

OGE Energy Corp.

Proxy Statement
and
Notice of Annual Meeting

May 20, 2004



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OGE Energy Corp.

March 30, 2004

Dear Shareowner:

You are cordially invited to attend the annual meeting of OGE Energy Corp. at 10:00 a.m. on Thursday, May 20, 2004, at the National Cowboy and Western Heritage Museum, 1700 Northeast 63rd Street, Oklahoma City, Oklahoma.

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

Even though you may own only a few shares, your proxy is important in making up the total number of shares necessary to hold the meeting. Whether or not you plan to attend the meeting, please vote your shares as soon as possible. A return envelope for your proxy card is enclosed for your convenience. Again this year, in addition to telephone voting, you also have the option of voting by the Internet. Instructions are included on the proxy card. Your vote will be appreciated.

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

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

Very truly yours,

A handwritten signature in black ink, appearing to read "Steven E. Moore". The signature is fluid and cursive, with the first name "Steven" and last name "Moore" clearly distinguishable.

Steven E. Moore
Chairman of the Board, President
and Chief Executive Officer

Notice of Annual Meeting of Shareowners

The Annual Meeting of Shareowners of OGE Energy Corp. will be held on Thursday, May 20, 2004, at 10:00 a.m. at the National Cowboy and Western Heritage Museum, 1700 Northeast 63rd Street, Oklahoma City, Oklahoma, for the following purposes:

- (1) To elect three directors to serve for a three-year term; and
- (2) To transact such other business as may properly come before the meeting.

The map on page 24 will assist you in locating the National Cowboy and Western Heritage Museum.

Shareowners who owned stock on March 22, 2004, are entitled to notice of and to vote at this meeting or any adjournment of the meeting. A list of such shareowners will be available, as required by law, at our principal offices at 321 North Harvey, Oklahoma City, Oklahoma 73102.



Carla D. Brockman
Corporate Secretary

Dated: March 30, 2004

IMPORTANT — YOUR PROXY CARD IS ENCLOSED IN THIS ENVELOPE

To assure your representation at the meeting, please vote your shares by the Internet, by telephone or by signing, dating and returning the proxy card promptly in the enclosed envelope. No postage is required for mailing in the United States. If your shares are held in the name of a broker, trust, bank or other nominee and you plan to attend the meeting and vote your shares in person, you should bring with you a proxy or letter from the broker, trustee, bank or other nominee confirming your beneficial ownership of the shares.

Proxy Statement

March 30, 2004

Introduction

The Annual Meeting of Shareowners of OGE Energy Corp. (the “Company”) will be held at the National Cowboy and Western Heritage Museum, 1700 North-east 63rd Street, Oklahoma City, Oklahoma, on May 20, 2004, at 10:00 a.m. For the convenience of those shareowners who may attend the meeting, a map is printed on page 24 that gives directions to the National Cowboy and Western Heritage Museum. At the meeting, it is intended that the first item in the accompanying notice will be presented for action by the owners of the Company’s Common Stock. The Board of Directors does not now know of any other matters to be presented at the meeting, but, if any other matters are properly presented to the meeting for action, the persons named in the accompanying proxy will vote upon them in accordance with their best judgment.

Your Board of Directors is sending you this proxy statement in connection with the solicitation of your proxy for use at the Annual Meeting. When you vote by Internet, by telephone or by mail, you appoint Steven E. Moore, Herbert H. Champlin and Martha W. Griffin as your representatives at the Annual Meeting. Mr. Moore, Mr. Champlin and Mrs. Griffin will vote your shares, as you have instructed them, at the Annual Meeting. This way, your shares will be voted whether or not you attend the Annual Meeting. Even if you plan to attend the meeting, it is a good idea to vote your shares in advance of the meeting, just in case your plans change.

If an issue comes up for vote at the meeting that is not on the proxy card, Mr. Moore, Mr. Champlin and Mrs. Griffin will vote your shares, under your proxy, in accordance with their best judgment.

Voting Procedures; Revocation of Proxy

You may vote by mail, by telephone, by Internet, or in person. To vote by mail, simply complete and sign the proxy card and mail it in the enclosed, prepaid and preaddressed envelope. If you mark your voting instructions on the proxy card, your shares will be voted as you instruct. If you return a signed card but do not provide voting instructions, your shares will be voted **FOR** the three named nominees for director.

Shareowners of record also may vote by the Internet or by using the toll-free number listed on the proxy card. Telephone and Internet voting also is available to

shareowners who hold their shares in the Dividend Reinvestment and Stock Purchase Plan (“DRIP”) and the OGE Energy Corp. Employees’ Stock Ownership and Retirement Savings Plan (the “Retirement Savings Plan”). The telephone voting and Internet voting procedure is designed to verify shareowners through use of a number that is provided on each proxy card. This procedure allows you to vote your shares and to confirm that your instructions have been properly recorded. If you vote by telephone or by the Internet, you do not have to mail in your proxy card. Please see your proxy card for specific instructions.

