OGE ENERGY CORP.
Form PRE 14A
February 29, 2016

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:
[X] Preliminary Proxy Statement
[ ] Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
[ ] Definitive Proxy Statement
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[ ] Soliciting Material under Rule 14a-12
OGE ENERGY CORP.
(Name of Registrant as Specified In Its Charter)
(Name of Person(s) Filing Proxy Statement if other than the Registrant)
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PRELIMINARY PROXY STATEMENT

Proxy Statement
and Notice of Annual Meeting

May 19, 2016

Contents

Notice of Annual Meeting of Shareholders
and Proxy Statement
Thursday, May 19, 2016, at 10:00 a.m.
Skirvin Hilton Hotel, Venetian Room
1 Park Avenue
Oklahoma City, Oklahoma

OGE Energy Corp.

April 4, 2016

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 19, 2016, at the Skirvin Hilton Hotel, Venetian Room, 1 Park Avenue, Oklahoma City, Oklahoma.

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

We have elected to take advantage of U.S. Securities and Exchange Commission rules that allow 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 2015 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, or for the shareholder proposals 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,

Sean Trauschke
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 19, 2016, at 10:00 a.m. at the Skirvin Hilton Hotel, Venetian Room, 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 2016;
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 consider a shareholder proposal regarding distributed generation;
6. To consider a shareholder proposal regarding sustainability;
7. To consider a shareholder proposal regarding simple majority vote; and
8. To transact such other business as may properly come before the meeting.

The map on page 58 will assist you in locating the Skirvin Hilton Hotel.

Shareholders who owned stock on March 21, 2016, 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 and Corporate Secretary

Dated: April 4, 2016

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 19, 2016. The Company's notice of annual meeting of shareholders and proxy statement and 2015 annual report to shareholders are available on the Internet at www.proxyvote.com.

Proxy Statement

April 4, 2016
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, Venetian Room, 1 Park Avenue, Oklahoma City, Oklahoma, on May 19, 2016, at 10:00 a.m. For the convenience of those shareholders who may attend the meeting, a map is printed on page 58 that gives directions to the Skirvin Hilton Hotel. At the meeting, we intend to present the first seven 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 Sean Trauschke and Luke R. Corbett as your representatives at the Annual Meeting of Shareholders. Mr. Trauschke and Mr. Corbett 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. Trauschke and Mr. Corbett 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 April 4, 2016, 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 2015 annual report. The Notice of Internet Availability of Proxy Materials will include instructions on accessing and reviewing our proxy materials and our 2015 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 2015 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 2015 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 2016, 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 (the "Certificate") to eliminate supermajority voting provisions, AGAINST the shareholder proposal regarding distributed generation, AGAINST the shareholder proposal regarding sustainability and AGAINST the shareholder proposal regarding simple majority vote. 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 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 21, 2016, you are entitled to one vote per share upon each matter presented at the meeting.

As of February 19, 2016, there were 199,701,852 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 D.F. King & Co., Inc. 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 April 4, 2016 to all of our shareholders who owned Common Stock on March 21, 2016.

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. However, the election of directors, the advisory vote on named executive officer compensation, the amendment to the certificate and the three shareholder proposals are not considered "routine" matters. Therefore, if you do not provide voting instructions, your brokerage firm may not vote your shares on such non-routine matters. We encourage you to provide instructions to your brokerage firm. This ensures your shares will be voted at the meeting. When a brokerage firm votes its customers' shares for which it has not received voting instructions on routine matters, these shares are counted for purposes of establishing a quorum to conduct business at the meeting, but these shares (sometimes referred to as broker non-votes) are considered not entitled to vote on non-routine matters, rather than as a vote against the matter.

In order for your shares to be voted on all matters presented at the meeting, we urge all shareholders whose shares are held in street name by a brokerage firm to provide voting instructions to the brokerage firm.

CORPORATE GOVERNANCE

Corporate Governance Guidelines. The Board of Directors of the Company operates pursuant to a set of written Corporate Governance Guidelines ("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 2015.

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 2015, 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 "Investors," "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 current 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 director's ability to exercise his or her independent judgment as a director.

- With respect to any director who will serve on the Compensation Committee, the Board must also consider all factors specifically relevant to determining whether a director has a relationship to us that is material to that director's ability to be independent from management in connection with the duties of a Compensation Committee member, including, but not limited to (i) the source of compensation of such director, including any consulting, advisory or other compensatory fee paid by us to such director and (ii) whether such director is affiliated with us, one of our subsidiaries or an affiliate of one of our subsidiaries.

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: Frank A. Bozich, James H. Brandi; Luke R. Corbett; John D. Groendyke; David L. Hauser; Kirk Humphreys; Robert O. Lorenz; Judy R. McReynolds; and Sheila G. Talton. Mr. Trauschke 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 "Investors," "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.

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.

Sean Trauschke currently serves as Chairman, President and CEO. At the time of his election as Chairman, 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 designated a lead director. The lead director is elected by and from the independent Board members for a one-year term. Mr. Luke R. Corbett currently serves as the lead independent director. The responsibilities of our lead director are set out in our Guidelines and include:

- Providing leadership to the Board of Directors if circumstances arise in which the role of the Chairman of the Board may be, or may be perceived by the lead director or independent board members to be, in conflict;
- Presiding at all meetings of the Board at which the Chairman of the Board, is not available;
- Organizing, convening and presiding over executive sessions of the non-management and independent directors and promptly communicating the messages and directives approved by such directors at each such meeting to the Chairman of the Board and CEO;
- Acting as the principal liaison between the independent directors and the Chairman of the Board and CEO;
- Reviewing and approving all board and committee agendas and approving information sent to the Board, providing input to management on the scope and quality of such information;
- Consulting with the Chairman of the Board, CEO, and committee chairs regarding the topics and schedules of the meetings of the board and committees and approving such schedules to assure that there is sufficient time for discussion of all agenda items;
- Having authority to call a special meeting of the Board or the independent directors at any time, at any place, and for any purpose;
- Being available for consultation and direct communication with our major shareholders;
- Collecting and communicating to the Chairman of the Board and CEO, the views and recommendations of the independent directors, relating to his or her performance, other than with respect to the annual performance review; and
- Performing such other duties as may be assigned from time-to-time by the independent directors.

Audit Committee Financial Expert. The Board has determined that Mr. Robert O. Lorenz and Mr. David L. Hauser meet the SEC definition of audit committee financial expert. Each of Mr. Lorenz and Mr. Hauser 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;

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- 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 2015 involved numerous steps. The Compensation Committee, with the assistance of Mercer Human Resources Consulting ("Mercer"), approved a peer group of companies for purposes of targeting executive compensation as discussed in the Compensation Discussion and Analysis on page 32. 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 2015 involved actions taken by the Compensation Committee. The Compensation Committee met in December 2014 and February 2015 to address 2015 compensation. At the December 2014 meeting, the Compensation Committee reviewed with Mr. Peter B. Delaney, who was then serving as the Company's CEO, and Mr. Sean Trauschke, who was serving as the Company's President, the performance evaluations of each officer (other than the CEO) with the CEO giving his performance evaluation of the President. The Compensation Committee at its December 2014 meeting also reviewed and discussed with the CEO and the President their recommendations for each member of management (other than the CEO) of 2015 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 2014 meeting and discussed his potential salary, target annual incentive award and target long-term compensation for 2015. Following these discussions, the Compensation Committee set 2015 salaries and, subject to potential adjustment at its meetings in February 2015, 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 2014 meeting; but, instead, were left for consideration at the scheduled meeting in February 2015. Senior management in making compensation recommendations for an executive in 2015, 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 Company peer group. At its meeting in December 2014, the Compensation Committee also reviewed and set compensation for the directors, which is described below under "Director Compensation."
Prior to the Compensation Committee's meetings in February 2015, the Company's senior management developed recommendations for the Company performance goals that needed to be met in order for any payouts of 2015 annual incentive awards or 2015 long-term compensation awards to occur.
At the Compensation Committee's meetings in February 2015, the Compensation Committee reviewed with senior management its recommendations and basis for Company performance goals for payouts of 2015 annual incentive awards and long-term compensation awards. Following this discussion, the Compensation Committee set the 2015 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 2014, the Compensation Committee engaged Mercer as its executive compensation consultant for 2015. As part of this engagement, Mercer reviewed the Company's current director and executive officer compensation, confirmed the peer group 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 2015, Mercer received $151,418 in fees for director and executive officer compensation advisory services to the Compensation Committee. Separately, Mercer and its affiliates received $678,767 in fees for other services, of which $627,816 related to routine annual actuarial services and $50,951 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. The Company stopped using Mercer in the latter half of 2015 for all services except director and executive compensation advisory services.

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.

Risk Oversight. During 2015, the Company's Director of Risk & Investor Relations served 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 during 2015, the Risk Oversight Committee, through the Director of Risk, reported 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 was followed by an executive session with the Director of Risk at which only members of the Audit Committee were 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 of the Board members then serving attended the Annual Meeting of Shareholders in 2015.

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 19, the Company is requesting that the shareholders ratify the selection of Ernst & Young LLP as the Company's principal independent accountants for 2016. 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 2015. The terms of these guidelines are explained on page 43 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. Mr. Hauser, who was elected to the Board in July 2015, and Mr. Bozich, who was elected to the Board effective February 2016, were each identified as a potential candidate by a search firm that had been engaged to identify, evaluate and perform background searches of potential director candidates. Mr. Hauser and Mr. Bozich were identified as two of several candidates during this process. Following an evaluation of Mr. Hauser’s qualifications and interviews of Mr. Hauser by Mr. Delaney and Mr. Trauschke and members of the Nominating and Corporate Governance Committee of the Board, Mr. Hauser was recommended by the Nominating and Corporate Governance Committee for election to the Board in July 2015. Following an evaluation of Mr. Bozich’s qualifications and interviews of Mr. Bozich by Mr. Delaney and Mr. Trauschke and members of the Nominating and Corporate Governance Committee of the Board, Mr. Bozich was recommended by the Nominating and Corporate Governance Committee for election to the Board effective February 2016.

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 2016, that the individual should be serving as a director of the Company.

Frank A. Bozich. Mr. Bozich was elected as a director by the Board at its meeting on December 2, 2015 effective as of February 2016. This action was preceded by a review by the Nominating and Corporate Governance Committee of his qualifications and interviews of Mr. Bozich by the Committee and other members of the Board. The Nominating and Corporate Governance Committee and the Board concluded that Mr. Bozich should serve as a director of the Company based, in large part, on his demonstrated business skills, particularly in leading and developing resins and chemicals businesses that rely heavily on energy services and products such as those delivered by the Company. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Bozich’s integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, and his prior experience leading businesses that rely on energy products that will bring a unique perspective and be a benefit to the Company’s customer-focused business.

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 publicly-held companies, including his service as chairman of the board of one company and member of the audit committees of two companies, his current performance as Chair of the Board’s Nominating and Corporate Governance Committee, 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.

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 prior 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.

