Compensation Committee's performance evaluation of the CEO, along with his 2011 salary, target annual incentive award and target long-term incentive award, were reviewed by the Compensation Committee with all independent members of the Board.

The following three sections illustrate the application of our executive compensation principles and discuss in detail the salaries, bonuses and long-term compensation of the named executive officers that were approved by the Compensation Committee and were paid in connection with 2011 compensation.

**Base Salary.** As explained above, the base salaries for our executive officers in 2011 were designed to be competitive with the Company Peer Group for most of our executive officers and with the Enogex Peer Group for the Enogex Officers. Base salaries of our executive officers were determined based primarily on an individual's annual performance evaluation, using as a guideline the salaries at the median of the range for executives with similar duties in the appropriate survey group. The salaries of executive officers for 2011 were determined initially in December 2010, with an effective date of January 1, 2011. The 2011 initial base salary amounts and percentage increase approved by the Compensation Committee in December 2010 for the named executive officers reported in the Summary Compensation Table on page 33 were as follows: Peter Delaney, \$859,300, 2.3 percent; Sean Trauschke,

\$440,000, 6.8 percent; Danny P. Harris, \$582,000, 3.5 percent; Keith Mitchell, \$337,900, 2.0 percent; and Steve Merrill, \$263,000, 3.2 percent. The new salary for each of these individuals, other than Mr. Mitchell, was either below or within four percent of the median for an executive with similar duties in the Company Peer Group. Although Mr. Mitchell's salary increase was only two percent (\$6,600), his salary was 11 percent above the median of an executive officer with similar duties in the Enogex Peer Group, which the Company believes was attributable to the change in the composition of the Enogex Peer Group for 2010.

The 2011 salaries of Mr. Mitchell, Mr. Merrill and Mr. Trauschke were subsequently increased in 2011 as part of the transition during 2011 of the responsibilities of Danny Harris, President and COO of the Company and OG&E and President of Enogex, who retired on December 31, 2011. In accordance with the recommendation from Mr. Delaney, the Company's Board of Directors chose to not replace Mr. Harris, but instead to realign the reporting relationships of the Company's senior management and to assign, effective in October 2011, the responsibilities of Mr. Harris among a six-member senior executive team reporting directly to Mr. Delaney. Specifically, Mr. Mitchell was promoted from Senior Vice President and COO of Enogex to President of Enogex

and his salary was increased 2.1 percent from \$337,900 to \$345,000, effective October 10, 2011, to reflect his increased responsibilities as Enogex's President. Mr. Merrill was promoted from Vice President, Human Resources of the Company to Vice President, Human Resources and Corporate Relations, which expanded his responsibilities to include oversight of public and community affairs, economic development and external communications, and his salary was increased 6.5 percent from \$263,000 to \$280,000, effective October 24, 2011. Mr. Merrill, who earlier in his career had served as the CFO of Enogex, was then appointed in December 2011 as COO of Enogex and his salary was increased from \$280,000 to \$306,600, effective December 5, 2011. The Committee believed that each of the new salaries of Mr. Mitchell and Mr. Merrill were at or within 10 percent of the median of an executive officer with similar duties in the Company Peer Group or the Enogex Peer Group, as applicable, and this belief was confirmed by Mercer, the Committee's executive compensation consultant. While Mr. Trauschke's responsibilities were not increased as part of the realignment of executive responsibilities in October 2011 in anticipation of Mr. Harris' retirement, Mr. Trauschke's salary was increased, effective October 24, 2011, from \$440,000 to \$460,000 to reflect the additional responsibilities that he had assumed earlier in 2011 and to bring his salary to the median amount initially reported by Mercer to the Compensation Committee in December 2010 for an executive officer with similar duties in the Company Peer Group. No changes were made to any other aspects of Messrs. Mitchell's, Merrill's and Trauschke's 2011 compensation.

**Annual Incentive Compensation.** Annual incentive awards with respect to 2011 performance were made under the Annual Incentive Plan to 145 employees, including all executive officers. The Plan provides executive officers with annual incentive awards, the payment of which is dependent entirely on the achievement of the Company performance goals that, for 2011, were established by the Compensation Committee in February 2011. The Company also has a similar plan, the Team\$hare Plan, that provides similar opportunities to all full-time employees who do not participate in the Annual Incentive Plan.

The amount of the award for each executive officer was expressed as a percentage of salary paid during 2011 (the "targeted amount"), with the officer having the ability, depending upon achievement of the Company performance goals, to receive from 0 percent to 150 percent of such targeted amount. For 2011, the targeted amount ranged from 30 percent to 90 percent of base salary for the executive officers. For the named executive officers reported in the Summary Compensation Table on page 33, the targeted amounts were as follows: Mr. Delaney, 90 percent of his 2011 salary; Mr. Trauschke, 60 percent of his 2011 salary; Mr. Harris, 75 percent of his 2011 salary; Mr. Mitchell, 50 percent of his 2011 salary; and Mr. Merrill, 50 percent of his 2011 salary. The targeted amount for each of these individuals was unchanged from 2010 and was at or below the median of the level of such award granted to a comparable executive in the Company Peer Group or, in the case of Mr. Mitchell, to a comparable executive in the Enogex Peer Group.

As noted above, potential payouts of targeted amounts are dependent entirely on achievement of Company performance goals. For Messrs. Delaney, Trauschke, Harris and Merrill, the Company performance goals for 2011 were based: (i) 55 percent on a Company consolidated EPS target established by the Compensation Committee (the "Consolidated Earnings Target"), (ii) 30 percent on an O&M expense target for various business units of the Company and of OG&E established by the Compensation Committee (the "O&M Target"), and (iii) 15 percent on various safety targets established by the Compensation Committee (the "Corporate Safety Targets"). For Mr. Mitchell, the Company performance goals were based 80 percent on a consolidated earnings target per membership unit of Enogex Holdings LLC and its subsidiaries (the "Enogex Earnings Target") and 20 percent on various safety targets for Enogex and its subsidiaries (the "Enogex Safety Targets"). For the remaining executive officers, the Company performance goals were based on different combinations of the Consolidated Earnings Target, an earnings target for OG&E, the Enogex Earnings Target, the O&M Target and various safety targets and customer satisfaction targets, each as established by the Compensation Committee.

For each Company performance goal, the Compensation Committee established a minimum level of performance (below which no payout would be made), a target level of performance (at which a 100 percent payout would be made) and a maximum level of performance (at or above which a 150 percent payout would be made). The following table shows the target levels of performance for the Company performance goals set for the named executive officers in 2011, the actual level of performance, as calculated pursuant to the terms of the awards, and the percentage payout

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of the targeted amount based on the actual level of performance:

	Target	Actual Performance	% Payout
Consolidated Earnings Target	\$3.05/share	\$3.45/share	150.0%
Enogex Earnings Target	\$1.73/unit	\$1.55/unit	55.0%
O&M Target	\$377.5 million	\$375.2 million	111.27%
Safety Targets	Recordable Incident Rate	Recordable Incident Rate	
	0.92 Combined Utility & Enterprise Services	1.43	0%
	0.42 Combined Enogex & OGE Energy Resources LLC	0.16	130.95%

Calculation of the Consolidated Earnings Target, O&M Target and Enogex Earnings Target were derived from the amounts reported in the Company's 2011 financial statements, with the Consolidated Earnings Target being the Company's reported consolidated diluted EPS from continuing operations, with the Enogex Earnings Target being the reported consolidated net income from continuing operations of Enogex Holdings LLC divided by the weighted average number of outstanding membership units of Enogex Holdings LLC for the year ended December 31, 2011, and with the O&M Target being the O&M expenditures of various OGE Energy and OG&E business units. The safety targets consisted of recordable incident rates, which are derived from the Federal Occupational Safety and Health Act of 1970 standards for reportable injuries. At the time of setting these Company performance goals, the Committee specifically authorized various exceptions to be used in calculating the achievement of these performance goals, including, for example, the exclusion of any increases or decreases in revenues or expenses in excess of \$5 million from the enactment after February 16, 2011 of any new Federal or state law, the addition to revenues of an estimated amount of lost revenues in the event a large natural gas gathering and processing contract was converted in 2011 by Enogex and the other party to the contract from a keep-whole processing arrangement to a fixed-fee processing arrangement, the exclusion of any increases or decreases in revenues or expenses from any change in accounting principles occurring during 2011 and the exclusion of any net gain or loss in 2011 from the sale, other disposition or impairment of any business asset, including any gain from the receipt of insurance proceeds in 2011 in connection with the fire in December 2010 at the Cox City natural gas processing plant. For annual incentive compensation purposes, the overall effect of these exceptions was to increase the Company's reported consolidated EPS from continuing operations, but did not affect payouts associated with the Consolidated Earnings Target, because, even without the exceptions, the payout of the Consolidated Earnings Target was at the 150 percent maximum. The exceptions also increased the Enogex Earnings Target for Enogex officers (including Mr. Mitchell) from \$1.47 per membership unit to \$1.55, which increased the level of payout associated with the Enogex Earnings Target from 0 percent to 55.0 percent. The vast majority of this increase was attributable to the addition to revenues for a portion of the estimated lost revenues from the conversion in 2011 of the large natural gas gathering and processing contract noted above. The Company believes that those exceptions, which were set by the Committee at the same time the 2011 Company performance goals were set in February 2011, were appropriate as they represented items that were outside the Company's control, that were one-time events, that are not indicative of the Company's operating performance or, in the case of the conversion of the large gas gathering and processing contract, would create long-term value for the Company despite an adverse impact on 2011 earnings. The percentage of the targeted amount that an executive officer ultimately received based on corporate performance was subject to being decreased, but not increased, at the discretion of the Compensation Committee. For 2011, and as shown by the chart above, corporate performance of the combined Safety Target for the utility (i.e., OG&E) and enterprise services was below the minimum level of achievement set by the Compensation Committee and resulted in no payout to executive officers while corporate performance of the Consolidated Earnings Target, the Enogex Earnings Target and the Combined Enogex and OGE Energy Resources Safety Target exceeded the minimum levels of achievement established by the Compensation Committee and, based on the level of achievement, the Compensation Committee approved payouts under the Annual Incentive Plan to the Company's named officers ranging from 35 percent to 110 percent of their earned base salaries and from 70 percent to 122 percent of their targeted amounts. Payouts under the Annual Incentive Plan are in cash and the amounts paid to the Company's named executive officers are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 33.

**Long-Term Incentive Compensation.** Long-term incentive awards also were made in 2011 under our Company's Stock Incentive Plan. The Plan provides for the grant of any or all of the following types of awards: stock options, stock appreciation rights, restricted stock and performance units; however, the Compensation Committee has not granted stock options or stock appreciation rights since 2004 and has no intention to issue stock options or stock appreciation rights in the foreseeable future. For 2011, the Compensation Committee set a targeted amount of long-term incentive compensation to be awarded each executive officer, which amount was expressed as a percentage of the individual's base salary that was approved by the Compensation Committee in December 2010 to be effective as of January 1, 2011 (the "approved 2011 base salary"). For 2011, the targeted amount ranged from 60 percent to 240 percent of the approved 2011 base salary for executive officers. Historically, the long-term incentive compensation for the

Company's executive officers had been below, including in some cases significantly below, the median level of such awards granted to comparable executives in the appropriate peer group. For the named executive officers reported in the Summary Compensation Table on page 33, the targeted amounts of long-term incentive compensation were as follows: Mr. Delaney, 240 percent of his approved 2011 base salary; Mr. Trauschke, 135 percent of his approved 2011 base salary; Mr. Harris, 170 percent of his approved 2011 base salary; Mr. Mitchell, 95 percent of his approved 2011 base salary; and Mr. Merrill, 85 percent of his approved 2011 base salary. The targeted amount for each of these individuals was either below or within five percent for an executive with similar duties in the Company Peer Group or, for Mr. Mitchell, an executive with similar duties in the Enogex Peer Group.