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

If you change your mind after voting your proxy, you can revoke your proxy and change your vote at any time before the polls close at the meeting. You can revoke your proxy by either signing another proxy with a later date, by voting by Internet, by telephone or by voting at the meeting. Alternatively, you may provide a written statement to the Company (attention Carla D. Brockman, Corporate Secretary) of your intention to revoke your proxy.

Record Date; Number of Votes

If you owned shares of our Common Stock at the close of business on March 22, 2004, you are entitled to one vote per share upon each matter presented at the meeting.

On March 1, 2004, there were 87,546,348 shares of Common Stock outstanding. The Company does not have any other outstanding class of voting stock. No person holds of record or, to our knowledge, beneficially owns more than 5% of our Common Stock.

Expenses of Proxy Solicitation

We will pay all costs associated with preparing, assembling and mailing the proxy cards and proxy statements. We also will reimburse brokers, nominees, fiduciaries and other custodians for their expenses in forwarding proxy materials to shareowners. Officers and

other employees of the Company may solicit proxies by mail, personal interview, telephone and/or telegraph. In addition, we have retained Mellon Investor Services to assist in the solicitation of proxies, at a fee of approximately \$8,000 plus associated costs and expenses. Our employees will not receive any additional compensation for soliciting proxies.

Mailing of Proxy Statement and Annual Report

This proxy statement and the enclosed proxy were mailed on or about March 30, 2004. Appendix A to this proxy statement includes our audited financial statements and management's discussion and analysis of financial condition and results of operations. This Appendix A, and our Summary Annual Report which contains Mr. Moore's letter to shareowners, condensed financial statements and a summary discussion of results of operations were mailed with this proxy statement on or about March 30, 2004, to all of our shareowners who owned stock on March 22, 2004.

Voting Under Plans

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

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

Voting of Shares Held in Street Name by Your Broker

Brokerage firms have authority under New York Stock Exchange Rules to vote customers' unvoted shares on certain "routine" matters, including the election of directors. If you do not vote your proxy, your brokerage firm may either vote your shares on routine matters or leave your shares unvoted. We encourage you to provide instructions to your brokerage firm by voting your proxy. This ensures your shares will be voted at the meeting. When a brokerage firm votes its customers' unvoted shares on routine matters, these shares are counted for purposes of establishing a quorum to conduct business at the meeting. A brokerage firm, however, cannot vote customers' shares on non-routine matters. Accordingly, these shares (sometimes referred to as broker non-votes) are considered not entitled to vote on non-routine matters, rather than as a vote against the matter.

PROPOSAL NO. 1 - ELECTION OF DIRECTORS

The Board of Directors of the Company presently consists of nine members. The directors are classified into three groups. One class of directors is elected at each year's Annual Meeting for a three-year term and to continue in office until their successors are elected and qualified. The following three persons are the nominees of the Board to be elected for such three-year term at the Annual Meeting to be held on May 20, 2004: Mr. Luke R. Corbett, Mr. Robert Kelley and Mr. J.D. Williams. Each of these individuals is currently a director of the Company whose term as a director is scheduled to expire at the Annual Meeting.

The enclosed proxy, unless otherwise specified, will be voted in favor of the election as directors of the previously listed three nominees. The Board of Directors does not know of any nominee who will be unable to serve, but if any of them should be unable to serve, the proxy holder may vote for a substitute nominee. No nominee or director owns more than .78% of any class of voting securities of the Company.

For the nominees described herein to be elected as directors, they must receive a majority of the votes of shares of Common Stock present in person or by proxy and entitled to vote. Withholding authority is treated as a vote against.

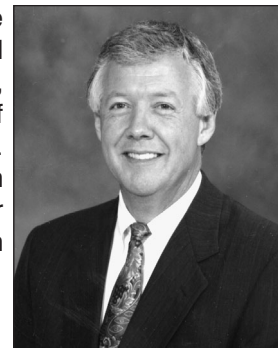
Each director of the Company during 2003 was also a director of Oklahoma Gas and Electric Company ("OG&E"). The Company became the parent company of OG&E pursuant to a corporate reorganization, effective December 31, 1996.

INFORMATION ABOUT DIRECTORS AND NOMINEES

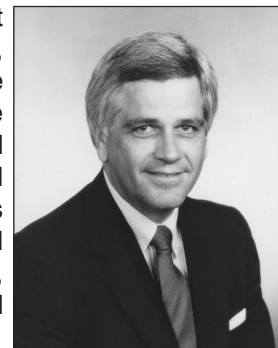
The following contains certain information as of March 1, 2004, concerning the three nominees for directors, as well as the directors whose terms of office extend beyond the Annual Meeting on May 20, 2004.