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 subject to numerous regulations, 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.
David L. Hauser. Mr. Hauser was elected as a director by the Board at its meeting on July 15, 2015. This action was preceded by a review by the Nominating and Corporate Governance Committee of his qualifications and interviews of Mr. Hauser by the Committee and other members of the Board. The Nominating and Corporate Governance Committee and the Board concluded that Mr. Hauser should serve as a director of the Company based, in large part, on his demonstrated business skills and financial expertise and a thorough understanding of regulated utilities having worked in both the energy and communications sectors. Specifically, the Board and the Nominating and Corporate Governance Committee viewed favorably Mr. Hauser’s integrity, his intelligence, his qualifying as an independent director under the NYSE listing standards, his prior experience as Chief Financial Officer of Duke Energy, his experience as a director and member of an audit committee of a publicly-held business, his qualification as a "financial expert," his financial accounting and corporate finance acumen and his ability to bring additional views on numerous issues facing the utility industry.
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 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 Audit Committee and prior performance as chair of the 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 ArcBest Corporation, a publicly-held freight transportation and logistics services 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, her current performance as Chair of the Board's Compensation Committee 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.

Sheila G. Talton. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Ms. Talton should continue to serve 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. Talton’s integrity, her intelligence, her qualifying as an independent director under the NYSE listing standards, her current and prior experience as a director of publicly-held companies, her experience in information technology and her involvement in civic and charitable matters. Also, the Board and Nominating and Corporate Governance Committee believe that Ms. Talton’s expertise in the information technology area brings an important perspective in light of our smart grid implementation and other efforts to leverage technology to improve the utility customer experience and drive operational efficiency.

Sean Trauschke. The Nominating and Corporate Governance Committee recommended, and the Board concluded, that Mr. Trauschke 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 and CEO. Specifically, the Board and the Nominating and Corporate Governance Committee were familiar with Mr. Trauschke’s integrity and intelligence from his service as President of the Company and his prior service as Chief Financial Officer of the Company.

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 2015. The Board of Directors of the Company and OG&E met on nine occasions during 2015. Each director attended at least 81 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 2015.

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 2015, are set forth below.

Name of Committee and Members	General Functions of the Committee	Number of Meetings in 2015
Compensation Committee:	Oversees	7
James H. Brandi	compensation of directors and principal officers	
Luke R. Corbett	executive compensation	
John D. Groendyke	benefit programs	
David L. Hauser****		
Kirk Humphreys		
Judy R. McReynolds*		
Sheila G. Talton		
Audit Committee:	Oversees financial reporting process	4
Frank A. Bozich***	evaluate performance of independent auditors	
David L. Hauser****	select independent auditors	
Kirk Humphreys	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	
Robert O. Lorenz*	review interim financial statements and annual financial statements to be included in Form 10-K and Form 10-Q	
	oversees risk assessment and risk policies	
Nominating and Corporate Governance Committee:	Reviews and recommends	5
Frank A. Bozich***	nominees for election as directors	
James H. Brandi*	membership of director committees	
John D. Groendyke	succession plans	
Robert O. Lorenz	various corporate governance issues	
Judy R. McReynolds		
Sheila G. Talton		
Executive Committee:	Performs duties of the Board during intervals between Board meetings	—
James H. Brandi		
Luke R. Corbett**		
Robert O. Lorenz		
Judy R. McReynolds		

* Chair

** Lead Director
*** Mr. Bozich has been a member of the Audit Committee and the Nominating and Corporate Governance Committee since February 24, 2016.
**** Mr. Hauser has been a member of the Audit Committee since July 15, 2015 and the Compensation Committee since February 24, 2016.

Director Compensation. Compensation of non-officer directors of the Company in 2015 included an annual retainer fee of $146,600, of which $51,600 was payable in cash in quarterly installments and $95,000 was deposited in the director's account under the Company's Deferred Compensation Plan in December 2015 and converted to 3,858.651 common stock units based on the closing price of the Company's Common Stock on December 8, 2015. 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 $20,000 cash retainer in 2015. The chair of the Audit Committee received an additional $15,000 cash retainer in 2015. The chairmen of the Compensation and Nominating and Corporate Governance Committees received an additional $10,000 annual cash retainer in 2015. Each member of the Audit Committee also received an additional annual retainer of $5,000 and the chair of the Audit Committee received a meeting fee of $2,000 for significant meetings (either in person or by phone) with management to address committee matters. These amounts represent the total fees paid to directors in their capacities as directors of the Company and OG&E in 2015.

Under the Company's Deferred Compensation Plan, non-officer directors may defer payment of all or part of their attendance fees and the quarterly cash retainer fee, which deferred amounts in 2015 were credited to their account as of the quarterly scheduled payment date. 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 2015, those investment options included a Company Common Stock fund, whose value was determined based on the stock price of the Company's Common Stock. 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. In certain circumstances, participants may also be entitled to in-service withdrawals from the Company's Deferred Compensation Plan.

In December 2015, the Compensation Committee met to consider director compensation. At that meeting, the Compensation Committee increased the annual equity retainer, noted above, credited on December 8, 2015, from $89,000 to $95,000.

Director Compensation for 2015

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)
Frank A. Bozich (2)	$—	$—	—	—	—	—	$—
James H. Brandi	$103,600	$95,000	—	—	—	—	$198,600
Wayne H. Brunetti (3)	$41,800	$—	—	—	—	—	$41,800
Luke R. Corbett	$105,600	$95,000	—	—	—	—	$200,600
John D. Groendyke	$87,600	$95,000	—	—	—	—	$182,600
David L. Hauser (4)	$42,800	$47,500	—	—	—	—	$90,300
Kirk Humphreys	$96,600	$95,000	—	—	—	—	$191,600
Robert Kelley (5)	$48,100	$—	—	—	—	—	$48,100
Robert O. Lorenz	$109,600	$95,000	—	—	—	—	$204,600
Judy R. McReynolds	$103,600	$95,000	—	—	—	—	$198,600
Sheila G. Talton	$85,600	$95,000	—	—	—	—	$180,600

(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 2015. At December 31, 2015, the number of common stock units in the Company Common Stock Fund for each of the directors was as follows: Mr. Bozich, 0

common stock units; Mr. Brandi, 18,874 common stock units; Mr. Brunetti, 0 common stock units; Mr. Corbett, 102,051 common stock units; Mr. Groendyke, 75,543 common stock units; Mr. Hauser, 3,581 common stock units; Mr. Humphreys, 59,739 common stock units; Mr. Kelley, 0 common stock units; Mr. Lorenz, 90,061 common stock units; Ms. McReynolds, 13,510 common stock units; and Ms. Talton, 7,570 common stock units.

(2) Mr. Bozich was appointed to the Board of Directors and Audit Committee effective February 24, 2016.

(3) Mr. Brunetti retired from the Board of Directors effective May 14, 2015, and, therefore, received quarterly installments of the quarterly cash retainer fee and attendance fees through this effective date of service.

(4) Mr. Hauser was appointed to the Board of Directors and the Audit Committee effective July 15, 2015, and, therefore, received quarterly installments of the quarterly cash retainer fee, prorated annual equity fee and attendance fees from this effective date of service.

(5) Mr. Kelley retired from the Board of Directors effective July 15, 2015, and, therefore, received quarterly installments of the cash 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. Each director is being nominated for election 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 19, 2016: Mr. Frank A. Bozich, Mr. James H. Brandi, Mr. Luke R. Corbett, Mr. John D. Groendyke, Mr. David L. Hauser, Mr. Kirk Humphreys, Mr. Robert O. Lorenz, Ms. Judy R. McReynolds, Ms. Sheila G. Talton and Mr. Sean Trauschke. 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 following contains certain information concerning the nominees for director.

FRANK A. BOZICH, 55, is President and Chief Executive Officer at the SI Group, Inc., a leading global developer and manufacturer of phenolic resins and chemicals used in the production of antioxidants, engineering plastics, fuels and lubes, rubber and pharmaceutical ingredients. He has served as President and Chief Executive Officer of SI Group Inc., since May 2013. Prior to joining SI Group Inc., Mr. Bozich held several executive management positions at BASF Corporation, a multi-national chemicals and manufacturing corporation, including President of BASF's Catalysts Division from 2010 to 2013, Group Vice President of Precious and Base Metal Service and Group Vice President of the Integration Management Office. He was previously Group Vice President of Enterprise Technologies and Ventures at Engelhard Corporation, which was acquired by BASF in 2006. Mr. Bozich currently serves as a director of SI Group, Inc. and various subsidiaries. He also serves as a director of the Capital Region Chamber of Commerce and Ellis Medicine Board of Trustees. Mr. Bozich has been a director of the Company and of OG&E since February 2016 and is a member of the Audit Committee and the Nominating and Corporate Governance Committee of the Board.

JAMES H. BRANDI, 67, 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 that was acquired by BNP in 2010. 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 as a director and chairman of Carbon Natural Gas Company. Mr. Brandi is a trustee of The Kenyon Review and a former trustee of Kenyon College. Mr. Brandi has been a director of the Company and of OG&E since February 2010, and is Chair of the Nominating and Corporate Governance Committee and a member of the Compensation Committee and the Executive Committee of the Board.

LUKE R. CORBETT, 69, 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 served as a member of the Board of Directors of Anadarko Petroleum Corporation from 2006 to 2014. 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.

JOHN D. GROENDYKE, 71, 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.

DAVID L. HAUSER, 64, is the former Chairman and Chief Executive Officer of FairPoint Communications, Inc., a provider of communication services located in Charlotte, N.C. He served in the role from July 2009 to August 2010 and thereafter served as a consultant until March 2011. On October 26, 2009, FairPoint Communications, Inc. filed voluntary petitions for relief under Chapter 11 of the Bankruptcy Code. From 1998-2009, Mr. Hauser held leadership positions with Duke Energy Corporation including group executive and chief financial officer and vice president and treasurer. Mr. Hauser also currently serves as a board member and Audit Chairman of EnPro Industries, Inc. (NPO:NYSE). He is a member of the board of trustees of the University of North Carolina at Charlotte and he has retired as a member of the North Carolina Association of Certified Public Accountants. Mr. Hauser has been a director of the Company and OG&E since July 2015, and is a member of the Audit Committee and Compensation Committee of the Board.

KIRK HUMPHREYS, 65, 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 O. LORENZ, 69, 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 has been a director of the Company and OG&E since July 2005, and is Chair of the Audit Committee and a member of the Nominating and Corporate Governance Committee and the Executive Committee of the Board.

JUDY R. MCREYNOLDS, 53, is President and Chief Executive Officer of ArcBest Corporation, headquartered in Fort Smith, Ark., a freight transportation and logistics services company that provides a variety of services including domestic and global transportation and freight services. Ms. McReynolds has been a member of ArcBest 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. and First National Bank. Ms. McReynolds has been a director of the Company and of OG&E since July 2011, and is Chair of the Compensation Committee, a member of the Nominating and Corporate Governance Committee and the Executive Committee of the Board.

