SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

[x] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)
OR
[ ] TRANSITION REPORT PURSUANT TO SECTION 13 or 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the fiscal year ended December 31, 1996 Commission File Number 1-12579

OGE Energy Corp.
(Exact name of registrant as specified in its charter)

Oklahoma	73-1481638
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
101 North Robinson P.O. Box 321 Oklahoma City, Oklahoma	73101-0321
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: 405-553-3000

Securities registered pursuant to Section 12(b) of the Act:

Title of each class so registered	Name of each exchange on which each class is registered
Common Stock	New York Stock Exchange and Pacific Stock Exchange
Rights to Purchase-Series A Preferred Stock	New York Stock Exchange and Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: None

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [x]

As of February 28, 1997, Common Shares outstanding were 40,373,991. Based upon the closing price on the New York Stock Exchange on February 28, 1997, the aggregate market value of the voting stock held by nonaffiliates of the Company was: Common Stock $1,694,877,891.

The proxy statement for the 1997 annual meeting of shareowners is incorporated by reference into Part III of this Report.

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PART I

ITEM 1. BUSINESS.

THE COMPANY

OGE Energy Corp. (the "Company") is a newly-formed public utility holding company which was incorporated in August 1995 in the State of Oklahoma. The Company became the parent holding company of Oklahoma Gas and Electric Company ("OG&E") and its former subsidiary, Enogex Inc. on December 31, 1996 pursuant to a mandatory share exchange whereby each share of outstanding common stock of OG&E was exchanged on a share-for-share basis for common stock of the Company. Immediately following this exchange, OG&E transferred its shares of Enogex stock to the Company and Enogex became a direct subsidiary of the Company.

The Company now serves as the parent company to OG&E, Enogex and any other companies that may be formed within the organization in the future. The new holding company structure is intended to provide greater flexibility to take advantage of opportunities in an increasingly competitive business environment and to clearly separate the Company's electric utility business from its non-utility businesses. At December 31, 1996, the Company was not engaged in any business independent of that conducted through its subsidiaries OG&E and Enogex Inc. and Enogex Inc.'s subsidiaries (collectively, "Enogex")

The Company's principal subsidiary is OG&E and, accordingly, the Company's financial results and condition are substantially dependent at this time on the financial results and conditions of OG&E. OG&E is a regulated public utility engaged in the generation, transmission and distribution of electricity to retail and wholesale customers. OG&E was incorporated in 1902 under the laws of the Oklahoma Territory and is the largest electric utility in the State of Oklahoma. OG&E sold its retail gas business in 1928 and now owns and operates an interconnected electric production, transmission and distribution system which includes eight active generating stations with a total capability of 5,647,300 kilowatts.

Enogex owns and operates over 3,500 miles of natural gas transmission and gathering pipelines, has interests in six gas processing plants, markets natural gas and natural gas products and invests in the drilling for and production of crude oil and natural gas.

On February 11, 1997, the Oklahoma Corporation Commission ("OCC") issued an order that, among other things, effectively lowered OG&E's rates to its Oklahoma retail customers by $50 million annually (based on a test year ended December 31, 1995). Of the $50 million rate reduction, approximately $45 million became effective on March 5, 1997 and the remaining $5 million becomes effective March 1, 1998. The Order also directed OG&E to transition to competitive bidding of its gas transportation requirements, currently met by Enogex, no later than April 30, 2000.

On June 18, 1996, the Arkansas Public Service Commission ("APSC") staff and OG&E filed a Joint Stipulation recommending settlement of certain issues resulting from the APSC review of the amounts that OG&E pays Enogex and recovers through its fuel clause for transporting natural gas to OG&E's gas-fired generating stations. See "Electric Operations - Regulation and Rates - Recent Regulatory Matters" for a further discussion of the orders.

In 1994, the Company restructured and redesigned its operations to reduce costs and to more favorably position itself for the competitive electric utility environment. As part of this process, the Company implemented a Voluntary Early Retirement Package ("VERP") and a severance package in 1994. These two packages reduced the Company's workforce by approximately 900 employees.

In response to an application filed by OG&E on August 9, 1994, the OCC issued an order on October 26, 1994, that permitted OG&E to: (i) establish a regulatory asset in connection with the costs associated with the workforce reduction; (ii) amortize the December 31, 1994, balance of the regulatory asset over 26 months; and (iii) reduce OG&E's electric rates during such period by approximately $15 million annually, effective January 1995. In 1996, the labor savings substantially offset the amortization of the regulatory asset and the annual rate reduction of $15 million. See "Electric Operations - Regulation and Rates - Recent Regulatory Matters" and Note 10 of Notes to Consolidated Financial Statements for a further discussion of the OCC's orders in February 1997 and February and October 1994.

The Company's executive offices are located at 101 North Robinson, P. O. Box 321, Oklahoma City, Oklahoma 73101-0321; telephone (405) 553-3000.

ELECTRIC OPERATIONS

GENERAL

OG&E furnishes retail electric service in 274 communities and their contiguous rural and suburban areas. During 1996, five other communities and two rural electric cooperatives in Oklahoma and western Arkansas purchased electricity from OG&E for resale. The service area, with an estimated population of 1.7 million, covers approximately 30,000 square miles in Oklahoma and western Arkansas; including Oklahoma City, the largest city in Oklahoma, and Ft. Smith, Arkansas, the second largest city in that state. Of the 279 communities served, 248 are located in Oklahoma and 31 in Arkansas. Approximately 91 percent of total electric operating revenues for the year ended December 31, 1996, were derived from sales in Oklahoma and the remainder from sales in Arkansas.

OG&E's system control area peak demand as reported by the system dispatcher for the year was approximately 5,150 megawatts, and occurred on July 2, 1996. OG&E's native load was approximately 4,851 megawatts on July 2, 1996, resulting in a capacity margin of approximately 20.6 percent. As reflected in the table below and in the operating statistics on page 4, total kilowatt-hour sales increased 1.5 percent in 1996 as compared to an increase of 7.0 percent in 1995 and a 9.0 percent decrease in 1994. In 1996, kilowatt-hour sales to OG&E customers ("system sales") increased slightly due to continued customer growth and a return to more normal weather. Sales to other utilities ("off-system sales") decreased in 1996. However, off-system sales are at much lower prices per kilowatt-hour and have less impact on operating revenues and income than system sales. In 1995 and 1994, factors which resulted in variations in total kilowatt-hour sales included: (i) continued customer growth and (ii) the decrease in off-system sales in 1994.

Variations in kilowatt-hour sales for the three years are reflected in the following table:

	SALES (Millions of Kwh)					
	1996	Inc/ (Dec)	1995	Inc/ (Dec)	1994	Inc/ (Dec)
System Sales	21,541	3.4%	20,828	0.9%	20,642	2.2%
Off-System Sales	1,475	(20.4%)	1,852	232.6%	557	(82.1%)
Total Sales	23,016	1.5%	22,680	7.0%	21,199	(9.0%)

OG&E is subject to competition in some areas from government-owned electric systems, municipally-owned electric systems, rural electric cooperatives and, in certain respects, from other private utilities and cogenerators. Oklahoma law forbids the granting of an exclusive franchise to a utility for providing electricity.

Besides competition from other suppliers of electricity, OG&E competes with suppliers of other forms of energy. The degree of competition between suppliers may vary depending on relative costs and supplies of other forms of energy. In October 1992, the National Energy Policy Act of 1992 ("Energy Act") was enacted. Among many other provisions, the Energy Act is designed to promote competition in the development of wholesale power generation in the electric utility industry. In April 1996, the Federal Energy Regulatory Commission ("FERC") issued two final rules, Orders 888 and 889, regarding non-discriminatory open access transmission service. These orders may have a significant impact on wholesale markets. Also, numerous states are considering proposals to require "retail wheeling" which is the delivery of power generated by a third party to retail customers. The OCC is seeking to identify, describe and create a process to implement a comprehensive and integrated restructuring of the electric utility industry for the State of Oklahoma. The Oklahoma legislature also is considering legislation to permit increased competition at the retail level by July 2002. The Energy Act, these proposals and other factors are expected to significantly increase competition in the electric industry. The Company has taken steps in the past and intends to take appropriate steps in the future to remain a competitive supplier of electricity. See "Electric Operations - Regulation and Rates - Recent Regulatory Matters" for a further discussion of these matters.

Electric and magnetic fields ("EMFs") surround all electric tools and appliances, internal home wiring and external power lines such as those owned by OG&E. During the last several years considerable attention has focused on possible health effects from EMFs. While some studies indicate a possible weak correlation, other similar studies indicate no correlation between EMFs and health effects. The nation's electric utilities, including OG&E, have participated with the Electric Power Research Institute ("EPRI") in the sponsorship of more than $75 million in research to determine the possible health effects of EMFs. In addition, the Edison Electric Institute ("EEI") is helping fund $65 million for EMF studies over a five-year period, that began in 1994. One-half of this amount is expected to be funded by the federal government, and two-thirds of the non-federal funding is expected to be provided by the electric utility industry. Through its participation with the EPRI and EEI, OG&E will continue its support of the research with regard to the possible health effects of EMFs. OG&E is dedicated to delivering electric service in a safe, reliable, environmentally acceptable and economical manner.

OKLAHOMA GAS AND ELECTRIC COMPANY

CERTAIN OPERATING STATISTICS

	Year Ended December 31		
	1996	1995	1994
ELECTRIC ENERGY:			
(Millions of Kwh)			
Generation (exclusive of station use)	21,253	20,639	18,325
Purchased	3,564	3,578	4,387
Total generated and purchased	24,817	24,217	22,712
Company use, free service and losses	(1,801)	(1,537)	(1,513)
Electric energy sold	23,016	22,680	21,199
ELECTRIC ENERGY SOLD:			
(Millions of Kwh)			
Residential	7,143	6,848	6,739
Commercial and industrial	11,161	10,963	10,886
Public street and highway lighting	67	66	66
Other sales to public authorities	2,096	2,087	2,018
Sales for resale	2,549	2,716	1,490
Total	23,016	22,680	21,199
ELECTRIC OPERATING REVENUES:			
(Thousands)			
Electric Revenues:			
Residential	$ 479,574	$ 471,313	$ 476,441
Commercial and industrial	530,213	512,212	549,528
Public street and highway lighting	9,367	9,115	9,294
Other sales to public authorities	98,209	95,660	99,789
Sales for resale	60,141	63,340	43,001
Provision for rate refund	(1,221)	(2,437)	(3,417)
Miscellaneous	24,054	19,084	22,262
Total Electric Revenues	$1,200,337	$1,168,287	$1,196,898
NUMBER OF ELECTRIC CUSTOMERS:			
(At end of period)			
Residential	588,778	583,741	578,044
Commercial and industrial	84,032	82,577	81,175
Public street and highway lighting	249	249	249
Other sales to public authorities	10,688	10,340	10,198
Sales for resale	41	43	39
Total	683,788	676,950	669,705
RESIDENTIAL ELECTRIC SERVICE:			
Average annual use (Kwh)	12,178	11,786	11,724
Average annual revenue	$ 817.62	$ 811.10	$ 828.86
Average price per Kwh (cents)	6.71	6.88	7.07

REGULATION AND RATES

OG&E's retail electric tariffs in Oklahoma are regulated by the OCC, and in Arkansas by the APSC. The issuance of certain securities by OG&E is also regulated by the OCC and the APSC. OG&E's wholesale electric tariffs, short-term borrowing authorization and accounting practices are subject to the jurisdiction of the FERC. The Secretary of the Department of Energy has jurisdiction over some of OG&E's facilities and operations.

As part of the corporate reorganization whereby the Company became the holding company parent of OG&E, OG&E obtained the approval of the OCC. The order of the OCC authorizing OG&E to reorganize into a holding company structure contains certain provisions which, among other things, ensure the OCC access to the books and records of the Company and its affiliates relating to transactions with OG&E; require the Company and its subsidiaries to employ accounting and other procedures and controls to protect against subsidization of non-utility activities by OG&E's customers; and prohibit the Company from pledging OG&E assets or income for affiliate transactions.

For the year ended December 31, 1996, approximately 88 percent of OG&E's electric revenue was subject to the jurisdiction of the OCC, seven percent to the APSC, and five percent to the FERC.

RECENT REGULATORY MATTERS: On February 11, 1997, the OCC issued an order that, among other things, effectively lowered OG&E's rates to its Oklahoma retail customers by $50 million annually (based on a test year ended December 31, 1995). Of the $50 million rate reduction, approximately $45 million became effective on March 5, 1997 and the remaining $5 million becomes effective March 1, 1998. OG&E had filed an application in June 1996 with the OCC for an annual electric utility rate reduction of $14.2 million. On October 14, 1996, the staff of the OCC and the Oklahoma Attorney General recommended that OG&E lower its annual revenues by $94.5 and $79.8 million, respectively. In a separate recommendation, the Oklahoma Industrial Energy Consumers proposed a $107.8 million annual OG&E rate reduction. On December 18, 1996, OG&E and the intervenors proposed a $50 million settlement. The OCC voted to approve OG&E's proposed settlement agreement on January 23, 1997, allowing OG&E to lower its electric rates by $50 million. The order approving the rate reduction also provides for an incentive program designed to encourage future generation cost savings to be shared by OG&E and its customers. This program gives OG&E the opportunity to lessen the impact of the $50 million reduction, if future cost savings are achieved. See Note 10 of Notes to Consolidated Financial Statements.

The February 11, 1997 order also directed OG&E to transition to competitive bidding of its gas transportation requirements currently met by Enogex no later than April 30, 2000 and set annual compensation for the transportation services provided by Enogex to OG&E at $41.3 million until competitively-bid gas transportation begins. In 1996, approximately $44 million or 19 percent of Enogex's revenues were attributable to transporting gas for OG&E. Other pipelines seeking to compete with Enogex for OG&E's business will likely have to pay a fee to Enogex for transporting gas on Enogex's system or incur capital expenditures to develop the necessary infrastructure to connect with OG&E's gas-fired generating stations.

On June 18, 1996, the APSC staff and OG&E filed a Joint Stipulation recommending settlement of certain issues resulting from the APSC review of the amounts that OG&E pays Enogex and recovers through its fuel clause for transporting natural gas to OG&E's gas-fired generating stations. On July 11, 1996, the APSC issued an order that, among other things, required OG&E to refund

approximately $4.5 million in 1996 to its Arkansas retail electric customers. The $4.5 million refund was recorded as a provision for a potential refund prior to August 1996.

On February 25, 1994, the OCC issued an order that, among other things, effectively lowered OG&E's rates to its Oklahoma retail customers by approximately $17 million annually and required OG&E to refund approximately $41.3 million. Of the $41.3 million refund, $39.1 million was associated with revenues prior to January 1, 1994, while the remaining $2.2 million related to 1994. The entire $41.3 million refund related to the OCC's disallowance of a portion of the fees paid by OG&E to Enogex for prior transportation and related gas gathering services. Of the $17 million annual rate reduction, approximately $9.9 million reflects the OCC's reduction of the amount to be recovered by OG&E from its Oklahoma customers for the future performance of such services by Enogex for OG&E. In accordance with the OCC's rate order and a stipulation approved by the OCC in July 1991, OG&E's electric rates were designed to permit OG&E to earn a 12 percent regulatory return on equity and the OCC staff was precluded from initiating an investigation of OG&E's rates for three years from February 25, 1994, unless OG&E's regulatory return on equity exceeded 12.75 percent.

In 1994, the Company underwent a significant restructuring effort and redesign of its operations to more favorably position itself for the competitive electric utility environment. The Company incurred $63.4 million of restructuring costs in 1994. Pending an OCC order, OG&E deferred the costs associated with the VERP and severance package in the third quarter of 1994. Between August 1 and December 31, 1994, the amount deferred was reduced by approximately $14.5 million. In response to an application filed by OG&E on August 9, 1994, the OCC issued an order on October 26, 1994, that permitted OG&E to amortize the December 31, 1994, regulatory asset of $48.9 million over 26 months and reduced OG&E's electric rates during such period by approximately $15 million annually, effective January 1995. Labor savings from the VERP and severance package have substantially offset the amortization of the regulatory asset and annual rate reduction of $15 million. Labor savings in 1994, 1995 and 1996 approximated the amortization of the deferred amount and therefore, did not significantly impact 1994, 1995 and 1996 results. However, approximately $6.5 million in other restructuring expenses reduced 1994 earnings by $0.10 per share. At December 31, 1996, the deferred amount was $3.8 million, which is included on the Consolidated Balance Sheets as Deferred Charges - Other.

On October 5, 1994, the OCC issued an order instructing the OCC staff of the Public Utility Division ("PUD") to move forward with the development of OCC rules to implement the mandates of Sections 111 and 115 of the National Energy Policy Act of 1992 (the "Energy Act"), requiring OG&E and other electric utilities to each submit 20-year Integrated Resource Plans ("IRP"). Following several technical conferences, in Order No. 398049, Cause No. RM 950000011 issued December 18, 1995, the OCC stated that it encourages Oklahoma electric and gas utilities to utilize IRP principles, but found it unnecessary to set new rules dictating requirements for IRP.

Pursuant to an order from the APSC in July 1992, OG&E and other electric utilities serving customers in Arkansas were required to submit a 20-year IRP with the APSC. On October 10, 1995, the APSC issued Order No. 9, Docket No. 92-164-U, which recognized the shifting pressures on today's utility industry, the industry's good planning practices, the increasing competitive markets for energy services and the need for publicly available information on utility plans and planning processes. The APSC also recognized that long-term integrated resource planning under prescriptive regulatory guidelines is no longer the most appropriate or, more importantly, most effective means to protect the public interest. Therefore, the APSC is not utilizing the IRP.

AUTOMATIC FUEL ADJUSTMENT CLAUSES: Variances in the actual cost of fuel used in electric generation and certain purchased power costs, as compared to that component in cost-of-service for ratemaking, are charged to substantially all of the Company's electric customers through automatic fuel adjustment clauses, which are subject to periodic review by the OCC, the APSC and the FERC.

NATIONAL ENERGY LEGISLATION: The National Energy Act of 1978 imposes numerous responsibilities and requirements on OG&E. The Public Utility Regulatory Policies Act of 1978 requires electric utilities, such as OG&E, to purchase electric power from, and sell electric power to, qualified cogeneration facilities ("QFs") and small power production facilities. Generally stated, electric utilities must purchase electric energy and production capacity made available by QFs and small power producers at a rate reflecting the cost that the purchasing utility can avoid as a result of obtaining energy and production capacity from these sources; rather than generating an equivalent amount of energy itself or purchasing the energy or capacity from other suppliers. OG&E has entered into agreements with four such cogenerators. See "Finance and Construction." Electric utilities also must furnish electric energy to QFs on a non-discriminatory basis at a rate that is just and reasonable and in the public interest and must provide certain types of service which may be requested by QFs to supplement or back up those facilities' own generation.

The Energy Act is expected to make some significant changes in the operations of the electric utility industry and the federal policies governing the generation and sale of electric power. The Energy Act, among other things, allows the FERC to order utilities to permit access to their electrical transmission systems and to transmit power produced by independent power producers at transmission rates set by the FERC. The Energy Act also provides funds to study electric vehicle technology, the effects of electric and magnetic fields, and institutes a tax credit for generating electricity using renewable energy sources. The Energy Act also is designed to promote competition in the development of wholesale power generation in the electric industry. It exempts a new class of independent power producers from regulation under the Public Utility Holding Company Act of 1935 and allows the FERC to order "wholesale wheeling" by public utilities to provide utility and non-utility generators access to public utility transmission facilities. Also, numerous states are considering proposals to require "retail wheeling."

In April 1996, FERC issued two final rules, Orders 888 and 889, which may have a significant impact on wholesale markets. These orders were subsequently amended in orders issued in March 1997. Order 888, which was preceded by a Notice of Proposed Rulemaking, referred to as the "Mega-NOPR," set forth rules on non-discriminatory open access transmission service to promote wholesale competition. Order 888, which was effective on July 9, 1996, requires utilities and other transmission users to abide by comparable terms, conditions and pricing in transmitting power. Order 889, which had its effective date extended to January 3, 1997, requires public utilities to implement Standards of Conduct and an Open Access Same Time Information System ("OASIS," formerly known as "Real-Time Information Networks"). These rules require transmission personnel to provide the same information about the transmission system to all transmission customers using the OASIS. OG&E is complying with these new rules from the FERC.

Another impact of complying with FERC's Order 888 is a requirement for utilities to offer a transmission tariff that includes network transmission service ("NTS") to transmission customers. NTS allows transmission service customers to fully integrate load and resources on an instantaneous basis, in a manner similar to how OG&E has historically integrated its load and resources. Under NTS, OG&E and participating customers share the total annual transmission cost, net of related transmission revenues, based upon each company's share of the total system load. At this time, the Company expects to incur

approximately $1 million in start-up costs beginning in 1997 and a minimal annual expense increase, as a result of Orders 888 and 889.

In accordance with FERC's direction regarding competition and alternative regulation of the electric energy utility market on the national scale, the OCC is seeking to identify, describe and create a process to implement a comprehensive and integrated restructuring of the electric utility industry for the State of Oklahoma. On June 6, 1996, the OCC issued a Notice of Inquiry proposing questions for comment. In response to the Notice of Inquiry, OG&E filed comments with the OCC on September 9, 1996. The comments listed, among other things, five critical issues that OG&E believes must be addressed to ensure a successful transition to a deregulated environment. These issues are: (i) retail wheeling should be implemented in Oklahoma at the same time it is implemented and on the same terms in all surrounding states; (ii) stranded costs must be recovered; (iii) a level playing field must be established; (iv) state regulators role must be restructured; and (v) there must be no exceptions to the new rules. In addition, the Oklahoma State Senate has passed legislation that would permit increased competition at the retail level by July 2002. This proposed legislation authorizes the OCC, under the direction of a special task force comprised of members of the Oklahoma State Senate and the Oklahoma State House of Representatives, to undertake a series of studies to set the framework for electric utility industry competition. The proposed legislation calls for the OCC to report to the task force the results of its studies beginning in February 1998 with a report regarding independent system operators. Following a transition period, the proposed legislation would require the unbundling of generation, transmission and distribution services. Stranded costs would be recoverable over a 3 to 7 year period. At this time, it is uncertain whether or when such legislation will be approved by the House of Representatives. OG&E is not opposed to such legislation generally, provided the five issues noted above are addressed fairly.

The Energy Act, these FERC actions, restructuring proposals in Oklahoma and other factors are expected to significantly increase competition in the electric industry. The Company has taken steps in the past and intends to take appropriate steps in the future to remain a competitive supplier of electricity. Past actions include the redesign and restructuring effort in 1994 and continuing actions to reduce fuel costs, both of which have resulted in lower retail rates, especially for industrial customers. While the Company is supportive of competition, it believes that all electric suppliers must be required to compete on a fair and equitable basis and the Company intends to advocate this position vigorously.

RATE STRUCTURE, LOAD GROWTH
AND RELATED MATTERS

Two of OG&E's primary goals in its electric tariff designs are: (i) to increase electric revenues by attracting and expanding job-producing businesses and industries; and (ii) to encourage the efficient use of energy by all of its customers. In order to meet these goals, OG&E has reduced and restructured its rates to its key customers while at the same time implementing numerous energy efficiency programs and tariff schedules. In 1996, these programs and schedules included: (i) assistance programs that help residential customers live in comfortable homes with lower energy costs; (ii) the "Surprise Free Guarantee" program, which guarantees residential customers comfort and annual energy consumption for heating, cooling and water heating; (iii) the PEAKS program, which provides credit on a customer's bill for the installation of a device that periodically cycles off the customer's central air conditioner during peak summer periods; (iv) a load curtailment rate for industrial and commercial customers who can demonstrate a load curtailment of at least 300 kilowatts; and (v) time-of-use rate schedules for various commercial, industrial and residential

customers designed to shift energy usage from peak demand periods during the hot summer afternoons to non-peak hours. The February 11, 1997 order issued by the OCC, among other things, eliminated the PEAKS program and raised the minimum load curtailment per customer from 300 to 500 kilowatts.

OG&E implemented a Real Time Pricing pilot program, for selected industrial customers, to keep its electric tariffs attractive and to control peak demand growth. Real Time Pricing is a service option which prices electricity so that current price varies hourly with short notice to reflect current expected cost. The technique will allow a measure of competitive pricing, a broadening of customer choice, balancing of electricity usage and capacity in the short and long term, and help customers control their costs.

OG&E's 1996 marketing efforts included geothermal heat pumps, electrotechnologies, an electric food service promotion and a heat pump promotion in the residential, commercial and industrial markets. OG&E works closely with individual customers to provide the best information on how current technologies can be combined with OG&E's marketing programs to maximize the customer's benefit.

The Company currently does not anticipate the need for new baseload generating plants in the foreseeable future. For further discussion, see "Finance and Construction."

FUEL SUPPLY

During 1996, approximately 79 percent of the OG&E-generated energy was produced by coal-fired units and 21 percent by natural gas-fired units. It is estimated that the fuel mix for 1997 through 2001, based upon expected generation for these years, will be as follows:

	1997	1998	1999	2000	2001
Coal.....	82%	80%	80%	79%	79%
Natural Gas.....	18%	20%	20%	21%	21%

The decline in the percentage of coal-fired generation relative to total generation will result from projected increases in natural gas-fired generation, not a reduction in Kwh of coal-fired generation.

The average cost of fuel used, by type, per million Btu for each of the 5 years was as follows:

	1996	1995	1994	1993	1992
Coal.....	$0.83	$0.83	$0.78	$1.16	$1.18
Natural Gas.....	$3.61	$3.19	$3.58	$3.64	$3.48
Weighted Avg.....	$1.45	$1.41	$1.58	$1.92	$1.88

A portion of the fuel cost is included in base rates and differs for each jurisdiction. The portion of these costs that is not included in base rates is recovered through automatic fuel adjustment clauses. See "Electric Operations - Regulation and Rates - Automatic Fuel Adjustment Clauses."

COAL-FIRED UNITS: All OG&E coal units, with an aggregate capacity of 2,530 megawatts, are designed to burn low sulfur western coal. OG&E purchases coal under a mix of long- and short-term contracts. During 1996, OG&E purchased 9.9 million tons of coal from the following Wyoming

suppliers: Amax Coal West, Inc., Caballo Rojo, Inc., Kennecott Energy Company, Thunder Basin Coal Company and Powder River Coal Company. The combination of all coals has a weighted average sulfur content of 0.31 percent and can be burned in these units under existing federal, state and local environmental standards (maximum of 1.2 pounds of sulfur dioxide per million Btu) without the addition of sulfur dioxide removal systems. Based upon the average sulfur content, OG&E units have an approximate emission rate of 0.63 pounds of sulfur dioxide per million Btu. In anticipation of the more strict provisions of Phase II of The Clean Air Act starting in the year 2000, OG&E has contracts in place that will allow for a supply of very low sulfur coal from suppliers in the Powder River Basin to meet the new sulfur dioxide standards.

Wyoming coal is transported to OG&E generating stations, a distance of approximately 1,000 miles, by either 112 or 135 rail car unit trains. In 1995, OG&E completed the upgrading of its unit train fleet to high volume aluminum body rail cars. Currently, the fleet is comprised of 1,495 leased cars. Each aluminum rail car has a maximum capacity of 120 net tons allowing for the movement of 13,440 net tons per unit train. High volume and aluminum design combine to offer a 20 percent increase in net loading per car over a conventional steel car. During 1996, OG&E used larger unit trains with a maximum of 135 cars instead of a maximum of 112 cars in unit train service to the Muskogee generating station. Increasing the unit train size allows for an increase of delivered tons by approximately 21 percent. The combination of high volume, aluminum design and increased train size to the Muskogee generating station reduces the number of trips from Wyoming by approximately 29 percent and reduces rail car maintenance expenses accordingly.

GAS-FIRED UNITS: For calendar year 1997, OG&E expects to acquire approximately 10 percent of its gas needs from long-term gas purchase contracts. The remainder of OG&E's gas needs during 1997 will be supplied by contracts with at-market pricing or through day-to-day purchases on the spot market.

In 1993, OG&E began utilizing a natural gas storage facility which helps lower fuel costs by allowing OG&E to optimize economic dispatch between fuel types and take advantage of seasonal variations in natural gas prices. By diverting gas into storage during low demand periods, OG&E is able to use as much coal as possible to generate electricity and utilize the stored gas to meet the additional demand for electricity. During 1996, OG&E completed a controls upgrade to its Seminole Unit 1. This upgrade will allow the unit to run efficiently at low loads as well as high loads. This added flexibility in gas generation compliments OG&E's contracted gas storage facility to allow the gas generating system to meet our customers' changing electrical needs in a reliable and efficient manner.

ENOGEX

The Company's wholly-owned non-utility subsidiary, Enogex Inc., is the 36th largest pipeline in the nation in terms of miles of pipeline. Enogex Inc.'s primary operations consist of transporting natural gas through its intra-state pipeline to various customers (including OG&E), buying and selling natural gas to third parties, selling natural gas liquids extracted by its natural gas processing plants and investing in natural gas development and production activities. Enogex Inc. has three wholly-owned subsidiaries, Enogex Products Corporation ("Products"), Enogex Services Corporation ("Services") and Enogex Exploration Corporation ("Exploration"). Enogex Inc. also owns an 80 percent interest in Centoma Gas Systems, Inc. ("Centoma"). Products owns interests in and operates six natural gas processing plants. Exploration is engaged in investing in the development and production of oil and natural gas and

the purchase of oil and gas reserves. Services is engaged in the marketing (buying and selling) of natural gas and also markets the natural gas liquids of Products. Centoma both purchases and gathers gas for subsequent processing at one of three processing plants, two of which are owned by Products. The residue gas is then sold under a combination of contract and spot market prices.

For the year ended December 31, 1996, and before elimination of intercompany items between OG&E and Enogex, Enogex's consolidated revenues and net income were approximately $231.4 million and $16.5 million, respectively.

Enogex's natural gas transportation business in Oklahoma consists primarily of gathering and transporting natural gas for OG&E and on an interruptible basis, for other customers. Enogex's system consists of over 3,500 miles of pipeline, which extends from the Arkoma Basin in eastern Oklahoma to the Anadarko Basin in western Oklahoma. Since 1960, Enogex has had a gas transmission contract with OG&E under which Enogex transports OG&E's natural gas supply on a fee basis. Under the gas transmission contract, OG&E agrees to tender to Enogex and Enogex agrees to transport, on a firm, load-following basis, all of OG&E's natural gas requirements for boiler fuel for its seven gas-fired electric generating stations. In 1996, Enogex transported 148 Bcf of natural gas; of which approximately 45 Bcf, or about 30 percent, was delivered to OG&E's electric generating stations and storage facility, which resulted in approximately 67 percent of Enogex Inc.'s revenue of $66.2 million for 1996. On February 11, 1997, the OCC issued an order directing OG&E to transition to competitive bidding of its gas transportation requirements no later than April 30, 2000. The order also set annual compensation for the transportation services provided by Enogex to OG&E at $41.3 million until competitively-bid gas transportation begins. See "Electric Operations - Regulation and Rates" and "Management's Discussion and Analysis of Results of Operations and Financial Condition -- Contingencies."

Enogex's pipeline system also gathers and transports natural gas destined for interstate markets through interconnections in Oklahoma with other pipeline companies. Among others, these interconnections include Panhandle Eastern Pipeline, Williams Natural Gas Pipeline, Natural Gas Pipeline Company of America, Northern Natural Gas Company, NorAm Gas Transmission Company, ANR Pipeline Company and Ozark Gas Transmission Company.

The rates charged by Enogex for transporting natural gas on behalf of an interstate natural gas pipeline company or a local distribution company served by an interstate natural gas pipeline company are subject to the jurisdiction of FERC under Section 311 of the Natural Gas Policy Act. The statute entitles Enogex to charge a "fair and equitable" rate that is subject to review and approval by the FERC at least once every three years. This rate review may involve an administrative-type trial and an administrative appellate review. In addition, Enogex has agreed to open its system to all interstate shippers that are interested in moving natural gas through the Enogex system. Enogex is required to conduct this transportation on a non-discriminatory basis, although this transportation is subordinate to that performed for OG&E. This decision does not increase appreciably the federal regulatory burden on Enogex, but does give Enogex the opportunity to utilize any unused capacity on an interruptible basis and thus increase its transportation revenues.

The fees charged by Enogex for transporting natural gas for OG&E and other intrastate shippers are not subject to FERC regulation. With respect to state regulation, the fees charged by Enogex for any intrastate transportation service have not been subject to direct state regulation by the OCC. Even though the intrastate pipeline business of Enogex is not directly regulated, the OCC, the APSC and the FERC have the authority to examine the appropriateness of any transportation charge or other fees paid by OG&E to

Enogex, which OG&E seeks to recover from ratepayers. See "Electric Operations - Regulation and Rates" for a further discussion of this matter and the OCC's recent ruling on the fees paid by OG&E to Enogex.

Products has been active since 1968 in the processing of natural gas and marketing of natural gas liquids. Products has a 50 percent interest in and operates a natural gas processing plant near Calumet, Oklahoma, which can process 250 Mmcf of natural gas per day. Products also owns interests in five other natural gas processing plants in Oklahoma, which have, in the aggregate, the capacity to process approximately 69 Mmcf of natural gas per day. Products' natural gas processing plant operations consist of off-lease extraction of liquids from natural gas that is transported through the Enogex pipeline at four of the plants, off-lease extraction of liquids from an unaffiliated pipeline at one plant and extraction of liquids from another plant and associated gathering system. The raw gas stream is processed and converted into marketable ethane, propane, butane, and natural gasoline mix. The residue gas remaining after the liquid products have been extracted consists primarily of methane.

Commercial grade propane is sold on the local market and the marketing of all other natural gas liquids extracted by Products is handled by Services. The natural gas liquids are sold to Services at a price equal to the Oil Price Information Service average monthly price.

In processing and marketing natural gas liquids, the Enogex companies compete against virtually all other gas processors selling natural gas liquids. The Enogex companies believe they will be able to continue to compete favorably against such companies. With respect to factors affecting the natural gas liquids industry generally, as the price of natural gas liquids fall without a corresponding decrease in the price of natural gas, it may become uneconomical to extract certain natural gas liquids. As to factors affecting the Enogex companies specifically, the volume of natural gas processed at their plants is dependent upon the volume of natural gas transported through the pipeline system located "behind the plants." If the volume of natural gas transported by such pipeline increases "behind the plants," then the volume of liquids extracted by Products should normally increase.

Services is a natural gas and natural gas liquids marketing company serving both producers and consumers of natural gas by buying natural gas at the wellhead and from other sources in Oklahoma and other states, and reselling the gas to local distribution companies, utilities other than OG&E and industrial purchasers both within and outside Oklahoma. It also serves Products by purchasing and marketing the natural gas liquids they produce. The natural gas liquids are delivered to Conway, Kansas (which is one of the nation's largest wholesale markets for gas liquids), where they are sold on the spot market, commonly referred to as Group 140.

Although the margin on gas sales by Services is relatively small, approximately 82 percent of the natural gas purchased and resold is transported through the Enogex Inc. pipeline to one or more interstate pipelines that deliver the gas to markets. Thus, in addition to purchasing and selling natural gas, Services seeks to use the space available in the Enogex Inc. pipeline and increase the amount of natural gas available for processing by Products.

Enogex Inc. is committed to continue the activities of Services in order to increase the amount of natural gas transported through the pipeline and the amount of natural gas processed by Products.

In its marketing and transportation services for third parties, Enogex Inc. and Services encounter competition from other natural gas transporters and marketers and from other available alternative energy sources. The effect of competition from alternative energy sources is dependent upon the availability and cost of competing supply sources.

Volumes of natural gas transported by Enogex Inc. for third parties and the revenues derived from such activities increased from 1995. The contributing factors for the increase were favorable third party volume and price variances.

Services competes with all major suppliers of natural gas and natural gas liquids in the geographic markets they serve. For natural gas, those geographic markets are primarily the areas served by pipelines with which Enogex is interconnected. Although the price of the gas is an important factor to a buyer of natural gas from Services, the primary factor is the total cost (including transportation fees) that the buyer must pay. Natural gas transported for Services by Enogex Inc. is billed at the same rate Enogex Inc. charges for comparable third-party transportation.

Exploration was formed in 1988 primarily to engage in the development and production of oil and natural gas. Exploration has focused its drilling activity in the Antrim Devonian shale trend in the state of Michigan and also has interests in Oklahoma, Utah, Texas and Indiana. As of December 31, 1996, Exploration had interests in 448 active wells. Exploration's estimated proved reserves were 86,947 Mmcfe. The standardized measure of discounted future net cash flow with related Section 29 tax credits of Exploration's proved reserves was $78.8 million at December 31, 1996.

Centoma was formed in 1994 and is Enogex's gas gatherer within an area of mutual interest located on Enogex's inner system. All gas gathered by Centoma is processed at one of three gas plants, two of which are owned by Products. Centoma derives revenues from gas gathering and also from the resale of residue gas during the winter under premium price contracts. Subsequent to year-end, Enogex agreed to sell its 80 percent ownership in Centoma to the minority interest owner for $3.2 million which approximates the net book value of Enogex's share of Centoma's assets at December 31, 1996.

FINANCE AND CONSTRUCTION

The Company meets its cash needs through internally generated funds, short-term borrowings and permanent financing. Cash flows from operations remained strong in 1996 and 1995, which enabled the Company to internally generate the required funds to satisfy construction expenditures during these years.

Management expects that internally generated funds will be adequate over the next three years to meet the Company's capital requirements. The primary capital requirements for 1997 through 1999 are estimated as follows:

(DOLLARS IN MILLIONS)	1997	1998	1999
Electric utility construction expenditures including AFUDC.....	$ 95.0	$ 94.0	$ 94.0
Enogex construction expenditures and acquisitions.....	108.0	75.0	69.0
Maturities of long-term debt and sinking fund requirement.....	15.0	25.0	12.5
Total.....	$218.0	$194.0	$175.5

The three-year estimate includes expenditures for construction of new facilities to meet anticipated demand for service, to replace or expand existing facilities in both its electric and non-utility businesses, and to some extent, for satisfying maturing debt and sinking fund obligations. Approximately $400,000 of the Company's construction expenditures budgeted for 1997 are to comply with environmental laws and regulations. OG&E's construction program was developed to support an anticipated peak demand growth of one to two percent annually and to maintain minimum capacity reserve margins as stipulated by the Southwest Power Pool. See "Electric Operations - Rate Structure, Load Growth and Related Matters."

OG&E intends to meet its customers' increased electricity needs during the foreseeable future by maintaining the reliability and increasing the utilization of existing capacity. OG&E's current resource strategy includes the reactivation of existing plants and the addition of peaking resources. OG&E does not anticipate the need for another base-load plant in the foreseeable future.

The ability of the Company and its subsidiaries to sell additional securities on satisfactory terms to meet its capital needs is dependent upon numerous factors, including general market conditions for utility securities, which will impact OG&E's ability to meet earnings tests for the issuance of additional first mortgage bonds and preferred stock. Based on earnings for the twelve months ended December 31, 1996, and assuming an annual interest rate of 7.74 percent, OG&E could issue more than $1.0 billion in principal amount of additional first mortgage bonds under the earnings test contained in OG&E's Trust Indenture (assuming adequate property additions were available). Under the earnings test contained in OG&E's Restated Certificate of Incorporation and assuming none of the foregoing first mortgage bonds are issued, more than $1.0 billion of additional preferred stock at an assumed annual dividend rate of 7.2 percent could be issued as of December 31, 1996.

The Company will continue to use short-term borrowings to meet temporary cash requirements. OG&E has the necessary regulatory approvals to incur up to $400 million in short-term borrowings at any one time. The maximum amount of outstanding short-term borrowings during 1996 was $142.1 million.

OG&E's resource strategy for supplying energy through the next decade and beyond consists of evaluating measures to keep its existing generating plants operating efficiently well past their traditional retirement dates. As long as the cost to keep existing plants operating reliably and efficiently is less than the cost of alternative sources of capacity, existing plants will be operated.

In accordance with the requirements of the Public Utility Regulatory Policies Act of 1978 ("PURPA") (see "Electric Operations - Regulation and Rates - - National Energy Legislation"), OG&E is obligated to purchase 110 megawatts of capacity annually from Smith Cogeneration, Inc. and 320 megawatts annually from Applied Energy Services, Inc., another qualified cogeneration facility. In 1986, a contract was signed with Sparks Regional Medical Center to purchase energy not needed by the hospital from its nominal seven megawatt cogeneration facility. In 1987, OG&E signed a contract to purchase up to 110 megawatts of capacity from Mid-Continent Power Company, Inc. This purchase of capacity is currently planned to begin in 1998 and carries no obligation on the part of OG&E to purchase energy. The purchases under each of these cogeneration contracts were approved by the appropriate regulatory commissions at rates set in accordance with PURPA.

The Company's financial results depend to a large extent upon the tariffs OG&E charges customers and the actions of the regulatory bodies that set those tariffs, the amount of energy used by OG&E's customers, the cost and availability of external financing and the cost of conforming to government regulations.

ENVIRONMENTAL MATTERS

The Company's management believes all of its operations are in substantial compliance with present federal, state and local environmental standards. It is estimated that the Company's total expenditures for capital, operating, maintenance and other costs to preserve and enhance environmental quality will be approximately $40 million during 1997, compared to approximately $43 million in 1996. Approximately $400,000 of the Company's construction expenditures budgeted for 1997 are to comply with environmental laws and regulations. The Company continues to evaluate its environmental management systems to ensure compliance with existing and proposed environmental legislation and regulations and to better position itself in a competitive market.

As required by Title IV of the Clean Air Act Amendments of 1990 ("CAAA"), the Company has completed installation and certification of all required continuous emissions monitors ("CEMs") at OG&E's generating stations. OG&E submits emissions data quarterly to the Environmental Protection Agency ("EPA") as required by the CAAA. Phase II sulfur dioxide ("SO2") emission requirements will affect OG&E beginning in the year 2000. Based on current information the Company believes it can meet the SO2 limits without additional capital expenditures. In 1996 the Company emitted 58,700 tons of SO2.

With respect to the nitrogen oxide ("NOx") regulations of Title IV of the CAA, the Company has committed to meeting a 0.45 lbs/mm Btu NOx emission level beginning in 1997. As a result, the Company was eligible to exercise its option to extend the effective date of the lower emission requirements from the year 2000 until 2008. The Company's average NOx emissions for 1996 was 0.38 lbs/mm Btu.

The Company has submitted all of its required Title V permit applications. The first two were submitted on July 10, 1996 while the remaining six were submitted on March 5, 1997. As a result of the Title V Program the Company paid approximately $340,000 in fees in 1996.

Other air regulated items have emerged that could impact the Company. The Ozone Transport Assessment Group ("OTAG") is studying long range transport of ozone and its precursors across a thirty-seven state area. The results of the study are due by mid 1997. If reductions are required in Oklahoma, the Company could have to reduce its NOx emissions even further from the limits imposed by Title IV of the Act.

EPA has proposed revisions to the ambient ozone and particulate standards. Based on historic data and EPA projections, Tulsa and Oklahoma counties would fail to meet the proposed standard for ozone. In addition, Muskogee, Kay, Tulsa and Comanche counties would fail to meet the standard for particulate matter. If reductions were required in Muskogee, Kay and Oklahoma counties, significant capital expenditures could be required by the Company.

The Company has and will continue to seek new pollution prevention opportunities and to evaluate the effectiveness of its waste reduction, reuse and recycling efforts. In 1996, OG&E obtained refunds of approximately $232,600 from its recycling efforts. This figure does not include the additional savings gained through the reduction and/or avoidance of disposal costs and the reduction in material purchases due to reuse of existing materials. Similar savings are anticipated in future years.

OG&E has made application for renewal of all of its National Pollutant Discharge Elimination System ("NPDES") permits. OG&E received one of the permits in final form and the remainder of the applications are in technical review by the regulatory agency. It is anticipated, because of regulation

changes, that the new permits will offer greater operational flexibility than those in the past. In 1996 responsibility for administration of the NPDES program was shifted from the U. S. EPA to certain states including Oklahoma. As a result of the assumption of this program by the Oklahoma Department of Environmental Quality, annual state wastewater fees are expected to increase. Annual NPDES fees for 1996 were approximately $34,400 and at this time, it is anticipated that the cost of these fees will be similar for 1997.

OG&E remains a party to two separate actions brought by the EPA concerning cleanup of disposal sites for hazardous and toxic waste, See "Item 3. Legal Proceedings."

The Company has and will continue to evaluate the impact of its operations on the environment. As a result, contamination on Company property will be discovered from time to time. Three separate sites, which were identified as having been contaminated by historical operations were addressed during 1996. The Company completed remediation of two of these while remedial options for the third are being pursued with appropriate regulatory agencies. The cost of these actions has not had and are not anticipated to have a material adverse impact on the Company's financial position or results of operations.

EMPLOYEES

The Company and its subsidiaries had 2,751 employees at December 31, 1996.

ITEM 2. PROPERTIES.

OG&E owns and operates an interconnected electric production, transmission and distribution system, located in Oklahoma and western Arkansas, which includes eight active generating stations with an aggregate active capability of 5,647 megawatts. The following table sets forth information with respect to present electric generating facilities, all of which are located in Oklahoma:

Station & Unit		Fuel	Year Installed	Unit Capability (Megawatts)	Station Capability (Megawatts)
Seminole	1	Gas	1971	549	
	2	Gas	1973	507	
	3	Gas	1975	500	1,556
Muskogee	3	Gas	1956	184	
	4	Coal	1977	500	
	5	Coal	1978	500	
	6	Coal	1984	515	1,699
Sooner	1	Coal	1979	505	
	2	Coal	1980	510	1,015
Horseshoe Lake	6	Gas	1958	178	
	7	Gas	1963	238	
	8	Gas	1969	404	820
Mustang	1	Gas	1950	58	Inactive
	2	Gas	1951	57	Inactive
	3	Gas	1955	122	
	4	Gas	1959	260	
	5	Gas	1971	64	446
Conoco	1	Gas	1991	26	
	2	Gas	1991	26	52
Arbuckle	1	Gas	1953	74	Inactive
Enid	1	Gas	1965	12	
	2	Gas	1965	12	
	3	Gas	1965	12	
	4	Gas	1965	12	48
Woodward	1	Gas	1963	11	11
Total Active Generating Capability (all stations)					5,647

At December 31, 1996, OG&E's transmission system included: (i) 65 substations with a total capacity of approximately 15.6 million kVA and approximately 3,989 structure miles of lines in Oklahoma; and (ii) six substations with a total capacity of approximately 1.9 million kVA and approximately 241 structure miles of lines in Arkansas. OG&E's distribution system included: (i) 301 substations with a total capacity of approximately 5.6 million kVA, 19,794 structure miles of overhead lines, 1,562 miles of underground conduit and 6,386 miles of underground conductors in Oklahoma; and (ii) 30 substations with a total capacity of approximately 665,000 kVA, 1,617 structure miles of overhead lines, 148 miles of underground conduit and 344 miles of underground conductors in Arkansas.