Prior to 2005, the Compensation Committee had awarded long-term compensation annually in the forms of stock options and restricted stock. However, the Compensation Committee ceased issuing restricted stock and stock options to executive officers in 2005 and instead, since 2005, has made annual awards of long-term compensation for the named executive officers solely in the form of performance units with, as explained below, payout of the performance units being dependent on achievement of Company performance goals set by the Compensation Committee. Specifically, for 75 percent of the performance units awarded in 2011,



the Company performance goal is based on the relative total shareholder return of the Company's Common Stock over the three-year period ending December 31, 2013 compared to a peer group and, for the remaining 25 percent, the Company performance goal is based on the growth in the Company's EPS over the same period compared to an earnings growth target (the "Earnings Growth Target") set by the Compensation Committee.

The performance units were granted to executive officers on February 16, 2011, immediately following the Compensation Committee's meeting on such date. The number of performance units granted was determined by taking the targeted amount of the executive's long-term compensation to be delivered in performance units (expressed as a percentage of the executive's approved 2011 base salary, and as determined above) and dividing that amount by \$46.18, which was the closing price of a share of the Company's Common Stock on February 15, 2011. Using this valuation method, the named executive officers received a number of performance units with a value at the date of grant from 85 percent to 240 percent of their approved 2011 base salaries. All payouts of these performance units will be made in shares of the Company's Common Stock, which causes the value of the performance units to be substantially dependent upon the changing value of the Company's Common Stock in the marketplace. As indicated above, the terms of 75 percent of the performance units granted to each executive officer in 2011 entitle the officer to receive from 0 percent to 200 percent of the performance units granted depending upon the Company's total shareholder return over a three-year period (defined as share price increase (decrease) since December 31, 2010 plus dividends paid, divided by share price at December 31, 2010) measured against the total shareholder return for such period of a peer group selected by the Compensation Committee. The peer group for measuring the Company's total shareholder return performance consists of 61 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index. At the end of the three-year period (i.e., December 31, 2013), the terms of these performance units provide for payout of 100 percent of the performance units initially granted if the Company's total shareholder return is at the 50th percentile of the peer group, with higher payouts for performance above the 50th percentile up to 200 percent of the performance units granted if the Company's total shareholder return is at or above the 90th percentile of the peer group. The terms of these performance units provide for payouts of less than 100 percent of the performance units granted if the Company's total shareholder return is below the 50th percentile of the peer group, with no payout for performance below the 35th percentile.

For the remaining 25 percent of performance units granted to each executive officer in 2011, the officer is entitled to receive from 0 percent to 200 percent of the performance units granted depending upon the growth in the Company's EPS over the three-year period ending December 31, 2013. The growth in the EPS for these officers will be measured from \$2.99 per share (which is the \$2.99 earned in 2010 from continuing operations), against the Earnings Growth Target (4.5 percent per year) set by the Compensation Committee for such period. At the end of the three-year period (i.e., December 31, 2013), the terms of these performance units provide for payout of 100 percent of the performance units initially granted if the rate of growth of the Company's EPS during such period is at the Earnings Growth Target, with higher payouts for growth rates in excess of the Earnings Growth Target up to 200 percent for growth rates at or above 155.5 percent of the Earnings Growth Target and for payout of less than 100 percent for growth rates below the Earnings Growth Target, with no payouts for growth rates below 55.5 percent of the Earnings Growth Target. The Company's earnings growth rate is calculated on a point-to-point basis by dividing by one-third the percentage increase in the Company's EPS for the year ended December 31, 2013, compared to the benchmark of \$2.99.

In February 2012, the executive officers (other than Mr. Trauschke who did not join the Company until April 2009) received payouts of the 2009 performance units awarded to them in February 2009 as part of their long-term compensation for 2009. Payout of 75 percent of the performance units awarded in 2009 was dependent on the achievement of a Company performance goal based on total shareholder return for the three-year period ended December 31, 2011 and 25 percent was dependent on the growth over the same three-year period in the Company's EPS of \$2.49 for the year ended December 31, 2008 compared to the Earnings Growth Target of four percent per year set by the Compensation Committee in February 2009. The Company's total shareholder return for the three-year period ending December 31, 2011, was at the 97th percentile (the top three percent) of the peer group. Stated differently, the percentage return on the Company's Common Stock, consisting of increases (decreases) in the price of the Company's Common Stock plus dividends paid, was higher than 58 of 61 utility holding companies and gas and

electric utilities in the Standard & Poor's 1500 Utilities Sector Index during the period commencing on January 1, 2009 and ending on December 31, 2011. The Company's average annual EPS growth (calculated on a point-to-point basis by dividing by one-third the percentage increase in the Company's EPS for the year ended December 31, 2011 of \$3.45, compared to the benchmark of \$2.49 for the year ended December 31, 2008) was 12.9 percent. This high level of performance resulted in payouts in February 2012 of 200 percent both of the 2009 performance units that were based on total shareholder return, and of the 2009 performance units based on EPS growth. The value of these payouts is reflected in the Stock Awards - Value Realized on Vesting column of the 2011 Option Exercises and Stock Vested Table on page 36.

Mr. Trauschke was hired as Vice President and CFO of the Company in April 2009. As part of his employment arrangement, Mr. Trauschke received a long-term incentive award for a targeted amount of 105 percent of his initial salary of \$382,500 for the performance period from April 1, 2009 through December 31, 2011. The terms of this award were basically the same as awards made to other officers. The number of performance units granted to Mr. Trauschke was determined by dividing \$401,625 (i.e.,

105 percent of his salary of \$382,500) by \$24.25, which was the closing price of the Company's Common Stock on April 23, 2009 (the day before the grant was made to Mr. Trauschke). Payout of 75 percent of these performance units was dependent on the Company's total shareholder return as measured against the total shareholder return of the companies in the Standard & Poor's 1500 Utilities Sector Index, for the period from April 1, 2009 through December 31, 2011. Payout of the remaining 25 percent of these performance units was dependent on EPS growth, with the growth of EPS measured against \$2.51 (which is the \$2.51 earned from continuing operations by the Company for the 12 months ended March 31, 2009) for the period commencing on April 1, 2009 and ending December 31, 2011. Since the Company's total shareholder return for the period from April 1, 2009 through December 31, 2011 was in the top 97 percent of the peer group and the average annual earnings growth rate for the same period exceeded 10 percent, Mr. Trauschke received a payout of 200 percent of these performance units in February 2012, and the value of this payout, based on the closing price of the Company's Common Stock on December 31, 2011, is reported in the Stock Awards - Value Realized on Vesting column of the 2011 Option Exercises and Stock Vested Table on page 36.

CEO Compensation. The 2011 compensation for Mr. Delaney consisted of the same components as the compensation for other executive officers and was based on the same compensation principles and policies that were used in setting compensation for other executive officers. For 2011, Mr. Delaney's salary was increased 2.3 percent from \$840,000 to \$859,300. Mr. Delaney's 2011 targeted award under the Annual Incentive Plan remained at 90 percent of his base salary, and his targeted amount of long-term compensation was increased from 225 percent to 240 percent of his approved 2011 base salary. The overall result was that the amount of Mr. Delaney's approved 2011 salary, targeted award under the Annual Incentive Plan and targeted amount of long-term compensation on a combined basis was approximately three percent below the median of such aggregated amount for a chief executive officer in the Company Peer Group. Like the other named executive officers, Mr. Delaney's targeted amount of long-term compensation was awarded in performance units based on the closing price of the Company's Common Stock on February 15, 2011, and resulted in his receiving 44,659 performance units. The terms of these performance units are identical to those awarded other executives and are described above.

As a result of 2011 corporate performance of the corporate goals described above, Mr. Delaney was entitled to a payout of \$946,848 under the Annual Incentive Plan, representing 122 percent of his targeted award and 110 percent of his salary. Like other executive officers, Mr. Delaney also received in February 2012 a payout of 200 percent of the performance units previously granted to Mr. Delaney in February 2009 based on the Company's total shareholder return for the three years ended December 31, 2011 being at the 97th percentile (the top three percent) of 61 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index and the average annual growth of the Company's EPS for the three years ended December 31, 2011 being 12.9 percent. This resulted in Mr. Delaney receiving a payout of 146,488 units, all of which were paid in shares of the Company's Common Stock. The value of this payout, based on the closing price of the Company's Common Stock on December 31, 2011, is reported in the Stock Awards - Value Realized on Vesting column of the 2011 Option Exercises and Stock Vested Table on page 36.

Other Benefits. As noted above, the key components of our executive compensation program are salary, annual incentive awards and long-term incentive awards. Virtually all of our employees, including executive officers, are eligible to participate in our qualified defined benefit retirement plan ("Pension Plan") and certain employees are eligible to participate in our supplemental restoration plan that enables participants, including executive officers, to receive the same benefits that they would have received under our Pension Plan in the absence of limitations imposed by the Federal tax laws. In addition, a Supplemental Executive Retirement Plan (the "SERP"), which was adopted in 1993, offers supplemental pension benefits to specified lateral hires. Mr. Delaney is the only executive officer who participates in the SERP. Mr. Delaney's participation in the SERP was the result of arms-length bargaining between Mr. Delaney and the Company at the time of his hire in April 2002 as Executive Vice President of the Company. For additional information on the Pension Plan, restoration plan and SERP, see "2011 Pension Benefits Table" on page 37. Almost all employees of the Company, including executive officers, also are eligible to participate in our 401(k) Plan. Under the 401(k) Plan, participants may contribute between two percent and 19 percent of their compensation. Participants may designate, at their discretion, all or any portion of their contributions as: (i) a before-tax contribution under Section 401(k) of the Code subject to the limitations thereof; or (ii) a contribution made on an after-tax basis. In

addition, participants age 50 or older may make as a before-tax contribution certain catch-up contributions as permitted under the Code. The 401(k) Plan was amended in October 2009 whereby eligible employees were provided a choice to select a future retirement benefit combination from the Company's Pension Plan and the Company's 401(k) Plan. For those employees who elected to stay in the Pension Plan (prior to it being amended) and 401(k) Plan (prior to it being amended), the Company matches (other than the catch-up contributions), each pay period under the 401(k) Plan, on behalf of each participant, an amount equal to 50 percent up to six percent of compensation for participants whose employment or re-employment date occurred before February 1, 2000 and who have less than 20 years of service, as defined in the 401(k) Plan, and an amount equal to 75 percent up to six percent of compensation for participants whose employment or re-employment date occurred before February 1, 2000 and who have 20 or more years of service, as defined in the 401(k) Plan. For participants whose employment or re-employment date occurred on or after February 1, 2000 and before

December 1, 2009 under the 401(k) Plan (prior to it being amended), the Company contributes 100 percent up to six percent of compensation. For participants hired on or after December 1, 2009, the Company contributes, effective January 1, 2010, 200 percent up to five percent of compensation. If employees elected not to stay in the Pension Plan (prior to it being amended) and 401(k) Plan (prior to it being amended), effective January 1, 2010, the Company contributes on behalf of each participant, depending on the choice selected, 200 percent up to five percent of compensation or 100 percent up to six percent of compensation. Participants' contributions are fully vested and non-forfeitable. The Company match contributions vest over a three-year period. After two years of service, participants become 20 percent vested in their Company contribution account and become fully vested on completing three years of service. In addition, participants fully vest when they are eligible for normal or early retirement under the Company's Pension Plan, in the event of their termination due to death or permanent disability or upon attainment of age 65 while employed by the Company or its affiliates.

