

OGE ENERGY CORP.  
Form DEF 14A  
March 31, 2010

SCHEDULE 14A

SCHEDULE 14A INFORMATION

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

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the  
Commission Only (as permitted  
by Rule 14a-6(e)(2))
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-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):

- 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

Page

Chairman’s Letter	ii
Notice of Annual Meeting of Shareowners	iii
Proxy Statement	1
	Thursday, May 20, 2010, at 10:00 a.m.
General Information About the Annual Meeting and the Proxy Materials	1
Introduction	National Cowboy and Western Heritage Museum
Internet Availability of Proxy Materials	11700 Northeast 63rd Street
Voting Procedures	1 Oklahoma City, Oklahoma
Revocation of Proxy	1
Record Date; Number of Votes	2
Expenses of Proxy Solicitation	2
Mailing of Internet Availability of Proxy Materials or Proxy Statement and Annual Report	2
Voting Under Plans	2
Voting of Shares Held in Street Name by Your Broker	2
Corporate Governance	3
Information Concerning the Board of Directors	
General	10
Committees	10
Director Compensation	11
Proposal No. 1 – Election of Directors	13
Proposal No. 2 – Amendments to the Restated Certificate of Incorporation and By-laws to Provide for the Annual Election of Directors	17
Proposal No. 3 - Ratification of the Appointment of Ernst & Young LLP as the Company’s Principal Independent Accountants for 2010	19
Report of Audit Committee	20
Executive Officers’ Compensation	22
Compensation Discussion and Analysis	22
Summary Compensation Table	31
Grants of Plan-Based Awards Table for 2009	33
Outstanding Equity Awards at 2009 Fiscal Year-End Table	34
2009 Option Exercises and Stock Vested Table	35
2009 Pension Benefits Table	35
2009 Nonqualified Deferred Compensation Table	37
Compensation Committee Report	38

Edgar Filing: OGE ENERGY CORP. - Form DEF 14A

Potential Payments upon Termination or Change of Control	39
Security Ownership	41
Equity Compensation Plan Information	42
Section 16(a) Beneficial Ownership Reporting Compliance	42
Shareowner Proposals	42
Householding Information	43
Map	43
Appendix A	A-1

(i)

---

OGE Energy Corp.  


March 31, 2010

Dear Shareowner:

You are cordially invited to attend the annual meeting of OGE Energy Corp. at 10:00 a.m. on Thursday, May 20, 2010, at the National Cowboy and Western Heritage Museum, 1700 Northeast 63rd Street, Oklahoma City, Oklahoma.

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

We have elected to take advantage of U.S. Securities and Exchange Commission rules that allow companies to furnish proxy materials to their shareowners on the Internet. Consequently, we are mailing to many of our shareowners a Notice of Internet Availability of Proxy Materials instead of a paper copy of the proxy statement and our 2009 annual report. We believe that this will provide our shareowners with the information they need, while lowering the costs of delivery and reducing the environmental impact of our annual meeting.

Even though you may own only a few shares, your proxy is important in making up the total number of shares necessary to hold the meeting. Whether or not you plan to attend the meeting, please vote your shares or direct your vote by following the instructions described in your proxy card or in the notice of Internet availability you received in the mail. Your vote will be greatly appreciated. Due to recent rule changes by the New York Stock Exchange, brokers will not be able to vote their customers' shares for the election of directors unless such 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 the election of directors.

Those shareowners 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

(ii)

---



Notice of Annual Meeting  
of Shareowners



The Annual Meeting of Shareowners of OGE Energy Corp. will be held on Thursday, May 20, 2010, at 10:00 a.m. at the National Cowboy and Western Heritage Museum, 1700 Northeast 63rd Street, Oklahoma City, Oklahoma, for the following purposes:

- (1) To elect three directors;
- (2) To amend the Restated Certificate of Incorporation and By-laws to provide for the annual election of directors;
- (3) To ratify the appointment of Ernst & Young LLP as our principal independent accountants for 2010; and
- (4) To transact such other business as may properly come before the meeting.

The map on page 43 will assist you in locating the National Cowboy and Western Heritage Museum.