Substantially all of OG&E's electric facilities are subject to a direct first mortgage lien under the Trust Indenture securing OG&E's first mortgage bonds.

Enogex owns: (i) over 3,500 miles of natural gas pipeline extending from the Arkoma Basin in eastern Oklahoma to the Anadarko Basin in western Oklahoma; (ii) a 50 percent interest in a natural gas processing plant near Calumet, Oklahoma, which has the capacity to process 250 Mmcf of natural gas per day; (iii) five other natural gas processing plants in Oklahoma, which have, in the aggregate, the capacity to process approximately 69 Mmcf of natural gas per day; and (iv) an 80 percent interest in approximately 110 miles of gas gathering pipeline owned by Centoma.

During the three years ended December 31, 1996, the Company's gross property, plant and equipment additions approximated $440 million and gross retirements approximated $97 million. Over 95 percent of these additions were provided by internally generated funds. The additions during this three-year period amounted to approximately 10.9 percent of total property, plant and equipment at December 31, 1996.

ITEM 3. LEGAL PROCEEDINGS.

1. On July 8, 1994, an employee of OG&E filed a lawsuit in state court against OG&E in connection with OG&E's VERP. The case was removed to the U.S. District Court in Tulsa, Oklahoma. On August 23, 1994, the trial court granted OG&E's Motion to Dismiss Plaintiff's Complaint in its entirety.

On September 12, 1994, Plaintiff, along with two other Plaintiffs, filed an Amended Complaint alleging substantially the same allegations which were in the original complaint. The action was filed as a class action, but no motion to certify a class was ever filed. Plaintiffs want credit, for retirement purposes, for years they worked prior to a pre-ERISA (1974) break in service. They allege violations of ERISA, the Veterans Reemployment Act, Title VII, and the Age Discrimination in Employment Act. State law claims, including one for intentional infliction of emotional distress, are also alleged.

On October 10, 1994, Defendants filed a Motion to Dismiss Counts II, IV, V, VI and VII of Plaintiffs' Amended Complaint. With regard to Counts I and III, Defendants filed a Motion for Summary Judgment on January 18, 1996. One Plaintiff was killed in a car accident in January of 1996. The Plaintiff never retired and Defendants allege the Plaintiff does not have a claim for retirement benefits. The Plaintiff's beneficiary will receive death benefits.

While the Company cannot predict the precise outcome of the proceeding, the Company continues to believe that the lawsuit is without merit and will not have a material adverse effect on its consolidated results of operations or financial condition.

2. OG&E is also involved, along with numerous other Potentially Responsible Party's ("PRP"), in an EPA administrative action involving the facility in Holden, Missouri, of Martha C. Rose Chemicals, Inc. ("Rose"). Beginning in early 1983 through 1986, Rose was engaged in the business of brokering of polychlorinated biphenyls ("PCBs") and PCB items, processing of PCB capacitors and transformers for disposal, and decontamination of mineral oil dielectric fluids containing PCBs. During this time period, various generators of PCBs ("Generators"), including OG&E, shipped materials containing PCBs to the facility. Contrary to its contractual obligation with OG&E and other Generators, it appears that Rose failed to manage, handle and dispose of the PCBs and the PCB items in accordance with the applicable law. Rose has been issued citations by both the EPA and the Occupational Safety and Health Administration. Several Generators, including OG&E, formed a Steering Committee to investigate and clean up the Rose facility.

The Company's share of the total hazardous wastes at the Rose facility was less than six percent. The remediation of this site was completed in 1995 by the Steering Committee and is currently in the final stages of closure with the EPA, which includes operation and maintenance activities as required in the Administrative Order on Consent with the EPA. Due to additional funds resulting from payments by third party companies who were not a part of the Steering Committee, and also reduced remedy implementation costs, the Company received a refund in December 1995 under the allocation formula. OG&E has reached a settlement agreement with its insurance carrier, AEGIS Insurance Company, with respect to costs incurred at this site. The Company considers this insurance matter to be closed.

Management believes that OG&E's ultimate liability for any additional cleanup costs of this site will not have a material adverse effect on OG&E's financial position or its results of operations. Management's opinion is based on the following: (i) the present status of the site; (ii) the cleanup costs already paid by certain parties; (iii) the financial viability of the other PRPs; (iv) the portion of the total waste disposed at this site attributable to OG&E; and (v) the Company's settlement agreement with its insurer. Management also believes that costs incurred in connection with this site, which are not recovered from insurance carriers or other parties, may be allowable costs for future ratemaking purposes.

3. On January 11, 1993, OG&E received a Section 107 (a) Notice Letter from the EPA, Region VI, as authorized by the CERCLA, 42 USC Section 9607 (a), concerning the Double Eagle Refinery Superfund Site located at 1900 NE First Street in Oklahoma City, Oklahoma. The EPA has named OG&E and 45 others as PRPs. Each PRP could be held jointly and severally liable for remediation of this site.

On February 15, 1996, OG&E elected to participate in the de minimis settlement of EPA's Administrative Order on Consent. This limits OG&E's financial obligation to less than $50,000 and also eliminates its involvement in the design and implementation of the site remedy.

4. As previously reported, on September 18, 1996, Trigen-Oklahoma City Energy Corporation ("Trigen") sued OG&E in the United States District Court, Western District of Oklahoma, Case No. CIV-96-1595-M. Trigen alleged six causes of action: (i) monopolization in violation of Section 2 of the Sherman Act; (ii) attempt to monopolize in violation of Section 2 of the Sherman Act; (iii) acts in restraint of trade in violation of Oklahoma law, 79 O.S. 1991, ss. 1; (iv) discriminatory sales in violation of 79 O.S. 1991, ss. 4; (v) tortious interference with contract; and (vi) tortious interference with a prospective economic advantage. Trigen seeks actual damages of at least $7 million, trebled, together with its costs, pre- and post-judgment interest and attorney fees, in connection with each of the first four counts. It seeks actual damages of at least $7 million, plus punitive damages together with its costs, pre-and post-judgment interest and attorney fees, in connection with each of the

remaining counts. Trigen also seeks permanent injunctive relief against the alleged Sherman Act violations and against OG&E's alleged practice of offering cooling services to customers in Oklahoma City in the form of RTP-priced electricity "bundled" together with financing, construction, and/or other consulting services at guaranteed rates.

OG&E filed an answer and counterclaim on November 7, 1996 asserting that Trigen made false claims, misrepresented facts, published false statements and other defamatory conduct which damaged the Company, and asserting violation of the Oklahoma Deceptive Trade Practices Act. The Company seeks punitive and actual damages. Due to the early stages of this lawsuit, OG&E cannot predict its outcome at this time.

5. The State of Oklahoma, ex rel., Teresa Harvey (Carroll); Margaret B. Fent and Jerry R. Fent v. Oklahoma Gas and Electric Company, et al., District Court, Oklahoma County, Case No. CJ-97-1242-63. On February 24, 1997, the taxpayers instituted litigation against OG&E and Co-Defendants Oklahoma Corporation Commission, Oklahoma Tax Commission and individual commissioners seeking judgment in the amount of $970,184.14 and treble penalties of $2,910,552.42, plus interest and costs, for overcharges refunded by OG&E to its ratepayers in compliance with an Order of the OCC which Plantiffs allege was illegal. Plantiffs allege the refunds should have been paid into the state Unclaimed Property Fund. Management believes that the lawsuit is without merit and will not have a material adverse effect on the Company's consolidated financial position or its results of operations.

6. On March 19, 1997, the City of Enid, Oklahoma ("Enid") through its City Council, notified OG&E of its intent to purchase OG&E's electric distribution facilities for Enid and to terminate OG&E's franchise to provide electricity within Enid as of June 26, 1998. The ability of Enid to purchase OG&E's distribution facilities in Enid is subject to numerous additional conditions. OG&E currently provides electricity to approximately 25,000 customers in Enid and for the year ended December 31, 1996, derived less than 3.5 percent of its electric retail revenues from sales of electricity to such customers. In the event Enid is ultimately successful in its current efforts, it is expected that OG&E would compete with other companies at the wholesale level to supply electricity to Enid. OG&E is currently evaluating the legality of the City Council's actions and determining the appropriate actions to take.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None

EXECUTIVE OFFICERS OF THE REGISTRANT.

The following persons were Executive Officers of the Registrant as of March 15, 1997:

Name	Age	Title
Steven E. Moore	50	Chairman of the Board, President and Chief Executive Officer
Al M. Strecker	53	Senior Vice President
Michael G. Davis	47	Vice President
James R. Hatfield	39	Vice President and Treasurer
Irma B. Elliott	58	Vice President and Corporate Secretary
Melvin D. Bowen, Jr.	55	Vice President - Power Delivery - OG&E
Jack T. Coffman	53	Vice President - Power Supply - OG&E
Donald R. Rowlett	39	Controller Corporate Accounting - OG&E
Don L. Young	56	Controller Corporate Audits - OG&E

No family relationship exists between any of the Executive Officers of the Registrant. Each Officer is to hold office until the Board of Directors meeting following the next Annual Meeting of Shareowners, currently scheduled for May 15, 1997.

Messrs. Moore, Strecker, Davis, Hatfield and Ms. Elliott were named to the position shown above following the corporate reorganization effective December 31, 1996, pursuant to which the Registrant became the holding company parent of OG&E. Such persons are also officers of OG&E.

The business experience of each of the Executive Officers of the Registrant for the past five years is as follows:

Name	Business Experience	
Steven E. Moore	1996-Present:	Chairman of the Board, President and Chief Executive Officer
	1996-Present:	Chairman of the Board, President and Chief Executive Officer - OG&E
	1995-1996:	President and Chief Operating Officer - OG&E
	1992-1995:	Vice President - Law and Public Affairs - OG&E
Al M. Strecker	1996-Present:	Senior Vice President
	1994-Present:	Senior Vice President - Finance and Administration - OG&E
	1992-1994:	Vice President and Treasurer - OG&E
Michael G. Davis	1996-Present:	Vice President
	1994-Present:	Vice President - Marketing and Customer Services - OG&E
	1992-1994:	Director-Marketing Division - OG&E
	1992:	Manager - Industrial Services - OG&E

Name	Business Experience	
James R. Hatfield	Present:	Vice President and Treasurer
	Present:	Vice President and Treasurer - OG&E
	1994-1997:	Treasurer - OG&E
	1994:	Vice President - Investor Relations & Corporate Secretary - Aquila Gas Pipeline Corporation (an intrastate gas pipeline subsidiary of UtiliCorp United Inc.)
	1992-1993:	Assistant Treasurer - UtiliCorp United Inc. (an electric and natural gas utility company)
Irma B. Elliott	1996-Present:	Vice President and Corporate Secretary
	1996-Present:	Vice President and Corporate Secretary - OG&E
	1992-1996:	Secretary - OG&E
Melvin D. Bowen, Jr.	1994-Present:	Vice President - Power Delivery - OG&E
	1992-1994:	Metro Region Superintendent - OG&E
Jack T. Coffman	1994-Present:	Vice President - Power Supply - OG&E
	1992-1994:	Manager - Generation Services - OG&E

Name	Business Experience	
Donald R. Rowlett	1996-Present:	Controller Corporate Accounting - OG&E
	1994-1996:	Assistant Controller - OG&E
	1992-1994:	Senior Specialist - Tax Accounting - OG&E
	1992:	Specialist - Tax Accounting - OG&E
Don L. Young	1996-Present:	Controller Corporate Audits - OG&E
	1992-1996:	Controller - OG&E

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Common Stock is listed for trading on the New York and Pacific Stock Exchanges under the ticker symbol "OGE." Quotes may be obtained in daily newspapers where the common stock is listed as "OGE Engy" in the New York Stock Exchange listing table. The following table gives information with respect to price ranges, as reported in THE WALL STREET JOURNAL as New York Stock Exchange Composite Transactions, and dividends paid for the periods shown.

	1996			1995		
	Dividend Paid	High	Low	Dividend Paid	High	Low
First Quarter	$0.66 1/2	$43 5/8	$38 7/8	$0.66 1/2	$36 1/4	$32 9/16
Second Quarter	0.66 1/2	40 1/8	36 7/8	0.66 1/2	36 3/8	33 1/4
Third Quarter	0.66 1/2	41 7/8	38 1/8	0.66 1/2	38	33 3/8
Fourth Quarter	0.66 1/2	41 7/8	38 1/8	0.66 1/2	43 5/8	36 7/8

The number of record holders of Common Stock at December 31, 1996, was 44,544. The book value of the Company's Common Stock at December 31, 1996, was $23.81.

ITEM 6. SELECTED FINANCIAL DATA.

HISTORICAL DATA

	1996	1995	1994	1993	1992
SELECTED FINANCIAL DATA (DOLLARS IN THOUSANDS EXCEPT FOR PER SHARE DATA)					
Operating revenues	$1,387,435	$1,302,037	$1,355,168	$1,447,252	$1,314,984
Operating expenses	1,186,216	1,099,890	1,154,702	1,252,099	1,137,980
Operating income	201,219	202,147	200,466	195,153	177,004
Other income and deductions	97	800	(2,167)	(1,301)	(567)
Interest charges	67,984	77,691	74,514	79,575	76,725
Net income	133,332	125,256	123,785	114,277	99,712
Preferred dividend requirements	2,302	2,316	2,317	2,317	2,317
Earnings available for common	$ 131,030	$ 122,940	$ 121,468	$ 111,960	$ 97,395
Long-term debt	$ 829,281	$ 843,862	$ 730,567	$ 838,660	$ 838,654
Total assets	$2,762,355	$2,754,871	$2,782,629	$2,731,424	$2,590,083
Earnings per average common share	$ 3.25	$ 3.05	$ 3.01	$ 2.78	$ 2.42
CAPITALIZATION RATIOS					
Common equity	52.26%	51.19%	54.13%	50.51%	50.36%
Cumulative preferred stock	2.68%	2.73%	2.94%	2.78%	2.79%
Long-term debt	45.06%	46.08%	42.93%	46.71%	46.85%
INTEREST COVERAGES					
Before federal income taxes					
(including AFUDC)	4.07X	3.48X	3.59X	3.32X	3.05X
(excluding AFUDC)	4.06X	3.46X	3.58X	3.32X	3.04X
After federal income taxes					
(including AFUDC)	2.94X	2.59X	2.64X	2.43X	2.29X
(excluding AFUDC)	2.93X	2.57X	2.62X	2.42X	2.28X

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF OPERATIONS
AND FINANCIAL CONDITION.

MANAGEMENT'S DISCUSSION AND ANALYSIS.

OVERVIEW

(THOUSANDS EXCEPT PER SHARE AMOUNTS)	1996	1995	1994	Percent Change From Prior Year 1996	Percent Change From Prior Year 1995
Operating revenues	$1,387,435	$1,302,037	$1,355,168	6.6	(3.9)
Earnings available for common stock	$ 131,030	$ 122,940	$ 121,468	6.6	1.2
Average shares outstanding	40,367	40,356	40,344	---	---
Earnings per average common share	$ 3.25	$ 3.05	$ 3.01	6.6	1.3
Dividends paid per share	$ 2.66	$ 2.66	$ 2.66	---	---

OGE Energy Corp. (the "Company") became the parent company of Oklahoma Gas and Electric Company ("OG&E") and its former subsidiary, Enogex Inc. ("Enogex") on December 31, 1996 in a corporate reorganization whereby all common stock of OG&E was exchanged on a share-for-share basis for common stock of the Company. Prior to December 31, 1996, the Company had no operations and the financial results discussed herein essentially represent the consolidated statements of OG&E and comparisons to prior year results represent comparisons to the consolidated results of OG&E. Under this corporate structure, the Company serves as the parent holding company to OG&E, Enogex and any other companies that may be formed within the organization in the future. This new holding company structure is intended to provide greater flexibility to take advantage of opportunities in an increasingly competitive business environment and to clearly separate the Company's electric utility business from its non-utility businesses. Because OG&E is the Company's principal subsidiary, the Company's financial results and condition are substantially dependent at this time on the financial results and condition of OG&E.

Earnings for 1996 increased 6.6 percent from $3.05 per share in 1995 to $3.25 per share in 1996. The increase is primarily the result of continued customer growth in the OG&E service area, lower interest costs and increased earnings by Enogex. The 1995 increase from $3.01 per share to $3.05 per share resulted primarily from customer growth in the OG&E service area and improved operating efficiencies from the 1994 restructuring of the Company's operations.

The dividend payout ratio (expressed as a percentage of earnings available for common) improved in 1996 to 82 percent as compared to 87 percent for 1995. The Company's long-term goal is to achieve a dividend payout ratio of 75 percent based on long-term earnings expectations.

On February 11, 1997, the Oklahoma Corporation Commission ("OCC") issued an order approving OG&E's proposed settlement agreement, which reduced OG&E's electric rates on an annual basis by approximately $50 million, approximately $45 million effective March 5, 1997, and the remaining $5 million effective March 1, 1998. OG&E had filed an application in June 1996 with the OCC for an annual electric utility rate reduction of $14.2 million. Various parties proposed significantly higher reductions than the $14.2 million proposed by OG&E and the $50 million approved by the OCC. The approved rate reduction provides an incentive program designed to encourage future generation cost savings to be shared by OG&E and its customers. This program also gives OG&E the opportunity to

lessen the impact of the $50 million reduction, if future cost savings are achieved. See Note 10 of Notes to Consolidated Financial Statements.

In 1994, the Company restructured and redesigned its operations to reduce costs in order to more favorably position itself for the competitive electric utility environment. As part of this process, the Company implemented a Voluntary Early Retirement Package ("VERP") and a severance package in 1994. Those two programs reduced the Company's workforce by more than 900 employees. In January 1995, OG&E began amortizing a regulatory asset of $48.9 million consisting of the balance of the deferred costs associated with the VERP and the severance package, in accordance with an order of the OCC issued on October 26, 1994. The OCC order permitted the Company to amortize the $48.9 million over 26 months and reduced electric rates during such period by approximately $15 million annually. At December 31, 1996, the unamortized regulatory asset was $3.8 million, which is included on the Consolidated Balance Sheets as Deferred Charges - Other. In 1996, the labor savings from the VERP and severance package approximated the amortization of the regulatory asset and the annual rate reduction of $15 million and therefore, did not significantly impact 1996 operating results. The unamortized regulatory asset will be fully amortized in February 1997, allowing the labor savings associated with the 1994 workforce reductions to lessen the impact of the most recent OCC order reducing OG&E's electric rates which became effective on March 5, 1997.

In 1996, the Company decided upon an "enterprise software" future for its businesses. Enterprise software is a corporate software system designed to handle most of the Company's information processing needs and to improve work processes throughout the Company. On January 1, 1997, an enterprise software system was successfully implemented throughout the Company and is expected to give the Company a strategic advantage in the years ahead.

The following discussion and analysis presents factors which had a material effect on the Company's operations and financial position during the last three years and should be read in conjunction with the Consolidated Financial Statements and Notes thereto. Trends and contingencies of a material nature are discussed to the extent known and considered relevant. Except for the historical statements contained herein, the matters discussed in the following discussion and analysis, are forward-looking statements that are subject to certain risks, uncertainties and assumptions. Such forward-looking statements are intended to be identified in this document by the words "anticipate", "estimate", "objective", "possible", "potential" and similar expressions. Actual results may vary materially. Factors that could cause actual results to differ materially include, but are not limited to: general economic conditions, including their impact on capital expenditures; business conditions in the energy industry; competitive factors; unusual weather; regulatory decisions and the other risk factors listed in the reports filed by the Company with the Securities and Exchange Commission.

RESULTS OF OPERATIONS

REVENUES

(THOUSANDS)	1996	1995	1994	Percent Change From Prior Year 1996	1995
Sales of electricity to OG&E customers.....	$1,172,740	$1,133,283	$1,185,133	3.5	(4.4)
Sales of electricity to other utilities....	27,597	35,004	11,765	(21.2)	197.5
Enogex.....	187,098	133,750	158,270	39.9	(15.5)
Total operating revenues.....	$1,387,435	$1,302,037	$1,355,168	6.6	(3.9)
System kilowatt-hour sales.....	21,540,670	20,828,415	20,642,675	3.4	0.9
Kilowatt-hour sales to other utilities.....	1,475,449	1,851,839	556,765	(20.3)	232.6
Total kilowatt-hour sales.....	23,016,119	22,680,254	21,199,440	1.5	7.0

In 1996, approximately 87 percent of the Company's revenues consisted of OG&E's regulated sales of electricity as a public utility, while the remaining 13 percent was provided by the non-utility operations of Enogex. Revenues from sales of electricity are somewhat seasonal, with a large portion of OG&E's annual electric revenues occurring during the summer months when the electricity needs of its customers increase. Enogex's primary operations consist of transporting natural gas through its intra-state pipeline to various customers (including OG&E), buying and selling natural gas to third parties ("gas marketing"), selling natural gas liquids extracted by its natural gas processing plants and investing in natural gas development and production activities. Actions of the regulatory commissions that set OG&E's electric rates will continue to affect OG&E's financial results. The commissions also have the authority to examine the appropriateness of OG&E's recovery from its customers of fuel costs, which include the transportation fees that OG&E pays Enogex for transporting natural gas to OG&E's generating units. See "Contingencies" and Note 10 of Notes to Consolidated Financial Statements for a discussion of the impact of the OCC's February 11, 1997 rate order on these transportation fees.

Operating revenues increased $85.4 million or 6.6 percent, during 1996, primarily due to continued growth in kilowatt-hour sales to OG&E customers ("system sales") and a significant increase in revenue from Enogex businesses. In 1996, Enogex revenues increased 39.9 percent. This increase is primarily attributable to increased gas marketing sales, increased margins in petroleum product sales and increased third party gas transportation services.

During 1995, operating revenues decreased $53.1 million or 3.9 percent, primarily due to lower revenue from Enogex businesses, the $15 million rate reduction, mild weather and recovery of lower fuel costs. Partially offsetting the impact of these reductions was continued growth in system sales and a significant increase in kilowatt-hour sales to other utilities.

Enogex revenues decreased 15.5 percent in 1995. This reduction was primarily attributable to a reduced emphasis on low margin off-system natural gas sales and lower natural gas prices on gas purchased for resale.

EXPENSES AND OTHER ITEMS

(DOLLARS IN THOUSANDS)	1996	1995	1994	Percent Change From Prior Year 1996	1995
Fuel	$ 279,083	$ 260,443	$ 263,329	7.2	(1.1)
Purchased power	222,070	216,598	228,701	2.5	(5.3)
Gas purchased for resale (Enogex)	117,343	87,293	114,044	34.4	(23.5)
Other operation and maintenance	307,154	290,824	284,194	5.6	2.3
Restructuring	---	---	21,035	*	*
Depreciation and Amortization	136,140	132,135	126,377	3.0	4.6
Taxes	124,426	112,597	117,022	10.5	(3.8)
Total operating expenses	$1,186,216	$1,099,890	$1,154,702	7.8	(4.7)

* Not meaningful

Total operating expenses increased $86.3 million or 7.8 percent in 1996, primarily due to increases in quantities and prices of gas purchased for resale by Enogex, higher fuel costs for the production of electricity, increased other operation costs and higher income taxes.

Enogex's gas purchased for resale pursuant to its gas marketing operations increased $30.0 million or 34.4 percent for 1996 compared to a decrease of $26.7 million or 23.5 percent for 1995. The 1996 increase was due to increased sales volumes and significantly higher purchase prices, while the 1995 decrease resulted from reduced volumes and lower natural gas prices.

OG&E's generating capability is evenly divided between coal and natural gas and provides for flexibility to use either fuel to the best economic advantage for the Company and its customers. In 1996, fuel costs increased $18.6 million or 7.2 percent primarily due to increased generation of electricity resulting from continued customer growth and favorable weather conditions in the electric service area. During 1995, fuel costs decreased $2.9 million or 1.1 percent because of lower prices and usage of natural gas and a higher volume of kilowatt-hours generated with lower-priced coal.

Other operation and maintenance increased $16.3 million in 1996, due to the new enterprise software information processing system, increased pension expense, increased oil and gas production and the related lease operating expenses by Enogex, minor overhauls at coal-fired generating plants, repair of coal handling equipment and increased pipeline maintenance associated with increased gas gathering and sales by Enogex. Other operation and maintenance increased $6.6 million in 1995, because of $22.6 million of amortization of the regulatory asset resulting from the 1994 restructuring of the Company's operations, costs associated with a major storm in the Company's service area and the write-off of obsolete inventory, offset by lower costs resulting from the 1994 workforce reduction and efficiencies gained in the maintenance of the Company's generating plants.

In 1996, income taxes increased primarily due to a decrease in tax credits earned and higher pre-tax earnings. Income taxes decreased in 1995 as a result of an increase in tax credits earned and lower pre-tax earnings.

Purchased power costs were $222.1 million in 1996, up from $216.6 million in 1995. The $5.5 million increase in 1996 resulted from the availability of larger quantities of economically-priced energy from other utilities. Purchased power costs decreased $12.1 million or 5.3 percent in 1995, primarily due to the availability of larger quantities of economically-priced energy in 1994. As required by the Public Utility Regulatory Policy Act ("PURPA"), OG&E is currently purchasing power from qualified cogeneration facilities. In 1998, another qualified cogeneration facility is scheduled to become operational and OG&E is obligated to purchase up to 100 megawatts of capacity from this facility as well. See related discussion of purchased power in Note 9 of Notes to Consolidated Financial Statements.

Variances in the actual cost of fuel used in electric generation and certain purchased power costs, as compared to that component in cost-of-service for ratemaking, are passed through to OG&E's electric customers through automatic fuel adjustment clauses. The automatic fuel adjustment clauses are subject to periodic review by the OCC, the Arkansas Public Service Commission ("APSC") and the Federal Energy Regulatory Commission ("FERC"). The OCC, the APSC and the FERC have authority to review the appropriateness of gas transportation charges or other fees OG&E pays Enogex, which OG&E seeks to recover through the fuel adjustment clause or other tariffs. See Note 10 of Notes to Consolidated Financial Statements for a discussion of the February 11, 1997 OCC order setting, among other things, annual compensation for these transportation services provided by Enogex to OG&E at $41.3 million and directing OG&E to transition to competitive bidding of its gas transportation requirements currently provided by Enogex no later than April 30, 2000; the APSC order in July 1996 requiring, among other things, a $4.5 million refund; and the OCC order in February 1994 requiring, among other things, a $41.3 million refund relating to the fees OG&E paid Enogex.

OG&E has initiated numerous other ongoing programs that have helped reduce the cost of generating electricity over the last several years. These programs include: 1) utilizing a natural gas storage facility; 2) spot market purchases of coal; 3) renegotiated contracts for coal, gas, railcar maintenance and coal transportation; and 4) a heat rate awareness program to produce kilowatt-hours with less fuel. Reducing fuel costs helps OG&E remain competitive, which in turn helps OG&E's electric customers remain competitive in a global economy.

The increases in depreciation and amortization for 1996 and 1995 reflects higher levels of depreciable plant and amortization of gas sales contracts by Enogex.

The decrease in interest expense for 1996 was primarily attributable to the successful refinancing activity in 1995. The Company refinanced approximately $396 million of short-term and long-term debt in 1995, resulting in an approximate $10 million reduction in annual interest expense.

LIQUIDITY, CAPITAL RESOURCES AND CONTINGENCIES

The primary capital requirements for 1996 and as estimated for 1997 through 1999 are as follows:

(DOLLARS IN MILLIONS)	1996	1997	1998	1999
Construction expenditures including AFUDC	$150.0	$203.0	$169.0	$163.0
Maturities of long-term debt and sinking fund requirements	---	15.0	25.0	12.5
Total	$150.0	$218.0	$194.0	$175.5

The Company's primary needs for capital are related to construction of new facilities to meet anticipated demand for utility service, to replace or expand existing facilities in both its electric and non-utility businesses, and to some extent, for satisfying maturing debt and sinking fund obligations. The Company generally meets its cash needs through a combination of internally generated funds, short-term borrowings and permanent financing. Because of the continuing trend toward greater environmental awareness and increasingly stringent regulations, the Company has been experiencing increasing construction expenditures related to compliance with environmental laws and regulations.

1996 CAPITAL REQUIREMENTS AND FINANCING ACTIVITIES

Construction expenditures were $150 million in 1996. Approximately $1.3 million of the 1996 construction expenditures were to comply with environmental regulations. This compares to construction expenditures of $154 million in 1995, of which $1 million was to comply with environmental regulations.

During 1996, the Company's primary source of capital was internally generated funds from operating cash flows. Operating cash flow remained strong in 1996 as internally generated funds provided financing for all of the Company's capital expenditures. Variations in accounts receivable and accounts payable are not generally significant indicators of the Company's liquidity, as such variations are primarily attributable to fluctuations in weather in OG&E's service territory, which has a direct effect on sales of electricity. In 1996, accounts receivable and accounts payable were higher due to more favorable weather in the last quarter of the year as compared to 1995.

Short-term borrowings were used during 1996 to meet temporary cash requirements. At December 31, 1996, the Company had outstanding short-term borrowings of $41.4 million.

In April 1996, OG&E filed a registration statement for the sale of up to $300 million of senior notes. In February 1997, OG&E reduced the amount of the registration statement for senior notes to $250 million and filed a new registration statement for up to $50 million of grantor trust preferred securities. Assuming favorable market conditions, OG&E may issue all or part of these securities to refinance, at lower rates, one or more series of outstanding first mortgage bonds or preferred stock.

FUTURE CAPITAL REQUIREMENTS

The Company's construction program for the next several years does not include additional base-load generating units. Rather, to meet the increased electricity needs of OG&E's electric utility customers during the balance of the century, OG&E will concentrate on maintaining the reliability and increasing the utilization of existing capacity and increasing demand-side management efforts. Approximately $400,000 of the Company's construction expenditures budgeted for 1997 are to comply with environmental laws and regulations.

Future financing requirements may be dependent, to varying degrees, upon numerous factors outside the Company's control such as general economic conditions, abnormal weather, load growth, inflation, changes in environmental laws or regulations, rate increases or decreases allowed by regulatory agencies, new legislation and market entry of competing electric power generators.

FUTURE SOURCES OF FINANCING

Management expects that internally generated funds will be adequate over the next three years to meet anticipated capital requirements. Short-term borrowings will continue to be used to meet temporary cash requirements. OG&E has the necessary regulatory approvals to incur up to $400 million in short-term borrowings at any one time. OG&E has in place a line of credit for up to $160 million which expires December 6, 2000.

The Company continues to evaluate opportunities to enhance shareowner returns and achieve long-term financial objectives through acquisitions of non-utility businesses. Permanent financing could be required for such acquisitions.

CONTINGENCIES

The Company through its subsidiaries is defending various claims and legal actions, including environmental actions, which are common to its operations. As to environmental matters, OG&E has been designated as a "potentially responsible party" ("PRP") with respect to three waste disposal sites to which OG&E sent materials. Remediation of two of these sites has been completed. OG&E's total waste disposed at the remaining site is minimal and on February 15, 1996, the Company elected to participate in the de minimis settlement offered by the EPA, which is being contested by one party. This limits the Company's financial obligation in addition to removing any participation in the site remedy. While it is not possible to determine the precise outcome of these matters, in the opinion of management, OG&E's ultimate liability for these sites will not be material.

On February 11, 1997, the OCC issued an order, among other things, directing OG&E to transition to competitive bidding its gas transportation requirements, currently met by Enogex, no later than April 30, 2000. This order also set annual compensation for the transportation services provided by Enogex to OG&E at $41.3 million until competitively-bid gas transportation begins. In 1996, approximately $44 million or 19 percent of Enogex's revenues were attributable to transporting gas for OG&E. Other pipelines seeking to compete with Enogex for OG&E's business will likely have to pay a fee to Enogex for transporting gas on Enogex's system or incur capital expenditures to develop the necessary infrastructure to connect with OG&E's gas-fired generating stations. Nevertheless, a potential outcome of the competitive bidding process is that the revenues of Enogex derived from transporting gas for OG&E may be significantly less after April 30, 2000.

The Company has contracted for low-sulfur coal to comply with the sulfur dioxide limitations of the Clean Air Act Amendments of 1990 ("CAAA"). OG&E also has completed installation and certification of all required continuous emissions monitors at each of its generating units. Phase II sulfur dioxide emission requirements will affect OG&E beginning in the year 2000. OG&E believes it can meet these sulfur dioxide limits without additional capital expenditures. With respect to nitrogen oxide limits, OG&E is meeting the current emission standards and has exercised its option to extend the effective date of the further reductions from 2000 to 2008.

The Oklahoma Department of Environmental Quality's CAAA Title V air permitting program was approved by the EPA in March, 1996. OG&E submitted comprehensive site air permit applications on July 10, 1996 for two of its major source generating stations. Title V permits for the remaining six permit applications should be complete by March, 1997. Air permit fees for generating stations were approximately $340,000 in 1996 and are estimated to be approximately $340,000 in 1997.

In October 1992, the National Energy Policy Act of 1992 ("Energy Act") was enacted. Among many other provisions, the Energy Act is designed to promote competition in the development of wholesale power generation in the electric utility industry. It exempts a new class of independent power producers from regulation under the Public Utility Holding Company Act of 1935 and allows the FERC to order "wholesale wheeling" by public utilities to provide utility and non-utility generators access to public utility transmission facilities.

In April 1996, FERC issued two final rules, Orders 888 and 889, which may have a significant impact on wholesale markets. These orders were amended in orders issued in March 1997. Order 888, which was preceded by a Notice of Proposed Rulemaking referred to as the "Mega-NOPR", sets forth rules on non-discriminatory open access transmission service to promote wholesale competition. Order 888, which was effective on July 9, 1996, requires utilities and other transmission users to abide by comparable terms, conditions and pricing in transmitting power. Order 889, which had its effective date extended to January 3, 1997, requires public utilities to implement Standards of Conduct and an Open Access Same Time Information System ("OASIS", formerly known as "Real-Time Information Networks"). These rules require transmission personnel to provide the same information about the transmission system to all transmission customers using the OASIS. OG&E is complying with these new rules from the FERC.

Another impact of complying with FERC's Order 888 is a requirement for utilities to offer a transmission tariff that includes network transmission service ("NTS") to transmission customers. NTS allows transmission service customers to fully integrate load and resources on an instantaneous basis, in a manner similar to how OG&E has historically integrated its load and resources. Under NTS, OG&E and participating customers share the total annual transmission cost for their combined joint-use systems, net of related transmission revenues, based upon each company's share of the total system load. At this time, OG&E expects to incur approximately $1 million in start-up costs beginning in 1997 and a minimal annual expense increase, as a result of Orders 888 and 889.

Numerous state legislatures and regulatory commissions are considering proposals to increase competition at the retail customer level. The OCC is seeking to identify, describe and create a process to implement a comprehensive and integrated restructuring of the electric utility industry for the State of Oklahoma. On June 6, 1996, the OCC issued a Notice of Inquiry proposing questions for comment. In response to the Notice of Inquiry, OG&E filed comments with the OCC on September 9, 1996. The comments listed, among other things, five critical issues that OG&E believes must be addressed to ensure a successful transition to a deregulated environment. These issues are: 1) retail wheeling should be implemented in Oklahoma at the same time it is implemented and on the same terms in all surrounding

states; 2) stranded costs must be recovered; 3) a level playing field must be established; 4) state regulators role must be restructured and 5) there must be no exceptions to the new rules. In addition, legislation has been introduced in the Oklahoma Legislature to permit increased competition at the retail level by July 2002. OG&E is not opposed to such legislation generally, provided the five issues noted above are addressed fairly. OG&E has taken steps such as its 1994 restructuring of its operations and its holding company reorganization, and intends to take appropriate steps in the future, to remain a competitive supplier of electricity.

Besides the existing contingencies described above, and those described in Note 9 of Notes to Consolidated Financial Statements, the Company's ability to fund its future operational needs and to finance its construction program is dependent upon numerous other factors beyond its control, such as general economic conditions, abnormal weather, load growth, inflation, new environmental laws or regulations, and the cost and availability of external financing.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA.

CONSOLIDATED STATEMENTS OF INCOME

Year ended December 31 (DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)	1996	1995	1994
OPERATING REVENUES	$1,387,435	$1,302,037	$1,355,168
OPERATING EXPENSES:			
Fuel	279,083	260,443	263,329
Purchased power	222,070	216,598	228,701
Gas purchased for resale	117,343	87,293	114,044
Other operation	247,331	233,250	216,961
Maintenance	59,823	57,574	67,233
Restructuring	---	---	21,035
Depreciation	136,140	132,135	126,377
Current income taxes	81,227	77,895	50,129
Deferred income taxes, net	2,150	(3,928)	27,092
Deferred investment tax credits, net	(5,150)	(5,150)	(5,150)
Taxes other than income	46,199	43,780	44,951
Total operating expenses	1,186,216	1,099,890	1,154,702
OPERATING INCOME	201,219	202,147	200,466
OTHER INCOME AND DEDUCTIONS:			
Interest income	2,198	4,380	3,409
Other	(2,101)	(3,580)	(5,576)
Net other income and deductions	97	800	(2,167)
INTEREST CHARGES:			
Interest on long-term debt	62,412	67,549	67,680
Allowance for borrowed funds used during construction	(709)	(1,224)	(1,073)
Other	6,281	11,366	7,907
Total interest charges, net	67,984	77,691	74,514
NET INCOME	133,332	125,256	123,785
PREFERRED DIVIDEND REQUIREMENTS	2,302	2,316	2,317
EARNINGS AVAILABLE FOR COMMON	$ 131,030	$ 122,940	$ 121,468
AVERAGE COMMON SHARES OUTSTANDING (thousands)	40,367	40,356	40,344
EARNINGS PER AVERAGE COMMON SHARE	$ 3.25	$ 3.05	$ 3.01

THE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ARE AN INTEGRAL PART HEREOF.

CONSOLIDATED STATEMENTS OF RETAINED EARNINGS

Year ended December 31 (DOLLARS IN THOUSANDS)	1996	1995	1994
BALANCE AT BEGINNING OF PERIOD	$ 425,545	$ 409,960	$ 395,811
ADD - net income	133,332	125,256	123,785
Total	558,877	535,216	519,596
DEDUCT:			
Cash dividends declared on preferred stock	2,302	2,316	2,317
Cash dividends declared on common stock	107,377	107,355	107,319
Total	109,679	109,671	109,636
BALANCE AT END OF PERIOD	$ 449,198	$ 425,545	$ 409,960

THE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ARE AN INTEGRAL PART HEREOF.

CONSOLIDATED BALANCE SHEETS

December 31 (DOLLARS IN THOUSANDS)	1996	1995	1994
ASSETS			
PROPERTY, PLANT AND EQUIPMENT:			
In service	$4,005,532	$3,898,829	$3,770,247
Construction work in progress	27,968	29,705	43,943
Total property, plant and equipment	4,033,500	3,928,534	3,814,190
Less accumulated depreciation	1,687,423	1,585,274	1,487,300
Net property, plant and equipment	2,346,077	2,343,260	2,326,890
OTHER PROPERTY AND INVESTMENTS, at cost	24,802	23,775	20,207
CURRENT ASSETS:			
Cash and cash equivalents	2,523	5,420	2,455
Accounts receivable - customers, less reserve of $4,626, $4,205 and $3,719, respectively	128,974	112,441	105,979
Accrued unbilled revenues	34,900	43,550	36,800
Accounts receivable - other	11,748	9,152	8,601
Fuel inventories, at LIFO cost	62,725	60,356	46,494
Materials and supplies, at average cost	24,827	22,996	30,401
Prepayments and other	4,300	4,535	43,137
Accumulated deferred tax assets	10,067	10,759	12,077
Total current assets	280,064	269,209	285,944
DEFERRED CHARGES:			
Advance payments for gas	9,500	6,500	10,000
Income taxes recoverable through future rates	44,368	41,934	47,246
Other	57,544	70,193	92,342
Total deferred charges	111,412	118,627	149,588
TOTAL ASSETS	$2,762,355	$2,754,871	$2,782,629

THE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ARE AN INTEGRAL PART HEREOF.

CONSOLIDATED BALANCE SHEETS (Continued)

December 31 (DOLLARS IN THOUSANDS)	1996	1995	1994
CAPITALIZATION AND LIABILITIES			
CAPITALIZATION (see statements):			
Common stock and retained earnings	$ 961,603	$ 937,535	$ 921,177
Cumulative preferred stock	49,379	49,939	49,973
Long-term debt	829,281	843,862	730,567
Total capitalization	1,840,263	1,831,336	1,701,717
CURRENT LIABILITIES:			
Short-term debt	41,400	67,600	182,750
Accounts payable	86,856	72,089	66,391
Dividends payable	27,421	27,427	27,415
Customers' deposits	23,257	21,920	20,904
Accrued taxes	26,761	27,937	25,153
Accrued interest	19,832	19,144	23,873
Long-term debt due within one year	15,000	---	25,350
Accumulated provision for rate refund	---	2,650	2,970
Other	39,188	33,388	41,321
Total current liabilities	279,715	272,155	416,127
DEFERRED CREDITS AND OTHER LIABILITIES:			
Accrued pension and benefit obligation	61,335	67,350	71,014
Accumulated deferred income taxes	488,016	485,078	497,056
Accumulated deferred investment tax credits	78,028	83,178	88,328
Other	14,998	15,774	8,387
Total deferred credits and other liabilities	642,377	651,380	664,785
COMMITMENTS AND CONTINGENCIES (Notes 9 and 10)			
TOTAL CAPITALIZATION AND LIABILITIES	$2,762,355	$2,754,871	$2,782,629

THE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ARE AN INTEGRAL PART HEREOF.

CONSOLIDATED STATEMENTS OF CAPITALIZATION

December 31 (DOLLARS IN THOUSANDS)	1996	1995	1994
COMMON STOCK AND RETAINED EARNINGS:			
Common stock, par value $0.01, $2.50 and $2.50 per share, respectively; authorized 125,000,000, 100,000,000 and 100,000,000 shares, respectively; and issued 46,470,616 shares	$ 465	$ 116,177	$ 116,177
Premium on capital stock	724,256	608,273	608,158
Retained earnings	449,198	425,545	409,960
Treasury stock - 6,091,871, 6,097,357, and 6,116,229 shares, respectively	(212,316)	(212,460)	(213,118)
Total common stock and retained earnings	961,603	937,535	921,177
CUMULATIVE PREFERRED STOCK:			
Par value $20, authorized 675,000 shares - 4%; 421,963, 421,963, and 423,663 shares, respectively	8,439	8,439	8,473
Par value $25, authorized and unissued 4,000,000 shares	---	---	---
Par value $0.01, authorized and unissued 5,000,000 shares	---	---	---
Par value $100, authorized 1,865,000 shares-			
SERIES SHARES OUTSTANDING			
4.20% 49,950	4,995	5,000	5,000
4.24% 75,000	7,500	7,500	7,500
4.44% 63,500	6,350	6,500	6,500
4.80% 70,950	7,095	7,500	7,500
5.34% 150,000	15,000	15,000	15,000
Total cumulative preferred stock	49,379	49,939	49,973
LONG-TERM DEBT:			
First mortgage bonds-			
SERIES DATE DUE			
4.50 % March 1, 1995	---	---	25,000
5.125% January 1, 1997	15,000	15,000	15,000
6.375% January 1, 1998	25,000	25,000	25,000
7.125% January 1, 1999	12,500	12,500	12,500
8.625% January 1, 2000	---	---	30,000
6.25 % Senior Notes Series B, October 15, 2000	110,000	110,000	---
7.125% January 1, 2002	40,000	40,000	40,000
8.375% January 1, 2004	---	---	75,000
9.125% January 1, 2005	---	---	60,000
8.625% January 1, 2006	---	---	55,000
8.375% January 1, 2007	75,000	75,000	75,000
8.625% November 1, 2007	35,000	35,000	35,000
8.25 % August 15, 2016	100,000	100,000	100,000
8.875% December 1, 2020	75,000	75,000	75,000
7.30 % Senior Notes Series A, October 15, 2025	110,000	110,000	---
5.875% Pollution Control Series A December 1, 2007	---	---	47,000
7.00 % Pollution Control Series C, March 1, 2017	56,000	56,000	56,000
Other bonds-			
6.75 % Muskogee Industrial Trust Bonds, March 1, 2006	---	---	32,050
Var. % Garfield Industrial Authority, January 1, 2025.	47,000	47,000	---
Var. % Muskogee Industrial Authority, January 1, 2025.	32,400	32,400	---
Unamortized premium and discount, net	(8,619)	(9,038)	(8,533)
Enogex Inc. notes (Note 5)	120,000	120,000	6,900
Total long-term debt	844,281	843,862	755,917
Less long-term debt due within one year	15,000	---	25,350
Total long-term debt (excluding long-term debt due within one year)	829,281	843,862	730,567
Total Capitalization	$1,840,263	$1,831,336	$1,701,717

THE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ARE AN INTEGRAL PART HEREOF.

CONSOLIDATED STATEMENTS OF CASH FLOWS

Year ended December 31 (DOLLARS IN THOUSANDS)	1996	1995	1994
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	$ 133,332	$ 125,256	$ 123,785
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:			
Depreciation	136,140	132,135	126,377
Deferred income taxes and investment tax credits, net	(3,000)	(9,078)	21,942
Provision for rate refund	1,804	3,112	4,200
Change in Certain Current Assets and Liabilities:			
Accounts receivable - customers	(16,533)	(6,462)	11,898
Accrued unbilled revenues	8,650	(6,750)	8,300
Fuel, materials and supplies inventories	(4,200)	(6,457)	(22,955)
Accumulated deferred tax assets	692	1,318	12,011
Other current assets	(2,361)	38,051	(16,821)
Accounts payable	13,401	5,887	(35,667)
Accrued taxes	(1,176)	2,784	436
Accrued interest	688	(4,729)	(2,839)
Accumulated provision for rate refund	(2,650)	(320)	(36,147)
Other current liabilities	7,131	(6,905)	(5,789)
Other operating activities	22,753	13,667	15,479
Net cash provided from operating activities	294,671	281,509	204,210
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(161,129)	(141,439)	(151,012)
Net cash used in investing activities	(161,129)	(141,439)	(151,012)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Retirement of long-term debt, net	---	87,750	(83,450)
Short-term debt, net	(26,200)	(115,150)	135,750
Redemption of preferred stock	(560)	(34)	---
Cash dividends declared on preferred stock	(2,302)	(2,316)	(2,317)
Cash dividends declared on common stock	(107,377)	(107,355)	(107,319)
Net cash used in financing activities	(136,439)	(137,105)	(57,336)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,897)	2,965	(4,138)
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	5,420	2,455	6,593
CASH AND CASH EQUIVALENTS AT END OF PERIOD	$ 2,523	$ 5,420	$ 2,455
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION			
Cash Paid During the Period for:			
Interest (net of amount capitalized)	$ 64,882	$ 76,860	$ 74,372
Income taxes	$ 82,970	$ 77,752	$ 57,416

DISCLOSURE OF ACCOUNTING POLICY:

For purposes of these statements, the Company considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. These investments are carried at cost which approximates market.