The Company also maintains a nonqualified Deferred Compensation Plan that is described below under "Nonqualified Deferred Compensation."

The Company also offers executive officers a limited amount of perquisites. These include payment of social membership dues at dining and country clubs for certain executive officers, an annual physical exam for all executive officers, a relocation program and, in the case of Mr. Delaney, use of a Company car. The relocation program is offered through a third-party relocation company for employees who relocate at the Company's request and, in appropriate circumstances, to new employees who relocated in connection with their employment by the Company. The relocation program provides for various levels of benefits. For full-time employees above a certain pay level (i.e., a salary at or above approximately \$60,000 per year), the program covers the cost of most of the reasonable expenses associated with relocation, including, but not limited to, costs of selling a current residence, home finding, temporary living and transportation and storage of household goods.

The value of the perquisites received by each executive officer was less than \$10,000 in 2011, other than Mr. Delaney, whose perquisites were \$16,448 and consisted of use of a Company car, payment of social membership dining and country club dues and an annual physical exam. In reviewing the perquisites and the benefits under the SERP, 401(k) Plan, Deferred Compensation Plan, Pension Plan and Restoration of Retirement Income Plan, the Compensation Committee sought in 2011 to provide participants with benefits at least commensurate with those offered by other utilities of comparable size.

Change-of-Control Agreements and other Arrangements. None of the Company's executive officers has an employment agreement with the Company. Each of the executive officers has a change of control agreement that becomes effective upon a change of control. As explained in detail below under the heading "Potential Payments upon Termination or Change of Control," if an executive officer's employment is terminated by the Company "without cause" or by the executive for "good reason" (as defined) following a change of control, the executive officer is entitled to, among other things, a severance payment equal to 2.99 times the sum of such officer's (a) annual base salary and (b) highest recent annual bonus. "Good reason" previously was defined for executives hired prior to January 1, 2009, to include the ability of the executive to terminate voluntarily for any reason during the 30-day period immediately following the one-year anniversary of the change of control. This type of provision, sometimes called a "modified double-trigger," was eliminated for executives hired after January 1, 2009, and, with the consent of the affected executives, was eliminated in February 2012 for executive officers hired prior to January 1, 2009. As a result, the change of control agreements are considered to be double trigger agreements because payment will only be made following a change of control and termination of employment. The 2.99 times multiple for change-of-control payments was selected because at the time it was considered standard. Although many companies also include provisions for tax gross-up payments to cover any excise taxes on excess parachute payments, the Board of Directors of the Company decided not to include this additional benefit in the Company's agreements. Instead, as explained on page 41, under the Company's agreements if the excise tax would be imposed, the change-of-control payments will be reduced to a point where no excise tax would be payable, if such reduction would result in a greater after-tax payment. For more information regarding the change of control agreements, please see "Potential Payments upon Termination or Change of Control" below.

In addition, pursuant to the terms of the Company's incentive compensation plans, upon a change of control, all stock options will vest immediately and, for a 60-day period following the change of control, executive officers may surrender their options and receive in return a cash payment equal to the excess of the change of control price (as defined) over the exercise price; all performance units will vest and be paid out immediately in cash as if the applicable performance goals had been satisfied at target levels; and any annual incentive award outstanding for the year in which the participant's termination occurs for any reason, other than cause, within 24 months after the change of control will be paid in cash at target level on a prorated basis.

In connection with the recruitment of Mr. Trauschke in April 2009 to serve as Vice President and CFO, the Company and Mr. Trauschke entered into an employment arrangement. The terms of the employment arrangement were approved by the Compensation Committee and were subject to arms-length bargaining between Mr. Trauschke and the Company. For 2011, the only provision in the employment arrangement that affected Mr. Trauschke's compensation or benefits in 2011 was the award of performance units on April 2, 2009 for the performance period April 1, 2009 through December 31, 2011, which award is described

above. After January 1, 2010, all of the provisions of the arrangement with Mr. Trauschke became subject to change by the Company, other than an obligation by the Company to pay Mr. Trauschke 1.5 times his salary in the event the Company terminated Mr. Trauschke, other than for cause, prior to April 24, 2011. Since Mr. Trauschke remained employed with the Company at April 24, 2011, all of the provisions of his employment arrangement ceased to be of any further force and effect after April 24, 2011.

In December 2011, the Company entered into a consulting agreement with Danny P. Harris, who retired as President and COO of the Company and OG&E, effective December 31, 2011. The term of the agreement is from January 1, 2012 to December 31, 2012. Under the terms of the agreement, Mr. Harris agrees to continue to serve as a director of Enogex Holdings LLC and to consult and advise on specific matters requested by the Company's CEO. In consideration for performing such services, Mr. Harris will receive \$75,000 for serving on the Enogex Holdings LLC Board of Directors as well as \$400 per hour, not to exceed \$275,000, for consulting services requested by the CEO.

**Stock Ownership Guidelines.** In an effort to further align management's interests with those of the shareholders, the Compensation Committee recommended, and the Board of Directors adopted, stock ownership guidelines for the officers of the Company and its subsidiaries during 2004. The Compensation Committee reviewed and revised the guidelines in 2008, with the primary change being to increase the stock ownership guidelines for several officers. The Compensation Committee believes that linking a significant portion of an officer's current and potential future net worth to the Company's success, as reflected in the ownership of the Company's Common Stock and the price of the Company's Common Stock, helps to ensure that officers have a stake similar to that of the Company's shareholders.

The share ownership guideline for each executive is based on the executive's position. The guideline for Chairman of the Board, President and CEO is five times base salary. The guidelines for other Company officers (including the other named executive officers) ranged from three and one-half to two times their base salaries. Each executive is expected to achieve the applicable ownership guideline within five years of his or her most recent promotion. Similar guidelines are in place for members of the Board of Directors at a level of five times their annual retainer.

**Financial Restatement.** It is the Board of Directors' policy that the Compensation Committee will, to the extent permitted by governing law, have the sole and absolute authority to make retroactive adjustment to any cash or equity-based incentive compensation paid to executive officers and certain other officers where the payment was predicated upon the achievement of certain financial results that were subsequently the subject of a restatement. Where applicable, the Company will seek to recover any amount determined to have been inappropriately received by the individual executive.

**Elimination of Share Recycling Under Stock Incentive Plan.** In February 2012, the Compensation Committee recommended, and the Board approved, amendments to the Company's Stock Incentive Plan to limit the ability of the Company to recycle shares available under the Plan resulting from the exercise of stock options or stock appreciation rights. Specifically, in accordance with such amendments, the Company may not reissue any shares under the Plan that the Company retains as payment of the exercise price of stock options or stock appreciation rights or to satisfy the withholding or employment taxes due upon the grant, exercise, vesting or distribution of stock options or stock appreciation rights. The Company has never issued stock appreciation rights under the Stock Incentive Plan and has not issued any stock options since 2004. The Compensation Committee has no intention of authorizing the issuance of stock options or stock appreciation rights in the foreseeable future.

#### Tax and Accounting Issues.

**Deductibility of Executive Compensation.** A Federal tax law currently limits our ability to deduct certain executive's compensation in excess of \$1,000,000 unless such compensation qualifies as "performance-based compensation" or certain other exceptions are met. The Compensation Committee has continued to analyze the structure of its salary and various compensation programs in light of this law. The Compensation Committee's present intent is to take steps to ensure the continued deductibility of its executive compensation where appropriate. For this reason, the Compensation Committee and the Board of Directors recommended, and the shareholders approved, the current Stock Incentive Plan and the current Annual Incentive Plan at the 2008 Annual Meeting so that certain compensation payable thereunder would qualify for the "performance-based compensation" exception to the \$1,000,000 deduction limit and thereby continue to be deductible by the Company.





Nonqualified Deferred Compensation. On October 22, 2004, the American Jobs Creation Act of 2004 was signed into law, changing the tax rules applicable to nonqualified deferred compensation arrangements. Final regulations were issued by the Internal Revenue Service in April 2007, requiring compliance effective January 1, 2009. During 2008, the Company made the necessary changes to its various employee plans to bring them into compliance with the final regulations. A more detailed discussion of the Company's nonqualified deferred compensation arrangements is provided below under the heading "Nonqualified Deferred Compensation."

## SUMMARY COMPENSATION TABLE

The following table provides information regarding compensation paid or to be paid by us or any of our subsidiaries to the CEO, the CFO and the three other most highly compensated executive officers at December 31, 2011.

Name and Principal Position	Year	Salary (\$)	Bonus (\$)	Stock Awards (\$)(1)	Option Awards (\$)	Incentive Plan Compensation (\$)(2)	Change in Pension and Non-Equity Value Nonqualified Deferred Compensation Earnings (\$)(3)	All Other Compensation (\$)(4)	Total (\$)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
P.B. Delaney, President and Chief Executive Officer(5)	2011	\$859,300	\$—	\$2,008,314	\$—	\$946,848	\$1,446,708	\$99,822	\$5,360,992
	2010	\$840,000	\$—	\$1,936,389	\$—	\$646,386	\$2,091,313	\$111,617	\$5,625,705
S. Trauschke, Vice President and Chief Financial Officer(6)(7)	2011	\$443,847	\$—	\$578,448	\$—	\$326,041	\$51,461	\$46,310	\$1,446,107
	2010	\$412,000	\$—	\$506,564	\$—	\$211,359	\$46,496	\$98,877	\$1,275,296
D.P. Harris, Retired Chief Operating Officer, OGE Energy(8)	2011	\$582,000	\$—	\$963,483	\$—	\$534,411	\$726,097	\$22,054	\$2,828,045
	2010	\$562,300	\$—	\$979,332	\$—	\$360,579	\$534,959	\$14,823	\$2,451,993
E.K. Mitchell, President and Chief Operating Officer, Enogex Holdings LLC and President, Enogex LLC (7)(10)	2011	\$339,538	\$—	\$312,585	\$—	\$119,161	\$337,099	\$19,900	\$1,128,283
	2010	\$331,300	\$—	\$322,451	\$—	\$223,629	\$303,839	\$18,920	\$1,200,139
S.E. Merrill, Chief Operating Officer, Enogex LLC (7)(11)	2011	\$298,569	\$80,625	(9) \$292,595	\$—	\$182,415	\$—	\$14,185	\$868,380
	2010	\$268,312	\$—	\$217,701	\$—	\$164,247	\$32,127	\$19,575	\$701,962
	2010	\$254,800	\$—	\$221,875	\$—	\$108,927	\$19,430	\$17,696	\$622,728
	2009	\$221,548	\$71,250	(9) \$184,517	\$—	\$150,398	\$33,850	\$16,773	\$678,327

(1) Amounts in this column reflect the grant date fair value amount of performance units granted in the applicable year. The grant date fair value amount is based on a probable value of these awards, or target value, of 100 percent payout. All performance units are subject to a three-year performance period. The terms of 75 percent of the performance units granted to each executive officer in 2011 entitle the officer to receive from 0 percent to 200 percent of the performance units granted depending upon the Company's total shareholder return over a three-year period measured against the total shareholder return for such period by a peer group selected by the Compensation Committee. For the remaining 25 percent of performance units granted in 2011, the officer is entitled to receive from 0 percent to 200 percent of the performance units granted based on the growth in the Company's EPS measured against the Earnings Growth Target set by the Compensation Committee for such period. The

assumptions used in the valuation are discussed in Note 8 to our Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2011. Assuming achievement of the performance goals at the maximum level, the grant date fair value of the performance units granted in 2011 would be: Mr. Delaney, \$4,016,628; Mr. Trauschke, \$1,156,896; Mr. Harris, \$1,926,966; Mr. Mitchell, \$625,170; and Mr. Merrill, \$435,402.

