OGE ENERGY CORP.
Form DEF 14A
March 29, 2013

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 [X]
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))
[X] 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)
Payment of Filing Fee (Check the appropriate box):
[X] No fee required
[ ] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.
(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

(5) Total fee paid:

[ ] Fee paid previously with preliminary materials.
[ ] Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.
(1) Amount Previously Paid:
(2) Form, Schedule or Registration Statement No.:
(3) Filing Party:
(4) Date Filed:

Contents

Notice of Annual Meeting of Shareholders
and Proxy Statement
Thursday, May 16, 2013, at 10:00 a.m.
Skirvin Hilton Hotel, Grand Ballroom
1 Park Avenue
Oklahoma City, Oklahoma

OGE Energy Corp.

March 29, 2013

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of OGE Energy Corp. at 10:00 a.m. on Thursday, May 16, 2013, at the Skirvin Hilton Hotel, Grand Ballroom, 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 public companies to furnish proxy materials to their shareholders on the Internet. Consequently, we are mailing to our shareholders of record a Notice of Internet Availability of Proxy Materials instead of a paper copy of the proxy statement and our 2012 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 of Proxy Materials you received in the mail. Your vote will be greatly appreciated. Brokers will not be able to vote their customers' shares for the election of directors, for the advisory vote on executive compensation, for the amendment of the Restated Certificate of Incorporation to eliminate supermajority voting provisions, for the approval of the OGE Energy Corp. 2013 Stock Incentive Plan, for the approval of the OGE Energy Corp. 2013 Annual Incentive Compensation Plan 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 16, 2013, at 10:00 a.m. at the Skirvin Hilton Hotel, Grand Ballroom, 1 Park Avenue, Oklahoma City, Oklahoma, for the following purposes:

1. To elect 10 directors;
2. To ratify the appointment of Ernst & Young LLP as our principal independent accountants for 2013;
3. To hold an advisory vote to approve named executive officer compensation;
4. To amend the Restated Certificate of Incorporation to eliminate supermajority voting provisions;
5. To approve the OGE Energy Corp. 2013 Stock Incentive Plan;
6. To approve the OGE Energy Corp. 2013 Annual Incentive Compensation Plan;
7. To amend the Restated Certificate of Incorporation to increase the number of authorized shares of common stock from 225,000,000 to 450,000,000;
8. To consider a shareholder proposal regarding reincorporation in Delaware; and
9. To transact such other business as may properly come before the meeting.

The map on page 62 will assist you in locating the Skirvin Hilton Hotel.

Shareholders who owned stock on March 18, 2013, 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 and Corporate Secretary

Dated: March 29, 2013

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 of Proxy Materials 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 SHAREHOLDER MEETING TO BE HELD ON MAY 16, 2013. The Company's notice of annual meeting of shareholders and proxy statement and 2012 annual report to shareholders are available on the Internet at www.proxyvote.com.

Proxy Statement

March 29, 2013

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, Grand Ballroom, 1 Park Avenue, Oklahoma City, Oklahoma, on May 16, 2013, at 10:00 a.m. For the convenience of those shareholders who may attend the meeting, a map is printed on page 62 that gives directions to the Skirvin Hilton Hotel. At the meeting, we intend to present the first eight items in the accompanying notice of annual meeting for action by the owners of the Company's common stock, par value $0.01 per share ("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 of Shareholders. 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 of Shareholders. Mr. Delaney, Mr. Corbett and Mr. Kelley will vote your shares, as you have instructed them, at the Annual Meeting of Shareholders. This way, your shares will be voted whether or not you attend the Annual Meeting of Shareholders. Even if you plan to attend the Annual Meeting of Shareholders, 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 and to provide Internet access to the proxy materials and annual reports to shareholders.

Accordingly, on or about March 29, 2013, we will begin mailing to our shareholders of record a Notice of Internet Availability of Proxy Materials instead of a paper copy of the proxy statement and our 2012 annual report. The Notice of Internet Availability of Proxy Materials will include instructions on accessing and reviewing our proxy materials and our 2012 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 of Proxy Materials, we will also first make available on the Internet at www.proxyvote.com our notice of annual meeting, our proxy statement and our 2012 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;
- e-mail at sendmaterial@proxyvote.com; or
- telephone at 1-800-579-1639.

Pursuant to the SEC rules, our 2012 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 of Proxy Materials 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 pre-addressed envelope. If you received a Notice of Internet Availability of Proxy Materials, 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 10 named nominees for director, FOR the ratification of Ernst & Young LLP as the Company's principal independent accountants for 2013, FOR the approval of our named executive officer compensation in connection with the advisory vote on executive compensation, FOR the amendment of the Company's Restated Certificate of Incorporation ("Certificate") to eliminate the supermajority voting provisions, FOR approval of the OGE Energy Corp. 2013 Stock Incentive Plan, FOR approval of the OGE Energy Corp. 2013 Annual Incentive Compensation Plan, FOR the amendment of the Certificate to increase the number of authorized shares of Common Stock and AGAINST the shareholder proposal regarding reincorporation in Delaware.

Shareholders of record also may vote by the Internet or by using the toll-free number listed on your Notice of Internet Availability of Proxy Materials 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 of Proxy Materials 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 and Corporate Secretary) revoking your proxy.

Record Date; Number of Votes

If you owned shares of the Company's Common Stock at the close of business on March 18, 2013, you are entitled to one vote per share upon each matter presented at the meeting.

As of March 1, 2013 , there were 99,113,462 shares of the Company's 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 the Company's 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 Notice of Internet Availability of Proxy Materials or Proxy Statement and Annual Report

A Notice of Internet Availability of Proxy Materials or this proxy statement, the enclosed proxy and Annual Report are being distributed on or about March 29, 2013 to all of our shareholders who owned Common Stock on March 18, 2013.

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 of Shareholders 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.

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 the Company's principal independent accountants and the amendment of the Certificate to increase the number of authorized shares of Common Stock. However, the election of directors, the advisory vote on named executive officer compensation, the amendment of the Certificate to eliminate the supermajority voting provisions, the approval of the OGE Energy Corp. 2013 Stock Incentive Plan, the approval of the OGE Energy Corp. 2013 Annual Incentive Compensation Plan and the shareholder proposal regarding reincorporation in Delaware 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 GOVERANCE

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 2012.

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 2012, the independent directors met in executive session five times.

Our Code of Ethics, 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 under the heading Investor Relations, Corporate Governance.

Director Independence. The Board of Directors of the Company currently has 10 directors, nine 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; 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 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 2012 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 the Compensation Discussion and Analysis on page 39. 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) 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. These reviews were used by the CEO in making compensation recommendations to the Compensation Committee.

The balance of the process for setting director and executive compensation for 2012 involved actions taken by the Compensation Committee. The Compensation Committee met in December 2011 and February 2012 to address 2012 compensation. At the December 2011 meeting, the Compensation Committee reviewed with the CEO the performance evaluations of each officer (other than the CEO). The Compensation Committee at its December 2011 meeting also reviewed and discussed with the CEO his recommendations for each member of management (other than the CEO) of 2012 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 2011 meeting and discussed his potential salary, target annual incentive award and target long-term compensation for 2012. Following these discussions, the Compensation Committee set 2012 salaries and, subject to potential adjustment at its meeting in February 2012, 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 2011 meeting; but, instead, were left for consideration at the scheduled meeting in February 2012. Senior management in making compensation recommendations for an executive in 2012, 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

2011, 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 2012, the Company's senior management developed recommendations for the Company performance goals that needed to be met in order for any payouts of 2012 annual incentive awards or 2012 long-term compensation awards to occur.
At the Compensation Committee's meeting in February 2012, the Compensation Committee reviewed with senior management its recommendations and basis for Company performance goals for payouts of 2012 annual incentive awards and long-term compensation awards. Following this discussion, the Compensation Committee set the 2012 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 2011, the Compensation Committee engaged Mercer as its executive compensation consultant for 2012. 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 2012, Mercer received $114,549 in fees for director and executive officer compensation advisory services to the Compensation Committee. Separately, Mercer and its affiliates received $969,570 in fees for other services, of which $937,867 related to routine annual actuarial services and $31,703 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

- Mercer'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.

For the reasons discussed above, and after considering certain independence-related factors, including:

- whether Mercer provides other services to the Company;
- fees received by Mercer from the Company;
- conflict of interest policies of Mercer;
- any business or personal relationships between the individual executive compensation consultant and members of the Company's Compensation Committee;
- any ownership of the Company's Common Stock by the individual executive compensation consultant; and
- any business or personal relationships between the individual executive compensation consultant or Mercer and an executive officer of the Company,

the Compensation Committee determined that there are no conflicts of interest with respect to the consulting services provided by Mercer.

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, 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 2012. 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 of the Company. The Chief Risk Officer serves as chairman of the Company's Risk Oversight Committee, which consists primarily of corporate officers, and is responsible for the overall development, implementation and enforcement of strategies and policies for all market 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 Chief Risk Officer, reports to the Audit Committee of the Company's Board of Directors ("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 Chief Risk Officer 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 of Shareholders. The Company encourages each of its Board members to attend the Annual Meeting of Shareholders and the directors are expected to attend whenever reasonably possible. All but one of the Board members attended the Annual Meeting of Shareholders in 2012.

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: (i) the employee will be asked to end the activity that caused the conflict; (ii) realignment of job responsibilities or assignment or (iii) if (i) and (ii) 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.

Prohibition on Hedging. Our insider trading policy prohibits our directors and executive officers from engaging in hedging or monetization transactions with respect to the Company's securities, such as prepaid variable forward contracts, equity swaps, collars and exchange funds.

Auditors; Audit Partner Rotation. As described on page 17, the Company is requesting that the shareholders ratify the selection of Ernst & Young LLP as the Company's principal independent accountants for 2013. The Audit Committee charter provides that the audit partners will be rotated as required by the Sarbanes-Oxley Act of 2002.

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 and the Company's Board of Directors 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. These guidelines have been reviewed in each subsequent year including 2012. The terms of these guidelines are explained on page 48 in the 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 (i) each nominee's name and address, (ii) 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, (iii) 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, (iv) such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominee(s) and (v) the consent of each nominee to serve as a director if so elected. The chairman of the Annual Meeting of Shareholders 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.

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 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 are 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 2013, 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 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 another publicly-held corporation, 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 Chairman, President and CEO. 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 issued 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.

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. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Ms. McReynolds should continue serving as a director of the Company based, in large part, on her demonstrated business skills and her level of performance as a director of the Company. 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 ability to interact well with other directors, 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 and her prior service as a director of the Company, the Board and Nominating and Corporate Governance Committee believe that Ms. McReynolds will continue to 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, his performance as Chair of the Board's Compensation Committee 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 2012. The Board of Directors of the Company and OG&E met on six occasions during 2012. Each director attended at least 91 percent of the total number of meetings of the Boards of Directors and the committees of the Boards on which he or she served during 2012.

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 2012, are set forth below.

Name of Committee and Members	General Functions of the Committee	Number of Meetings in 2012
Compensation Committee: James H. Brandi Wayne H. Brunetti Luke R. Corbett John D. Groendyke Kirk Humphreys Judy R. McReynolds Leroy C. Richie*	Oversees compensation of directors and principal officers executive compensation benefit programs	5
Audit Committee: Wayne H. Brunetti Kirk Humphreys Robert Kelley* Robert O. Lorenz	Oversees financial reporting process evaluate performance of independent auditors select independent auditors discuss with internal and independent auditors scope and plans for audits, adequacy and effectiveness of internal controls for financial 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	4
Nominating and Corporate Governance Committee: James H. Brandi John D. Groendyke Robert O. Lorenz* Judy R. McReynolds Leroy C. Richie	Reviews and recommends nominees for election as directors membership of director committees succession plans various corporate governance issues Reviews environmental initiatives and compliance strategies	5
Executive Committee: Luke R. Corbett Robert Kelley Robert O. Lorenz Leroy C. Richie	Performs duties of the Board during intervals between Board meetings	0

* Chairperson

Director Compensation. Compensation of non-officer directors of the Company in 2012 included an annual retainer fee of $128,600, of which $45,600 was payable in cash in monthly installments and $83,000 was deposited in the director's account under the Company's Deferred Compensation Plan in December 2012 and converted to 1,460.239 common stock units based on the closing price of the Company's Common Stock on December 3, 2012. All non-officer directors received $2,000 for each Board meeting and $2,000 for each committee meeting attended. The lead director received an additional $15,000 cash retainer in 2012. The chairman of the Audit Committee received an additional $10,000 cash retainer in 2012. The chairmen of the Compensation and Nominating and Corporate Governance Committees received an additional $5,000 annual cash retainer in 2012. Each chairman of a board committee also received a meeting fee of $2,000 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 2012.

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 2012, 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 2012 Nonqualified Deferred Compensation Table," in certain circumstances, participants may also be entitled to in-service withdrawals from the Company's Deferred Compensation Plan.

In November 2012, the Compensation Committee met to consider director compensation. At that meeting, the Compensation Committee increased the additional annual retainer for the chairmen of the Compensation and Nominating and Corporate Governance Committees for 2014 to $7,500 from $5,000, increased the additional annual retainer for the chairman of the Audit Committee for 2014 to $12,500 from $10,000 and increased the additional annual retainer for the lead director for 2014 to $17,500 from $15,000. At that meeting, the Compensation Committee also increased the portion of the annual retainer payable in December 2012 and deposited in the director's account under the Company's Deferred Compensation Plan for 2012 to $83,000 from $73,000. The other components of director compensation remained unchanged.