Shareowners who owned stock on March 22, 2010, are entitled to notice of and to vote at this meeting or any adjournment of the meeting. A list of such shareowners 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 and  
Environmental, Health & Safety;  
Corporate Secretary

Dated: March 31, 2010

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

IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE SHAREOWNERS MEETING TO BE HELD ON MAY 20, 2010. The Company's notice of annual meeting and proxy statement and 2009 annual report to shareowners are available on the Internet at [www.proxyvote.com](http://www.proxyvote.com).

(iii)

---

Proxy Statement

March 31, 2010

GENERAL INFORMATION ABOUT THE ANNUAL MEETING AND THE PROXY MATERIALS

Introduction

The Annual Meeting of Shareowners of OGE Energy Corp. (the “Company”) will be held at the National Cowboy and Western Heritage Museum, 1700 Northeast 63rd Street, Oklahoma City, Oklahoma, on May 20, 2010, at 10:00 a.m. For the convenience of those shareowners who may attend the meeting, a map is printed on page 43 that gives directions to the National Cowboy and Western Heritage Museum. At the meeting, we intend to present the first three items in the accompanying notice of annual meeting (“Meeting Notice”) for action by the owners of the Company’s Common Stock. The Board of Directors does not now know of any other matters to be presented at the meeting, but, if any other matters are properly presented to the meeting for action, the persons named in the accompanying proxy will vote upon them in accordance with their best judgment.

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

Internet Availability of Proxy Materials

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

Accordingly, on or about March 31, 2010, we will begin mailing to many of our shareowners of record a “Notice of Internet Availability of Proxy Materials,” which we refer to as the “Notice of Internet Availability.” The Notice of Internet Availability will include instructions on accessing and reviewing our proxy materials and our 2009 annual report to shareowners on the Internet and will provide instructions on submitting a proxy on the Internet.

At the time we begin mailing our Notice of Internet Availability, we will also first make available on the Internet at [www.proxyvote.com](http://www.proxyvote.com) our Meeting Notice, our proxy statement and our 2009 annual report to shareowners. Any shareowner may also request a printed copy of these materials by any of the following methods:

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

Pursuant to the SEC’s rules, our 2009 annual report to shareowners, which includes our audited consolidated financial statements, is not considered a part of, and is not incorporated by reference in, our proxy solicitation materials.

## Voting Procedures

You may vote by mail, by telephone, by Internet, or in person. Please refer to the summary instructions below and those included on your Notice of Internet Availability or your proxy card or, for shares held in street name, the voting instruction card you received from your broker or nominee. To vote by mail, simply complete and sign the proxy card and mail it in the prepaid and preaddressed envelope. If you received a Notice of Internet Availability, you may request a proxy card by following the instructions in your Notice. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct. If you return a signed card but do not provide voting instructions, your shares will be voted FOR the three named nominees for director, FOR the amendments to the Restated Certification of Incorporation and By-laws to provide for the annual election of directors and FOR the ratification of Ernst & Young LLP as the Company's principal independent accountants for 2010.

Shareowners of record also may vote by the Internet or by using the toll-free number listed on your Notice of Internet Availability or the proxy card. Telephone and Internet voting also is available to shareowners who hold their shares in the Automatic Dividend Reinvestment and Stock Purchase Plan ("DRIP/DSPP") and the OGE Energy Corp. Employees' Stock Ownership and Retirement

Savings Plan (the “401(k) Plan”). The telephone voting and Internet voting procedures are designed to verify shareowners through use of an identification number that will be provided to you. These procedures allow you to vote your shares and to confirm that your instructions have been properly recorded. If you vote by telephone or by the Internet, you do not have to mail in your proxy card. Please see your Notice of Internet Availability or your proxy card for specific instructions. Internet and telephone voting is available until 11:59 P.M. Eastern time on the day before the Annual Meeting of Shareowners.

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 and Environmental Health & Safety; Corporate Secretary) revoking your proxy.

#### Record Date; Number of Votes

If you owned shares of our Common Stock at the close of business on March 22, 2010, you are entitled to one vote per share upon each matter presented at the meeting.

On March 1, 2010, there were 97,144,616 shares of Common Stock outstanding. The Company does not have any other outstanding class of voting stock. Other than as described below under the heading “Security Ownership,” no person holds of record or, to our knowledge, beneficially owns more than five percent of our Common Stock.