Nominees For Election For Term Expiring at 2007 Annual Meeting of Shareowners

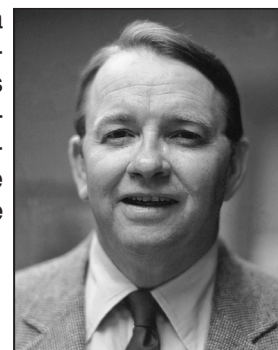
LUKE R. CORBETT, 57, is Chairman and Chief Executive Officer of Kerr-McGee Corporation, which is engaged in oil and gas exploration and production and chemical operations. He has been employed by Kerr-McGee Corporation for more than 17 years, having served as Chairman and Chief Executive Officer since 1997; President and Chief Operating Officer from 1995 to 1997; and Group Vice President from 1992 to 1995. Mr. Corbett also serves as a member of the Board of Directors of BOK Financial Corporation and Noble Corporation. Mr. Corbett has been a director of the Company since December 31, 1996, and of OG&E since December 1, 1996, and is chairman of the compensation committee and is a member of the audit committee of the Board.



ROBERT KELLEY, 58, is President of Kelco Investments Inc., a private investment company. Prior to May 1, 2001, he served as Chairman of the Board of Noble Affiliates, Inc., an independent energy company with exploration and production operations in the United States and international operations in China, Ecuador, Equatorial Guinea and the U.K. sector of the North Sea. Prior to October 2, 2000 he also served as President and Chief Executive Officer of Noble Affiliates, Inc. and of its three subsidiaries: Samedan Oil Corporation, Noble Gas Marketing Inc. and Noble Trading, Inc. Mr. Kelley also serves as a member of the Board of Directors of Lone Star Technologies, Inc. and Cabot Oil and Gas Corporation. Mr. Kelley has been a director of the Company since December 31, 1996, and of OG&E since January 17, 1996, and is chairman of the audit committee and a member of the compensation committee of the Board.



J. D. WILLIAMS, 66, is founder and a former member of Williams & Jensen, P.C., a law firm in Washington, D. C. having resigned as a member of the firm in 1991. He continues to practice law as an employee of Williams & Jensen, P.C. and is involved in various civic and related matters. During 2003, the Company retained Williams & Jensen to perform various legal services on its behalf and expects to retain Williams & Jensen to provide similar services in 2004. Mr. Williams has been a director of the Company since January 2001, and is chairman of the nominating and corporate governance committee and is a member of the audit committee of the Board.



Directors Whose Terms Expire at 2006 Annual Meeting of Shareowners

WILLIAM E. DURRETT, 73, is Senior Chairman of the Board of American Fidelity Corporation, an insurance holding company and Chairman of North American Insurance Agency, Inc. From May 1998 to October 1999, he served as President and Chief Executive Officer of North American Insurance Agency, Inc. From 1978 to 1998, Mr. Durrett served as President and Chief Executive Officer of American Fidelity Corporation. He also served as Chairman of American Fidelity Corporation from 1989 to 1998. He also serves as a member of the Boards and holds various executive positions in numerous other subsidiaries of American Fidelity Corporation. He serves as a director of BOK Financial Corporation and of INTEGRIS Health. Mr. Durrett has been a director of the Company since December 31, 1996, and of OG&E since March 1991, and is a member of the audit committee and the nominating and corporate governance committee of the Board.



JOHN D. GROENDYKE, 59, is Chairman of the Board and Chief Executive Officer of Groendyke Transport Incorporated, a bulk truck transportation company in Enid, Oklahoma. Mr. Groendyke has worked at Groendyke Transport, Inc. since 1965. Mr. Groendyke is also Chairman of the Board and President of Bell Transport, Inc.; Oringderrf Tank Line, Inc.; Transport Company, Inc.; and Triple "A" Transport and is Chairman of the Board of GTI Insurance Co. Inc. and of James, Inc. Mr. Groendyke also serves as Director of Central Service Corp. and Central National Bank. Mr. Groendyke has been a director of the Company since January 2003 and is a member of the nominating and corporate governance committee of the Board.



STEVEN E. MOORE, 57, is Chairman, President and Chief Executive Officer of the Company and of OG&E, having been appointed to such positions with the Company effective December 31, 1996. Mr. Moore was appointed President of OG&E in August 1995, and as Chief Executive Officer and Chairman of OG&E in May 1996. Mr. Moore has been employed by OG&E for more than 28 years, having previously served as Senior Vice President of Law and Public Affairs. He also serves as a director of BOK Financial Corporation, INTEGRIS Health, and has served on many industry-wide committees in the electric utility industry. Mr. Moore has been a director of the Company since 1996 and of OG&E since October 1995.