Director Compensation for 2012

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	$79,600	$83,000	—	—	—	—	$162,600
Wayne H. Brunetti	$82,600	$83,000	—	—	—	—	$165,600
Luke R. Corbett	$82,600	$83,000	—	—	—	—	$165,600
John D. Groendyke	$79,600	$83,000	—	—	—	—	$162,600
Kirk Humphreys	$80,600	$83,000	—	—	—	—	$163,600
Robert Kelley	$90,600	$83,000	—	—	—	—	$173,600
Linda P. Lambert (2)	$29,000	$—	—	—	—	—	$29,000
Robert O. Lorenz	$85,600	$83,000	—	—	—	—	$168,600
Judy R. McReynolds	$79,600	$83,000	—	—	—	—	$162,600
Leroy C. Richie	$84,600	$83,000	—	—	—	—	$167,600

(1) Amounts in this column represent the dollar value of the annual retainer that was deposited in the director's account under the Company's Deferred Compensation Plan in December 2012. At December 31, 2012, the number of common stock units in the Company Common Stock Fund for each of the directors was as follows: Mr. Brandi, 4,528 common stock units; Mr. Brunetti, 9,256 common stock units; Mr. Corbett, 70,421 common stock units; Mr.

Groendyke, 28,765 common stock units; Mr. Humphreys, 19,185 common stock units; Mr. Kelley, 62,028 common stock units; Ms. Lambert, 4,686 common stock units; Mr. Lorenz, 32,639 common stock units; Ms. McReynolds, 2,057 common stock units and Mr. Richie, 11,154 common stock units.

(2) Ms. Lambert retired from the Board of Directors effective May 17, 2012, and, therefore, received monthly installments of the annual retainer fee and attendance fees through this effective date of service.

PROPOSAL NO. 1 -
ELECTION OF DIRECTORS

The Board of Directors of the Company currently consists of 10 members. The term of each director will expire at this year's Annual Meeting of Shareholders. The following persons are the nominees of the Board to be elected for a one-year term at the Annual Meeting of Shareholders to be held on May 16, 2013: Mr. James H. Brandi, Mr. Wayne H. Brunetti, Mr. Luke R. Corbett, Mr. Peter B. Delaney, 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 nominee will continue until their successors are elected and qualified. Each of these nominees is currently a director of the Company and OG&E.

Proxies solicited by the Board of Directors will be voted "FOR" the election of the 10 nominees as director, 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 own less than 0.3 percent of any class of voting securities of the Company.
The affirmative vote of the holders of a majority of the shares of the Company's Common Stock present in person or by proxy and entitled to vote at the Annual Meeting of Shareholders will be required for the election of the 10 nominees as director. Broker non-votes will be treated as shares not entitled to be voted.

The following contains certain information concerning the nominees for director.
JAMES H. BRANDI, 64, is a former Managing Director of BNP Paribas Securities Corp., an investment banking firm, where he served from 2010 until his retirement in 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. and Carbon Natural Gas Company. 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.
WAYNE H. BRUNETTI, 70, 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.
LUKE R. CORBETT, 66, 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 Anadarko Petroleum Corporation, which acquired Kerr-McGee Corporation on September 1, 2006. Mr. Corbett served as a director of Noble Corporation from 2001 to 2009. 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, 59, 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.

JOHN D. GROENDYKE, 68, 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, 62, is the Chairman of The Humphreys Company, LLC, a real estate development company, and Board Chairman 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 since 1975. Mr. Humphreys was elected Mayor of Oklahoma City in 1998 and re-elected in 2002. Mr. Humphreys is a member of the University of Oklahoma Board of Regents and is a trustee of the Urban Land Institute. He also serves on the boards of the Oklahoma City Airport Trust, the Oklahoma Industries Authority and the Oklahoma State Fair. 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, 67, 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 committee of Cabot Oil and Gas Corporation. Mr. Kelley also served as a director of Lone Star Technologies, Inc. from 2001 until 2008 and of Smith International, Inc. from 2005 until 2010. 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, 66, 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, 50, 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, 71, 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 Columbia Investment Funds (formerly 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.

The affirmative vote of the holders of a majority of the shares of the Company's Common Stock present in person or by proxy and entitled to vote at the Annual Meeting of Shareholders will be required for the election of the 10 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 10 nominees as director. Proxies solicited by the Board of Directors will be voted "FOR" the election of the 10 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 2013

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, 2013. 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 principal independent accountants. 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 of Shareholders 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 of Shareholders.

The affirmative vote of the holders of a majority of the shares of the Company's Common Stock present in person or by proxy and entitled to vote at the Annual Meeting of Shareholders will be required for the ratification of the appointment of Ernst & Young LLP as the Company's principal independent accountants for 2013. 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 Section 14a of the Securities Exchange Act of 1934, the Company is providing shareholders with an advisory (non-binding) vote on compensation programs, that is sometimes referred to as "say on pay", for our CEO and the other four officers named in the Summary Compensation Table on page 50 (who we refer to as "Named Executive Officers"). Accordingly, you may vote on the following resolution at the 2013 Annual Meeting of Shareholders:

"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. The Board has determined that, until the next vote on the frequency of shareholder votes on executive compensation, OGE Energy will hold future advisory votes on executive compensation every year.

As discussed in the 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 ("EPS") and measures of operating performance. Awards under the Stock Incentive Plan generally 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 EPS. 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. This is illustrated by the high level of payouts to our Named Executive Officers of the 2010 awards under the Stock Incentive Plan for the three-year performance period ending December 31, 2012. The high level of payout was attributable, in our judgment, to excellent performance as the Company's total shareowner return was at the 93rd percentile (the top seven percent) of the 68 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index for the three-year period ending December 31, 2012, and the Company's growing earnings over the same period from $2.66 per share to $3.58 per share.

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 Annual Meeting of Shareholders.
- We set the 2012 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 one 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 page 41).

- We provide a significant part of executive compensation in performance-based incentives. For 2012, the target awards under the Annual Incentive Plan and under the Stock Incentive Plan represented from approximately 58 percent to 77 percent of a Named Executive Officer's targeted 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.
- In 2012, the Edison Electric Institute ("EEI") presented its EEI Index Award to the Company. The EEI Index of Shareholder-Owned Electric Utilities is a peer group index that values total return on each electric utility in the index over a five-year

18

period, thus providing a benchmark for long-term financial performance. For the five-year period ending September 30, 2012, the Company was the top ranking large-cap company in the index with a 103 percent return.

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 the Company's Common Stock present in person or by proxy and entitled to vote at the Annual Meeting of Shareholders will be required for the approval, on an advisory basis, of the Named Executive Officer compensation. Abstentions from voting in this matter are treated as votes against. Broker non-votes will be treated as shares not entitled to be voted.

The Board of Directors recommends a 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.

PROPOSAL NO. 4 -
AMENDMENT OF THE RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE SUPERMAJORITY VOTING PROVISIONS

The Proposal

The Board of Directors recommends that the Company's shareholders approve amendments to Articles VI, VII, VIII and IX of the Certificate to eliminate the supermajority voting provisions currently included in the Certificate.

As permitted by Oklahoma law, the Company's current, shareholder-approved Certificate provides that if certain actions are to be taken by shareholders, those actions will require more than a majority vote of the shareholders. Specifically:

- Article VI of the Certificate currently provides that 80 percent of the Company's outstanding shares is necessary to approve certain business combination transactions with an "interested shareholder" (subject to certain exceptions, including an exception for transactions approved by the Board);

- Paragraph E. of Article VII of the Certificate currently provides that 80 percent of the Company's outstanding shares is necessary to approve an amendment to Article VII (which deals with provisions relating to the term of office of directors, filling vacancies on the board of directors and removal of directors);

- Article VIII of the Certificate currently provides that 80 percent of the Company's outstanding shares is necessary to approve an amendment to Article VIII (which prohibits shareholders from acting by written consent); and

- Article IX of the Certificate currently provides that 80 percent of the Company's outstanding shares are necessary to approve (i) amendments to certain provisions of the bylaws of the Company relating to shareholder annual and special meetings, board structure, board vacancies, director elections and director removal or (ii) Article IX of the Certificate.

In order to eliminate these supermajority voting provisions, the Company's Certificate must be amended. The amendments to the Certificate require the approval of both the Board and 80 percent of the shares of the Company's Common Stock outstanding.

Elimination of Supermajority Voting Provisions

The Company's supermajority voting provisions 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.

A nonbinding shareholder proposal to eliminate the supermajority voting provisions and adopt simple majority voting provisions was included in the Company's 2012 Proxy Statement and approximately 65 percent of shares voted at the 2012 Annual Meeting of Shareholders (approximately 45 percent of the total shares outstanding) were voted in favor of the proposal.

In the course of its review of these voting provisions in connection with the shareholder proposal in 2012, the Nominating and Corporate Governance Committee and the Board carefully considered the advantages and disadvantages of the voting standards. Following the 2012 Annual Meeting of Shareholders, the Nominating and

Corporate Governance Committee and the full Board again carefully considered the advantages and disadvantages of the supermajority voting standards and, in light of the shareholder vote at the 2012 Annual Meeting of Shareholders and the presence of statutory fair price provisions that would require 66-2/3 percent of the outstanding shares to approve a business combination with an interested shareholder, the Company's Board, on the recommendation of the Nominating and Corporate Governance Committee, has approved the amendments to the Certificate, and has determined to recommend to the Company's shareholders that they vote in favor of amending the Company's Certificate, to eliminate the supermajority voting provisions.

The Amendments

If the proposed amendments to the Company's Certificate are approved, (i) Article VI of the Certificate would be deleted in its entirety, (i) Paragraph E. of Article VII would be deleted, (iii) the 80 percent requirement in Article VIII would be deleted, (iv) the 80 percent requirement in Article IX relating to the amendment of Article IX would be deleted and (v) the 80 percent requirement in Article IX relating to specified bylaw amendments would be replaced with a majority of the shares present and entitled to vote standard. The text of Articles VI, VII, VIII and IX, as they are proposed to be amended, is attached as Annex A. For your convenience, Annex A is marked to indicate the proposed amendments.

The Effect of the Amendments

If Article VI of the Certificate is deleted, the "fair price" provisions of Section 1090.3 of the Oklahoma General Corporation Act would apply and would require an affirmative vote of 66-2/3 percent of the outstanding shares to approve a business combination with interested shareholders (subject to certain exceptions, including an exception for transactions approved by the Board). If Paragraph E. of Article VII, the 80 percent requirement in Article VIII and the 80 percent requirement in Article IX relating to the amendment of Article IX are deleted, under Oklahoma law, further amendment of Article VII, Article VIII or Article IX of the Certificate would require a vote of a majority of the Company's outstanding shares. If the 80 percent requirement in Article IX relating to specified bylaw amendments is replaced with a majority of the votes present and entitled to vote standard, then further amendment of those provisions of the bylaws would require approval of a majority of the shares present and entitled to vote on the matter, just as is currently required to amend all other provisions of the bylaws.

Vote Required

The affirmative vote of the holders of not less than 80 percent of the outstanding shares of the Company's Common Stock will be required for the approval of this Proposal No. 4 to amend the Certificate. Abstentions, broker non-votes and failures to vote have the same effect as a vote against this Proposal No. 4. If approved, the amendments to the Certificate will become effective upon filing with the Secretary of State of the State of Oklahoma, which the Company would intend to do promptly after the Annual Meeting of Shareholders.

In the event that the holders of less than 80 percent of the shares of the Company's Common Stock vote in favor of Proposal No. 4, the supermajority provisions in the current Certificate will not be eliminated.

The Board of Directors recommends a vote "FOR" Proposal No. 4. Proxies solicited by the Board of Directors will be voted "FOR" Proposal No. 4, unless a different vote is specified.

PROPOSAL NO. 5 - APPROVAL OF OGE ENERGY CORP. 2013 STOCK INCENTIVE PLAN

Background and Overview

The Board of Directors has approved and recommended the adoption of the OGE Energy Corp. 2013 Stock Incentive Plan (the "Stock Incentive Plan"), subject to approval by the Company's shareholders . The Stock Incentive Plan is intended to replace the OGE Energy Corp. 2008 Stock Incentive Plan, which was approved by shareholders at the 2008 Annual Meeting of Shareholders (the "current stock incentive plan") and provided for the issuance of up to 2,750,000 shares of Common Stock. As of March 1, 2013 , after taking into account shares that may be issued pursuant to outstanding awards (at target), 1,218,506 shares remained available for issuance under such current stock incentive plan. The current stock incentive plan was designed to comply with limits imposed by Section 162(m) of the Code (discussed below) on the ability of a public company to claim tax deductions for compensation paid to certain highly compensated executives. In order to qualify for the performance-based compensation exception under 162(m), the performance goals must be re-approved by shareholders at least every five years. Rather than have the shareholders re-approve the performance goals at this Annual Meeting, the Board decided to implement a new long-term incentive plan, the Stock Incentive Plan, to replace the current stock incentive plan . If the Stock Incentive Plan is approved, no further awards will be granted under the current stock incentive plan.

The key differences between the Stock Incentive Plan and the current stock incentive plan are that 3,700,000 shares of Common Stock would be available for issuance under the Stock Incentive Plan and that restricted stock units may be granted under the Stock Incentive Plan. There are also certain administrative changes.

Purpose. The purpose of the Stock Incentive Plan is to enable the Company and its subsidiaries and other Affiliates (as defined in the Stock Incentive Plan) to attract, retain and motivate non-employee directors, officers and employees and to provide the Company and its Affiliates with the ability to provide incentives more directly linked to the profitability of the Company's businesses and increases in shareholder value and the enhancement of performance relating to customers.

Compensation and Corporate Governance Practices. The Stock Incentive Plan has been designed to include a number of provisions that the Board believes promote best practices by reinforcing the alignment between equity compensation arrangements for non-employee directors, officers, and employees and shareholders' interests. These provisions include, but are not limited to, the following:

No Discounted Options or Stock Appreciation Rights ("SARs"). Stock options and SARs may not be granted with exercise prices lower than the fair market value of the underlying shares on the grant date.

No Repricing Without Shareholder Approval. The Company cannot, without shareholder approval, reduce the exercise price of a stock option or SAR, and the Company cannot, without shareholder approval, cancel and re-grant or exchange such stock option or SAR for cash, other awards or a new stock option or SAR at a lower exercise price.