THE ACCOMPANYING NOTES TO CONSOLIDATED FINANCIAL STATEMENTS ARE AN INTEGRAL PART HEREOF.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

REORGANIZATION AND PRINCIPALS OF CONSOLIDATION

OGE Energy Corp. (the "Company") became the parent company of Oklahoma Gas and Electric Company ("OG&E") and its former subsidiary, Enogex, Inc. ("Enogex") on December 31, 1996. On that date, all outstanding OG&E common stock was exchanged on a share-for-share basis for common stock of OGE Energy Corp. and the common stock of Enogex was distributed to the Company. The financial information presented represents the consolidated results of OG&E through December 31, 1996. All significant intercompany transactions have been eliminated in consolidation.

ACCOUNTING RECORDS

The accounting records of OG&E are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC") and adopted by the Oklahoma Corporation Commission ("OCC") and the Arkansas Public Service Commission ("APSC"). Additionally, OG&E, as a regulated utility, is subject to the accounting principles prescribed by Statement of Financial Accounting Standards ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation". SFAS No. 71 provides that certain costs that would otherwise be charged to expense can be deferred as regulatory assets, based on expected recovery from customers in future rates. Likewise, certain credits that would otherwise be charged to expense are deferred as regulatory liabilities based on expected flowback to customers in future rates. Management's expected recovery of deferred costs and flowback of deferred credits generally results from specific decisions by regulators granting such ratemaking treatment. Regulatory assets and liabilities are amortized consistent with ratemaking treatment established by regulators. Management continuously monitors the future recoverability of regulatory assets. When, in management's judgment, future recovery becomes impaired, the amount of the regulatory asset is reduced or written-off, as appropriate. See Notes 7 and 10 of Notes to Consolidated Financial Statements for related discussion.

In March 1995 the Financial Accounting Standards Board issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of." This standard was adopted effective January 1, 1996 and did not have a material impact on the Company's financial position or its results of operations.

USE OF ESTIMATES

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is recorded at cost. Electric utility plant is recorded at its original cost. Newly constructed plant is added to plant balances at costs which include contracted services, direct labor, materials, overhead and allowance for funds used during construction. Replacement

of major units of property are capitalized as plant. The replaced plant is removed from plant balances and the cost of such property together with the cost of removal less salvage is charged to accumulated depreciation. Repair and replacement of minor items of property are included in the Consolidated Statements of Income as maintenance expense.

DEPRECIATION

The provision for depreciation, which was approximately 3.2 percent of the average depreciable utility plant, for each of the years 1996, 1995 and 1994, is provided on a straight-line method over the estimated service life of the property. Depreciation is provided at the unit level for production plant and at the account or sub-account level for all other plant, and is based on the average life group procedure.

Enogex's gas pipeline, gathering systems, compressors and gas processing plants are depreciated on a straight-line method over periods ranging from 15 to 48 years.

ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

Allowance for funds used during construction ("AFUDC") is calculated according to FERC pronouncements for the imputed cost of equity and borrowed funds. AFUDC, a non-cash item, is reflected as a credit on the Consolidated Statements of Income and a charge to construction work in progress.

AFUDC rates, compounded semi-annually, were 5.63, 6.30 and 4.58 percent for the years 1996, 1995 and 1994, respectively.

UNBILLED REVENUE

OG&E accrues estimated revenues for services provided but not yet billed. The cost of providing service is recognized as incurred.

AUTOMATIC FUEL ADJUSTMENT CLAUSES

Variances in the actual cost of fuel used in electric generation and certain purchased power costs, as compared to that component in cost-of-service for ratemaking, are charged to substantially all of OG&E's electric customers through automatic fuel adjustment clauses, which are subject to periodic review by the OCC, the APSC and the FERC.

FUEL INVENTORIES

Fuel inventories for the generation of electricity consist of coal, oil and natural gas. These inventories are accounted for under the last-in, first-out ("LIFO") cost method. The estimated replacement cost of fuel inventories exceeded the stated LIFO cost by approximately $4.6 million, $2.4 million and $2.5 million for 1996, 1995 and 1994, respectively, based on the average cost of fuel purchased late in the respective years. Natural gas products inventories are held for sale and accounted for based on the weighted average cost of production.

ENVIRONMENTAL COSTS

Accruals for environmental costs are recognized when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated. When a single estimate of the liability

cannot be determined, the low end of the estimated range is recorded. Costs are charged to expense or deferred as a regulatory asset based on expected recovery from customers in future rates, if they relate to the remediation of conditions caused by past operations or if they are not expected to mitigate or prevent contamination from future operations. Where environmental expenditures relate to facilities currently in use, such as pollution control equipment, the costs may be capitalized and depreciated over the future service periods. Estimated remediation costs are recorded at undiscounted amounts, independent of any insurance or rate recovery, based on prior experience, assessments and current technology. Accrued obligations are regularly adjusted as environmental assessments and estimates are revised, and remediation efforts proceed. For sites where OG&E has been designated as one of several potentially responsible parties, the amount accrued represents OG&E's estimated share of the cost.

RECLASSIFICATIONS

Certain amounts have been reclassified on the consolidated financial statements to conform with the 1996 presentation.

2. INCOME TAXES

The items comprising tax expense are as follows:

Year ended December 31 (DOLLARS IN THOUSANDS)	1996	1995	1994
Provision For Current Income Taxes:			
Federal	$ 72,633	$ 65,173	$ 42,974
State	8,594	12,722	7,155
Total Provision For Current Income Taxes	81,227	77,895	50,129
Provisions (Benefit) For Deferred Income Taxes, net:			
Federal			
Depreciation	2,671	6,084	7,372
Repair allowance	2,100	2,101	1,109
Removal costs	630	700	1,542
Provision for rate refund	928	(588)	12,406
Company restructuring	(8,250)	(8,373)	---
Other	(294)	(2,678)	812
State	4,365	(1,174)	3,851
Total Provision (Benefit) For Deferred Income Taxes, net	2,150	(3,928)	27,092
Deferred Investment Tax Credits, net	(5,150)	(5,150)	(5,150)
Income Taxes Relating to Other Income and Deductions	(515)	1,436	203
Total Income Tax Expense	$ 77,712	$ 70,253	$ 72,274
Pretax Income	$211,044	$195,509	$196,059

The following schedule reconciles the statutory federal tax rate to the effective income tax rate:

Year ended December 31	1996	1995	1994
Statutory federal tax rate	35.0%	35.0%	35.0%
State income taxes, net of federal income tax benefit	4.0	3.8	3.7
Tax credits, net	(4.1)	(4.8)	(3.8)
Other, net	1.9	1.9	2.0
Effective income tax rate as reported	36.8%	35.9%	36.9%

The Company files consolidated income tax returns. Income taxes are allocated to each company based on its separate taxable income or loss.

Investment tax credits on electric utility property have been deferred and are being amortized to income over the life of the related property.

The Company follows the provisions of SFAS No. 109, "Accounting for Income Taxes", which uses an asset and liability approach to accounting for income taxes. Under SFAS No. 109, deferred tax assets or liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities ("temporary differences") using the enacted marginal tax rate. Deferred income tax expenses or benefits are based on the changes in the asset or liability from period to period.

The deferred tax provisions, set forth above, are recognized as costs in the ratemaking process by the commissions having jurisdiction over the rates charged by OG&E. The components of Accumulated Deferred Income Taxes at December 31, 1996, 1995 and 1994 are as follows:

Year ended December 31 (DOLLARS IN THOUSANDS)	1996	1995	1994
Current Deferred Tax Assets:			
Accrued vacation	$ 4,171	$ 3,666	$ 3,363
Postemployment medical and life insurance benefits	---	---	3,235
Provision for rate refund	---	1,025	375
Uncollectible accounts	1,748	1,782	1,218
Capitalization of indirect costs	2,583	2,583	2,583
Provision for Worker's Compensation claims	1,207	1,568	---
Other	358	135	1,303
Accumulated deferred tax assets	$ 10,067	$ 10,759	$ 12,077
Deferred Tax Liabilities:			
Accelerated depreciation and other property-related differences	$469,949	$460,332	$455,943
Allowance for funds used during construction	46,429	49,572	53,317
Income taxes recoverable through future rates	49,466	54,023	58,470
Total	565,844	563,927	567,730
Deferred Tax Assets:			
Deferred investment tax credits	(25,372)	(27,120)	(28,868)
Income taxes refundable through future rates	(32,296)	(37,795)	(40,186)
Postemployment medical and life insurance benefits	(2,301)	(2,347)	---
Company pension plan	(16,465)	(11,612)	(6,417)
Other	(1,394)	25	4,797
Total	(77,828)	(78,849)	(70,674)
Accumulated Deferred Income Tax Liabilities	$488,016	$485,078	$497,056

3. COMMON STOCK AND RETAINED EARNINGS

There were no new shares of common stock issued during 1996, 1995 or 1994. The $271,000 and $115,000 increase in 1996 and 1995, respectively and $37,000 decrease in 1994 in premium on capital stock, as presented on the Consolidated Statements of Capitalization, represents the gains and losses associated with the issuance of common stock pursuant to the Restricted Stock Plan, and repurchased preferred stock.

RESTRICTED STOCK PLAN

The Company has a Restricted Stock Plan whereby certain employees may periodically receive shares of the Company's common stock at the discretion of the Board of Directors. The Company distributed 16,024, 18,872 and 18,950 shares of common stock during 1996, 1995 and 1994, respectively. The Company also reacquired 10,538 and 11,040 shares in 1996 and 1994, respectively. The shares distributed/reacquired in the reported periods were recorded as treasury stock.

Changes in common stock were:

(thousands)	1996	1995	1994
Shares outstanding January 1	40,373	40,354	40,346
Issued/reacquired under the Restricted Stock Plan, net	6	19	8
Shares outstanding December 31	40,379	40,373	40,354

There were 5,250,000 shares of unissued common stock reserved for the various employee and Company stock plans at December 31, 1996. With the exception of the Restricted Stock Plan, the common stock requirements, pursuant to those plans, are currently being satisfied with stock purchased on the open market.

OG&E's Restated Certificate of Incorporation and its Trust Indenture, as supplemented, relating to the First Mortgage Bonds, contain provisions which, under specific conditions, limit the amount of dividends (other than in shares of common stock) and/or other distributions which may be made to the Company, as common shareowner.

In December 1991, holders of OG&E's First Mortgage Bonds approved a series of amendments to OG&E's Trust Indenture. The amendments eliminated the cumulative amount of the previous restrictions on retained earnings related to the payment of dividends and provided management with the flexibility to repurchase common stock, when appropriate, in order to maintain desired capitalization ratios and to achieve other business needs. OG&E incurred $14 million relating to obtaining such amendments and began amortizing these costs over the remaining life of the respective bond issues. In November 1995, OG&E redeemed $220 million principal amount of outstanding First Mortgage Bonds and expensed approximately $3 million of the costs incurred in obtaining the amendments. At the end of 1996, there was approximately $5.7 million in unamortized costs associated with obtaining these amendments.

SHAREOWNERS RIGHTS PLAN

In December 1990, OG&E adopted a Shareowners Rights Plan designed to protect shareowners' interests in the event that OG&E was ever confronted with an unfair or inadequate acquisition proposal. In

connection with the corporate restructuring, the Company adopted a substantially identical Shareowners Rights Plan in August 1995. Pursuant to the plan, the Company declared a dividend distribution of one "right" for each share of Company common stock. Each right entitles the holder to purchase from the Company one one-hundredth of a share of new preferred stock of the Company under certain circumstances. The rights may be exercised if a person or group announces its intention to acquire, or does acquire, 20 percent or more of the Company's common stock. Under certain circumstances, the holders of the rights will be entitled to purchase either shares of common stock of the Company or common stock of the acquirer at a reduced percentage of market value. The rights are scheduled to expire on December 11, 2000.

4. CUMULATIVE PREFERRED STOCK OF SUBSIDIARY

Preferred stock of OG&E is redeemable at the option of OG&E at the following amounts per share plus accrued dividends: the 4% Cumulative Preferred Stock at the par value of $20 per share; the Cumulative Preferred Stock, par value $100 per share, as follows: 4.20% series-$102; 4.24% series-$102.875; 4.44% series-$102; 4.80% series-$102; and 5.34% series-$101.

OG&E's Restated Certificate of Incorporation permits the issuance of new series of preferred stock with dividends payable other than quarterly.

5. LONG-TERM DEBT

OG&E's Trust Indenture, as supplemented, relating to the First Mortgage Bonds, requires OG&E to pay to the trustee annually, an amount sufficient to redeem, for sinking fund purposes, 1 1/4 percent of the highest amount outstanding at any time. This requirement has been satisfied by pledging permanent additions to property to the extent of 166 2/3 percent of principal amounts of bonds otherwise required to be redeemed. Through December 31, 1996, gross property additions pledged totaled approximately $382 million.

Annual sinking fund requirements for each of the five years subsequent to December 31, 1996, are as follows:

Year	Amount
1997	$ 13,302,083
1998	$ 12,781,249
1999	$ 12,520,833
2000	$ 10,229,166
2001	$ 10,229,166

As in prior years, OG&E expects to meet these requirements by pledging permanent additions to property.

In April 1996, OG&E filed a registration statement for the sale of up to $300 million of senior notes. In February 1997, OG&E reduced the amount of the registration statement for senior notes to $250 million and filed a new registration statement for up to $50 million of grantor trust preferred

securities. Assuming favorable market conditions, OG&E may issue all or part of these securities to refinance, at lower rates, one or more series of outstanding first mortgage bonds or preferred stock.

As of December 31, 1996, Enogex long-term debt consisted of $120 million of medium-term notes at a composite rate of 6.89%. The following table itemizes the Enogex long-term debt at December 31, 1996, 1995 and 1994:

December 31 (DOLLARS IN THOUSANDS)	1996	1995	1994
Series Due August 7, 2000 -- 6.76% - 6.77%....	$ 27,000	$ 27,000	$ ---
Series Due August 31, 2000 -- 6.68%.....	20,000	20,000	---
Series Due September 1, 2000 -- 6.70%.....	10,000	10,000	---
Variable Rate Note Due July 31, 2001.....	---	---	6,900
Series Due August 7, 2002 -- 7.02% - 7.05%....	63,000	63,000	---
Total.....	$120,000	$120,000	$ 6,900

Maturities of long-term debt during the next five years consist of $15 million in 1997, $25 million in 1998, $12.5 million in 1999 and $167 million in 2000.

Unamortized debt expense and unamortized premium and discount on long-term debt are being amortized over the life of the respective debt.

Substantially all electric plant was subject to lien of the Trust Indenture at December 31, 1996.

6. SHORT-TERM DEBT

The Company borrows on a short-term basis, as necessary, by the issuance of commercial paper and by obtaining short-term bank loans. The maximum and average amounts of short-term borrowings during 1996 were $142.1 million and $72.4 million, respectively, at a weighted average interest rate of 5.63%. The weighted average interest rates for 1995 and 1994 were 6.39% and 4.76%, respectively. OG&E has an agreement for a flexible line of credit, up to $160 million, through December 6, 2000. The line of credit is maintained on a variable fee basis on the unused balance. Short-term debt in the amount of $41.4 million was outstanding at December 31, 1996.

7. POSTEMPLOYMENT BENEFIT PLANS

During 1994, the Company restructured its operations, reducing its workforce by approximately 24 percent. This was accomplished through a Voluntary Early Retirement Package ("VERP") and an enhanced severance package. The VERP included enhanced pension benefits as well as postemployment medical and life insurance benefits.

As a result of the postemployment benefits provided in connection with this workforce reduction, the Company incurred severance costs and certain one-time costs computed in accordance with SFAS No. 88, "Employers' Accounting for Settlements and Curtailments of Defined Benefit Pension Plans and for Termination Benefits" and SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." In response to an application filed by the Company, the OCC directed the Company to defer the one-time costs which had not been offset by labor savings through December 31, 1994. The remaining

balance of the one-time costs is being amortized over 26 months, commencing January 1, 1995. The components of the severance and VERP costs and the amount deferred are as follows:

(DOLLARS IN THOUSANDS)	SFAS No. 88	SFAS No. 106	Severance	Total
Curtailment Loss	$ 1,042	$ 5,457	$ ---	$ 6,499
Recognition of Transition Obligation	---	17,268	---	17,268
Special Retirement Benefits	28,198	6,566	---	34,764
Enhanced Severance	---	---	4,891	4,891
Total VERP and Severance Costs	$29,240	$29,291	$ 4,891	63,422
Deferred as a Regulatory Asset at December 31, 1994				(48,903)
Postemployment Costs Recognized as Restructuring in 1994				14,519
Consulting Fees				2,750
Other				3,766
1994 Restructuring Expenses				$21,035

The restructuring charges reflected above, include only costs that were actually incurred in 1994. In 1995 and 1996, amortization of the deferred regulatory asset was $22.6 million each year.

PENSION PLAN

All eligible employees of the Company are covered by a non-contributory defined benefit pension plan. Under the plan, retirement benefits are primarily a function of both the years of service and the highest average monthly compensation for 60 consecutive months out of the last 120 months of service.

It is the Company's policy to fund the plan on a current basis to comply with the minimum required contributions under existing tax regulations. Such contributions are intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future.

Net periodic pension cost is computed in accordance with provisions of SFAS No. 87, "Employers' Accounting for Pensions," and is recorded in the accompanying Consolidated Statements of Income in Other operation.

In determining the projected benefit obligation, the weighted average discount rates used were 7.75, 7.25 and 8.25 percent for 1996, 1995 and 1994, respectively. The assumed rate of increase in future salary levels was 4.5 percent in 1996, 1995 and 1994. The expected long-term rate of return on plan assets used in determining net periodic pension cost was 9 percent for the reported periods.

The plan's assets consist primarily of U. S. Government securities, listed common stocks and corporate debt.

Net periodic pension costs for 1996, 1995 and 1994 included the following:

(DOLLARS IN THOUSANDS)	1996	1995	1994
Service costs	$ 6,493	$ 4,714	$ 7,824
Interest cost on projected benefit obligation	20,909	20,392	17,851
Return on plan assets	(18,742)	(15,036)	(17,510)
Net amortization and deferral	(1,263)	(1,263)	(1,263)
Amortization of unrecognized prior service cost	2,939	2,634	1,489
Net periodic pension costs	$10,336	$11,441	$ 8,391

The following table sets forth the plan's funded status at December 31, 1996, 1995 and 1994:

(DOLLARS IN THOUSANDS)	1996	1995	1994
Projected benefit obligation:			
Vested benefits	$(223,116)	$(232,457)	$(208,438)
Nonvested benefits	(17,599)	(18,263)	(14,664)
Accumulated benefit obligation	(240,715)	(250,720)	(223,102)
Effect of future compensation levels	(44,258)	(44,853)	(29,425)
Projected benefit obligation	(284,973)	(295,573)	(252,527)
Plan's assets at fair value	222,912	214,986	177,045
Plan's assets less than projected benefit obligation	(62,061)	(80,587)	(75,482)
Unrecognized prior service cost	42,986	40,616	43,250
Unrecognized net asset from application of SFAS No. 87	(6,316)	(7,580)	(8,842)
Unrecognized net (gain) loss	(15,254)	9,489	(900)
Accrued pension liability	$ (40,645)	$ (38,062)	$ (41,974)

POSTRETIREMENT MEDICAL AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the Company provides certain medical and life insurance benefits for retired members ("postretirement benefits"). Employees retiring from the Company on or after attaining age 55 who have met certain length of service requirements are entitled to these benefits. The benefits are subject to deductibles, co-payment provisions and other limitations.

During 1993, OG&E expensed pay-as-you-go postretirement benefits and recorded a deferral for the difference between pay-as-you-go and SFAS No. 106 requirements. The February 25, 1994, OCC rate order directed OG&E to recover postretirement benefit costs following the pay-as-you-go method and to defer the incremental cost associated with accrual recognition of SFAS No. 106 related costs following a "phase-in" plan. Accordingly, OG&E recorded a regulatory asset for the difference between the amounts using the pay-as-you-go method (adjusted for the phase-in plan) and those required by SFAS No. 106.

A decision was made in the second quarter of 1994 to discontinue deferral of the differential and to charge to expense $8.4 million of postretirement benefits that had been recorded as a regulatory asset. Although OG&E continues to believe that it could have recovered these costs in future rate proceedings before the OCC, OG&E decided to recognize these expenses currently, due to its strategy to reduce its cost-structure, which minimizes future revenue requirements. OG&E expects to continue charging to expense the SFAS No. 106 costs and to include an annual amount as a component of cost-of-service in future ratemaking proceedings. Net postretirement benefit expense for 1996, 1995 and 1994 included the following components:

(DOLLARS IN THOUSANDS)	1996	1995	1994
Service cost	$ 2,317	$ 1,932	$ 2,714
Interest cost	6,824	7,242	5,978
Return on plan assets	(3,263)	(576)	---
Net amortization	3,844	3,325	3,549
Net amount capitalized or deferred	(2,157)	(2,399)	(4,557)
Discontinued deferral of regulatory asset	---	---	8,359
Net postretirement benefit expense	$ 7,565	$ 9,524	$16,043

The discount rates used in determining the accumulated postretirement benefit obligation were 7.75, 7.25 and 8.25 percent for December 31, 1996, 1995 and 1994, respectively. The rate of increase in future compensation levels used in measuring the life insurance accumulated postretirement benefit obligation was 4.5 percent for December 31, 1996, 1995 and 1994. A 9 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 1996; the rate is assumed to decrease gradually to 4.5 percent by the year 2006 and remain at that level thereafter. A one-percentage-point increase in the assumed health care cost trend rates would increase the accumulated postretirement benefit obligation as of December 31, 1996, by approximately $9.1 million, and the aggregate of the service and interest cost components of net postretirement health care cost for 1996 by approximately $1.1 million.

The following table sets forth the funded status of the postretirement benefits and amounts recognized in the Company's Consolidated Balance Sheets as of December 31, 1996, 1995 and 1994:

(DOLLARS IN THOUSANDS)	1996	1995	1994
Accumulated postretirement benefit obligation:			
Retirees	$(78,856)	$(88,500)	$(81,688)
Actives eligible to retire	(3,863)	(2,420)	(2,716)
Actives not yet eligible to retire	(11,553)	(11,869)	(7,870)
Total	(94,272)	(102,789)	(92,274)
Plan assets at fair value	39,066	23,864	17,279
Funded status	(55,206)	(78,925)	(74,995)
Unrecognized transition obligation	43,985	46,734	49,483
Unrecognized net actuarial (gain) loss	(7,937)	4,331	(2,930)
Accrued postretirement benefit obligation	$(19,158)	$(27,860)	$(28,442)

8. REPORT OF BUSINESS SEGMENTS

The Company's electric utility operations are conducted through OG&E, an operating public utility engaged in the generation, transmission, distribution, and sale of electric energy. The non-utility operations are conducted through Enogex, which is engaged in the gathering and transmission of natural gas, and through its subsidiaries, is engaged in the processing of natural gas and the marketing of natural gas liquids, in the buying and selling of natural gas to third parties, and in the exploration for and production of natural gas and related products.

(DOLLARS IN THOUSANDS)	1996	1995	1994
Operating Information:			
Operating Revenues			
Electric utility	$1,200,337	$1,168,287	$1,196,898
Non-utility subsidiary	231,427	178,082	203,079
Intersegment revenues (A)	(44,329)	(44,332)	(44,809)
Total	$1,387,435	$1,302,037	$1,355,168
Pre-tax Operating Income			
Electric utility	$ 247,527	$ 246,333	$ 248,827
Non-utility subsidiary	31,919	24,631	23,710
Total	$ 279,446	$ 270,964	$ 272,537
Net Income			
Electric utility	$ 116,869	$ 112,545	$ 113,795
Non-utility subsidiary	16,463	12,711	9,990
Total	$ 133,332	$ 125,256	$ 123,785
Investment Information:			
Identifiable Assets as of December 31			
Electric utility (B)	$2,388,012	$2,422,609	$2,471,902
Non-utility subsidiary	374,343	332,262	310,727
Total	$2,762,355	$2,754,871	$2,782,629
Other Information:			
Depreciation			
Electric utility	$ 112,232	$ 110,719	$ 107,239
Non-utility subsidiary	23,908	21,416	19,138
Total	$ 136,140	$ 132,135	$ 126,377
Construction Expenditures			
Electric utility	$ 94,019	$ 110,276	$ 104,256
Non-utility subsidiary	56,155	43,242	32,084
Total	$ 150,174	$ 153,518	$ 136,340

(A) Intersegment revenues are recorded at prices comparable to those of unaffiliated customers and are affected by regulatory considerations.
(B) Includes OGE Energy Corp. start-up costs of $1,299,528 at December 31,1996.

9. COMMITMENTS AND CONTINGENCIES

OG&E has entered into purchase commitments in connection with OG&E's construction program and the purchase of necessary fuel supplies of coal and natural gas for OG&E's generating units. The Company's construction expenditures for 1997 are estimated at $203 million.

OG&E acquires natural gas for boiler fuel under 265 individual contracts, some of which contain provisions allowing the owners to require prepayments for gas if certain minimum quantities are not taken. At December 31, 1996, 1995 and 1994, outstanding prepayments for gas, including the amounts classified as current assets, under these contracts were approximately $9,936,000, $7,402,000, and $10,879,000, respectively. OG&E may be required to make additional prepayments in subsequent years. OG&E expects to recover these prepayments as fuel costs if unable to take the gas prior to the expiration of the contracts.

At December 31, 1996, OG&E held non-cancelable operating leases covering 1,495 coal hopper railcars. Rental payments are charged to fuel expense and recovered through OG&E's tariffs and automatic fuel adjustment clauses. The leases have purchase and renewal options. Future minimum lease payments due under the railcar leases, assuming the leases are renewed under the renewal option are as follows:

(DOLLARS IN THOUSANDS)

1997.....	$5,280	2000.....	$ 5,010
1998.....	5,199	2001.....	4,915
1999.....	5,105	2002 and beyond.....	58,781
Total Minimum Lease Payments.....			$ 84,290

Rental payments under operating leases were approximately $5.4 million in 1996, $6.5 million in 1995, and $5.6 million in 1994.

OG&E is required to maintain the railcars it has under lease to transport coal from Wyoming and has entered into an agreement with Railcar Maintenance Company, a non-affiliated company, to furnish this maintenance.

OG&E had entered into an agreement with an unrelated third-party to develop a natural gas storage facility. Operation of the gas storage facility proved beneficial by allowing OG&E to lower fuel costs by base loading coal generation, a less costly fuel supply. During 1996, OG&E completed negotiations and contracted with the third-party developer for gas storage service. Pursuant to the contract, the third-party developer reimbursed OG&E for all outstanding cash advances and interest amounting to approximately $46.8 million. OG&E also entered into a bridge financing agreement as guarantor for the third-party. Permanent financing by the third-party, which should occur around mid 1997, will replace the bridge finance agreement with OG&E as guarantor.

OG&E has entered into agreements with four qualifying cogeneration facilities having initial terms of 3 to 32 years. These contracts were entered into pursuant to the Public Utility Regulatory Policy Act of 1978 ("PURPA"). Stated generally, PURPA and the regulations thereunder promulgated by FERC require OG&E to purchase power generated in a manufacturing process from a qualified cogeneration facility ("QF"). The rate for such power to be paid by OG&E was approved by the OCC. The rate generally consists of two components: one is a rate for actual electricity purchased from the QF by OG&E; the other is a capacity charge which OG&E must pay the QF for having the capacity available. However, if no

electrical power is made available to OG&E for a period of time (generally three months), OG&E's obligation to pay the capacity charge is suspended. The total cost of cogeneration payments is currently recoverable in rates from Oklahoma customers.

During 1996, 1995, and 1994, OG&E made total payments to cogenerators of approximately $210.0 million, $210.4 million, and $210.3 million, of which $175.2 million, $174.1 million, and $173.2 million, respectively, represented capacity payments. All payments for purchased power, including cogeneration, are included in the Consolidated Statements of Income as purchased power. The future minimum capacity payments under the contracts for the next five years are approximately: 1997 - $176 million, 1998 - $187 million, 1999 - $189 million, 2000 - $190 million and 2001 - $192 million.

Approximately $400,000 of the Company's construction expenditures budgeted for 1997 are to comply with environmental laws and regulations.

The Company's management believes all of its operations are in substantial compliance with present federal, state and local environmental standards. It is estimated that the Company's total expenditures for capital, operating, maintenance and other costs to preserve and enhance environmental quality will be approximately $40 million during 1997, compared to approximately $43 million in 1996. The Company continues to evaluate its environmental management systems to ensure compliance with existing and proposed environmental legislation and regulations and to better position itself in a competitive market.

OG&E has contracted for low-sulfur coal to comply with the sulfur dioxide limitations of the Clean Air Act Amendments of 1990 ("CAAA"). OG&E also has completed installation and certification of all required continuous emissions monitors at each of its generating units. Phase II sulfur dioxide emission requirements will affect OG&E beginning in the year 2000. OG&E believes it can meet these sulfur dioxide limits without additional capital expenditures. With respect to nitrogen oxide limits, OG&E is meeting the current emission standards and has exercised its option to extend the effective date of the further reductions from 2000 to 2008.

OG&E is a party to three separate actions brought by the EPA concerning cleanup of disposal sites for hazardous waste. OG&E was not the owner or operator of those sites. Rather OG&E along with many others, shipped materials to the owners or operators of the sites who failed to dispose of the materials in an appropriate manner. Remediation at two of these sites has been completed. OG&E's total waste disposed at the remaining site is minimal and on February 15, 1996, OG&E elected to participate in the de minimis settlement offered by EPA, which limited OG&E's financial obligation to less than $50,000. One of the other potentially responsible parties is currently contesting OG&E's participation as a de minimis party. Regardless of the outcome of this issue, OG&E believes its ultimate liability for this site is minimal.

In the normal course of business, other lawsuits, claims, environmental actions and other governmental proceedings arise against the Company and its subsidiaries. Management, after consultation with legal counsel, does not anticipate that liabilities arising out of other currently pending or threatened lawsuits and claims will have a material adverse effect on the Company's consolidated financial position or results of operations.

10. RATE MATTERS AND REGULATION

On February 11, 1997, the OCC issued an order that, among other things, effectively lowered OG&E's rates to its Oklahoma retail customers by $50 million annually (based on a test year ended December 31, 1995). The OCC order also directed OG&E to transition to competitive bidding of its gas transportation requirements currently met by Enogex no later than April 30, 2000. The order also set annual compensation for the transportation services provided by Enogex at $41.3 million until competitively-bid gas transportation begins.

As discussed in Note 7 of Notes to Consolidated Financial Statements, during the third quarter of 1994, the Company incurred $63.4 million of costs related to the VERP and enhanced severance package. Pending an OCC order, OG&E deferred these costs; however, between August 1, and December 31, 1994, the amount deferred was reduced by approximately $14.5 million. In response to an application filed by OG&E on August 9, 1994, the OCC issued an order on October 26, 1994, that permitted the Company to amortize the December 31, 1994, regulatory asset of $48.9 million over 26 months and reduced OG&E's electric rates during such period by approximately $15 million annually, effective January 1995. The labor savings from the VERP and severance package substantially offset the amortization of the regulatory asset and annual rate reduction of $15 million.

On February 25, 1994, the OCC issued an order that, among other things, effectively lowered OG&E's rates to its Oklahoma retail customers by approximately $14 million annually (based on a test year ended June 30, 1991) and required OG&E to refund approximately $41.3 million. The $14 million annual reduction in rates lowered OG&E's rates to its Oklahoma customers by approximately $17 million annually. With respect to the $41.3 million refund, the entire amount relates to the disallowance of a portion of the fees paid by OG&E to Enogex for transportation services of which $39.1 million was associated with revenues prior to January 1, 1994, while the remaining $2.2 million related to 1994.

On June 18, 1996, the APSC staff and OG&E filed a Joint Stipulation recommending settlement of certain issues resulting from the APSC review of the amounts that OG&E pays Enogex and recovers through its fuel clause for transporting natural gas to OG&E's gas-fired generating stations. On July 11, 1996, the APSC issued an order that, among other things, required OG&E to refund approximately $4.5 million in 1996 to its Arkansas retail electric customers. The $4.5 million refund related to the disallowance of a portion of the fees paid by OG&E to Enogex for such transportation services and was recorded as a provision for a potential refund prior to August 1996.

The components of Deferred Charges - Other, on the Consolidated Balance Sheets included the following, as of December 31:

(DOLLARS IN THOUSANDS)	1996	1995	1994
Regulatory asset (restructuring).....	$ 3,759	$ 26,331	$ 48,903
Unamortized debt expense.....	10,291	10,919	12,871
Enogex gas sales contracts.....	15,075	11,294	12,690
Unamortized loss on reacquired debt.....	10,253	11,197	5,487
Insurance Claims - Property Damage.....	6,231	---	---
Miscellaneous.....	11,935	10,452	12,391
Total.....	$ 57,544	$ 70,193	$ 92,342

Regulatory Assets and Liabilities consisted of the following as of December 31:

(DOLLARS IN THOUSANDS)	1996	1995	1994
Regulatory Assets:			
Income Taxes Recoverable from Customers....	$127,819	$139,594	$151,086
Workforce Reduction (Restructuring).....	3,759	26,331	48,903
Miscellaneous.....	435	455	2,214
Total Regulatory Assets.....	132,013	166,380	202,203
Regulatory Liabilities:			
Income Taxes Refundable to Customers.....	(83,451)	(97,660)	(103,840)
Gain on Disposition of Allowances.....	(329)	(282)	(187)
Net Regulatory Assets.....	$ 48,233	$ 68,438	$ 98,176

While the Company does not expect to cease meeting the criteria for application of SFAS No. 71 in the foreseeable future, if the Company were required to discontinue the application of SFAS No. 71 for some or all of its operations, it would result in writing off the related regulatory assets; the financial effects of which could be significant.

11. DISCLOSURES ABOUT FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to estimate the fair value of each class of financial instruments:

CASH AND CASH EQUIVALENTS AND CUSTOMER DEPOSITS

The fair value of cash and cash equivalents and customer deposits approximate the carrying amount due to their short maturity.

CAPITALIZATION

The fair value of long-term Debt and Preferred Stocks is estimated based on quoted market prices and management's estimate of current rates available for similar issues. The fair value of the Enogex Notes is based on management's estimate of current rates available for similar issues with the same remaining maturities.

Indicated below are the carrying amounts and estimated fair values of the Company's financial instruments as of December 31:

	1996		1995		1994	
(DOLLARS IN THOUSANDS)	Carrying Amount	Fair Value	Carrying Amount	Fair Value	Carrying Amount	Fair Value
ASSETS:						
CASH AND CASH EQUIVALENTS	$ 2,523	$ 2,523	$ 5,420	$ 5,420	$ 2,455	$ 2,455
LIABILITIES:						
CUSTOMER DEPOSITS	$ 23,257	$ 23,257	$ 21,920	$ 21,920	$ 20,904	$ 20,904
CAPITALIZATION:						
First Mortgage Bonds	$644,881	$656,362	$644,462	$671,356	$716,967	$710,523
Industrial Authority Bonds	79,400	79,400	79,400	79,400	32,050	32,044
Enogex Inc. Notes	120,000	120,379	120,000	124,853	6,900	6,900
Preferred Stock:						
4% - 5.34% Series -- 831,363, 836,963 and 838,663 Shares	49,379	35,829	49,939	35,541	49,973	27,442
TOTAL CAPITALIZATION	$893,660	$891,970	$893,801	$911,150	$805,890	$776,909

Report of Independent Public Accountants

TO THE SHAREOWNERS OF
OGE ENERGY CORP.:

We have audited the accompanying consolidated balance sheets and statements of capitalization of OGE Energy Corp. (an Oklahoma corporation), formerly Oklahoma Gas & Electric Company, and its subsidiaries as of December 31, 1996, 1995 and 1994, and the related consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of OGE Energy Corp. and its subsidiaries as of December 31, 1996, 1995 and 1994, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

/s/ Arthur Andersen LLP
Arthur Andersen LLP

Oklahoma City, Oklahoma,
January 23, 1997

Report of Management

TO OUR SHAREOWNERS:

The management of OGE Energy Corp. and its subsidiaries has prepared, and is responsible for the integrity and objectivity of the financial and operating information contained in this Annual Report. The consolidated financial statements have been prepared in accordance with generally accepted accounting principles and include certain amounts that are based on the best estimates and judgments of management.

To meet its responsibility for the reliability of the consolidated financial statements and related financial data, the Company's management has established and maintains an internal control structure. This structure provides management with reasonable assurance in a cost-effective manner that, among other things, assets are properly safeguarded and transactions are executed and recorded in accordance with its authorizations so as to permit preparation of financial statements in accordance with generally accepted accounting principles. The Company's internal auditors assess the effectiveness of this internal control structure and recommend possible improvements thereto on an ongoing basis.

The Company maintains high standards in selecting, training and developing its members. This, combined with Company policies and procedures, provides reasonable assurance that operations are conducted in conformity with applicable laws and with its commitment to the highest standards of business conduct.

Supplementary Data

Interim Consolidated Financial Information (Unaudited)

In the opinion of the Company, the following quarterly information includes all adjustments, consisting of normal recurring adjustments, necessary for a fair statement of the results of operations for such periods:

Quarter ended (DOLLARS IN THOUSANDS EXCEPT PER SHARE DATA)		Dec 31	Sep 30	Jun 30	Mar 31
Operating revenues	1996	$ 311,515	$ 449,224	$ 348,644	$ 278,052
	1995	283,898	467,510	304,113	246,516
	1994	281,388	443,173	346,623	283,984
Operating income	1996	$ 23,227	$ 107,152	$ 53,623	$ 17,217
	1995	24,948	115,991	42,800	18,408
	1994	23,792	105,563	50,427	20,684
Net income (loss)	1996	$ 7,301	$ 90,165	$ 35,328	$ 538
	1995	4,890	96,969	24,258	(861)
	1994	4,952	86,251	31,082	1,500
Earnings (loss) available for common	1996	$ 6,729	$ 89,593	$ 34,749	$ (41)
	1995	4,311	96,390	23,679	(1,440)
	1994	4,372	85,672	30,503	921
Earnings (loss) per average common share	1996	$ 0.17	$ 2.22	$ 0.86	$ 0.00
	1995	0.11	2.39	0.59	(0.04)
	1994	0.11	2.12	0.76	0.02

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

Not Applicable.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT.

ITEM 11. EXECUTIVE COMPENSATION.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS.

Items 10, 11, 12 and 13 are omitted pursuant to General Instruction G of Form 10-K, since the Company filed copies of a definitive proxy statement with the Securities and Exchange Commission on or about March 28, 1997. Such proxy statement is incorporated herein by reference. In accordance with Instruction G of Form 10-K, the information required by Item 10 relating to Executive Officers has been included in Part I, Item 4, of this Form 10-K.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K.

(A) 1. FINANCIAL STATEMENTS

The following consolidated financial statements and supplementary data are included in Part II, Item 8 of this Report:

- Consolidated Balance Sheets at December 31, 1996, 1995 and 1994
- Consolidated Statements of Income for the years ended December 31, 1996, 1995 and 1994
- Consolidated Statements of Retained Earnings for the years ended December 31, 1996, 1995 and 1994
- Consolidated Statements of Capitalization at December 31, 1996, 1995 and 1994
- Consolidated Statements of Cash Flows for the years ended December 31, 1996, 1995 and 1994
- Notes to Consolidated Financial Statements
- Report of Independent Public Accountants
- Report of Management

SUPPLEMENTARY DATA

Interim Consolidated Financial Information

2. FINANCIAL STATEMENT SCHEDULE (INCLUDED IN PART IV)

All other schedules have been omitted since the required information is not applicable or is not material, or because the information required is included in the respective financial statements or notes thereto.

3. EXHIBITS

EXHIBIT NO.	DESCRIPTION
3.01	Copy of Restated Certificate of Incorporation.
3.02	By-laws.
4.01	Copy of Trust Indenture, dated February 1, 1945, from OG&E to The First National Bank and Trust Company of Oklahoma City, Trustee. (Filed as Exhibit 7-A to Registration Statement No. 2-5566 and incorporated by reference herein)
4.02	Copy of Supplemental Trust Indenture, dated December 1, 1948, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 7.03 to Registration Statement No. 2-7744 and incorporated by reference herein)
4.03	Copy of Supplemental Trust Indenture, dated June 1, 1949, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 7.03 to Registration Statement No. 2-7964 and incorporated by reference herein)

4.04 Copy of Supplemental Trust Indenture, dated May 1, 1950, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 7.04 to Registration Statement No. 2-8421 and incorporated by reference herein)

4.05 Copy of Supplemental Trust Indenture, dated March 1, 1952, a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.08 to Registration Statement No. 2-9415 and incorporated by reference herein)

4.06 Copy of Supplemental Trust Indenture, dated June 1, 1955, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.07 to Registration Statement No. 2-12274 and incorporated by reference herein)

4.07 Copy of Supplemental Trust Indenture, dated January 1, 1957, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.07 to Registration Statement No. 2-14115 and incorporated by reference herein)

4.08 Copy of Supplemental Trust Indenture, dated June 1, 1958, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.09 to Registration Statement No. 2-19757 and incorporated by reference herein)

4.09 Copy of Supplemental Trust Indenture, dated March 1, 1963, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.09 to Registration Statement No. 2-23127 and incorporated by reference herein)

4.10 Copy of Supplemental Trust Indenture, dated March 1, 1965, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.10 to Registration Statement No. 2-25808 and incorporated by reference herein)

4.11 Copy of Supplemental Trust Indenture, dated January 1, 1967, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.11 to Registration Statement No. 2-27854 and incorporated by reference herein)

4.12 Copy of Supplemental Trust Indenture, dated January 1, 1968, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.12 to Registration Statement No. 2-31010 and incorporated by reference herein)

4.13 Copy of Supplemental Trust Indenture, dated January 1, 1969, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.13 to Registration Statement No. 2-35419 and incorporated by reference herein)

4.14 Copy of Supplemental Trust Indenture, dated January 1, 1970, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.14 to Registration Statement No. 2-42393 and incorporated by reference herein)

4.15 Copy of Supplemental Trust Indenture, dated January 1, 1972, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.15 to Registration Statement No. 2-49612 and incorporated by reference herein)

4.16 Copy of Supplemental Trust Indenture, dated January 1, 1974, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.16 to Registration Statement No. 2-52417 and incorporated by reference herein)

4.17 Copy of Supplemental Trust Indenture, dated January 1, 1975, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.17 to Registration Statement No. 2-55085 and incorporated by reference herein)

4.18 Copy of Supplemental Trust Indenture, dated January 1, 1976, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.18 to Registration Statement No. 2-57730 and incorporated by reference herein)

4.19 Copy of Supplemental Trust Indenture, dated September 14, 1976, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.19 to Registration Statement No. 2-59887 and incorporated by reference herein)

4.20 Copy of Supplemental Trust Indenture, dated January 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.20 to Registration Statement No. 2-59887 and incorporated by reference herein)

4.21 Copy of Supplemental Trust Indenture, dated November 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.21 to Registration Statement No. 2-70539 and incorporated by reference herein)

4.22 Copy of Supplemental Trust Indenture, dated December 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.22 to Registration Statement No. 2-70539 and incorporated by reference herein)

4.23 Copy of Supplemental Trust Indenture, dated February 1, 1980, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.23 to Registration Statement No. 2-70539 and incorporated by reference herein)

4.24 Copy of Supplemental Trust Indenture, dated April 15, 1982, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.24 to OG&E's Form 10-K Report, File No. 1-1097, for the year ended December 31, 1982, and incorporated by reference herein)

4.25 Copy of Supplemental Trust Indenture, dated August 15, 1986, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.25 to OG&E's Form 10-K Report, File No. 1-1097, for the year ended December 31, 1986 and incorporated by reference herein)

4.26 Copy of Supplemental Trust Indenture, dated March 1, 1987, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.26 to OG&E's Form 10-K Report for the year ended December 31, 1987, File No. 1-1097, and incorporated by reference herein)

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4.30 Copy of Supplemental Trust Indenture dated October 1, 1995, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.02 to OG&E's Form 8-K Report dated October 23, 1995, File No. 1-1097, and incorporated by reference herein)

4.31 Copy of Supplemental Trust Indenture dated October 1, 1995, from OG&E to Boatmen's First National Bank of Oklahoma, Trustee. (Filed as Exhibit 4.29 to Registration Statement No. 33-61821 and incorporated by reference herein)

4.32 Copy of Supplemental Trust Indenture No. 1 dated October 16, 1995, being a supplemental instrument to Exhibit 4.31 hereto. (Filed as Exhibit 4.01 to OG&E's Form 8-K Report dated October 23, 1995, File No. 1-1097, and incorporated by reference herein)

10.01 Coal Supply Agreement dated March 1, 1973, between OG&E and Atlantic Richfield Company. (Filed as Exhibit 5.19 to Registration Statement No. 2-59887 and incorporated by reference herein)

10.02 Amendment dated April 1, 1976, to Coal Supply Agreement dated March 1, 1973, between OG&E and Atlantic Richfield Company, together with related correspondence. (Filed as Exhibit 5.21 to Registration Statement No. 2-59887 and incorporated by reference herein)

10.03 Second Amendment dated March 1, 1978, to Coal Supply Agreement dated March 1, 1973, between OG&E and Atlantic Richfield Company. (Filed as Exhibit 5.28 to Registration Statement No. 2-62208 and incorporated by reference herein)

10.04 Amendment dated June 27, 1990, between OG&E and Thunder Basin Coal Company, to Coal Supply Agreement dated March 1, 1973, between OG&E and Atlantic Richfield Company. (Filed as Exhibit 10.04 to OG&E's Form 10-K Report for the year ended December 31, 1994, File No. 1-1097, and incorporated by reference herein) [Confidential Treatment has been requested for certain portions of this exhibit.]