Directors Whose Terms Expire at 2005 Annual Meeting of Shareowners

HERBERT H. CHAMPLIN, 66, is President of Champlin Exploration, Inc., an independent oil producer, and Chairman of Enid Data Systems, computer marketers, both located in Enid, Oklahoma. Mr. Champlin has been a director of the Company since December 31, 1996, and of OG&E since 1982, and is a member of the audit and compensation committees of the Board. Mr. Champlin also was engaged separately during 2002 as a part of his principal business occupation in the petroleum industry and had interests in oil and gas wells.



MARTHA W. GRIFFIN, 69, owner of Martha Griffin White Enterprises, is presently engaged in the management of her personal investments, the operation of a ranch, oil and gas properties and various civic activities. Prior to September 30, 1994, she served as Chairman of the Board of Griffin Television, Inc., located in Oklahoma City, Oklahoma, and Chairman of the Board of Griffin Food Company (a subsidiary of Griffin Television, Inc.). Mrs. Griffin has been a director of the Company since December 31, 1996, and of OG&E since 1987, and is a member of the nominating and corporate governance committee and the compensation committee of the Board.



RONALD H. WHITE, M.D., 67, is a practicing cardiologist and President, Partner and Director of Oklahoma Cardiovascular Associates, and a member of the Board of Managers of Oklahoma Heart Hospital. He was a member of the Board of Regents of the University of Oklahoma for 14 years. Presently Dr. White is a member of the Oklahoma State Regents for Higher Education. Dr. White has been a director of the Company since December 31, 1996, and of OG&E since 1989, and is a member of the compensation committee and the nominating and corporate governance committee of the Board.



INFORMATION CONCERNING THE BOARD OF DIRECTORS

Each member of our Board of Directors was also a director of OG&E during 2003. The Board of Directors of the Company met on 6 occasions during 2003 and the Board of Directors of OG&E met on 6 occasions during 2003. Each director attended at least 89% of the total number of meetings of the Boards of Directors and the committees of the Boards on which he or she served.

Committees. The standing committees of the Company's Board of Directors include a compensation committee, an audit committee and a nominating and

corporate governance committee. The Directors who are members of the various committees of the Company serve in the same capacity for purposes of the OG&E Board.

All members of these committees are independent, as independence is defined in the listing standards of the New York Stock Exchange. In addition, the Board has determined that Mr. Robert Kelley meets the Securities and Exchange Commission ("SEC") definition of audit committee financial expert.

The members of the committees during 2003, and the duties and responsibilities of the committees are described below.

<u>Name of Committee and Members</u>	<u>General Functions of the Committee</u> **	<u>Number of Meetings in 2003</u>
<i>Compensation Committee:</i> Herbert H. Champlin Luke R. Corbett* Martha W. Griffin Robert Kelley Ronald H. White	Oversees <ul style="list-style-type: none"> • compensation of principal officers • salary policy • benefit programs • compensation for outside directors • future compensation objectives and goals of the Company 	3
<i>Audit Committee:</i> Herbert H. Champlin Luke R. Corbett William E. Durrett Robert Kelley* J.D. Williams	Oversees financial reporting process <ul style="list-style-type: none"> • evaluate performance of independent auditors • select independent auditors • discuss with internal and independent auditors scope and plans for audits, adequacy and effectiveness of accounting and financial controls, and results of their examinations • review interim financial statements and annual financial statements to be included in Form 10-K 	7
<i>Nominating and Corporate Governance Committee:</i> William E. Durrett Martha W. Griffin John D. Groendyke Ronald H. White J.D. Williams*	Reviews and recommends <ul style="list-style-type: none"> • nominees for election as directors • membership of director committees • succession plans • various corporate governance issues • evaluation of incumbent directors 	2

* Chairperson

** The specific duties for each committee are set forth in the charter of the committee, which, in the case of the audit committee, is attached as Annex A, and, in the case of the compensation committee and the nominating and corporate governance committee, is available on the OGE Energy web site at www.oge.com under the heading Investors, Corporate Governance.