No Liberal Share Recycling. Shares delivered to the Company to pay the exercise price or withholding taxes in connection with the exercise of an outstanding stock option or SAR, and shares otherwise transferred or relinquished in connection with any stock option or SAR do not become available for issuance as future awards under the Stock Incentive Plan.

No Dividends Paid on Unearned Performance Awards. The Stock Incentive Plan provides that any dividend equivalents or other distributions on shares of Common Stock underlying awards subject to performance goals will be deferred until, and paid contingent only upon, the attainment of the applicable performance goals.

No Evergreen Provision. There is no "evergreen" feature pursuant to which the shares authorized for issuance under the Stock Incentive Plan can be automatically replenished.

No Automatic Grants. The Stock Incentive Plan does not provide for "reload" or other automatic grants to participants.

No Tax Gross-ups. The Stock Incentive Plan does not provide for any tax gross-ups.

No Loans. The Stock Incentive Plan prohibits the Company from making any loan to a participant in connection with the exercise of stock options or otherwise in connection with any awards under the Stock Incentive Plan.

Shares Authorized for Issuance. The following table sets forth the number of shares authorized for future issuance (including shares authorized for issuance pursuant to stock options, SARs, restricted stock, restricted stock units and performance units) as of March 1, 2013 and after including the additional shares authorized by the Stock Incentive Plan, along with the equity dilution represented by the shares available for future awards as a percentage of the shares of Common Stock outstanding.

	Total Shares Available	Equity Dilution - Percent of Basic Common Shares Outstanding
Shares reserved for issuance pursuant to outstanding awards under current incentive stock plan (1)	680,302	0.7%
Shares authorized for future awards under current incentive stock plan (2)	1,218,506	1.2%
Shares to be reserved for issuance under Stock Incentive Plan	3,700,000	3.7%
Shares authorized for issuance pursuant to outstanding awards and for future awards (2)	4,380,302	4.4%

(1) Includes (i) 16,500 stock options with a remaining term of 0.9 years and an exercise price of $23.575 , (ii) 26,162 shares of non-vested time-based restricted stock and (iii) 637,640 performance units, assuming payout of outstanding performance units at target. Depending upon Company performance, payout of performance units can range from 0 percent to 200 percent of target.

(2) Assuming approval of the Stock Incentive Plan, no further awards will be granted under the current stock incentive plan.

As shown in the following table, the Company's three-year average adjusted annual burn rate (adjusted shares granted/total outstanding) was 1.76 percent, which is below the Institutional Shareholder Services burn rate threshold of 2.00 percent applicable to our industry.

Year	Options Granted	Full Value Shares Granted (restricted stock and performance units) (1)	Adjusted Total Shares Granted (2)	Weighted Average Common Shares Outstanding	Unadjusted Burn Rates	Adjusted Burn Rates
2012	0	508,434	1,525,302	98,601,519	0.52%	1.55%
2011	0	794,690	2,384,070	97,944,414	0.81%	2.43%
2010	0	418,355	1,255,065	97,342,442	0.43%	1.29%

(1) Reflects the number of performance-based units that were earned, and the number of shares of time-based restricted stock that were granted, in 2012, 2011 and 2010.

(2) Adjusted, in accordance with Institutional Shareholder Services policy to reflect the full-value nature of the performance-based awards and time-based restricted stock, by multiplying the shares earned by three.

162(m). The Stock Incentive Plan has been designed to comply with limits imposed by the tax laws on the ability of a public company to claim tax deductions for compensation paid to certain highly compensated executives. Section 162(m) of the Code generally denies a corporate tax deduction for annual compensation exceeding $1,000,000 paid to the principal executive officer and the three other most highly compensated officers (other than the principal financial officer) of a public company ("Covered Employees"). Certain types of compensation, including performance-based compensation, are generally excluded from this deduction limit. In an effort to ensure that stock awards under the Stock Incentive Plan will qualify as performance-based compensation, which is generally deductible, the Stock Incentive Plan is being submitted to shareholders for approval at the Annual Meeting of Shareholders. While the Company believes compensation payable pursuant to the Stock Incentive Plan generally will be deductible for federal income tax purposes, under certain circumstances such as death, disability and change of control (all as defined in the Stock Incentive Plan), compensation not qualified under Section 162(m) of the Code may be payable. By approving the Stock Incentive Plan, the shareholders will be approving, among other things, the performance measures, eligibility requirements and limits on various stock awards contained therein.

Summary of Terms of the Stock Incentive Plan

Set forth below is a summary of certain important features of the Stock Incentive Plan. This summary is qualified in its entirety by reference to the actual plan attached hereto as Annex B.

Administration. The Stock Incentive Plan will be administered by the Compensation Committee or such other committee of the Board as the Board may from time to time designate, which will be composed solely of not less than two "disinterested persons" for purposes of Rule 16b-3 under the Securities Exchange Act of 1934 who also qualify as "outside directors" for purposes of Section 162(m) of the Code and as independent under the applicable NYSE listing standards. Among other things, the

Compensation Committee will have the authority, subject to the terms of the Stock Incentive Plan, to select non-employee directors, officers and employees to whom awards may be granted, to determine the type of award as well as the number of shares of Common Stock to be covered by each award, and to determine the terms and conditions of any such awards. The Compensation Committee also will have the authority to adopt, alter and repeal such administrative rules, guidelines and practices governing the Stock Incentive Plan as it deems advisable, to construe and interpret the terms and provisions of the Stock Incentive Plan and any awards issued thereunder and to otherwise supervise the administration of the Stock Incentive Plan. All decisions made by the Compensation Committee pursuant to the Stock Incentive Plan will be final and binding.

Eligibility. Officers and employees of the Company and its Affiliates designated by the Compensation Committee who are responsible for or contribute to the management, growth and profitability of the Company and non-employee directors of the Company or an Affiliate are eligible to be granted awards under the Stock Incentive Plan.

Plan Features. The Stock Incentive Plan authorizes the issuance of up to 3,700,000 shares of Common Stock pursuant to the grant or exercise of incentive stock options ("ISOs"), nonqualified stock options, SARs, restricted stock, restricted stock units and performance units. The closing price of the Company's Common Stock on March 15, 2013 was $67.63 . All 3,700,000 shares will be available for issuance upon exercise of ISOs. Shares of Common Stock delivered to pay the exercise price of any stock option or SAR, shares of Common Stock delivered in satisfaction of any tax withholding requirement relating to any stock option or SAR and shares of Common Stock otherwise transferred or relinquished in connection with any stock option or SAR shall not increase the number of shares of Common Stock available for awards under the Stock Incentive Plan. No single participant may be granted awards pursuant to the Stock Incentive Plan covering in excess of 500,000 shares (5,000 shares for non-employee directors) of Common Stock in any one calendar year and all such awards may be granted as stock options or SARs, if any. No participant may be granted performance units in any one calendar year payable in cash in an amount that would exceed $2,000,000 ($30,000 for non-employee directors). Subject to the foregoing limits, the shares available under the Stock Incentive Plan can be divided among the various types of awards and among the participants as the Compensation Committee sees fit. The shares subject to grant under the Stock Incentive Plan are to be made available from authorized but unissued shares or from treasury shares. Awards may be granted for such terms as the Compensation Committee may determine, except that the term of a stock option may not exceed 10 years from its date of grant. Awards will not be transferable, except by will and the laws of descent and distribution and, in the case of nonqualified stock options and any related SARs, if permitted by the Compensation Committee, as a gift to an optionee's children or to a charitable organization described in Section 170(c) of the Code. The Compensation Committee will have broad authority to fix the terms and conditions of individual agreements with participants.

Description of Awards. As indicated above, several types of stock-related grants can be made under the Stock Incentive Plan. The Compensation Committee will have the authority to determine the non-employee directors, officers and employees to whom and the time or times at which awards may be granted. A summary of these grants is set forth below:

Stock Options. The Stock Incentive Plan authorizes the Compensation Committee to grant options to purchase Common Stock at an option price (the "option price") which cannot be less than 100 percent of the fair market value of such stock on the date of grant. The Stock Incentive Plan permits optionees, with the approval of the Compensation Committee, to pay the option price of options in cash, stock (valued at its fair market value on the date of exercise) or a combination thereof. As noted above, options may be granted either as ISOs or nonqualified options. The principal difference between ISOs and nonqualified options is their tax treatment. See "--Federal Income Tax Consequences."

SARs. The Stock Incentive Plan authorizes the Compensation Committee to grant SARs in conjunction with all or part of any stock option granted under the Stock Incentive Plan. An SAR entitles the holder to receive upon exercise the excess of the fair market value of a specified number of shares of Common Stock at the time of exercise over generally the option price for such shares specified in the related stock option. Such amount will be paid to the holder in shares of Common Stock (valued at its fair market value on the date of exercise), cash or a combination thereof, as the Compensation Committee may determine. An SAR may be granted in conjunction with a contemporaneously granted ISO or a previously or contemporaneously granted nonqualified option. Since the exercise of an SAR is an alternative to the exercise of an option, the option will be canceled to the extent that the SAR is exercised and the SAR will be canceled to the extent the option is exercised.

Restricted Stock. The Stock Incentive Plan authorizes the Compensation Committee to grant restricted stock to individuals with such restriction periods as the Compensation Committee may designate. The Compensation Committee may, prior to granting shares of restricted stock, designate certain participants as Covered Employees and will provide that restricted stock awards to these Covered Employees cannot vest unless applicable performance goals established by the Compensation Committee within the time period prescribed by Section 162(m) of the Code are satisfied. These performance goals must be based on the attainment by the Company, one or more Affiliates or one or more businesses or functional units thereof of one or more, or a combination, of the following: specified levels of total shareholder return; return on capital; EPS; market share; stock price; sales; costs; net operating income; net income; return on assets; earnings before income taxes, depreciation and amortization; return on total assets employed; capital expenditures; earnings before income taxes; economic value added; cash flow; cash available for distribution; retained earnings; return on equity; results of customer satisfaction surveys; aggregate product price and other product price measures; safety record; service reliability; demand-side management (including conservation and load management); operating and/or maintenance costs management (including operation and maintenance expenses ("O&M") per Kilowatt-hour ("Kwh")); and energy production availability.

At the time of establishing a performance goal, the Compensation Committee shall specify the manner in which the performance goal shall be calculated. In so doing, the Compensation Committee may exclude the impact of certain specified events from the calculation of the performance goal. Such performance goals also may be based on the attainment of specified levels of performance of the Company, one or more Affiliates or one or more businesses or functional units thereof under one or more of the measures described above relative to the performance of other corporations or indices. Performance goals based on the foregoing factors are hereinafter referred to as "Performance Goals." With respect to Covered Employees, all Performance Goals must be objective performance goals satisfying the requirements for "performance-based compensation" within the meaning of Section 162(m)(4) of the Code. The Compensation Committee also may condition the vesting of restricted stock awards to participants who are not Covered Employees upon the satisfaction of these or other applicable performance goals. The provisions of restricted stock awards (including any applicable Performance Goals) need not be the same with respect to each participant. During the restriction period, the Compensation Committee may require that the stock certificates evidencing restricted shares be held by the Company. Restricted stock may not be sold, assigned, transferred, pledged or otherwise encumbered. Other than these restrictions on transfer and any other restrictions the Compensation Committee may impose, the participant will have all the rights of a holder of stock holding the class or series of stock that is the subject of the restricted stock award.

Restricted Stock Units. The Stock Incentive Plan authorizes the Compensation Committee to grant restricted stock units to individuals with such restriction periods as the Compensation Committee may designate. The Compensation Committee may, prior to granting restricted stock units, designate certain participants as Covered Employees and will provide that restricted stock unit awards to these Covered Employees cannot vest unless applicable performance goals established by the Compensation Committee within the time period prescribed by Section 162(m) of the Code are satisfied. These performance goals must be based on the attainment by the Company, one or more Affiliates or one or more businesses or functional units thereof of one or more, or a combination, of the following: specified levels of total shareholder return; return on capital; EPS; market share; stock price; sales; costs; net operating income; net income; return on assets; earnings before income taxes, depreciation and amortization; return on total assets employed; capital expenditures; earnings before income taxes; economic value added; cash flow; cash available for distribution; retained earnings; return on equity; results of customer satisfaction surveys; aggregate product price and other product price measures; safety record; service reliability; demand-side management (including conservation and load management); operating and/or maintenance costs management (including O&M expenses per Kwh); and energy production availability.

At the time of establishing a performance goal, the Compensation Committee shall specify the manner in which the performance goal shall be calculated. In so doing, the Compensation Committee may exclude the impact of certain specified events from the calculation of the performance goal. Such performance goals also may be based on the attainment of specified levels of performance of the Company, one or more Affiliates or one or more businesses or functional units thereof under one or more of the measures described above relative to the performance of other corporations or indices. Performance goals based on the foregoing factors are hereinafter referred to as "Performance Goals." With respect to Covered Employees, all Performance Goals must be objective performance goals satisfying the requirements for "performance-based compensation" within the meaning of Section 162(m)(4) of the Code. The Compensation Committee also may condition the vesting of restricted stock unit awards to participants who are not Covered Employees upon the satisfaction of these or other applicable performance goals. The provisions of restricted stock unit awards (including any applicable Performance Goals) need not be the same with respect to each participant.

Restricted stock units may not be sold, assigned, transferred, pledged or otherwise encumbered and will have no rights of ownership in the shares of Common Stock deliverable upon payment of the restricted stock units and will have no right to vote them, but the Compensation Committee may authorize the payment of dividend equivalents on such restricted stock units on either a current or deferred or contingent basis, either in cash or in additional shares of Common Stock; provided, however, that dividend equivalents or other distributions on shares of Common Stock underlying restricted stock units with restrictions that lapse as a result of the attainment of Performance Goals will be deferred until and paid contingent upon the attainment of the applicable Performance Goals. Within the limits set forth in the preceding sentence, the Compensation Committee may provide for the lapse of restrictions based upon period of service in installments or otherwise and may accelerate or waive, in whole or in part, restrictions based upon period of service or upon performance; provided, however, that in the case of a restricted stock unit with respect to which a participant is a Covered Employee, any applicable Performance Goals have been satisfied.