SHEILA G. TALTON, 63, currently serves as President and CEO of Gray Matter Analytics, a consultancy offering data analytics and predictive modeling services and solutions to organizations in the financial services and health care industries. Prior to founding Gray Matter in 2013, she served as President and Chief Executive Officer of SGT Ltd., a strategy and technology consulting business from 2011 to 2013, and in a variety of leadership positions with global technology leaders Cisco Systems Inc., including as Vice President of Office of Globalization from 2005 to 2011, and Electronic Data Systems as well as other leading technology firms. Ms. Talton also serves on the board of Wintrust Financial Corporation (NASDAQ: WIFC) and Deere & Company (NYSE: DE). From 2010 until March 2015, Ms. Talton served on the board of ACCO Brands. She has been a Congressional appointee on the U.S. White House Women's Business Council. She also has been recognized as one of the 'Top 10 Women in Technology' by Enterprising Women and as 'Entrepreneur of the Year' by the National Federation of Black Women Business Owners. She serves on the boards of several nonprofit organizations including Chicago's Northwestern Hospital Foundation, the Chicago Shakespeare Theater and the Chicago Urban League. Ms. Talton has been a director of the Company and of OG&E since September 2013, and is a member of the Compensation Committee and the Nominating and Corporate Governance Committee of the Board.

SEAN TRAUSCHKE, 49, currently serves as Chairman, President and Chief Executive Officer of the Company and OG&E. Mr. Trauschke has been Chief Executive Office of the Company since June 1, 2015. He has been President of OG&E since July 2013 and President of OGE Energy since August 2014, and was named as Chairman of the Board in December 2015. From 2009 until 2013 he held the position of Vice President and Chief Financial Officer of the Company and OG&E. Mr. Trauschke also serves on the Board of Directors for Enable GP (the general partner of Enable Midstream Partners, LP (NYSE: ENBL)). He also serves on the boards of the State Chamber of Oklahoma, Downtown OKC, United Way of Central Oklahoma, Greater Oklahoma City Chamber, Children’s Hospital Foundation and Heritage Hall School. Mr. Trauschke has been on the board of the Company and OG&E since May 2015.

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 and will have no effect on the outcome of the proposal.

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 2016

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, 2016. 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 this 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 accountant. 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 2016. 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 five officers named in the Summary Compensation Table on page 45 (who we refer to as "Named Executive Officers"). Accordingly, you may vote on the following resolution at the 2016 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, intend 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 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 consolidated earnings or OG&E earnings. The terms of these equity-based awards have not permitted any adjustments to calculating total shareholder return or earnings growth for unusual one-time events, such as the impairment charges of $108.4 million incurred by the Company in 2015. 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.
The alignment of the Company's performance and executive compensation is illustrated by the “realized compensation” paid to our Named Executive Officers in 2015 as compared to prior years. We view realized compensation as items that are actually paid to an executive as contrasted to items that may or may not be paid to an executive in the future. This alternative view of compensation paid to our Named Executive Officers is provided as a supplement to, not as a substitute for, the Summary Compensation Table that appears on page 45. We define realized compensation as the sum of: (i) salary (as reported in column (c) of the Summary Compensation Table), (ii) payouts under the Company's Annual Incentive Plan (as reported in column (g) of the Summary Compensation Table), (iii) payouts of performance-based stock awards that vested (as reported annually in the Option Exercises and Stock Vested Table) and (iv) all other compensation (as reported in column (i) of the Summary Compensation Table). As shown by the following table, realized compensation was significantly lower for our Named Executive Officers in 2015 and 2014 compared to 2013.

	Realized Compensation		
	2015	2014	2013
Sean Trauschke	$1,046,601	$1,209,787	$2,454,489
Stephen E. Merrill	$577,461	$715,798	$1,207,183
E. Keith Mitchell	$674,009	$788,808	$792,165
Jean C. Leger, Jr.	$483,790	$542,534	$1,061,188
Paul Renfrow	$465,167	$562,476	$856,665
Peter B. Delaney	$2,411,105	$2,605,583	$7,164,871

The decreases in 2015 and 2014 compared to 2013 of more than 60 percent in Mr. Delaney’s realized compensation, of more than 50 percent in Mr. Trauschke's realized compensation, and of the substantial amounts shown above for each other Named Executive Officer’s realized compensation are directly attributable to the lower level of achievement in 2015 and 2014 of the annual corporate performance goals set by the Committee under the Company's Annual Incentive Plan and the three-year performance goals set by the Committee under the Company’s Stock Incentive Plan, including, in particular, the Company's total shareholder return being in the bottom quartile of the applicable peer groups for the three-years ended December 31, 2015 and December 31, 2014 as compared to the 71st percentile in the three-years ended December 31, 2013.

We believe the Company's executive compensation 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 2015 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 16 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 group is listed on page 35).
- We provide a significant part of executive compensation in performance-based incentives. For 2015, the target awards under the Annual Incentive Plan and under the Stock Incentive Plan represented from approximately 61 percent to 79 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. As explained above, the lower level of achievement of various performance goals set by the Compensation Committee resulted in realized compensation for our Named Executive Officers being significantly less in 2015 and 2014 as compared to 2013.

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 and will have no effect on the outcome of the proposal

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 non-binding 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 response, in 2013, the Board of Directors adopted resolutions approving and recommending to shareholders amendments to the Certificate to eliminate the 80 percent supermajority voting standard. Approval of these amendments to the certificate of incorporation required approval of at least 80 percent of the Company’s outstanding Common Stock. Despite the Board of Director’s support, this 2013 proposal to amend the Company’s Certificate failed to pass, receiving less than the required 80 percent of the shareholders of record voting in favor. The

Company received a non-binding shareholder proposal to eliminate the supermajority voting provisions and adopt simple majority voting provisions prior to its 2015 annual meeting of shareholders and the Company included such proposal in its 2015 proxy materials. Prior to the 2015 meeting, the Board determined to support the shareholder proposal and unanimously recommended that shareholders vote in favor of the proposal. In the proxy materials for the 2015 meeting, the Company committed that if shareholders approved the shareholder proposal at the 2015 annual meeting, the Board would present for a vote of shareholders at the 2016 annual meeting amendments to the Company’s Certificate that, if approved, would eliminate the 80 percent supermajority voting standard. In excess of 95 percent of the shares present and entitled to vote at the 2015 annual meeting of shareholders (approximately 66 percent of the total shares outstanding) were voted in favor of the proposal. Accordingly, 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 -
SHAREHOLDER PROPOSAL REGARDING DISTRIBUTED GENERATION

The New York State Common Retirement Fund, beneficial owner of at least $2,000 worth of OGE Energy Corp. common stock, has given notice that it intends to present a proposal for action at the Annual Meeting.

In accordance with the Federal proxy regulations, the following is the complete text of the proposal exactly as submitted. The Company accepts no responsibility for the proposal.

OGE ENERGY - 2016
Whereas:
In May 2014, Barclays downgraded bonds for the entire U.S. electric utility sector due to risk of rapidly improving solar power and energy storage technologies.

A 2014 report by UBS found that solar systems and batteries will be disruptive technologies for utilities due to steeply declining costs.

In a recent analysis, Deutsche Bank predicts solar photovoltaic (PV) power costs will reach parity with average electricity prices (grid parity) in 36 U.S. states as soon as 2017, assuming today's 30% solar investment tax credit (ITC) is reduced to 10% in 2017 as current legislation stipulates.

The U.S. EPA recently released its final Clean Power Plan that requires states to achieve 32% GHG reductions on average nationwide (from 2005 levels), listing renewable energy as a key pillar of the plan.

94% of electric power industry representatives surveyed by PricewaterhouseCoopers predict that the power utility business model will be either completely transformed or significantly changed between today and 2030.

A November 2014 Moody's report indicated that "a proactive regulatory response to distributed generation is credit positive as it gives utilities improved rate designs and helps in the long-term planning for their infrastructure."

Navigant Research indicated that: "Utilities that proactively engage with their customers to accommodate distributed generation - and even participate in the market themselves - limit their risk and stand to benefit the most."

Electric power companies already capitalizing on providing distributed solar generation and energy efficiency services to customers include NRG Energy and Green Mountain Power.

The IPCC estimates that a 50% reduction in GHG emissions globally is needed by 2050 (from 1990 levels) to stabilize global temperatures, entailing a U.S. target reduction of 80%.

Resolved: With board oversight, assess how OGE Energy is adapting (or could adapt) its business model to enable increased deployment of distributed low-carbon electricity generation resources as a means to reduce societal greenhouse gas emissions and protect shareholder value, and report to shareholders (at reasonable cost and omitting proprietary information) by September 1st, 2016.

Supporting Statement: We recommend the assessment include analysis of revenue models for significant adoption of customer-sited solar and other applicable distributed generation resources (to be determined by management) using equipment owned by OGE Energy or by partnering with third-party installers who either lease or sell the equipment to customers.

THE BOARD OF DIRECTORS OPPOSES THE PROPOSED RESOLUTION AND UNANIMOUSLY RECOMMENDS A VOTE AGAINST ITEM 5 FOR THE FOLLOWING REASONS:

At OGE Energy Corp., we recognize that environmental responsibility is important to the quality of life of our customers, the communities we serve and our own employees and their families. It is also critical to our success. We have a dual responsibility to protect our natural resources and to provide safe, reliable and reasonably priced power. The Board does not believe, however, that it is necessary or cost-effective for the Company to prepare and publish the requested report on how the Company is adapting (or could adapt) its business model to enable increased deployment of distributed low-carbon electricity generation resources as a means to reduce societal greenhouse gas emissions ("GHG") and protect shareholder value because the Company's current public disclosures already provide shareholders with extensive information on the policies and practices it has adopted and those it will pursue in the near- and long-term to respond to environmental concerns, including the use of renewable energy resources and the reduction of GHG emissions.

The Company has long been an advocate for testing and adopting cost effective renewable technology. At December 31, 2015, the Company owned or contracted for 841 MW of electrical generation capacity from renewable energy sources, primarily from wind turbines. This represents approximately 12.4 percent of the Company’s total generation capability. As of December 31, 2015, there were approximately 346 distributed generation installations in the Company’s Oklahoma service territory, most of which are small residential installations. In response to recent legislation in Oklahoma intended to address proper cost recovery from customers utilizing certain distributed generation devices, the Company also has filed an application with the Oklahoma Corporation Commission proposing new tariffs to more equitably allocate costs and benefits from distributed generation.

The Company already provides extensive information regarding the policies and practices it has adopted and those it will pursue in the near- and long-term to respond to environmental concerns, including the use of renewable energy resources and the reduction of GHG emissions. This information is disclosed on the Company's website and in various publicly available reports and related documents, including OG&E’s integrated resource plan report (the "IRP Report") and the Company's annual disclosures to the Carbon Disclosure Project (the "CDP Report"). The IRP Report and the CDP Report are available at https://oge.com/wps/portal/oge/corporate/environment.

The IRP Report describes OG&E’s forecast electric demand and the mix of resources necessary for OG&E to meet its utility service obligations in light of certain environmental requirements, including the U.S. Environmental Protection Agency’s regional haze federal implementation plan. In particular, the IRP Report describes the various environmental compliance alternatives that OG&E has explored to meet such requirements. As part of the analysis of the alternatives, the IRP Report discusses expected costs, compliance with existing and potential future environmental regulations, the impact on the Company’s required reserve margins, potential wind and solar resources, demand side management forecasts, reliability, operational flexibility and forecast emissions from 2015 to 2025.