Corporate Governance

Governance Guidelines. The Board of Directors of the Company has long had in place good standards of corporate governance. Recently, the Board of Directors formalized these standards and adopted Guidelines for

Corporate Governance that outlined the responsibilities of the Board, as well as qualifications for directors to serve on the Board. Our Code of Conduct, that is applicable to all of our directors, officers and employees, and the Guideline for Corporate Governance were

most recently amended in 2003 to ensure compliance with the Sarbanes-Oxley Act of 2002 and the listing standards of the New York Stock Exchange. We also have a separate code of ethics that applies to our chief executive officer and our senior financial officers, including, our chief financial officer and our chief accounting officer, and complies with the requirements imposed by the Sarbanes-Oxley Act of 2002 and the rules issued thereunder for codes of ethics applicable to such officers. The Board has reviewed and will continue to evaluate its role and responsibilities with respect to the new legislative and other governance requirements of the New York Stock Exchange. All of our corporate governance material, including our codes of conduct and ethics, our Guidelines for Corporate Governance and all of our committee charters, is available for public viewing on the OGE Energy web site at www.oge.com under the heading Investors, Corporate Governance.

Director Independence. The Board of Directors of the Company is composed of nine directors, eight of whom are independent within the meaning of the New York Stock Exchange listing standards. Our Chairman and Chief Executive Officer is the only member of management serving as a director. For purposes of determining independence, we have adopted the following standards for director independence in compliance with the listing standards of the New York Stock Exchange:

- A director who is an employee, or whose immediate family member is an executive officer of the Company or any of our subsidiaries is not independent until three years after the end of such employment relationship;
- A director who receives, or whose immediate family member receives, more than \$100,000 per year in direct compensation from us or any of our subsidiaries, other than director and committee fees and pension or other forms of deferred compensation for prior service (provided such compensation is not contingent in any way on continued service), is not independent until three years after he or she ceases to receive more than \$100,000 per year in such compensation;
- A director who is affiliated with or employed by, or whose immediate family member is affiliated with or employed in a professional capacity by, a present or former internal or external auditor of the Company or any of our subsidiaries is not independent until three years after the end of the affiliation or the employment or auditing relationship;
- A director who is employed, or whose immediate family member is employed, as an executive officer of another company where any of our or any of our subsidiaries present executives serve on that company's compensation

committee is not independent until three years after the end of such service or the employment relationship;

- A director who is an executive officer or an employee, or whose immediate family member is an executive officer, of a company that makes payments to, or receives payments from, us or any of our subsidiaries for property or services in an amount which, in any single fiscal year, exceeds the greater of \$1 million, or 2% of such other company's consolidated gross revenues, is not independent until three years after falling below such threshold; and
- No director qualifies as independent unless the Board affirmatively determines that the director has no other relationship with us or any of our subsidiaries (either directly or as a partner, shareholder or officer of an organization that has a relationship with us or any of our subsidiaries) that in the opinion of the Board of Directors could be considered to affect the directors ability to exercise his or her independent judgment as a director.

The Board determined that each member of the Board, except for Steven E. Moore, meets the aforementioned independence standards. Mr. Moore does not meet the aforementioned independence standards, because he is the current Chief Executive Officer and an employee of the Company.

Standing Committees. Our Board has three standing committees - audit; compensation; and nominating and corporate governance. All members of these committees are independent directors who are nominated and approved by the Board each year. The roles and responsibilities of these committees are defined in the committee charters adopted by the Board and provide for oversight of executive management. The duties and responsibilities of the Board committees are reviewed regularly and are outlined above.

Lead Director. In an effort to strengthen independent oversight of management and to provide for more open communication, the Board has appointed Luke R. Corbett to serve in the role of lead director. The non-management lead director chairs executive sessions of the Board conducted without management. These sessions will be held at least twice annually.

Communications with the Board of Directors. Shareowners who wish to communicate with members of the Board, including the independent directors individually or as a group, may send correspondence to them in care of the Corporate Secretary at the Company's principal offices, 321 North Harvey, P.O. Box 321, Oklahoma City, Oklahoma 73101-0321. We currently do not intend

to have the Corporate Secretary screen this correspondence, but we may change this policy if directed by the Board due to the nature and volume of the correspondence.

The Company encourages each of its Board members to attend the Annual Meeting and the directors are expected to attend whenever reasonably possible. All nine of the Board members attended the Annual Meeting in 2003.

Shareowner Nominations for Directors. It is expected that the nominating and corporate governance committee will consider nominees recommended by shareowners in accordance with our By-laws. Our By-laws provide that, if you intend to nominate director candidates for election at an Annual Meeting of Shareowners, you must deliver written notice to the Corporate Secretary not later than 90 days in advance of the meeting. The notice must set forth certain information concerning you and the nominee(s), including each nominee's name and address, a representation that you are entitled to vote at such meeting and intend to appear in person or by proxy at the meeting to nominate the person or persons specified in your notice, a description of all arrangements or understandings between you and each nominee and any other person pursuant to which the nomination or nominations are to be made by you, such other information as would be required to be included in a proxy statement soliciting proxies for the election of the nominee(s) and the consent of each nominee to serve as a director if so elected. The chairman of the Annual Meeting may refuse to acknowledge the nomination of any person not made in compliance with the foregoing procedure.