Performance Units. The Stock Incentive Plan authorizes the Compensation Committee to grant performance units. Performance units may be denominated in shares of Common Stock or cash, or may represent the right to receive dividend equivalents with respect to shares of Common Stock, as determined by the Compensation Committee. Performance units will be payable in cash or shares of Common Stock or a combination thereof if applicable Performance Goals (based on one or more of the measures described in the section entitled "-- Restricted Stock" above) determined by such committee are achieved during an award cycle. An award cycle will consist of a period of consecutive fiscal years or portions thereof designated by the Compensation Committee over which performance units are to be earned. After the conclusion of a particular award cycle, the Compensation Committee will determine the number of performance units granted to a participant which have been earned in view of actual performance against applicable Performance Goals and prior to the 15th day of the third month after the end of the award cycle shall deliver to such participant cash and/or the number of shares of Common Stock equal to the value of performance units determined by the Compensation Committee to have been earned.

The Compensation Committee will have the authority to determine the non-employee directors, officers and employees to whom and the time or times at which performance units will be awarded, the form and number of performance units to be awarded to any participant, the duration of the award cycle and any other terms and conditions of an award. In the event that a participant's employment is terminated due to death, disability or retirement, the participant shall receive (i), in the case of retirement, a prorated payment based on such participant's number of full months of service during the award cycle, further adjusted based on the achievement of the performance goals during the entire award cycle, as certified by the Compensation Committee, such payment to be made at the time payments are made to participants who did not terminate service during the award cycle, and (ii), in the case of death or disability, as determined by the Compensation Committee, either (A) the amount set forth in clause (i) of this sentence at the time set forth therein, or (B) a payment at the targeted amount set forth in the award, such payment to be made within sixty (60) days following the occurrence of such death or disability, provided that payment may be made pursuant to subclause (B) of clause (ii) of this sentence only if such payment would comply with Section 409A of the Code.

Duration, Amendment and Discontinuance. The Stock Incentive Plan will terminate on May 1, 2023. Awards outstanding as of such date will not be affected or impaired by the termination of the Stock Incentive Plan. The Stock Incentive Plan may be amended, altered or discontinued by the Board, but no amendment, alteration or discontinuance may be made which would (i) impair the rights of an optionee under an option or a recipient of an SAR, restricted stock award or performance unit award previously granted without the optionee's or recipient's consent, except such an amendment made to qualify the Stock Incentive Plan for the exemption provided by Rule 16b-3 or to comply with or qualify for an exemption from Section 409A of the Code or (ii) disqualify the Stock Incentive Plan from the exemption provided by Rule 16b-3. Except as expressly provided in the Stock Incentive Plan, the Stock Incentive Plan may not be amended without shareholder approval to the extent such approval is required by law or agreement. The Compensation Committee also may amend the terms of any option or other award previously granted, except that (i) no such amendment shall impair the rights of any holder without the holder's consent except such an amendment made to cause the Plan or award to qualify for the exemption provided by Rule 16b-3 or to comply with or qualify for an exemption from Section 409A of the Code and (ii) no such amendment shall, without shareholder approval, (A) lower the option exercise price of a stock option (or a related SAR) or (B) cancel an outstanding stock option (or a related SAR) in exchange for cash, other awards or a stock option (or a related SAR) with an option exercise price that is less than the option exercise price of the cancelled stock option (or a related SAR) other than in certain specified instances involving a change in capitalization or similar transaction.

Changes in Capitalization; Change of Control. The Stock Incentive Plan provides that, in the event of any change in corporate capitalization subsequent to the May 1, 2013 effective date of the Stock Incentive Plan, such as a stock split or dividend, or a corporate transaction, such as any merger, consolidation, share exchange, separation, spin-off or other distribution of stock or property of the Company, or any reorganization or partial or complete liquidation of the Company, the Compensation Committee or the Board will make such substitutions or adjustments in the number and kind of shares reserved for issuance under the Stock Incentive Plan, in the aggregate, in the number of shares that may be issued upon the exercise of ISOs, in the share limitations set forth above, including share limitations applicable to grants to any individual or to any participant, in the number, kind and option price of shares subject to outstanding stock options and SARs, and in the number and kind of shares subject to other outstanding awards granted under the Stock Incentive Plan as may be determined to be appropriate by the Compensation Committee or the Board, in its sole discretion. Moreover, in the event of any such transaction or event or in the event of a Change of Control, the Compensation Committee, in its discretion, may provide in substitution for any or all outstanding awards under the Stock Incentive Plan such alternative consideration (including cash), if any, as it, in good faith, may determine to be equitable in the circumstances and may require in connection therewith the surrender of all awards so replaced in a manner that complies with Section 409A of the Code. In addition, for each stock option or SAR with an option exercise price or strike price greater than the consideration offered in connection with any such transaction or event or Change of Control, the Compensation Committee may in its sole discretion elect to cancel such stock option or SAR without any payment to the person holding such stock option or SAR. The Stock Incentive Plan also provides that in the event of a change of control (as defined in the Stock Incentive Plan which is attached hereto as Annex B) of the Company (i) any SARs and stock options outstanding as of the date of the change of control which are not then exercisable and vested will become fully exercisable and vested, (ii) the restrictions applicable to restricted stock or restricted stock units not subject to performance goals will lapse and such restricted stock or restricted stock units not subject to performance goals shall become free of all restrictions and fully vested and (iii) all performance units and any restricted stock units subject to performance goals will be considered to be earned and payable in full in an amount that will be equal to the number of performance units or restricted stock units, as the case may be, that would have been payable had the performance goals been met at a level that would have resulted in 100 percent payout of the performance units or restricted stock units, as the case may be, awarded, and any restrictions will lapse and such performance units or restricted stock units, as the case may be, will be settled in cash as promptly as practicable but in no event later than the 15th day of the third month after the occurrence of the change of control. The holders of options, unless the Compensation Committee shall determine otherwise at grant, will have the right, for a period of 60 days after the date of the change of control, to surrender all or part of such options in exchange for a cash payment based on the excess of the fair market value per share on the date of exercise over the option price.

Federal Income Tax Consequences. The following discussion is intended only as a brief summary of the federal income tax rules relevant to stock options, SARs, restricted stock and performance units. The laws governing the tax aspects of awards are highly technical and such laws are subject to change. Awards under the Stock Incentive Plan are not intended to provide for the deferral of compensation within the meaning of Section 409A of the Code, and therefore Section 409A of the Code does not apply to awards under the Stock Incentive Plan.

Nonqualified Options and SARs. Upon the grant of a nonqualified option (with or without an SAR), the optionee will not recognize any taxable income and the Company will not be entitled to a deduction. Upon the exercise of such an option or an SAR, the excess of the fair market value of the shares acquired on the exercise of the option over the option price (the "spread"), or the consideration paid to the optionee upon exercise of the SAR, will constitute compensation taxable to the optionee as ordinary income. In determining the amount of the spread or the amount of consideration paid to the optionee, the fair market value of the stock on the date of exercise is used. The Company, in computing its federal income tax, will generally be entitled to a deduction in an amount equal to the compensation taxable to the optionee.

ISOs. An optionee will not recognize taxable income on the grant or exercise of an ISO. However, the spread at exercise will constitute an item includible in alternative minimum taxable income, and thereby may subject the optionee to the alternative minimum tax. Such alternative minimum tax may be payable even though the optionee receives no cash upon the exercise of his ISO with which to pay such tax. An ISO will generally be disqualified from receiving ISO tax treatment under the Code if it is exercised more than three months following termination of employment. If, however, the optionee is disabled, such tax treatment is available for exercises occurring within one year following termination and, if the optionee dies while employed, this statutory time requirement for receiving ISO tax treatment is waived altogether.

Upon the disposition of shares of stock acquired pursuant to the exercise of an ISO after the later of (i) two years from the date of grant of the ISO or (ii) one year after the transfer of the shares to the optionee upon exercise (the "ISO Holding Period"), the optionee will recognize long-term capital gain or loss, as the case may be, measured by the difference between the stock's selling price and the option price. The Company is not entitled to any tax deduction by reason of the grant or exercise of an ISO, or by reason of a disposition of stock received upon exercise of an ISO if the ISO Holding Period is satisfied. Different rules apply if the optionee disposes of the shares of stock acquired pursuant to the exercise of an ISO before the expiration of the ISO Holding Period.

Restricted Stock. A participant who is granted restricted stock may make an election (a "Section 83(b) election") to have the grant taxed as compensation income at the date of receipt, with the result that any future appreciation (or depreciation) in the value of the shares of stock granted shall be taxed as capital gain (or loss) upon a subsequent sale of the shares. Any such Section 83(b) election must be made and filed with the IRS within 30 days of receipt in accordance with the regulations under Section 83(b) of the Code. If the participant does not make a Section 83(b) election, then the grant will be taxed as compensation income at the full fair market value on the date that the restrictions imposed on the shares expire. Unless a participant makes a Section 83(b) election, any dividends paid on stock subject to the restrictions are compensation income to the participant and compensation expense to the

Company. The Company is generally entitled to an income tax deduction for any compensation income taxed to the participant, subject to the provisions of Section 162(m) of the Code.

Restricted Stock Units. A participant who has been granted a restricted stock unit award will not realize taxable income until the applicable restriction expires and the participant is in receipt of the stock distributed in payment of the award, at which time such participant will realize ordinary income equal to the full fair market value of the shares delivered. At that time, the Company generally will be allowed a corresponding tax deduction equal to the compensation taxable to the award recipient, subject to the provisions of Section 162(m) of the Code.

Performance Units. A participant who has been granted a performance unit award will not realize taxable income until the applicable award cycle expires and the participant is in receipt of the stock and/or cash distributed in payment of the award, at which time such participant will realize ordinary income equal to the full fair market value of the shares delivered and/or the amount of cash paid. At that time, the Company generally will be allowed a corresponding tax deduction equal to the compensation taxable to the award recipient, subject to the provisions of Section 162(m) of the Code.

New Plan Benefits. Although the Compensation Committee has granted awards to certain individuals under the current stock incentive plan (see 2013 Awards below), it cannot be determined at this time what benefits or amounts, if any, will be allocated to or received by any persons or group of persons under the Stock Incentive Plan if the Stock Incentive Plan is adopted. Such determinations as to allocations are subject to the discretion of the Compensation Committee and as to receipt of payouts are dependent on future performance.

2013 Awards. The Compensation Committee in February 2013 granted performance units in the following amounts to the individuals and groups described below under the current stock incentive plan:

OGE ENERGY CORP. 2008 STOCK INCENTIVE PLAN

Name and Principal Position	Dollar Value ($)	Number of Units (#)
P.B. Delaney, President and Chief Executive Officer	2,254,980	38,004
S. Trauschke, Vice President and Chief Financial Officer	832,775	14,035
E.K. Mitchell President and Chief Operating Officer, Enogex Holdings LLC and President Enogex LLC	603,405	10,170
S.E. Merrill Chief Operating Officer, Enogex LLC	389,995	6,572
J.C. Leger, Jr. Vice President, Utility Operations	354,516	5,975
Executive Group (14 persons)	6,156,232	103,755
Non-Executive Director Group (9 persons)	—	—
Non-Executive Group (286 persons)	8,186,782	137,969

Awards of performance units, other than 50 percent of the awards to Messrs. Mitchell and Merrill, will be payable in shares of Common Stock. For Messrs. Mitchell and Merrill, 50 percent of the performance units awarded to them will be payable in cash. The participants will be entitled to receive from 0 percent to 200 percent of the performance units granted depending upon the level of achievement of performance goals set by the Compensation Committee during an award cycle commencing on January 1, 2013 and ending on December 31, 2015.

Vote Required. The affirmative vote of the holders of a majority of the shares of the Company's Common Stock present in person or by proxy and entitled to vote at the Annual Meeting of Shareholders will be required to approve the OGE Energy 2013 Stock Incentive Plan with respect to Section 162(m) of the Code. Abstentions from voting in this matter are treated as votes against. Broker non-votes will be treated as shares not entitled to be voted. Such vote will also satisfy the shareholder approval requirements of the NYSE and Section 422 of the Code with respect to the grant of ISOs.

The Board of Directors recommends a vote "FOR" approval of the OGE Energy 2013 Stock Incentive Plan.

PROPOSAL NO. 6 -
APPROVAL OF OGE ENERGY CORP. 2013 ANNUAL INCENTIVE COMPENSATION PLAN

The Board of Directors has approved and recommended the adoption of an annual incentive compensation plan, subject to approval by the Company's shareholders. The OGE Energy Corp. 2013 Annual Incentive Compensation Plan (the "Annual Plan") is intended to replace the OGE Energy Corp. 2008 Annual Incentive Compensation Plan, which was approved by shareholders at the 2008 Annual Meeting of Shareholders (the "current annual plan"). As discussed below, the Annual Plan is designed to comply with Section 162(m) of the Code and the Annual Plan will not become effective unless the shareholder approval described below is obtained.

The purpose of the Annual Plan is to maximize the efficiency and effectiveness of the operations of the Company and its subsidiaries by providing incentive compensation opportunities to certain key executives and managers responsible for operational effectiveness and to link further the financial interests and objectives of employees with those of the Company and its shareholders. The Annual Plan provides for the payment of annual cash bonuses based on Company performance and individual performance.