The CDP Report and the Company’s Annual Report on Form 10-K also include detailed information on the Company’s environmental compliance and policies, the Company’s substantial investment in wind resources, its energy efficiency and Smart Grid programs, and its plan to delay the addition of fossil fuel generation until 2020.

The Board believes that the Company’s publicly available information already effectively addresses the issues and concerns raised by the shareholder proposal.

The Company is mindful of the evolving nature of its regulatory landscape relating to distributed solar generation and net metering issues and the Company believes at this time it is premature to publicly speculate on proposed revenue models for distributed generation until the tariff and cost recovery issues are more fully developed. For these reasons, the Board does not support the specific requests made in this shareholder proposal, particularly the request to include analysis of revenue models for significant adoption of customer-sited solar and other applicable distributed generation resources.

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 and will have no effect on the outcome of the proposal.

The Board of Directors recommends a vote "AGAINST" Proposal No. 5. Proxies solicited by the Board of Directors will be voted "AGAINST" Proposal No. 5, unless a different vote is specified.

PROPOSAL NO. 6 -
SHAREHOLDER PROPOSAL REGARDING SUSTAINABILITY

Calvert VP S&P MidCap 400 Index Portfolio, beneficial owner of at least $2,000 worth of OGE Energy Corp. common stock, has given notice that it intends to present a proposal for action at the Annual Meeting.

In accordance with the Federal proxy regulations, the following is the complete text of the proposal exactly as submitted. The Company accepts no responsibility for the proposal.

RESOLVED: Shareholders request OGE Energy Corp. issue a sustainability report describing the company's present policies, performance, and improvement targets related to key environmental, social and governance (ESG) risks and opportunities. The report should be available on the company website by November 1, 2016, prepared at reasonable cost, omitting proprietary information.

SUPPORTING STATEMENT:

We believe tracking and reporting ESG practices strengthens a company's ability to compete in today's global business environment, which is characterized by finite natural resources, changing legislation, and heightened public expectations for corporate accountability. Reporting also helps companies gain strategic value from existing sustainability efforts, identify gaps and opportunities, develop company-wide communications, and recruit and retain employees.

Support for the practice of sustainability reporting continues to gain momentum:

- In 2013, KPMG found that of 4,100 global companies 71% publish ESG reports.
- The United Nations Principles for Responsible Investment has approximately 1,400 signatories with $59 trillion in assets under management. These members routinely use ESG information when analyzing the risks and opportunities associated with existing and potential investments.

OGE's website includes descriptions of programs related to the environment and discussion of charitable activities. However, these disclosures do not provide sufficient information about the company's operational ESG performance.

Investors increasingly request detailed ESG performance metrics, including data on occupational safety and health, vendor and labor standards, waste, water usage, energy efficiency, workforce diversity, product-related environmental impacts, and goals by which to judge the company's performance and management of these issues.

As shareholders, we believe it is not prudent to disregard the above indicators, which can pose significant regulatory, legal, reputational and financial risk to the company and its shareholders.

By not reporting, OGE is missing an opportunity to communicate with its shareholders about the company's strategy to manage potentially material ESG factors.

We recommend that the report include a company-wide review of policies, practices and metrics related to ESG performance. The Global Reporting Initiative (GRI) index could be a helpful checklist for guidance. The GRI Guidelines are the most widely used reporting framework, enabling companies to focus on their most important ESG issues.

THE BOARD OF DIRECTORS OPPOSES THE PROPOSED RESOLUTION AND UNANIMOUSLY RECOMMENDS A VOTE AGAINST ITEM 6 FOR THE FOLLOWING REASONS:

At OGE Energy Corp., we already demonstrate, and will continue to demonstrate, genuine concern about the issues that would be covered in the sustainability report requested by the proponent. We are committed to compliance with all laws, standards and regulations, and preservation of our corporate reputation through ethical business practices. We also are committed to the protection of the environment and the involvement by both the Company and its employees in civic improvement, charities and community activities.

Our Code of Ethics, which is available on our website, outlines our commitment to honesty, integrity and respect for people and describes additional corporate policies on environmental, social and governance issues. We expect our employees and directors to uphold the standards set forth in the Code of Ethics at work every day, and compliance with the standards serves as a critical element of compensation determinations throughout the organization. The Company's compliance record shows that we place a high priority on the impact of our business on the environment, as well as the safety of residents and communities in which we operate. The Company already provides significant and sufficient disclosure of the information sought by the proponents. For example, we use continuous emission monitoring systems to accurately capture and report our emissions data for carbon dioxide, sulfur dioxide and nitrogen oxide emissions on an hourly basis year round. This information is reported to the Clean Air Markets Division of the Environmental Protection Agency ("EPA") and is easily accessible to the public through the EPA's web site, http://www3.epa.gov/. In addition, the Company reports annually under the Community Right to Know Act its use of certain products and chemicals, and generation of certain wastes, even if these substances are not released into the environment. Data disclosed pursuant to this rigorous reporting requirement, also known as the Toxics Release Inventory, is readily available to the public and can be accessed at http://www.epa.gov/toxics-release-inventory-tri-program. The Company's website contains additional information regarding the Company's commitment to the environment, along with a discussion of several key environmental issues.

The Company is already subject to oversight by the SEC in terms of disclosure of material risks. The Company's 2015 Form 10-K contains information regarding risks faced by the Company, including those environmental risks that the Company considers material.

The proponent suggests that the Company follow the GRI Guidelines in producing the requested report. The latest GRI Guidelines are approximately 100 pages long and apply to global companies with global environmental impacts rather than companies like the Company.

Implementation of the proposal will require a significant amount of employee time and money that is not justified by the incremental benefit that might be obtained from providing the report. The Board of Directors believes that the Company's resources are better spent focusing on improving areas of the Company that can provide tangible results to our 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 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 and will have no effect on the outcome of the proposal.

The Board of Directors recommends a vote "AGAINST" Proposal No. 6. Proxies solicited by the Board of Directors will be voted "AGAINST" Proposal No. 6, unless a different vote is specified.

PROPOSAL NO. 7 -
SHAREHOLDER PROPOSAL REGARDING SIMPLE MAJORITY VOTE

John Chevedden, 2215 Nelson Avenue, No 205, Redondo Beach, CA 90278, beneficial owner of no fewer than 100 shares of OGE Energy Corp. since November 1, 2014, has given notice that he intends to present a proposal for action at the Annual Meeting.

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

RESOLVED, Shareholders request that our board take the steps necessary so that each voting requirement in our charter and bylaws that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws. This proposal includes that our board fully support this proposal topic and commit to spend up to $10,000 or more on means, such as special solicitations, as needed in a good faith best effort to obtain the super-high vote required for passage as a binding company proposal.

Our management promised to submit a Simple Majority Vote proposal to a binding shareholder vote at our 2016 annual meeting. This proposal is focused on preventing a possible predicament that up to 79% of our shares will vote in favor - yet the 2016 proposal will fail because a formidable 80% vote is needed.

Shareowners are willing to pay a premium for shares of companies that have excellent corporate governance. Supermajority voting requirements, the target of this proposal, have been found to be one of 6 entrenching mechanisms that are negatively related to company performance according to "What Matters in Corporate Governance" by Lucien Bebchuk, Alma Cohen and Allen Ferrell of the Harvard Law School. Supermajority requirements are used to block initiatives supported by most shareowners but opposed by a status quo management.

This proposal topic won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. Currently a 1%-minority can frustrate the will of our 79%-shareholder majority. In other words a 1%- minority could have the power to prevent shareholders from improving our corporate governance.

Please vote to enhance shareholder value:
Simple Majority Vote - Proposal 7

BOARD OF DIRECTORS' RESPONSE

THE BOARD OF DIRECTORS OPPOSES THE PROPOSED RESOLUTION AND UNANIMOUSLY RECOMMENDS A VOTE AGAINST ITEM 7 FOR THE FOLLOWING REASONS:

This proposal is not necessary. As explained in Proposal 4, the Board of Directors has already approved the amendments to the Certificate, and has recommended to the Company's shareholders that they vote at this year’s annual meeting in favor of amending the Company's Certificate, to eliminate the supermajority voting provisions that are the subject of this shareholder proposal. This action by the Board to propose the elimination of the supermajority voting provisions is consistent with the Company’s commitment in the 2015 proxy materials that if shareholders approved a substantially similar shareholder proposal at the 2015 annual meeting, the Board would present for a vote of shareholders at the 2016 annual meeting amendments to the Company's certificate of incorporation that, if approved, would eliminate the 80 percent supermajority voting standard. The action of the Board to approve the amendments and recommend, in Proposal No. 4, that the shareholders approve such amendments demonstrates that this shareholder proposal already has been substantially implemented and approval of this shareholder proposal is not necessary. If shareholders wish to support the elimination of supermajority voting provisions, they should vote for Proposal No. 4.

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 does not necessarily eliminate the supermajority voting provisions. As noted above, to change the supermajority voting provisions, holders of at least 80 percent of the Company's outstanding Common Stock must approve an actual amendment to the Company's certificate of incorporation. As indicated above, the Board is separately presenting for a vote of shareholders at this annual meeting amendments to the company’s certificate of incorporation that, if approved, will eliminate the 80% supermajority voting standard.

The Board of Directors recommends a vote "AGAINST" Proposal No. 7. Proxies solicited by the Board of Directors will be voted "AGAINST" Proposal No. 7, 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 2015 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 2015 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 2016. 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 2015.

Fees for Principal Independent Accountants

Year ended December 31	2015	2014
Integrated audit of OGE Energy and its subsidiaries financial statements and internal control over financial reporting	$1,141,700	$1,095,700
Services in support of debt and stock offerings	—	155,000
Other (A)	299,100	298,000
Total audit fees (B)	1,440,800	1,548,700
Employee benefit plan audits	133,000	128,000
Other (C)	—	—
Total audit-related fees	133,000	128,000
Assistance with examinations and other return issues	47,570	56,590
Review of Federal and state tax returns	33,500	61,100
Total tax preparation and compliance fees	81,070	117,690
Total tax fees	81,070	117,690
Total fees	$1,654,870	$1,794,390

(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.
(C) For 2015, this amount includes estimated billings for the completion of the 2015 audit, which services were rendered after year-end.

There were no other fees billed by the principal independent accountants to OGE Energy in 2015 and 2014 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, 2015, for filing with the SEC. The Audit Committee selected Ernst & Young LLP as the Company's principal independent accountants for 2016.

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 2015, 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 O. Lorenz, Chair
Frank A. Bozich, Member*
David L. Hauser, Member **
Kirk Humphreys, Member

* Mr. Bozich has been a member of the Audit Committee effective February 24, 2016.
** Mr. Hauser has been a member of the Audit Committee since July 15, 2015.