In considering individuals for nomination as directors, the nominating and corporate governance committee typically solicits recommendations from its current directors and is authorized to engage third party advisors, including search firms, to assist in the identification and evaluation of candidates. The nominating and corporate governance committee has not established specific minimum qualities for director nominees or set forth specific qualities or skills that the nominating and corporate governance committee believes are necessary for one or more directors to possess. Instead, in evaluating potential candidates and incumbent directors for reelection, the nominating and corporate governance committee considers numerous factors, including judgment, skill, independence, integrity, experience with businesses and other organizations of comparable size, the interplay of the candidate's experience with the experience of other Board members, experience as an officer or director of another publicly-held corporation, understanding of management trends in general or in industries relevant to the Company, expertise in financial accounting and corporate finance, ability to bring diversity to the group, community or civic service, knowledge or expertise not currently on the Board, shareowner perception, and the extent to

which the candidate would be a desirable addition to the Board and any committees of the Board. No particular weight is given to one factor over another on a general basis, but rather the factors are weighted in relationship to the perceived needs of the Board at the time of selecting nominees. The nominating and corporate governance committee will evaluate candidates recommended by shareowners on the same basis as they evaluate other candidates.

Director Compensation. Compensation of non-officer directors of the Company during 2003 consisted of an annual retainer fee of \$64,000, of which \$2,000 was payable monthly in cash (the same amount that has been paid monthly since August 1994) and \$40,000 was deposited in the director's account under the Directors' Deferred Compensation Plan and converted to 1,679.261 common stock units based on the closing price of the Company's Common Stock on December 1, 2003. The chairmen of the audit, compensation and nominating and corporate governance committees received an additional \$3,000 annual cash retainer in 2003. In addition, all non-officer directors received \$1,000 for each Board meeting and \$1,000 for each committee meeting attended. These amounts represent the total fees paid to directors in their capacities as directors of the Company and OG&E.

Under the Directors' Deferred Compensation Plan (the "Plan"), non-officer directors may defer payment of all or part of their attendance fees and the cash portion of their annual retainer fee, which deferred amounts are credited to their account on the date the deferred amounts otherwise would have been paid.

Amounts credited to the accounts are assumed to be invested in one or more of the investment options permitted under the Plan. During 2003, those investment options included a Company Common Stock fund, whose value was determined based on the stock price of the Company's Common Stock, a money market fund, a bond fund and several stock funds.

When an individual ceases to be a director of the Company, all amounts credited under the Plan are paid in cash in a lump sum or installments. As an alternative to these investment options, prior to January 1, 2000, a non-officer director could elect to have all or any deferred portion of the attendance fees and the cash portion of the annual retainer fee applied to purchase life insurance for the director. Any deferred attendance or retainer fees used to purchase life insurance may not be transferred to other investment options.

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

REPORT OF AUDIT COMMITTEE

The audit committee of the Board of Directors of the Company (the “Audit Committee”) oversees the Company’s financial reporting process on behalf of the Board of Directors. Management, however, has the primary responsibility for the financial statements and the reporting process including the systems of internal controls.

The Audit Committee has five members, none of whom has any relationship to the Company that interferes with the exercise of his or her independence from management and the Company, and each of whom qualifies as independent under the standards used by the New York Stock Exchange, where the Company’s shares are listed. The Audit Committee operates under a written charter that has been approved by the Board of Directors. A copy of the Audit Committee charter is attached as Annex A. The Audit Committee annually reviews and reassesses the adequacy of its charter. Among other things, the charter specifies the scope of the Audit Committee’s responsibilities and how it carries out those responsibilities, including structure, processes and membership requirements.

In fulfilling its oversight responsibilities regarding the 2003 financial statements, the Audit Committee reviewed with Company management the audited financial statements contained in our Annual Report. The Audit Committee’s review included a discussion of the quality, not just the acceptability, of the accounting principles, the reasonableness of significant judgments and the clarity of disclosures in the financial statements.

Fees For Independent Auditors

As discussed further under the caption “Change of Independent Public Accountants” on page 23, on May 16, 2002, the Company, on the advice of the Audit Committee, dismissed Arthur Andersen LLP as its independent public accountants and engaged Ernst & Young LLP as its independent public accountants for fiscal year 2002. During 2002, Arthur Andersen LLP rendered professional services to the Company in connection with, among other things, the review of the unaudited financial statements included in the Company’s Quarterly Report of Form 10-Q filed with the Securities and Exchange Commission on May 15, 2002. During 2002, Ernst & Young LLP rendered professional services to the Company in connection with, among other things, the audit of the Company’s annual financial statements for the fiscal years ended December 31, 2000, 2001 and 2002 and the reviews of the unaudited financial statements included in the Company’s Quarterly Reports of Form 10-Q filed with the SEC on August 14, 2002 and November 14, 2002.