The Annual Plan is designed to take into account Section 162(m) of the Code, which, as explained above regarding Proposal No. 5, generally denies a corporate tax deduction for annual compensation exceeding $1,000,000 paid to Covered Employees. Certain types of compensation, including performance-based compensation, are generally excluded from this deduction limit. In an effort to ensure that certain compensation payable under the Annual Plan to certain executives will qualify as performance-based compensation, which is generally deductible, the Annual Plan is being submitted to shareholders for approval at the Annual Meeting of Shareholders. By approving the Annual Plan, the shareholders will be approving, among other things, the performance measures, eligibility requirements and annual incentive award limits contained therein. The Annual Plan provides for the establishment and payment of Target Company Awards and Target Individual Awards. Target Individual Awards payable under the Annual Plan will not qualify as "performance-based compensation" under Section 162(m) of the Code and, thus, will count toward the annual $1,000,000 deduction limit. For this reason, the Annual Plan precludes the granting or payment of Target Individual Awards to participants who are or may be a Covered Employee and for whom the Compensation Committee intends amounts payable under an award to qualify as "performance-based compensation" under Section 162(m) of the Code. If the shareholders approve the Stock Incentive Plan and the Annual Plan, the Compensation Committee believes that all compensation paid to executive officers will continue to be deductible by the Company in the foreseeable future.

Set forth below is a summary of certain important features of the Annual Plan. This summary is qualified in its entirety by reference to the actual plan attached hereto as Annex C.

Administration. The Annual Plan will be administered by the Compensation Committee, or such other committee of the Board as the Board may from time to time designate, which, to the extent Target Company Awards are intended to be exempt from Section 162(m) of the Code, will be composed solely of not less than two persons who qualify as "outside directors" for purposes of Section 162(m) of the Code. The Compensation Committee will have sole authority to make rules and regulations relating to the administration of the Annual Plan, and any interpretations and decisions of the Compensation Committee with respect to the Annual Plan will be final and binding.

Eligibility. Officers, executives or other key employees of the Company and its subsidiaries who, in the opinion of the CEO, can contribute significantly to the growth and profitability of the Company and its subsidiaries are eligible to be selected by the Compensation Committee to be granted awards under the Annual Plan. Specific criteria for participation shall be established by the Compensation Committee prior to the beginning of each incentive period (generally a calendar year), and selected employees will be notified in writing of their selection, and of their performance goals and related Target Company Awards and Target Individual Awards, as soon as practicable. Under certain circumstances, individuals who become eligible after an incentive period has commenced may participate in the Annual Plan. The Compensation Committee may withdraw its approval for participation in the plan with respect to an incentive period at any time during such period (except after a change of control occurs during an incentive period), and the employee will not be entitled to the payment of any Award for such incentive period. No participant or other employee shall have the right to participate in the Annual Plan for any incentive period, despite having been selected in a previous incentive period. No right or interest of any participant in the Annual Plan may be assigned, transferred, pledged or encumbered.

Description Of Awards. Target Company Awards. The Annual Plan permits the award of Target Company Awards (expressed as a percentage of base salary), which are established independent of the Target Individual Awards discussed below. On or before the 90th day of each incentive period and in any event before 25 percent or more of the incentive period has elapsed, the

29

Compensation Committee will establish for each participant, who is to be granted a Target Company Award, the Target Company Award and specific objective performance goals for the incentive period, which will be based on one or more of the following relating to the Company, one or more of its subsidiaries, or one or more businesses or functional units thereof: total shareholder return; return on capital; EPS; market share; stock price; sales; costs; net operating income; net income; return on assets; earnings before income taxes, depreciation and amortization; return on total assets employed; capital expenditures; earnings before income taxes; economic value added; cash flow; cash available for distribution; retained earnings; return on equity; results of customer satisfaction surveys; aggregate product price and other product price measures; safety record; service reliability; demand-side management (including conservation and load management); operating and/or maintenance costs management (including O&M expenses per Kwh); and energy production availability performance measures ("Company Performance Goals"). At the time Target Company Awards are established, the Compensation Committee will specify the manner in which the Company Performance Goal(s) will be calculated. In so doing, the Compensation Committee may exclude the impact of certain specified events from the calculation of the Company Performance Goal(s). For example, if a Company Performance Goal were EPS, the Compensation Committee could, at the time the Company Performance Goals are established, specify that EPS are to be calculated without regard to any subsequent change in accounting standards required by the Financial Accounting Standards Board. Company Performance Goals may also be based on the attainment of specified performance levels of the Company, any of its subsidiaries and/or one or more businesses or functional units thereof under one or more of the measures described above relative to the performance of other corporations or indices. Upon establishing the Target Company Awards, the Compensation Committee will establish a minimum level of achievement of the Company Performance Goals that must be met in order to receive any portion of such award.

The level of achievement of the Company Performance Goals at the end of the incentive period will determine the amount of each participant's Target Company Award that such participant will receive (the "Earned Company Award"), which may exceed 100 percent of the participant's Target Company Award. If the minimum level of achievement of Company Performance Goals for any incentive period is not met, no payment of an Earned Company Award will be made to the particular participant for that incentive period. To the extent that one or more minimum achievement levels are met or surpassed, and upon certification by the Compensation Committee that the Company Performance Goals have been satisfied and that any other material terms and conditions of the Target Company Award are met, payment of an Earned Company Award will be made to the participant for that incentive period. Payment will be made within the 2½ month period after the end of the incentive period. The payment of all Earned Company Awards is subject to reduction or elimination by the Compensation Committee, in its sole discretion, until a change of control occurs. Except as set forth above, the Compensation Committee will have no additional discretion to modify the terms of Target Company Awards. The maximum amount payable to a participant for an Earned Company Award for any incentive period will not exceed $2,500,000.

Individual Performance Awards. The Annual Plan permits the award of Target Individual Awards (expressed as a percentage of base salary), which are established independent of the Target Company Awards discussed above. At the beginning of each incentive period, the CEO will recommend individual performance goals (which may be based in whole or in part on one or more Company Performance Goals) for each plan participant who is to be granted a Target Individual Award. The Compensation Committee will consider and approve or modify the recommendations as appropriate. The CEO may adjust individual performance goals if he determines external changes or other unanticipated conditions have materially affected the fairness of the goals. The level of achievement of the individual performance goals at the end of the incentive period will determine the amount of each participant's Target Individual Award that such participant will receive (the "Earned Individual Award"), which may range from 0 percent to 175 percent of the participant's Target Individual Award and cannot exceed $350,000. The payment of all Earned Individual Awards is subject to approval by the Compensation Committee, and will in no way be contingent upon the attainment of, or the failure to attain, the Company Performance Goals for the Target Company Awards granted to participants. Payment will be made within the 2½ month period after the end of the incentive period.

Because the individual performance goals described above are not required to be objective in nature, the award of Target Individual Awards and the payout of Earned Individual Awards do not qualify as "performance-based compensation" as defined in Section 162(m) of the Code. In order to ensure compliance with Section 162(m) of the Code, the Annual Plan precludes the granting of Target Individual Awards or payout of Earned Individual Awards to participants who are or may be Covered Employees and for whom the Compensation Committee intends amounts payable under an award to qualify as "performance-based compensation" under Section 162(m) of the Code. However, the Compensation Committee desires to retain the ability to evaluate other key employees on a subjective basis through Target Individual Awards.

Separation from Service. In the event of separation from service (as defined in Section 409A of the Code) due to death, total and permanent disability or retirement, and such separation does not occur within 24 months after a change of control, any Earned Awards (Earned Individual Awards and/or Earned Company Awards) for the incentive period in which the separation occurs will be prorated to reflect participation prior to separation from service. In the event of a separation from service for any other reason, and such separation does not occur within 24 months after a change of control, all of a participant's rights to an Earned Award for the incentive period then in progress will be forfeited; provided that, except in the event of termination for cause, the

Compensation Committee may, in its discretion, pay a prorated award for the portion of the incentive period that the participant was employed.

Change of Control. If any participant incurs a separation from service voluntarily or involuntarily for any reason other than for cause within 24 months after a change of control (as defined in the Annual Plan which is attached as Annex C), the Target Company Award and the Target Individual Award established for the participant for the incentive period in progress at the time of termination, which is prorated for the portion of the incentive period the participant is employed, will be paid to the participant within 10 business days. If, however, the participant is a "specified employee" (as defined in Section 409A of the Code) at the time of separation, such amount will be deferred and paid on the first day of the seventh month following separation or on earlier death.

Amendment and Discontinuance. Subject to the provisions of the Plan, the Board of Directors of the Company has absolute discretion to amend, modify, suspend or terminate the Annual Plan at any time.

New Plan Benefits. Although the Compensation Committee has awarded target company awards to certain individuals under the current annual plan (see 2013 Awards below), it cannot be determined at this time what benefits or amounts, if any, will be allocated to or received by any persons or group of persons under the Annual Plan if the plan is adopted. Such determinations as to allocations are at the discretion of the Compensation Committee and as to receipt of payouts is dependent upon future performance. However, the benefits and amounts payable to the Named Executive Officers under the current annual plan for 2012 and prior years are set forth in the non-equity incentive plan compensation column of the Summary Compensation Table on page 50 of this proxy statement.

2013 Awards. The Compensation Committee in November 2012 awarded target company awards for 2014 under the current annual plan to the following individuals and groups described below:

OGE ENERGY CORP. 2008 ANNUAL INCENTIVE PLAN

Name and Principal Position	Dollar Value of Target Awards ($)
P.B. Delaney, President and Chief Executive Officer	920,400
S. Trauschke, Vice President and Chief Financial Officer	353,298
E.K. Mitchell President and Chief Operating Officer, Enogex Holdings LLC and President Enogex LLC	310,845
S.E. Merrill Chief Operating Officer, Enogex LLC	227,497
J.C. Leger, Jr. Vice President, Utility Operations	200,379
Executive Group (14 persons)	2,972,000
Non-Executive Director Group (9 persons)	—
Non-Executive Group (134 persons)	5,407,541

The awards were granted for the incentive period commencing January 1, 2013 and ending December 31, 2013, and their payout is dependent upon individual and Company performance. Depending on such performance, the payout may be up to 150 percent of the Target Awards. In the event that the Annual Plan is not approved by the shareholders at the Annual Meeting of Shareholders, these awards will not be affected.

Vote Required. The affirmative vote of the holders of a majority of the shares of the Company's Common Stock present in person or by proxy and entitled to vote at the Annual Meeting of Shareholders will be required to approve the OGE Energy Corp. 2013 Annual Plan with respect to Section 162(m) of the Code. Abstentions from voting in this matter are treated as votes against. Broker non-votes will be treated as shares not entitled to be voted.

The Board of Directors recommends a vote "FOR" approval of the OGE Energy Corp. 2013 Annual Plan.

PROPOSAL NO. 7 -
AMENDMENT OF THE RESTATED CERTIFICATE OF INCORPORATION TO INCREASE THE NUMBER OF AUTHORIZED SHARES OF COMMON STOCK FROM 225,000,000 TO 450,000,000

Description of the Proposed Amendment

The Board has adopted, subject to shareholder approval, a resolution to amend our Certificate to increase the number of authorized shares of Common Stock from 225,000,000 to 450,000,000 shares. The proposed amendment does not change the number of shares of Preferred Stock that the Company is authorized to issue.

The text of paragraph A. of Article IV of our Certificate, as it is proposed to be amended, reads as follows:

A. AUTHORIZED CAPITAL STOCK. The total number of shares which the corporation shall have the authority to issue shall be 455,000,000 shares, of which 450,000,000 shares shall be Common Stock, par value $0.01 per share, and 5,000,000 shares shall be Preferred Stock, par value $0.01 per share.

The Board has declared the proposed amendment advisable, has directed that the proposed amendment be submitted to the shareholders for their consideration and is recommending that the shareholders approve this amendment to the Certificate to increase the number of authorized shares of Common Stock to 450,000,000.

Reasons for the Proposed Amendment

As of March 1, 2013 , out of the currently authorized 225,000,000 shares, there were 99,113,462 shares of the Company's Common Stock outstanding and 3,946,823 shares reserved for issuance under our DRIP/DSPP, 401(k) plan and equity compensation plans. Accordingly, 121,939,715 shares of the Company's Common Stock were available for issuance.

The reason for this amendment is to provide added flexibility to permit the Company to effect one or more stock splits by means of stock dividends. The Board has not approved such a split, but believes it to be desirable to have that flexibility in the future if the Board determines at such time that such action would be in the best interests of the Company. For example, without the amendment and taking into account shares currently reserved for issuance under our DRIP/DSPP, 401(k) plan and equity compensation plans (including the additional shares contemplated in the 2013 Stock Incentive Plan that is the subject of Proposal No. 5 herein), if the Board were to approve a 2-for-1 stock split, there would be approximately, 11,479,430 shares, or 5.1 percent of the currently authorized number of shares, available for future issuance. If the proposed amendment is approved, the Board currently expects that it will consider a stock split at its May 16, 2013 meeting following the Annual Meeting of Shareholders .

Although as indicated above, if the proposed amendment is approved, the Board currently expects that it will consider a stock split, the shares could also be used for other purposes such as financings, compensation plans, business acquisitions and other general corporate purposes. The shares could be issued from time to time for such purposes as the Board may approve and, unless required by applicable law or NYSE rules, no further vote of the shareholders will be required. There are currently no definitive plans, agreements or arrangements in place requiring the utilization of these additional shares for any of the foregoing.

Because the Company has no specific plans to issue any part of the additional shares being requested other than for a stock split, the Company cannot set forth specific risks or harms that would result from the proposed increase not being approved, except that the stock split likely would not be considered at this time.

Possible Adverse Effects of the Amendment on Common Shareholders

The additional Common Stock to be authorized by adoption of this amendment would have rights identical to the currently outstanding Common Stock of the Company. If the shareholders approve the amendment, our Board may cause the issuance of additional shares of the Company's Common Stock without further vote of the shareholders, except as may be required by applicable laws or the rules of the NYSE and any other national securities exchanges on which the Company's Common Stock is then listed. Currently, the NYSE requires shareholder approval as a prerequisite to listing shares in certain instances, including acquisition transactions where the issuance could increase the number of outstanding shares by 20 percent or more. The proposed amendment will not have any immediate effect on the rights of existing common shareholders. However, to the extent that the additional authorized shares of Common Stock are issued in the future (other than the result of a stock split or other pro rata distribution to stockholders), they will decrease the existing common shareholders' percentage equity ownership and voting power and, depending on the price at which they are issued, could be dilutive to existing common shareholders. Current holders of the Company's Common Stock have no preemptive or similar rights, which means that they do not have a prior right to purchase any new issuance of Common Stock to maintain their proportionate ownership interests. Issuance of additional Common Stock authorized by this amendment may also reduce the portion of dividends and liquidation proceeds available to the holders of currently outstanding Common Stock.