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

The six Named Executive Officers in the Summary Compensation Table on page 45 are as follows:
Sean Trauschke, Chairman of the Board, President and Chief Executive Officer of the Company and of OG&E
E. Keith Mitchell, Chief Operating Officer of OG&E
Stephen E. Merrill, Chief Financial Officer of the Company and of OG&E
Paul Renfrow, Vice President, Public Affairs and Corporate Administration of the Company and of OG&E
Jean C. Leger, Jr., Vice President, Utility Operations of OG&E
Peter B. Delaney, Former Chairman of the Board and Chief Executive Officer of the Company and of OG&E

In 2015, the Company completed the successful transition of the Company's Chairman, President and CEO position from Peter Delaney to Sean Trauschke, a process that began in 2013. Mr. Trauschke was appointed in July 2013 as President of OG&E while continuing to serve as the Chief Financial Officer of both the Company and OG&E. In September 2014, Mr. Trauschke was appointed President of the Company with Mr. Delaney remaining as Chairman and Chief Executive Officer and with Steve Merrill assuming Mr. Trauschke's former position as Chief Financial Officer of both the Company and OG&E. On June 1, 2015, Mr. Trauschke was appointed President and Chief Executive Officer of the Company, with Mr. Delaney remaining as Chairman of the Board and becoming the interim Chief Executive Officer of the Company's affiliate, Enable Midstream Partners, LP ("Enable"). As explained in more detail below, Enable reimbursed the Company, commencing June 1, 2015, at the rate of $100,000 per month for Mr. Delaney's services as Enable's interim CEO. The last step of the transition process occurred on December 1, 2015, with Mr. Trauschke assuming the position of Chairman, President and CEO of the Company following Mr. Delaney's retirement from the Company on December 1.

Executive Summary. 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 2015 salary, target award under our Annual Incentive Plan and target long-term award under our Stock Incentive Plan for each Named Executive Officer as set by the Compensation Committee in February 2015 was either below or within 16 percent of the median amount as reported by the Compensation Committee's executive compensation consultant for an executive with similar duties at that time in the Company Peer Group, which is described below. 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 2015 compensation, the results of the vote at last year's Annual Meeting of Shareholders were reviewed by the Compensation Committee and, in light of the more than 90 percent approval, the Compensation Committee determined that no significant changes to its executive compensation practices were warranted.

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 compensation whose payout is dependent on the achievement of performance objectives. This is shown by the level of 2015 salaries, annual incentive awards and long-term incentive awards set for the Named Executive Officers. For 2015, "Salary" for the Named Executive Officers accounted for approximately 21 percent to 39 percent of total direct compensation (i.e., salary plus targeted annual and long-term incentive compensation), while performance-based compensation accounted for approximately 61 percent to 79 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. As explained in more detail below, due to performance that was not at target levels for certain of the performance goals set by the Compensation Committee for the one-year and three-year performance periods ended December 31, 2015, the Named Executive Officers received in February 2016 (i) 50 percent to 53 percent of their target 2015 Annual Incentive Plan awards and (ii) none of their target 2013 long-term incentive awards.

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 2015. For the Named Executive Officers, payout of the Company performance goals for 2015 set by the Compensation Committee were based: (i) for Messrs. Delaney, Trauschke and Merrill, 50 percent on the earnings of OG&E (the "OG&E Earnings Target"), 30 percent on an operations and maintenance expense target for various business units of the Company and OG&E (the "O&M Target"), 10 percent on a safety target of the Company and OG&E (the "Safety Target"), and 10 percent on several customer-related and operational goals (the "Customer/Operations Target"); and (ii) for Messrs. Mitchell, Renfrow, Leger and each other executive officer of the company, 40 percent on the OG&E Earnings Target, 30 percent on the O&M Target, 15 percent on the Safety Target and 15 percent on the Customer/Operations Target.

With respect to the level of performance of the performance goals set by the Compensation Committee for 2015, the Company exceeded the O&M Target, did not achieve the minimum level of performance needed for a payout based on the Safety Target, achieved some aspects of the Customer/Operations Target and did not achieve the minimum level of OG&E earnings needed for a payout of the OG&E Earnings Target. This level of performance caused Mr. Delaney, Mr. Trauschke and Mr. Merrill to receive approximately 50 percent and Mr. Mitchell, Mr. Leger and Mr. Renfrow to receive approximately 53 percent of their 2015 targeted annual awards under the Annual Incentive Plan. Since Mr. Delaney's employment with the Company terminated on December 1, 2015, he received a reduced, prorated payout based on the number of months that he was employed by the Company in 2015.

Compensation for 2015 for the Named Executive Officers also included possible payouts of the long-term awards made to them in early 2013 for the three-year performance period ending December 31, 2015. Payouts of 75 percent of the 2013 long-term awards were tied to the Company's total shareholder return over the three-year period ending December 31, 2015 and payouts of the remaining 25 percent were tied to growth in the Company's consolidated earnings per share (the "Company's EPS") over the same three-year period from the Company's EPS of $1.79 for 2012 (as adjusted for the 2013 stock split). Each Named Executive Officer received no payout of his 2013 target long-term award. This zero payout was due to the officers receiving no payout of the 75 percent of their 2013 long-term awards based on total shareholder return as the Company's total shareholder return for the three years ending December 31, 2015 was in the bottom quartile of the 51 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index. The officers also did not receive a payout of the 25 percent of their long-term award based on earnings growth as the Company's earnings in 2015 were below the Company's earnings per share of $1.79 for 2012. The terms of these performance awards do not permit any adjustments to calculating total shareholder return or earnings growth for unusual one-term events, such as the impairment charges of $108.4 million incurred by the Company in 2015.

As noted above, the Named Executive Officers also received long-term awards under the Stock Incentive Plan in February 2015 with payouts, if any, to occur in 2018 after the end of the three-year performance period ending on December 31, 2017. Payouts are entirely performance-based and will be based on the Company's total shareholder return during the performance period compared to the total shareholder return during the same period of 51 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Section Index and on the growth in OG&E's earnings during the performance period from the $1.46 per share earned by OG&E in 2014.

The alignment of the Company's performance and executive compensation is illustrated by the “realized compensation” paid to our Named Executive Officers in 2015 as compared to prior years. We view realized compensation as items that are actually paid to an executive as contrasted to items that may or may not be paid to an executive in the future. This alternative view of compensation paid to our Named Executive Officers is provided as a supplement to, not as a substitute for, the Summary Compensation Table that appears on page 45. We define realized compensation as the sum of: (i) salary (as reported in column (c) of the Summary Compensation Table), (ii) payouts under the Company's Annual Incentive Plan (as reported in column (g) of the Summary Compensation Table), (iii) payouts under the Company's Stock Incentive Plan of performance-based stock awards that vested (as reported annually in the Option Exercises and Stock Vested Table) and (iv) all other compensation (as reported in column (i) of the Summary Compensation Table). As shown by the following table, realized compensation was significantly lower for our Named

Executive Officers in both 2015 and 2014 as compared to 2013.

	Realized Compensation		
	2015	2014	2013
Sean Trauschke	$1,046,601	$1,209,787	$2,454,489
Stephen E. Merrill	$577,461	$715,798	$1,207,183
E. Keith Mitchell	$674,009	$788,808	$792,165
Jean C. Leger, Jr.	$483,790	$542,534	$1,061,188
Paul Renfrow	$465,167	$562,476	$856,665
Peter B. Delaney	$2,411,105	$2,605,583	$7,164,871

The decreases in 2015 and 2014 compared to 2013 of more than 60 percent in Mr. Delaney’s realized compensation, of more than 50 percent in Mr. Trauschke's realized compensation, and of the substantial amounts shown above for each other Named Executive Officer’s realized compensation are directly attributable to the lower level of achievement in 2015 and 2014 of the annual corporate performance goals set by the Committee under the Company's Annual Incentive Plan and the three-year performance goals set by the Committee under the Company’s Stock Incentive Plan, including, in particular, the Company's total shareholder return being in the bottom quartile of the applicable peer groups for the three-years ended December 31, 2015 and December 31, 2014 as compared to the 71st percentile in the three-years ended December 31, 2013.

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 the Stock Incentive Plan have been approved by our shareholders, with the last approval occurring at the Annual Meeting of Shareholders in 2013. 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 earnings and 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. 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 has retained Mercer each subsequent year. 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 2015 compensation for all executive officers of the Company:

Alliant Energy Corp.	ONE Gas
Ameren Corp.	Pepco Holdings, Inc.
CenterPoint Energy, Inc.	Pinnacle West Capital Corporation
CMS Energy Corp.	SCANA Corporation
DTE Energy Company	TECO Energy, Inc.
Great Plains Energy, Inc.	Vectren Corporation
Integrys Energy Corp, Inc.	Westar Energy, Inc.
NiSource Inc.	Wisconsin Energy Corporation
Northeast Utilities (now Eversource Energy)	

The companies comprising the Company Peer Group were initially 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, the addition for 2013 of Northeast Utilities and Pinnacle West Capital Corporation to replace a company that no longer met the size criteria, the removal for 2015 of a company (NV Energy) that was acquired during 2014 and the replacement for 2015 of ONEOK, Inc. with ONE Gas. The criteria for selecting peer companies has become more focused in recent years on size (both market value and revenues), business mix and geographic location.

On May 1, 2013, the Company's midstream natural gas business, which was owned by Enogex LLC and its subsidiaries ("Enogex"), was combined with the midstream and certain related natural gas businesses of CenterPoint Energy, Inc. to form Enable (the "Enable Midstream Transaction"). The analysis by the Compensation Committee of the Company Peer Group in setting compensation since 2013 has been impacted by the Enable Midstream Transaction. As noted above, a factor in selecting a peer company is a company's consolidated revenues compared to OGE Energy's consolidated revenues. Upon the closing of the Enable Midstream Transaction, the Company ceased reporting Enogex's results on a consolidated basis with the Company, which, among other things, lowered the Company's consolidated revenues. On the other hand, the Enable Midstream Transaction resulted in a significant increase in the Company's market value. Accordingly, in December 2013 when the Committee was setting executive compensation for 2014 and in December 2014 when the Committee was setting executive compensation for 2015, the Company was in the bottom quartile of the Company Peer Group in terms of revenues, but in the top half in terms of market value. In addition, the overall day-to-day operations at the Company had remained relatively unchanged. As a result, the Committee determined that only the changes noted above were needed for 2014 or 2015, given the Company's market value and continued similarity in business operations to the Company Peer Group.

As noted above, the Compensation Committee retained Mercer in 2014 as its compensation consultant for 2015. For 2015, 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 of the Company and OG&E. 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 2014 and set each executive officer's 2015 salary (including the salary of Mr. Mitchell who became Chief Operating Officer in February 2015) and, subject to potential adjustment at its meeting in February 2015, each executive officer's target annual incentive award and target long-term incentive award for 2015. These amounts set by the Compensation Committee were 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. For Mr. Mitchell and in anticipation of his joining OG&E as Chief Operating Officer in early 2015, the Committee at its meeting in December 2014 set Mr. Mitchell's salary, target annual incentive award, and target long-term incentive award based primarily on his prior accomplishments at Enogex and Enable and the comparable amounts shown at the median of an executive officer with similar duties in the Company Peer Group. The target annual and long-term incentive awards for each officer 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 Mr. Peter B. Delaney, who was then serving as the Company's CEO, and by Mr. Trauschke, who was then serving as the Company's President, the Compensation Committee at its meetings on February 25, 2015 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 operational measures that improve our operations. At its meeting on February 25, 2015, the Compensation Committee also approved the form of the long-term compensation awards for the executive officers, which, 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, 2017.