The Audit Committee also reviewed the 2003 financial statements with the Company’s independent auditors. The Company’s independent auditors are responsible for expressing an opinion on the conformity of our audited financial statements with accounting principles generally accepted in the United States. Our review with the independent auditors included a discussion of the auditors’ judgments as to the quality, not just the acceptability, of the Company’s accounting principles and such other matters as are required to be discussed with the Audit Committee under Statement on Auditing Standards No. 61. In addition, the Audit Committee discussed with the independent auditors the auditors’ independence from management and the Company, including the matters in the written disclosures received by the Audit Committee in accordance with the requirements of the Independence Standards Board.

The Audit Committee also discussed with the Company’s internal and independent auditors the overall scope and plans for their respective audits for 2004. The Audit Committee meets with the internal and independent auditors, with and without management present, to discuss the results of their examinations, their evaluations of the Company’s internal controls, and the overall quality of the Company’s financial reporting. The Audit Committee held 7 meetings during 2003 and the Chairman of the Audit Committee met with the auditors by telephone on a quarterly basis to discuss the Company’s quarterly financial statements.

Audit Fees

Total audit fees for 2002 were \$1,122,104 for the Company’s 2002 financial statement audit. These fees include \$635,000 for the audits of the 2000 and 2001 financial statements of the Company and for certain subsidiaries. Total audit fees for 2003 were \$789,326, which includes \$140,755 for services in support of debt and stock offerings.

The aggregate audit fees include fees billed for the audit of the Company’s annual financial statements and for the reviews of the financial statements included in the Company’s Quarterly Reports on Form 10-Q. For 2003, this amount includes estimated billings for the completion of the 2003 audit, which were rendered after year-end.

Audit-Related Fees

The aggregate fees billed for audit-related services for the fiscal year ended December 31, 2002 were \$52,000 for employee benefit plan audits.

The aggregate fees billed for audit-related services for the fiscal year ended December 31, 2003 were \$91,550. These fees include \$56,000 for employee benefit audits and \$35,550 for other audit-related services.

Tax Fees

The aggregate fees billed for tax services for the fiscal year ended December 31, 2002 were \$840,580. These fees include \$675,000 for tax assistance with the Oklahoma Investment Tax Credits, \$76,800 for the review of federal and state tax returns and \$88,780 for other tax services.

The aggregate fees billed for tax services for the fiscal year ended December 31, 2003 were \$1,028,594. These fees include \$478,206 for a change in our tax accounting method, \$338,742 for assistance with the Oklahoma Investment Tax Credits, \$53,490 for the review of federal and state tax returns and \$158,156 for other tax services.

All Other Fees

There were no other fees billed to the Company in 2002 or 2003 for other services.

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

In reliance on the review and discussions referred to above, the Audit Committee recommended to the Board of Directors, and the Board has approved, that the Company's audited financial statements be included in the Annual Report on Form 10-K for the fiscal year ended December 31, 2003, for filing with the Securities and Exchange Commission. The Audit Committee selected Ernst & Young LLP to review the Company's Quarterly Report on Form 10-Q for the quarter ended March 31, 2004 and, at its meeting in May 2004, the Audit Committee will determine whether Ernst & Young LLP will be selected as the Company's independent public accountants for 2004. Representatives of Ernst & Young LLP will be present at the Annual Meeting of Shareowners and will have the opportunity to make a statement if they so desire. Such representatives will

be available to respond to appropriate questions from shareowners at the meeting.

Audit Committee Pre-Approval Procedures

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

For 2003, 100% of the audit-related fees, tax fees and all other fees were pre-approved by the Audit Committee or the Chairman of the Audit Committee pursuant to delegated authority.

Audit Committee

Robert Kelley, Chairman
Herbert H. Champlin, member
Luke R. Corbett, member
William E. Durrett, member
J.D. Williams, member

EXECUTIVE OFFICERS' COMPENSATION

The Compensation Committee of the Board of Directors of the Company (the "Committee") administers our executive compensation program. The Committee's report on compensation paid to executive officers during 2003 is set forth below.

REPORT OF COMPENSATION COMMITTEE ON EXECUTIVE COMPENSATION

General. The primary goals of the Committee in setting executive compensation in 2003 were: (i) to provide a competitive compensation package that would enable us to attract and retain key executives and (ii) to align the interests of our executives with those of our shareowners and also with our performance.