#### Expenses of Proxy Solicitation

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

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

A Notice of Internet Availability or this proxy statement, the enclosed proxy and the enclosed Annual Report are being distributed on or about March 31, 2010 to all of our shareowners who owned stock on March 22, 2010.

#### 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 shareowner of record. As the beneficial owner, you have the right to direct your broker on how to vote your shares. You are also invited to attend the Annual Meeting and vote your shares in person. In order to vote your shares in person, you must provide us with a legal proxy from your broker.

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, including the amendments to the Restated Certificate of Incorporation and By-laws to provide for the annual election of directors and ratification of the auditors. As a result of rule changes by the NYSE, this year, the election of directors is not considered a routine matter. If you do not provide voting instructions, your brokerage firm may either vote your shares on routine matters or leave your shares unvoted. 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’ unvoted shares on routine matters, these shares are counted for purposes of establishing a quorum to conduct business at the meeting. A brokerage firm,

however, cannot vote customers' shares on non-routine matters such as the election of directors. Accordingly, 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, including the election of directors, we urge all shareowners whose shares are held in street name by a brokerage firm to provide voting instructions to the brokerage firm.

#### Corporate Governance

Corporate Governance Guidelines. The Board of Directors of the Company operates pursuant to a set of written Corporate Governance Guidelines that set forth the Company's corporate governance philosophy and the governance policies and practices that the Company has established to assist in governing the Company and its affiliates. The Guidelines state that the primary mission of the Board of Directors of the Company is to advance the interests of the Company's shareowners 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 70 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 2009.

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 2009, the independent directors met in executive session six times.

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

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

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

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

A director who received, or whose immediate family member received, more than \$120,000 during any twelve-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 twelve-month period of such compensation;



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

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

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

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

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

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

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

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

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

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

- review and approve corporate goals and objectives relevant to the compensation of the CEO and other executive officers;
- evaluate the performance of the CEO and the other executive officers in light of the corporate goals and objectives and set compensation levels for the executive officers;
- recommend to the Board the approval, adoption and amendment of all incentive compensation plans in which any executive officer participates and all other equity-based plans;
- administer the equity-based incentive compensation plans and any other plans adopted by the Board that contemplate administration by the Compensation Committee;

• approve all grants of stock options and other equity-based awards;

• review and approve employment, severance or termination arrangements for any executive officers;

• review and approve all services, including the fees for such services, to be provided to the Compensation Committee 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 (the “Code”).

The process for setting director and executive compensation in 2009 involved numerous steps. The Compensation Committee, with the assistance of Mercer Human Resources Consulting (“Mercer”), selected two peer groups of companies for purposes of targeting executive compensation as discussed in more detail under “Compensation Discussion and Analysis” on page 22 below. The next step in the process was an annual performance evaluation of each member of the management team. This process entailed for each member of the management team (other than the CEO) an objective scoring by such individual’s supervisor of various competencies, including the individual’s management skills, business knowledge and achievement of various performance and development objectives set at the beginning of the year. These reviews were used by the CEO and Chief Operating Officer (“COO”) in making compensation recommendations to the Compensation Committee.

The balance of the process for setting director and executive compensation for 2009 involved actions taken by the Compensation Committee. The Compensation Committee met in December 2008 and February 2009 to address 2009 compensation. At the December 2008 meeting, the Compensation Committee reviewed with the CEO and COO the performance evaluations of each member of management (other than the CEO), with the CEO giving his performance evaluation of the COO. The Compensation Committee at its December 2008 meeting also reviewed and discussed with the CEO and COO their recommendations for each member of management (other than the CEO) of 2009 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 2008 meeting and discussed his potential salary, target annual incentive award and target long-term compensation for 2009. Following these discussions, the Compensation Committee set 2009 salaries and, subject to potential adjustment at its meeting in February 2009, target annual incentive awards and target long-term compensation awards for each member of management. 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 this meeting; but, instead, were left for consideration at the scheduled meeting in February 2009. Senior management in making compensation recommendations for an executive in 2009, 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 2008, 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 2009, the Company’s senior management developed recommendations for the Company performance goals that needed to be met in order for any payouts of 2009 annual incentive awards or 2009 long-term compensation awards to occur.