10.05 Participation Agreement dated as of January 1, 1980, among First National Bank and Trust Company of Oklahoma City, Thrall Car Manufacturing Company, OG&E and other parties, including Lease of Railroad Equipment dated January 1, 1980, between Mercantile-Safe Deposit and Trust Company and OG&E. (Filed as Exhibit 10.32 to OG&E's Form 10-K Report for the year ended December 31, 1980, File No. 1-1097, and incorporated by reference herein)

10.06 Participation Agreement dated January 1, 1981, among The First National Bank and Trust Company of Oklahoma City, Thrall Car Manufacturing Company, OG&E and other parties, including Lease for Railroad Equipment dated January 1, 1981, between Wells Fargo Equipment Leasing Corporation and OG&E. (Filed as Exhibit 20.01 to OG&E's Form 10-Q for June 30, 1981, File No. 1-1097, and incorporated by reference herein)

10.07 Form of Change of Control Agreement for Officers of the Company and OG&E.

10.08 Amended and Restated Stock Equivalent and Deferred Compensation Plan for Directors, as amended.

10.09 Amended and Restated Restricted Stock Plan of the Company

10.10 Agreement and Plan of Reorganization, dated May 14, 1986, between OG&E and Mustang Fuel Corporation. (Attached as Appendix A to Registration Statement No. 33-7472 and incorporated by reference herein)

10.11 Gas Service Agreement dated January 1, 1988, between OG&E and Oklahoma Natural Gas Company. (Filed as Exhibit 10.26 to OG&E's Form 10-K Report for the year ended December 31, 1987, File No. 1-1097, and incorporated by reference herein)

10.12 OG&E's Restoration of Retirement Income Plan, as amended.

10.13 Company's Restoration of Retirement Savings Plan, as amended.

10.14 Gas Service Agreement dated July 23, 1987, between OG&E and Arkla Services Company. (Filed as Exhibit 10.29 to OG&E's Form 10-K Report for the year ended December 31, 1987, File No. 1-1097, and incorporated by reference herein)

10.15 OG&E's Supplemental Executive Retirement Plan, as amended.

10.16 Company's Annual Incentive Compensation Plan.

21.01 Subsidiaries of the Registrant.

23.01 Consent of Arthur Andersen LLP.

24.01 Power of Attorney.

27.01 Financial Data Schedule.

99.01 Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995.

99.02 Description of Common Stock.

Executive Compensation Plans and Arrangements

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10.16 Company's Annual Incentive Compensation Plan.

(b) REPORTS ON FORM 8-K

Item 5. Other Events, dated December 23, 1996.

OGE ENERGY CORP.

SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS

COLUMN A DESCRIPTION	COLUMN B BALANCE BEGINNING OF YEAR	COLUMN C CHARGED TO COSTS AND EXPENSES	COLUMN C CHARGED TO OTHER ACCOUNTS	COLUMN D DEDUCTIONS	COLUMN E BALANCE END OF YEAR
1996		(THOUSANDS)			
Reserve for Uncollectible Accounts	$4,205	$7,720	-	$7,299	$4,626
1995					
Reserve for Uncollectible Accounts	$3,719	$7,673	-	$7,187	$4,205
1994					
Reserve for Uncollectible Accounts	$4,070	$6,942	-	$7,293	$3,719

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To OGE Energy Corp.:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of OGE Energy Corp. (an Oklahoma Corporation), formerly Oklahoma Gas & Electric Company, and its subsidiaries included in this Form 10-K, and have issued our report thereon dated January 23, 1997. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedule listed on Page 64, Item 14 (a) 2. is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/ s / Arthur Andersen LLP
Arthur Andersen LLP

Oklahoma City, Oklahoma,
January 23, 1997

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oklahoma City, and State of Oklahoma on the 21st day of March, 1997.

OGE ENERGY CORP.
(REGISTRANT)

/s/ Steven E. Moore
By Steven E. Moore
Chairman of the Board
and Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, this Report has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Title	Date
/ s / Steven E. Moore Steven E. Moore	Principal Executive Officer and Director;	March 21, 1997
/ s / A. M. Strecker A. M. Strecker	Principal Financial and Accounting Officer.	March 21, 1997
Herbert H. Champlin	Director;	
Luke R. Corbett	Director;	
William E. Durrett	Director;	
Martha W. Griffin	Director;	
Hugh L. Hembree, III	Director;	
Robert Kelley	Director;	
Bill Swisher	Director; and	
Ronald H. White, M.D.	Director.	
/ s / Steven E. Moore By Steven E. Moore (attorney-in-fact)		March 21, 1997

EXHIBIT INDEX

EXHIBIT NO.	DESCRIPTION
3.01	Copy of Restated Certificate of Incorporation.
3.02	By-laws.
4.01	Copy of Trust Indenture, dated February 1, 1945, from OG&E to The First National Bank and Trust Company of Oklahoma City, Trustee. (Filed as Exhibit 7-A to Registration Statement No. 2-5566 and incorporated by reference herein)
4.02	Copy of Supplemental Trust Indenture, dated December 1, 1948, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 7.03 to Registration Statement No. 2-7744 and incorporated by reference herein)
4.03	Copy of Supplemental Trust Indenture, dated June 1, 1949, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 7.03 to Registration Statement No. 2-7964 and incorporated by reference herein)

4.04 Copy of Supplemental Trust Indenture, dated May 1, 1950, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 7.04 to Registration Statement No. 2-8421 and incorporated by reference herein)

4.05 Copy of Supplemental Trust Indenture, dated March 1, 1952, a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.08 to Registration Statement No. 2-9415 and incorporated by reference herein)

4.06 Copy of Supplemental Trust Indenture, dated June 1, 1955, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.07 to Registration Statement No. 2-12274 and incorporated by reference herein)

4.07 Copy of Supplemental Trust Indenture, dated January 1, 1957, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.07 to Registration Statement No. 2-14115 and incorporated by reference herein)

4.08 Copy of Supplemental Trust Indenture, dated June 1, 1958, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.09 to Registration Statement No. 2-19757 and incorporated by reference herein)

4.09 Copy of Supplemental Trust Indenture, dated March 1, 1963, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.09 to Registration Statement No. 2-23127 and incorporated by reference herein)

4.10 Copy of Supplemental Trust Indenture, dated March 1, 1965, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.10 to Registration Statement No. 2-25808 and incorporated by reference herein)

4.11 Copy of Supplemental Trust Indenture, dated January 1, 1967, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.11 to Registration Statement No. 2-27854 and incorporated by reference herein)

4.12 Copy of Supplemental Trust Indenture, dated January 1, 1968, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.12 to Registration Statement No. 2-31010 and incorporated by reference herein)

4.13 Copy of Supplemental Trust Indenture, dated January 1, 1969, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.13 to Registration Statement No. 2-35419 and incorporated by reference herein)

4.14 Copy of Supplemental Trust Indenture, dated January 1, 1970, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.14 to Registration Statement No. 2-42393 and incorporated by reference herein)

4.15 Copy of Supplemental Trust Indenture, dated January 1, 1972, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.15 to Registration Statement No. 2-49612 and incorporated by reference herein)

4.16 Copy of Supplemental Trust Indenture, dated January 1, 1974, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.16 to Registration Statement No. 2-52417 and incorporated by reference herein)

4.17 Copy of Supplemental Trust Indenture, dated January 1, 1975, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.17 to Registration Statement No. 2-55085 and incorporated by reference herein)

4.18 Copy of Supplemental Trust Indenture, dated January 1, 1976, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.18 to Registration Statement No. 2-57730 and incorporated by reference herein)

4.19 Copy of Supplemental Trust Indenture, dated September 14, 1976, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.19 to Registration Statement No. 2-59887 and incorporated by reference herein)

4.20 Copy of Supplemental Trust Indenture, dated January 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.20 to Registration Statement No. 2-59887 and incorporated by reference herein)

4.21 Copy of Supplemental Trust Indenture, dated November 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.21 to Registration Statement No. 2-70539 and incorporated by reference herein)

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4.23 Copy of Supplemental Trust Indenture, dated February 1, 1980, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.23 to Registration Statement No. 2-70539 and incorporated by reference herein)

4.24 Copy of Supplemental Trust Indenture, dated April 15, 1982, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.24 to OG&E's Form 10-K Report, File No. 1-1097, for the year ended December 31, 1982, and incorporated by reference herein)

4.25 Copy of Supplemental Trust Indenture, dated August 15, 1986, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.25 to OG&E's Form 10-K Report, File No. 1-1097, for the year ended December 31, 1986 and incorporated by reference herein)

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24.01 Power of Attorney.

27.01 Financial Data Schedule.

99.01 Cautionary Statement for Purposes of the "Safe Harbor" Provisions of the Private Securities Litigation Reform Act of 1995.

99.02 Description of Common Stock.

EXHIBIT 3.01

FEE: $50.00
(MINIMUM)

FILED
DEC. 20, 1996
OKLAHOMA SECRETARY
OF STATE

RESTATED

CERTIFICATE OF INCORPORATION

FILE IN DUPLICATE
PRINT CLEARLY
SOS CORP. KEY:
- -----------------

PLEASE NOTE: This form MUST be filed with a letter from the Oklahoma Tax Commission stating the franchise tax has been paid for the current fiscal year. If the authorized capital is increased in excess of fifty thousand dollars ($50,000.00), the filing fee shall be an amount equal to one-tenth of one percent (1/10 of 1%) of such increase.

TO THE SECRETARY OF THE STATE OF OKLAHOMA, 101 State Capital Bldg., Oklahoma City, OK 73105:

The undersigned corporation, organized and existing under and by virtue of the Oklahoma General Corporation Act for the purpose of adopting a restated certificate of incorporation, does hereby submit:

1. A. The name of the corporation is : OGE Energy Corp.

B. As amended by this Restated certificate, the name of the corporation has been changed to:

- ----------.

2. The name under which it was originally incorporated is:
OG&E Holding Corp.

3. The date of filing of its original certificate of incorporation is:
August 4, 1995.

4. The address of the registered office in the State of Oklahoma and the name of the registered agent at such address is:

See Attached Restated Certificate of Incorporation

NAME	NUMBER & STREET ADDRESS	CITY	COUNTY	ZIP CODE

(P. O. BOXES ARE NOT ACCEPTABLE)

5. The duration of the corporation is: Perpetual
(Perpetual unless otherwise stated)

6. The purpose or purposes for which the corporation is formed are:

See Attached Restated Certificate of Incorporation

7. The aggregate number of the authorized shares, itemized by class, par value of shares, shares without par value, and series, if any, within a class is:

NUMBER OF SHARES	SERIES	PAR VALUE PER SHARE
Common 125,000,000		$.01
Preferred 5,000,000	Series A - authorized 1,250,000	$.01
TOTAL NO. SHARES: 130,000,000	TOTAL AUTHORIZED CAPITAL:	$1,300,000

The attached Restated Certificate of Incorporation was duly adopted in accordance with the provisions of Title 18,. Sec. 1080 after being proposed by the Directors and adopted by the shareholders in the manner and by the vote prescribed in Title 18, Sec. 1077, and restates, integrates and further amends the certificate of incorporation.

IN WITNESS WHEREOF, said corporation has caused this certificate to be signed by its ____ President and attested by its _____ Secretary, this _____ day of _____, 19___.

/s/ Steven E. Moore
By ____ President

(PLEASE PRINT NAME)

ATTEST:

/s/ Irma B. Elliott
- ____Secretary

Irma B. Elliott
- (PLEASE PRINT NAME)

RESTATED
CERTIFICATE OF INCORPORATION
OF
OGE ENERGY CORP.

I.

The name of this corporation shall be "OGE Energy Corp."

II.

The address of its Registered Office in the State of Oklahoma is 101 North Robinson, in the City of Oklahoma City, County of Oklahoma and the name of its Registered Agent at such address is Ms. Irma B. Elliott.

III.

The purpose for which this corporation is formed is to engage in any lawful act or activity for which corporations may be organized under the general corporation law of Oklahoma.

IV.

A. AUTHORIZED CAPITAL STOCK. The total number of shares which the corporation shall have the authority to issue shall be 130,000,000 shares, of which 125,000,000 shares shall be Common Stock, without par value $.01 per share, and 5,000,000 shares shall be Preferred Stock, par value $.01 per share.

B. COMMON STOCK. The Board of Directors is hereby authorized to cause shares of Common Stock, par value $.01 per share, to be issued from time to time for such consideration as may be fixed from time to time by the Board of Directors, or by way of stock split pro rata to the holders of the Common Stock. The Board of Directors may also determine the proportion of the proceeds received from the sale of such stock which shall be credited upon the books of the corporation to Capital or Capital Surplus.

Each share of the Common Stock shall be equal in all respects to every other share of the Common Stock. Subject to any special voting rights of the holders of Preferred Stock fixed by or pursuant to the provisions of Section C of this Article IV, the shares of Common Stock shall entitle the holders thereof to one vote for each share upon all matters upon which shareholders have the right to vote.

No holder of shares of Common Stock shall be entitled as such as a matter of right to subscribe for or purchase any part of any new or additional issue of stock, or securities convertible into stock, of any class whatsoever, whether now or hereafter authorized, and whether issued for cash, property, services or otherwise.

After the requirements with respect to preferential dividends on Preferred Stock (fixed by or pursuant to the provisions of Section C of this Article IV), if any, shall have been met and after the corporation shall have complied with all the requirements, if any, with respect to the setting aside of sums as sinking funds or redemption or purchase accounts (fixed by or pursuant to the provisions of Section C of this Article IV) and subject further to any other conditions which may be fixed by or pursuant to the provisions of Section C of this Article IV, then, but not otherwise, the holders of Common Stock shall be entitled to receive dividends, if any, as may be declared from time to time by the Board of Directors.

After distribution in full of the preferential amount (fixed by or pursuant to the provisions of Section C of this Article IV), if any, to be distributed to the holders of Preferred Stock in the event of voluntary or involuntary liquidation, distribution or sale of assets, dissolution or winding up of the corporation, the holders of the Common Stock shall be entitled to receive all the remaining assets of the corporation, tangible and intangible, of whatever kind available for distribution to shareholders, ratably in proportion to the number of shares of Common Stock held by each.

C. PREFERRED STOCK. Shares of Preferred Stock may be divided into and issued in such series, on such terms and for such consideration as may from time to time be determined by the Board of Directors of the corporation. Each series shall be so designated as to distinguish the shares thereof from the shares of all other series and classes. All shares of Preferred Stock shall be identical, except as to variations between different series in the relative rights and preferences as permitted or contemplated by the next succeeding sentence. Authority is hereby vested in the Board of Directors of the corporation to establish out of shares of Preferred Stock which are authorized and unissued from time to time one or more series thereof and to fix and determine the following relative rights and preferences of shares of each such series:

(1) the distinctive designation of, and the number of shares which shall constitute, the series and the "stated value" or "nominal value," if any, thereof;

(2) the rate or rates of dividends applicable to shares of such series, which rate or rates may be expressed in terms of a formula or other method by which such rate or rates shall be calculated from time to time, and the dividend periods, including the date or dates on which dividends are payable;

(3) the price at and the terms and conditions on which shares of such series may be redeemed;

(4) the amount payable upon shares of such series in the event of the involuntary liquidation of the corporation;

(5) the amount payable upon shares of such series in the event of the voluntary liquidation of the corporation;

(6) sinking fund provisions for the redemption or purchase of shares of such series;

(7) the terms and conditions on which shares of such series may be converted, if such shares are issued with the privilege of conversion;

(8) the voting powers, if any, of the holders of shares of the series which may, without limiting the generality of the foregoing, include (i) the right to one or less than one vote per share on any or all matters voted upon by the shareholders and (ii) the right to vote, as a series by itself or together with other series of Preferred Stock or together with all series of Preferred Stock as a class, upon such matters, under such circumstances and upon such conditions as the Board of Directors may fix, including, without limitation, the right, voting as a series by itself or together with other series of Preferred Stock or together with all series of Preferred Stock as a class, to elect one or more directors of this corporation in the event there shall have been a failure to pay dividends on any one or more series of Preferred Stock or under such other circumstances and upon such conditions as the Board of Directors may determine; provided, however, that in no event shall a share of Preferred Stock have more than one vote; and

(9) any other such rights and preferences as are not inconsistent with the Oklahoma General Corporation Act.

No holder of any share of any series of Preferred Stock shall be entitled to vote for the election of directors or in respect of any other matter except as may be required by the Oklahoma General Corporation Act, as

amended, or as is permitted by the resolution or resolutions adopted by the Board of Directors authorizing the issue of such series of Preferred Stock.

D. OTHER PROVISIONS

(1) The relative powers, preferences, and rights of each series of Preferred Stock in relation to the powers, preferences and rights of each other series of Preferred Stock shall, in each case, be as fixed from time to time by the Board of Directors in the resolution or resolutions adopted pursuant to authority granted in Section C of this Article IV, and the consent by class or series vote or otherwise, of the holders of the Preferred Stock or such of the series of the Preferred Stock as are from time to time outstanding shall not be required for the issuance by the Board of Directors of any other series of Preferred Stock whether the powers, preferences and rights of such other series shall be fixed by the Board of Directors as senior to, or on a parity with, the powers, preferences and rights of such outstanding series, or any of them, provided, however, that the Board of Directors may provide in such resolution or resolutions adopted with respect to any series of Preferred Stock that the consent of the holders of a majority (or such greater proportion as shall be therein fixed) of the outstanding shares of such series voting thereon shall be required for the issuance of any or all other series of Preferred Stock.

(2) Subject to the provisions of paragraph 1 of this Section D, shares of any series of Preferred Stock may be issued from time to time as the Board of Directors shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(3) Common Stock may be issued from time to time as the Board of Directors shall determine and on such terms and for such consideration as shall be fixed by the Board of Directors.

(4) No holder of any of the shares of any class or series of shares or securities convertible into such shares of any class or series of shares, or of options, warrants or other rights to purchase or acquire shares of any class or series of shares or of other securities of the corporation shall have any preemptive right to purchase, acquire, subscribe for any unissued shares of any class or series or any additional shares of any class or series to be issued by reason of any increase of the authorized capital stock of the corporation of any class or series, or bonds, certificates of indebtedness, debentures or other securities convertible into or exchangeable for shares of any class or series, or carrying any right to purchase or acquire shares of any class or series, but any such unissued shares, additional authorized issue of shares of any class or series of shares or securities convertible into or exchangeable for shares, or carrying any right to purchase or acquire shares, may be issued and disposed of pursuant to resolution of the Board of Directors to such persons, firms, corporations or associations, and upon such terms, as may be deemed advisable by the Board of Directors in the exercise of its sole discretion.

(5) The corporation reserves the right to increase or decrease its authorized capital shares, or any class or series thereof or to reclassify the same and to amend, alter, change or repeal any provision contained in the Certificate of Incorporation or in any amendment thereto, in the manner now or hereafter prescribed by law, but subject to such conditions and limitations as are hereinbefore prescribed, and all rights conferred upon shareholders in the Certificate of Incorporation of this corporation, or any amendment thereto, are granted subject to this reservation.

V.

The name and mailing address of the sole incorporator is:

Ms. Nina Zalenski
321 North Clark Street
Suite 3400
Chicago, Illinois 60610

VI.

A. VOTE REQUIRED FOR CERTAIN BUSINESS COMBINATIONS.

(1) In addition to any affirmative vote required by law or this Article VI or any other Article hereof, and except as otherwise expressly provided in Section B of this Article VI:

(a) any merger or consolidation of the corporation or any Subsidiary (as hereinafter defined) with (i) any Interested Shareholder (as hereinafter defined) or (ii) any other corporation (whether or not itself an Interested Shareholder) which is, or after such merger or consolidation would be, an Affiliate (as hereinafter defined) of an Interested Shareholder; or

(b) any sale, lease, exchange, mortgage, pledge, transfer or other disposition (in one transaction or a series of transactions) to or with any Interested Shareholder or any Affiliate of any Interested Shareholder of any assets of the corporation or any Subsidiary having an aggregate Fair Market Value of $25,000,000 or more; or

(c) the issuance or transfer by the corporation or any Subsidiary (in one transaction or a series of transactions) of any securities of the corporation or any Subsidiary to any Interested Shareholder or any Affiliate of any Interested Shareholder in exchange for cash, securities or other property (or a combination thereof) having an aggregate Fair Market Value of $25,000,000 or more, other than the issuance of securities upon the conversion of convertible securities of the corporation or any Subsidiary which were not acquired by such Interested Shareholder (or such Affiliate) from the corporation or a Subsidiary; or

(d) the adoption of any plan or proposal for the liquidation or dissolution of the corporation proposed by or on behalf of an Interested Shareholder or any Affiliate of any Interested Shareholder; or

(e) any reclassification of securities (including any reverse stock split), or recapitalization of the corporation, or any merger or consolidation of the corporation with any of its Subsidiaries or any other transaction (whether or not with or into or otherwise involving an Interested Shareholder) which has the effect, directly or indirectly, of increasing the proportionate share of the outstanding shares of any class or series of stock or securities convertible into stock of the corporation or any Subsidiary which is directly or indirectly owned by any Interested Shareholder or any Affiliate of any Interested Shareholder;

shall require the affirmative vote of the holders of at least 80% of the voting power of the then outstanding shares of stock of the corporation entitled to vote generally in the election of directors (the "Voting Stock"), voting together as a single class (it being understood that for purposes of this Article VI, each share of the Voting Stock shall have the number of votes granted to it pursuant to Article IV hereof). Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law, by any provision hereof, or in any agreement with any national securities exchange or otherwise.

(2) The term "Business Combination" as used in this Article VI shall mean any transaction which is referred to in any one or more subparagraphs (a) through (e) of paragraph 1 of this Section A.

B. WHEN HIGHER VOTE IS NOT REQUIRED. The provisions of Section A of this Article VI shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as is required by law and any other provision of any Article hereof, if all of the conditions specified in either of the following paragraphs 1 and 2 are met:

(1) The Business Combination shall have been approved by a majority of the Disinterested Directors (as hereinafter defined).

(2) All of the following conditions shall have been met:

(a) The aggregate amount of the cash and the Fair Market Value (as hereinafter defined) as of the date of the consummation of the Business Combination of any consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following:

I. (if applicable) the Highest Per Share Price (as hereinafter defined) (including the brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of Common Stock beneficially owned by the Interested Shareholder which were acquired beneficially by such Interested Shareholder (X) within the two-year period immediately prior to the first public announcement of the proposal of the Business Combination (the "Announcement Date") or (Y) in the transaction in which it became an Interested Shareholder, whichever is higher; and

II. the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Interested Shareholder became an Interested Shareholder (such later date is referred to in this Article VI as the "Determination Date"), whichever is higher.

(b) The aggregate amount of the cash and the Fair Market Value as of the date of the consummation of the Business Combination of consideration other than cash to be received per share by holders of shares of any class or series of outstanding Voting Stock other than the Common Stock shall be at least equal to the highest of the following (it being intended that the requirements of this subparagraph (b) shall be required to be met with respect to every such class or series of outstanding Voting Stock, whether or not the Interested Shareholder beneficially owns any shares of a particular class or series of Voting Stock):

I. (if applicable) the Highest Per Share Price (as hereinafter defined) (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid in order to acquire any shares of such class or series of Voting Stock beneficially owned by the Interested Shareholder which were acquired beneficially by such Interested Shareholder (X) within the two-year period immediately prior to the Announcement Date or (Y) in the transaction in which it became an Interested Shareholder, whichever is higher;

II. (if applicable) the highest preferential amount per share to which the holders of shares of such class or series of Voting Stock are entitled in the event of any voluntary or involuntary liquidation, dissolution or winding up of the corporation; and

III. the Fair Market Value per share of such class or series of Voting Stock on the Announcement Date or on the Determination Date, whichever is higher.

(c) The consideration to be received by holders of a particular class or series of outstanding Voting Stock (including Common Stock) shall be in cash or in the same form as was previously paid in order to acquire beneficially shares of such class or series of Voting Stock that are beneficially owned by the Interested Shareholder and, if the Interested Shareholder beneficially owns shares of any class or series of Voting Stock that were acquired with varying forms of consideration, the form of consideration to be received by holders of such class or series of Voting Stock shall be either cash or the form used to acquire beneficially the largest number of shares of such class or series of Voting Stock beneficially acquired by it prior to the Announcement Date.

(d) After such Interested Shareholder has become an Interested Shareholder and prior to the consummation of such Business Combination: (i) except as approved by a majority of the Disinterested Directors, there shall have been no failure to declare and pay at the regular dates therefor the full amount of any dividends (whether or not cumulative) payable on any class or series of stock having a preference

over the Common Stock as to dividends or upon liquidation; (ii) there shall have been (x) no reduction in the annual rate of dividends paid on the Common Stock (except as necessary to reflect any subdivision of the Common Stock), except as approved by a majority of the Disinterested Directors, and (y) an increase in such annual rate of dividends (as necessary to prevent any such reduction) in the event of any reclassification (including any reverse stock split), recapitalization, reorganization or any similar transaction which has the effect of reducing the number of outstanding shares of the Common Stock, unless the failure so to increase such annual rate was approved by a majority of the Disinterested Directors; and (iii) such Interested Shareholder shall have not become the beneficial owner of any additional shares of Voting Stock except as part of the transaction which results in such Interested Shareholder becoming an Interested Shareholder.

(e) After such Interested Shareholder has become an Interested Shareholder, such Interested Shareholder shall not have received the benefit, directly or indirectly (except proportionally as a stockholder), of any loans, advances, guarantees, pledges or other financial assistance or any tax credits or other tax advantages provided by the corporation, whether in anticipation of or in connection with such Business Combination or otherwise.

(f) A proxy or information statement describing the proposed Business Combination and complying with the requirements of the Securities Exchange Act of 1934 and the rules and regulations thereunder (or any subsequent provisions replacing such Act, rules or regulations) shall be mailed to public shareholders of the corporation at least 30 days prior to the consummation of such Business Combination (whether or not such proxy or information statement is required to be mailed pursuant to such Act or subsequent provisions).

C. CERTAIN DEFINITIONS. For the purposes of this Article VI:

(1) A "person" shall mean any individual, firm, corporation or other entity.

(2) "Interested Shareholder" shall mean any person (other than the corporation or any Subsidiary) who or which:

(a) is the beneficial owner, directly or indirectly of more than 10% of the voting power of the outstanding Voting Stock; or

(b) is an Affiliate of the corporation and at any time within the two-year period immediately prior to the date in question was the beneficial owner, directly or indirectly, of 10% or more of the voting power of the then outstanding Voting Stock; or

(c) is an assignee of or has otherwise succeeded to any shares of Voting Stock that were at any time within the two-year period immediately prior to the date in question beneficially owned by any Interested Stockholder, if such assignment or succession shall have occurred in the course of a transaction or series of transactions not involving a public offering within the meaning of the Securities Act of 1933.

(3) A person shall be a "beneficial owner" of any Voting Stock:

(a) which such person or any of its Affiliates or Associates (as hereinafter defined) beneficially owns, directly or indirectly; or

(b) which such person or any of its Affiliates or Associates has (i) the right to acquire (whether such right is exercisable immediately or only after the passage of time), pursuant to any agreement, arrangement or understanding or upon the exercise of conversion rights, exchange rights, warrants or options, or otherwise, or (ii) the right to vote or direct the vote pursuant to any agreement, arrangement or understanding; or

(c) which are beneficially owned, directly or indirectly, by any other person with which such person or any of its Affiliates or Associates has any agreement, arrangement or understanding for the purposes of acquiring, holding, voting or disposing of any shares of Voting Stock.

(4) For the purposes of determining whether a person is an Interested Shareholder pursuant to paragraph 2 of this Section C, the number of shares of Voting Stock deemed to be outstanding shall include shares deemed owned through application of paragraph 3 of this Section C but shall not include any other shares of Voting Stock which may be issuable pursuant to any agreement, arrangement or understanding or upon exercise of conversion rights, warrants or options, or otherwise.

(5) "Affiliate" or "Associate" shall have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations, under the Securities Exchange Act of 1934, as in effect on November 16, 1995.

(6) "Subsidiary" means any corporation of which a majority of any class of equity security is owned, directly or indirectly, by the corporation or by a Subsidiary of the corporation or by the corporation and one or more Subsidiaries; provided, however, that for the purposes of the definition of Interested Shareholder set forth in paragraph 2 of this Section C, the term "Subsidiary" shall mean only a corporation of which a majority of each class of equity security is owned, directly or indirectly, by the corporation.

(7) "Disinterested Director" means any member of the Board of Directors of the corporation who is unaffiliated with, and not a nominee or representative of, the Interested Shareholder and was a member of the Board of Directors prior to the time that the Interested Shareholder became an Interested Shareholder, and any successor of a Disinterested Director who is unaffiliated with, and not a nominee or representative of, the Interested Shareholder and who is recommended to succeed a Disinterested Director by a majority of Disinterested Directors then on the Board of Directors.

(8) "Fair Market Value" means: (a) in the case of stock, the highest closing sale price during the 30-day period immediately preceding the date in question of a share of such stock on the Composite Tape for New York Stock Exchange-Listed Stocks, or, if such stock is not quoted on the Composite Tape on the New York Stock Exchange, or, if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing sales price or bid quotation with respect to a share of such stock during the 30-day period preceding the date in question on the National Association of Securities Dealers, Inc. Automated Quotations System or any system then in use, or if no such quotations are available, the fair market value on the date in question of a share of such stock as determined by a majority of the Disinterested Directors in good faith, in each case with respect to any class of stock, appropriately adjusted for any dividend or distribution in shares of such stock or any stock split or reclassification of outstanding shares of such stock into a greater number of shares of such stock or any combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock; and (b) in the case of stock of any class or series which is not traded on any United States registered securities exchange nor in the over-the-counter market or in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by a majority of the Disinterested Directors in good faith.

(9) References to "Highest Per Share Price" shall in each instance, with respect to any class of stock, reflect an appropriate adjustment for any dividend or distribution in shares of such stock or any stock split or reclassification of outstanding shares of such stock into a greater number of shares of such stock or any combination or reclassification of outstanding shares of such stock into a smaller number of shares of such stock.

(10) In the event of any Business Combination in which the corporation survives, the phrase "consideration other than cash to be received" as used in subparagraphs (a) and (b) of paragraph 2 of Section B of this Article VI shall include the shares of Common Stock and/or the shares of any other class of outstanding Voting Stock retained by the holders of such shares.

D. POWERS OF THE BOARD OF DIRECTORS. A majority of the Disinterested Directors of the corporation shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article VI, including without limitation, (a) whether a person is an Interested Shareholder, (b) the number of shares of Voting Stock beneficially owned by any person, (c) whether a person is an Affiliate or Associate of another, (d) whether the assets which are the subject of any Business Combination have, or the consideration to be received for the issuance or transfer of securities by the corporation or any Subsidiary in any Business Combination has, an aggregate Fair Market Value of $25,000,000 or more and (e) whether the requirements of Section B of this Article VI have been met.

E. NO EFFECT ON FIDUCIARY OBLIGATIONS OF INTERESTED SHAREHOLDERS. Nothing contained in this Article VI shall be construed to relieve any Interested Shareholder from any fiduciary obligation imposed by law.

F. AMENDMENT OR REPEAL. Notwithstanding any other provisions of this Article VI or of any other Article hereof, or of the By-laws of the corporation (and notwithstanding the fact that a lesser percentage may be specified from time to time by law, this Article VI, any other Article hereof, or the By-laws of the corporation), the provisions of this Article VI may not be altered, amended or repealed in any respect, nor may any provision inconsistent therewith be adopted, unless such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least 80% of the combined voting power of the then outstanding Voting Stock, voting together as a single class.

VII.

A. ELECTION AND TERMS OF DIRECTORS. Except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, the directors shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as shall be provided in the manner specified in the By-laws of the corporation, one class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1996, another class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1997, and another class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1998, with each class to hold office until its successor is elected and qualified. At each annual meeting of shareholders of the corporation and except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election.

B. SHAREHOLDER NOMINATION OF DIRECTOR CANDIDATES AND INTRODUCTION OF BUSINESS. Advance notice of shareholder nominations for the election of directors, and advance notice of business to be brought by shareholders before an annual meeting of shareholders, shall be given in the manner provided in the By-laws of the corporation.

C. NEWLY CREATED DIRECTORSHIPS AND VACANCIES. Except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances: (i) newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than a quorum of the Board of Directors; (ii) any director elected in accordance with the preceding clause (i) shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the

vacancy occurred and until such director's successor shall have been elected and qualified; and (iii) no decrease in the number of directors constituting the Board of Directors shall shorten the term of any incumbent director.

D. REMOVAL. Except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office, with or without cause, only by the affirmative vote of the holders of at least 80% of the combined voting power of the then outstanding shares of the corporation's stock entitled to vote generally, voting together as a single class. Whenever in this Article VII or in Article VIII hereof or in Article IX hereof, the phrase "the then outstanding shares of the corporation's stock entitled to vote generally" is used, such phrase shall mean each then outstanding share of Common Stock and of any other class or series of the corporation's stock that is entitled to vote generally in the election of directors and whose voting privileges are not generally restricted by any of the provisions of any Article hereof.

E. AMENDMENT OR REPEAL. Notwithstanding any other provisions of this Article VII or of any other Article hereof or of the By-laws of the corporation (and notwithstanding the fact that a lesser percentage may be specified from time to time by law, this Article VII, any other Article hereof, or the By-laws of the corporation), the provisions of this Article VII may not be altered, amended or repealed in any respect, nor may any provision inconsistent therewith be adopted, unless such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least 80% of the combined voting power of the then outstanding shares of the corporation's stock entitled to vote generally, voting together as a single class.

VIII.

Any action required or permitted to be taken by the shareholders of the corporation must be effected at a duly called annual or special meeting of such holders and, except as otherwise mandated by Oklahoma law, may not be effected without such a meeting by any consent in writing by such holders. Except as otherwise mandated by Oklahoma law and except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV hereof relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, special meetings of shareholders of the corporation may be called only by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors or by the President of the corporation. Notwithstanding any other provisions of this Article VIII or of any other Article hereof or of the By-laws of the corporation (and notwithstanding the fact that a lesser percentage may be specified from time to time by law, this Article VIII, any other Article hereof, or the By-laws of the corporation), the provisions of this Article VIII may not be altered amended or repealed in any respect, nor may any provision inconsistent therewith be adopted, unless such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least 80% of the combined voting power of the then outstanding shares of the corporation's stock entitled to vote generally, voting together as a single class.

IX.

The Board of Directors shall have power to adopt, amend and repeal the By-laws of the corporation to the maximum extent permitted from time to time by Oklahoma law; provided, however, that any By-laws adopted by the Board of Directors under the powers conferred hereby may be amended or repealed by the Board of Directors or by the shareholders having voting power with respect thereto, except that, and notwithstanding any other provisions of this Article IX or of any other Article hereof or of the By-laws of the corporation (and notwithstanding the fact that a lesser percentage may be specified from time to time by law, this Article IX, any other Article hereof or the By-laws of the corporation), no provision of Section 1.1 of Article 1 of the By-laws, or of Section 4.2, Section 4.12 or Section 4.14 of Article IV of the By-laws, or of Section 5.2 or Section 5.3 of Article V the By-laws may be altered, amended or repealed in any respect, nor may any provision inconsistent therewith be adopted, unless such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least 80% of the combined voting power of the then outstanding shares of the corporation's stock entitled to vote

generally, voting together as a single class. Notwithstanding any other provisions of this Article IX or of any other Article hereof or of the By-laws of the corporation (and notwithstanding the fact that a lesser percentage may be specified from time to time by law, this Article IX, any other Article hereof or the By-laws of the corporation), the provisions of this Article IX may not be altered, amended or repealed in any respect, nor may any provision inconsistent therewith be adopted, unless such alteration, amendment, repeal or adoption is approved by the affirmative vote of the holders of at least 80% of the combined voting power of the then outstanding shares of the corporation's stock entitled to vote generally, voting together as a single class.

X.

A director of the corporation shall not be personally liable to the corporation or its shareholders for monetary damages for breach of fiduciary duty as a director, except for liability (i) for any breach of the director's duty of loyalty to the corporation or its shareholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 1053 of the Oklahoma General Corporation Act, or (iv) for any transaction from which the director derived any improper personal benefit. If the Oklahoma General Corporation Act is amended after approval by the shareholders of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Oklahoma General Corporation Act, as so amended.

Any repeal or modification of the foregoing paragraph by the shareholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

XI.

A. RIGHT TO INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director, officer or employee of the corporation or is or was serving at the request of the corporation as a director, officer or employee of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer or employee or in any other capacity while serving as a director, officer or employee, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Oklahoma General Corporation Act, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who had ceased to be a director, officer or employee and shall inure to the benefit of the indemnitee's heirs, executor and administrators; provided, however, that, except as provided in Section B of this Article XI with respect to proceedings to enforce rights to indemnification, the corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. Any person who is or was a director or officer of a subsidiary of the corporation shall be deemed to be serving in such capacity at the request of the corporation for purposes of this Article XI. The right to indemnification conferred in this Article shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"); provided, however, that, if the Oklahoma General Corporation Act requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service with respect to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from

which there is no further right to appeal (hereinafter, a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Article or otherwise. The rights to indemnification and advancement of expenses conferred in this Section A shall be a contract right.

B. RIGHT OF INDEMNITEE TO BRING SUIT. If a claim under Section A of this Article XI is not paid in full by the corporation within sixty days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee also shall be entitled to be paid the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and in (ii) any suit by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking the corporation shall be entitled to recover such expenses upon a final adjudication that, the indemnitee has not met the applicable standard of conduct set forth in the Oklahoma General Corporation Act. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its shareholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Oklahoma General Corporation Act, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its shareholders) that the indemnitee has not met such applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified or to such advancement of expenses under this Article XI or otherwise shall be on the corporation.

C. NON-EXCLUSIVITY OF RIGHTS. The rights to indemnification and to the advancement of expenses conferred in this Article XI shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, these Articles of Incorporation, any By-law, any agreement, any vote of shareholders or disinterested directors or otherwise.

D. INSURANCE. The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under the Oklahoma General Corporation Act.

E. INDEMNIFICATION OF AGENTS. The corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification and to the advancement of expenses to any agent of the corporation and to any person serving at the request of the corporation as an agent of another corporation or of a partnership, joint venture, trust or other enterprise to the fullest extent of the provisions of this Article XI with respect to the indemnification and advancement of expenses of directors, officers and employees of the corporation.

F. REPEAL OR MODIFICATION. Any repeal or modification of any provision of this Article XI by the shareholders of the corporation shall not adversely affect any rights to indemnification and to advancement of expenses that any person may have at the time of such repeal or modification with respect to any acts or omissions occurring prior to such repeal or modification.

XII.

Of the then allotted shares of Preferred Stock described in Article IV hereof, the Board of Directors on August 7, 1995, established a series of Preferred Stock in the amount and with the designation, voting powers,

preferences and relative, participating, options or other special rights and the qualifications, limitations or restrictions as follows:

SECTION 1. DESIGNATION AND AMOUNT. The shares of such series shall be designated "Series A Preferred Stock" and the number of shares constituting such series shall be 1,250,000. Shares of Series A Preferred Stock shall have a par value of $.01 per share.

SECTION 2. DIVIDENDS AND DISTRIBUTIONS.

(A) Subject to the possible prior and superior rights of the holders of any shares of preferred stock of the Company ranking prior and superior to the shares of Series A Preferred Stock with respect to dividends, each holder of Series A Preferred Stock shall be entitled to receive, when, as and if declared by the Board of Directors out of funds legally available for that purpose: (i) quarterly dividends payable in cash on January 20, April 20, July 20 and October 20 in each year (each such date being a "Quarterly Dividend Payment Date"), commencing on the first Quarterly Dividend Payment Date after the first issuance of such share of Series A Preferred Stock, in an amount per share (rounded to the nearest cent) equal to the greater of (a) $5.00 or (b) subject to the provision for adjustment hereinafter set forth, 100 times the aggregate per share amount of all cash dividends declared on shares of the Common Stock of the Company, par value $.01 per share (the "Common Stock"), since the immediately preceding Quarterly Dividend Payment Date, or, with respect to the first Quarterly Dividend Payment Date, since the first issuance of a share of Series A Preferred Stock and (ii) subject to the provision for adjustment hereinafter set forth, quarterly distributions (payable in kind) on each Quarterly Dividend Payment Date in an amount per share equal to 100 times the aggregate per share amount of all non-cash dividends or other distributions (other than a dividend payable in shares of Common stock or a subdivision of the outstanding shares of Common Stock, by reclassification or otherwise) declared on shares of Common Stock since the immediately preceding Quarterly Dividend Payment Date, or with respect to the first Quarterly Dividend Payment Date, since the first issuance of a share of Series A Preferred Stock. If the quarterly Dividend Payment Date is a Saturday, Sunday or legal holiday, then such Quarterly Dividend Payment Date shall be the first immediately preceding calendar day which is not a Saturday, Sunday or legal holiday. In the event that the Company shall at any time after August 7, 1995 (the "Rights Declaration Date") (i) declare any dividend on outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide outstanding shares of Common Stock, or (iii) combine outstanding shares of Common Stock into a smaller number of shares, then in each such case, the amount to which the holder of a share of Series A Preferred Stock was entitled immediately prior to such event pursuant to the preceding sentence shall be adjusted by multiplying such amount by a fraction, the numerator of which shall be the number of shares of Common Stock that are outstanding immediately after such event, and the denominator of which shall be the number of shares of Common Stock that were outstanding immediately prior to such event.

(B) The Company shall declare a dividend or distribution on shares of Series A Preferred Stock as provided in paragraph (A) above immediately after it declares a dividend or distribution on the shares of Common Stock (other than a dividend payable in shares of Common Stock); PROVIDED, HOWEVER, that, in the event no dividend or distribution shall have been declared on the Common Stock during the period between any Quarterly Dividend Payment Date and the next subsequent Quarterly Dividend Payment Date, a dividend of $5.00 per share on the Series A Preferred Stock shall nevertheless be payable on such subsequent Quarterly Dividend Payment Date.

(C) Dividends shall begin to accrue and shall be cumulative on each outstanding share of Series A Preferred Stock from the Quarterly Dividend Payment Date next preceding the date of issuance of such share of Series A Preferred Stock, unless the date of issuance of such share is prior to the record date for the first Quarterly Dividend Payment Date, in which case, dividends on such share shall begin to accrue from the date of issuance of such share, or unless the date of issuance is a Quarterly Dividend Payment Date or is a date after the record date for the determination of holders of shares of Series A Preferred Stock entitled to receive a quarterly dividend and before such Quarterly Dividend Payment Date, in either of which events such dividends shall begin to accrue and be cumulative from such Quarterly Dividend Payment Date. Accrued but unpaid dividends shall not bear interest. Dividends paid on shares of Series A Preferred Stock in an amount less than the aggregate amount of all such

dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all shares of Series A Preferred Stock at the time outstanding. The Board of Directors may fix a record date for the determination of holders of shares of Series A Preferred Stock entitled to receive payment of a dividend or distribution declared thereon, which record date shall be no more than 60 days prior to the date fixed for the payment thereof.

(D) Dividends payable on the Series A Preferred Stock for the initial dividend period and for any period less than a full quarterly period, shall be computed on the basis of a 360-day year of 30-day months.

SECTION 3. VOTING RIGHTS. The holders of shares of Series A Preferred Stock shall have the following voting rights:

(A) Each share of Series A Preferred Stock shall entitle the holder thereof to one vote on all matters submitted to a vote of the shareholders of the Company.

(B) Except as otherwise provided herein or by law, the holders of shares of Series A Preferred Stock and the holders of shares of Common Stock shall vote together as one class on all matters submitted to a vote of shareholders of the Company.

(C) If at the time of any annual meeting of shareholders for the election of directors a "default in preference dividends" on the Series A Preferred Stock shall exist, the holders of the Series A Preferred Stock shall have the right at such meeting, voting together as s single class, to the exclusion of the holders of Common Stock, to elect two (2) directors of the Company. Such right shall continue until there are no dividends in arrears upon the Series A Preferred Stock. Either or both of the two directors to be elected by the holders of Series A Preferred Stock may be to fill a vacancy or vacancies created by an increase by the Board of Directors in the number of directors constituting the Board of Directors. Each director elected by the holders of Preferred Stock (a "Preferred Director") shall continue to serve as such director for the full term for which he or she shall have been elected, notwithstanding that prior to the end of such term a default in preference dividends shall cease to exist. Any Preferred Director may be removed by, and shall not be removed except by, the vote of the holders of record of the outstanding Series A Preferred Stock voting together as a single class, at a meeting of the shareholders or of the holders of Preferred Stock called for the purpose. So long as a default in preference dividends on the Series A Preferred Stock shall exist, (i) any vacancy in the office of a Preferred Director may be filled (except as provided in the following clause (ii)) by an instrument in writing signed by the remaining Preferred Director and filed with the Company and (ii) in the case of the removal of any Preferred Director, the vacancy may be filled by the vote of the holders of the outstanding Series A Preferred Stock voting together as a single class, at the same meeting at which such removal shall be voted. Each director appointed as aforesaid by the remaining Preferred Director shall be deemed, for all purposes hereof, to be a Preferred Director. For the purposes hereof, a "default in preference dividends" on the Preferred Stock shall be deemed to have occurred whenever the amount of accrued and unpaid dividends upon the Series A Preferred Stock shall be equivalent to six (6) full quarterly dividends or more, and having so occurred, such default shall be deemed to exist thereafter until, but only until, all accrued dividends on all Series A Preferred Stock then outstanding shall have been paid to the end of the last preceding quarterly dividend period. The provisions of this paragraph (C) shall govern the election of Directors by holders of Series A Preferred Stock during any default in preference dividends notwithstanding any provisions of the Company's Certificate of Incorporation to the contrary.

(D) Except as set forth herein, holders of shares of Series A Preferred Stock shall have no special voting rights and their consent shall not be required (except to the extent they are entitled to vote with holders of shares of Common Stock as set forth herein) for taking any corporate action.

SECTION 4. CERTAIN RESTRICTIONS.

(A) Until all accrued and unpaid dividends and distributions, whether or not declared, on outstanding shares of Series A Preferred Stock shall have been paid in full, the Company shall not:

(i) declare or pay any dividends on, make any other distributions on, or redeem or purchase or otherwise acquire for consideration any shares of junior stock;

(ii) declare or pay dividends on or make any other distributions on any shares of parity stock, except dividends paid ratably on shares of Series A Preferred Stock and shares of all such parity stock on which dividends are payable or in arrears in proportion to the total amounts to which the holders of such Series A Preferred Stock and all such shares are then entitled;

(iii) redeem or purchase or otherwise acquire for consideration shares of any junior stock, PROVIDED, HOWEVER, that the Company may at any time redeem, purchase or otherwise acquire shares of any such junior stock in exchange for shares of any other junior stock;

(iv) purchase or otherwise acquire for consideration any shares of Series A Preferred Stock or any shares of parity stock, except in accordance with a purchase offer made in writing or by publication (as determined by the Board of Directors) to all holders of such shares upon such terms as the Board of Directors, after consideration of the respective annual dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or classes.