(2) Amounts in this column reflect payments under our Annual Incentive Plan.

Amounts in this column reflect the actuarial increase in the present value of the named executive officer's benefits under all pension plans established by the Company determined using interest rate and mortality rate assumptions consistent with those used in the Company's financial statements and includes amounts which the named executive

(3) officer may not currently be entitled to receive because such amounts are not vested. During 2009, the methodology for calculating the present value of the accumulated benefit under all pension plans changed due to a change in the Company's actuary which resulted in a negative change in the pension value for Mr. Harris of (\$330,184) and for Mr. Mitchell of (\$134,175) in 2009.

Amounts in this column for 2011 reflect: (i) for Mr. Delaney, \$44,732 ((401(k) Plan and Deferred Compensation Plan), \$38,642 (insurance premiums) and \$16,448 (use of Company car, payment of social membership dining and country club dues and payment for an annual physical exam); (ii) for Mr. Trauschke, \$39,313 ((401(k) Plan and Deferred Compensation Plan), \$3,190 (insurance premiums) and \$3,807 (payment of social membership country

(4) club dues and payment for an annual physical exam); (iii) for Mr. Harris, \$17,981 ((401(k) Plan and Deferred Compensation Plan), \$3,573 (insurance premiums) and \$500 (payment of dues for dining club); (iv) for Mr. Mitchell, \$16,895 ((401(k) Plan and Deferred Compensation Plan), \$2,505 (insurance premiums) and \$500 (payment of dues for dining club) and (v) for Mr. Merrill, \$17,496 ((401(k) Plan and Deferred Compensation Plan) and \$2,079 (insurance premiums). A significant portion of the insurance premiums reported for each of

these individuals is for life insurance policies and such premiums are recovered by the Company from the proceeds of the policies. Amounts shown as 401(k) Plan and Deferred Compensation Plan represent Company contributions for the individual under those plans. Amounts in the column include the value of the perquisites for the named executive officers, but, in each instance, other than Mr. Delaney, the amount was less than \$10,000 in 2011. As discussed in "Compensation Discussion and Analysis" above, Mr. Delaney received use of a Company car, payment of social membership dining and country club dues and payment for an annual physical exam.

(5) Mr. Delaney resumed the position of President of the Company and OG&E effective January 1, 2012 upon the previously reported retirement of Danny P. Harris.

(6) Mr. Trauschke was named Vice President and CFO in April 2009.

The 2011 salaries of Mr. Mitchell, Mr. Merrill and Mr. Trauschke were increased during 2011 as part of the (7) transition of the responsibilities of Danny Harris, President and COO of the Company and OG&E and President of Enogex, who retired on December 31, 2011.

(8) Mr. Harris retired from the Company effective December 31, 2011.

Represents the final installment of retention payments from an agreement entered into in 2007 in connection with (9) the proposed initial public offering of OGE Enogex Partners, L.P. which public offering was subsequently terminated.

(10) Mr. Mitchell was named President of Enogex Holdings LLC and Enogex LLC in September 2011.

On November 30, 2011, Mr. Merrill, previously Vice President of Human Resources and Corporate Relations of (11) the Company and OG&E, resigned from that position and returned to Enogex LLC as the COO effective December 5, 2011.

Grants of Plan-Based Awards Table for 2011

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Awards			Estimated Future Payouts Under Equity Incentive Awards			All Other Stock Awards: Number of Shares or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Awards (\$/Sh)	Grant Date of Stock and Option Awards	Fair Value of Stock Awards and Option Awards (\$)(1)
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)	(i)	(j)	(k)	(l)	
P.B. Delaney	2/16/11	\$0	\$773,370	\$1,160,055				N/A	N/A	N/A		
	2/16/11				0	44,659	89,318					\$2,008,314
S. Trauschke	2/16/11	\$0	\$266,308	\$399,462				N/A	N/A	N/A		
	2/16/11				0	12,863	25,726					\$578,448
D.P. Harris (2)	2/16/11	\$0	\$436,500	\$654,750				N/A	N/A	N/A		
	2/16/11				0	21,425	42,850					\$963,483
E.K. Mitchell	2/16/11	\$0	\$169,769	\$254,654				N/A	N/A	N/A		
	2/16/11				0	6,951	13,902					\$312,585
S.E. Merrill	2/16/11	\$0	\$134,156	\$201,234				N/A	N/A	N/A		
	2/16/11				0	4,841	9,682					\$217,701

(1) Amounts reflect the grant date fair value based on a probable value of these awards, or target value, of 100 percent payout.

(2) Due to Mr. Harris' retirement effective December 31, 2011, the equity incentive plan awards will be prorated. Amounts in columns (c), (d) and (e) of the Grants of Plan-Based Awards Table for 2011 above represent the minimum, target and maximum amounts that would be payable pursuant to the 2011 annual incentive awards made under the Annual Incentive Plan. As described in the Compensation Discussion and Analysis section above, the amount that each executive officer received was dependent upon performance against two or more of the following performance measures: Consolidated Earnings Target, O&M Target, Enogex Earnings Target, Corporate Safety Targets and Enogex Safety Targets. For each Company performance measure, the Compensation Committee established a minimum level of performance (below which no payout would be made), a target level of performance (at which a 100 percent payout would be made) and a maximum level of performance (at or above which a 150 percent payout would be made). The percentage of the targeted amount that an executive officer ultimately received based on

corporate performance was subject to being decreased, but not increased, at the discretion of the Compensation Committee. For 2011, payouts of these annual incentive awards were made in cash and are reflected in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table.

Amounts in columns (f), (g) and (h) above represent awards of performance units under the Company's Stock Incentive Plan. All payouts of such performance units will be made in shares of the Company's Common Stock. As described in more detail in the Compensation Discussion and Analysis section above, the terms of 75 percent of the performance units granted to each executive officer in 2011 entitle the officer to receive from 0 percent to 200 percent of the performance units granted depending upon the Company's total shareholder return over a three-year period measured against the total shareholder return for such period by a peer group selected by the Compensation Committee. At the end of the three-year period (i.e., December 31, 2013), the terms of these performance units provide for payout of 100 percent of the performance units initially granted if the Company's total shareholder return is at the 50th percentile of the peer group, with higher payouts for performance above the 50th percentile up to 200 percent of the performance units granted if the Company's total shareholder return is at or above the 90th percentile of the peer group. The terms of these performance units provide for payouts of less than 100 percent of the performance units granted if the Company's total shareholder return is below the 50th percentile of the peer group, with no payout for performance below the 35th percentile.

For the remaining 25 percent of performance units granted in 2011, the officer is entitled to receive from 0 percent to 200 percent of the performance units granted based on the growth in the Company's EPS measured against the Earnings Growth Target set by the Compensation Committee for such period. At the end of the three-year period (i.e., December 31, 2013), the terms of these performance units provide for payout of 100 percent of the performance units initially granted if the rate of growth of the Company's EPS during such period is at the Earnings Growth Target, with higher payouts for growth rates in excess of the Earnings Growth Target up to 200 percent for growth rates at or above 155.5 percent of the Earnings Growth Target and payout of less than 100 percent for growth rates below the Earnings Growth Target, with no payouts for growth rates below 55.5 percent of the Earnings Growth Target. The Company's earnings growth rate is calculated on a point-to-point basis by dividing by one-third the percentage increase in the Company's EPS for the year ended December 31, 2013, compared to the benchmark of \$2.99 for 2010.

Based on the grant date fair value of equity awards granted to the named executive officers in 2011 and the base salary of the named executive officers, "Salary" accounted for approximately 23 percent to 44 percent of total direct compensation (i.e., salary plus annual and long-term incentive compensation), while incentive compensation accounted for approximately 56 percent to 77 percent of total direct compensation, assuming achievement of a target level of performance for each named executive officer.

Outstanding Equity Awards at 2011 Fiscal Year-End Table

Name	Option Awards					Stock Awards				
	Number of Securities Underlying Unexercised Options (#) Exercisable	Number of Securities Underlying Unexercised Options (#) Unexercisable	Equity Incentive Plan Awards: Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested (#)	Market Value of Shares or Units of Stock That Have Not Vested (\$)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested (#)(1)	Equity Incentive Plan Awards: Market or Payout Value of Unearned Shares, Units or Other Rights That Have Not Vested (\$)(2)	
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	
P.B. Delaney	44,000	(3) —	—	\$23.575	1/21/2014	N/A	N/A	89,318	(4) \$5,065,224	
								102,774	(5) \$5,828,314	
S. Trauschke	—	—	—	N/A	N/A	N/A	N/A	25,726	(4) \$1,458,921	
								26,886	(5) \$1,524,705	
D.P. Harris	—	—	—	N/A	N/A	N/A	N/A	42,850	(4) \$2,430,024	
								51,978	(5) \$2,947,672	
E.K. Mitchell	—	—	—	N/A	N/A	N/A	N/A	13,902	(4) \$788,382	
								17,114	(5) \$970,535	
S.E. Merrill	—	—	—	N/A	N/A	N/A	N/A	9,682	(4) \$549,066	
								11,776	(5) \$667,817	

(1) The number of units is based on achieving maximum performance resulting in payout of 200 percent of target.

(2) Values were calculated based on a \$56.71 closing price of the Company's Common Stock, as reported on the NYSE at December 30, 2011.

(3) Reflects stock options granted in 2004.

(4) These amounts represent performance units for the performance period January 1, 2011 through December 31, 2013.

(5) These amounts represent performance units for the performance period January 1, 2010 through December 31, 2012.

2011 Option Exercises and Stock Vested Table

Name	Option Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise (\$)	Number of Shares Acquired on Vesting (#)(1)	Value Realized on Vesting (\$)
(a)	(b)	(c)	(d)	(e)

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P.B. Delaney	5,400	(2) \$157,140	146,488	\$8,307,334
S. Trauschke	—	\$—	33,122	\$1,878,349
D.P. Harris	—	\$—	73,894	\$4,190,529
E. K. Mitchell	—	\$—	24,214	\$1,373,176
S.E. Merrill	—	\$—	15,270	\$865,962

Reflects value of payout of performance units awarded in January 2009, 75 percent of whose payout was dependent on the achievement of a Company performance goal based on total shareholder return for the three-year period ended December 31, 2011 and 25 percent was dependent on the achievement of a Company performance goal based on annual growth in EPS over the same period. The Company's total shareholder return for such period was at the 97th percentile (the top three percent) of the peer group and the Company's annual average EPS growth for such period was 12.9 percent, which resulted in overall payouts in February 2012 of 200 percent of the performance units originally awarded in February 2009. Awards were all paid out in shares of the Company's Common Stock.

(2) Reflects exercise of stock options granted in 2002.