While it is possible that the Board could use the additional shares to resist or frustrate a third-party transaction providing an above-market premium that is favored by a majority of the independent shareholders, the Company has no intent or plan to employ the additional unissued authorized shares as an anti-takeover device. As a consequence, the increase in authorized shares of Common Stock may make it more difficult for, prevent or deter a third party from acquiring control of the Company or changing the Board and management, as well as inhibit fluctuations in the market price of the Company's shares that could result from actual or rumored takeover attempts. Presently, the Board knows of no attempt to obtain control of the Company.

Vote Required

The affirmative vote of the holders of a majority of the outstanding shares of the Company's Common Stock will be required for the amendments of the Certificate to increase the authorized shares of Common Stock. Abstentions and failures to vote are treated as votes against. If the amendment is approved by the shareholders, the amendment will become effective upon filing of a certificate of amendment with the Oklahoma Secretary of State, which the Company anticipates filing promptly following the Annual Meeting of Shareholders.

The Board of Directors recommends a vote "FOR" the increase in the authorized shares of Common Stock. Proxies solicited by the Board of Directors will be voted "FOR" the increase in the authorized shares of Common Stock, unless a different vote is specified.

PROPOSAL NO. 8 -
SHAREHOLDER PROPOSAL REGARDING REINCORPORATION IN DELAWARE

Gerald R. Armstrong, 910 Sixteenth Street, No. 412, Denver, CO, 80202, beneficial owner of 79.9 shares, has given notice that he intends to present a proposal for action at the Annual Meeting of Shareholders.

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.

RESOLUTION

That the shareholders of OGE ENERGY CORP. request its Board of Directors to take the steps necessary, at the earliest possible time, to re-incorporate in the State of Delaware.

STATEMENT

In the shareholder meetings of 2008 and 2009, shareholders strongly supported proposals to create one-year terms for all Directors at OGE ENERGY CORP. In the 2010 annual meeting, the Board of Directors recommended adoption of an amendment to do this which was passed with a most substantial vote.

In the 2008 annual meeting of ONEOK, Inc., its shareholders overwhelmingly supported an amendment to require that all Directors be elected for one-year terms in future meetings.

The shareholders of Chesapeake Energy Corporation, in 2008, supported a shareholder proposal to require all of its directors to be elected annually which received votes of 231,525,541 shares, 61% of shares voted, worth $13,440,057,655 on the meeting date.

The board of Chesapeake disregarded this mandate and in the fall of 2010, caused the state legislature of Oklahoma to amend a proposed law, which was passed and signed by the governor, that included a requirement that all corporations incorporated in Oklahoma with more than 1,000 shareholders, be required to have classified boards of directors with three-year terms for each director. These actions caused OGE ENERGY CORP. and ONEOK, INC. to be in violation of the Oklahoma statute.

In the best interest of their shareholders, OGE and ONEOK sought, successfully, legislation to exempt corporations which had one-year terms in place for their directors prior to the new "Chesapeake" statute which was eventually passed and signed by the governor. This was very costly to each in amounts of time and money spent to correct the misdeeds of the legislature.

In the 2012 annual meeting of Chesapeake Energy Corporation, shareholders voted 225,912,663 shares, 57% of shares voted, worth $4,147,756,492.68 for a proposal, endorsed by corporate governance consultants, to re-incorporate in Delaware.

The proponent believes if OGE ENERGY CORP., ONEOK, INC., and CHESAPEAKE ENERGY CORPORATION were to reincorporate in Delaware, it would give each a greater governance as the Delaware legislature is known for fairness and integrity in dealing with the many issues facing corporations and their shareholders and not be faced with the whims of Chesapeake Energy Corporation which seems to have a powerful influence over the state legislature and governor who seem beholden to it.

The proponent believes that as there has been no apparent change in the make-up of the state legislature of Oklahoma, Delaware would be a better domicile for our corporation. It should be noted that The Williams Companies, Inc., and Devon Corporation are two successful energy corporations which have adopted annual election provisions for all Directors and are not affected by the whims of the Oklahoma legislature and both are incorporated in Delaware.

If you agree, please vote "FOR" this proposal.

Board of Directors' Response

The Board of Directors opposes the proposed resolution and unanimously recommends a vote AGAINST Proposal No. 8.

The Company's Board of Directors believes that it is not in the best interests of the Company or the Company's shareholders to change the Company's jurisdiction of incorporation from Oklahoma to Delaware for the following three primary reasons:

- The burden and expense of reincorporation in Delaware;

- Reincorporation will not cause improved corporate governance; and

- Unique relationship of the Company to Oklahoma.

Cost of Reincorporation. Reincorporation of the Company from Oklahoma to Delaware would entail a costly and time-consuming process that would involve considerations and have consequences reaching far beyond the issues raised by the proponent. We would need to conduct detailed reviews of any changes in taxes, fees or charges that might result from reincorporation. For example, reincorporation to Delaware would require us to pay significantly increased state franchise taxes, as Delaware would subject us to an annual $180,000 franchise tax while the comparable fee in Oklahoma is $20,000. In addition, reincorporation may require us to obtain consents from, or provide notices to, third parties under certain of our agreements. Reincorporation also may require approvals from Federal, state, and/or local regulatory bodies. To identify all consents, notices, and approvals that reincorporation would require, the Company would be required to undertake an exhaustive review of the agreements to which it is a party and an analysis of various Federal, state, and local laws. Reincorporation also would involve the preparation of various documents and filings with governmental bodies, resulting in additional costs to the Company. This process would divert the time and attention of our management from normal business operations without any apparent commensurate benefit. We do not believe that such a process is a productive use of management time and the Company's resources.

Impact on Corporate Governance. The Board believes reincorporation in Delaware is not necessary to achieve good corporate governance. Today, there are few differences between Oklahoma's and Delaware's corporate laws. The Oklahoma General Corporation Act was adopted as a virtual clone of the Delaware General Corporation Law in 1986, and Oklahoma courts look to Delaware case law to interpret Oklahoma corporate statutes that have not yet been interpreted. Oklahoma law, like Delaware law, currently supports a wide range of sound governance practices. The Company is committed to maintaining high standards of corporate governance, regardless of the Company's state of incorporation, and the Board of Directors believes that the Company's practices reflect this commitment.

- We elect all of directors annually.

- We elect our directors by majority voting in uncontested elections.

- We do not have a "poison pill".

- All of our directors, other than Mr. Delaney, our Chairman, President and CEO, are independent under the standards established by the NYSE and SEC.

- We have an independent lead director who, among other things, chairs sessions of all the independent directors.

- We have a policy against hedging transactions by Company insiders, including directors and officers, involving the Company's common stock.

- We have share ownership guidelines for all directors and officers.

- Our compensation system for our executive officers is very performance-based.

For these reasons, the Board believes that the "greater governance" perceived by the proponent from reincorporation in Delaware is simply incorrect.

Unique Relationship to Oklahoma. The Company and its predecessor have been incorporated in Oklahoma since 1902, five years before Oklahoma became a state in 1907. The Company is an Oklahoma-based company headquartered in Oklahoma City, Oklahoma, and maintains a strong connection with the state. In addition, OG&E, the Company's largest subsidiary and the largest electric utility in Oklahoma, generates, transmits and distributes electricity to approximately 800,000 customers in Oklahoma. Thus, unlike many other large corporations whose operations and customers are located in numerous states and countries, over 90 percent of the Company's and OG&E's assets, employees and customers are located in Oklahoma. Also, as the largest provider of electricity in Oklahoma, the success of OG&E and, in turn, the Company is dependent in part on the growth and prosperity of the Oklahoma economy. Obviously, the Company's sending $180,000 annually, along with any other taxes or fees, to the State of Delaware will do nothing for the Oklahoma economy while the payment of such amounts either directly to the State of Oklahoma or to assist business development efforts in Oklahoma should enhance the Oklahoma economy and, in turn, OG&E and the Company.

The affirmative vote of the holders of a majority of the shares of the Company's Common Stock present in person or by proxy and entitled to vote at the Annual Meeting of Shareholders will be required for the approval of this shareholder proposal. Abstentions from voting in this matter are treated as votes against. Broker non-votes will be treated as shares not entitled to be voted.

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 effectuate the Company's reincorporation into Delaware. Reincorporation into Delaware would require the approval of a majority of the Company's outstanding Common Stock to approve a merger with a Delaware corporation.

The Board of Directors recommends a vote "AGAINST" Proposal No. 8 for the reasons described above. Proxies solicited by the Board of Directors will be voted "AGAINST" Proposal No. 8 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 four members, none of whom has any relationship to the Company that interferes with the exercise of his 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 2012 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 principal independent accountants the Company's 2012 financial statements and management's assessment of the Company's internal control over financial reporting. The Company's principal independent accountants 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 principal independent accountants included a discussion of the principal independent accountants' 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 principal independent accountants the principal independent accountants' 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 auditors and principal independent accountants the overall scope and plans for their respective audits for 2013. The Audit Committee meets with the internal auditors and principal independent accountants, 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 2012.

Fees for Principal Independent Accountants

Year ended December 31	2012	2011
Integrated audit of OGE Energy and its subsidiaries financial statements and internal control over financial reporting	$1,610,000	$1,610,000
Services in support of debt and stock offerings	7,500	60,000
Other (A)	447,100	456,200
Total audit fees (B)	2,064,600	2,126,200
Employee benefit plan audits	120,000	116,000
Other (C)	130,665	106,840
Total audit-related fees	250,665	222,840
Assistance with examinations and other return issues	175,215	107,850
Review of Federal and state tax returns	27,500	26,000
Total tax preparation and compliance fees	202,715	133,850
Total tax fees	202,715	133,850
Total fees	$2,517,980	$2,482,890

(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 the reviews of the financial statements included in OGE Energy's and OG&E's Quarterly Reports on Form 10-Q. For 2012, this amount includes estimated billings for the completion of the 2012 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 principal independent accountants to OGE Energy in 2012 and 2011 for other services.

The Audit Committee has considered whether the provision of non-audit services by the Company's principal independent 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, 2012, for filing with the SEC. The Audit Committee selected Ernst & Young LLP as the Company's principal independent accountants for 2013.

Audit Committee Pre-Approval Procedures

Rules adopted by the SEC 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 principal independent 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 principal independent 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 2012, 100 percent of the audit fees, audit-related fees and tax 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
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. The five Named Executive Officers in the Summary Compensation Table on page 50 are as follows:
Peter B. Delaney, President and Chief Executive Officer of the Company and OG&E
Sean Trauschke, Vice President and Chief Financial Officer of the Company and OG&E
Jean C. Leger, Jr., Vice President, Utility Operations of OG&E
E. Keith Mitchell, President and Chief Operating Officer, Enogex Holdings LLC and President, Enogex LLC
Stephen E. Merrill, Chief Operating Officer, Enogex LLC

Three key components of compensation for our executive officers 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 2012 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 2012 either below or within one 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 and Mr. Merrill, for an executive with similar duties in the Enogex Peer Group (as defined below). As indicated above, at last year's Annual Meeting of Shareholders, 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 2012 compensation as discussed below, the results of the vote at last year's Annual Meeting of Shareholders 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 our 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 2012. For the Named Executive Officers, the Company performance goals for 2012 set by the Compensation Committee were based: (i) for Mr. Delaney and Mr. Trauschke, 55 percent on the Company's consolidated EPS, 30 percent on O&M expense for various business units of the Company and OG&E, 10 percent on a safety target of the Company and OG&E and five percent on various safety targets for Enogex and its subsidiaries (ii) for Mr. Leger, 55 percent on OG&E's earnings, 30 percent on O&M expense for various business units of the Company and OG&E and 15 percent on a safety target of the Company and OG&E and (iii) for Mr. Mitchell and Mr. Merrill, 80 percent on a consolidated earnings target per membership unit of Enogex Holdings LLC and its subsidiaries and 20 percent on various safety targets for Enogex and its subsidiaries.

In 2012, the Company achieved record consolidated EPS of $3.58, achieved record earnings at OG&E and exceeded the O&M expense target for various business units of the Company and OG&E ("O&M Target") established by the Compensation Committee. The Company and OG&E also met their respective safety performance goals in 2012. This high level of performance caused Mr. Delaney and Mr. Trauschke, to receive 122 percent, and Mr. Leger to receive 127 percent of their 2012 targeted annual awards under the Annual Incentive Plan. Mr. Mitchell and Mr. Merrill received 16 percent payout of their targeted annual awards as Enogex's earnings were below the minimum level established by the Compensation Committee for a payout while Enogex's safety record in 2012 exceeded the minimum level established by the Compensation Committee.

Compensation in 2012 for the Named Executive Officers also included payouts of the long-term awards made to them in early 2010 for the three-year performance period ending December 31, 2012. Payouts of 75 percent of the 2010 long-term awards were tied to total shareholder return over the three-year period ending December 31, 2012 and payouts of the remaining 25 percent were tied to growth in EPS over the same three-year period from the Company's 2009 EPS of $2.66. Each Named Executive Officer received a payout of 200 percent of his 2010 target long-term award. This high payout was due to the Company's total shareholder return for the three years ending December 31, 2012 being at the 93rd percentile (the top seven percent) of 68 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 $2.66 per share to $3.58 per share.