In setting the executive compensation for any given year, the Compensation Committee historically (including 2015) has not looked to compensation earned by executives in prior years, including specifically amounts realized from grants in prior years of annual incentive awards or long-term incentive awards. The primary reasons are that our executive compensation program seeks to have all components of executive compensation be competitive, and the portions of an executive's compensation that could vary materially from year to year are primarily performance-based. As a result, high levels of executive compensation in a particular year historically have resulted from excellent Company performance, which the Compensation Committee believed did not warrant a reduction in future compensation levels or in our compensation principles. There also is no established policy or target for the allocation between either cash and non-cash or annual and long-term compensation. Rather, the Compensation Committee reviews market pay information from Mercer in determining the appropriate level and mix of incentive compensation.

As indicated above, our senior management and, in particular, our CEO and our President, played an important part in setting 2015 executive compensation. Besides developing recommendations for the Company performance goals that needed to be met for payouts of 2015 annual incentive awards and long-term incentive awards, they reviewed with the Compensation Committee at its December 2014 meeting the performance evaluations of each officer (other than the CEO) with the CEO giving his performance evaluation of the President. They also reviewed and discussed with the Compensation Committee at its December 2014 meeting their recommendations for each officer of 2015 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 2015 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 2015 compensation.

Base Salary. As explained above, the base salaries for our executive officers in 2015 were designed to be competitive with the Company Peer Group. Except as set forth below, 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 Company Peer Group. The initial salaries of executive officers for 2015 were determined by the Compensation Committee in December 2014. The 2015 base salary amounts and percentage increase approved by the Compensation Committee in December 2014 for the Named Executive Officers (other than Mr. Mitchell) were as follows: Mr. Delaney, $1,100,000, 12.2 percent increase; Mr. Trauschke, $625,000, 8.7 percent increase; Mr. Merrill, $400,000, no increase; Mr. Renfrow, $338,000, 4.0 percent increase; and Mr. Leger, $350,000, 3.0 percent increase. With these changes, the new salaries for each of these Named Executive Officers ranged from approximately 16 percent above to 23 percent below the median salaries of executives with similar duties in the Company Peer Group. For Mr. Mitchell, his annual salary of $470,000 was approved by the Compensation Committee prior to his commencement of employment as Chief Operating Officer of OG&E on February 1, 2015, and such amount was slightly below the median salary for an executive with similar duties in the Company Peer Group. Mr. Mitchell had been serving as Executive Vice President and Chief Operating Officer of Enable immediately prior to his becoming OG&E's Chief Operating Officer and, as explained in more detail below, received $250,000 under a Retention Agreement, dated October 24, 2013 between the Company and Mr. Mitchell upon his becoming OG&E's Chief Operating Officer.

As noted above, Mr. Trauschke's 2015 salary was initially set in December 2014 at $625,000, which amount was approximately 6 percent or $36,000 above the median salary of an executive with similar duties in the Company Peer Group. The Committee's action reflected both Mr. Trauschke's performance and the expectation that Mr. Trauschke would assume more of Mr. Delaney's duties in 2015 as part of the CEO transition process. Also as noted above, Mr. Trauschke was appointed as the Company's President and CEO, effective June 1, 2015, with Mr. Delaney ceasing to serve as the Company's CEO, but remaining as the Company's Chairman and becoming the interim CEO of Enable. No immediate change was made to Mr. Trauschke's compensation upon his assuming the CEO position. However, the Committee at its meeting on July 14, 2015 increased Mr. Trauschke's annual salary from $625,000 to $800,000, effective July 20, 2015, and no other change was made to any other aspect of Mr. Trauschke's compensation. Mr. Trauschke's new salary of $800,000 was below the market median of a CEO in the Company's Peer Group and below Mr. Delaney's 2015 salary of $1,100,000. Upon Mr. Delaney assuming the position as Enable's interim CEO commencing June 1, 2015, Enable reimbursed the Company for Mr. Delaney's services at a rate of $100,000 per month, which more than offset the monthly salary of $91,667 then being paid by the Company to Mr. Delaney.

Annual Incentive Compensation. Annual incentive awards with respect to 2015 performance were made under the Annual Incentive Plan to approximately 95 employees, including all executive officers. The Plan provides participants with annual incentive awards, the payment of which is dependent entirely on the achievement of the Company performance goals that, for 2015, were established by the Compensation Committee in February 2015. 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 2015 (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 the Named Executive Officers, the targeted amounts and (other than Mr. Mitchell, who did not become OG&E's Chief Operating Officer until February 2015) the changes from their 2014 targeted amounts were as follows: Mr. Delaney, 100 percent of his 2015 salary (no change); Mr. Trauschke, 80 percent of his 2015 salary (an increase from 70 percent); Mr. Merrill, 70 percent of his 2015 salary (no change); Mr. Mitchell, 70 percent of his 2015 salary; Mr. Leger, 65 percent of his 2015 salary (no change); and Mr. Renfrow, 55 percent of his 2015 salary (an increase from 50 percent). The targeted amount expressed as a percentage of salary for each of these individuals ranged from 0 percent below to 10 percent above the median of the level of such award granted to a comparable executive in the Company 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 Messrs. Delaney, Trauschke and Merrill, the Company performance goals for 2015 were based: 50 percent on the OG&E Earnings Target, 30 percent on the O&M Target, 10 percent on the Safety Target and 10 percent on the Customer/Operations Target. For Messrs. Mitchell, Renfrow and Leger and all other executive officers, the Company performance goals for 2015 were based: 40 percent on the OG&E Earnings Target, 30 percent on the O&M Target, 15 percent on the Safety Target, and 15 percent on the Customer/Operations Target.

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 2015 Company performance goals set for the Named Executive Officers in 2015, 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 (as calculated pursuant to the terms of the awards) and as authorized by the Compensation Committee:

	Minimum	Target	Maximum	Actual Performance	% Payout
OG&E Earnings Target	$1.41/share	$1.45/share	$1.49/share	$1.35/share	0%
O&M Target	$410 million	$401.5 million	$396 million	$395.6 million	150%

Safety Target (Recordable Incident Rate)	0.79	0.55	0.00	0.92	0%
Customer/Operations Target					
SAIDI	128 Min	114 Min	102 Min	140.67 Min	0%
JD Power Surveys	Top 75%	Top 87.5%	Top Score	87.8%	101%
Equivalent Unplanned Outage Rate	8.8%	5.8%	2.1%	16.61%	0%

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Calculations of the OG&E Earnings Target and the O&M Target were derived from the amounts reported in the Company's 2015 financial statements, with the OG&E Earnings Target being the reported consolidated net income of OG&E for the year ended December 31, 2015, divided by the diluted average common shares outstanding for 2015 of OGE Energy and with the O&M Target being specific O&M expenses for various business units of the Company and OG&E. The Safety Target was based on recordable incident rates, which are derived from the Federal Occupational Safety and Health Act of 1970 standards for reportable injuries. The Customer/Operations Target consists of the following three goals: (i) SAIDI (the System Average Interruption Duration Index), which is used by many electric utilities as an indicator of reliability and which measures the average duration of specified electric outages per customer served, (ii) JD Power Surveys, which are the results of the surveys conducted by J.D. Power and Associates that are intended to measure the level of customer satisfaction primarily by the customers of larger electric utilities, including OG&E, serving the Southern Region of the United States and (iii) Equivalent Unplanned Outage Rate, which generally measures the occurrence of unscheduled outages of OG&E's electric generating units that result in the unit having to shut down or to operate at a lower capacity. At the time of setting the OG&E Earnings Target and the O&M Target, 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 24, 2015 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 2015, the exclusion of certain operating, maintenance and other expenses that were approved by the Oklahoma Commission for recovery through a rider or similar mechanism, such as expenses incurred to restore electric service following a storm, and the exclusion of certain net gains or losses in 2015 from the sale, other disposition or impairment of any business or asset. For annual incentive compensation purposes for executive officers, these exceptions had no effect other than the exclusion of expenses to restore electric service following a storm. This exclusion lowered O&M expenses by $51.7 million, which increased the level of payout of the O&M Target from zero to 150 percent. The exceptions did not affect the payout of any other performance goal. The Company believes that those exceptions, which were set by the Compensation Committee at the same time the 2015 Company performance goals were set in February 2015, 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 performance was subject to being decreased, but not increased, at the discretion of the Compensation Committee. For 2015, and as shown by the chart above, corporate performance of the O&M Target and portions of the Customer/Operations Target exceeded the minimum levels of achievement established by the Compensation Committee to permit a payout while the performance of the OG&E Earnings Target and the Safety Target were below the minimum level of performance to permit a payout. 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 approximately 29 percent to 50 percent of their earned base salaries and from 50 percent to 53 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 45.

Long-Term Incentive Compensation. Long-term incentive awards also were made in 2015 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 2015, 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 2015 salary that was initially approved by the Compensation Committee. For 2015, the targeted amount ranged from 115 percent to 285 percent of the 2015 salaries 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 for 2015 were as follows: Mr. Delaney, 285 percent of his 2015 salary; Mr. Trauschke, 200 percent of his 2015 salary; Mr. Merrill, 125 percent of his 2015 salary; Mr. Renfrow, 100 percent of his 2015 salary; Mr. Mitchell, 150 percent of his 2015 salary; and Mr. Leger, 115 percent of his 2015 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, other than Mr.Trauschke's targeted amount, which was 21 percent above the median amount of 179 percent. As was done with Mr. Trauschke's salary for 2015, the setting of Mr. Trauschke's target amount of long-term compensation by the Compensation Committee was based in part on the expectation that Mr. Trauschke would assume more of Mr. Delaney's CEO responsibilities during 2015.

Since 2005, the Compensation Committee has made annual awards of long-term compensation to executive officers solely in the form of performance units with payout of the performance units being dependent on achievement of Company performance goals set by the Compensation Committee. The Compensation Committee in the past 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 (i.e., the Company's consolidated earnings per share) over the same period compared to an earnings growth target set by the Compensation Committee. For 2015, the Compensation Committee continued using TSR as the performance goal for 75 percent of the performance units awarded in 2015, but, for the remaining 25 percent of performance units, changed from growth in the Company's EPS to growth in OG&E's earnings per share (the "OG&E EPS Performance Goal"). The change reflected management's belief that the two separate measures of OG&E's earnings and Enable's EBITDA (i.e., earnings before interest, taxes, depreciation and amortization) were a better indicator of the Company's performance than the Company's consolidated earnings per share. In addition, management believed that the Company's consolidated earnings would continue to be reflected in the Company's total shareholder return, which would remain as the performance goal for 75 percent of the awarded performance units in 2015. For these reasons, management recommended and the Compensation Committee agreed to have 25 percent of the awarded performance units in 2015 based on OG&E's earnings per share rather than the Company's consolidated earnings per share.