## 2011 Pension Benefits Table

Name	Plan Name	Number of Years Credited Service (#)(1)	Present Value of Accumulated Benefit (\$)(2)	Payments During Last Fiscal Year (\$)
(a)	(b)	(c)	(d)	(e)
P.B. Delaney	Qualified Plan	9.75	\$ 141,204	\$—
	Restoration Plan	9.75	\$ 488,540	\$—
	SERP	12.75	\$ 9,382,978	\$—
S. Trauschke	Qualified Plan	2.67	\$ 43,638	\$—
	Restoration Plan	2.67	\$ 54,319	\$—
D.P. Harris (3)	Qualified Plan	15.67	\$ 607,182	\$—
	Restoration Plan	15.67	\$ 1,563,717	\$—
E.K. Mitchell	Qualified Plan	17.08	\$ 551,541	\$—
	Restoration Plan	17.08	\$ 557,626	\$—
S.E. Merrill	Qualified Plan	4.33	\$ 62,380	\$—
	Restoration Plan	4.33	\$ 23,027	\$—

Generally, a participant's years of credited service are based on his or her years of employment with the Company. However, as part of the arms-length bargaining between Mr. Delaney and the Company at the time of his hire in April 2002 as Executive Vice President of the Company, he was awarded three additional years of credited service (1) under the SERP. These additional years of service enabled Mr. Delaney's benefits under the SERP to vest after seven years of credited service rather than the standard 10 years, but have no impact on determining the amount of Mr. Delaney's benefit and are now irrelevant as Mr. Delaney met the standard 10 years of credited service under the SERP in April 2012 without regard to the additional three years of credited service.

Amounts in this column reflect the present value of the named executive officer's benefits under all pension plans established by the Company determined using interest rate and mortality rate assumptions consistent with those (2) used in Note 14 to our Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2011, and includes amounts which the named executive officer may not currently be entitled to receive because such amounts are not vested.

(3) Due to Mr. Harris' retirement effective December 31, 2011, his benefits will be paid out in 2012.

In October 2009, the Company's Pension Plan and the Company's 401(k) Plan were amended, effective January 1, 2010 to provide eligible employees a choice to select a future retirement benefit combination from the Company's Pension Plan and the Company's 401(k) Plan.

Employees hired or rehired on or after December 1, 2009 do not participate in the Pension Plan but are eligible to participate in the 401(k) Plan where, for each pay period, the Company contributes to the 401(k) Plan, on behalf of each participant, 200 percent of the participant's contributions up to five percent of compensation.

Retirement benefits under the Pension Plan are payable to participants upon normal retirement (at or after age 65) or early retirement (at or after attaining age 55 and completing five or more years of service), to former employees after reaching retirement age (or, if elected, following termination) who have completed three or more years of service before terminating their employment and to participants after reaching retirement age (or, if elected, following termination) upon total and permanent disability. The benefits payable under the Pension Plan are subject to maximum limitations under the Code. Should benefits for a participant exceed the permissible limits of the Code or should the participant defer compensation to the Company's nonqualified Deferred Compensation Plan discussed below, the Retirement Restoration Plan will provide benefits through a lump-sum distribution following retirement as provided in the Retirement Restoration Plan, which benefits shall be actuarially equivalent to the amounts that would have been,

but cannot be, payable to such participant annually under the Pension Plan because of the Code limits or deferrals to the nonqualified Deferred Compensation Plan. The Company and its subsidiaries fund the estimated benefits payable under the Retirement Restoration Plan through contributions to a grantor trust for the benefit of those employees who will be entitled to receive payments under the Retirement Restoration Plan. Of the named executive officers, none are eligible for early retirement, except for Mr. Delaney.

In 1993, OG&E adopted a SERP which is an unfunded supplemental executive retirement plan that is not subject to the benefit limits imposed by the Code. The plan generally provides for an annual retirement benefit at age 65 equal to 65 percent of the participant's average compensation during his or her final 36 months of employment, reduced by Social Security benefits, by amounts payable under the Pension and Retirement Restoration Plans described above and by amounts received under pension plans from other employers. For a participant in the SERP who retires before age 65, the 65 percent benefit is reduced, with the reduction being one percent per year for ages 62 through 64, an additional two percent per year for ages 60 through 61, an additional four percent per year for ages 58 through 59 and an additional six percent per year for ages 55 through 57, so that a participant retiring at age 55 would receive 32 percent of his average compensation during his final 36 months, reduced by the deductions set forth above. Payment will be made in a lump sum following termination as provided in the SERP in an amount equal to the actuarial equivalent of the applicable annuity. Other than Mr. Delaney, no employee participated in the SERP during 2011.

#### 2011 Nonqualified Deferred Compensation Table

Name	Executive Contributions in Last FY (\$)(1)	Registrant Contributions in Last FY (\$)(1)	Aggregate Earnings (Loss) in Last FY (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at Last FYE (\$)(2)
(a)	(b)	(c)	(d)	(e)	(f)
P.B. Delaney	\$161,597	\$28,232	\$81,089	\$72,781	\$2,232,752
S. Trauschke	\$62,125	\$25,859	\$7,425	\$—	\$186,771
D.P. Harris	\$17,460	\$8,730	\$71,175	\$—	\$1,290,352
E.K. Mitchell	\$90,502	\$11,179	\$77,765	\$—	\$457,448
S.E. Merrill	\$9,907	\$6,388	\$5,272	\$—	\$58,105

All executive and registrant contributions in the last fiscal year are reported as compensation to such executive officer in the Summary Compensation Table on page 33. The specific aggregate amounts reported for each of such (1) officers is: P.B. Delaney, \$189,829; S. Trauschke, \$87,984; D.P. Harris, \$26,190; E.K. Mitchell, \$101,681; and S.E. Merrill, \$16,295.

Reflects the following amounts for each of the following executive officers that were reported as compensation to (2) such executive officer in prior Summary Compensation Tables: P.B. Delaney, \$2,034,615; S. Trauschke, \$91,362; D.P. Harris, \$1,192,987; E.K. Mitchell, \$278,002; and S.E. Merrill, \$36,538.

The Company provides a nonqualified deferred compensation plan which is intended to be an unfunded plan. The deferred compensation plan allows key employees, including all executive officers, to defer compensation above government limitations on 401(k) contributions that apply to the Company's 401(k) Plan and to defer taxation on all earnings on compensation deferred into the plan. Under the terms of the deferred compensation plan, participants have the opportunity to elect to defer each year up to 70 percent of their base salary and up to 100 percent of their annual bonus awards.

The Company matches deferrals to make up for any match lost in the 401(k) Plan because of deferrals to the deferred compensation plan, and to allow for a match that would have been made under the 401(k) Plan on that portion of either the first six percent of total compensation or the first five percent of total compensation, depending on the option the participant elected under the choice provided to eligible employees discussed above, deferred that exceeds the limits allowed in the 401(k) Plan. Matching credits vest based on years of service, with full vesting after six years or, if earlier, on retirement, disability, death, a change in control of the Company or termination of the plan. The deferred compensation plan was amended, effective January 1, 2012, to provide for full vesting after three years.

Deferrals, plus any Company match, are credited to a special recordkeeping account in the participant's name. Earnings on the deferrals are indexed to the assumed investment funds selected by the participant. In 2011, those investment fund options (and investment returns) included:

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Investment Fund Option	Investment Return	
OGE Energy Common Stock Fund	28.01	%
VIF Money Market (Vanguard)	0.17	%
VIT Total Return Admin (PIMCO)	3.61	%
VIT Real Return Admin (PIMCO)	11.67	%
Long and Short Strategic Opportunities (LASSO)	-1.24	%
VIT Value Svc (MFS)	-0.47	%
Stock Index Initial (Dreyfus)	1.88	%
IS Growth 2 (American Funds)	-4.28	%
Mid Cap Value Portfolio (Janus Aspen Perkins)	-2.98	%
UIF Mid Cap Growth I (Morgan Stanley)	-7.12	%
Small Cap (Royce Capital)	-3.28	%
VIF Small Company Growth (Vanguard)	1.36	%
VIT II International Value Svc (MFS)	-1.78	%
IS International 2 (American Funds)	-13.96	%
Model Portfolio – Conservative (The Newport Group)	3.54	%
Model Portfolio – Moderate/Conservative (The Newport Group)	1.35	%
Model Portfolio – Moderate (The Newport Group)	-0.19	%
Model Portfolio – Moderate/Aggressive (The Newport Group)	-1.29	%
Model Portfolio – Aggressive (The Newport Group)	-3.03	%

As noted in the table above, The Newport Group, the administrator of the plan, provides five model portfolios using the investment options in the Company' Deferred Compensation Plan to span the risk profile from conservative to aggressive. The conservative portfolio is constructed to provide higher expected returns than a money market fund while only taking 10 percent to 30 percent of the risks associated with the stock market. The moderate/conservative portfolio is designed to provide modest expected portfolio growth while taking only 30 percent to 50 percent of the short-term risk associated with the stock market. The moderate portfolio is managed to provide expected capital appreciation over a market cycle. This portfolio will experience 50 percent to 70 percent of the risks associated with the stock market. The moderate/aggressive portfolio is managed to be a diversified stock portfolio that includes a fixed income component to reduce volatility. The portfolio will experience 70 percent to 90 percent of the risks associated with the stock market. Over the long term, the aggressive portfolio is intended to provide for the maximum expected long-term growth of capital. This portfolio will take 100 percent of the risks associated with the stock market.

Normally, payments under the deferred compensation plan begin within one year after retirement. For these purposes, normal retirement age is 65 and the minimum age to qualify for early retirement is age 55 with at least five years of service. Benefits will be paid, at the election of the participant, either in a lump sum or a stream of annual payments for up to 15 years, or a combination thereof. Participants whose employment terminates before they qualify for retirement will receive their vested account balance in one lump sum following termination as provided in the plan. Participants also will be entitled to pre- and post-retirement survivor benefits. If the participant dies while in employment before retirement, his or her beneficiary will receive a payment of the account balance plus a supplemental survivor benefit equal to two times the total amount of base salary and bonuses deferred under the plan. If the participant dies following retirement, his or her beneficiary will continue to receive the remaining vested account balance. Additionally, eligible surviving spouses will be entitled to a lifetime survivor annuity payable annually. The amount of the annuity is based on 50 percent of the participant's account balance at retirement, the spouse's age and actuarial assumptions established by the Company's Benefits Committee.

At any time prior to retirement, a participant may withdraw all or part of amounts attributable to his or her vested account balance at December 31, 2004, subject to a penalty of 10 percent of the amount withdrawn. In addition, at the time of the initial deferral election, a participant may elect to receive one or more in-service distributions on specified dates without penalty. Hardship withdrawals, without penalty, of amounts attributable to a participant's vested account

balance as of December 31, 2004 may also be permitted at the discretion of the Company's Benefits Committee.

## COMPENSATION COMMITTEE REPORT

The Compensation Committee oversees (i) the compensation of the Company's directors and principal officers, (ii) the Company's executive compensation policy and (iii) the Company's benefit programs.

The Compensation Committee has seven members, none of whom has any relationship to the Company that interferes with the exercise of his or her independence from management and the Company, and each of whom qualifies as independent under the standards used by the NYSE, where the Company's shares are listed.

The Compensation Committee has reviewed and discussed with management the Compensation Discussion and Analysis appearing elsewhere in this proxy statement. Based on the review and discussions referred to above, the Compensation Committee recommended to the Company's Board of Directors that the Compensation Discussion and Analysis be included in the Company's proxy statement on Schedule 14A.