At the Compensation Committee's meeting in February 2009, the Compensation Committee reviewed with senior management its recommendations and basis for Company performance goals for payouts of 2009 annual incentive awards and long-term compensation awards. Following this discussion, the Compensation Committee set the 2009 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.

The Compensation Committee also considered the compensation to be paid to Mr. Trauschke in connection with his hiring and appointment as Vice President and CFO in April 2009. The Compensation Committee approved in April 2009 the terms of Mr. Trauschke's employment arrangement, which terms are described on page 29 under "Change-of-Control Provisions and Employment Agreements."

In 2008, the Compensation Committee engaged Mercer as its executive compensation consultant for 2009. 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 2009, Mercer received approximately

\$131,000 in fees for director and executive officer compensation advisory services to the Compensation Committee. Separately, Mercer and its affiliates received approximately \$1,276,500 in fees for other services, of which approximately \$1,122,000 related to a one-time project for the Company's qualified defined benefit retirement plan (the "Pension Plan") that resulted in the changes to the Pension Plan described on page 36, \$110,000 for annual routine actuarial services, \$21,500 related to support for a regulatory proceeding by OG&E seeking an increase in rates, and \$23,000 related to other miscellaneous services, including annual surveys. The decision to engage Mercer and its affiliates for these other services was made by management. The Compensation Committee, however, was made aware of the services and, 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 executive compensation consultant has direct access to the Compensation Committee without management intervention;
- the Compensation Committee evaluates the quality and objectivity of the services provided by the executive compensation consultant each year and determines whether to continue to retain the consultant; and
- the protocols for the engagement (described below) limit how the executive compensation consultant may interact with management.

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

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

new CEO.

Peter B. Delaney currently serves as Chairman of the Board 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 twice annually and were held six times in 2009. Management also periodically meets with the lead director to discuss Board and committee agenda items.

**Risk Oversight.** The Board of Directors appoints the Chief Risk Officer ("CRO") of the Company. The CRO serves as the chairman of the Risk Oversight Committee of the Company, which is composed primarily of corporate officers. The Risk Oversight Committee is responsible for the overall development, implementation and enforcement of strategies and policies for all risk management activities of the Company. The Risk Oversight Committee's responsibilities include review of:

- the existing risk exposure and performance of the Company's business units;
- existing credit and market risk measurement methodologies;
- counterparty credit limit structures;
- fuel procurement activities;
- policy change requests; and
- violations of risk policies.

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

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

Board Attendance at Annual Meeting. The Company encourages each of its Board members to attend the Annual Meeting and the directors are expected to attend whenever reasonably possible. All of the Board members then serving attended the Annual Meeting in 2009.

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. If a conflict is found to exist, the matter will be discussed with the employee and the following options will be considered: (1) the employee will be asked to end the activity that caused the conflict; (2) realignment of job responsibilities or assignment or (3) if (1) and (2) are not possible, employment will be terminated. Only the Board or a committee of the Board can waive this provision for executive officers, and any waiver will be promptly disclosed to the public. The Company's Corporate Governance Guidelines provide that, except for employment arrangements with the CEO and President, the Company will not engage in transactions with directors or their affiliates if such transactions would cast into doubt the independence of a director, present a conflict of interest, or are otherwise prohibited by law, rule or regulation. 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 shareowners. The Company's Stock Incentive Plan prohibits all loans to executive officers.

Auditors; Audit Partner Rotation. As described on page 19, the Company is requesting that the shareowners ratify the selection of Ernst & Young LLP as the Company's principal independent accountants for 2010. The Audit Committee charter provides that the audit partners will be rotated as required by the Sarbanes-Oxley Act of 2002.

Stock Ownership Guidelines. During 2004, the Company established stock ownership guidelines for its directors and officers. These guidelines were reviewed and revised by the Compensation Committee in 2008. The terms of these guidelines are explained on page 30 in Compensation Discussion and Analysis.

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

In considering individuals for nomination as directors, the Nominating and Corporate Governance Committee typically solicits recommendations from its current directors and is authorized to engage third party advisors, including search firms, to assist in the



identification and evaluation of candidates. Mr. Brandi, who was elected to the Board in February 2010, was recommended to the Nominating and Corporate Governance Committee as a potential candidate by Mr. Delaney.