As noted above, the Named Executive Officers also received in 2012 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, 2014. Payout of 75 percent of the awards to Messrs. Delaney, Trauschke and Leger is dependent on the Company's total shareholder return over the three years ending December 31, 2014 compared to the total shareholder return for the same period of 68 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index. Payout of the remaining 25 percent of these long-term awards is based on the growth over the same three-year period in consolidated EPS from the $3.45 earned by the Company in 2011. For officers of Enogex (including Mr. Mitchell and Mr. Merrill), payout of 50 percent of the awards is dependent on the Company's total shareholder return over the three years ending December 31, 2014 compared to the total shareholder return for the same period of 68 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index and payout of the remaining 50 percent of these long-term awards is based on growth in Enogex's Earnings Before Interest, Taxes, Depreciation and Amortization ("EBITDA") per membership unit over the same three-year period from Enogex's EBITDA per membership unit of $2.41 for 2011.

As explained below, the Named Executive Officers also participate in various retirement, health plans and programs that are generally available to 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, with the last approval occurring in 2008. 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 Common Stock or to factors that affect the performance of the Company's Common 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 2012 salaries, annual incentive awards and long-term incentive awards set for the Named Executive Officers. For 2012, "Salary" for the Named Executive Officers accounted for approximately 23 percent to 42 percent of total direct compensation (i.e., salary plus targeted annual and long-term incentive compensation), while incentive compensation accounted for approximately 58 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, 2011 and 2012. Since Mercer's selection in 2008, the Compensation Committee has worked with Mercer to select recommended peer groups to be used by the Compensation Committee as part of the market analysis in setting executive compensation.

The following peer group (the "Company Peer Group") was used by the Compensation Committee for purposes of 2012 compensation for all officers of the Company other than those officers whose responsibilities are limited to Enogex (the "Enogex Officers"):

Alliant Energy Corp.	ONEOK, Inc.
Ameren Corp.	Pepco Holdings, Inc.
CenterPoint Energy, Inc.	PNM Resources, Inc.
CMS Energy Corp.	SCANA Corporation
DTE Energy Company	TECO Energy, Inc.
Great Plains Energy, Inc.	Vectren Corporation
Integrys Energy Group, Inc.	Westar Energy, Inc.[1]
NiSource Inc.	Wisconsin Energy Corporation
NV Energy, Inc.	

[1] New peer company for 2012.

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 periodically reviews with Mercer and the Company's management the Company Peer Group and, since 2008, has determined each year that no change in the peer group was needed for determining executive compensation for the following year, other than the addition of Westar Energy, Inc. for 2012 to replace a company that was acquired.

Prior to 2008, the Compensation 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 in 2008 to shift from using 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 July and September 2011, the Compensation Committee reviewed with Mercer and the Company's management the existing peer group for compensation purposes for the Enogex Officers and removed five companies from the peer group for purposes of 2012 compensation as three of those companies had become substantially larger than the balance of the companies in the peer group and the other two companies were in the process of being acquired. These five companies were replaced with the three companies noted below as each of the three companies also met a majority of the key criteria. The Enogex Peer Group for 2012 consisted of the following companies:

Access Midstream Partners, LP[1]	Genesis Energy, L.P.
Atlas Pipeline Partners, LP	Magellan Midstream Partners, L.P.
Boardwalk Pipeline Partners LP	MarkWest Energy Partners LP[1]
Buckeye Partners LP	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	Sunoco Logistics Partners L.P.
El Paso Pipeline Partners LP[1]	Targa Resources Partners LP

[1] New peer company for 2012.

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 2011, as its compensation consultant for 2012. For 2012, 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 officers 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 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 2011 and set each executive officer's 2012 salary and, subject to potential adjustment at its meeting in February 2012, each executive officer's target annual incentive award and target long-term incentive award for 2012 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, the Compensation Committee, at its meeting in February 2012, 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 2012, the Compensation Committee also approved the form of the long-term compensation awards for the executive officers, 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, 2014. The Compensation Committee chose to take these actions at its meeting in February 2012 rather than at its December 2011 meeting because the Compensation Committee wanted to know the Company's audited 2011 financial results before setting many of the 2012 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 2012) 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, played an important part in setting 2012 executive compensation. Besides developing recommendations for the Company performance goals that needed to be met for payouts of 2012 annual incentive awards and long-term incentive awards, he reviewed with the Compensation Committee at its December 2011 meeting the performance evaluations of each officer (other than himself). He also reviewed and discussed with the Compensation Committee at its December 2011 meeting his recommendations for each member of management of 2012 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 2012 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 2012 compensation.

Base Salary. As explained above, the base salaries for our executive officers in 2012 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 2012 were determined in December 2011. The 2012 base salary amounts and percentage increase approved by the Compensation Committee in December 2011 for the Named Executive Officers were as follows: Mr. Delaney, $885,000, 3.0 percent increase; Mr. Trauschke, $478,400, 4.0 percent increase; Mr. Mitchell, $345,000, no increase; Mr. Merrill, $306,600, 9.5 percent increase; and Mr. Leger, $295,000, no increase.

The 2012 salaries of Mr. Mitchell and Mr. Leger were not increased in December 2011 as the Compensation Committee had recently increased each of their salaries (2.1 percent for Mr. Mitchell and 4.2 percent for Mr. Leger) in October 2011 to reflect their increased responsibilities as part of the transition during 2011 of the responsibilities of Danny Harris, former President and Chief Operating Officer ("COO") of the Company and OG&E and President of Enogex, who retired on December 31, 2011. Specifically, Mr. Mitchell was promoted from Senior Vice President and COO of Enogex to President of Enogex and Mr. Leger's responsibilities were expanded to include, among other things, OG&E's distribution and transmission operations. The 9.5 percent increase in Mr. Merrill's salary in 2012 reflects in part his promotion to COO of Enogex in December 2011, which also was part of the transition of Mr. Harris' responsibilities.

The 2012 salary for each of the Named Executive Officers was either below or less than one percent above the median of an executive with similar duties in the Company Peer Group or, for Messrs. Mitchell and Merrill, the Enogex Peer Group.

Annual Incentive Compensation. Annual incentive awards with respect to 2012 performance were made under the Annual Incentive Plan to 156 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 2012, were established by the Compensation Committee in February 2012. 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 2012 (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 2012, the targeted amount ranged from 30 percent to 90 percent of base salary for the executive officers. For the Named Executive Officers, the targeted amounts were as follows: Mr. Delaney, 90 percent of his 2012 salary; Mr. Trauschke, 60 percent of his 2012 salary; Mr. Mitchell, 80 percent of his 2012 salary; Mr. Merrill, 55 percent of his 2012 salary; and Mr. Leger, 50 percent of his 2012 salary. The targeted amount for each of these individuals 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 and Mr. Merrill, 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 set by the Compensation Committee. For Mr. Delaney and Mr. Trauschke, the Company performance goals for 2012 were based: 55 percent on the Company's consolidated EPS target (the "Consolidated Earnings Target"), 30 percent on an O&M Target, 10 percent on a safety target of the Company and OG&E (the "Company/OG&E Safety Target") and five percent on various safety targets for Enogex and its subsidiaries (the "Enogex Safety Target"). For Mr. Leger, the Company performance goals for 2012 were based: 55 percent on an OG&E EPS target (the "OG&E Earnings Target"), 30 percent on an O&M Target and 15 percent on the Company/OG&E Safety Target. For Mr. Mitchell and Mr. Merrill, the Company performance goals for 2012 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 the Enogex Safety Target. For the remaining executive officers, the Company performance goals were based on different combinations of the Consolidated Earnings Target, the OG&E Earnings Target, 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 minimum, target and maximum levels of performance for the Company performance goals set for the Named Executive Officers in 2012, the actual level of performance, as calculated pursuant to the terms of the awards, and the percentage payout of the targeted amount based on the actual level of performance and as authorized by the Compensation Committee:

	Minimum	Target	Maximum	Actual Performance	% Payout
Consolidated Earnings Target	$3.30/share	$3.45/share	$3.60/share	$3.57/share	140%
OG&E Earnings Target	$2.50/share	$2.60/share	$2.70/share	$2.83/share	150%
Enogex Earnings Target	$1.27/unit	$1.46/unit	$1.65/unit	$1.24/unit	0%
O&M Target	$382.7 million	$372.7 million	$362.7 million	$369.6 million	115.5%
Safety Targets		Recordable Incident Rate		Recordable Incident Rate	
Company/OG&E (Combined Utility & Enterprise Services)	1.15	0.90	0	1.08	64%
Enogex (Combined Enogex & Enogex Energy Resources LLC)	0.77	0.38	0	0.55	78.2%

Calculation of the Consolidated Earnings Target, the OG&E Earnings Target, the Enogex Earnings Target and the O&M Target were derived from the amounts reported in the Company's 2012 financial statements, with the Consolidated Earnings Target being the Company's reported consolidated diluted EPS from continuing operations, with the OG&E Earnings Target being the reported consolidated net income of OG&E for the year ended December 31, 2012, divided by the diluted average common shares outstanding for 2012 of OGE Energy, 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, 2012, and with the O&M Target being O&M expense for various business units of the Company and OG&E. Each of 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 Compensation 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 15, 2012 of any new Federal or state law, the exclusion of any increases or decreases in revenues or expenses from any change in accounting principles occurring during 2012 and the exclusion of any net gain or loss in 2012 from the sale, other disposition or impairment of any business asset, including any gain from the receipt of insurance proceeds in 2012 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 decrease the Company's reported consolidated EPS from continuing operations for purposes of the Consolidated Earnings Target for OGE officers (including Mr. Delaney and Mr. Trauschke) from $3.58 per share to $3.57 per share, which decreased the level of payout from 143.3 percent to 140 percent. The exceptions also decreased Enogex's earnings per membership unit for purposes of the Enogex Earnings Target for Enogex Officers (including Mr. Mitchell and Mr. Merrill) from $1.27 per membership unit to $1.24 per membership unit, which decreased the level of payout associated with the Enogex Earnings Target from 50 percent to zero. The Company believes that those exceptions, which were set by the Compensation Committee at the same time the 2012 Company performance goals were set in February 2012, were appropriate as they represented items that were outside the Company's control, that were one-time events or that are not indicative of the Company's operating performance.
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 2012, and as shown by the chart above, corporate performance of the Consolidated Earnings Target, the OG&E Earnings Target, the O&M Target, the Company/OG&E Safety Target and the Enogex 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 Executive Officers ranging from nine percent to 110 percent of their earned base salaries and from 16 percent to 127 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 50.

Long-Term Incentive Compensation. Long-term incentive awards also were made in 2012 under our Stock Incentive Plan. The Plan provides for the grant of any or all of the following types of awards: stock options, SARs, restricted stock and performance units; however, the Compensation Committee has not granted stock options or SARs since 2004 and has no intention to issue stock options or SARs in the foreseeable future. For 2012, 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 2011 (the "approved 2012 base salary"). For 2012, the targeted amount ranged from 60 percent to 240 percent of the approved 2012 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, the targeted amounts of long-term incentive compensation were as follows: Mr. Delaney, 240 percent of his approved

2012 base salary; Mr. Trauschke, 145 percent of his approved 2012 base salary; Mr. Mitchell, 135 percent of his approved 2012 base salary; Mr. Merrill, 100 percent of his approved 2012 base salary; and Mr. Leger, 90 percent of his approved 2012 base salary. The targeted amount for each of these individuals was either at or below the median of the level of such award granted to a comparable executive in the Company Peer Group or, for Mr. Mitchell and Mr. Merrill, an executive 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 to 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. In connection with the annual award of performance units for each of the last five years, the Compensation Committee has used two Company performance goals, with payout of 75 percent of the performance units awarded annually being based on the relative total shareholder return of the Company's Common Stock over a three-year period compared to a peer group (the "TSR Performance Goal") and, the remaining 25 percent being based on the growth in the Company's EPS over the same period compared to an earnings growth target set by the Compensation Committee (the "EPS Performance Goal"). For the award of performance units in 2012 to officers of the Company and OG&E, the Compensation Committee continued to base payout of 75 percent of the awarded performance units on the TSR Performance Goal and 25 percent of the awarded performance units on the EPS Performance Goal. However, for the award of performance units in 2012 to officers of Enogex, the Compensation Committee made 50 percent of the awarded performance units dependent on the level of achievement of the TSR Performance Goal and payout of the remaining 50 percent of the awarded performance units dependent on the growth in Enogex's EBITDA over the three years ended December 31, 2014 compared to a growth target set by the Compensation Committee (the "EBITDA Performance Goal"). The precise terms of the TSR Performance Goal, EPS Performance Goal and EBITDA Performance Goal are described below.

The 2012 performance units were granted to executive officers on February 15, 2012, 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 2012 base salary, and as determined above) and dividing that amount by $52.37, which was the closing price of a share of the Company's Common Stock on February 14, 2012. Using this valuation method, the Named Executive Officers received a number of performance units with a value at the date of grant from 90 percent to 240 percent of their approved 2012 base salaries. Payouts of these performance units based on the TSR Performance Goal or EPS Performance Goal 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. Payouts of performance units based on the EBITDA Performance Goal will be in cash, by paying an amount equal to the number of earned performance units multiplied by $52.37, the closing price of the Company's Common Stock on February 14, 2012.

Performance Units Based on TSR Performance Goal. As indicated above, the terms of 75 percent (50 percent for officers of Enogex) of the performance units granted to each executive officer in 2012 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, 2011 plus dividends paid, divided by share price at December 31, 2011) 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 68 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, 2014), 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.

Performance Units Based on EPS Performance Goal. For the remaining 25 percent of performance units granted to each officer of the Company and OG&E in 2012, 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, 2014. The growth in the EPS for these officers will be measured from $3.45 per share (which is the $3.45 earned in 2011 from continuing operations), against the earnings growth target of 4.5 percent per year (the "Earnings Growth Target") set by the Compensation Committee for such period. At the end of the three-year period (i.e., December 31, 2014), 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 7.0 percent per year and for payout of less than 100 percent for growth rates below the Earnings Growth Target, with no payouts for growth rates below 2.5 percent per year. 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, 2014, compared to the benchmark of $3.45.