### Compensation Committee

Leroy C. Richie, Chairman

James H. Brandi, Member

Wayne H. Brunetti, Member

Luke R. Corbett, Member

John D. Groendyke, Member

Kirk Humphreys, Member

Judy McReynolds, Member\*

\* Ms. McReynolds has been a member of the Compensation Committee since September 28, 2011.

## POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE OF CONTROL

The Company has entered into change of control agreements with each officer of the Company, including each of the named executive officers, that will become effective only upon a change of control of the Company. The change of control agreements are so-called "double trigger" agreements because payment will only be made following a change of control and termination of employment. Under the agreements, a change of control generally means (i) any acquisition of 20 percent or more of the Company's Common Stock (subject to limited exceptions for acquisitions directly from the Company, acquisitions by the Company or one of the Company's employee benefit plans, or acquisitions pursuant to specified business combinations approved by a majority of the incumbent directors), (ii) directors of the Company as of the date of the agreements and those directors who have been elected subsequently and whose nomination was approved by such directors fail to constitute a majority of the Board, (iii) a merger, share exchange or sale of all or substantially all of the assets of the Company (each, a "business combination") (except specified business combinations approved by a majority of the incumbent directors), or (iv) shareholder approval of a complete liquidation or dissolution of the Company.

Under the agreements, the officer is to remain an employee for a three-year period following a change of control of the Company (the "Employment Period"). During the Employment Period, the officer is entitled to (i) an annual base salary in an amount at least equal to his or her base salary prior to the change of control, (ii) an annual bonus in an amount at least equal to his or her highest bonus in the three years prior to the change of control and (iii) continued participation in the incentive, savings, retirement and welfare benefit plans. The officer also is entitled to payment of expenses and provision of fringe benefits to the extent paid or provided to (i) such officer prior to the change of control or (ii) if more favorable, other peer executives of the Company.

If, during the Employment Period, the employer terminates the officer's employment for reasons other than cause, death or disability or if the officer terminates his or her employment for good reason, the officer is entitled to the following payments: (i) all accrued and unpaid compensation and a prorated annual bonus and (ii) a severance payment equal to 2.99 times the sum of such officer's (a) annual base salary and (b) highest recent annual bonus. The officer is entitled to receive such amounts in a lump-sum payment within 30 days of termination, although if the officer is a "specified employee" (within the meaning of Code Section 409A), payment of the prorated bonus and severance payment will be delayed until the first day of the seventh month following the officer's termination (or earlier death). The officer also is entitled to continued welfare benefits for three years and outplacement services. If these payments and benefits, when taken together with any other payments to the officer, would result in the imposition of the excise tax on excess parachute payments under Section 4999 of the Code, then the severance benefits will be reduced to the extent where no excise tax would be payable if such reduction results in a greater after-tax payment to the officer. For these purposes, good reason means (i) a diminution in the officer's position, authority, duties or responsibilities, (ii) a failure by the Company to comply with specified provisions of the employment agreement, (iii) the officer is required to be based at a different office or location 50 miles or more away or is required to travel to a substantially greater extent, and (iv) any purported termination by the Company of the officer's employment other than as expressly permitted by the employment agreement. "Good reason" previously was defined for executives hired prior to January 1, 2009, to include the ability of the executive to terminate voluntarily for any reason during the 30-day period immediately following the one-year anniversary of the change of control. This type of provision sometimes called a "modified double-trigger," was eliminated for executives hired after January 1, 2009, and, with the consent of the affected executives, was eliminated in February 2012 for executive officers hired prior to January 1, 2009.

Assuming that a change of control had occurred and the named executive officers were terminated on December 31, 2011 and that the price of the Company's Common Stock was \$56.71 (the closing price on December 30, 2011), then the named executive officers would have been entitled to the following lump sum severance payments under their change of control agreements: P.B. Delaney, \$5,400,383; S. Trauschke, \$2,350,263; D.P. Harris, \$3,338,069; E.K. Mitchell, \$1,700,201; and S.E. Merrill \$1,407,833. For these purposes, it is assumed that the payments would not result in the imposition of the excise tax on excess parachute payments, which if triggered, could result in a reduction of the foregoing amounts. The named executive officers would also be entitled to outplacement services, valued at



\$50,000 each, and continued welfare benefits for three years at a value of \$34,000 each. For these purposes we have assumed that health care costs will increase at the rate of six percent per year. These officers also would be entitled to the retirement benefits they would otherwise be entitled to receive as set forth in the 2011 Pension Benefits Table on page 37. Finally, matching credits under the nonqualified Deferred Compensation Plan would vest and the officers would be entitled to the benefits set forth in the 2011 Nonqualified Deferred Compensation Table on page 38.

In addition, pursuant to the terms of the Company's incentive compensation plans, upon a change of control, all stock options and restricted stock will vest immediately and, for a 60-day period following the change of control, executive officers may surrender their options and receive in return a cash payment equal to the excess of the change of control price (as defined) over the exercise price; all performance units will vest and be paid out immediately in cash as if the applicable performance goals had been satisfied at target levels; and any annual incentive award outstanding for the year in which the participant's termination occurs for any reason, other than cause, within 24 months after the change of control will be paid in cash at target level on a prorated basis.

Although all outstanding stock options are already exercisable, upon a change of control, executive officers could surrender their options and receive a cash payment equal to the excess of the change of control price over the exercise price. Assuming that a change of control occurred on December 31, 2011 and that the price of the Company Common Stock (and the change of control price) was \$56.71 (the closing price on December 30, 2011), then the named executive officers would have been entitled to the following lump sum payments for outstanding stock options and performance unit awards: P.B. Delaney, \$6,904,709; S. Trauschke, \$1,491,813; D.P. Harris, \$2,688,848; E.K. Mitchell, \$879,459; and S.E. Merrill, \$608,442. In addition, each executive officer would have received the same payout of the earned annual incentive compensation for 2011 that is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 33 and the same payout of long-term compensation for the performance units whose three-year performance period ended December 31, 2011 as reflected in the Stock Awards - Value Realized on Vesting column in the 2011 Option Exercises and Stock Vested Table on page 36. The reason for the same payouts is that the individual would have been employed throughout the entire performance period for the awards.

If a named executive officer terminates employment other than following a change of control as described above, such officer will be entitled to receive amounts earned during the course of his or her employment, including accrued salary and unpaid salary and unused vacation pay. If the termination was a result of death, disability or retirement, the executive officer or his or her representative could exercise his or her stock options generally for three years (one year in the event of death for shares granted prior to 2004) or their stated term, if less, and would be entitled to a regular payout of any earned annual and long-term awards whose performance periods had ended prior to the individual's termination, and to a pro-rated payout (based on the individual's number of full months of employment during the applicable performance period) for other outstanding annual and long-term incentive awards when and if payouts of such awards are subsequently earned and are made to participants who did not terminate their employment. Assuming that the named executive officers terminated their employment as a result of death, disability or retirement on December 31, 2011, each executive officer would have received the same payout of the earned annual incentive compensation for 2011 that is set forth in the Non-Equity Incentive Plan Compensation column of the Summary Compensation Table on page 33 and the same payout of long-term compensation for the performance units whose three-year performance period ended December 31, 2011 as reflected in the Stock Awards - Value Realized on Vesting column in the 2011 Option Exercises and Stock Vested Table on page 36. The reason for the same payouts is that the individual would have been employed throughout the entire performance period for the awards. If the named executive officer elects to exercise his options at the time of termination and, assuming that the price of the Company's Common Stock was \$56.71 (the closing price on December 30, 2011), then the value realized on the exercise of the options for the named executive officers would have been as follows: P.B. Delaney, \$1,457,940; S. Trauschke, \$0; D.P. Harris, \$0; E.K. Mitchell, \$0; and S.E. Merrill, \$0. In addition, for the outstanding grants of performance units whose performance periods end on December 31, 2012 and December 31, 2013 and assuming that the named executive officers terminated their employment as a result of death, disability or retirement on December 31, 2011, that the applicable goals for such performance units were subsequently satisfied at target levels and that the price of the Company's Common Stock was \$56.71 (the closing price on December 30, 2011) at the time payouts of such performance units occurred, then the named executive officers would be entitled to receive Common Stock of the Company having the following values at the time payout of such performance units occurred: P.B. Delaney, \$1,942,771 for the performance units whose performance period ends December 31, 2012 and \$844,204 for the performance units whose performance period ends December 31, 2013; S. Trauschke, \$508,235 for the performance units whose performance period ends December 31, 2012 and \$243,154 for the performance units whose performance period ends December 31, 2013; D.P. Harris, \$982,557 for the performance units whose performance period ends December 31, 2012 and \$405,004 for the performance units whose performance period ends December 31, 2013; E.K. Mitchell, \$323,512 for the performance units whose performance period ends December 31, 2012 and \$131,397 for the performance units whose performance period ends December 31, 2013; and S.E. Merrill, \$222,606 for the performance units whose performance period ends December 31, 2012 and \$91,511 for the performance units whose performance period ends December 31, 2013.

Mr. Delaney also is entitled to a death benefit (equal to three times salary) under a split dollar life insurance arrangement with a third party life insurance company. Under the arrangement, insurance proceeds in excess of that amount help fund benefits payable under the Retirement Restoration Plan. If Mr. Delaney terminates employment for a reason other than death, the death benefit coverage terminates. The Company would then use the cash surrender value of the policy to help pay the benefit to which the employee is entitled under the Retirement Restoration Plan. Assuming that Mr. Delaney's employment was terminated as a result of death on December 31, 2011, his estate would have been entitled to death benefits under this policy of \$2,577,900. Participants in the Deferred Compensation Plan are also entitled to pre- and post-retirement survivor benefits as described on page 39.

In addition to the benefits described above, upon retirement, the named executive officers will be entitled to receive the retirement benefits described in the 2011 Pension Benefits Table on page 37 and the nonqualified deferred compensation benefits set forth in the 2011 Nonqualified Deferred Compensation Table on page 38 as well as contributory lifetime retiree medical benefits if they were hired prior to February 1, 2000 and noncontributory lifetime retiree life insurance at 60 percent of pre-retirement levels but not more than \$20,000 or less than \$10,000.

## SECURITY OWNERSHIP

The following table shows the number of shares of the Company's Common Stock beneficially owned on March 1, 2012, by each Director, by each of the Executive Officers named in the Summary Compensation Table on page 33, and by all Executive Officers and Directors as a group and by each shareholder owning five percent or more of the Company's Common Stock:

	Number of Common Shares (1) (2)		Number of Common Shares (1) (2) (3)
James H. Brandi	6,003	P.B. Delaney	321,422
Wayne H. Brunetti	25,632	S. Trauschke	29,879
Luke R. Corbett	68,532	D.P. Harris	105,160
John D. Groendyke	46,667	E.K. Mitchell	40,921
Kirk Humphreys	16,214	S.E. Merrill	14,622
Robert Kelley	75,514	All Executive Officers and Directors	956,717
Linda P. Lambert	20,671	(as a group of 25 persons)	
Robert O. Lorenz	32,297	BlackRock, Inc. (4)	7,373,363
Judy R. McReynolds	584	40 East 52nd Street	
Leroy C. Richie	9,490	New York, NY 10022	

(1) Ownership by each executive officer is less than 0.4 percent of the class, by each director other than Mr. Delaney is less than 0.1 percent of the class and, for all executive officers and directors as a group, is less than one percent of the class. Amounts shown include shares for which, in certain instances, an individual has disclaimed beneficial interest. Amounts shown for executive officers include 91,920 shares of Common Stock representing their interest in shares held under the Company's 401(k) Plan and Deferred Compensation Plan for which in certain instances they have voting power but not investment power.