(B) The Company shall not permit any subsidiary of the Company to purchase or otherwise acquire for consideration any shares of stock of the Company unless the Company could, under paragraph (A) of this Section 4, purchase or otherwise acquire such shares at such time and in such manner.

SECTION 5. REACQUIRED SHARES. Any shares of Series A Preferred Stock purchased or otherwise acquired by the Company in any manner whatsoever shall be retired and canceled promptly after the acquisition thereof. All such shares shall upon their cancellation become authorized but unissued Preferred Stock and may be reissued as part of a new series of Preferred Stock subject to the conditions and restrictions on issuance set forth in the Certificate of Incorporation of the Company creating a series of Preferred Stock or any similar shares or as otherwise required by law.

SECTION 6. LIQUIDATION, DISSOLUTION OR WINDING UP.

(A) Upon any voluntary or involuntary liquidation, dissolution or winding up of the Company, no distributions shall be made (i) to the holders of shares of junior stock unless the holders of Series A Preferred Stock shall have received, subject to adjustment as hereinafter provided in paragraph (B), the greater of either (a) $100.00 per share plus an amount equal to accrued and unpaid dividends and distributions thereon, whether or not declared, to the date of such payment, or (b) an amount per share equal to 100 times the aggregate per share amount to be distributed to holders of shares of Common Stock or (ii) to the holders of shares of parity stock, unless simultaneously therewith distributions are made ratably on shares of Series A Preferred Stock and all other shares of such parity stock in proportion to the total amounts to which the holders of shares of Series A Preferred Stock are entitled under clause (i)(a) of this sentence and to which the holders of shares of such parity stock are entitled, in each case, upon such liquidation, dissolution or winding up.

(B) In the event the Company shall at any time after the Rights Declaration Date (i) declare any dividend on outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide outstanding shares of Common Stock, or (iii) combine outstanding shares of Common Stock into a smaller number of shares, then in each such case, the aggregate amount to which holders of Series A Preferred Stock were entitled immediately prior to such event pursuant to clause (i)(b) of paragraph (A) of this Section 6 shall be adjusted by multiplying such amount by a fraction, the numerator of which shall be the number of shares of Common Stock that are outstanding immediately after such event, and the denominator of which shall be the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 7. CONSOLIDATION, MERGER, ETC. In case the Company shall enter into any consolidation, merger, combination or other transactions in which the shares of Common Stock are exchanged for or converted into other stock or securities, cash and/or any other property, then in any such case, each share of Series A Preferred Stock shall at the same time be similarly exchanged for or converted into an amount per share (subject to the provision for adjustment hereinafter set forth) equal to 100 times the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each share of Common Stock is converted or exchanged. In the event the Company shall at any time after the Rights Declaration Date (i) declare any dividend on outstanding shares of Common Stock payable in shares of Common Stock, (ii) subdivide outstanding shares of Common Stock, or (iii) combine outstanding shares of Common Stock into a smaller number of shares, then in each such case, the amount set forth in the immediately preceding sentence with respect to the exchange or conversion of shares of Series A Preferred Stock shall be adjusted by multiplying such amount by a fraction, the numerator of which shall be the number of shares of Common Stock that are outstanding immediately after such event, and the denominator of which shall be the number of shares of Common Stock that were outstanding immediately prior to such event.

SECTION 8. REDEMPTION. The shares of Series A Preferred Stock shall not be redeemable.

SECTION 9. RANKING. The shares of Series A Preferred Stock shall rank junior to all other series of the Preferred Stock and to any other class of preferred stock that hereafter may be issued by the Company as to the payment of dividends and the distribution of assets, unless the terms of any such series or class shall provide otherwise.

SECTION 10. AMENDMENT. The provisions of this Certificate of Designation shall not hereafter be amended, either directly or indirectly, or through merger or consolidation with another corporation, in any manner that would alter or change the powers, preferences or special rights of the Series A Preferred Stock so as to affect them adversely without the affirmative vote of the holders of at least a majority of the outstanding shares of Series A Preferred Stock, voting separately as a class.

SECTION 11. FRACTIONAL SHARES. The Series A Preferred Stock may be issued in fractions of a share, which fractions shall entitle the holder, in proportion to such holder's fractional shares, to exercise voting rights, receive dividends, participate in distributions, and to have the benefit of all other rights of holders of Series A Preferred Stock.

SECTION 12. CERTAIN DEFINITIONS. As used herein with respect to the Series A Preferred Stock, the
following terms shall have the following meanings:

(1) The term " junior stock" (i) as used in Section 4, shall mean the Common Stock and any other class or series of capital stock of the Company hereafter authorized or issued over which the Series A Preferred Stock has preference or priority as to the payment of dividends, and (ii) as used in Section 6, shall mean the Common Stock and any other class or series of capital stock of the Company over which the Series A Preferred Stock has preference or priority in the distribution of assets on any liquidation, dissolution or winding up of the Company.

(2) The term "parity stock" (i) as used in Section 4, shall mean any class or series of stock of the Company hereafter authorized or issued ranking PARI PASSU with the Series A Preferred Stock as to dividends, and (ii) as used in Section 6, shall mean any class or series of stock of the Company ranking PART PASSU with the Series A Preferred Stock in the distribution of assets on any liquidation, dissolution or winding up.

CERTIFICATE OF ACQUISITION

This Certificate of Acquisition is filed this 30th day of December, 1996 by OGE Energy Corp., pursuant to Okla. Stat. tit. 18, ss.ss.1090.1(C) and 1007.

1. OGE Energy Corp., an Oklahoma Corporation ("OGE Energy"), and Oklahoma Gas and Electric Company, an Oklahoma corporation ("OG&E"), are parties to an Agreement and Plan Of Share Acquisition dated December 23, 1996 ("Agreement").

2. The Agreement has been adopted by the Boards of Directors of OGE Energy and OG&E, approved by the shareowners of OGE Energy and OG&E, and certified, executed, and acknowledged by OGE Energy Corp. and OG&E in accordance with the provisions of Okla. Stat. tit. 18, ss.1090.1.

3. Pursuant to the Agreement, OGE Energy will acquire all of the issued and outstanding common shares of OG&E in a share-for-share exchange of OGE Energy common shares such that OG&E will become a subsidiary of OGE Energy.

4. There are no amendments or changes in the Certificate of Incorporation that are to be effected by the Agreement.

5. The executed Agreement is on file at the principal place of business of OGE Energy Corp. and OG&E which is located at the following address: 101 North Robinson Oklahoma City, Oklahoma 73101

6. Upon request, the Agreement will be furnished by OGE Energy Corp. and OG&E to any of their shareowners without cost.

7. The Agreement and this Certificate Of Acquisition shall be effective at 3:30 p.m. on December 31, 1996.

OGE ENERGY CORP.

By: /s/ Steven E. Moore

Steven E. Moore

Its:

Chairman and Chief Executive Officer

ATTEST:

/s/ Irma B. Elliott
- ---
Irma B. Elliott
Secretary

EXHIBIT 3.02

BY-LAWS

OF

OGE ENERGY CORP.
(Effective as of December 31, 1996)

ARTICLE 1.

AMENDMENTS

Section 1.1. Amendment of By-Laws. Subject to the provisions of the Corporation's Restated Certificate of Incorporation, these By-laws may be amended or repealed at any regular meeting of the shareholders (or at any special meeting thereof duly called for that purpose) by the holders of at least a majority of the voting power of the shares represented and entitled to vote thereon at such meeting at which a quorum is present; provided that in the notice of such special meeting notice of such purpose shall be given. Subject to the laws of the State of Oklahoma, the Corporation's Restated Certificate of Incorporation and these By-laws, the Board of Directors may by majority vote of those present at any meeting at which a quorum is present amend these By-laws, or adopt such other By-laws as in their judgment may be advisable for the regulation of the conduct of the affairs of the Corporation.

ARTICLE 2.

OFFICES

Section 2.1. Registered Office. The Corporation shall continuously maintain a registered office in the State of Oklahoma which may, but need not be, the same as its place of business, and a registered agent whose business office is identical with such registered office.

Section 2.2. Other Offices. The Corporation may also have offices at such other places both within and without the State of Oklahoma as the Board of Directors may from time to time determine or the business of the corporation may require.

ARTICLE 3.

SHARES

Section 3.1. Form of Shares. Shares either shall be represented by certificates or shall be uncertificated shares.

3.1.1. Signing of Certificates. Certificates representing shares of the corporation shall be signed by the appropriate officers and may be sealed with the seal or a facsimile of the seal of the Corporation if the corporation uses a seal. If a certificate is countersigned by a transfer agent or registrar, other than an employee of the corporation, any other signatures may be facsimile. Each certificate representing shares shall be consecutively numbered or otherwise identified, and shall also state the name of the person to whom issued, the number and class of shares (with designation of series, if any), the date of issue, that the corporation is organized under Oklahoma law, and any other information required by law.

3.1.2. Uncertificated Shares. Unless prohibited by the Restated Certificate of Incorporation, the Board of Directors may provide by resolution that some or all of any class or series of shares shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until the certificate (or such documentation as may be allowed under Section 3.2 below) has been surrendered to the Corporation. Within a reasonable time after the issuance or transfer of uncertificated shares, the Corporation shall send the registered owner thereof a written notice of all information that would appear on a certificate. Except as otherwise expressly provided by law, the rights and obligations of the holders of uncertificated shares shall be identical to those of the holders of certificates representing shares of the same class and series.

3.1.3. Identification of Shareholders. The name and address of each shareholder, the number and class of shares held and the date on which the shares were issued shall be entered on the books of the Corporation. The person in whose name shares stand on the books of the Corporation shall be deemed the owner thereof for all purposes as regards the Corporation.

Section 3.2. Lost, Stolen or Destroyed Certificates. If a certificate representing shares has allegedly been lost, stolen or destroyed, the Board of Directors may in its discretion, except as may be required by law, direct that a new certificate be issued upon such identification and other reasonable requirements as it may impose.

Section 3.3. Transfers of Shares. Transfer of shares of the Corporation shall be recorded on the books of the Corporation. Transfer of shares represented by a certificate, except in the case of a lost or destroyed certificate, shall be made on surrender for cancellation of the certificate for such shares. A certificate presented for transfer must be duly endorsed and accompanied by proper guaranty of signature or other appropriate assurances that the endorsement is effective. Transfer of an uncertificated share shall be made on receipt by the Corporation of an instruction from the registered owner or other appropriate person. The instruction shall be in writing or a communication in such form as may be agreed upon in writing by the Corporation.

ARTICLE 4.

SHAREHOLDERS

Section 4.1. Annual Meeting. The annual meeting of the shareholders for the election of directors and the transaction of any other proper business shall be held at a time and date to be annually designated by the Board of Directors.

Section 4.2. Special Meetings. Except as otherwise mandated by Oklahoma law and except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV of the Corporation's Restated Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, special meetings of shareholders of the Corporation may be called only by the Board of Directors pursuant to a resolution approved by a majority of the entire Board of Directors or by the President of the Corporation.

Section 4.3. Place of Meeting. The Board of Directors may designate the place of meeting for any annual or special meeting of shareholders. In the absence of any such designation, the place of meeting shall be the principal place of business of the Corporation.

Section 4.4. Notice of Meetings. For all meetings of shareholders, a written or printed notice of the meeting shall be delivered, personally or by mail, to each shareholder of record entitled to vote at such meeting, which notice shall state the place, date and hour of the meeting. For all special meetings and when and as otherwise required by law, the notice shall state the purpose or purposes of the meeting. The notice of the meeting shall be given not less than 10 nor more than 60 days before the date of the meeting, or in the case of a meeting involving a merger, consolidation, share exchange, dissolution or sale, lease or an exchange of all or substantially all, of the property or assets of the corporation not less than 20 nor more than 60 days before the date of such meeting. If mailed, such notice shall be deemed to have been delivered when deposited in the United States mail, postage prepaid, directed to the shareholder at his or her address as it appears on the records of the corporation. When a meeting is adjourned to another time or place, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken unless otherwise required by law.

Section 4.5. Quorum of Shareholders. The holders of a majority of the outstanding shares of the corporation entitled to vote on a matter, present in person or represented by proxy, shall constitute a quorum for consideration of such matters at any meeting of shareholders unless a greater or lesser number is required by the certificate of incorporation. At any adjourned meeting at which a quorum is present or represented, any business may be transacted which might have been transacted at the original meeting, unless otherwise required by law. Withdrawal of shareholders from any meeting shall not cause failure of a duly constituted quorum at the meeting, unless otherwise required by law.

Section 4.6. Manner of Acting. The affirmative vote of holders of a majority of the shares represented at a meeting and entitled to vote on a matter at which a quorum is present shall

be valid action by the shareholders, unless voting by a greater number of shareholders or voting by class or classes of shareholders is required by law or the certificate of incorporation.

Section 4.7. Fixing of Record Date. If no record date is fixed for the determination of shareholders entitled to notice of or to vote at a meeting of shareholders, or shareholders entitled to receive payment of a dividend, or in order to make a determination of shareholders for any other proper purpose, the date on which notice of the meeting is mailed or the date on which the resolution of the Board of Directors declaring such dividend is adopted, as the case may be, shall be the record date for such determination of shareholders. If a record date is specifically set for the purpose of determining shareholders entitled to notice of or to vote at any meeting of shareholders, or shareholders entitled to receive payment of any dividend, or in order to make a determination of shareholders for any other proper purpose, the Board of Directors may fix in advance a date as the record date for any such determination of shareholders, such date in any case to be not more than 60 days (or such longer period as is then permitted by Oklahoma law) and, for a meeting of shareholders, not less than 10 days, or in the case of a merger, consolidation, share exchange, dissolution or sale, lease or exchange of assets, not less than 20 days, immediately preceding such meeting. When a determination of shareholders entitled to vote at any meeting of shareholders has been made as provided in this Section, such determination shall apply to any adjournment thereof.

Section 4.8. Voting Lists. The officer or agent having charge of the transfer book for shares of the Corporation shall make, within 20 days after the record date for a meeting of shareholders or 10 days before such meeting, whichever is earlier, a complete list of the shareholders entitled to vote at such meeting, arranged in alphabetical order, with the address of and the number of shares held by each, which list, for a period of 10 days prior to such meeting, shall be kept on file at the registered office of the corporation and shall be subject to inspection by any shareholders, and to copying at the shareholder's expense, at any time during usual business hours. Such list shall also be produced and kept open at the time and place of the meeting and shall be subject to the inspection of any shareholder during the whole time of the meeting. The original share ledger or transfer book, or a duplicate thereof kept in the State of Oklahoma, shall be prima facie evidence as to who are the shareholders entitled to examine such list or share ledger or transfer book or to vote at any meeting of shareholders.

Section 4.9. Proxies. A shareholder may appoint a proxy to vote or otherwise act for him or her by signing an appointment form and delivering it to the person so appointed. All appointments of proxies shall be in accordance with Oklahoma law. An appointment of a proxy is revocable by the shareholder unless the appointment form conspicuously states that it is irrevocable and the appointment is coupled with an interest in the shares or in the corporation generally.

Section 4.10. Voting of Shares by Certain Holders. Shares of a corporation held by the Corporation in a fiduciary capacity may be voted and shall be counted in determining the total number of outstanding shares entitled to vote at any given time.

4.10.1. Shares Held by Corporation. Shares registered in the name of another corporation, domestic or foreign, may be voted by any officer, agent, proxy or other legal representative authorized to vote such shares under the laws of the state of incorporation of such corporation. This Corporation shall treat the president or other person holding the chief executive office of such other corporation as authorized to vote such shares. However, such other corporation may designate any other person or any other holder of an office of the corporate shareholder to this corporation as the person or officeholder authorized to vote such shares. Such persons or offices indicated shall be registered by this Corporation on the transfer books for shares and included in any voting list prepared in accordance with Section 4.8 of this Article.

4.10.2. Shares Held by Fiduciary. Shares registered in the name of a deceased person, a minor ward or a person under legal disability may be voted by his or her administrator, executor, or court appointed guardian, either in person or by proxy, without a transfer of such shares into the name of such administrator, executor, or court appointed guardian. Shares registered in the name of a trustee may be voted by him or her, either in person or by proxy.

4.10.3. Shares Held by Receiver. Shares registered in the name of a receiver may be voted by such receiver, and shares held by or under the control of a receiver may be voted by such receiver without the transfer thereof into his or her name if authority to do so is contained in an appropriate order of the court by which such receiver was appointed.

4.10.4. Shares Pledged. A shareholder whose shares are pledged shall be entitled to vote such shares until the shares have been transferred into the name of the pledgee, and thereafter the pledgee shall be entitled to vote the shares so transferred.

Section 4.11. Inspectors. At any meeting of shareholders, the chairman of the meeting may, or upon the request of any shareholder shall, appoint one or more persons as inspectors for such meeting. Inspectors shall:

4.11.1. Vote Count and Report. Determine the validity and effect of proxies; ascertain and report the number of shares represented at the meeting; count all votes and report the results; and perform such other acts as are required and appropriate to conduct all elections with impartiality and fairness to the shareholders.

4.11.2. Written Reports. Each report shall be in writing and such report shall be signed by the inspector or by a majority of them if there be more than one inspector acting at such meeting. If there is more than one inspector, the report of a majority shall be the report of the inspectors. The report of the inspector or inspectors on the number of shares represented at the meeting and the results of the voting shall be prima facie evidence thereof.

Section 4.12. Informal Action by Shareholders. Any action required or permitted to be taken by the shareholders of the Corporation must be effected at a duly called annual or special

meeting of such holders and, except as otherwise mandated by Oklahoma law, may not be effected without such a meeting by any consent in writing by such holders.

Section 4.13. Waiver of Notice. Whenever any notice whatever is required to be given under the provisions of the law, the certificate of incorporation or these by-laws, a waiver thereof in writing signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice. Attendance at any meeting shall constitute waiver of notice thereof unless the person at the meeting objects to the holding of the meeting because proper notice was not given.

Section 4.14. Notice of Shareholder Business. At an annual meeting of the shareholders, only such business shall be conducted as shall have been properly brought before the meeting. To be properly brought before an annual meeting, business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the Board of Directors, (b) otherwise properly brought before the meeting by or at the direction of the Board of Directors, or (c) otherwise properly be requested to be brought before the meeting by a shareholder. For business to be properly requested to be brought before an annual meeting by a shareholder, the shareholder must have given timely notice thereof in writing to the Secretary of the Corporation. To be timely, a shareholder's notice must be delivered to or mailed and received at the principal executive offices of the Corporation, not less than 90 days prior to the meeting; provided, however, that in the event that the date of the meeting is not publicly announced by the Corporation by mail, press release or otherwise more than 90 days prior to the meeting, notice by the shareholder to be timely must be delivered to the Secretary of the Corporation not later than the close of business on the seventh day following the day on which such announcement of the date of the meeting was communicated to shareholders. A shareholder's notice to the Secretary shall set forth as to each matter the shareholder proposes to bring before the annual meeting (a) a brief description of the business desired to be brought before the annual meeting and the reasons for conducting such business at the annual meeting, (b) the name and address, as they appear on the Corporation's books, of the shareholder proposing such business, (c) the class and number of shares of the Corporation which are beneficially owned by the shareholder, and (d) any material interest of the shareholder in such business. Notwithstanding anything in the By-laws to the contrary, no business shall be conducted at an annual meeting except in accordance with the procedures set forth in this Section 4.14. The Chairman of an annual meeting shall, if the facts warrant, determine and declare to the meeting that business was not properly brought before the meeting and in accordance with the provisions of this Section 4.14, and if he should so determine, he shall so declare to the meeting that any such business not properly brought before the meeting shall not be transacted.

ARTICLE 5.

DIRECTORS

Section 5.1. General Powers and Qualification. The business and affairs of the Corporation shall be managed by or under the direction of the Board of Directors. Directors need not be residents of the State of Oklahoma or shareholders of the Corporation.

Section 5.2. Number, Tenure and Resignation. The number of directors of the Corporation shall be fixed from time to time by the Board of Directors, but shall be no fewer than 9 and no more than 15; provided, however, that no decrease in the number of directors shall have the effect of shortening the term of any incumbent director. Except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV of the Corporation's Restated Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Corporation's Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, the directors shall be classified, with respect to the time for which they severally hold office, into three classes, as nearly equal in number as possible, as determined by the Board of Directors, one class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1996, another class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1997, and another class to be originally elected for a term expiring at the annual meeting of shareholders to be held in 1998, with each class to hold office until its successor is elected and qualified. At each annual meeting of the shareholders and except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV of the Corporation's Restated Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the corporation's Common Stock as to dividends or upon liquidation to elected directors under specified circumstances, the successors of the class of directors whose term expires at that meeting shall be elected to hold office for a term expiring at the annual meeting of shareholders held in the third year following the year of their election.

Advance notice of shareholder nominations for the election of directors shall be given in the manner provided in Section 5.3 of this Article 5.

Except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV of the Corporation's Restated Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Corporation's Common Stock as to dividends or upon liquidation to elect directors under specified circumstances: (i) newly created directorships resulting from any increase in the number of directors and any vacancies on the Board of Directors resulting from death, resignation, disqualification, removal or other cause shall be filled by the affirmative vote of a majority of the remaining directors then in office, even though less than quorum of the Board of Directors, (ii) any director elected in accordance with the preceding clause (i) shall hold office for the remainder of the full term of the class of directors in which the new directorship was created or the vacancy occurred and until such director's successor shall have been elected and qualified and (iii) no decrease in the number of directors constituting the board of Directors shall shorten the term of any incumbent director.

Except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV of the Corporation's Restated Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Corporation's Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, any director may be removed from office, with or without cause, only by the affirmative vote of the holders of at least 80% of the combined voting power of the then outstanding shares of the Corporation's stock entitled to vote generally (as defined in Article VII of the Corporation's Restated Certificate of Incorporation), voting together as a single class.

Section 5.3. Notification of Nominations. Except as may otherwise be provided in or fixed by or pursuant to the provisions of Article IV of the Corporation's Restated Certificate of Incorporation relating to the rights of the holders of any class or series of stock having a preference over the Corporation's Common Stock as to dividends or upon liquidation to elect directors under specified circumstances, nominations for the election of directors may be made by the Board of Directors or a committee appointed by the Board of Directors or by any shareholder entitled to vote in the election of directors generally. However, any shareholder entitled to vote in the election of directors generally may nominate one or more persons for election as directors at a meeting only if written notice of such shareholder's intent to make such nomination or nominations has been given, either by personal delivery or by United States mail, postage prepaid, to the Secretary of the Corporation not later than (i) with respect to an election to be held at an annual meeting of shareholders, 90 days in advance of such meeting, and (ii) with respect to an election to be held at a special meeting of stockholders for the election of directors, the close of business on the seventh day following the date on which notice of such meeting is first given to shareholders. Each such notice shall set forth (a) the name and address of the shareholder who intends to make the nomination and of the person or persons to be nominated; (b) a representation that the shareholder is a holder of record of stock of the Company entitled to vote at such meeting and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice; (c) a description of all arrangements or understandings between the shareholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the shareholder; (d) such other information regarding each nominee proposed by such shareholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission, had the nominee been nominated, or intended to be nominated, by the Board of Directors; and (e) the consent of each nominee to serve as a director of the Corporation if so elected. The Chairman of the meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure. A director may resign at any time by written notice to the board, its chairman, or the president or secretary of the Corporation. The resignation is effective on the date it bears, or its designated effective date.

Section 5.4. Quorum of Directors. A majority of the number of directors fixed in Section 5.2 of this Article shall constitute a quorum for the transaction of business at any meeting of the Board of Directors; provided, however, that if less than a majority of the number of directors fixed in Section 5.2 of this Article is present at a meeting, a majority of the directors present may adjourn the meeting at any time without further notice, unless otherwise required by law.

Section 5.5. Manner of Acting. The act of a majority of the directors present at a meeting at which a quorum is present shall be the act of the Board of Directors, unless the act of a greater number is required by law or these by-laws.

Section 5.6. Regular Meetings. Regular meetings of the Board of Directors may be held without notice at such time and place as shall from time to time be determined by the Board of Directors.

Section 5.7. Special Meetings. Special meetings of the Board of Directors may be called by or at the request of the president or any two directors. The person or persons authorized to call special meetings of the Board of Directors may fix the place for holding any special meeting of the Board of Directors called by them.

Section 5.8. Notice. Notice of any special meeting of the Board of Directors shall be given at least one day prior to the meeting by written notice delivered personally, by mail, cable, facsimile, telegram, or telex to each director at his or her business address. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the Board of Directors need be specified in the notice or waiver of notice of such meeting. The attendance of a director at any meeting shall constitute a waiver of notice of such meeting, except where a director attends a meeting for the express purpose of objecting to the transaction of any business because the meeting is not lawfully called or convened.

Section 5.9. Presumption of Assent. A director of the Corporation who has been present at a meeting of the Board of Directors at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken, unless his or her dissent shall have been entered in the minutes of the meeting or unless he or she shall have filed his or her written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof, or shall have forwarded such dissent by registered mail or certified mail to the secretary of the Corporation immediately after the adjournment of the meeting. No director who voted in favor of any action may dissent from such action after adjournment of the meeting.

Section 5.10. Committees. A majority of the directors may, by resolution passed by a majority of the number of directors fixed by the shareholders under Section 5.2 of this Article, create one or more committees and appoint members of the board to serve on the committee or committees. Each committee shall have two or more members, who serve at the pleasure of the board. To the extent specified in the resolution of the Board of Directors establishing a committee each committee shall have and exercise all the authority of the Board of Directors, provided, however, that no such committee shall have the authority to take any action that under Oklahoma law can only be taken by the Board of Directors. Sections 5.4, 5.5, 5.6, 5.7, 5.7 and 5.9 shall also apply to committees and their members.

Section 5.11. Informal Action by Directors. Any action required by the Oklahoma General Corporation Act to be taken at a meeting of the Board of Directors of the Corporation, or any other action which may be taken at a meeting of the Board of Directors or a committee thereof, may be taken without a meeting if a consent in writing, setting forth the action so taken,

shall be signed by all of the directors entitled to vote with respect to the subject matter thereof, or by all members of such committee, as the case may be.

5.11.1. Effective Date. The consent shall be evidenced by one or more written approvals, each of which sets forth the action taken and bears the signature of one or more directors. All the approvals evidencing the consent shall be delivered to the secretary to be filed in the corporate records. The action taken shall be effective when all the directors have approved the consent unless the consent specifies a different effective date.

5.11.2. Effect of Consent. Any consent signed by all the directors or all the members of a committee shall have the same effect as a unanimous vote, and may be stated as such in any document filed with the Secretary of State under the Oklahoma General Corporation Law.

Section 5.12. Meeting by Conference Telephone. Members of the Board of Directors or of any committee of the Board of Directors may participate in and act at any meeting of the board or committee by means of conference telephone or other communications equipment through which all persons participating in the meeting can hear each other. Participation in such a meeting shall be equivalent to attendance and presence in person at the meeting of the person or persons so participating.

Section 5.13. Compensation. The Board of Directors, by the affirmative vote of a majority of the directors then in office, and irrespective of any personal interest of any of its members, shall have authority to establish reasonable compensation of all directors for services to the Corporation as directors, officers, or otherwise.

ARTICLE 6.

OFFICERS

Section 6.1. Number. The officers of the Corporation may consist of a president, one or several vice presidents, a treasurer, one or more assistant treasurers (if elected by the Board of Directors), a secretary, one or more assistant secretaries (if elected by the Board of Directors), and such other officers (including, if so directed by a resolution of the Board of Directors, a Chairman of the Board) as may be elected in accordance with the provisions of this Article. Any two or more offices may be held by the same person.

Section 6.2. Election and Term of Office. The officers of the Corporation shall be elected annually by the Board of Directors at the first meeting of the Board of Directors held after each annual meeting of shareholders. If the election of officers shall not be held at such meeting, such election shall be held as soon thereafter as reasonably practicable. Subject to the provisions of Section 6.3 hereof, each officer shall hold office until the last to occur of the next annual meeting of the Board of Directors or until the election and qualification of his or her successor.

Section 6.3. Removal of Officers. Any officer elected or appointed by the Board of Directors may be removed by the Board of Directors whenever in its judgment the best interests of the Corporation would be served thereby, but such removal shall be without prejudice to the contract rights, if any, of the person so removed.

Section 6.4. Vacancies; New Offices. A vacancy occurring in any office may be filled and new offices may be created and filled, at any time, by the Board of Directors.

Section 6.5. President and Chief Executive Office. The president shall be the chief executive officer of the Corporation. He or she shall be in charge of the day to day business and affairs of the Corporation, subject to the direction and control of the Board of Directors. He or she shall preside at all meetings of the Board of Directors. He or she shall have the power to appoint such agents and employees as in his or her judgment may be necessary or proper for the transaction of the business of the Corporation. He or she may sign: (i) with the secretary or other proper officer of the Corporation thereunto authorized by the Board of Directors, stock certificates of the Corporation the issuance of which shall have been authorized by the Board of Directors; and (ii) any contracts, deeds, mortgages, bonds, or other instruments which the Board of Directors has authorized to be executed, according to the requirements of the form of the instrument.

Section 6.6. Vice President(s). The vice president (or in the event there is more than one vice president, each of them) shall assist the president in the discharge of his or her duties as the president may direct, and shall perform such other duties as from time to time may be assigned to him or her (or them) by the president or the Board of Directors. In the absence of the president, the vice president (or vice presidents, in the order of their election), shall perform the duties and exercise the authority of the president.

Section 6.7. Treasurer. The treasurer shall have charge and custody of and be responsible for all funds and securities of the Corporation, receive and give receipts for moneys due and payable to the Corporation from any source whatsoever, and deposit all such moneys in the name of the Corporation in such banks, trust companies or other depositaries as shall be selected in accordance with the provisions of Article 8 of these by-laws, have charge of and be responsible for the maintenance of adequate books of account for the Corporation, and, in general, perform all duties incident to the office of treasurer and such other duties not inconsistent with these by-laws as from time to time may be assigned to him or her by the president or the Board of Directors.

Section 6.8. Secretary. The secretary shall keep the minutes of the shareholders' and the Board of Directors' meetings, see that all notices are duly given in accordance with the provisions of these by-laws or as required by law, have general charge of the corporate records and of the seal of the Corporation, have general charge of the stock transfer books of the Corporation, keep a register of the post office address of each shareholder which shall be furnished to the secretary by such shareholder, sign with the president, or any other officer thereunto authorized by the Board of Directors, certificates for shares of the Corporation, the issuance of which shall have been authorized by the Board of Directors, and any contracts, deeds, mortgages, bonds, or other

instruments which the Board of Directors has authorized to be executed, according to the requirements of the form of the instrument, and, in general, perform all duties incident to the office of secretary and such other duties not inconsistent with these by-laws as from time to time may be assigned to him or her by the president or the Board of Directors.

Section 6.9. Assistant Treasurers and Assistant Secretaries. The Board of Directors may elect one or more than one assistant treasurer and assistant secretary. In the absence of the treasurer, or in the event of his or her inability or refusal to act, the assistant treasurers, in the order of their election, shall perform the duties and exercise the authority of the treasurer. In the absence of the secretary, or in the event of his or her inability or refusal to act, the assistant secretaries, in the order of their election, shall perform the duties and exercise the authority of the secretary. The assistant treasurers and assistant secretaries, in general, shall perform such other duties not inconsistent with these by-laws as shall be assigned to them by the treasurer or the secretary, respectively, or by the president or the Board of Directors.

Section 6.10. Compensation. The compensation of all directors and officers shall be fixed from time to time by the Board of Directors. No officer shall be prevented from receiving such compensation by reason of the fact that he or she is also a director of the Corporation. All compensation so established shall be reasonable and solely for services rendered to the Corporation.

6.10.1. Compensation and Expense Disallowance. Unless otherwise provided by the Board of Directors, all payments made to a director or officer of the Corporation, including, but not limited to salary, commission, bonus, interest, travel and entertainment expenses and deferred compensation payments, which shall be disallowed, in whole or in part, as a deductible expense by the Internal Revenue Service, shall be reimbursed by such director or officer of the Corporation to the full extent of such disallowance. The proper corporate officers are authorized and directed to effect collection on behalf of the Corporation for each amount disallowed. In lieu of a payment by the director or officer, subject to the determination of the Board of Directors, appropriate amounts may be withheld from future compensation payments paid to such director or officer until the amount owed the Corporation is recovered. This by-law shall be considered a term and condition of employment for each director and officer of the Corporation, unless specifically waived in writing by the Board of Directors.

ARTICLE 7.

FISCAL MATTERS

Section 7.1. Fiscal Year. The fiscal year of the Corporation shall begin on the first day of January in each year.

Section 7.2. Contracts. The Board of Directors may authorize any officer or officers, agent or agents, to enter into any contract or execute and deliver any instrument, in the name of

and on behalf of the Corporation, and such authority may be general or confined to specific instances.

Section 7.3. Loans and Indebtedness. No substantial or material loans shall be contracted on behalf of the Corporation and no evidences of indebtedness shall be issued in its name unless authorized by a resolution of the Board of Directors. Such authority may be general or confined to specific instances.

Section 7.4. Checks, Drafts, Etc. All checks, drafts or other orders for the payment of money, notes or other evidences of indebtedness issued in the name of the Corporation shall be signed by such officer or officers, agent or agents of the Corporation as the Board of Directors shall from time to time designate.

Section 7.5. Deposits. All funds of the Corporation not otherwise employed shall be deposited from time to time to the credit of the Corporation in such banks, trust companies or other depositaries as the Board of Directors may select.

ARTICLE 8.

GENERAL PROVISIONS

Section 8.1. Dividends and Distributions. The Board of Directors may from time to time declare or otherwise authorize, and the Corporation may pay distributions in money, shares or other property on its outstanding shares in the manner and upon the terms, conditions and limitations provided by law or certificate of incorporation.

Section 8.2. Corporate Seal. The Board of Directors may provide a corporate seal which shall be in the form of a circle and shall have inscribed thereon the name of the Corporation and the words "Corporate Seal, Oklahoma." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or in any manner reproduced.

Section 8.3. Waiver of Notice. Whenever any notice is required to be given by law, certificate of incorporation or under the provisions of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to such notice, whether before or after the time stated therein, shall be deemed equivalent to the giving of such notice.

Section 8.4. Headings. Section or paragraph headings are inserted herein only for convenience of reference and shall not be considered in the construction of any provision hereof.

EXHIBIT 10.07

FORM

OF

EMPLOYMENT AGREEMENT

AGREEMENT by and between Oklahoma Gas and Electric Company, an Oklahoma corporation, OGE Energy Corp., an Oklahoma corporation, and _____ (the "Executive"), dated as of the 20th day of November, 1996.

WHEREAS, the Board of Directors (the "Board") of the Company (as hereinafter defined) recognizes that the possibility of a Change of Control (as hereinafter defined) exists and that the occurrence of a Change of Control can result in significant distractions of its key management personnel because of the uncertainties inherent in such a situation;

WHEREAS, the Board has determined that it is essential and in the best interest of the Company and its shareowners to retain the services of the Executive in the event of a Change of Control and to ensure the Executive's continued dedication and efforts in such event without undue concern for the Executive's personal financial and employment security; and

WHEREAS, in order to induce the Executive to remain in the employ of the Company or an affiliated company (as hereinafter defined), as the case may be, particularly in the event of a threat or the occurrence of a Change of Control, the Company desires to enter into this Agreement with the Executive to provide the Executive with certain benefits in the event the Executive's employment is terminated as a result of, or in connection with, a Change of Control.

NOW, THEREFORE, IT IS HEREBY AGREED AS FOLLOWS:

1. Certain Definitions. (a) The "Effective Date" shall mean the first date during the Change of Control Period (as defined in Section l(b)) on which a Change of Control (as defined in Section 2) occurs. Anything in this Agreement to the contrary notwithstanding, if a Change of Control occurs and if the Executive's employment with the Employer (as hereinafter defined) is terminated prior to the date on which the Change of Control occurs, and, it is reasonably demonstrated by the Executive that such termination of employment (i) was at the request of a third party who has taken steps reasonably calculated to effect a Change of Control or (ii) otherwise arose in connection with or in anticipation of a Change of Control, then for all purposes of this Agreement the "Effective Date" shall mean the date immediately prior to the date of such termination of employment.

(b) The "Change of Control Period" shall mean the period commencing on the date hereof and ending on the third anniversary of the date hereof; provided, however, that commencing on the date one year after the date hereof, and on each annual anniversary of such date (such date and each annual anniversary thereof shall be hereinafter referred to as the "Renewal Date"), unless previously terminated, the Change of Control Period shall be automatically extended so as to terminate three years from such Renewal Date, unless at least 60 days prior to the Renewal Date the Company shall give notice to the Executive that the Change of Control Period shall not be so extended.

(c) The "Reorganization Date" shall mean the date that the share exchange between Oklahoma Gas and Electric Company and OGE Energy Corp. shall become effective pursuant to the terms of the Agreement and Plan of Share Acquisition that was approved by the Oklahoma Gas and Electric Company shareowners on November 16, 1995.

(d) The "Company" shall mean (i) prior to the Reorganization Date, Oklahoma Gas and Electric Company and (ii) on and after the Reorganization Date, OGE Energy Corp. and any successor to its business and/or assets which assumes and agrees to perform this Agreement, pursuant to Section 11 herein, by operation of law, or otherwise.

(e) "Employer" shall mean (i) in the event the Executive is an officer of the Company and not of any affiliated companies at the time of a Change of Control, the Company; (ii) in the event the Executive is an officer of one or more affiliated companies of the Company, but not of the Company, at the time of a Change of Control, any such affiliated company; and (iii) in the event the Executive is an officer of the Company and one or more affiliated companies of the Company at the time of a Change of Control, any such entity of which the Executive is an officer at the time of the Change of Control.

2. CHANGE OF CONTROL. For the purpose of this Agreement, a "Change of Control" shall mean:

(a) The acquisition by any individual, entity or group (within the meaning of Section 13(d)(3) or 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")) (a "Person") of beneficial ownership (within the meaning of Rule 13d-3 promulgated under the Exchange Act) of 20% or more of either (i) the then-outstanding shares of common stock of the Company (the "Outstanding Company Common Stock") or (ii) the combined voting power of the then-outstanding voting securities of the Company entitled to vote generally in the election of directors (the "Outstanding Company Voting Securities"); provided, however, that for purposes of this subsection (a), the following acquisitions shall not constitute a Change of Control: (i) any acquisition directly from the Company, (ii) any acquisition by the Company, (iii) any acquisition by any employee benefit plan (or related trust) sponsored or maintained by the Company or any corporation controlled by the Company, or (iv) any acquisition by any corporation pursuant to a transaction which complies with clauses (i), (ii) and (iii) of subsection (c) of this Section 2; or

(b) Individuals who, as of the date hereof, constitute the Board (the "Incumbent Board") cease for any reason to constitute at least a majority of the Board; provided, however, that any individual becoming a director subsequent to the date hereof whose election, or nomination for election by the Company's shareowners, was approved by a vote of at least a majority of the directors then comprising the Incumbent Board shall be considered as though such individual were a member of the Incumbent Board, but excluding, for this purpose, any such individual whose initial assumption of office occurs as a result of an actual or threatened election contest with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board; or

(c) Consummation of a reorganization, merger, share exchange or consolidation or sale or other disposition of all or substantially all of the assets of the Company (a "Business Combination"), in each case, unless, following such Business Combination, (i) all or substantially all of the individuals and entities who were the beneficial owners, respectively, of the Outstanding Company Common Stock and Outstanding Company Voting Securities immediately prior to such Business Combination beneficially own, directly or indirectly, more than 60% of, respectively, the then-outstanding shares of common stock and the combined voting power of the then-outstanding voting securities entitled to vote generally in the election of directors, as the case may be, of the corporation resulting from such Business Combination (including,

without limitation, a corporation which as a result of such transaction owns the Company or all or substantially all of the Company's assets either directly or through one or more subsidiaries) in substantially the same proportions as their ownership, immediately prior to such Business Combination of the Outstanding Company Common Stock and Outstanding Company Voting Securities, as the case may be, (ii) no Person (excluding any corporation resulting from such Business Combination or any employee benefit plan (or related trust) of the Company or such corporation resulting from such Business Combination) beneficially owns, directly or indirectly, 20% or more of, respectively, the then-outstanding shares of common stock of the corporation resulting from such Business Combination, or the combined voting power of the then-outstanding voting securities of such corporation except to the extent that such ownership existed with respect to the Company prior to the Business Combination and (iii) at least a majority of the members of the board of directors of the corporation resulting from such Business Combination were members of the Incumbent Board at the time of the execution of the initial agreement, or of the action of the Board, providing for such Business Combination; or

(d) Approval by the shareowners of the Company of a complete liquidation or dissolution of the Company;

provided, however, that the acquisition by OGE Energy Corp. of common stock of Oklahoma Gas and Electric Company pursuant to the share exchange approved by the shareowners of Oklahoma Gas and Electric Company on November 16, 1995, shall not be deemed a Change of Control.

3. EMPLOYMENT PERIOD. The Executive shall remain in the employ of the Employer subject to the terms and conditions of this Agreement, for the period commencing on the Effective Date and ending on the third anniversary of such date (the "Employment Period").

4. TERMS OF EMPLOYMENT. (a) POSITION AND DUTIES. (i) During the Employment Period, (A) the Executive's position (including status, offices, titles and reporting requirements), authority, duties and responsibilities shall be at least commensurate in all material respects with the most significant of those held, exercised and assigned at any time during the 120-day period immediately preceding the Effective Date and (B) the Executive's services shall be performed at the location where the Executive performed the majority of his services immediately preceding the Effective Date or any office or location less than 50 miles from such location.

(ii) During the Employment Period, and excluding any periods of vacation and sick leave to which the Executive is entitled, the Executive agrees to devote reasonable attention and time during normal business hours to the business and affairs of the Employer and, to the extent necessary to discharge the responsibilities assigned to the Executive hereunder, to use the Executive's reasonable best efforts to perform faithfully and efficiently such responsibilities. During the Employment Period it shall not be a violation of this Agreement for the Executive to (A) serve on corporate, civic or charitable boards or committees, (B) deliver lectures, fulfill speaking engagements or teach at educational institutions, and (C) manage personal investments, so long as such activities do not significantly interfere with the performance of the Executive's responsibilities as an employee of the Employer in accordance with this Agreement. It is expressly understood and agreed that to the extent that any such activities have been conducted by the Executive prior to the Effective Date, the continued conduct of such activities (or the conduct of activities similar in nature and scope thereto) subsequent to the Effective Date shall not thereafter be deemed to interfere with the performance of the Executive's responsibilities to the Company.

(b) COMPENSATION. (i) BASE SALARY. During the Employment Period, the Executive shall receive an annual base salary ("Annual Base Salary"), which shall be paid at a monthly rate, at least equal

to twelve times the highest monthly base salary paid or payable, including any base salary which has been earned but deferred, to the Executive by the Company and its affiliated companies in respect of the twelve-month period immediately preceding the month in which the Effective Date occurs. During the Employment Period, the Annual Base Salary shall be reviewed no more than 12 months after the last salary increase awarded to the Executive prior to the Effective Date and thereafter at least annually. Any increase in Annual Base Salary shall not serve to limit or reduce any other obligation to the Executive under this Agreement. Annual Base Salary shall not be reduced after any such increase and the term Annual Base Salary as utilized in this Agreement shall refer to Annual Base Salary as so increased. As used in this Agreement, the term "affiliated companies" shall include any company controlled by, controlling or under common control with the Company.

(ii) ANNUAL BONUS. In addition to Annual Base Salary, the Executive shall be awarded, for each fiscal year ending during the Employment Period, an annual bonus (the "Annual Bonus") in cash at least equal to the Executive's highest bonus under the Company's or any of its affiliated companies' Annual Incentive Compensation Plan, or any comparable bonus under any predecessor or successor plan of the Company or any of its affiliated companies, for the last three full fiscal years prior to the Effective Date (annualized in the event that the Executive was not employed by the Employer for the whole of such fiscal year) (the "Recent Annual Bonus"). Each such Annual Bonus shall be paid no later than the end of the fifth month of the fiscal year next following the fiscal year for which the Annual Bonus is awarded, unless the Executive shall elect to defer the receipt of such Annual Bonus.

(iii) INCENTIVE, SAVINGS AND RETIREMENT PLANS. During the Employment Period, the Executive shall be entitled to participate in all incentive, savings and retirement plans, practices, policies and programs applicable generally to other peer executives of the Company and its affiliated companies, including, but not limited to, those specified in Exhibit A attached hereto, but in no event shall such plans, practices, policies and programs provide the Executive with incentive opportunities (measured with respect to both regular and special incentive opportunities, to the extent, if any, that such distinction is applicable), savings opportunities and retirement benefit opportunities, in each case, less favorable, in the aggregate, than the most favorable of those provided by the Company and its affiliated companies for the Executive under such plans, practices, policies and programs as in effect at any time during the 120-day period immediately preceding the Effective Date or if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(iv) WELFARE BENEFIT PLANS. During the Employment Period, the Executive and/or the Executive's family, as the case may be, shall be eligible for participation in and shall receive all benefits under welfare benefit plans, practices, policies and programs provided by the Company and its affiliated companies (including, without limitation, medical, prescription, dental, disability, employee life, group life, accidental death and travel accident insurance plans and programs) to the extent applicable generally to other peer executives of the Company and its affiliated companies, but in no event shall such plans, practices, policies and programs provide the Executive with benefits which are less favorable, in the aggregate, than the most favorable of such plans, practices, policies and programs in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, those provided generally at any time after the Effective Date to other peer executives of the Company and its affiliated companies.

(v) EXPENSES. During the Employment Period, the Executive shall be entitled to receive prompt reimbursement for all reasonable expenses incurred by the Executive in accordance with the most favorable policies, practices and procedures of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more

favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(v) FRINGE BENEFITS. During the Employment Period, the Executive shall be entitled to fringe benefits, including, without limitation, tax and financial planning services, payment of club dues, and, if applicable, use of an automobile and payment of related expenses, in accordance with the most favorable plans, practices, programs and policies of the Company and its affiliated companies in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vi) OFFICE AND SUPPORT STAFF. During the Employment Period, the Executive shall be entitled to an office or offices of a size and with furnishings and other appointments, and to exclusive personal secretarial and other assistance, at least equal to the most favorable of the foregoing provided to the Executive by the Company and its affiliated companies at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as provided generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

(vii) VACATION. During the Employment Period, the Executive shall be entitled to paid vacation in accordance with the most favorable plans, policies, programs and practices of the Company and its affiliated companies as in effect for the Executive at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies.