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, shareowner 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 factors that led the Nominating and Corporate Governance Committee to recommend Mr. Brandi for election to the Board in February 2010 are set forth below. The Nominating and Corporate Governance Committee will evaluate candidates recommended by shareowners 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 is reassessed on an annual basis, when the committee's charter is reviewed.

The following is a discussion for each director of the specific experience, qualifications, attributes or skills that led the Nominating and Corporate Governance Committee to recommend to the Board, and for the Board to conclude at its meeting in February 2010, that the individual should be serving as a director of the Company.

James H. Brandi. Mr. Brandi was elected as a director by the Board at its meeting on February 17, 2010. This action was preceded by a review by the Nominating and Corporate Governance Committee of his qualifications and interviews of Mr. Brandi by the Committee and other members of the Board. The Nominating and Corporate Governance Committee and the Board concluded that Mr. Brandi should serve as a director of the Company based, in large part, on his demonstrated business skills. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably his perceived integrity, his qualifying as an independent director under the NYSE listing standards, his prior experience as a Managing Director of UBS Securities, LLC and of Dillon, Read & Co. Inc., his academic achievements at Harvard Business School and at Yale University, his prior experience as a director of a publicly-held utility business, his current experience as a director of a public-held company, his financial accounting and corporate finance acumen, his ability to bring additional views on numerous issues facing the utility and pipeline industries, and a perceived positive perception of his addition to the Board by the Company's shareowners.

Wayne H. Brunetti. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Brunetti should continue serving as a director of the Company based, in large part, on his demonstrated business and leadership skills and his level of performance as a director. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Brunetti's integrity, his intelligence, his qualifying as an

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

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

finance acumen. Also, as a result of his business career and many years as a director of the Company, the Board and the Nominating and Corporate Governance Committee believe that Mr. Corbett will continue to provide knowledgeable advice to the Company's other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company's strategy.

Peter B. Delaney. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Delaney should continue serving on the Board based, in large part, on his demonstrated business, management and leadership skills, on the Board's policy to have the CEO serve as a member of the Board and on his level of performance as CEO and as Chairman of the Board. Specifically, the Nominating and Corporate Governance Committee and the Board viewed favorably Mr. Delaney's integrity, his intelligence, his level of performance since his employment by the Company in April 2002, his thorough knowledge of the Company's businesses, his prior experience in the energy and financial industries, his involvement with the Edison Electric Institute, his demonstrated understanding of management trends in general and in the Company's businesses, his expertise in financial accounting and corporate finance, his commitment to supporting the communities served by the Company, and his active involvement in civic and charitable matters in many of the communities served by the Company.

John D. Groendyke. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Groendyke should continue serving as a director of the Company based, in large part, on his demonstrated business and leadership skills and his level of performance as a director of the Company for many years. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Groendyke's integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his experience as chairman and chief executive officer of a large trucking business, which, like the utility industry, is highly regulated, his ability to interact well with other directors, his active support of numerous civic and charitable matters affecting many of the communities served by the Company, his understanding of environmental and wildlife issues, his understanding of management trends generally, and his financial accounting and corporate finance acumen. Also, as a result of his business experience and many years as a director of the Company, the Board and Nominating and Corporate Governance Committee believe that Mr. Groendyke will continue to provide knowledgeable advice to the Company's other directors and to senior management on numerous 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 a 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 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 “financial expert,” and his understanding of corporate finance matters. Also, as a result of his business career and many years as a director of the Company, the Board and the Nominating and Corporate Governance Committee believe that Mr. Kelley will continue to provide knowledgeable advice, particularly on financial and accounting matters, to the Company’s other directors and to senior management on numerous issues facing the Company and on the development and execution of the Company’s strategy.