(2) Amounts shown for Messrs. Brandi, Brunetti, Corbett, Groendyke, Humphreys, Kelley, Lorenz and Richie and Ms. Lambert and Ms. McReynolds include, 3,003; 7,632; 66,305; 26,167; 16,214; 58,414; 29,297; 9,490; 15,696; and 584 common stock units, respectively, under the Company's Deferred Compensation Plan.

(3) Includes shares subject to stock options granted under the Company's Stock Incentive Plan, exercisable within 60 days following March 1, 2012 and held by Mr. Delaney, 44,000 shares.

(4) Based on a Schedule 13G filed on February 10, 2012, BlackRock, Inc. along with certain other affiliates, is deemed to beneficially own these shares. These shares represented 7.5 percent of the Company's outstanding Common Stock on March 1, 2012.

The information on share ownership is based on information furnished to us by the individuals listed above and all shares listed are beneficially owned by the individuals or by members of their immediate family unless otherwise indicated.

## EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information as of December 31, 2011 with respect to the shares of the Company's Common Stock that may be issued under the existing equity compensation plans:

Plan Category	A Number of Securities to be Issued upon Exercise of Outstanding Options	B Weighted Average Price of Outstanding Options	C Number of Securities Remaining Available for future issuances under equity compensation plans (excluding securities reflected in Column A)

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Equity Compensation Plans Approved by Shareholders	1,198,426	(1)	\$23.19	(2)	1,576,049	(3)
Equity Compensation Plans Not Approved by Shareholders	—		N/A		N/A	

- Comprised of (i) outstanding stock options which have been issued under OGE Energy Corp.'s Stock Incentive Plan, which was approved by shareholders at the 1998 annual meeting and OGE Energy Corp.'s 2003 Stock Incentive Plan, which was approved by shareholders at the 2003 annual meeting and of (ii) performance units which have been issued under OGE Energy Corp.'s 2008 Stock Incentive Plan. The performance units represent the target number of performance units granted. The actual number of performance units earned, if any, is dependent upon performance and may range from 0 percent to 200 percent of the target.
- (1) Weighted-average price does not take into account performance units included in Column A. Awards under the OGE Energy Corp. 2008 Stock Incentive Plan can take the form of stock options, stock appreciation rights, restricted stock or performance units. This amount represents the maximum number of shares available for future issuances under the OGE Energy Corp.'s equity compensation plans assuming settlement of the performance units at the target level.
- (2)
- (3)

PROPOSAL NO. 4 -  
SHAREHOLDER PROPOSAL REGARDING SIMPLE MAJORITY VOTE

John Chevedden, 2215 Nelson Avenue, No 205, Redondo Beach, CA 90278, beneficial owner of 70 shares, has given notice that he intends to present a proposal for action at the Annual Meeting.

In accordance with the Federal proxy regulations, the following is the complete text of the proposal exactly as submitted. The shareholder proposal includes some assertions the Company believes are incorrect. The Company has not addressed all of these inaccuracies. The Company accepts no responsibility for the proposal.

4 - Adopt Simple Majority Vote

Shareholders request that our board take the steps necessary so that each shareholder voting requirement in our charter and bylaws that calls for a greater than simple majority vote be changed to require a majority of the votes cast for and against the proposal, or a simple majority in compliance with applicable laws.

Shareowners are willing to pay a premium for shares of corporations that have excellent corporate governance. Supermajority voting requirements have been found to be one of six entrenching mechanisms that are negatively related to company performance. Source: "What Matters in Corporate Governance?" by Lucien Bebchuk, Alma Cohen and Allen Ferrell, Harvard Law School, Discussion Paper No. 491 (September 2004, revised March 2005).

Currently a 1%-minority can frustrate the will of our 79%-shareholder majority. Also our supermajority vote requirements can be almost impossible to obtain when one considers abstentions and broker non-votes. For example, a Goodyear management proposal failed to pass even though 90% of votes cast were yes-votes. Supermajority requirements are arguably most often used to block initiatives supported by most shareowners but opposed by management.

This proposal topic won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. The proponents of these proposals included William Steiner and James McRitchie.

The merit of this Simple Majority Vote proposal should also be considered in the context of the opportunity for additional improvement in our company's 2011 reported corporate governance in order to more fully realize our company's potential:

The Corporate Library, an independent investment research firm, rated our company "High Concern" in takeover defenses. The effect of these defenses was to reduce our board's accountability to shareholders.

Our CEO Peter Delaney was potentially entitled to \$11 million if there was a change in control and his pay was \$8 million in a year. We did not have an independent Chairman and our Lead Director, Luke Corbett, had 15-years long-tenure. The Corporate Library said that long-tenured directors can form relationships that compromise their independence and therefore hinder their ability to provide effective oversight.

Our Audit Committee included Robert Kelley, with 15-years long-tenure and Robert Lorenz, who received our second highest negative votes. Mr. Lorenz was the only Designated Financial Expert on our entire board. Our executive pay committee included Mr. Corbett, our long-tenured Lead Director and John Groendyke, who received our highest negative votes. And our nomination committee included the directors who received our highest negative votes, Mr. Lorenz and Mr. Groendyke.

Please encourage our board to respond positively to this proposal to initiate the improved governance we deserve:  
Adopt Simple Majority Vote - Yes on 4.

**BOARD OF DIRECTORS' RESPONSE**

**THE BOARD OF DIRECTORS OPPOSES THE PROPOSED RESOLUTION AND UNANIMOUSLY RECOMMENDS A VOTE AGAINST ITEM 4 FOR THE FOLLOWING REASONS:**

Before addressing the substantive reasons why the Board recommends a vote against this shareholder proposal, we would like to address some of the false and misleading statements in the resolution and supporting statement of the proponent.

The resolution has been drafted in a misleading manner. The resolution requests "that our board take the steps necessary so that each shareholder voting requirement in our charter and bylaws that calls for a greater than simple majority vote be changed to require a majority of the votes cast for and against the proposal, or a simple majority in compliance with applicable laws." (emphasis added) The underlined statement implies that the Company's existing voting provisions violate applicable law and that adoption of the proposal is required to bring the Company's Certificate of Incorporation into compliance with law. This assertion is demonstrably untrue. Section 1061 of the Oklahoma General Corporation Act ("OGCA") provides that ". . . in respect of the vote that shall be required for a specified action, the certificate of incorporation or bylaws . . . may specify the . . . votes that shall be necessary for. . . . the transaction of any business. . . ." If no voting requirements are contained in the certificate or bylaws, the default voting requirement under Section 1061 is the majority of shares present and entitled to vote on the subject matter. The shareholder vote requirements included in the Company's Certificate of Incorporation were duly adopted in accordance with the OGCA and comply fully with all applicable laws. The proponent seeks to change these shareholder vote requirements. The false suggestion that the Company's current vote requirements are unlawful is misleading.

Statements in the supporting statement relating to the high negative votes of certain of our Board members are also misleading. In discussing the three committees of the OGE Energy Board - Audit, Compensation and Nominating and Corporate Governance, the proponent singles out Mr. Lorenz on the Audit Committee for receiving the second highest negative vote, Mr. Groendyke on the Compensation Committee for receiving the highest negative vote, and both Mr. Lorenz and Mr. Groendyke for their service on the Nominating and Corporate Governance Committee. The proponent is clearly trying to imply that these directors are unfit and their service on these committees is a result of bad corporate governance as exemplified by the presence of supermajority voting provisions. This premise is not only materially misleading but irrelevant. In any voting scenario for directors of a public company, there are always going to be directors who receive fewer affirmative votes than other directors even when all directors receive overwhelming support. That does not make them bad directors or call into question corporate governance practices, it just means some directors received a few less "yes" votes. In OGE Energy's case, in the most recent elections for each of our directors no director received less than 88 percent support. In fact, Mr. Groendyke, who received the "highest number of negative votes" at approximately 12 percent of those voting, actually received yes votes from 88 percent of those voting (and 83 percent of the total shares outstanding) in his most recent election. Mr. Lorenz, who received the "second highest negative votes," actually received support from more than 89 percent of those voting. This in fact demonstrates tremendous support among our shareholders for Mr. Groendyke and Mr. Lorenz.

The proponent also states that Mr. Lorenz is the only designated financial expert on our Board. This is untrue. Under the caption Audit Committee Financial Expert on page 4 of last year's proxy statement, it clearly states "The Board has determined that Mr. Robert Kelley and Mr. Robert O. Lorenz meet the SEC definition of audit committee financial expert."

The proponent also equates supermajority voting with negative company performance. Again, this is just not true for OGE Energy. OGE Energy's total shareholder return (dividends plus stock price appreciation) for the period from December 31, 2008 to December 31, 2011 exceeded 148 percent. This put OGE Energy in the 97th percentile of the Standard & Poor's 1500 Utilities Sector Index and compares to a 49 percent total shareholder return for the Standard & Poor's 500 during the same period.

Under the Company's governing documents and Oklahoma law, nearly all matters submitted to our shareholders for approval require the approval of a majority of the votes present in person or by proxy and entitled to vote at the annual meeting, including all matters voted upon at this year's Annual Meeting. As permitted by Oklahoma law, the Company's shareholder-approved Restated Certificate of Incorporation (the "charter") does, however, provide that if certain actions are to be taken by shareholders, those actions will require more than a majority vote, including: (i) certain business combination transactions with an "interested shareholder" (subject to certain exceptions, including an exception for transactions approved by the Board), (ii) amendment of the bylaw provisions relating to shareholder



annual and special meetings, board structure, board vacancies, director elections and director removal, and (iii) amendment of certain provisions of the charter.

These supermajority voting requirements relate to fundamental elements of our corporate governance. They have been included in our charter for many years and are commonly included in the corporate charters and bylaws of many publicly-traded companies. In general, these provisions are designed to provide minority shareholders with a measure of protection against changes in corporate governance and other self-interested actions by one or more large shareholders. The supermajority voting provisions protect OGE Energy shareholders against the actions of short-term investors such as hedge funds or corporate raiders.

While some corporations have eliminated supermajority provisions, we do not believe that a formulaic approach as suggested by the proponent is appropriate. The Board believes that more meaningful voting requirements are appropriate for issues that have a long-lasting effect on the Company. For example, the provisions relating to business combinations are intended to provide minority shareholders with a measure of protection against business combination and other transactions that may be inadequately priced, unfair, coercive or otherwise not in their best interests. These provisions are not intended to, and do not, preclude unsolicited, non-abusive offers to acquire the Company at a fair price. They are designed, instead, to encourage any potential acquirer to

negotiate directly with the Board, which the Board believes is in the best position to evaluate the adequacy and fairness of proposed offers, to negotiate on behalf of all shareholders, and to protect shareholders against abusive takeover tactics.