5. TERMINATION OF EMPLOYMENT. (a) DEATH OR DISABILITY. The Executive's employment shall terminate automatically upon the Executive's death during the Employment Period. If the Employer determines in good faith that the Disability of the Executive has occurred during the Employment Period (pursuant to the definition of Disability set forth below), it may give to the Executive written notice in accordance with Section 12(b) of this Agreement of its intention to terminate the Executive's employment. In such event, the Executive's employment with the Employer shall terminate effective on the 30th day after receipt of such notice by the Executive (the "Disability Effective Date"), provided that, within the 30 days after such receipt, the Executive shall not have returned to full-time performance of the Executive's duties. For purposes of this Agreement, "Disability" shall mean the absence of the Executive from the Executive's duties with the Employer on a full-time basis for 180 consecutive business days as a result of incapacity due to mental or physical illness which is determined to be total and permanent by a physician selected by the Employer or its insurers and acceptable to the Executive or the Executive's legal representative.

(b) CAUSE. The Employer may terminate the Executive's employment during the Employment Period for Cause. For purposes of this Agreement, "Cause" shall mean:

(i) the willful and continued failure of the Executive to perform substantially the Executive's duties with the Employer or one of its affiliates (other than any such failure resulting from incapacity due to physical or mental illness), after a written demand for substantial performance is delivered to the Executive by the Board or the Chief Executive Officer of the Company which specifically identifies the manner in which the Board or Chief Executive Officer believes that the Executive has not substantially performed the Executive's duties, or

(ii) the willful engaging by the Executive in illegal conduct or gross misconduct which is materially and demonstrably injurious to the Employer.

For purposes of this provision, no act or failure to act, on the part of the Executive, shall be considered "willful" unless it is done, or omitted to be done, by the Executive in bad faith or without reasonable belief that the Executive's action or omission was in the best interests of the Employer. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board or upon the instructions of the Chief Executive Officer or a senior officer of the Company or based upon the advice of counsel for the Company shall be conclusively presumed to be done, or omitted to be done, by the Executive in good faith and in the best interests of the Employer. The cessation of employment of the Executive shall not be deemed to be for Cause unless and until there shall have been delivered to the Executive a copy of a resolution duly adopted by the affirmative vote of not less than three quarters of the entire membership of the Board at a meeting of the Board called and held for such purpose (after reasonable notice is provided to the Executive and the Executive is given an opportunity, together with counsel, to be heard before the Board), finding that, in the good faith opinion of the Board, the Executive is guilty of the conduct described in subparagraph (i) or (ii) above, and specifying the particulars thereof in detail.

(c) GOOD REASON. The Executive's employment may be terminated by the Executive for Good Reason.
For purposes of this Agreement, "Good Reason" shall mean:

(i) the assignment to the Executive of any duties inconsistent in any respect with the Executive's position (including status, offices, titles and reporting requirements), authority, duties or responsibilities as contemplated by Section 4(a) of this Agreement, or any other action by the Employer which results in a diminution in such position, authority, duties or responsibilities, excluding for this purpose an isolated, insubstantial and inadvertent action not taken in bad faith and which is remedied by the Company promptly after receipt of notice thereof given by the Executive;

(ii) any failure by the Employer to comply with any of the provisions of Section 4(b) of this Agreement, other than an isolated, insubstantial and inadvertent failure not occurring in bad faith and which is remedied by the Employer promptly after receipt of notice thereof given by the Executive;

(iii) the Employer's requiring the Executive to be based at any office or location other than as provided in Section 4(a)(i)(B) hereof or the Employer's requiring the Executive to travel on Employer business to a substantially greater extent than required immediately prior to the Effective Date;

(iv) any purported termination by the Employer of the Executive's employment otherwise than as expressly permitted by this Agreement; or

(v) any failure by the Employer to comply with and satisfy Section 11(c) of this Agreement.

For purposes of this Section 5(c), any good faith determination of "Good Reason" made by the Executive shall be conclusive. Anything in this Agreement to the contrary notwithstanding, a termination by the Executive for any reason during the 30-day period immediately following the first anniversary of the Effective Date shall be deemed to be a termination for Good Reason for all purposes of this Agreement.

(d) NOTICE OF TERMINATION. Any termination by the Employer for Cause, or by the Executive for Good Reason, shall be communicated by Notice of Termination to the other party hereto given in accordance with Section 12(b) of this Agreement. For purposes of this Agreement, a "Notice of Termination" means a written notice which (i) indicates the specific termination provision in this Agreement relied upon, (ii) to the extent applicable, sets forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of the Executive's employment under the provision so indicated and (iii) if the Date of Termination (as defined below) is other than the date of receipt of such notice, specifies the termination date (which date shall be not more than thirty days after the giving of such notice). The failure by the Executive or the Employer to set forth in the Notice of Termination any fact or circumstance which contributes to a showing of Good Reason or Cause shall not waive any right of the Executive or the Employer, respectively, hereunder or preclude the Executive or the Employer, respectively, from asserting such fact or circumstance in enforcing the Executive's or the Employer's rights hereunder.

(e) DATE OF TERMINATION. "Date of Termination" means (i) if the Executive's employment is terminated by the Employer for Cause, or by the Executive for Good Reason, the date of receipt of the Notice of Termination or any later date specified therein, as the case may be, (ii) if the Executive's employment is terminated by the Employer other than for Cause or Disability, the Date of Termination shall be the date on which the Employer notifies the Executive of such termination and (iii) if the Executive's employment is terminated by reason of death or Disability, the Date of Termination shall be the date of death of the Executive or the Disability Effective Date, as the case may be.

6. OBLIGATIONS OF THE COMPANY UPON TERMINATION. (a) Good Reason; Other Than for Cause, Death or Disability. If, during the Employment Period, the Employer shall terminate the Executive's employment other than for Cause, death or Disability or the Executive shall terminate employment for Good Reason:

(i) the Company shall pay to the Executive in a lump sum in cash within 30 days after the Date of Termination the aggregate of the following amounts, subject to reduction as set forth in Section 9:

A. the sum of (1) the Executive's Annual Base Salary through the Date of Termination to the extent not theretofore paid, (2) the product of (x) the higher of (I) the Recent Annual Bonus and (II) the Annual Bonus paid or payable, including any bonus or portion thereof which has been earned but deferred (and annualized for any fiscal year consisting of less than twelve full months or during which the Executive was employed for less than twelve full months), for the most recently completed fiscal year during the Employment Period, if any (such higher amount being referred to as the "Highest Annual Bonus") and (y) a fraction, the numerator of which is the number of days in the current fiscal year through the Date of Termination, and the denominator of which is 365 and (3) any compensation previously deferred by the Executive (together with any accrued interest or earnings thereon) and any accrued vacation pay, in each case to the extent not theretofore paid (the sum of the amounts described in clauses (1), (2), and (3) shall be hereinafter referred to as the "Accrued Obligations"); and

B. the amount equal to the product of (1) 2.99 and (2) the sum of (x) the Executive's Annual Base Salary and (y) the Highest Annual Bonus;

(ii) for three years after the Executive's Date of Termination, or such longer period as may be provided by the terms of the appropriate plan, program, practice or policy, the Company

shall continue benefits to the Executive and/or the Executive's family at least equal to those which would have been provided to them in accordance with the plans, programs, practices and policies described in Section 4(b)(iv) of this Agreement if the Executive's employment had not been terminated or, if more favorable to the Executive, as in effect generally at any time thereafter with respect to other peer executives of the Company and its affiliated companies and their families, provided, however, that if the Executive becomes reemployed with another employer and is eligible to receive medical or other welfare benefits under another employer-provided plan, the medical and other welfare benefits described herein shall be secondary to those provided under such other plan during such applicable period of eligibility. For purposes of determining eligibility (but not the time of commencement of benefits) of the Executive for retiree benefits pursuant to such plans, practices, programs and policies, the Executive shall be considered to have remained employed until three years after the Date of Termination and to have retired on the last day of such period;

(iii) the Company shall, at its sole expense as incurred, provide the Executive with outplacement services the scope and provider of which shall be selected by the Executive in his sole discretion; and

(iv) to the extent not theretofore paid or provided, the Company shall timely pay or provide to the Executive any other amounts or benefits required to be paid or provided or which the Executive is eligible to receive under any plan, program, policy or practice or contract or agreement of the Company and its affiliated companies (such other amounts and benefits shall be hereinafter referred to as the "Other Benefits").

(b) DEATH. If the Executive's employment is terminated by reason of the Executive's death during the Employment Period, this Agreement shall terminate without further obligations to the Executive's legal representatives under this Agreement, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive's estate or beneficiary, as applicable, in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term Other Benefits as utilized in this Section 6(b) shall include, without limitation, and the Executive's estate and/or beneficiaries shall be entitled to receive, benefits at least equal to the most favorable benefits provided by the Company and affiliated companies to the estates and beneficiaries of peer executives of the Company and such affiliated companies under such plans, programs, practices and policies relating to death benefits, if any, as in effect with respect to other peer executives and their beneficiaries at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive's estate and/or the Executive's beneficiaries, as in effect on the date of the Executive's death with respect to other peer executives of the Company and its affiliated companies and their beneficiaries.

(c) DISABILITY. If the Executive's employment is terminated by reason of the Executive's Disability during the Employment Period, this Agreement shall terminate without further obligations to the Executive, other than for payment of Accrued Obligations and the timely payment or provision of Other Benefits. Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination. With respect to the provision of Other Benefits, the term "Other Benefits" as utilized in this Section 6(c) shall include, and the Executive shall be entitled after the Disability Effective Date to receive, disability and other benefits at least equal to the most favorable of those generally provided by the Company and its affiliated companies to disabled executives and/or their families in accordance with such plans, programs, practices and policies relating to disability, if any, as in effect generally with respect to other peer executives and their families at any time during the 120-day period immediately preceding the Effective Date or, if more favorable to the Executive and/or the Executive's family, as in effect at any time

thereafter generally with respect to other peer executives of the Company and its affiliated companies and their families.

(d) CAUSE; OTHER THAN FOR GOOD REASON. If the Executive's employment shall be terminated for Cause during the Employment Period, this Agreement shall terminate without further obligations to the Executive other than the obligation to pay to the Executive (x) his Annual Base Salary through the Date of Termination, (y) the amount of any compensation previously deferred by the Executive, and (z) Other Benefits, in each case to the extent theretofore unpaid. If the Executive voluntarily terminates employment during the Employment Period, excluding a termination for Good Reason, this Agreement shall terminate without further obligations to the Executive, other than for Accrued Obligations and the timely payment or provision of Other Benefits. In such case, all Accrued Obligations shall be paid to the Executive in a lump sum in cash within 30 days of the Date of Termination.

7. NONEXCLUSIVITY OF RIGHTS. Nothing in this Agreement shall prevent or limit the Executive's continuing or future participation in any plan, program, policy or practice provided by the Company or any of its affiliated companies and for which the Executive may qualify, nor, subject to Section 12(f), shall anything herein limit or otherwise affect such rights as the Executive may have under any contract or agreement with the Company or any of its affiliated companies. Amounts which are vested benefits or which the Executive is otherwise entitled to receive under any plan, policy, practice or program of or any contract or agreement with the Company or any of its affiliated companies at or subsequent to the Date of Termination shall be payable in accordance with such plan, policy, practice or program or contract or agreement except as explicitly modified by this Agreement.

8. FULL SETTLEMENT. Subject to Section 9 herein, the Company's obligation to make the payments provided for in this Agreement and otherwise to perform its obligations hereunder shall not be affected by any set-off, counterclaim, recoupment, defense or other claim, right or action which the Company or any of its affiliated companies may have against the Executive or others. In no event shall the Executive be obligated to seek other employment or take any other action by way of mitigation of the amounts payable to the Executive under any of the provisions of this Agreement and such amounts shall not be reduced whether or not the Executive obtains other employment. The Company agrees to pay as incurred, to the full extent permitted by law, all legal fees and expenses which the Executive may reasonably incur as a result of any contest (regardless of the outcome thereof) by the Company, the Executive or others of the validity or enforceability of, or liability under, any provision of this Agreement or any guarantee of performance thereof (including as a result of any contest by the Executive about the amount of any payment pursuant to this Agreement), plus in each case interest on any delayed payment at the applicable Federal rate provided for in Section 7872(f)(2)(A) of the Internal Revenue Code of 1986, as amended (the "Code").

9. CERTAIN REDUCTION OF PAYMENTS BY THE COMPANY.

(a) For purposes of this Section 9, (i) a Payment shall mean any payment or distribution in the nature of compensation to or for the benefit of the Executive, whether paid or payable pursuant to this Agreement or otherwise; (ii) Change of Control Payment shall mean a Payment paid or payable pursuant to this Agreement (disregarding this Section); (iii) Net After Tax Receipt shall mean the Present Value of a Payment net of all taxes imposed on the Executive with respect thereto under Sections 1 and 4999 of the Code, determined by applying the highest marginal rate under Section 1 of the Code which applied to the Executive's taxable income for the immediately preceding taxable year; (iv) "Present Value" shall mean such value determined in accordance with Section 280G(d)(4) of the Code; and (v) "Reduced Amount" shall mean the greatest aggregate amount of Change of Control Payments which (a) is less than the sum of

all Change of Control Payments and (b) results in aggregate Net After Tax Receipts which are equal to or greater than the Net After Tax Receipts which would result if the Executive were paid the sum of all Change of Control Payments.

(b) Anything in this Agreement to the contrary notwithstanding, in the event Arthur Andersen LLP or such other certified public accounting firm designated by the Executive (the "Accounting Firm") shall determine that receipt of all Payments would subject the Executive to tax under Section 4999 of the Code, it shall determine whether some amount of Change of Control Payments would meet the definition of a "Reduced Amount." If the Accounting Firm determines that there is a Reduced Amount, the aggregate Change of Control Payments shall be reduced to such Reduced Amount. All fees payable to the Accounting Firm shall be paid solely by the Company.

(c) If Accounting Firm determines that aggregate Change of Control Payments should be reduced to the Reduced Amount, the Company shall promptly give the Executive notice to that effect and a copy of the detailed calculation thereof, and the Executive may then elect, in his or her sole discretion, which and how much of the Change of Control Payments shall be eliminated or reduced as long as after such election the present value of the aggregate Change of Control Payments equals the Reduced Amount), and shall advise the Company in writing of such election within ten days of receipt of notice. If no such election is made by the Executive within such ten-day period, the Company may elect which of such Change of Control Payments shall be eliminated or reduced (as long as after such election the present value of aggregate Change of Control Payments equals the Reduced Amount) and shall notify the Executive promptly of such election. All determinations made by Accounting Firm under this Section shall be binding upon the Company and the Executive and shall be made within 60 days of a termination of employment of the Executive. As promptly as practicable following such determination, the Company shall pay to or distribute for the benefit of the Executive such Change of Control Payments as are then due to the Executive under this Agreement and shall promptly pay to or distribute for the benefit of the Executive in the future such Change of Control Payments as become due to the Executive under this Agreement.

(d) While it is the intention of the Company to reduce the amounts payable or distributable to the Executive hereunder only if the aggregate Net After Tax Receipts to the Executive would thereby be increased, as a result of the uncertainty in the application of Section 4999 of the Code at the time of the initial determination by Accounting Firm hereunder, it is possible that amounts will have been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement which should not have been so paid or distributed ("Overpayment") or that additional amounts which will have not been paid or distributed by the Company to or for the benefit of the Executive pursuant to this Agreement could have been so paid or distributed ("Underpayment"), in each case, consistent with the calculation of the Reduced Amount hereunder. In the event that Accounting Firm, based upon the assertion of a deficiency by the Internal Revenue Service against either the Company or the Executive which Accounting Firm believes has a high probability of success determines that an Overpayment has been made, any such Overpayment paid or distributed by the Company to or for the benefit of the Executive shall be treated for all purposes as a loan to the Executive which the Executive shall repay to the Company together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code; provided, however, that no such loan shall be deemed to have been made and no amount shall be payable by an Executive to the Company if and to the extent such deemed loan and payment would not either reduce the amount on which the Executive is subject to tax under Section 1 and Section 4999 of the Code or generate a refund of such taxes. In the event that Accounting Firm, based upon controlling precedent or substantial authority, determines that an Underpayment has occurred, any such Underpayment shall be promptly paid by the Company to or for the benefit of the Executive together with interest at the applicable federal rate provided for in Section 7872(f)(2) of the Code.

10. CONFIDENTIAL INFORMATION. The Executive shall hold in a fiduciary capacity for the benefit of the Company all secret or confidential information, knowledge or data relating to the Company or any of its affiliated companies, and their respective businesses, which shall have been obtained by the Executive during the Executive's employment by the Company or any of its affiliated companies and which shall not be or become public knowledge (other than by acts by the Executive or representatives of the Executive in violation of this Agreement). After termination of the Executive's employment with the Employer, the Executive shall not, without the prior written consent of the Employer or as may otherwise be required by law or legal process, communicate or divulge any such information, knowledge or data to anyone other than the Employer and those designated by it. In no event shall an asserted violation of the provisions of this Section 10 constitute a basis for deferring or withholding any amounts otherwise payable to the Executive under this Agreement.

11. SUCCESSORS. (a) This Agreement is personal to the Executive and without the prior written consent of the Company shall not be assignable by the Executive otherwise than by will or the laws of descent and distribution. This Agreement shall inure to the benefit of and be enforceable by the Executive's legal representatives.

(b) This Agreement shall inure to the benefit of and be binding upon the Company and its successors and assigns.

(c) The Company will require any successor (whether direct or indirect, by purchase, merger, consolidation or otherwise) to all or substantially all of the business and/or assets of the Company to assume expressly and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such succession had taken place.

12. MISCELLANEOUS. (a) This Agreement shall be governed by and construed in accordance with the laws of the State of Oklahoma, without reference to principles of conflict of laws. The captions of this Agreement are not part of the provisions hereof and shall have no force or effect. This Agreement may not be amended or modified otherwise than by a written agreement executed by the parties hereto or their respective successors and legal representatives.

(b) All notices and other communications hereunder shall be in writing and shall be given by hand delivery to the other party or by registered or certified mail, return receipt requested, postage prepaid, addressed as follows:

IF TO THE EXECUTIVE:	_____ Oklahoma Gas and Electric Company 101 North Robinson Oklahoma City, Oklahoma 73101
IF TO THE COMPANY PRIOR TO THE REORGANIZATION DATE:	Oklahoma Gas and Electric Company 101 North Robinson Oklahoma City, Oklahoma 73101 Attention: General Counsel
IF TO THE COMPANY AFTER THE REORGANIZATION DATE:	OGE Energy Corp. 101 North Robinson Oklahoma City, Oklahoma 73101 Attention: General Counsel

or to such other address as either party shall have furnished to the other in writing in accordance herewith. Notice and communications shall be effective when actually received by the addressee.

(c) The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement.

(d) The Company may withhold from any amounts payable under this Agreement such Federal, state, local or foreign taxes as shall be required to be withheld pursuant to any applicable law or regulation.

(e) The Executive's or the Company's failure to insist upon strict compliance with any provision of this Agreement or the failure to assert any right the Executive or the Company may have hereunder, including, without limitation, the right of the Executive to terminate employment for Good Reason pursuant to Section 5(c)(i)-(v) of this Agreement, shall not be deemed to be a waiver of such provision or right or any other provision or right of this Agreement.

(f) The Executive and the Company acknowledge that, except as may otherwise be provided under any other written agreement between the Executive and the Company or any of its affiliated companies, the employment of the Executive by the Company or any of its affiliated companies is "at will" and, subject to Section 1(a) hereof, prior to the Effective Date, the Executive's employment and/or this Agreement may be terminated by either the Executive or the Company or any of its affiliated companies, as the case may be, at any time prior to the Effective Date, in which case the Executive shall have no further rights under this Agreement. From and after the Effective Date this Agreement shall supersede any other agreement between the parties with respect to the subject matter hereof.

IN WITNESS WHEREOF, the Executive has hereunto set the Executive's hand and, pursuant to the authorization from their Boards of Directors, each of Oklahoma Gas and Electric Company and OGE Energy Corp. has caused these presents to be executed in its name on its behalf, all as of the day and year first above written.

OKLAHOMA GAS AND ELECTRIC COMPANY

By:

Bill Swisher
Chairman of the Compensation Committee

OGE ENERGY CORP.

By

A. M. Strecker
Chairman and Chief Executive Officer

EXHIBIT A

INCENTIVE, SAVINGS AND RETIREMENT PLANS

1. Annual Incentive Plan
2. Restricted Stock Plan
3. Retirement Savings Plan
4. Restoration of Retirement Savings Plan
5. Retirement Income Plan
6. Restoration of Retirement Income Plan

Exhibit 10.08

AMENDED AND RESTATED

STOCK EQUIVALENT AND DEFERRED COMPENSATION PLAN

FOR DIRECTORS OF OGE ENERGY CORP.

ARTICLE I.

Purposes, Definitions and General Provisions

1.1. Establishment and Purposes.

Oklahoma Gas and Electric Company ("OG&E"), an Oklahoma corporation, previously established a stock equivalent and deferred compensation plan (the "Plan"). As part of the restructuring of OG&E pursuant to which OGE Energy Corp. (the "Company") became the parent holding company of OG&E, and pursuant to the authority granted by the Board of Directors of OG&E and the Board of Directors of the Company, the Plan is hereby amended and restated, effective December 31, 1996, to provide for the issuance under the Plan of Company Stock Equivalents in lieu of OG&E Stock Equivalents and to provide for the assumption of the Plan by the Company.

All awards granted prior to the amendment and restatement of the Plan and prior to its assumption by the Company are hereby ratified and shall remain in full force and effect, subject to conversion to Company Stock Equivalents and subject to possible amendment, adjustment, modification or termination, as hereinafter provided.

The purposes of this Plan are: (i) to cause a portion of the compensation of each non-employee director of the OGE Energy Corp. and OG&E to be paid in equivalents of common stock of the Company and (ii) to offer such non-employee members the opportunity to defer receipt of the balance of their directors' compensation, under terms advantageous to both the director and the Company, until termination of the director's service with the Company or OG&E.

1.2. Definitions.

(a) "Award" shall mean the amount, expressed either in dollars of Compensation or in Stock Equivalents, that the Board determines pursuant to Section 1.4 hereof will be paid to a Participant on an Award Date.

(b) "Award Date" shall mean the date an Award is to be received by a Participant.

(c) "Board" shall mean the Board of Directors of the Company.

(d) "Beneficiary" shall mean the person or persons (including, without limitation, the trustees of any testamentary or inter vivos trust) designated from time to time in writing by a Participant to

receive payments under the Plan after the death of such Participant, or, in the absence of any such designation or in the event that such designated persons or person shall predecease such Participant, or shall not be in existence or shall otherwise be unable to receive such payments, the person or persons designated under such Director's last will and testament or, in the absence of such designation, to the Participant's estate; provided, that the term "Beneficiary" shall mean the person or persons designated under the rules of the insurance company in the case of an insurance policy acquired pursuant to Article III hereof.

(e) "Committee" shall mean those management members of the Company, namely the Chairman of the Board, President, Chief Financial Officer and Corporate Secretary, who administer the Plan, provided all such persons are not eligible to participate in the Plan. All decisions by the Committee shall be by simple majority and the decisions will be final.

(f) "Company" shall mean OGE Energy Corp., an Oklahoma corporation, and OG&E and any successor of either such company.

(g) "Compensation" shall mean payments which the Director receives from the Company for services as a member of its Board of Directors. Such payments may include directors' retainers, board meeting fees and committee meeting fees, but shall exclude direct reimbursement of expenses.

(h) "Deferred Amount" shall mean an amount of Compensation deferred at the election of the Participant under this Plan.

(i) "Director" shall mean any member of the Board of Directors of the Company who is not an employee of the Company.

(j) "Dollar Account" shall mean the bookkeeping account to which a Participant has Deferred Amounts credited under Section 2.2 of this Plan to earn interest as provided therein.

(k) "OGE Energy Stock" shall mean the common stock of the Company, par value $.01 per share.

(l) "Participant" shall mean any Director who receives an Award or who elects to defer Compensation pursuant to this Plan.

(m) "Plan" shall mean the Amended and Restated Stock Equivalent and Deferred Compensation Plan for Directors of the Company, as from time to time amended and in effect.

(n) "Stock Account" shall mean the bookkeeping account to which a Participant has Awards and Deferred Amounts credited under Section 2.2 of this Plan with Stock Equivalents as provided therein.

(o) "Stock Equivalents" shall mean the units, representing a like number of shares of OGE Energy stock, that are credited to a Director's Stock Account under Section 2.2 of this Plan.

(p) "Termination of Service" shall mean the termination (by death, retirement or otherwise) of a Participant's service as a Director of the Company.

1.3. Deferral Of Compensation.

Each Director may elect to have all or a portion of his Compensation for any calendar year deferred under this Plan. Such election shall be executed in writing by the Director and filed with the Secretary of the Company, prior to the beginning of the calendar year during which such Compensation is earned, on a form prescribed by the Company. The election may specify that the Participant desires to have all or a specified percentage of his Compensation (other than any portion subject to an Award) for the year deferred under the Plan. The election shall specify which portion or portions of such Deferred Amount shall be allocated between Article II and Article III hereof, subject to the following:

(a) An election to treat all or any portion of a Deferred Amount as being governed under Article II hereof shall designate the portion or portions to be credited to the Participant's Dollar Account and/or Stock Account governed under that Article, and shall be irrevocable for the first calendar year to which such election relates, and it shall continue in effect for subsequent calendar years until changed prospectively by the Participant before the beginning of the calendar year for which the change is effective; subject, however, in each instance to the provisions in the last paragraph of Section 2.2 and provided, further, that a Participant subsequently may elect in accordance with Section 2.3 to transfer all or part of his Dollar Account Balance to a Stock Account.

(b) An election to treat all or any portion of a Deferred Amount as being governed under Article III hereof shall be irrevocable at all times until the Director's Termination of Service.

1.4. Awards.

The amount and number of Awards that may be granted under this Plan is subject to the sole discretion of the Board and shall be determined in the sole discretion of the Board. Each Award shall contain such terms, restrictions and conditions as the Board may determine that are not inconsistent with this Plan, provided that Awards shall be payable to a Participant only in cash and, subject to Section 2.5 hereof, only upon a Participant's Termination of Service. Awards shall be made either in Stock Equivalents or as a dollar amount of Compensation, as determined in the sole discretion of the Board.

ARTICLE II.

AWARDS AND STRAIGHT CASH DEFERRED COMPENSATION

2.1. General.

To the extent a Director receives an Award pursuant to Section 1.4 hereof, such Award shall be subject to the following provisions of this Article. To the extent that a Director elects to treat any portion of his Deferred Amount as being governed under this Article II, then the following provisions under this Article also shall be applicable with respect to such portion of his Deferred Amount. References to "Deferred Amount" under this Article II shall mean that portion of the Deferred Amount which the Director elects to be governed under this Article.

2.2. Treatment Of Deferred Amounts and Awards.

The Company shall establish on its books the necessary bookkeeping accounts to accurately reflect the Company's liability to each Participant who has deferred Compensation under this Article or who has received an Award pursuant to Section 1.4. To these accounts shall be credited Awards and Deferred Amounts, plus increments as described hereafter. Payments to the Participant or his Beneficiary following Termination of Service shall be debited to the accounts. In addition, debits and credits to the accounts shall be made in the manner provided in Section 2.3 and in the last paragraph of this Section 2.2 in the event of a transfer pursuant to Section 2.3 or pursuant to the last paragraph of this Section 2.2. The standing balance in each account is hereafter referred to as the "Account Balance." Despite the maintenance of such bookkeeping accounts, the Company's obligation to make payments under the Plan shall be made from the Company's general assets and property. The Company may, in its sole discretion, establish a separate fund or account to make payment of benefits to a Participant or his Beneficiary or Beneficiaries hereunder. Whether or not the Company, in its sole discretion, does establish such a fund or account, no Participant, his Beneficiary or Beneficiaries or any person shall have, under any circumstances, any interest whatever in any particular property or assets of the Company by virtue of this Plan.

A Participant who has elected to defer Compensation under this Article shall direct on the deferral election made pursuant to Section 1.3 that the Deferred Amount be credited to a Dollar Account or a Stock Account, or partially to one Account and partially to the other Account, on the same date that it would otherwise be payable to him. Such Deferred Amounts and any Awards shall also be subject to the following terms and conditions:

(a) Dollar Account. Deferred Amounts credited to this Account shall accrue interest from the date of credit to the date of transfer in accordance with Section 2.3, or to the date of payment in accordance with Section 2.4 or Section 2.5, at a variable rate of interest determined quarterly on a prospective basis. Interest shall be credited as of the end of each calendar quarter and, in the event of a transfer in accordance with Section 2.3 or a payment in accordance with Section 2.4 or Section 2.5, as of the close of business on the day immediately preceding the date of such transfer or payment. The interest rate for each quarter shall be equivalent to the one month commercial paper rate quoted by Salomon Brothers in its Bond Market Roundup, or by such other recognized source as the Company may designate, for the week in which the preceding calendar quarter ends.

(b) Stock Account. Awards in the form of Stock Equivalents shall be credited to this Account. Awards expressed in dollars of Compensation also shall be credited to this Account and shall be converted into Stock Equivalents equal to the number of shares of OGE Energy stock, to three decimal places, that could be purchased on the Award Date with the dollar amount of such Award, at a price per share equal to the arithmetical mean of the highest and lowest quoted selling prices on the New York Stock Exchange Composite Tape for such day. If there are no sales on that day, then such mean on the next preceding day on which there are such sales shall be used.

Deferred Amounts credited to this Account shall be converted into Stock Equivalents equal to that portion of the Deferred Amount which the Participant elected to have so credited. The Stock Equivalents shall be equal to the number of shares of OGE Energy stock, to three decimal places, that could be purchased on the day that such portion of the Participant's Deferred Amount would otherwise be paid, at a per share price equal to the arithmetical mean of the highest and lowest quoted selling prices on the New

York Stock Exchange Composite Tape for such day. If there are no sales on that day, then such mean on the next preceding day on which there are such sales shall be used.

On each date on which a dividend in cash or property is distributed on shares of issued and outstanding OGE Energy stock, the Stock Account of a Participant shall be credited with a number of Stock Equivalents based upon the amount of cash or the fair market value of any property (the "base amount") distributed with respect to a number of shares of issued and outstanding OGE Energy stock equal to the number of Stock Equivalents (including fractions) standing to the Participant's credit in his Stock Account on the record date for such distribution (assuming that fractional shares could be held of record and that distributions were made with respect thereto). The number of Stock Equivalents to be so credited shall be equal to the number of shares of OGE Energy stock, to three decimal places, that could be purchased on such dividend distribution date with the base amount at a per share price equal to the mean between the highest and lowest selling prices on the New York Stock Exchange Composite Tape for that day. If there are no sales on that day, then such mean on the next preceding day on which there are such sales shall be used.

On each date on which a stock dividend or stock split is distributed on shares of OGE Energy stock, a Participant's Stock Account shall be credited with a number of Stock Equivalents equal to the number of shares which would have been distributed with respect to a number of shares of issued and outstanding OGE Energy stock equal to the number of Stock Equivalents (including fractions) standing to the Participant's credit in his Stock Account on the record date for such distribution (assuming that fractional shares could be held of record and that fractional shares would be distributed).

In the event that the Company shall be a party to any consolidation or merger or share exchange and, in connection with such transaction, all or part of the outstanding shares of OGE Energy stock shall be changed into or exchanged for stock or other securities of any other entity or of the Company or cash or any other property, then the Account Balance in a Participant's Stock Account shall be transferred on the day immediately preceding the effective date of such transaction to a Dollar Account for the Participant, with the Participant's Stock Account being debited with the number of Stock Equivalents in the Stock Account immediately prior to the transfer and the Participant's Dollar Account being credited with an amount equal to the number of Stock Equivalents in the Participant's Stock Account immediately prior to such transfer multiplied by the mean between the highest and lowest selling prices for OGE Energy stock on the New York Stock Exchange Composite Tape on the date of such transfer or, if there are no sales on such day, such mean on the next preceding date on which there are such sales. Following such event, no additional amounts shall be credited to the Stock Account and all future Deferred Amounts that were to be credited to a Stock Account shall be credited to a Dollar Account, until changed by the Participant pursuant to Section 1.3.

2.3. Transfers From Dollar Accounts To Stock Accounts.

Each Participant may elect, on an annual basis, to have all or a portion of his Dollar Account transferred to a Stock Account. Such election shall be executed in writing by the Participant and filed with the Secretary of the Company prior to December 31 of a calendar year to be effective as of the close of business on January 31 of the succeeding calendar year. The Participant's Dollar Account shall be debited with the amount so transferred from such account to the Participant's Stock Account. The number of Stock Equivalents to be credited to the Participant's Stock Account shall be determined by dividing

the amount to be transferred from the Participant's Dollar Account by a per share price equal to the mean of highest and lowest quoted selling prices of OGE Energy stock on the New York Stock Exchange Composite Tape for the January 31 date of transfer. If there are no sales on that day, then such mean on the next preceding day on which there are such sales shall be used. Transfers from a Participant's Stock Account to a Dollar Account shall not be permitted, except as provided in the last paragraph of Section 2.2 hereof.

2.4. Payment Of Awards and Deferred Amounts.

Upon Termination of Service, a Participant's aggregate Account Balances in his Dollar Account and Stock Account under this Article shall be paid to the Participant (or, in the event of Particpant's death, his Beneficiary) in such number of annual installments (not exceeding 5), as shall be determined by the Committee in its sole discretion. The Committee may consult with the Participant prior to such determination, but the Committee will not be obligated by the desires of the Participant. Such payments shall commence not later than one year after Termination of Service and shall be made in cash out of the general assets and property of the Company. Regardless of when Termination of Service occurs, however, no payment of a Participant's Dollar Account and Stock Account Balances may commence until the Participant has attained age 50. In converting a Participant's Stock Equivalents in his Stock Account into cash for payment purposes, such conversion shall be made on each payment date to such

Participant based on the then current value of the shares of OGE Energy stock reflected in his Stock Account. For purposes of the preceding sentence, value shall be determined based upon the mean between the highest and lowest selling prices for OGE Energy stock on the New York Stock Exchange Composite Tape on the date immediately preceding the payment date. If there are no sales on that day, then such mean on the next preceding day on which there are such sales shall be used.

2.5. Acceleration Of Payments.

The Committee, within its sole discretion, is empowered to accelerate the payment of a Participant's Dollar Account Balance or Stock Account Balance to such Participant or his Beneficiary, whether before or after the Participant's Termination of Service, for good and substantial reasons, such as the Participant's death, disability, hardship or other adverse need, changes in the tax laws or accounting principles adversely affecting the Plan and its effect on the Company, the Participants or their Beneficiaries, or other similar reasons acceptable to the Committee; except that, prior to a Participant's Termination of Service, the Committee may accelerate the payment of all or part of a Participant's Stock Account Balance only upon the Participant's disability.

ARTICLE III.

CASH DEFERRED COMPENSATION/SPLIT DOLLAR INSURANCE

3.1. General.

To the extent that a Director elects to treat any portion of his Deferred Amount as being governed under this Article III, then the following provisions under this Article shall be applicable with

respect to such Deferred Amount. References to "Deferred Amount" under this Article III shall mean that portion of the Deferred Amount which the Director elects to be governed under this Article.

3.2. Insurance Policy.

After consulting with a Participant, the Committee, on behalf of the Company, shall obtain a premium policy or policies of insurance on the life of the Participant (the "Policy"), and enter into an appropriate agreement with the insurance company, the terms of which Policy and agreement shall be based upon those the Committee deems advisable, within its sole discretion, subject, however, to the following provisions prior to the time the Participant has a Termination of Service.

(a) All premiums due on the Policy shall be paid by the Company from the Deferred Amount, but shall in no event exceed the Participant's Deferred Amount.

(b) In the event of the death of the Participant, the Company, its successors or assigns, shall be entitled to receive from the life insurance proceeds under the Policy an amount equal to the premiums, without interest thereon, the Company has paid.

(c) Any portion of the death proceeds which is in excess of the amount payable to the Company, its successors or assigns, shall be payable to the person or persons entitled thereto under the Policy.

3.3. Ownership Of Policy.

The Policy may reserve to the Participant, or his assignee, the sole right to change the Beneficiaries for any amount payable thereunder in the event of the Participant's death, but, notwithstanding anything herein to the contrary, each and every other right of ownership of such Policy shall be reserved solely to, and be absolutely vested in, the Company.

3.4. Possession Of Policy.

The Company shall keep possession of the Policy.

3.5. Deferred Compensation At Death.

In the event that the Participant dies before a Termination of Service, the Company agrees to pay, out of the general assets of the Company, to the deceased Participant's Beneficiary an amount of deferred compensation equal to the amount received by the Company under subparagraph (b) of Section 3.2 hereof. Such amount may be paid in the manner set forth in Sections 2.4 and 2.5 hereof; provided, the Committee may pay such amount in a lump sum without the consent of the Participant.

3.6. Deferred Compensation At Termination Of Service.

Upon the Participant's Termination of Service for any reason other than his death, the Company agrees to pay, out of the general assets of the Company, to the Participant an amount of deferred compensation equal to the then cash value of the Policy on his life. Such amounts may be paid in the manner set forth in Sections 2.4 and 2.5 hereof; provided, the Committee may pay such amount in a lump sum without the consent of the Participant. Provided further, the Committee may, without the consent of

the Participant, assign and distribute such Policy to the Participant in full satisfaction of the Company's liability under this Article III.

ARTICLE IV.

Other Provisions

4.1. Amendment Or Termination.

The Board of Directors may amend or terminate this Plan at any time; provided, however, that no amendment or termination shall adversely affect any prior Awards or then existing Deferred Amounts or rights under this Plan, and provided further that no amendment may be made to the last sentence of Section 4.5 hereof.

4.2. Expenses.

The expenses of administering the Plan shall be borne by the Company, and shall not be charged against any Participant's Awards or Deferred Amounts; provided, however, that any commissions on premium payments under any Policy issued pursuant to Article III hereof shall not be considered an expense to be borne by the Company.

4.3. Applicable Law.

The provisions of the Plan shall be construed, administered and enforced according to the laws of the State of Oklahoma.

4.4. No Trust.

No action by the Company or its Board of Directors under this Plan shall be construed as creating a trust, escrow or other secured or segregated fund or other fiduciary relationship of any kind in favor of any Participant, his Beneficiary, or any other persons otherwise entitled to his Awards or Deferred Amounts nor, shall any of said persons have rights under any agreement or Policy in connection therewith between the Company and the insurance company, except the right to designate a Beneficiary of the proceeds of a Policy upon the death of the Participant as provided herein. The status of the Participant and his Beneficiary with respect to any liabilities assumed by the Company hereunder shall be solely those of unsecured creditors of the Company. Any Policy or any other asset acquired or held by the Company in connection with liabilities assumed by it hereunder, shall not be deemed to be held under any trust, escrow or other secured or segregated fund or other fiduciary relationship of any kind for the benefit of the Participant or his Beneficiaries or to be security for the performance of the obligations of the Company, but shall be, and remain, a general, unpledged, unrestricted asset of the Company at all times subject to the claims of general creditors of the Company.

4.5. No Assignability And Successors.

Neither the Participant nor any other person shall acquire any right to or interest in any amount awarded to the Participant, otherwise than by actual payment in accordance with the provisions of

this Plan, or have any power, voluntarily or involuntarily, to transfer, assign, anticipate, pledge, mortgage or otherwise encumber, alienate or transfer any rights hereunder in advance of any of the payments to be made pursuant to this Plan or any portion thereof. With respect to a Policy issued pursuant to Article III hereof, neither the Participant nor his spouse nor any Beneficiary, shall have any rights to transfer, assign, anticipate, pledge, mortgage or otherwise encumber, alienate or transfer any rights hereunder in advance of any right to receive any payments under the Policy, which payments and the rights thereto are hereby expressly declared to be non-assignable and non-transferable. The obligations of the Company hereunder shall be binding upon any and all successors and assigns to the Company.

4.6. Withholding.

The Company shall comply with all federal and state laws and regulations respecting the withholding, deposit and payment of any income or employment taxes relating to the payment of Awards or Deferred Amounts under this Plan.

4.7. No Impact On Directorship.

This Plan shall not be construed to confer any right on the part of a Participant to be or remain a Director or to receive any, or any particular rate of, Compensation.

4.8. Interpretations.

Interpretations of, and determinations related to, this Plan made by the Company in good faith, including any determinations or calculations of Awards, Deferred Amounts or Account Balances, shall be conclusive and binding upon all parties; and the Company and the members of the Committee shall not incur any liability to a Participant for any such interpretation or determination so made or for any other action taken by it in connection with this Plan.

4.9. Effective Date.

This Plan, as amended and restated, shall be effective from and after December 31, 1996.

OGE ENERGY CORP.

By: _____

Steven E. Moore
Chairman of the Board and President

Exhibit 10.09

AMENDED AND RESTATED RESTRICTED STOCK PLAN OF OGE ENERGY CORP.

ARTICLE I

ESTABLISHMENT AND PURPOSE OF PLAN

Oklahoma Gas and Electric Company ("OG&E"), an Oklahoma corporation, established, effective May 16, 1985, a restricted stock plan (the "Plan"). The Plan has been approved by the Board of Directors of OG&E and was approved by a majority of the shareowners of OG&E on May 16, 1985.

As part of the restructuring of OG&E pursuant to which OGE Energy Corp. (the "Company") became the parent holding company of OG&E, and pursuant to the authority granted by the Board of Directors of OG&E and the Board of Directors of the Company, the Plan is hereby amended and restated, effective December 31, 1996, to provide for the issuance under the Plan of shares of the Company's Common Stock in lieu of common stock of OG&E and to provide for the assumption of the Plan by the Company.

All awards granted prior to the amendment and restatement of the Plan and prior to its assumption by the Company are hereby ratified and shall remain in full force and effect, subject to possible amendment, adjustment, modification or termination, as hereinafter provided.

The purpose of the Plan is to compensate eligible employees for their past services to the Company or a Participating Corporation through awards of Shares and thereby to assist the Company and each Participating Corporation in securing and retaining key executive employees of outstanding ability, and to motivate such individuals to exert their best efforts in behalf of the Company and each Participating Corporation.

ARTICLE II

DEFINITIONS

Unless the context otherwise requires, the following words as used herein shall have the following meanings:

(a) "Plan" - This Restricted Stock Plan.

(b) "Company" - OGE Energy Corp., an Oklahoma corporation.

(c) "Board" - The Board of Directors of the Company as the same may be constituted from time to time.

(d) "Participant" - An eligible employee whom the Board has selected to receive a grant to Shares hereunder.

(e) "Share" - A share of the Company's Common Stock, par value $.01 per share, and any share or shares of capital stock or other securities of the Company hereafter issued or issuable upon, in respect of or in substitution or exchange for Shares.

(f) "Participating Corporation" shall mean any direct or indirect subsidiary of the Company, including Oklahoma Gas and Electric Company, an Oklahoma corporation and Enogex, Inc., an Oklahoma corporation, as may be designated from time to time by the Board.

(g) "Committee" shall mean the Compensation Committee of the Board.

ARTICLE III

SHARES SUBJECT TO THE PLAN

The total number of Shares that may be awarded under the Plan is 500,000, subject to adjustment as provided in Article VIII. Shares subject to awards under the Plan may be either authorized and unissued shares or issued shares which have been acquired by the Company and are being held in its treasury, in the sole discretion of the Board. Shares awarded under the Plan and later obtained by the Company pursuant to the Plan shall again become available for awards under the Plan.

ARTICLE IV

ADMINISTRATION

The Plan shall be administered by the Committee. The Committee shall have all powers (other than those set forth in Article IX below) respecting the Plan, including but not limited to authority to award Shares, and establish terms and conditions applicable to such award. All questions of interpretation and application of the Plan, or of the terms and conditions pursuant to which Shares are awarded hereunder or whether Shares are forfeited under the provisions hereof, shall be subject to the determination of the Committee, and such determination of the Committee shall be final and binding upon all parties affected by such determination. The Committee in its discretion may delegate its authority and its duties under the Plan to a committee consisting of not less than three members of the Board who are "disinterested persons" within the meaning of Rule 16b-3 under the Securities Exchange Act of 1934, as amended.

ARTICLE V

ELIGIBILITY

The following individuals are eligible to be selected as participants in the Plan: (i) any key employee, including an officer or director who is an employee, of the Company or OG&E who has served as an employee of the Company, OG&E or of a participating corporation for at least 12 months and (ii) each individual who is an officer of a Participating Corporation, who has been an employee of a Participating Corporation for at least 12 months.

ARTICLE VI

AWARD OF SHARES

The Committee may from time to time and at any time select one or more eligible employees to be Participants. The number of Shares to be received by each Participant, and the conditions under which such Shares will be forfeited by the Participant and returned to the Company or a Participating Corporation, shall be determined by the Committee in its sole and unfettered discretion. All awards of Shares shall be based solely on the past service of the employee to the Company or a Participating Corporation and the employee shall not be required to pay to the Company or a Participating Corporation any cash consideration for Shares awarded to the employee. Notwithstanding any other provision of this Plan to the contrary, no award of Shares to an eligible employee by the Committee shall be deemed made unless and until the Committee shall have determined that the fair value of the services performed by such employee during the 12 months prior to the award (or such other period as the Committee shall select) equals or exceeds the compensation previously paid to the employee for such period plus the Shares to be awarded.

ARTICLE VII

TERMS AND CONDITIONS OF AWARDS

All shares awarded under this Plan shall be subject to the following terms and conditions, and to such other terms and conditions not inconsistent with the Plan as shall be contained in the Agreement referred to in Article VII (e).

(a) At the time of the award there shall be established with respect to each Share (or block of Shares) awarded to a Participant a "Restricted Period" which shall be incorporated into the Agreement. Different Restricted Periods may apply to specified quantities of the Shares awarded at any time to a Participant. Any Share awarded to a Participant and any rights of a Participant related to such Share may not be sold, assigned, transferred, pledged, hypothecated, or otherwise encumbered until the Restricted Period applicable to such Share expires or lapses. Except for such restrictions, the Participant as owner of such Shares shall have all the rights of a shareowner of the Company, including but not limited to the right to receive all dividends paid with respect to such Shares (subject to the provisions of Article VIII) and the right to vote such Shares.

(b) If a Participant ceases to render substantial services on a regular basis to the Company or a Participating Corporation for any reason other than death, normal retirement (within the meaning of the Employees' Retirement Plan of OG&E) or total disability, all Shares theretofore awarded to the Participant which are still subject to the Restricted Period imposed by Article VII (a) shall in such event be forfeited and returned to the Company or, if so determined by the Committee, to a Participating Corporation (the "Risk of Forfeiture"). Whether or not an employee's termination was for "disability" as used herein, shall be determined by the Committee in its discretion.