The 2015 performance units were granted to executive officers in February 2015, 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 2015 base salary, and as determined above) and dividing that amount by $33.86, which was the closing price of a share of the Company's Common Stock on February 23, 2015. Using this valuation method, the Named Executive Officers received a number of performance units with a value at the date of grant from 100 percent to 285 percent of their initial 2015 salaries. At the end of the performance period on December 31, 2017, the Committee will determine the number of 2015 performance units, if any, that have been earned ("Earned Performance Units") based on the level of achievement of the TSR Performance Goal and OG&E EPS Performance Goal. Payouts of the Earned Performance Units will be in shares of the Company's common stock equal in number to the Earned Performance Units plus a cash payment equal to the amount of dividends that would have been paid during the performance period on such number of shares of the Company's common stock. This payment of dividend equivalents will be made only with respect to Earned Performance Units and dividend equivalents will not be paid on any unearned Performance Units.

Terms of 2015 Performance Units Based on TSR Performance Goal. As indicated above, the terms of 75 percent of the performance units granted to each executive officer in 2015 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 the three-year period ending December 31, 2017 (defined as share price increase (decrease) since December 31, 2014 plus dividends paid during the three-year period, divided by share price at December 31, 2014) 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 51 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index. At the end of the performance period on December 31, 2017, 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.

Terms of 2015 Performance Units Based on OG&E EPS Performance Goal. For the remaining 25 percent of performance units granted to each executive officer in 2015, the officer is entitled to receive from 0 percent to 200 percent of the performance units granted depending upon the growth in OG&E's EPS over the three-year period ending December 31, 2017. The growth in OG&E's EPS for these officers will be measured from $1.46 per share earned in 2014 from OG&E's 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 performance period on December 31, 2017, 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 1.5 percent per year. OG&E'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, 2017, compared to the benchmark of $1.46.

Payout of 2013 Performance Units. At the Compensation Committee's meeting in February 2016, the Committee determined payouts to executive officers of the 2013 performance units awarded to them in February 2013 as part of their long-term compensation for 2013. Payout of 75 percent of the performance units awarded in 2013 was dependent on the achievement of a Company performance goal based on the Company's relative total shareholder return for the three-year period ended December 31, 2015 as compared to the total shareholder return for the same period of each of the 51 utility holding companies and gas and electric utilities in the Standard & Poor's 1500 Utilities Sector Index. The remaining 25 percent of the performance units awarded in 2013 was dependent on the average annual growth in the Company's EPS over the three-year period ending December 31, 2015, compared to the Earnings Growth Target of 4.5 percent per year set by the Compensation Committee in February 2013. The

Company's average annual EPS growth is calculated on a point-to-point basis by dividing by one-third the percentage increase or decrease in the Company's EPS for the year ended December 31, 2015 of $1.36, compared to the benchmark of $1.79 for the year ended December 31, 2012. For each of the 2013 performance units, 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 200 percent payout would be made).

The following table shows the minimum, target and maximum levels of performance set by the Compensation Committee in February 2013 for the 2013 performance units based on total shareholder return and on growth in EPS:

	Minimum	Target	Maximum	Actual Performance	% Payout
Total Shareholder Return	35th percentile of peer group	50th percentile of peer group	90th percentile of peer group	Below 35th percentile of peer group	0%
EPS Growth	2.5%/year	4.5%/year	7%/year	Below 2.5%/year	0%

As shown above, the Company's total shareholder return for the three-year period ending December 31, 2015, was below the 35th percentile of the peer group while the Company's average annual EPS growth (calculated, as described above, on a point-to-point basis) over the three years ending December 31, 2015, was below 2.5 percent. These levels of performance resulted in no payouts of the 2013 performance units, which is reflected in the Stock Awards - Value Realized on Vesting column of the 2015 Option Exercises and Stock Vested Table on page 49.

CEO Compensation. As explained previously, Mr. Trauschke became the Company's CEO on June 1, 2015, with Mr. Delaney continuing as the Company's Chairman and becoming the interim CEO of Enable. Mr. Trauschke then became Chairman, President and CEO of the Company on December 1, 2015, upon Mr. Delaney's retirement from the Company.

The 2015 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. In December 2014, , Mr. Delaney's 2015 salary was increased 12.2 percent from $980,000 to $1,100,000. This amount was 16 percent above the median salary and at approximately the 75th percentile for the salary of a CEO in the Company Peer Group. In setting Mr. Delaney's salary at the 75th percentile, the Committee recognized Mr. Delaney's high level of performance for many years and his leadership role in implementing the Company's CEO succession plan. Mr. Delaney's 2015 targeted award under the Annual Incentive Plan remained unchanged at 100 percent of his 2015 salary, and his targeted amount of long-term compensation was increased from 260 percent to 285 percent of his 2015 salary. Each of these targeted amounts was at the median of the level of such awards to a CEO in the Company Peer Group. The overall result was that the aggregate amount of Mr. Delaney's approved 2015 salary, targeted award under the Annual Incentive Plan and targeted amount of long-term compensation was approximately 16 percent above the median of such aggregated amount, and at approximately the 62nd percentile of such aggregated amount, for a CEO in the Company Peer Group. Like 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 23, 2015, and resulted in his receiving 92,587 performance units. The terms of these performance units are identical to those awarded other executives of the Company and are described above. When Mr. Delaney ceased serving as the Company's CEO on June 1, 2015 and began serving as Enable's interim CEO, no change was made by the Company in Mr. Delaney's compensation. However, Enable reimbursed the Company at $100,000 per month from June 1, 2015 through November 30, 2015, for Mr. Delaney's services as Enable's interim CEO, which more than offset the salary of $91,667 per month paid by the Company to Mr. Delaney from June 1, 2015 until Mr. Delaney's retirement from the Company on December 1, 2015. Also, with Mr. Delaney's retirement on December 1, 2015, any payout of the 92,587 performance units awarded to Mr. Delaney in February 2015 will be prorated based on his having been employed by the Company for only 11 months of the 36-month performance period for the units.

As a result of 2015 corporate performance of the corporate goals described above, Mr. Delaney was entitled to a payout of $521,117 under the Annual Incentive Plan, representing approximately 50 percent of his targeted award and 50 percent of his salary. This payout of $521,117 reflects a reduction of one-twelfth due to Mr. Delaney only being employed by the Company for 11 months of 2015. Like other executive officers, Mr. Delaney did not receive in February 2016 a payout of any of the 76,008 performance units previously granted to Mr. Delaney in February 2013 based on the Company's total shareholder return for the three years ended December 31, 2015 or based on the average annual growth of the Company's EPS for the three years ended December 31, 2015, which lack of any payout is reflected in the Stock Awards - Value Realized on Vesting column of the 2015 Option Exercises and Stock Vested Table on page 49.

As noted above, Mr. Trauschke was promoted on June 1, 2015 from President to President and CEO of the Company. The 2015 compensation for Mr. Trauschke consisted generally 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. In setting Mr. Trauschke's 2015 compensation in December of 2014, the Committee based its decisions on Mr. Trauschke's performance and the expectation that he would be assuming in 2015 more of Mr. Delaney's day-to-day responsibilities as the Company's CEO. In December 2014, the Committee increased Mr. Trauschke's salary for 2015 from $575,000 to $625,000, his 2015 targeted award under the Annual Incentive Plan from 70 percent to 80 percent of his 2015 salary and his targeted amount of long-term compensation from 175 percent to 200 percent of his 2015 salary. The overall result was that the initial amount of Mr. Trauschke's approved 2015 salary, targeted award under the Annual Incentive Plan and targeted amount of long-term compensation in December on a combined basis was approximately 15.5 percent above the median of such aggregated amount for an executive officer with comparable duties in the Company Peer Group. Like other Named Executive Officers, Mr. Trauschke'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 23, 2015, and resulted in his receiving 36,935 performance units. The terms of these performance units are identical to those awarded other executives of the Company and are described above. When Mr. Trauschke became the Company's CEO in June 2015, no immediate change was made to his compensation. The Committee in July 2015 did increase his annual salary, effective July 20, 2015 from $625,000 to $800,000. This amount was less than the median salary of a CEO in the Company Peer Group. No other change was made during the balance of 2015 to Mr. Trauschke's compensation for 2015.

As a result of 2015 corporate performance of the corporate goals described above, Mr. Trauschke was entitled to a payout of $280,080 under the Annual Incentive Plan, representing approximately 50 percent of his targeted award and 40 percent of his salary paid in 2015. Like other executive officers, Mr. Trauschke did not receive in February 2016 a payout of any of the 36,935 performance units previously granted to Mr. Trauschke in February 2013 based on the Company's total shareholder return for the three years ended December 31, 2015 or the average annual growth of the Company's EPS for the three years ended December 31, 2015, which lack of any payment is reflected in the Stock Awards - Value Realized on Vesting column of the 2015 Option Exercises and Stock Vested Table on page 49.

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. Upon Mr. Delaney's retirement on December 1, 2015, he became entitled to the payment of his vested benefits under the Pension Plan, Restoration of Retirement Income Plan and SERP. For the amount of these benefits and additional information on the Pension Plan, Restoration of Retirement Income Plan and SERP, see 2015 Pension Benefits Table on page 49.

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. For employees hired or rehired on or after December 1, 2009, the Company contributes to the 401(k) Plan, on behalf of each participant, 200 percent of the participant's contributions up to five percent of compensation.

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 2015, other than Mr. Delaney, whose perquisites were $13,428 and consisted of payment of social membership dining and country club dues and payment for an annual physical exam. The Compensation Committee reviews annually the perquisites provided to officers and believes that the perquisites provided to officers in 2015 were reasonable.

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 54, 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 change of control 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. As explained above, the Company has not issued stock options since 2004 and there are no options currently outstanding.

As explained previously, Enogex was combined on May 1, 2013 with the midstream natural gas and certain related businesses of CenterPoint Energy to form Enable. The individuals who previously were working at Enogex LLC and its subsidiaries did not become employees of Enable on May 1, 2013. Instead, the individuals remained employees of OGE Holdings, a subsidiary of the Company, and were seconded to Enable. The primary reason for this course of action was to allow the employees to keep their existing benefits under the Company's retirement, 401(k), health and other benefit plans while Enable adopted and implemented its benefit plans. CenterPoint Energy followed the same course for those employees of its subsidiaries that became part of Enable. Enable reimburses the Company and CenterPoint Energy for certain costs of the employees being seconded from the Company and CenterPoint Energy to Enable.

On October 24, 2013, OGE Holdings entered into a retention agreement with E. Keith Mitchell, then the Chief Operating Officer of Enable. Pursuant to the terms of the retention agreement, Mr. Mitchell would be entitled to receive a retention benefit of $500,000 in cash if he (A) was continuously employed by OGE Holdings or Enable, the general partner of Enable or an affiliate of Enable or the general partner (a "Successor Employer") as of January 2, 2016, (B) was terminated by OGE Holdings or a Successor Employer without Cause (as defined therein) prior to January 2, 2016 or (C) ceased to be employed by OGE Holdings or a Successor Employer prior to January 2, 2016 due to his death or Disability (as defined therein) (in each case the "Vesting Date"). If Mr. Mitchell's employment was terminated prior to the Vesting Date (i) by OGE Holdings or a Successor Employer for Cause or (ii) by Mr. Mitchell other than due to death or Disability, then Mr. Mitchell would not be entitled to receive the retention benefit; provided that with the approval in advance by the Chief Executive Officer of the Company, Mr. Mitchell could transfer to a new position with the Company or any of its affiliates and remain entitled to some portion of the retention benefit. Accordingly, when Mr. Mitchell resigned as Executive Vice President and Chief Operating Officer of Enable to become Chief Operating Officer of OG&E, the Compensation Committee approved on January 7, 2015, and the Company paid a prorated portion ($250,000) of the retention benefit to Mr. Mitchell under the retention agreement.