The Board also believes that there are important reasons for requiring a broad consensus of the shareholders to amend certain fundamental governance provisions in the Company's bylaws and charter, and that requiring a supermajority vote for such amendments protects shareholders against the self-interested actions of a few large investors. For example, if the proposal submitted by the proponent were implemented it could become possible for a small number of very large shareholders, whose interests may diverge from those of our other shareholders, to approve an amendment to the Company's bylaws and change the size or composition of the current Board. Importantly, the supermajority voting requirements do not preclude changes to the Company's governing documents. Rather, they help to ensure that certain fundamental changes to the governing documents are made only with a broad consensus of shareholders, rather than by a "simple majority" of shareholders voting (which may, in practice, be the holders of a minority of shares outstanding).

OGE Energy is committed to corporate governance policies and practices that enhance shareholder returns. Its conservative policies ensure that the Company is governed in accordance with the highest standards of integrity and in the best interest of its shareholders. The Board will continue to consider whether changes to the Company's charter and bylaws are appropriate and in the best interests of the shareholders and the Company in the future. For the reasons set forth above, however, the Board believes at this time that implementation of the proposal would not serve the best interests of our shareholders or the Company.

The affirmative vote of the holders of a majority of the votes of shares of Common Stock present in person or by proxy and entitled to vote at the Annual Meeting will be required for the approval of this shareholder proposal. Abstentions from voting in this matter are treated as votes "against."

The Company's shareholders should be aware that this shareholder proposal is simply a request that the Board take the actions stated in the proposal. Approval of this proposal may not result in the requested action being taken by the Company's Board of Directors and, therefore, its approval would not necessarily eliminate the supermajority voting provisions. As noted above, to change the supermajority voting provisions, holders of at least 80 percent of the Company's outstanding Common Stock must approve an actual amendment to the Company's Certificate of Incorporation.

THE BOARD OF DIRECTORS RECOMMENDS A VOTE "AGAINST" THIS PROPOSAL FOR THE REASONS DESCRIBED ABOVE. PROXIES SOLICITED BY THE BOARD OF DIRECTORS WILL BE VOTED "AGAINST" THIS PROPOSAL UNLESS A SHAREHOLDER HAS INDICATED OTHERWISE IN VOTING THE PROXY.

## SECTION 16(a) BENEFICIAL OWNERSHIP

Under federal securities laws, our directors and executive officers are required to report, within specified dates, their initial ownership in the Company's Common Stock and subsequent acquisitions, dispositions or other transfers of interest in such securities. We are required to disclose whether we have knowledge that any person required to file such a report may have failed to do so in a timely manner. To our knowledge, other than those filings previously reported in the Company's Proxy Statement for the 2011 Annual Meeting, all of our officers and directors subject to such reporting obligations satisfied their reporting obligations in full in 2011 and through March 30, 2012, the date of this Proxy Statement.

## SHAREHOLDER PROPOSALS

Any shareholder proposal intended to be included in the proxy statement for the Annual Meeting in 2013 must be received by the Company by November 30, 2012. Proposals received by that date, deemed to be proper for consideration at the Annual Meeting and otherwise conforming to the rules of the SEC, will be included in the 2013 proxy statement.

If you intend to submit a shareholder proposal for consideration at the Annual Meeting, but do not want it included in the proxy statement, you must follow the procedures established by our bylaws. These procedures require that you notify us in writing of your proposal. Your notice must be received by the Corporate Secretary at least 90 days prior to the meeting and must contain the following information:

- a brief description of the business you desire to bring before the Annual Meeting and your reasons for conducting such business at the Annual Meeting;
- your name and address;
- the number of shares of Common Stock which you beneficially own; and
- any material interest you may have in the business being proposed.

## HOUSEHOLDING INFORMATION

We have adopted a procedure approved by the SEC called "householding." Under this procedure, certain shareholders of record who have the same address and last name and do not participate in electronic delivery of proxy materials will receive only one copy of our Notice of Internet Availability or, as applicable, our Annual Report to Shareholders and proxy statement, unless one or more of these shareholders notifies us that they would like to continue to receive individual copies. This will reduce our printing costs and postage fees. Shareholders who participate in householding will continue to receive separate proxy cards. Also, householding will not in any way affect dividend check or dividend reinvestment statement mailings.

If you and other shareholders of record with whom you share an address currently receive multiple copies of our Notice of Internet Availability or, as applicable, our Annual Report to Shareholders and/or proxy statement, or if you hold stock in more than one account, and in either case, you would like to receive only a single copy of the Notice of Internet Availability or, as applicable, the Annual Report to Shareholders or proxy statement for your household, please contact Computershare; P.O. Box 358035, Pittsburgh, PA 15252-8035 or phone toll free 1-888-216-8114.

If you participate in householding and would like to receive a separate copy of our Notice of Internet Availability or, as applicable, our Annual Report to Shareholders or this proxy statement, please call us at 405-553-3966 or write us at: OGE Energy Corp. Shareholder Relations, 321 North Harvey, P.O. Box 321, Oklahoma City, OK 73101-0321. We will deliver the requested documents to you promptly upon receipt of your request.

Some banks, brokers and other nominee record holders may be participating in the practice of "householding" proxy statements and annual reports. This means that only one copy of our Notice of Internet Availability or our proxy statement or Annual Report to Shareholders may have been sent to multiple shareholders in your household. We will promptly deliver a separate copy of either document to you if you call us at 405-553-3966 or write us at: OGE Energy Corp. Shareholder Relations, 321 North Harvey, P.O. Box 321, Oklahoma City, OK 73101-0321. If you want to receive separate copies of the Annual Report to Shareholders and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder.

LOCATION OF THE SKIRVIN HILTON HOTEL, CENTENNIAL ROOM

Take I-40 to the Shields Blvd. exit. Turn North towards downtown Oklahoma City. Turn left onto Sheridan and take the first right onto Broadway. Turn right onto Park Ave. and into the hotel.

VOTE BY INTERNET - www.proxyvote.com  
Use the Internet to vote your proxy. Voting is available through 11:59 P.M. Eastern Time the day prior to the shareholder meeting date. Have your proxy card in hand when you access the web site.

**ELECTRONIC DELIVERY OF FUTURE PROXY MATERIALS**

If you would like to reduce the costs incurred by our company in mailing proxy materials, you can consent to receiving all future proxy statements, proxy cards and annual reports electronically via e-mail or the Internet.

COMPUTERSHARE  
P.O. BOX 3550  
SOUTH HACKENSACK, NJ 07606-9250

To sign up for electronic delivery, please follow the instructions above to vote using the Internet and, when prompted, indicate that you agree to receive or access proxy materials electronically in future years.

**VOTE BY PHONE - 1-800-690-6903**

Use any touch-tone telephone to vote your proxy. Voting is available through 11:59 P.M. Eastern Time the day prior to the shareholder meeting date. Have your proxy card in hand when you call.

[Shareholder Address]

**VOTE BY MAIL**

Mark, sign and date your proxy card and return it in the postage-paid envelope we have provided or return it to Vote Processing, c/o Broadridge, 51 Mercedes Way, Edgewood, NY 11717.

**CONTROL**

# à

NAME

SHARES

OGE Energy Corp. Common Stock

PAGE 1 of 2

TO VOTE, MARK BLOCKS BELOW IN BLUE OR BLACK INK AS FOLLOWS: ý

KEEP THIS PORTION FOR YOUR RECORDS

DETACH AND RETURN THIS PORTION ONLY

THIS PROXY CARD IS VALID ONLY WHEN SIGNED AND DATED.

For All    Withhold All    For All    To withhold authority to vote for any individual

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Except nominee(s), mark "For All Except" and write the number(s) of the nominee(s) on the line below.

The Board of Directors recommends you vote FOR the following:

1. Election of Directors

- |                                    |                      |                   |           |
|------------------------------------|----------------------|-------------------|-----------|
| Nominees                           |                      |                   |           |
| 01 Wayne H. Brunetti<br>Kelley     | 02 John D. Groendyke | 03 Kirk Humphreys | 04 Robert |
| 05 Robert O. Lorenz                |                      |                   |           |
| 06 Judy R. McReynolds<br>C. Richie | 07 Leroy             |                   |           |

The Board of Directors recommends you vote FOR proposals 2 and 3.

	For	Against	Abstain
2. Ratification of the appointment of Ernst & Young LLP as the Company's principal independent accountants for 2012.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

3. Advisory Vote to Approve Named Executive Officer Compensation.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
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The Board of Directors recommends you vote AGAINST the following proposal:

	For	Against	Abstain
4. Shareholder Proposal regarding simple majority vote.	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

NOTE: In their discretion, the proxies are authorized to vote upon such other business as may properly come before the meeting.

For address change/comments, mark here.

(see reverse for instructions) Yes No

Please indicate if you plan to attend this meeting

NOTE: Please sign as name appears hereon. Joint owners should each sign. When signing as an attorney, executor, administrator, trustee or guardian, please give full title as such.

Signature [PLEASE SIGN WITHIN BOX]	Date	JOB#	Signature [PLEASE SIGN WITHIN BOX]	Date	SHARES CUSIP # SEQUENCE #
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LOCATION OF THE SKIRVIN HILTON HOTEL,  
CENTENNIAL ROOM  
1 Park Avenue  
Oklahoma City, Oklahoma

Directions to the Skirvin Hilton Hotel  
Take I-40 to the Shields Blvd. exit. Turn North  
towards downtown Oklahoma City. Turn left onto  
Sheridan and take the first right onto Broadway.  
Turn right onto Park Ave. and into the hotel.

It is important that your shares are represented  
at this meeting, whether or not you attend the  
meeting in person. To make sure your shares  
are represented, we urge you to vote by  
Internet, telephone, or complete and mail the  
proxy card above.

Important Notice Regarding the Availability of Proxy Materials for the Annual Meeting: The Annual Report, Notice  
& Proxy Statement is/ are available at [www.proxyvote.com](http://www.proxyvote.com).

Annual Meeting of  
OGE Energy Corp. Shareholders  
Thursday, May 17, 2012 10:00 a.m.  
The Skirvin Hilton Hotel, Centennial Room

The undersigned hereby appoints Peter B. Delaney, Luke R. Corbett, and Robert Kelley, and each of them severally,  
with full power of substitution and with full power to act with or without the other, as the proxies of the undersigned  
to represent and to vote all shares of stock of OGE Energy Corp. held of record by the undersigned on March 19,  
2012, at the Company's Annual Meeting of Shareholders to be held on May 17, 2012, and at all adjournments  
thereof, on all matters coming before said meeting.

THIS PROXY, WHICH IS SOLICITED BY THE BOARD OF DIRECTORS, WILL BE VOTED AS DIRECTED.  
IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED FOR THE ELECTION AS DIRECTORS OF  
THE NOMINEES NAMED ON THE REVERSE SIDE OF THIS PROXY CARD, FOR THE RATIFICATION OF  
THE APPOINTMENT OF ERNST & YOUNG LLP AS THE COMPANY'S PRINCIPAL INDEPENDENT  
ACCOUNTANTS FOR 2012, FOR THE APPROVAL OF OUR NAMED EXECUTIVE OFFICER  
COMPENSATION, AND AGAINST THE SHAREHOLDER PROPOSAL REGARDING SIMPLE MAJORITY  
VOTE.

PLEASE VOTE BY INTERNET, TELEPHONE, OR MARK, DATE, SIGN AND RETURN THIS PROXY CARD  
PROMPTLY USING THE ENCLOSED ENVELOPE. Unless you attend and vote in person, you MUST vote by  
Internet, telephone, or sign and return your proxy in order to have your shares voted at the meeting.



Address change/comments:

(If you noted any Address Changes and/or Comments above, please mark corresponding box on the reverse side.)

(Continued and to be marked, dated and signed on the other side)