(c) If a Participant ceases to render substantial services on a regular basis to the Company or a Participating Corporation by reason of death, normal retirement (within the meaning of the Employees' Retirement Plan of OG&E) or total disability, the Risk of Forfeiture imposed by Article VII (b) and the restricted periods imposed by Article VII (a) shall lapse with respect to all Shares theretofore awarded to the Participant.

(d) Each certificate issued in respect of Shares awarded under the Plan shall be registered in the name of the Participant (or, if requested by the Participant, in the names of the Participant and the Participant's spouse) and deposited by the Participant, together with a stock power endorsed in blank, with the Company and shall bear the following legend:

"The transferability of this certificate and the shares of stock represented hereby are subject to the terms and conditions (including forfeiture) contained in the Restricted Stock Plan for OGE Energy Corp. and an Agreement entered into between the registered owner and OGE Energy Corp. Copies of such Plan and Agreement are on file in the office of the Secretary of OGE Energy Corp., Oklahoma City, Oklahoma, and the Company will furnish to the record holder of the certificate, without charge, upon written request to the Company at its principal place of business a copy of such Plan."

(e) The Participant shall enter into an Agreement with the Company in a form specified by the Committee agreeing to the terms and conditions of the award and such other matters, including compliance with applicable federal and state securities laws, methods of withholding required taxes, as the Committee shall in its sole discretion determine.

(f) At the expiration or lapsing of the Restricted Period(s) imposed pursuant to Article VII (a), the Company shall redeliver to the Participant, or the Participant's legal representative, a certificate evidencing those Shares deposited with it pursuant to Article VII (d), with respect to which the Restricted Period(s) have expired or lapsed, subject, however, to any other conditions imposed by this Plan or the Agreement referred to in Article VII (e).

ARTICLE VIII

CHANGES IN CAPITALIZATION

In the event there is a change in classification of, or subdivision or combination of, or stock dividend on the outstanding Shares, the maximum aggregate number and class of Shares as to which awards may be granted under the Plan shall be appropriately adjusted by the Committee, and such determination shall be conclusive. Any Shares or other securities or assets of the Company (other than ordinary cash dividends)

which may be distributed with respect to Shares that are still subject to the Risk of Forfeiture imposed pursuant to Article VII (b) will be subject to the same Risk of Forfeiture and shall be held on deposit by the Company until such Risk of Forfeiture lapses.

If the Company shall be consolidated or merged with another company, or shall otherwise participate in a reorganization, the stock, securities or other assets which Participants are entitled to receive by reason of ownership of Shares which are subject to Risk of Forfeiture shall be held on deposit by the Company, and shall be subject to same Risk of Forfeiture imposed by Article VII (b). In the event that the Company is not to be the surviving company in any such merger or consolidation or if the Company is to be dissolved or if the shareowners of the Company receive an offer, including a tender offer, for the purchase or exchange of the Company's Common Stock, the Committee shall have the authority and discretion to lapse the Restricted Period(s), and all other restrictions and accelerate vesting on all Shares theretofore awarded under the Plan as of any date selected by the Committee.

ARTICLE IX

AMENDMENT OF THE PLAN

The Board may from time to time alter, amend, suspend or discontinue the Plan. No such amendment or modification shall, however, adversely affect (without the Participant's written consent) any Participant with respect to Shares already awarded to him.

ARTICLE X

REQUIREMENT OF LAW

Notwithstanding anything contained herein to the contrary, the Company shall not award Shares if the issuance thereof would constitute a violation by the Participant or the Company of any provisions of any law or regulation of any governmental authority or any national securities exchange or other forum in which Shares are traded; and as condition to the issuance of Shares under the Plan, the Company may require such agreements or undertakings, if any, as the Company may deem necessary or advisable to assure compliance with any such law or regulation.

ARTICLE XI

LIMITATIONS

Nothing contained in this Plan shall be deemed to confer on any person any rights other than as expressly provided herein, including but not limited to any right to continuation of employment or right to be granted awards other than as may be determined by the Committee in its unfettered discretion.

Awards under the Plan shall be separate and apart from all other Company benefit plans and shall have no bearing thereon. The value of awards under the Plan shall not be included in the calculation of benefits under any other plan.

ARTICLE XII

EFFECTIVE DATE AND TERM OF PLAN

The Plan became effective upon its adoption by OG&E's shareowners on May 16, 1985. Unless previously discontinued pursuant to Article IX, the Plan shall remain in effect until the number of shares permitted by Article III of the Plan have been awarded and the Restricted Periods have lapsed with respect to such Shares.

OKLAHOMA GAS AND ELECTRIC COMPANY
RESTORATION OF RETIREMENT INCOME PLAN

1. PURPOSES OF THE PLAN

The Restoration of Retirement Income Plan For Certain Participants in the Retirement Plan for Employees of Oklahoma Gas and Electric Company (the "Plan") has been established by Oklahoma Gas and Electric Company (the "Company"), to provide for the payment of certain pension and pension-related benefits to certain of its participants in the Oklahoma Gas and Electric Company Employees' Retirement Plan (hereinafter referred to as the "Retirement Plan") on and after the effective date hereof whose benefits under the Retirement Plan are restricted by the limitations of Sections 401(a)(17) and 415 of the Internal Revenue Code of 1986, as amended (the "Code"), so that the total pension and pension-related benefits of such participants can be determined on the same basis as is applicable to all other participants in the Retirement Plan. The establishment of this Plan was made necessary by certain benefit limitations contained in Sections 401(a)(17) and 415 of the Code, which were imposed on the Retirement Plan by the Employee Retirement Income Security Act of 1974 (as subsequently amended from time to time), the Tax Reform Act of 1986 and the Revenue Reconciliation Act of 1993. Effective January 1, 1994, the Plan is hereby amended, restated and renamed the Oklahoma Gas and Electric Company Restoration of Retirement Income Plan.

2. DEFINITIONS

"Compensation" shall mean, during an applicable period, the participant's Compensation under the Retirement Plan, except that such Compensation shall not be limited by Code Section 401(a)(17) as in effect during such applicable period, and except that such Compensation shall include amounts, if any, deferred by the participant for the calendar year in question under the Oklahoma Gas and Electric Company Restoration of Retirement Savings Plan.

Other terms are defined in this Plan, and, if necessary, reference should be made to the Retirement Plan for the meaning of any capitalized terms not herein defined unless otherwise stated or implied by the context hereof.

3. ADMINISTRATION

This Plan shall be administered by a committee (the "Retirement Committee," which shall consist of the same members as the Retirement Committee that administers the Retirement Plan unless otherwise changed by action of the Company's Board of Directors) which shall administer it in a manner consistent with the administration of the Retirement Plan, as from time to time amended and in effect, except that this Plan shall be administered as an unfunded plan which is not intended to meet the qualification requirements of Section 401 of the Internal Revenue Code of 1986, as amended. The Retirement Committee shall have full power and authority to interpret, construe and administer this Plan and the Retirement Committee's interpretations and construction thereof, and actions thereunder, including the amount or recipient of the payments to be made therefrom, shall be binding and conclusive on all persons for all purposes.

4. ELIGIBILITY

Participants in the Retirement Plan whose pension or pension-related benefits under the Retirement Plan are limited by (i) the provisions thereof relating to the maximum benefit limitations of Section 415 of the Code (the "415 Limit"), or (ii) the limitation on includible Compensation under the Code 401(a)(17), as in effect on and after January 1, 1989, and as adjusted and/or amended from time to time (the "401(a)(17) Limit"), shall be eligible for benefits under this Plan. In no event shall a participant who is not entitled to benefits under the Retirement Plan be eligible for a benefit under this Plan.

5. AMOUNT OF BENEFIT

The benefits payable to a participant or his beneficiary or beneficiaries under this Plan shall be equal to the excess, if any, of:

(a) the benefits which would have been paid on or after July 14, 1987, to such participant, or on his behalf to his beneficiary or beneficiaries, under the Retirement Plan, if the provisions of the Retirement Plan were administered without regard to the 415 Limit or the 401(a)(17) Limit, over

(b) the benefits which are payable to such participant, or on his behalf to his beneficiary or beneficiaries, under the Retirement Plan.

In making this computation, it is intended that the recipient should receive an amount from this Plan which would enable him to purchase an individual annuity that would produce a monthly benefit, after payment of applicable Federal, State and local income taxes on the distribution from this Plan at the maximum rates in effect in the year of receipt, equal to the monthly benefit, after payment of such income taxes, that the recipient would have received under the Retirement Plan had Sections 401(a)(17) and 415 of the Code not been applicable thereto, less the benefits which are payable under the Retirement Plan.

Benefits payable under this Plan to any recipient shall be computed in accordance with the foregoing and with the objective that such recipient should receive under this Plan and the Retirement Plan that total amount which would have been payable to that recipient solely under the Retirement Plan had the 415 Limit and the 401(a)(17) Limit not been applicable thereto. In the event that the maximum amount of retirement income limitation of Section 401(a)(17) or Section 415 of the Code as set forth in the Retirement Plan is increased after the date of commencement of the participant's retirement income under the Retirement Plan due to any cost-of-living adjustment announced by the Internal Revenue Service pursuant to the provisions of Section 401(a)(17) or Section 415(d) of the Code and if, as a result of such increase, the amount of retirement income or other benefit payable under the Retirement Plan is increased, the amount of the retirement income or other benefit payable to or on behalf of the participant under the Plan will be correspondingly reduced. If, because the date that the amount of such cost-of-living adjustment announced by the Internal Revenue Service is after the effective date of such adjustment, or because of any other reason, the participant or his beneficiary has received a retroactive increase in the amount of the benefit payable on his behalf under the Retirement Plan that causes the benefits that he receives under this Plan to be in excess of the amounts that are due under the Plan, the excess of the benefits that have actually been paid to or on behalf of the participant under this Plan over the amounts that are due under this Plan shall be forfeited and must be refunded to the Company or the participant's Employer by the participant or, if applicable, his beneficiary, in a manner suitable to the Retirement Committee.

6. PAYMENT OF BENEFITS

Payment of benefits under this Plan shall be made only when, and if, the participant is entitled to benefits under the Retirement Plan. Payments shall be made in a lump sum on the participant's actual retirement date or within 30 days thereafter.

7. PARTICIPANT'S RIGHTS

A participant or beneficiary who feels he is being denied any benefit or right provided under this Plan must file a written claim with the Retirement Committee. All such claims shall be submitted on a form provided by the Retirement Committee which shall be signed by the claimant and shall be considered filed on the date the claim is received by the Retirement Committee.

Upon the receipt of such a claim and in the event the claim is denied, the Retirement Committee shall, within 90 days after its receipt of such claim, provide such claimant a written statement which shall be delivered or mailed to the claimant by certified or registered mail to his last known address, which statement shall contain the following:

(a) the specific reason or reasons for the denial of benefits;

(b) a specific reference to the pertinent provisions of this Plan or the Retirement Plan upon which the denial is based;

(c) a description of any additional material or information which is necessary; and

(d) an explanation of the review procedure provided below;

provided, however, in the event that special circumstances require an extension of time for processing the claim, the Retirement Committee shall provide such claimant with such written statement described above not later than 180 days after receipt of the claimant's claim, but, in such event, the Retirement Committee shall furnish the claimant, within 90 days after its receipt of such claim, written notification of the extension explaining the circumstances requiring such extension and the date that it is anticipated that such written statement will be furnished.

Within 60 days after receipt of a notice of a denial of benefits as provided above, if the claimant disagrees with the denial of benefits, the claimant or his authorized representative must request, in writing, that the Retirement Committee review his claim and may request to appear before the Retirement Committee for such review. In conducting its review, the Retirement Committee shall consider any written statement or other evidence presented by the claimant or his authorized representative in support of his claim. The Retirement Committee shall give the claimant and his authorized representative reasonable access to all pertinent documents necessary for the preparation of his claim.

Within 60 days after receipt by the Retirement Committee of a written application for review of his claim, the Retirement Committee shall notify the claimant of its decision by delivery or by certified or registered mail to his last known address; provided, however, in the event that special circumstances require an extension of

time for processing such application, the Retirement Committee shall so notify the claimant of its decision not later than 120 days after receipt of such application, but, in such event, the Retirement Committee shall furnish the claimant, within 60 days after its receipt of such application, written notification of the extension explaining the circumstances requiring such extension and the date that it is anticipated that its decision will be furnished. The decision of the Retirement Committee shall be in writing and shall include the specific reasons for the decision presented in a manner calculated to be understood by the claimant and shall contain reference to all relevant Plan provisions on which the decision was based. The decision of the Retirement Committee shall be final and conclusive.

A participant shall not be entitled to any payments from the trust fund maintained under the Retirement Plan on the basis of any benefits to which he may be entitled under this Plan. All benefits payable under this Plan to or on behalf of participants who were employed by the Company shall be paid from the general assets of the Company and all benefits payable to or on behalf of the participants who were employed by any other Employer which has adopted this Plan with the consent of the Company shall be paid from the general assets of such Employer. The Company or such other Employer may, in its sole discretion, establish a separate fund or account to make payment of benefits to a participant or his beneficiary or beneficiaries hereunder. Whether or not the Company or such other Employer, in its sole discretion, does establish such a fund or account, no participant, his beneficiary or beneficiaries or any other person shall have, under any circumstances, any interest whatever in any particular property or assets of the Company or of any other Employer by virtue of this Plan, and the rights of the participant, his beneficiary or beneficiaries or any other person who may claim a right to receive benefits under this Plan shall be no greater than the rights of a general unsecured creditor of the Company or such other Employer.

8. ACTUARIAL EQUIVALENTS

In determining actuarially equivalent values for purposes of this Plan, such actuarial assumptions (including assumptions as to mortality and interest rates) as are adopted by the Retirement Committee for the purposes of this Plan shall be used. Such assumptions may, but need not, be the same as the corresponding assumptions used under the Retirement Plan.

9. AMENDMENT AND DISCONTINUANCE

The Board of Directors of the Company may at any time amend or discontinue this Plan. However, if this Plan should be amended and discontinued, the Company or any other Employer which has adopted this Plan, as the case may be, shall be liable for any benefits accrued under this Plan as of the date of such action for participants who are or have been employed by the Company, or such other Employer, where such accrued benefits shall be the actuarially determined benefits as of such date of amendment or discontinuance which each participant or his beneficiary or beneficiaries is receiving under this Plan or, with respect to participants who are in the employment of the Company or any other Employer which has adopted this Plan on such date, which each such participant would have received as of such date, under this Plan if his employment had terminated as of the date of amendment or discontinuance.

10. RESTRICTION ON ASSIGNMENT

The benefits provided hereunder are intended for the personal security of persons entitled to payment under this Plan and are not subject in any manner to the debts or other obligations of the persons to whom they are payable. The interest of any participant or his beneficiary or beneficiaries may not be sold, transferred, assigned, or encumbered in any manner, either voluntarily or involuntarily, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be null

and void; neither shall the benefits hereunder be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any person to whom such benefits or funds are payable, nor shall they be subject to garnishment, attachment, or other legal or equitable process nor shall they be an asset in bankruptcy.

If a participant or any other person entitled to a benefit under this Plan becomes bankrupt or makes an assignment for the benefit of creditors or in any way suffers a lien or judgment against his personal assets, or in any way attempts to anticipate, alienate, sell, assign, pledge, encumber or charge a benefit, right or account, then such benefit, right or account in the discretion of the Retirement Committee may cease and terminate.

11. CONTINUED EMPLOYMENT

Nothing contained in this Plan shall be construed as conferring upon an employee the right to continue in the employment of the Company or any other Employer in any capacity or as otherwise affecting the employment relationship.

12. LIABILITY OF RETIREMENT COMMITTEE

No member of the Retirement Committee shall be liable for any loss unless resulting from his own fraud or willful misconduct, and no member shall be personally liable upon or with respect to any agreement, act, transaction or omission executed, committed or suffered to be committed by himself as a member of the Retirement Committee or by any other member, agent, representative or employee of the Retirement Committee. The Retirement Committee and any individual member of the Retirement Committee and any agent thereof shall be fully protected in relying upon the advice of the following professional consultants or advisors employed by the Company or the Retirement Committee: any attorney insofar as legal matters are concerned, any accountant insofar as accounting matters are concerned, and any actuary insofar as actuarial matters are concerned.

13. INDEMNIFICATION

The Company hereby indemnifies and agrees to hold harmless the members of the Retirement Committee and all directors, officers, and employees of the Company and of any other Employer which has adopted this Plan against any and all parties whomsoever, and all losses therefrom, including without limitation, costs of defense and attorneys' fees, based upon or arising out of any act or omission relating to, or in connection with this Plan other than losses resulting from such person's fraud or willful misconduct.

14. TERMINATION OF SERVICE FOR DISHONESTY

If a participant's service with the Company or other Employer participating in this Plan, is terminated because of dishonest conduct injurious to the Company or such other Employer, or if dishonest conduct injurious to the Company or such other Employer committed by a participant is determined by the Company during the lifetime of the participant and within one year after his service with the Company or such other Employer is terminated, the Retirement Committee may terminate such a participant's interest and benefits under this Plan.

The dishonest conduct injurious to the Company or any other Employer participating in this Plan committed by a participant shall be determined and decided by the Retirement Committee only after a full investigation of such alleged dishonest conduct and an opportunity has been given the participant to appear

before the Retirement Committee to present his case. The decision made by the Retirement Committee in such cases shall be final and binding on all participants and other persons affected by such decision.

15. BINDING ON EMPLOYER, PARTICIPANTS AND THEIR SUCCESSORS

This Plan shall be binding upon and inure to the benefit of the Company and to any other Employers participating in this Plan, their successors and assigns and the participant and his heirs, executors, administrators, and duly appointed legal representatives.

16. RIGHTS OF AFFILIATES TO PARTICIPATE

Any Employer participating in the Retirement Plan may, in the future, adopt this Plan with the consent of the Company provided the proper action is taken by the board of directors of such Employer. The administrative powers and control of the Company, as provided in this Plan, shall not be deemed diminished under this Plan by reason of the participation of any other Employer and the administrative powers and control granted hereunder to the Retirement Committee shall be binding upon any Employer adopting this Plan. Each Employer adopting this Plan shall have the obligation to pay the benefits to its participants who were in its employment hereunder and no other Employer shall have such obligation and any failure by a particular Employer to live up to its obligations under this Plan shall have no effect on any other Employer. Any Employer may discontinue this Plan at any time by proper action of its board of directors subject to the provisions of Section 9.

17. LAW GOVERNING

This Plan shall be construed in accordance with and governed by the laws of the State of Oklahoma.

18. EFFECTIVE DATE

This Plan shall be effective as amended, restated and renamed January 1, 1994, with respect to payments made to or on behalf of participants under the Retirement Plan on and after such date.

AMENDMENT NO. 1 TO THE
OKLAHOMA GAS AND ELECTRIC COMPANY RESTORATION
OF RETIREMENT INCOME PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1994

Oklahoma Gas and Electric Company, an Oklahoma corporation, in accordance with the authority contained in Section 9 of the Oklahoma Gas and Electric Company Restoration of Retirement Income Plan (the "Plan"), hereby amends the Plan, effective as of January 1, 1994, as follows:

1. The first paragraph of Section 2 of the Plan, which defines "Compensation" for purposes of the Plan, is hereby deleted in its entirety and replaced by the following paragraph:

"Compensation" shall mean, during an applicable period, the participant's Compensation under the Retirement Plan, except that (i) such Compensation shall not be limited by Code Section 401(a)(17) as in effect during such applicable period, (ii) such Compensation shall include amounts, if any, deferred by the participant for the calendar year in question under the Oklahoma Gas and Electric Company Restoration of Retirement Savings Plan, and (iii) such Compensation shall include bonuses payable pursuant to the Oklahoma Gas and Electric Annual Incentive Plan. Such bonuses shall be included as Compensation for purposes of the Plan in the year in which the services to which the bonuses relate are performed, notwithstanding the fact that the bonuses are not actually declared and paid to participants until the following year."

2. Subsection (a) of Section 5 of the Plan is hereby deleted in its entirety and replaced by the following new subsection (a):

"(a) the benefits which would have been paid on or after July 14, 1987, to such participant, or on his behalf to his beneficiary or beneficiaries, under the Retirement Plan, if the provisions of the Retirement Plan were administered (i) using the definition of Compensation contained in Section 2 of the Plan and (ii) without regard to the 415 Limit or the 401(a)(17) Limit, over"

3. Section 6 of the Plan is hereby amended by adding the following paragraphs to the end of this Section:

" In addition, if a retired participant is entitled to a bonus under the Oklahoma Gas and Electric Company Annual Incentive Plan and such participant's bonus is declared and paid after he has already received payment of his benefits under this Plan, then such participant shall receive an additional payment of benefits under this Plan. Such additional payment shall equal the difference between the benefit that such participant would have been entitled to receive had the bonus been included in his Compensation when his benefit was originally computed, and the benefit actually paid to such participant.

Notwithstanding the foregoing, the Retirement Committee may accelerate payments in the event of changes in the tax laws or accounting principles adversely affecting the Plan and its effect on the Company, the participants or

their beneficiaries. Nothing contained herein shall enable the Retirement Committee to accelerate payments because of the financial condition of the Company as opposed to the adverse effect on the Company, the participants or their beneficiaries arising out of the good and substantial reasons described herein. In addition, effective January 1, 1994, the Retirement Committee may in its sole discretion delay payment to a participant under the Plan, notwithstanding any election to the contrary by such participant, until the participant is no longer a 'covered employee' under Section 162(m) of the Code, as amended from time to time, its legislative history, and any regulations promulgated thereunder."

AMENDMENT NUMBER TWO
TO THE
OKLAHOMA GAS AND ELECTRIC COMPANY
RESTORATION OF RETIREMENT INCOME PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1994

Oklahoma Gas and Electric Company, an Oklahoma corporation (the "Company"), in accordance with the authority contained in Section 9 of the Oklahoma Gas and Electric Company Restoration of Retirement Income Plan (the "Plan), hereby amends the Plan, effective as of the effective date of the reorganization of the Company and its affiliates (whereby the Company will become a wholly-owned subsidiary of OGE Energy Corp.), as follows:

1. Section 2 of the Plan is hereby amended by replacing the words, "Oklahoma Gas and Electric Company Employees' Restoration of Retirement Savings Plan" with the words "OGE Energy Corp. Employees' Restoration of Retirement Savings Plan."

EXHIBIT 10.13

OKLAHOMA GAS AND ELECTRIC COMPANY
RESTORATION OF RETIREMENT SAVINGS PLAN

1. PURPOSE OF THE PLAN

Effective July 14, 1987, Oklahoma Gas and Electric Company (the "Company") established the Restoration of Thrift Benefits Plan For Certain Participants in the Oklahoma Gas and Electric Company Employees' Thrift Plan (the "Plan"). The purpose of the Plan is to benefit certain employees whose participation in and benefits under the Oklahoma Gas and Electric Company Employees' Thrift Plan (the "Thrift Plan") are limited by certain provisions in the Internal Revenue Code of 1986, as amended (the "Code"), including, without limitation, Sections 401(a)(17), 401(k)(3), 401(m), 402(g), and 415 of the Code.

The Thrift Plan has been amended, restated and renamed the Oklahoma Gas and Electric Company Employees' Retirement Savings Plan (the "Retirement Savings Plan"), effective December 1, 1993. The Plan is hereby amended, restated and renamed the Oklahoma Gas and Electric Company Restoration of Retirement Savings Plan, effective January 1, 1994, except where indicated otherwise.

2. DEFINITIONS

For purposes of this Plan, the capitalized terms in this Section 2 shall have the following meanings, unless the context clearly indicates otherwise. To the extent that a capitalized term is not defined in this Section 2 or elsewhere in the Plan, such term shall have the same meaning as ascribed to it in the Retirement Savings Plan.

2.1. Participant. The term "Participant" means any Employee participating in the Retirement Savings Plan whose participation in and benefits under the Retirement Savings Plan are limited by Section 401(a)(17) of the Code.

2.2. Employee. The term "Employee" means every common-law Employee of the Company and any Subsidiaries that are participating in the Retirement Savings Plan.

2.3. Beneficiary. The term "Beneficiary" means the person, persons or trust designated to receive a benefit under this Plan after the death of a Participant. This shall be the same person, persons or trust as the Participant elects pursuant to Section 3.8 of the Retirement Savings Plan. Upon the death of a Participant, the Beneficiary shall receive, as soon as administratively feasible, a distribution of the balance of such Participant's Salary Restoration Account.

2.4. Compensation. The term "Compensation" shall be defined as in the Retirement Savings Plan, including Employee Tax-Deferred Contributions made thereunder, except that such term shall not be limited to the first $150,000 of the Participant's Compensation or such other applicable limit under Section 401(a)(17) of the Code, as adjusted and/or amended from time to time, and shall include deferrals made pursuant to Section 5 hereof.

2.5. Plan Year. The term "Plan Year" means the administrative year of the Plan, and any trust established for purposes of funding the Plan, ending each December 31.

2.6. Employee Tax-Deferred Contributions. The term "Employee Tax-Deferred Contributions" is the term sometimes used to refer to a Participant's Tax-Deferred Contributions under the Retirement Savings Plan.

2.7. Valuation Date. The term "Valuation Date" means a quarterly date as of which accounts of Participants herein are adjusted. Such dates shall fall on the last day of each calendar quarter or on such other dates as shall be determined from time to time by the Committee.

3. ADMINISTRATION

This Plan shall be administered by a committee (the "Committee," which shall consist of the same members as the Company's Employees' Financial Programs Committee unless otherwise changed by action of the Company's Board of Directors), which shall administer it in a manner consistent with the administration of the Retirement Savings Plan, as from time to time amended and in effect, except as provided hereunder to the contrary and except further that this Plan shall be administered as an unfunded plan which is not intended to meet the qualification requirements of Section 401 of the Code. The Committee shall have full power, authority and discretion to interpret, construe and administer this Plan and the Committee's interpretations and construction thereof, and actions thereunder, including the amount or recipient of any payment to be made therefrom, shall be binding and conclusive on all persons for all purposes, to the maximum extent permitted by law.

4. ELIGIBILITY

Participants in the Retirement Savings Plan whose ability to be credited with Company Matching Contributions pursuant to the Retirement Savings Plan on 6% of Compensation is limited by Section 401(a)(17) of the Code shall be eligible to participate in this Plan. In no event shall a Participant who is ineligible to participate in the Retirement Savings Plan be eligible to participate in this Plan.

5. PARTICIPANT CONTRIBUTIONS

5.1. Each Participant may elect to defer a portion of his or her Compensation through the execution of a Salary Deferral Agreement. The Company shall credit the amount of Compensation so deferred to a Savings Restoration Account established on behalf of the Participant, such credit to be effective on the date on which the deferred amounts would have been payable to a Participant as if he had not made a Salary Deferral Agreement. No amount may be so deferred or credited for a Plan Year unless the Participant has made the maximum Employee Tax-Deferred Contributions permitted for such Participant under the Retirement Savings Plan for such Plan Year. The maximum amount which may be deferred and credited under this subparagraph in a Plan Year is 15% of Compensation for such year less amounts contributed by the Participant to the Retirement Savings Plan for such year. Such deferral election shall be made prior to the beginning of the calendar year during which such Compensation is earned. For the first year a Participant is eligible to participate in the Plan, the election may be made within 30 days of the date a Participant becomes eligible to participate, provided, however, that such elections shall be prospective and shall apply only to Compensation earned after the election is made.

5.2. Notwithstanding the preceding paragraph, effective for Salary Deferral Agreements made with respect to Compensation earned on and after January 1, 1994, a Participant entering into a Salary Deferral Agreement shall make the following elections, on a form to be provided by the Committee:

(a) The percentage of Compensation to be deferred and thereby credited to his or her Savings Restoration Account; and

(b) One of the following forms of payment--
(i) Lump Sum immediately following Retirement; (ii) Lump sum one (1) year following Retirement; (iii) Lump sum two (2) years following Retirement; (iv) Lump sum three (3) years following Retirement; (v) Lump sum four (4) years following Retirement; or (vi) Lump sum five (5) years following Retirement.

Such lump sum payment shall be made no earlier than 30 days and no later than 60 days after the Valuation Date next succeeding the Participant's Retirement date or the applicable anniversary date of the Participant's Retirement. For this purpose, "Retirement" shall mean Normal or Early Retirement under the Oklahoma Gas and Electric Company Employees' Retirement Plan. Notwithstanding the Participant's election under this Section, payment of benefits to a Participant who terminates employment for reasons other than Retirement shall be governed by Section 8.2.

The Participant may enter into a new Salary Deferral Agreement for each Plan Year. If a Participant does not enter into a new Salary Deferral Agreement for a particular Plan Year, the most recent Salary Deferral Agreement shall continue in effect with respect to both the amount deferred and the form of payment. The Company or its delegee shall maintain any accounts necessary to keep deferrals made pursuant to each Salary Deferral Agreement, any Company Supplementary Matching Amounts allocable thereto, and earnings and/or losses allocable to such deferrals and related Company Supplementary Matching Amounts separate from amounts attributable to other Salary Deferral Agreements. Notwithstanding the preceding sentence, all amounts deferred pursuant to Salary Deferral Agreements that were effective for Compensation earned in Plan Years prior to January 1, 1994 may be maintained in Accounts pursuant to the terms of this Plan as in effect prior to such date.

6. COMPANY CONTRIBUTIONS

6.1. The Company shall credit each Participant's Savings Restoration Account with the Company Supplementary Matching Amount, if any, to which the Participant is entitled. The Company Supplementary Matching Amount shall equal the excess of (i) the Company Matching Contribution that would have been made under the Retirement Savings Plan in a Plan Year if the first 6% of the Participant's Compensation deferred in the aggregate under the Retirement Savings Plan and this Plan were treated as additional Employee Tax-Deferred Contributions, without regard to any limitations on such Company Matching Contributions contained in the Retirement Savings Plan due to the application of Sections 401(a)(17), 401(k)(3), 401(m), 402(g), and/or 415 of the Code, over (ii) the actual Company Matching Contribution made under the Retirement Savings Plan net of any forfeiture and return of such Company Matching Contribution made thereunder.

6.2. Company Supplementary Matching Amounts contributed on behalf of a Participant for Plan Years commencing on and after January 1, 1994, shall be maintained in separate accounts for each such Plan Year as provided in Section 5.2. Such Company Supplementary Matching Amounts shall be distributed in the form elected by the Participant in the Salary Deferral Agreement made by the Participant for the Plan Year for which the Company Supplementary Matching Amounts were contributed, as set out in Section 5.2 hereof.

7. VESTING

The Company Supplementary Matching Amounts shall vest according to the vesting schedule applicable to Company Matching Contributions under the Retirement Savings Plan, except that a termination of service shall have the same effect as five consecutive "One-Year Periods of Severance" under the Retirement Savings Plan. Forfeitures of unvested amounts shall be considered as an advance upon the Company Supplementary Matching Amounts under Section 6 hereof, or, if no further contributions are to be made thereunder by the Company, shall be credited to the Company. All other amounts shall be fully vested at all times.

8. DISTRIBUTION OF BENEFITS

8.1. With respect to deferrals made prior to January 1, 1994, vested Company Supplementary Matching Amounts allocable thereto, and earnings and/or losses allocable to such deferrals and related vested Company Supplementary Matching Amounts, distributions must commence no earlier than 30 days and no later than 60 days after the Valuation Date next succeeding the Participant's termination of service for any reason including retirement, and shall be made in a lump sum.

8.2. With respect to deferrals made on or after January 1, 1994, vested Company Supplementary Matching Amounts allocable thereto, and earnings and/or losses allocable to such deferrals and related vested Company Supplementary Matching Amounts, distributions on account of Normal or Early Retirement under the Oklahoma Gas and Electric Company Employees' Retirement Plan shall commence pursuant to the form of distribution elected under each applicable Salary Deferral Agreement, as provided in Section 5.2, and shall be made in a lump sum. Distributions on account of termination of service for any other reason must commence no earlier than 30 days and no later than 60 days after the Valuation Date next succeeding the Participant's termination of service, and shall be made in a lump sum.

8.3. No in-service withdrawals or Participant loans are available under the Plan. The Committee, within its sole discretion, is empowered to accelerate the payment of a Participant's Savings Restoration Account balance to such Participant or his or her Beneficiary, whether before or after the Participant's termination of service, in the event of unanticipated emergencies caused by events beyond the control of the Participant or his or her Beneficiary which would result in severe financial hardship to the individual if early withdrawal were not permitted, with the amount of the early withdrawal limited to the amount necessary to meet the emergency. The Committee may also accelerate payments in the event of changes in the tax laws or accounting principles adversely affecting the Plan and its effect on the Company, the Participants or their Beneficiaries. Nothing contained herein shall enable the Committee to accelerate payments because of the financial condition of the Company as opposed to the adverse effect on the Company, the Participants or their Beneficiaries arising out of the good and substantial reasons described herein.

9. INVESTMENT CREDIT

9.1. Prior to each January 1, the Committee shall choose one of the Investment Funds provided in Section 8.1 of the Retirement Savings Plan, other than the OG&E Common Stock Fund, as the basis for crediting Participants' Savings Restoration Accounts with imputed earnings (or losses) thereon during the upcoming Plan Year. A Participant may not direct investments regarding his or her Savings Restoration Account.

9.2. On each Valuation Date, the Company shall calculate the percentage rate of return earned (or lost) by the Investment Fund chosen by the Committee.

9.3. Until a Participant's Savings Restoration Account is fully distributed, and for so long as such Account has a positive balance, the Company shall credit a Participant's Account with an amount equal to the product of such Participant's average daily Account balance and such rate of income (or loss) during the Valuation Period.

10. PARTICIPANT'S RIGHTS

10.1. All benefits payable under this Plan to or on behalf of Participants who were employed by the Company shall be paid from the general assets of the Company and all benefits payable to or on behalf of Participants who were employed by any other Employer which has adopted this Plan shall be paid from the general assets of such Employer. The Company or another participating Employer may, in its sole discretion, establish a separate fund or account to make payment of benefits to a Participant or his or her Beneficiary or Beneficiaries hereunder. Whether or not the Company or another participating Employer, in its sole discretion, does establish such a fund or account, no Participant, his or her Beneficiary or Beneficiaries or any other person shall have, under any circumstances, any interest whatever in any particular property or assets of the Company or of any other Employer by virtue of this Plan, and the rights of the Participant, his or her Beneficiary or Beneficiaries or any other person who may claim a right to receive benefits under this Plan shall be no greater than the rights of a general unsecured creditor of the Company or such other Employer. The Participant shall not be entitled to any payments from the trust fund maintained under the Retirement Savings Plan on the basis of any benefits to which he or she may be entitled under this Plan, and the Participant shall not be entitled to direct investments regarding his or her Savings Restoration Account.

10.2. Except as required for federal income tax withholding purposes, assignment of benefits under the Plan or their pledge or encumbrance in any manner shall not be permitted or recognized under any circumstances nor shall such benefits be subject to attachment or other legal process for the debts (including payments for alimony or support) of any Participant, former Participant or Beneficiary.

10.3. If the Committee shall find that a Participant, former Participant or Beneficiary is unable to care for his or her affairs because of illness or accident, or is a minor, or has died, the Committee may direct that any payment due him, unless claim therefor shall have been made by a duly appointed legal representative, shall be paid to his or her spouse, a child, a parent or other blood relative or to a person with whom he or she resides, and any such payment so made shall be in complete discharge of the liabilities of the Plan therefor.

10.4. Subject to all applicable laws relating to unclaimed property, if the Committee or its delegee mails by registered or certified mail, postage prepaid, to the last known address of a Participant or Beneficiary, a notification that he or she is entitled to a distribution hereunder, and if the notification is

returned by the United States Postal Service as being undeliverable because the addressee cannot be located at the address indicated and if the Committee and its delegee have no knowledge of such Participant's or Beneficiary's whereabouts within 3 years from the date the notification was mailed, or if within 3 years from the date the notification was mailed to such Participant or Beneficiary he or she does not respond thereto by informing the Committee or its delegee of his or her whereabouts, then, and in either of said events, upon the December 31 coincident with or next succeeding the third anniversary of the mailing of such notification, the then undistributed amount in the Savings Restoration Account of such Participant or Beneficiary shall be paid to the person or persons who would have been entitled to take such share in the event of the death of the Participant or Beneficiary whose whereabouts are unknown, assuming that such death occurred as of the December 31 coincident with or next succeeding the third anniversary of the mailing of such notification.

10.5. No Participant, former Participant or Beneficiary or any other person shall have any interest in or right under this Plan, or in any part of the assets or earnings held in any trust established for the purpose of funding this Plan, except as an unsecured general creditor of the Company.

10.6. Whenever in the administration of the Plan action by the Board of Directors (with respect to contributions) or the Committee (with respect to eligibility or classification of Employees, contributions or benefits) is required, such action shall be uniform in nature as applied to all persons similarly situated.

10.7. Any action by Oklahoma Gas and Electric Company pursuant to the provisions of the Plan shall be evidenced by a resolution of the Board of Directors certified by its secretary or assistant secretary or by written instrument executed by any person authorized by the Board of Directors to take such action, and any fiduciaries shall be fully protected in acting in accordance with any such written instrument or resolution received by them.

10.8. In case any provisions of this Plan shall be held unlawful or invalid for any reason, the illegality or invalidity shall not affect the remaining parts, and the Plan shall be construed and enforced as if the unlawful or invalid provisions had never been inserted.

11. AMENDMENT AND DISCONTINUANCE

The Board of Directors of the Company may at any time amend or discontinue this Plan. However, if this Plan should be amended and discontinued, the Company or any other Employer which has adopted this Plan, as the case may be, shall be liable for any benefits accrued under this Plan as of the date of such action for Participants who are or have been employed by the Company, or such other Employer, where such accrued benefits shall be the Participant's Savings Restoration Account balance as of such date of amendment and discontinuance.

12. RESTRICTION ON ASSIGNMENT

The benefits provided hereunder are intended for the personal security of persons entitled to payment under this Plan and are not subject in any manner to the debts or other obligations of the persons to whom they are payable. The interest of any Participant or his or her Beneficiary or Beneficiaries may not be sold, transferred, assigned, or encumbered in any manner, either voluntarily or involuntarily, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be null and void; neither shall the benefits hereunder be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any person to whom such benefits or funds are payable, nor shall they be subject to garnishment, attachment, or other legal or equitable process, nor shall they be an asset in bankruptcy.

If a Participant or any other person entitled to a benefit under this Plan becomes bankrupt or makes an assignment for the benefit of creditors or in any way suffers a lien or judgment against his or her personal assets, or in any way attempts to anticipate, alienate, sell, assign, pledge, encumber or charge a benefit, right or account, then such benefits, right or account in the discretion of the Committee may cease and terminate.

13. CONTINUED EMPLOYMENT

Nothing contained in this Plan shall be construed as conferring upon an employee the right to continue in the employment of the Company or any other Employer in any capacity or as otherwise affecting the employment relationship.

14. LIABILITY OF THE COMMITTEE

No member of the Committee shall be liable for any loss unless resulting from his or her own fraud or willful misconduct, and no member shall be personally liable upon or with respect to any agreement, act, transaction or omission executed, committed or suffered to be committed by himself or herself as a member of the Committee or by any other member, agent, representative or employee of the Committee. The Committee and any individual member thereof and any agent thereof shall be fully protected in relying upon the advice of the following professional consultants or advisors employed by the Company or the Committee: any attorney insofar as legal matters are concerned, any accountant insofar as accounting matters are concerned, and any actuary insofar as actuarial matters are concerned.

15. INDEMNIFICATION

The Company hereby indemnifies and agrees to hold harmless and indemnify the members of the Committee and all directors, officers, and employees of the Company and of any other Employer which has adopted this Plan against any and all parties whomsoever, and all losses therefrom, including without limitation, costs of defense and attorneys' fees, based upon or arising out of any act or omission relating to, or in connection with this Plan other than losses resulting from such person's fraud or willful misconduct.

16. TERMINATION OF SERVICE FOR DISHONESTY

If a Participant's service with the Company, or other Employer participating in this Plan, is terminated because of dishonest conduct injurious to the Company or such other Employer, or if dishonest conduct injurious to the Company or such other Employer committed by a Participant is determined by the Company during the lifetime of the Participant and within one year after his or her service with the Company or such other Employer was terminated, the Committee may terminate such Participant's interest and benefits under this Plan.

The dishonest conduct injurious to the Company or any other Employer participating in this Plan committed by a Participant shall be determined and decided by the Committee only after a full investigation of such alleged dishonest conduct and an opportunity has been given the Participant to appear before the Committee to present his or her case. The decision made by the Committee in such cases shall be final and binding on all Participants and other persons affected by such decision.

17. BINDING ON EMPLOYER, PARTICIPANTS AND THEIR SUCCESSORS

This Plan shall be binding upon and inure to the benefit of the Company and to any other Employers participating in this Plan, their successors and assigns and the Participants and their heirs, executors, administrators, and duly appointed legal representatives.

18. RIGHTS OF AFFILIATES TO PARTICIPATE

Any Employer participating in the Retirement Savings Plan may, in the future, adopt this Plan provided the proper action is taken by the board of directors of the Employer. The administrative powers and control of the Company, as provided in this Plan, shall not be deemed diminished by reason of the participation of any other Employer and the administrative powers and control granted hereunder to the Committee shall be binding upon any Employer adopting this Plan. Each Employer adopting this Plan shall have the obligation to pay the benefits to its Participants who were in its employment hereunder and no other Employer shall have such obligation and any failure by a particular Employer to live up to its obligations under this Plan shall have no effect on any other Employer. Any Employer may discontinue participation in this Plan at any time by proper action of its board of directors subject to the provisions of Section 11.

19. LAW GOVERNING

This Plan shall be construed in accordance with and governed by the laws of the State of Oklahoma.

20. EFFECTIVE DATE

This amended, restated and renamed Plan shall be effective as of January 1, 1994, except where otherwise indicated.

AMENDMENT NO. 1 TO THE
OKLAHOMA GAS AND ELECTRIC COMPANY RESTORATION
OF RETIREMENT SAVINGS PLAN
AS AMENDED AND RESTATED EFFECTIVE JANUARY 1, 1994

Oklahoma Gas and Electric Company, an Oklahoma corporation, in accordance with the authority contained in Section 11 of the Oklahoma Gas and Electric Company Restoration of Retirement Savings Plan (the "Plan"), hereby amends the Plan, effective as of January 1, 1994, by adding the following paragraph to the end of Section 8.3 of the Plan:

> "In addition, effective January 1, 1994, the Committee may in its sole discretion delay payment to a Participant under the Plan, notwithstanding any election to the contrary by such Participant, until the Participant is no longer a 'covered employee' under Section 162(m) of the Code, as amended from time to time, its legislative history, and any regulations promulgated thereunder."

AMENDMENT NUMBER TWO TO THE
OKLAHOMA GAS AND ELECTRIC COMPANY
RESTORATION OF RETIREMENT SAVINGS PLAN
AS AMENDED AND RESTATED EFFECTIVE DECEMBER 1, 1993

Oklahoma Gas and Electric Company, an Oklahoma corporation (the "Company"), in accordance with the authority contained in Section 11 of the Oklahoma Gas and Electric Company Restoration of Retirement Savings Plan (the "Plan"), hereby amends the Plan, effective as of the effective date of the reorganization of the Company and its affiliates (whereby the Company will become a wholly-owned subsidiary of OGE Energy Corp.), as follows:

1. The Plan is hereby renamed the OGE Energy Corp. Restoration of Retirement Savings Plan.

2. Section 1 of the Plan is hereby amended by deleting the words "(the `Company')" from the first sentence thereof and adding the following paragraph at the end thereof:

   "Effective as of December 31, 1996, OGE Energy Corp. (the `Company') has assumed sponsorship of the Plan. Accordingly, the Plan is hereby renamed the OGE Energy Corp. Restoration of Retirement Savings Plan, effective as of that date. In addition, the Oklahoma Gas and Electric Company Employees' Retirement Savings Plan has been renamed the OGE Energy Corp. Employees' Retirement Savings Plan."

3. The reference to the "OG&E Common Stock Fund" in Section 9.1 of the Plan is hereby amended to read "OGE Energy Corp. Common Stock Fund."

4. The reference to "Oklahoma Gas and Electric Company" in Section 10.7 of the Plan is hereby amended to read "OGE Energy Corp."

EXHIBIT 10.15

OKLAHOMA GAS AND ELECTRIC COMPANY
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Purpose

The purpose of this Supplemental Executive Retirement Plan is to promote the best interests of the Company by enabling the Company: (a) to attract to its key management positions persons of outstanding ability, and (b) to retain in its employ those persons of outstanding competence who occupy key executive positions and who in the past contributed and who continue in the future to contribute materially to the success of the business by their ability, ingenuity and industry. This Supplemental Executive Retirement Plan is established effective January 1, 1993 to accomplish such purpose. It is intended to be a plan which is unfunded and is maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

ARTICLE I.

Definitions

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context:

1.1. "Board of Directors" means the Board of Directors of Oklahoma Gas and Electric Company as constituted from time to time.

1.2. "Committee" means the Compensation Committee of the Board of Directors.

1.3. "Company" means Oklahoma Gas and Electric Company and any of its domestic subsidiaries and divisions, as designated by the Board of Directors, and any successor of Oklahoma Gas and Electric Company under the terms of Section 7.3.

1.4. "Company's Pension Plan" means the Oklahoma Gas and Electric Company Employees' Retirement Plan, as amended from time to time.

1.5. "Compensation" means, at any date, the Participant's Compensation as defined under the Company's Pension Plan as in effect with respect to that Participant on such date.

1.6. "Effective Date" means January 1, 1993.

1.7. "Final Average Compensation" means the monthly average of the Participant's Compensation earned during the last 36 consecutive months of employment with the Company. If the Participant does not have 36 consecutive months of employment, "Final Average Compensation" shall be the average Compensation for his period of employment with the Company.

1.8. "Normal Retirement Date" means the first day of the month coinciding with or following the Participant's 65th birthday.

1.9. "Other Pension Benefits" means benefits paid or payable to a Participant from the Company's Pension Plan, the Restoration of Retirement Income Plan for Certain Participants in the Retirement Plan for Employees of Oklahoma Gas and Electric Company, the qualified or nonqualified pension plans of any prior employer unrelated to the Company, or any governmental or church pension plan as defined in Sections 3(32) and 3(33) of the Employee Retirement Income Security Act of 1974; excluding, however, any portion of such benefits attributable to the Participant's own contributions as determined by the plan's administrator or other responsible agent. Regardless of the form, amount or timing of payment, "Other Pension Benefits" shall be calculated by the Company's actuary as of the Participant's commencement of benefits under this Plan on the basis of a 100% joint and survivor annuity for married Participants, and on the basis of a 10-year certain and life annuity for unmarried Participants.