Performance Units Based on EBITDA Performance Goal. For the remaining 50 percent of performance units granted to each officer of Enogex in 2012, the officer is entitled to receive from 0 percent to 200 percent of the performance units granted depending upon the growth in Enogex's EBITDA per membership unit over the three-year period ending December 31, 2014. The growth in the EBITDA per membership unit for these officers will be measured from $2.41 (which is Enogex's EBITDA per membership unit in 2011 from continuing operations), against the EBITDA growth target of 9.50 percent per year (the "EBITDA Growth Target") set by the Compensation Committee for such period. At the end of the three-year period (i.e., December 31, 2014), the terms of these performance units provide for payout of 100 percent of the performance units initially granted if the rate of growth of Enogex's EBITDA per membership unit during such period is at the EBITDA Growth Target, with higher payouts for growth rates in excess of the EBITDA Growth Target up to 200 percent for growth rates at or above 12.0 percent per year and for payout of less than 100 percent for average annual growth rates below the EBITDA Growth Target, with no payouts for growth rates below 7.5 percent. The Company's earnings growth rate is calculated on a point-to-point basis by dividing by one-third the percentage increase in the Enogex's EBITDA per unit for the year ended December 31, 2014, compared to the benchmark of $2.41.

Payout of 2010 Performance Units. In February 2013, the executive officers received payouts of the 2010 performance units awarded to them in February 2010 as part of their long-term compensation for 2010. Payout of 75 percent of the performance units awarded in 2010 was dependent on the achievement of a Company performance goal based on total shareholder return for the three-year period ended December 31, 2012 and 25 percent was dependent on the growth over the same three-year period in the Company's EPS of $2.66 for the year ended December 31, 2009 compared to the Earnings Growth Target of four percent per year set by the Compensation Committee in February 2010. The Company's total shareholder return for the three-year period ending December 31, 2012, was at the 93rd percentile (the top seven 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 62 of 68 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index during the period commencing on January 1, 2010 and ending on December 31, 2012. 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, 2012 of $3.58, compared to the benchmark of $2.66 for the year ended December 31, 2009) was 11.5 percent. This high level of performance resulted in payouts in February 2013 of 200 percent of the 2010 performance units based on total shareholder return and those based on EPS growth. The value of these payouts is reflected in the Stock Awards - Value Realized on Vesting column of the 2012 Option Exercises and Stock Vested Table on page 53.

CEO Compensation. The 2012 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 2012, Mr. Delaney's salary was increased 3.0 percent from $859,300 to $885,000. Mr. Delaney's 2012 targeted award under the Annual Incentive Plan remained at 90 percent of his 2012 salary, and his targeted amount of long-term compensation remained at 240 percent of his 2012 salary. The overall result was that the amount of Mr. Delaney's approved 2012 salary, targeted award under the Annual Incentive Plan and targeted amount of long-term compensation on a combined basis was approximately 5.3 percent below the median of such aggregated amount for a CEO 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 14, 2012, and resulted in his receiving 40,557 performance units. The terms of these performance units are identical to those awarded other executives of the Company and are described above.

As a result of 2012 corporate performance of the corporate goals described above, Mr. Delaney was entitled to a payout of $971,410 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 2013 a payout of 200 percent of the performance units previously granted to Mr. Delaney in February 2010 based on the Company's total shareholder return for the three years ended December 31, 2012 being at the 93rd percentile (the top seven percent) of 68 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, 2012 being 11.5 percent. This resulted in Mr. Delaney receiving a payout of 102,774 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, 2012, is reported in the Stock Awards - Value Realized on Vesting column of the 2012 Option Exercises and Stock Vested Table on page 53.

Other Benefits. As noted above, the key components of our executive compensation program are salary, annual incentive awards and long-term incentive awards. A significant amount 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 the Company's supplemental retirement plan to the Pension Plan ("Restoration of Retirement Income Plan") that enables participants, including executive officers, to receive the same benefits that they would have received under the Company's Pension Plan in the absence of limitations imposed by the Federal tax laws. In addition, the supplemental executive retirement plan ("SERP"), which was adopted in 1993, provides a supplemental executive retirement plan in order to attract and retain lateral hires or other executives designated by the Compensation Committee of the Company's Board of Directors who may not otherwise qualify for a sufficient level of benefits under the Company's Pension Plan and Restoration of Retirement Income Plan. Mr. Delaney is the only employee, including executive officers, 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 of Retirement Income Plan and SERP, see 2012 Pension Benefits Table on page 54.

Almost all employees of the Company, including executive officers, also are eligible to participate in our 401(k) Plan. Participants may contribute each pay period any whole percentage between two percent and 19 percent of their compensation, as defined in the 401(k) Plan, for that pay period. Participants who have attained age 50 before the close of a year are allowed to make additional contributions referred to as "Catch-Up Contributions," subject to certain limitations of the Code. 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. The 401(k) Plan also includes an eligible automatic contribution arrangement and provides for a qualified default investment alternative consistent with the U.S. Department of Labor regulations. Participants may elect, in accordance with the 401(k) Plan procedures, to have his or her future salary deferral rate to be automatically increased annually on a date and in an amount as specified by the participant in such election. 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.

The 401(k) Plan was amended in October 2009, as discussed previously, whereby participants could select from the options below.

Employment Date	Option 1	Option 2	Option 3
Before February 1, 2000	< 20 years of service - 50% Company match up to 6% of compensation	200% Company match up to 5% of compensation	100% Company match up to 6% of compensation
	> 20 years of service - 75% Company match up to 6% of compensation	200% Company match up to 5% of compensation	100% Company match up to 6% of compensation
After February 1, 2000 and before December 1, 2009	100% Company match up to 6% of compensation	200% Company match up to 5% of compensation	N/A
After December 1, 2009	200% Company match up to 5% of compensation	N/A	N/A

No Company contributions are made with respect to a participant's Catch-Up Contributions, rollover contributions, or with respect to a participant's contributions based on overtime payments, pay-in-lieu of overtime for exempt personnel, special lump-sum recognition awards and lump-sum merit awards included in compensation for determining the amount of participant contributions. Once made, the Company's contribution may be directed to any available investment option in the 401(k) Plan. 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 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 2012, other than Mr. Delaney, whose perquisites were $16,520 and consisted of the use of a Company car, payment of social membership dining and country club dues and payment for 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 2012 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" following a change of control, the executive 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 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 Company's Board of Directors decided not to include this additional benefit in the Company's agreements. Instead, as explained on page 58, 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. Previously, the Company had employment agreements in place that contained the ability for 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 referred to as 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.

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.

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 and the Company's Board of Directors 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. These guidelines have been reviewed in each subsequent year including 2012. 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, President and CEO is five times base salary. The guidelines for other Company officers (including the other Named Executive Officers) ranged from four 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 SARs. 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 SARs or to satisfy the withholding or employment taxes due upon the grant, exercise, vesting or distribution of stock options or SARs. The Company has never issued SARs 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 SARs 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 of Shareholders 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. The 2013 Stock Incentive Plan and the 2013 Annual Incentive Compensation Plan also are being submitted to the shareholders at this Annual Meeting of Shareholders for the same reason.

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 chief financial officer and the three other most highly compensated executive officers at December 31, 2012.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)(1)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(2)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(3)	All Other Compensation ($)(4)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
P.B. Delaney,	2012	$885,000	$—	$2,059,181	$—	$ 971,410	$ 3,168,559	$ 118,100	$7,202,250
President and Chief	2011	$859,300	$—	$2,008,314	$—	$ 946,848	$ 1,095,384	$ 99,822	$5,009,668
Executive Officer (5)	2010	$840,000	$—	$1,936,389	$—	$ 646,386	$ 1,644,058	$ 111,617	$5,178,450
S. Trauschke,	2012	$478,400	$—	$672,483	$—	$ 350,074	$ 49,662	$ 55,854	$1,606,473
Vice President and	2011	$443,847	$—	$578,448	$—	$ 326,041	$ 47,378	$ 46,310	$1,442,024
Chief Financial Officer(6)	2010	$412,000	$—	$506,564	$—	$ 211,359	$ 44,210	$ 98,877	$1,273,010
E.K. Mitchell,	2012	$345,000	$—	$230,444	$—	$ 43,168	$ 362,985	$ 17,670	$999,267
President and Chief	2011	$339,538	$—	$312,585	$—	$ 119,161	$ 265,795	$ 19,900	$1,056,979
Operating Officer, Enogex	2010	$331,500	$—	$322,451	$—	$ 223,629	$ 327,583	$ 18,920	$1,224,083
Holdings LLC and President, Enogex LLC (6)(7)									
S.E. Merrill,	2012	$306,600	$—	$151,677	$—	$ 26,373	$ 29,394	$ 32,025	$546,069
Chief Operating Officer,	2011	$268,312	$—	$217,701	$—	$ 164,247	$ 31,375	$ 19,575	$701,210
Enogex LLC (6)(8)	2010	$254,800	$—	$221,875	$—	$ 108,927	$ 18,441	$ 17,696	$621,739
J.C. Leger, Jr.	2012	$295,000	$—	$257,367	$—	$ 186,960	$ 388,219	$ 14,860	$1,142,406
Vice President, Utility	2011	$279,724	$—	$206,728	$—	$ 124,924	$ 240,395	$ 14,130	$865,901
Operations, OG&E	2010	$269,900	$—	$207,404	$—	$ 92,306	$ 228,586	$ 13,966	$812,162

(1) Amounts in this column reflect the grant date fair value amount of equity-based 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. For Messrs. Delaney, Trauschke and Leger, the terms of (i) 75 percent of the performance units granted in 2012 entitle such 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 and (ii) 25 percent of the performance units granted in 2012 entitle such officer 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. For Messrs. Mitchell and Merrill, the amounts in this column for 2012 include the performance units based on total shareholder return, which as is the case for the those units granted to Messrs. Delaney, Trauschke and Leger, entitle such officer to receive from 0 percent to 200 percent of such 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 Messrs. Mitchell and Merrill, the balance of the performance units granted to them in 2012 entitle such officer to receive from 0 percent to 200 percent of such performance units granted based on the growth in Enogex's EBITDA per membership unit against the Earnings Growth Target set by the Compensation Committee for such period. These EBITDA performance units are payable in cash, are not considered stock awards and, accordingly, are not reflected in this column. These EBITDA performance units will be reflected in the Summary Compensation Table when they are earned at the conclusion of the three-year performance 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, 2012. Assuming achievement of the performance goals at the maximum level, the grant date fair value of the performance units granted in 2012 and included in this column would be: Mr. Delaney, $4,118,362; Mr. Trauschke, $1,344,966; Mr. Mitchell, $460,888; Mr. Merrill, $303,354; and Mr. Leger, $514,734.

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

(3) Amounts in this column reflect the actuarial increase in the present value of the Named Executive Officers benefits under all pension plans established by the Company determined using interest rate and mortality rate assumptions consistent with those used in Note 14 to our Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2012,

and includes amounts which the Named Executive Officer may not currently be entitled to receive because such amounts are not vested. The amounts for 2010 and 2011 were decreased from previously reported amounts to correct an over-valuation.

(4) Amounts in this column for 2012 reflect: (i) for Mr. Delaney, $62,938 ((401(k) Plan and Deferred Compensation Plan), $38,642 (insurance premiums) and $16,520 (the use of a Company car, payment of social membership dining and country club dues and payment for an annual physical exam); (ii) for Mr. Trauschke, $48,266 ((401(k) Plan and Deferred Compensation Plan), $3,410 (insurance premiums) and $4,178 (payment of social membership country club dues and payment for an annual physical exam); (iii) for Mr. Mitchell, $13,925 ((401(k) Plan and Deferred Compensation Plan), $2,542 (insurance premiums) and $1,203 (payment of social membership dining club dues and payment for an annual physical exam); (iv) for Mr. Merrill, $28,251 ((401(k) Plan and Deferred Compensation Plan), $2,274 (insurance premiums) and $1,500 (payment for an annual physical exam) and (v) for Mr. Leger, $12,598 ((401(k) Plan and Deferred Compensation Plan) and $2,262 (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 2012. As discussed in the Compensation Discussion and Analysis above, Mr. Delaney received the 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) The 2011 salaries of Mr. Mitchell, Mr. Merrill and Mr. Trauschke were increased during 2011 as part of the transition of the responsibilities of Danny Harris, former President and COO of the Company and OG&E and President of Enogex, who retired on December 31, 2011.

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

(8) On November 30, 2011, Mr. Merrill, previously Vice President of Human Resources and Corporate Relations of 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 2012

Name	Grant Date	Number of Units or Other Rights Awarded (1)	Estimated Future Payouts Under Non-Equity Incentive Plan Awards			Estimated Future Payouts Under Equity Incentive Plan Awards			All Other Stock Awards: Number of Shares of Stock or Units (#)	All Other Option Awards: Number of Securities Underlying Options (#)	Exercise or Base Price of Option Awards ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(2)
			Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
(a)	(b)		(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
P.B. Delaney	2/15/12		0	796,500	1,194,750				N/A	N/A	N/A	
	2/15/12					0	40,557	81,114				$2,059,181
S. Trauschke	2/15/12		0	287,040	430,560				N/A	N/A	N/A	
	2/15/12					0	13,245	26,490				$672,483

E.K. Mitchell	2/15/12		0	276,000	414,000				N/A	N/A	N/A	
	2/15/12	4,447	0	232,889	465,778	0	4,447	8,894				$230,444
S.E. Merrill	2/15/12		0	168,630	252,945				N/A	N/A	N/A	
	2/15/12	2,927	0	153,287	306,574	0	2,927	5,854				$151,677
J.C. Leger, Jr.	2/15/12		0	147,500	221,250				N/A	N/A	N/A	
	2/15/12					0	5,069	10,138				$257,367

(1) Amounts represent long-term non-equity incentive plan awards. These awards are denominated in units and reflect the number of units at target attainment levels. Awards will be paid in cash pending attainment of performance goals in 2014.

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