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 2015. 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 and CEO is five times base salary. The guidelines for other Company officers (including the other Named Executive Officers) ranged from two to four 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 equity 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.

No Share Recycling Under Stock Incentive Plan. 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 its existing or any prior 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.

Risk Assessment. The profile of our compensation programs are designed to motivate performance while not promoting behaviors that create undue risk. Specifically, the Compensation Committee reviews, with the assistance of Mercer, its compensation consultant, various factors that balance performance and risk in establishing executive compensation programs, setting compensation levels and selecting performance goals for payouts of annual awards under the Company's Annual Incentive Plan and long-term goals under the Company's Stock Incentive Plan. 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 earnings and 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. The Compensation Committee believes that the following features of our policies and practices serve to mitigate material risks arising from our compensation policies and practices:

- Performance goals are clear, easily identifiable and are based on measures that are generally accepted in the industry, such as earnings, operating and maintenance expenses and TSR.
- Long-term incentives have three-year vesting periods to encourage long-term decision making and value creation.
- Company's annual and long-term plans were approved by shareholders.
- The plans have limits on maximum payouts.
- The calculations of the level of performance for determining amount of payouts are checked and confirmed by Internal Audit.
- The Compensation Committee must approve the payouts and can reduce the payouts.

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- Our stock ownership guidelines are designed to promote executive officers having a substantial stake in the Company so that executives' interests are long-term in nature and therefore aligned with shareholders.

- Clawback policies are in place, giving us the right to pursue and recoup incentive awards that were earned based on certain financial results that were subsequently the subject of a restatement.

Tax and Accounting Issues.

Deductibility of Executive Compensation. A Federal tax law (Section 162(m)) 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 2013 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 Compensation Committee reserves the right to pay compensation that exceeds Section 162(m)'s deductibility limit.

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 president and CEO, the former CEO, the chief financial officer and the three other most highly compensated executive officers at December 31, 2015.

Name and Principal Position	Year	Salary ($)	Bonus ($) (1)	Stock Awards ($)(2)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)(3)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)(4)	All Other Compensation ($)(5)	Total ($)
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)
S. Trauschke,	2015	$699,222	$—	$1,173,149	$—	$ 280,080	$ 54,080	$ 67,299	$2,273,830
Chairman, President and Chief	2014	$575,000	$—	$1,015,677	$—	$ 294,306	$ 84,836	$ 65,582	$2,035,401
Executive Officer of the Company (6)	2013	$523,870	$—	$732,592	$—	$ 389,921	$ 24,854	$ 58,115	$1,729,352
S.E. Merrill,	2015	$400,005		$469,038		$ 140,198	$ 31,490	$ 37,258	$1,077,989
Chief Financial Officer	2014	$365,387	$—	$496,397	$—	$ 187,020	$ 55,808	$ 41,872	$1,146,484
of the Company (7)	2013	$325,000	$—	$343,042	$—	$ 301,438	$ 5,127	$ 22,785	$997,392
E. K. Mitchell,	2015	$467,113	$250,000	$661,326	$—	$ 153,085	$ 376,260	$ 53,811	$1,961,595
Chief Operating Officer	2014	$400,005	$—	$—	$—	$ 388,803	$ 728,320	$ —	$1,517,128
of OG&E (8)	2013	$365,706	$—	$530,850	$—	$ 411,876	$ —	$ 14,583	$1,323,015
J.C. Leger, Jr.	2015	$350,293	$—	$377,877	$—	$ 119,765	$ —	$ 13,732	$861,667
Vice President, Utility	2014	$340,100	$—	$394,791	$—	$ 82,944	$ 644,764	$ 14,292	$1,476,891
Operations, OG&E	2013	$308,277	$—	$311,881	$—	$ 199,077	$ 71,841	$ 23,977	$915,053
P. Renfrow	2015	$338,000	$—	$317,086	$—	$ 97,783	$ —	$ 29,384	$782,253
Vice President, Public Affairs	2014	$325,000	$—	$295,252	$—	$ 121,908	$ 449,139	$ 29,813	$1,221,112
and Corporate Administration	2013	$282,672	$—	$211,357	$—	$ 150,283	$ 59,455	$ 28,233	$732,000
of the Company									
P.B. Delaney,	2015	$1,040,777	$—	$2,940,796	$—	$ 521,117	$ 4,233,361	$ 849,211	$9,585,262
Former Chairman and Chief	2014	$980,000	$—	$2,571,916	$—	$ 716,570	$ 3,966,455	$ 67,250	$8,302,191
Executive Officer of the Company (9)	2013	$920,400	$—	$1,983,714	$—	$ 978,661	$ —	$ 118,400	$4,001,175

(1) Mr. Mitchell received a payment of $250,000 in January 2015 under the terms of a retention agreement, dated October 24, 2013, which is described under "Change of Control Agreements and Other Arrangements" on page 42.

(2) 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. The terms of (i) 75 percent of the performance units granted in 2015 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 2015 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. The assumptions used in the valuation are discussed in Note 6 to our Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2015. Assuming achievement of the performance goals at the maximum level, the grant date fair value of the performance units granted in 2015 and included in this column would be: Mr. Trauschke, $2,346,298; Mr. Merrill, $938,076; Mr. Mitchell, $1,322,652, Mr. Leger, $755,754; Mr. Renfrow, $634,172 and Mr. Delaney, $5,881,592.

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

(4) 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 12 to our Consolidated Financial Statements included in our Form 10-K for the year ended December 31, 2015, and includes amounts which the Named Executive Officer may not currently be entitled to receive because such amounts are not vested. For 2015, the Change in Pension Value and Nonqualified Compensation Earnings decreased $59,083 and $176,782 for Mr. Leger and Mr. Renfrow, respectively.

(5) Amounts in this column for 2015 reflect: (i) for Mr. Trauschke, $59,612 (401(k) Plan and Deferred Compensation Plan), $2,443 (insurance premiums) and $5,244 (payment of social membership dining and country club dues and payment for an annual physical exam); (ii) for Mr. Merrill, $35,221 (401(k) Plan and Deferred Compensation Plan) and $2,037 (insurance premiums); (iii) for Mr. Mitchell, $38,283 (401(k) Plan and Deferred Compensation Plan) $2,295 (insurance premiums),

$368 (payment for an annual physical exam); (iv) Mr. Leger, $11,925 (401(k) Plan and Deferred Compensation Plan) and $1,807 (insurance premiums); (v) Mr. Renfrow, $20,696 (401(k) Plan and Deferred Compensation Plan), $1,757 (insurance premiums) and $6,931 (payment of social membership country club dues and payment for an annual physical exam); and (vi) Mr. Delaney, $70,223 (401(k) Plan and Deferred Compensation Plan), $35,500 (insurance premiums) and $84,998 (retiree vacation payout, use of a company car, payment of social membership dining and country club dues and payment for an annual physical exam) and $658,490 (permitted distribution of a portion of his pension to pay the tax liability on his pension that became due upon his retirement). 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 2015. As discussed in the Compensation Discussion and Analysis above, Mr. Delaney received retiree vacation payout, use of a company car, payment of social membership dining and country club dues and payment for an annual physical exam.

(6) Mr. Trauschke was named Chief Executive Officer of the Company in June 2015. He served as President of the Company from September 2014 until June 2015 and as Chief Financial Officer of the Company from 2009 until September 2014. Mr. Trauschke was also named Chairman of the Board in December 2015.

(7) Mr. Merrill was named Chief Financial Officer of the Company in September 2014. Prior to that he had been Executive Vice President of Finance and Chief Administrative Officer of Enable GP, LLC (December 2013 to September 2014) and Chief Operating Officer of Enogex LLC (now known as Enable Oklahoma Intrastate Transmission LLC). Enable reimbursed the Company for Mr. Merrill's salary through August 31, 2014, and reimbursed the Company for two-thirds of Mr. Merrill's 2014 payout under the Annual Incentive Plan, which is shown in column (g) above.

(8) Mr. Mitchell became Chief Operating Officer of OG&E in February 2015. From July 2013 through January 2015, he had been Executive Vice President and Chief Operating Officer of Enable GP, LLC, the general partner of Enable. From 2011 to July 2013, Mr. Mitchell had been President and Chief Operating Officer of Enogex Holdings and President of Enogex LLC (now known as Enable Oklahoma Intrastate Transmission LLC). Enable reimbursed the Company for Mr. Mitchell’s salary through January 2015, and reimbursed the Company for Mr. Mitchell’s 2014 payout under the Annual Incentive Plan, which is shown in column (g) above. Mr. Mitchell also received a 2014 grant under Enable's long-term incentive plan with an aggregate grant date for value of $1,246,989 that is not reflected in the table.

(9) Mr. Delaney served as Chief Executive Officer until June 2015. Mr. Delaney also served as Chairman of the Board until December 2015.

We define realized compensation as salary (from column (c) above), plus payouts of annual incentive compensation (from column (g) above), plus payouts of performance-based stock awards that vested (from the Option Exercises and Stock Vested Table on page 49), plus all other compensation (from column (i) above). Realized compensation for Mr. Trauschke was $1,046,601 for 2015, $1,209,787 for 2014 and $2,454,489 for 2013.

Grants of Plan-Based Awards Table for 2015

Name	Grant Date	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 ($/Sh)	Grant Date Fair Value of Stock and Option Awards ($)(1)
		Threshold ($)	Target ($)	Maximum ($)	Threshold (#)	Target (#)	Maximum (#)				
(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h)	(i)	(j)	(k)	(l)
S. Trauschke	2/24/15	0	$559,378	$839,067				N/A	N/A	N/A	
	2/24/15				0	36,935	73,870				$1,173,149
S.E. Merrill	2/24/15	0	$280,004	$420,006				N/A	N/A	N/A	
	2/24/15				0	14,767	29,534				$469,038
E.K. Mitchell	2/24/15	0	$291,037	$436,555				N/A	N/A	N/A	
	2/24/15				—	20,821	41,642				$661,326
J.C. Leger, Jr.	2/24/15	0	$227,690	$341,535				N/A	N/A	N/A	
	2/24/15				0	11,897	23,794				$377,877
P. Renfrow	2/24/15	0	$185,900	$278,850				N/A	N/A	N/A	
	2/24/15				—	9,983	19,966				$317,086
P.B. Delaney	2/24/15	0	$1,040,777	$1,561,166				N/A	N/A	N/A	
	2/24/15				—	92,587	185,174				$2,940,796