1.10. "Participant" means an employee specifically designated by the Committee to be covered under this Plan and who continues to fulfill all requirements for participation.

1.11. "Plan" means the Supplemental Executive Retirement Plan as herein set forth and as it may be amended from time to time.

1.12. "Service" means, at any date, the Participant's "Credited Service" as determined under the Company's Pension Plan, as in effect with respect to such Participant on that date, plus service with any immediate predecessor company which was acquired, merged, or consolidated with the Company, as permitted in the sole discretion of the Committee.

1.13. "Social Security Benefits" means the annual primary insurance amount estimated by the Committee to be payable to the Participant at his social security retirement age under the Federal Social Security Act.

1.14. "Surviving Spouse" means the spouse to whom the Participant is lawfully married at the time of his death before commencement of benefits under this Plan, or to whom the Participant was lawfully married both at the time of his commencement of benefits under this Plan and at the time of his death.

1.15. "Totally and Permanently Disabled" means that the Participant is eligible to receive disability retirement income benefits under the Company's Pension Plan.

ARTICLE II.

Retirement Benefits

2.1. Normal Retirement Benefit

(a) Upon a vested Participant's termination of employment with the Company on or after his Normal Retirement Date, the Company shall pay retirement benefits to the Participant in such amounts and at such times as hereinafter described.

(b) The normal retirement benefit payable to the Participant in monthly amounts during his lifetime and commencing when benefits commence to him under the Company's Pension Plan shall equal 65% of the Participant's Final Average Compensation, offset or reduced by the following:

(i) Other Pension Benefits; and

(ii) Social Security Benefits.

(c) Benefit payments which have commenced under the terms of this Plan shall not be affected by any subsequent change in Other Pension Benefits under a plan of the Company, except that if such benefits are reduced, the benefits payable under this Plan shall be increased by an actuarially equivalent amount of the reduction in such benefits.

2.2. Early Retirement Benefit

(a) Any vested Participant who terminates employment with the Company prior to his Normal Retirement Date shall be entitled to commence benefits under this Plan when benefits commence to him under the Company's Pension Plan. If benefits commence prior to the Participant's Normal Retirement Date, the amount of the Participant's benefit under this Plan shall be reduced according to the following schedule:

Age at Commencement of Benefits	Benefit as a % of Final Average Compensation
55	32%
56	38%
57	44%
58	50%
59	54%
60	58%
61	60%
62	62%
63	63%
64	64%

(b) Benefits payable under Section 2.2(a) shall be reduced or offset as described in Section 2.1(b).

2.3. Disability Retirement Benefit

A vested Participant who becomes Totally and Permanently Disabled shall be entitled to benefits under this Plan as set forth in Section 2.1 when he commences benefits under the Company's Pension Plan.

ARTICLE III.

Death Benefits

3.1. The following death benefits shall be payable to a Surviving Spouse under the Plan:

(a) Upon the death of a vested Participant prior to his commencement of benefits under this Plan, the Participant's Surviving Spouse shall receive a life annuity equal to 100% of the Participant's Normal or Early Retirement Benefit as calculated under Section 2.1 or 2.2, based on the Participant's age at date of death.

(b) Upon the death of a vested Participant after commencement of benefits under this Plan, the Participant's Surviving Spouse shall receive a life annuity equal to 100% of the monthly benefit payable to the Participant under this Plan.

(c) Benefits payable under this Plan to a Surviving Spouse shall be terminated at the end of the month in which the death of the Surviving Spouse occurs.

(d) If the Surviving Spouse is more than ten years younger that the Participant at the time of the Participant's death, benefits payable to the Surviving Spouse under the Plan shall be reduced by 50%.

3.2. The Surviving Spouse's benefits provided herein shall be in addition to any pre- or post-retirement life insurance benefits under the Company's insurance programs.

3.3. In the event of the death of a Participant receiving a 10-year certain and life annuity prior to receiving payment under the Plan for 120 months, benefits under this Plan shall be payable to the Participant's estate or as assigned by the legal representative of the estate until ten years have passed from the date the Participant started receiving benefits.

ARTICLE IV.

Vesting

4.1. Any Participant having completed a minimum of 10 years of Service with the Company and attained age 55 while employed by the Company shall be considered vested in rights to retirement benefits as provided in this Plan, subject to the provisions of Section 7.2 of this Plan.

4.2. By written action of the Committee and in its sole discretion, the requirement of 10 years of Service with the Company for vesting purposes under the terms of this Plan may be partially or fully waived for a specified Participant.

ARTICLE V.

Method of Payment of Benefits

5.1. Benefits under this Plan for a Participant who is not married when benefits commence to him under this Plan shall be payable monthly for the life of the Participant in the form of a 10-year certain and life annuity. Benefits under this Plan for a Participant who is married when benefits commence to him under this Plan shall be payable in the form of a 100% joint and survivor annuity for the life of the Participant and his spouse. Lump sum payments shall not be permitted under the Plan.

5.2. The undertakings of the Company herein constitute an unsecured promise of the Company to make the payments as provided in the Plan. This Plan is unfunded and no current beneficial interest in any asset of the Company shall accrue to any Participant or other person under the terms of this Plan. All Participants shall be entitled to the benefits provided by the Plan. It is the intent of the Company that the total cost of providing the benefits under this Plan will be borne by the Company.

ARTICLE VI.

Administration

6.1. The Committee shall have full power and authority to interpret, construe and administer this Plan, to adopt appropriate procedures and make all decisions necessary or proper in its judgment to carry out the terms of this Plan. The Committee's interpretation and construction hereof, and actions hereunder, including any valuation of the amount or recipient of the payments to be made thereunder, shall be binding and conclusive on all persons for all purposes. The Company's Senior Vice President, Accounting and Administration, shall act as the Committee's agent in administering this Plan. Neither the Company, or its officers, employees or directors, nor the Committee or any member thereof shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan.

6.2. Each Participant shall furnish to the Committee such information as it may from time to time request for the purpose of the proper administration of this Plan.

6.3. The Company, by action of the Board of Directors, reserves the exclusive right to amend, modify, alter or terminate this Plan in whole or in part without notice to the Participants. No such termination, modification or amendment shall terminate or diminish the amount of benefits then being paid to any Participant or Surviving Spouse.

ARTICLE VII.

General Provisions

7.1. This Plan shall not be deemed to give any Participant or other person in the employ of the Company any right to be retained in the employment of the Company, or to interfere with the right of the Company to terminate any Participant or such other person at any time and to treat him without regard to the effect which such treatment might have upon him as a Participant in the Plan.

7.2. In the event a Participant is discharged for cause involving illegal or fraudulent acts, such discharge may result in forfeiture of all benefits and rights under the Plan, in the sole discretion of the Committee.

7.3. The rights, privileges, benefits and obligations under this Plan are intended to be, and shall be treated as, legal obligations of the Company and binding upon the Company, its successors and assigns, including successors by corporate merger, consolidation, reorganization or otherwise.

7.4. Copies of this Plan, together with copies of any approved procedures for administration will be furnished to each Participant together with an annual statement of benefits over the signature of the Chairman of the Board or his designee.

7.5. This Plan was approved by resolution of the Board of Directors at a regular meeting on November 9, 1993 to be effective as of January 1, 1993.

7.6. The provisions of this Plan shall be construed according to the law of the State of Oklahoma excluding the provisions of any such laws that would require the application of the laws of another jurisdiction.

7.7. The masculine pronoun wherever used shall include the feminine. Wherever any words are used herein in the singular, they shall be construed as though they were also used in the plural in all cases where they shall so apply.

7.8. The titles to articles and headings of sections of this Plan are for convenience of reference and in case of any conflict the text of this Plan, rather than such titles and headings, shall control.

ARTICLE VIII.

Claims Procedure

8.1. Initial Claims Procedure

The Participant or his Surviving Spouse shall follow such procedures for making a claim as are provided by the Committee. The Committee shall make a decision upon each claim within 90 days of its receipt of such claim. If the claim is approved, the Committee shall determine the extent of benefits and initiate payment thereof. In the event that no action is taken on the applicant's initial application for benefits within the period specified in this Section 8.1, the claim shall be deemed

denied, and the applicant's appeal rights under Section 8.3 will be in effect as of the end of such period.

8.2. Notice of Denial of Claim

If an application for benefits under Section 8.1 is denied in whole or in part, the Committee shall provide the applicant with a written notice of denial, setting forth: (a) the specific reason or reasons the claim was denied, (b) a specific reference to pertinent provisions of the Plan upon which the denial was based, and (c) an explanation of the Plan's review procedure. This written notice of denial shall be furnished within 90 days after receipt of the claim by the Committee unless special circumstances require an extension of time for processing. If an extension is required, written notice of the extension shall be furnished prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the final decision. If the claim is not denied on its merits, but is rejected for failure of the applicant to furnish certain necessary material or information, the written notice to the applicant will explain what additional material is needed and why, and advise the applicant that he may refile his claim.

8.3. Claims Review Procedure

Within 60 days after receipt of a notice of denial, the applicant or his duly authorized representative may file a written notice of appeal of such denial with the Committee. Such notice of appeal must set forth the specific reasons for the appeal. In addition, within such appeal period the applicant or his duly authorized representative may review pertinent documents at such reasonable times as the Committee may specify and may submit any additional written material pertinent to the appeal which is not set forth in the notice of appeal. The 60-day period within which the request for review must be filed may be extended if the nature of the benefit which is the subject of the claim and other attendant circumstances so warrant and the 60-day limitations period would otherwise be unreasonable. In its sole discretion, the Committee may grant the applicant an oral hearing on his appeal.

AMENDMENT NUMBER ONE TO THE
OKLAHOMA GAS AND ELECTRIC COMPANY
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN
AS ESTABLISHED EFFECTIVE JANUARY 1, 1993

Oklahoma Gas and Electric Company, an Oklahoma corporation (the "Company"), in accordance with the authority contained in Section 6.3 of the Oklahoma Gas and Electric Company Supplemental Executive Retirement Plan (the "Plan"), hereby amends the Plan, effective as of the effective date of the reorganization of the Company and its affiliates (whereby the Company will become a wholly-owned subsidiary of OGE Energy Corp.), as follows:

1. Section 1.3 of the Plan is hereby amended to read as follows:

"1.3. `Company' means Oklahoma Gas and Electric Company, and any affiliate of Oklahoma Gas and Electric Company, including its parent, OGE Energy Corp., and any of its domestic subsidiaries or divisions and any subsidiaries of these affiliates, as designated by the Board of Directors, and any successor of OGE Energy Corp. under the terms of Section 7.3."

ANNUAL INCENTIVE COMPENSATION PLAN OF OKLAHOMA GAS AND ELECTRIC COMPANY

I. PURPOSE OF THE PLAN

The purpose of the Annual Incentive Plan (the "Plan") is to maximize the efficiency and effectiveness of the operations of Oklahoma Gas and Electric Company (the "Company") by providing incentive compensation opportunities to certain key executives and managers responsible for operational effectiveness. The Plan is intended to encourage and reward the achievement of certain results critical to meeting the Company's operational goals. It is also designed to assist in the attraction and retention of quality employees, to link further the financial interest and objectives of employees with those at the Company, and to foster accountability and teamwork throughout the Company.

This Plan is designed to provide incentive compensation opportunities; awards made under this Plan are in addition to base salary adjustments given to maintain market competitive salary levels.

Annual awards will be determined by the achievement of annual Company Objectives and Individual Objectives subject to the parameters set forth in the Plan. Shortly after the beginning of the Plan Year, each Participant will receive established Company Objectives and Individual Objectives that should be achievable, measurable and controllable. Quarterly reports are expected to be developed and presented at review meetings to monitor progress on achieving the established objectives.

II. DEFINITIONS

When used in the Plan, the following words and phrases shall have the following meanings:

"Plan" means the Annual Incentive Compensation Plan of the Company.

"Company" means Oklahoma Gas and Electric Company, its successors and assigns, and each of its subsidiaries, if any, designated by the Board for participation in this Plan.

"Base Salary" means the actual base salary in effect at the beginning of the Plan Year as shown in the personnel records of the Company and, for a Participant who is added to the Plan during a Plan Year pursuant to Article XII, his or her base salary in effect at the time he or she becomes a Participant as shown in the personnel records of the Company.

"Board" means the Board of Directors of Oklahoma Gas and Electric Company.

"Committee" means the Compensation Committee of the Board or any other Committee of the Board designated by resolution of the Board to perform certain administrative functions under the Plan.

"Maximum" means the maximum level of performance of Company Objectives that is judged acceptable or standard by the Board, above which no additional awards are paid under the Plan related to Company Objectives.

"Participant" means any officer, executive or key employee of the Company selected by the Board to receive an award under the Plan. Members of the Board who are not employed on a full-time basis by the Company are not eligible to receive awards under the Plan.

"Incentive Amount" means the amount the Participant is eligible to receive as an award under the Plan. The Incentive Amount is expressed as a percentage of Base Salary.

"Performance Criteria" means those financial, operational or individual performance measures that are selected each Plan Year by the Committee and used to determine awards under the Plan. Performance Criteria shall consist of Company Objectives, which shall be financial and/or other goals established for measuring performance by the Company, and Individual Objectives, which shall be individual goals and objectives for measuring performance by a Participant.

"Payout Schedule" means the Incentive Amount that will be paid to each Participant at various levels of actual performance of Company Objectives when compared to Target performance.

"Performance Matrix" means the chart approved by the Board that is used to determine the percentage of each Participant's Incentive Amount which the Participant will actually receive as a result of the attainment of Company Objectives.

"Target" means the level of performance of Company Objectives that is judged acceptable or standard by the Board, based on predetermined objectives. With actual performance of Company Objectives equal to Target, 100% of the Target Pool is funded for each year of the Plan.

"Target Pool" means the aggregate pool of cash that may be distributed to all Participants. This pool will be funded at the 100% level when the Target has been 100% achieved and will be funded at lower or higher amounts based on the actual performance of the Company Objectives. Funding of the Target Pool will be based solely on consolidated net income for the Company.

"Threshold" means the minimum level of performance of Company Objectives that is judged acceptable or standard by the Board, below which no awards shall be paid from the Plan. It is understood that this Threshold may be adjusted up or down in the future to reflect changing business conditions and investor requirements.

"Plan Year" means a fiscal year beginning January 1 and ending December 31.

III. ADMINISTRATION OF THE PLAN

The Plan shall be administered by the Committee to the extent provided herein. Subject to the provisions of the Plan, the Board shall have exclusive authority to amend, modify, suspend or terminate the Plan at any time.

At the beginning of each Plan Year, the CEO of the Company will make recommendations to the Committee regarding Participants, size of awards, Performance Criteria, the Payout Schedule and the

Performance Matrix. The Committee will consider and approve or modify the recommendations as appropriate, subject to the final approval of the Board, and will select Individual Objectives for the CEO. At the conclusion of each Plan Year, the CEO of the Company (along with one or more officers designated by the CEO) will present to the Committee a schedule indicating actual performance and the recommended award. The Committee will review the recommendations and approve or modify the recommendations as presented. Payment to Participants is subject to final approval of the Board.

IV. PERFORMANCE CRITERIA

The Company Objectives to be used to measure actual performance by the Company for establishing award opportunities in the Plan shall be established by the Board. The Board will also establish a Target level of performance for each Company Objective as well as the Threshold level of performance which is required before any awards are paid under the Plan. In addition, each Participant shall have the opportunity to have his or her award adjusted upward or downward by as much as 20% based upon the attainment of Individual Objectives.

The Company Objectives shall relate to the achievement of established financial objectives for the Company. The Individual Objectives shall relate to the level of the Participant's overall performance during the Plan Year, taking into consideration the attainment of established individual goals and objectives as well as other relevant aspects of performance.

V. DETERMINATION OF AWARDS

As soon as practicable after the end of each Plan Year, the Committee, upon recommendation of the CEO of the Company, will determine the actual funding for the Target Pool. This actual level of funding will then be distributed to the Participants in any manner determined to be reasonable and equitable, subject to the pre-determined Payout Schedule, a form of which is shown in Schedule A. The percentage of the award paid out based on performance of Company Objectives is determined by using the Performance Matrix, a form of which is shown in Schedule B. When actual performance of Company Objectives is either above or below the Target, funds available for payouts to all Participants will be increased or decreased to reflect actual performance. There is no requirement that all funds from the Target Pool must be distributed each year; however, funds that are not distributed will not be carried over to future Plan Years; they will simply be restored to the consolidated net income of the Company.

In recommending how awards are to be distributed each year, the CEO should consider the Performance Criteria that were established for the Plan Year, and measure the degree of achievement of each of these criteria. It is not the intent of the Plan that awards be made on a discretionary basis; rather, awards should be made from the pool on the basis of measurable performance compared to the pre-set Performance Criteria. In unusual situations, the CEO shall also consider the awarding of special bonus awards for extraordinary performance by an individual. Any such bonus award must be approved by the Board.

VI. COMPANY THRESHOLD, TARGET AND MAXIMUM

The Board will establish a Company Threshold, Target and Maximum for each Plan Year. When actual Company performance is below the Threshold, no payments of awards will be made under the Plan, regardless of individual performance. In addition to this Threshold limit, total awards under this Plan

cannot exceed 1% of annual consolidated net income of the Company in any single year without the express approval of the Board.

VII. REVISED AWARD LEVELS AND PERFORMANCE CRITERIA

For Participants who are assigned to different position levels or transferred between Company business units during the Plan Year, the Board may, at any time, and upon recommendation of the CEO of the Company, establish revised award levels and Individual Objectives for that Participant.

VIII. FORM OF PAYMENT

All awards under the Plan will be paid in cash, in one lump sum, subject to such payroll taxes and other deductions, if any, as may be in effect at the time of payment.

IX. TIMING OF PAYMENT

All awards will be paid as soon as practicable following the end of each Plan Year and the approval by the Board of actual awards.

X. ADJUSTMENTS

Subject to Article VII, the Board may not retroactively change any Performance Criteria, Targets, Payout Schedules, Performance Matrix, Threshold, Maximum, or participation levels for a Plan year, except as and to the extent determined by the Board in the event of changes in accounting practices or extraordinary or unanticipated circumstances which could have a material effect on the achievement of Performance Criteria.

XI. TERMINATION, DEATH OR DISABILITY

A Participant who terminates employment due to death, disability or normal retirement will be paid a pro-rata portion of any award based on his or her date of termination. Such prorated payment will be made at the time and in the form that all payments are normally made to all other Participants. A Participant whose employment terminates for any other reason prior to the end of the Plan Year shall forfeit any and all awards and payouts from the Plan, whether terminated by the Company or voluntarily. Such payments may be made at the discretion of the Board, however, based on the circumstances of each termination.

XII. NEW PARTICIPANTS

New participants may be added to the Plan at any time during the Plan Year. Awards for new Participants will be prorated from date of promotion or hire, except as otherwise determined by the Board.

XIII. MISCELLANEOUS

No Participant shall have the right to anticipate, alienate, sell, transfer, assign, pledge or encumber his or her right to receive any award made under the Plan until such an award becomes payable to him or her.

No Participant shall have any lien on any assets of the Company by reason of any award made under the Plan.

The adoption of the Plan or any modification or amendment hereof does not imply any commitment to continue or adopt the same plan, or any modification thereof, or any other plan for incentive compensation for any succeeding year, provided, that no such modification or amendment shall adversely affect rights to receive any amount to which Participants have become entitled prior to such modifications and amendments. Neither the Plan nor any award made under the Plan shall create any employment contract between the Company and any Participant.

No Participant or other employee shall at any time have a right to be selected for participation in the Plan for any Plan Year, despite having been selected for participation in a prior Plan Year. Nothing in this Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

All determinations of the Committee or the Board as to any disputed questions arising under the Plan, including questions of construction and interpretation, shall be final, binding and conclusive upon all Participants and all other persons and shall not be reviewable.

Each Participant shall be provided with a Plan description and a Plan agreement for each Plan Year which shall include Company Objectives, Incentive Amount, Individual Objectives and a Performance Matrix for each year. In the event of a conflict between the terms of the Plan description and the Plan, the terms of the Plan shall control unless the Board decides otherwise.

This Plan shall be binding on the successors of the Company.

SCHEDULE A

FORM OF PAYOUT SCHEDULE

Position	Annual Incentive Payout Targets (Percent of Base Salary) Minimum	Target	Maximum
Chairman, President and CEO	----%	----%	----%
EVP and COO	----%	----%	----%
SVP, VP, Controller	----%	----%	----%
Secretary	----%	----%	----%
Salary Grade E9	----%	----%	----%
Salary Grade E8	----%	----%	----%
Other Salary Grades	----%	----%	----%

SCHEDULE B

FORM OF PERFORMANCE MATRIX

"A"

"B"

Chart to include % payouts of Incentive Awards based on combined performance of objectives "A" and "B"

Notes:

"A" This line across the top of the matrix will include levels of performance of a Company Objective, such as earnings per share.

"B" This line on the left side of the matrix will include levels of performance of a different Company objective.

AMENDMENT NUMBER ONE

TO THE
ANNUAL INCENTIVE COMPENSATION PLAN OF
OKLAHOMA GAS AND ELECTRIC COMPANY

Oklahoma Gas and Electric Company, an Oklahoma corporation (the "Company"), in accordance with the authority contained in Aticle XIII of the Annual Compensation Plan of Oklahoma Gas and Electric Company (the "Plan"), hereby amends the Plan, effective as of the effective date of the reorganization of the Company and its affiliates (whereby the Company will become a wholly-owned subsidiary of OGE Energy Corp.), as follows:

1. The Annual Incentive Compensation Plan of Oklahoma Gas and Electric Company is hereby renamed the Annual Incentive Compensation Plan of OGE Energy Corp.

2. The references to "Oklahoma Gas and Electric Company" contained in Article I of the Plan is hereby amended to tead "OGE Energy Corp."

3. The reference to "Oklahoma Gas and Electric Company" contained in the definition of "Board" in Article II of the Plan is hereby amended to read "OGE Energy Corp."

4. The definition of "Company" in Article II of the Plan is hereby amended to read as follows:

" `Company' means OGE Energy Corp., its subsidiary, Oklahoma

Gas and Electric Company, and any domestic subsidiary or division of these entities, as designated by the Board for participation in the Plan, and any successor or assign of OGE Energy Corp."

EXHIBIT 21.01

OGE Energy Corp.
Subsidiaries of the Registrant

Name of Subsidiary	Jurisdiction of Incorporation	Percentage of Ownership
Oklahoma Gas and Electric Company	Oklahoma	100.0 *
Enogex, Inc.	Oklahoma	100.0

The above listed subsidiaries have been consolidated in the Registrant's financial statements.

* Registrant owns 100 percent of common stock, 98 percent of outstanding capital stock and 92.3 percent of voting power.

EXHIBIT 23.01

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated January 23, 1997 included in the OGE Energy Corp. Form 10-K for the year ended December 31, 1996, into the previously filed Post-Effective Amendment No. 1-A to Registration Statement No. 33-61699 and Post-Effective Amendment No. 2-A to Registration Statement No. 33-61699.

/ s / Arthur Andersen LLP
Arthur Andersen LLP

Oklahoma City, Oklahoma,
March 21, 1997

EXHIBIT 24.01

POWER OF ATTORNEY

WHEREAS, OGE ENERGY CORP., an Oklahoma corporation (herein referred to as the "Company"), is about to file with the Securities and Exchange Commission, under the provisions of the Securities Exchange Act of 1934, as amended, its annual report on Form 10-K for the year ended December 31, 1996; and

WHEREAS, each of the undersigned holds the office or offices in the Company herein-below set opposite
his or her name, respectively;

NOW, THEREFORE, each of the undersigned hereby constitutes and appoints STEVEN E. MOORE and A. M. STRECKER and each of them individually, his or her attorney with full power to act for him or her and in his or her name, place and stead, to sign his name in the capacity or capacities set forth below to said Form 10-K and to any and all amendments thereto, and hereby ratifies and confirms all that said attorney may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 15th day of January 1997.

Steven E. Moore, Chairman, Principal Executive Officer and Director	/ s / Steven E. Moore
Herbert H. Champlin, Director	/ s / Herbert H. Champlin
Luke R. Corbett, Director	/ s / Luke R. Corbett
William E. Durrett, Director	/ s / William E. Durrett
Martha W. Griffin, Director	/ s / Martha W. Griffin
Hugh L. Hembree, III, Director	/ s / Hugh L. Hembree, III
Robert Kelley, Director	/ s / Robert Kelley
Bill Swisher, Director	/ s / Bill Swisher
Ronald H. White, M.D., Director	/ s / Ronald H. White, M.D.
A. M. Strecker, Principal Financial and Accounting Officer	/ s / A. M. Strecker

STATE OF OKLAHOMA)
) SS
COUNTY OF OKLAHOMA)

On the date indicated above, before me, Lisa Thompson, Notary Public in and for said County and State, personally appeared the above named directors and officers of OGE ENERGY CORP., an Oklahoma corporation, and known to me to be the persons whose names are subscribed to the foregoing instrument, and they severally acknowledged to me that they executed the same as their own free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the 15th day of January, 1997.

/s/ Lisa L. Thompson
Lisa L. Thompson
Notary Public in and for the County
of Oklahoma, State of Oklahoma

My Commission Expires:
January 16, 2000

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This schedule contains summary financial information extracted from the OGE Energy Corp. Consolidated Statements of Income, Balance Sheets, and Statements of Cash Flow as reported on Form 10-K as of December 31, 1996 and is qualified in its entirety by reference to such Form 10-K.

YEAR	
	DEC-31-1996
	DEC-31-1996
	PER-BOOK
2,346,077	
24,802	
280,064	
111,412	
	0
2,762,355	
	465
511,940	
449,198	
961,603	
0	
	49,379
844,281	
	0
0	
41,400	
15,000	
0	
7,479	
	3,241
839,972	
2,762,355	
1,387,435	
81,227	
1,104,989	
1,186,216	
201,219	
	97
201,316	
67,984	
	133,332
2,302	
131,030	
107,377	
62,412	
294,671	
	3.25
	3.25

OGE ENERGY CORP. CAUTIONARY FACTORS

The Private Securities Litigation Reform Act of 1995 provides a "safe harbor" for forward-looking statements to encourage such disclosures without the threat of litigation providing those statements are identified as forward-looking and are accompanied by meaningful, cautionary statements identifying important factors that could cause the actual results to differ materially from those projected in the statement. Forward-looking statements have been and will be made in written documents and oral presentations of OGE Energy Corp. (the "Company"). Such statements are based on management's beliefs as well as assumptions made by and information currently available to management. When used in the Company's documents or oral presentations, the words "anticipate", "estimate", "expect", "objective" and similar expressions are intended to identify forward-looking statements. In addition to any assumptions and other factors referred to specifically in connection with such forward-looking statements, factors that could cause the Company's actual results to differ materially from those contemplated in any forward-looking statements include, among others, the following:

- Increased competition in the utility industry, including effects of: decreasing margins as a result of competitive pressures; industry restructuring initiatives; transmission system operation and/or administration initiatives; recovery of investments made under traditional regulation; nature of competitors entering the industry; retail wheeling; a new pricing structure; and former customers entering the generation market;

- Changing market conditions and a variety of other factors associated with physical energy and financial trading activities including, but not limited to, price, basis, credit, liquidity, volatility, capacity, transmission, currency, interest rate and warranty risks;

- Risks associated with price risk management strategies intended to mitigate exposure to adverse movement in the prices of electricity and natural gas on both a global and regional basis;

- Economic conditions including inflation rates and monetary fluctuations;

- Customer business conditions including demand for their products or services and supply of labor and materials used in creating their products and services;

- Financial or regulatory accounting principles or policies imposed by the Financial Accounting Standards Board, the Securities and Exchange Commission, the Federal Energy Regulatory Commission, state public utility commissions, state entities which regulate natural gas transmission, gathering and processing and similar entities with regulatory oversight.

- Availability or cost of capital such as changes in: interest rates, market perceptions of the utility and energy-related industries, the Company or any of its subsidiaries or security ratings;

- Factors affecting utility operations such as unusual weather conditions; catastrophic weather-related damage; unscheduled generation outages, unusual maintenance or repairs; unanticipated changes to fossil fuel, or gas supply costs or availability due to higher demand, shortages, transportation problems or other developments; environmental incidents; or electric transmission or gas pipeline system constraints;

- Employee workforce factors including changes in key executives, collective bargaining agreements with union employees, or work stoppages;

- Rate-setting policies or procedures of regulatory entities, including environmental externalities;

- Social attitudes regarding the utility, natural gas and power industries;

- Identification of suitable investment opportunities to enhance shareowner returns and achieve long-term financial objectives through business acquisitions;

- Some future investments made by the Company could take the form of minority interests which would limit the Company's ability to control the development or operation of an investment;

- Costs and other effects of legal and administrative proceedings, settlements, investigations, claims and matters, including but not limited to those described in Note 9 of the Notes to the Consolidated Statements of the Company's Annual Report on Form 10-K for the year ended December 31, 1996, under the caption Commitments and Contingencies;

- Technological developments, changing markets and other factors that result in competitive disadvantages and create the potential for impairment of existing assets;

- Other business or investment considerations that may be disclosed from time to time in the Company's Securities and Exchange Commission filings or in other publicly disseminated written documents.

The Company undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

EXHIBIT 99.02

OGE ENERGY CORP.
DESCRIPTION OF COMMON STOCK

The following statements are summaries of certain provisions of the Restated Certificate of Incorporation of OGE Energy Corp. (the "Company") and are subject to the detailed provisions thereof. Such summaries do not purport to be complete, and reference is made to the Company's Restated Certificate of Incorporation (which is filed as Exhibit 3.01 to the Company's Form 10-K for the year ended December 31, 1996, File No. 1-12579) for a full and complete statement of such provisions.

AUTHORIZED SHARES

Under the Company's Restated Certificate of Incorporation, the Company is authorized to issue 125,000,000 shares of Common Stock, par value $.01 per share (the "Common Stock"), of which approximately 40,373,991 shares were outstanding on February 28, 1997.

The Company also is authorized to issue 5,000,000 shares of preferred stock, par value $.01 per share (the "Preferred Stock"). As discussed below under the caption "Rights to Purchase Series A Preferred Stock," the Company has created a series of Preferred Stock designated as "Series A Preferred Stock" and the number of shares constituting such series is 1,250,000. No shares of such Series A Preferred Stock and no shares of any other Preferred Stock are currently outstanding. Preferred Stock may be issued in the future in such series as may be designated by the Company's Board of Directors. In creating any such series, the Company's Board of Directors has the authority to fix the rights and preferences of each series with respect to, among other things, the dividend rate, redemption provisions, liquidation preferences, sinking fund provisions, conversion rights and voting rights.

DIVIDEND RIGHTS

Subject to the prior payment in full of all accrued and unpaid dividends on the Series A Preferred Stock and the possible prior rights of holders of other Preferred Stock that may be issued in the future, holders of the Company's Common Stock are entitled to receive such dividends as may be declared from time to time by the Board of Directors of the Company out of funds legally available therefor. The funds required by the Company to enable it to pay dividends on its Common Stock are expected to be derived principally from dividends paid by Oklahoma Gas and Electric Company, the Company's principal subsidiary ("OG&E"), on OG&E's common stock. The Company's ability to receive dividends on OG&E's common stock is subject to the prior rights of the holders of OG&E preferred stock and the covenants of OG&E's certificate of incorporation and its debt instruments limiting the ability of OG&E to pay dividends.

Under OG&E's certificate of incorporation, unless the capital represented by the OG&E common stock (including premiums on capital stock and retained earnings accounts) is 25% or more of total capital (which also includes debt maturing more than one year after date of issue), dividends (other than dividends payable in OG&E common stock) or distributions on, or acquisitions for value of, OG&E common stock may not exceed 75% of net income for the preceding twelve-month period after deducting dividends accruing on OG&E preferred stock during the period; and if less than 20%, may not exceed 50% of such net income. No portion of the retained earnings of OG&E is presently restricted by this provision. OG&E's certificate of incorporation further provides that no dividend may be declared or paid on the

OG&E common stock until all amounts required to be paid or set aside for any sinking fund for the redemption or purchase of OG&E Cumulative Preferred Stock, par value $25 per share, have been paid or set aside. Currently, no shares of Cumulative Preferred Stock, par value $25 per share, are outstanding.

The Indenture, as supplemented, which secures the first mortgage bonds of OG&E contains provisions providing that, so long as any first mortgage bonds are outstanding, earned surplus (i.e., retained earnings) equal to the sum of (1) the amount by which the aggregate of (a) provisions for retirement and depreciation and (b) expenditures for maintenance, during the period from June 1, 1955, to the last date for which a statement of income is available, is less than 15% of gross operating revenues (after deducting cost of electricity purchased for resale, rentals paid for utility property and the portion of gross operating revenues attributable to increases since January 6, 1975, in OG&E's cost of fuel used in electric generation) for that period and (2) the amount, if any, by which all of the consideration paid by OG&E in acquiring shares of its common stock during the above period exceeds $217,301,128 plus any consideration received by OG&E from the sale after September 30, 1991 of its common stock, shall not be available for the payment of cash dividends on common stock; and that OG&E shall not acquire shares of its common stock for a valuable consideration if after such acquisition the sum of (1) and (2) above would exceed its then earned surplus (retained earnings). These provisions are not expected to affect adversely OG&E's ability to pay dividends during the foreseeable future.

VOTING RIGHTS

Each holder of Common Stock and each holder of Series A Preferred Stock that may be issued in the future is entitled to one vote per share upon all matters upon which shareowners have the right to vote. The Board of Directors of the Company has the authority to fix conversion and voting rights for any new series of Preferred Stock (including the right to elect directors upon a failure to pay dividends), provided that no share of Preferred Stock can have more than one vote per share. Notwithstanding the foregoing, if any Series A Preferred Stock is issued in the future and if and when dividends payable on such Series A Preferred Stock that may be issued in the future shall be in default for six full quarterly dividends and thereafter until all defaults shall have been paid, the holders of the Series A Preferred Stock, voting separately as one class, to the exclusion of the holders of Common Stock, will be entitled to elect two (2) directors of the Company.

The Company's Restated Certificate of Incorporation also contains "fair price" provisions, which require the approval by the holders of at least 80% of the voting power of the Company's outstanding Voting Stock (as defined below) as a condition for mergers, consolidations, sales of substantial assets, issuances of capital stock and certain other business combinations and transactions involving the Company and any substantial (10% or more) holder of the Company's Voting Stock unless the transaction is either approved by a majority of the members of the Company's Board of Directors who are unaffiliated with the substantial holder or certain minimum price and procedural requirements are met. The provisions summarized in the foregoing sentence may be amended only by the approval of the holders of at least 80% of the voting power of the Company's outstanding Voting Stock. The Company's Voting Stock consists of all outstanding shares of the Company entitled to vote generally in the election of directors and currently consists of the Common Stock.

The Voting Stock of the Company does not have cumulative voting rights for the election of directors. Subject to the rights of the holders of the Series A Preferred Stock (if any are issued) to elect directors under certain circumstances, the Company's Restated Certificate of Incorporation and By-Laws contain provisions stating that: (1) the Board of Directors shall be divided into three classes as nearly equal in number as possible with staggered terms of office so that only approximately one-third of the

directors are elected at each annual meeting of shareowners; (2) directors may be removed only with the approval of the holders of at least 80% of the voting power of the shares of the Company generally entitled to vote; (3) any vacancy on the Board of Directors shall be filled only by the remaining directors then in office, though less than a quorum; (4) advance notice of introduction by shareowners of business at annual shareowner meetings and of shareowner nominations for the election of directors shall be given and that certain information be provided with respect to such matters; (5) shareowner action may be taken only at an annual meeting of shareowners or a special meeting of shareowners called by the President or the Board of Directors; and (6) the foregoing provisions may be amended only by the approval of the holders of at least 80% of the voting power of the shares generally entitled to vote. These provisions, along with the "fair price" provisions discussed above and the Rights described below, may deter attempts to change control of the Company (by proxy contest, tender offer or otherwise) and will make more difficult a change in control of the Company that is opposed by the Company's Board of Directors.

LIQUIDATION RIGHTS

Subject to the prior rights of the holders of the Series A Preferred Stock that may be issued in the future and the possible prior rights of holders of other Preferred Stock that may be issued in the future in the event of liquidation, dissolution or winding up of the Company, whether voluntary or involuntary, the holders of the Common Stock are entitled to receive the remaining assets and funds pro rata, according to the number of shares of Common Stock held.

OTHER PROVISIONS

The Board of Directors may allot and issue shares of Common Stock for such consideration, not less than the par value thereof, as it may from time to time determine. No holder of Common Stock has the preemptive right to subscribe for or purchase any part of any new or additional issue of stock or securities convertible into stock. The Common Stock of the Company is not subject to further calls or to assessment by the Company.

RIGHTS TO PURCHASE SERIES A PREFERRED STOCK

On August 7, 1995, the Board of Directors of the Company declared a dividend of one preferred stock purchase right (a "Right" or "Rights") for each outstanding share of Common Stock of the Company. If and when the Rights become exercisable, each Right will entitle the holder of record to purchase from the Company one one-hundredth of a share of Series A Preferred Stock, par value $.01 per share ("Series A Preferred Stock") of the Company, at a price of $95 per one one-hundredth of a share (the "Purchase Price"), although the price may be adjusted as described below. The description and terms of the Rights are set forth in a Rights Agreement (the "Rights Agreement") between the Company and The Liberty National Bank and Trust Company of Oklahoma City, as Rights Agent (the "Rights Agent").

Initially, (i) the Rights will not be exercisable, (ii) certificates will not be sent to shareowners, (iii) the Rights will be evidenced by the Common Stock certificates, (iv) the Rights will automatically trade with the Common Stock, (v) the Rights will be transferred with and only with such Common Stock certificates, (vi) new Common Stock certificates will contain a notation incorporating the Rights Agreement by reference and (vii) the surrender for transfer of any certificates for Common Stock outstanding will also constitute the transfer of the Rights associated with the Common Stock represented by such certificate.

Separate certificates representing the Rights will be distributed as soon as practicable after the "Distribution Date," which is the close of business on the earlier to occur of the tenth day following:

(i) a public announcement (or, if earlier, the date a majority of the Board of Directors of the Company becomes aware) that a person or group of affiliated or associated persons acquired, or obtained the right to acquire, beneficial ownership of Common Stock or other securities of the Company representing 20% or more of the voting power of all securities of the Company then outstanding generally entitled to vote for the election of directors ("Voting Power") (such person or group being called an "Acquiring Person" and such date of first public announcement being called the "Stock Acquisition Date"), or

(ii) the commencement of, or public announcement of an intention to commence, a tender or exchange offer the consummation of which would result in the ownership of 20% or more of the outstanding Voting Power (the earlier of the dates in clause (i) or (ii) being called the "Distribution Date").

As soon as practicable following the Distribution Date, separate certificates evidencing the Rights ("Right Certificates") will be mailed to holders of record of the Company's Common Stock as of the close of business on the Distribution Date, and such separate certificates alone will evidence the Rights from and after the Distribution Date.

Even if they have acquired, or obtained the right to acquire, beneficial ownership of 20% or more of the Voting Power of the Company, each of the following persons (an "Exempt Person") will not be

deemed to be an Acquiring Person: (i) OG&E, the Company, any subsidiary of the Company, any employee benefit plan or employee stock plan of the Company or of any subsidiary of the Company or of OG&E; and (ii) any person who becomes an Acquiring Person solely by virtue of a reduction in the number of outstanding shares of Common Stock, unless and until such person shall become the beneficial owner of, or make a tender offer for any additional shares of Common Stock.

The holders of the Rights are not required to take any action until the Rights become exercisable. The Rights are not exercisable until the Distribution Date. The Rights will expire at the close of business on December 11, 2000, unless earlier redeemed or exchanged by the Company as described below.

In order to protect the value of the Rights to the holders, the Purchase Price and the number of shares of Series A Preferred Stock (or other securities or property) issuable upon exercise of the Rights are subject to adjustment from time to time (i) in the event of a stock dividend on, or subdivision, combination or reclassification of, the Company's Common Stock or Series A Preferred Stock, (ii) upon the grant to holders of the Series A Preferred Stock of certain rights or warrants to subscribe for Series A Preferred Stock or convertible securities at less than the current market price of the Series A Preferred Stock or (iii) upon the distribution to holders of the Series A Preferred Stock of evidences of indebtedness or assets (excluding dividends payable in Series A Preferred Stock) or of subscription rights or warrants (other than those referred to above).

These adjustments are called anti-dilution provisions and are intended to ensure that a holder of Rights will be adversely affected by the occurrence of such events. With certain exceptions, the Company is not required to adjust the Purchase Price until cumulative adjustments require a change of at least 1% in the Purchase Price.

In the event (i) any Person (other than an Exempt Person) becomes an Acquiring Person (except pursuant to an offer for all outstanding shares of Common Stock that the independent directors determine prior to the time such offer is made to be fair to and otherwise in the best interest of the Company and its shareowners) or (ii) any Exempt Person who is the beneficial owner of 20% or more of the outstanding Voting Power of the Company fails to continue to qualify as an Exempt Person, then each holder of record of a Right, other than the Acquiring Person, will thereafter have the right to receive, upon payment of the Purchase Price, Common Stock (or, in certain circumstance, cash, property or other securities of the Company) having a market value at the time of the transaction equal to twice the Purchase Price. Rights are not exercisable following such event, however, until such time as the Rights are no longer redeemable by the Company as set forth below. Any Rights that are or were at any time, on or after the Distribution Date, beneficially owned by an Acquiring Person shall become null and void.

For example, at an exercise price of $95 per Right, each Right not owned by an Acquiring Person (or by certain related parties) following an event set forth in the preceding paragraph would entitle its holder to purchase $190 worth of Common Stock (or other consideration, as noted above) for $95. Assuming that the Common Stock had a per share value of $40 at such time, the holder of each valid Right would be entitled to purchase 4.75 shares of Common Stock for $95.

After the Rights have become exercisable, if (i) the Company is acquired in a merger or other business combination (in which any shares of the Company's Common Stock are changed into or exchanged for other securities or assets) or (ii) more than 50% of the assets or earning power of the Company and its subsidiaries (taken as a whole) are sold or transferred in one or a series of related transactions, the Rights Agreement provides that proper provision shall be made so that each holder of record of a Right will have the right to receive, upon payment of the Purchase Price, that number of shares

of common stock of the acquiring company having a market value at the time of such transaction equal to two times the Purchase Price.

To the extent that insufficient shares of Common Stock are available for the exercise in full of the Rights, holders of Rights will receive upon exercise shares of Common Stock to the extent available and then other securities of the Company, including units of shares of Series A Preferred Stock with rights substantially comparable to those of the Common Stock, property, or cash, in proportions determined by the Company, so that the aggregate value received is equal to twice the Purchase Price. The Company, however, shall not be required to issue any cash, property or debt securities upon exercise of the Rights to the extent their aggregate value would exceed the amount of cash the Company would otherwise be entitled to receive upon exercise in full of the then exercisable Rights.

No fractional shares of Series A Preferred Stock or Common Stock will be required to be issued upon exercise of the Rights and, in lieu thereof, a payment in cash may be made to the holder of such Rights equal to the same fraction of the current market value of a share of Series A Preferred Stock or, if applicable, Common Stock.

At any time until the earlier of (i) ten days after the Stock Acquisition Date (subject to extension by the Board of Directors) or (ii) the date the Rights are exchanged pursuant to the Rights Agreement, the Company may redeem the Rights in whole, but not in part, at a price of $0.01 per Right (the "Redemption Price"). Immediately upon the action of the Board of Directors of the Company authorizing redemption of the Rights, the right to exercise the Rights will terminate, and the only right of the holders of Rights will be to receive the Redemption Price without any interest thereon.

At any time after any Person becomes an Acquiring Person, the Board of Directors may, at its option, exchange all or part of the outstanding Rights (other than Rights held by the Acquiring Person and certain related parties) for shares of Common Stock at an exchange ratio of one share of Common Stock per Right (subject to certain anti-dilution adjustments). The Board may not effect such an exchange, however, at any time any Person or group owns 50% or more of the Voting Power of the Company. Immediately after the Board orders such an exchange, the right to exercise the Rights shall terminate and the holders of Rights shall thereafter only be entitled to receive shares of Common Stock at the applicable exchange ratio.

Under presently existing federal income tax law, the issuance of the Rights is not taxable to the Company or to shareowners and will not change the way in which shareowners can presently trade the Company's shares of Common Stock. If the Rights should become exercisable, shareowners, depending on then existing circumstances, may recognize taxable income.

The Rights Agreement may be amended by the Board of Directors of the Company. After the Distribution Date, however, the provisions of the Rights Agreement may be amended by the Board only to cure any ambiguity, to make changes which do not adversely affect the interests of holders of Rights (excluding the interests of any Acquiring Person or an affiliate or associate of an Acquiring Person), or to shorten or lengthen any time period under the Rights Agreement; provided, however, that no amendment to adjust the time period governing redemption shall be made at such time as the Rights are not redeemable. In addition, no supplement or amendment may be made which changes the Redemption Price, the final expiration date, the Purchase Price or the number of one one-hundredths of a share of Series A Preferred Stock for which a Right is exercisable, unless at the time of such supplement or amendment there has been

no occurrence of a Stock Acquisition Date and such supplement or amendment does not adversely affect the interests of the holders of Right Certificates (other than an Acquiring Person or an associate or affiliate of an Acquiring Person).

Until a right is exercised, the holder, as such, will have no rights as a shareholder of the Company, including, without limitation, the right to vote or to receive dividends.

The Rights may have certain anti-takeover effects. The Rights will cause substantial dilution to a person or group that attempts to acquire the Company on terms not approved by the Board of Directors and, accordingly, will make more difficult a change of control that is opposed by the Company's Board of Directors. However, the Rights should not interfere with a proposed change of control (including a merger or other business combination) approved by a majority of the Board of Directors since the Rights may be redeemed by the Company at $.01 per Right at any time until ten days after the Stock Acquisition Date (subject to extension by the Board of Directors). Thus, the Rights are intended to encourage persons who may seek to acquire control of the Company to initiate such an acquisition through negotiations with the Board of Directors. Nevertheless, the Rights also may discourage a third party from making a partial tender offer or otherwise attempting to obtain a substantial equity position in, or seeking to obtain control of, the Company. To the extent any potential acquirors are deterred by the Rights, the Rights may have the effect of preserving incumbent management in office.

This summary description of the Rights does not purport to be complete and is qualified in its entirety by reference to the Rights Agreement, which is filed as an Exhibit to the Company's Registration Statement on Form S-4, Registration Statement No. 33-61699, and is incorporated herein by reference.