Linda Petree Lambert. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Ms. Lambert should continue serving as a director of the Company based, in large part, on her business and leadership skills and her level of performance as a director of the Company for many years. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Ms. Lambert’s integrity, her intelligence, her qualifying as a director under the NYSE listing standards, her current and prior experience as a director of public, private and charitable entities, her involvement in civic and charitable matters, her understanding of management trends generally and in industries relevant to the Company, and her financial accounting and corporate finance acumen. Also, as a result of her business career and her prior service as a director of the Company, the Board and Nominating and Corporate Governance Committee believe that Ms. Lambert will continue to provide knowledgeable advice to the Company’s other directors and to senior management on 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 a 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 qualifications 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 to the Company’s other directors and to senior management on 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 a director under the NYSE listing standards, his current and prior experience as a director of numerous publicly-held companies, including his service as chair of the audit committee of a publicly-held company, his legal expertise from his career as a lawyer and from his experience as a general counsel of Chrysler Corporation, his knowledge of corporate governance matters, his ability to interact well with other directors, his involvement in civic and charitable matters, his understanding of management trends generally, and his financial accounting and corporate finance acumen. Also, as a result of his business career and his prior service as a director of the Company, the Board and Nominating and Corporate Governance Committee believe that Mr. Richie will continue to provide knowledgeable advice to the Company’s other directors and to senior management on 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 2009, except for Mr. Brandi, who joined the Board of Directors of the Company and the Board of Directors of OG&E in February 2010. The Board of Directors of the Company and OG&E met on six occasions during 2009 and had two Executive Committee meetings during 2009. Each director attended at least 80% of the total number of meetings of the Boards of Directors and the committees of the Boards on which he or she served.

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

The members of these committees, the general functions of the committees and number of committee meetings in 2009, are set forth below.

Name of Committee and Members	General Functions of the Committee	Number of Meetings in 2009
Oversees		5

Compensation Committee:  
 Wayne H. Brunetti  
 Luke R. Corbett  
 John D. Groendyke  
 Kirk Humphreys  
 Leroy C. Richie\*  
 J.D. Williams\*\*

• compensation of directors and principal officers  
 • executive compensation policy  
 • benefit programs

Audit Committee:  
 Wayne H. Brunetti  
 Kirk Humphreys  
 Robert Kelley\*  
 Linda Petree  
 Lambert  
 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

Name of Committee and Members	General Functions of the Committee	Number of Meetings in 2009
Nominating and Corporate Governance Committee: John D. Groendyke Linda Petree Lambert Robert O. Lorenz* Leroy C. Richie J.D. Williams	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 J.D. Williams***	Performs duties of the Board during intervals between Board meetings	2

\* Chairperson

\*\* Served on the Compensation Committee until 12-1-09.

\*\*\* Served on the Executive Committee until 7-1-09.

Director Compensation. Compensation of non-officer directors of the Company during 2009 included an annual retainer fee of \$100,000, of which \$35,000 was payable in cash in monthly installments and \$65,000 was deposited in the director's account under the Company's Deferred Compensation Plan in December 2009 and converted to 1,817.6734 common stock units based on the closing price of the Company's Common Stock on December 4, 2009. All non-officer directors received \$1,200 for each Board meeting and \$1,200 for each committee meeting attended. The lead director and the chairman of the Audit Committee received an additional \$10,000 cash retainer. The chairmen of the Compensation and Nominating and Corporate Governance Committees received an additional \$5,000 annual cash retainer in 2009. Each chairman of a board committee also received a meeting fee of \$1,200 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 during 2009.

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. During 2009, 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 provided in the Deferred Compensation Plan. As described under "Executive Officers' Compensation - 2009 Nonqualified Deferred Compensation Table," in certain circumstances, participants may also be entitled to in-service withdrawals from the Deferred Compensation Plan.

In December 2009, the Compensation Committee met to consider director compensation. At that meeting, the Compensation Committee increased the cash portion of the annual retainer to \$37,500 from \$35,000 and increased the meeting fee from \$1,200 to \$1,500.

Historically, for those directors who retired from the Board of Directors after 10 years or more of service, the Company and OG&E continued to pay their annual cash retainer until their death. In November 1997, the Board eliminated this retirement policy for directors. Directors who retired prior to November 1997, however, will continue to receive benefits under the former policy.



## Director Compensation for 2009

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)
Wayne H. Brunetti	\$58,004	\$65,000	0	0	0	0	\$123,004
Luke R. Corbett	\$63,004	\$65,000	0	0	0	0	\$128,004
John D. Groendyke	\$54,204	\$65,000	0	0	0	0	\$119,204
Kirk Humphreys	\$58,004	\$65,000	0	0	0	0	\$123,004
Robert Kelley	\$75,204	\$65,000	0	0	0	0	\$140,204
Linda Petree Lambert	\$54,404	\$65,000					