Compensation to our executive officers in 2003 was comprised primarily of salary, annual awards under our Annual Incentive Compensation Plan and long-term awards under our Stock Incentive Plan. In an effort to ensure the continued competitiveness of our executive compensation policies, the Committee in setting base salaries and making annual and long-term incentive awards, considered the compensation paid at the 50th percentile to executives with similar duties within the following three groups: (i) the 2002 Energy Services Industry Executive Compensation Database (the "Energy Services Survey Group"), consisting of approximately 89 electric services organizations, (ii) the 2002 General Industry Executive Compensation Database (the "General Industry Survey Group"), consisting of more than 750 companies in general industries and (iii) the average of the Energy Services Survey Group and the General Industry Survey Group (the "Blended Industry Survey Group").¹ All compensation data from these surveys was size-adjusted so that it would compare to the Company's or a subsidiary's revenues, as appropriate, and was updated using a 3.75 percent update factor to reflect anticipated 2003 compensation levels.

The Committee's intent in setting salaries is to pay competitive rates. The annual and long-term incentive portions of an executive's compensation are intended to achieve the Committee's goal of aligning an executive's interests with our shareowners' and with our performance. These portions of an executive's compensation are placed at risk and are linked to the accomplishment of specific results that are designed to benefit our shareowners and the Company, both in the long and short term. As a result, during years of excellent performance, executives are provided the opportunity to earn a highly competitive level of compensation and, conversely, in years of below-average performance, their compensation may be below competitive levels.

Generally, higher level executive officers have a greater level of their compensation placed at risk.

A Federal tax law currently limits our ability to deduct an executive's compensation in excess of \$1,000,000 unless such compensation qualifies as "performance based compensation" or certain other exceptions are met. The Committee has continued to analyze the structure of its salary and various compensation programs in light of this law. The Committee's present intent is to take appropriate steps to ensure the continued deductibility of its executive compensation. For this reason, the Committee and the Board of Directors recommended, and the shareowners approved, the Stock Incentive Plan and a new Annual Incentive Plan at the 2003 Annual Meeting so that certain compensation payable thereunder would qualify for the "performance based compensation" exception to the \$1,000,000 deduction limit and thereby continue to be deductible by the Company.

Base Salary. The base salaries for our executive officers in 2003 were designed to be competitive with the Blended Industry Survey Group and generally approximated the salary at the 50th percentile of the range for executives with similar duties in such survey group. Actual base salaries were determined based on individual performance and experience. The salaries of executive officers for 2003 were determined in October 2002, with an effective date of January 1, 2003. Salaries were subject to adjustment during the year if an individual's duties and responsibilities changed. The 2003 base salary amounts for the most highly compensated executive officers are shown in the salary column of the Summary Compensation Table on page 16 and remain unchanged from their 2002 base salary amounts.

Annual Incentive Compensation Plan. Awards with respect to 2003 performance were made under the Annual Incentive Compensation Plan to 89 employees, including all executive officers. The Plan was designed to provide key management personnel with annual incentive awards, the payment of which is tied to the achievement of specified Company objectives. Payouts of the award were in cash and were dependent entirely on the

¹ The companies in the Energy Services Survey Group, General Industry Survey Group and Blended Industry Survey Group are not the same as the companies in the Dow Jones U.S. Electric Utilities Index or the S&P 500 Electric Utilities Index utilized in the Stock Performance Graph on page 21. The survey groups were selected by Towers Perrin, the Company's compensation consultants, and, in the judgment of the Committee, are appropriate peer groups to consider for compensation purposes.

achievement of the corporate goals that were established by the Committee in January 2003.

For Messrs. Moore, Strecker and Delaney, the three most senior executive officers of the Company, the corporate goals were based: (i) 50% on a Company consolidated earnings per share target established by the Committee (the "Earnings Target"), (ii) 25% on a combined operating and maintenance expense and capital expenditure target for the Company and its subsidiaries (other than Enogex and its subsidiaries) established by the Committee (the "O&M/Capital Target"), and (iii) 25% on consolidated net income of Enogex and its subsidiaries (the "Unregulated Income Target"). These three corporate goals were also used in establishing the corporate goals for all other executive officers. However, the weighting of the goals was slightly different with the corporate goals for one executive officer being based 50% on the Earnings Target and 50% on the O&M/Capital Target while for the remaining executive officers the corporate goals were based 50% on the Earnings Target, 35% on the O&M/Capital Target and 15% on the Unregulated Income Target.

The amount of the award for each executive officer was expressed as a percentage of base salary (the "targeted amount"), with the officer having the ability, depending upon achievement of the corporate goals, to receive from 0% to 150% of such targeted amount. For 2003, the targeted amount ranged from 25% to 75% of base salary and approximated the 50th percentile of the level of such awards granted to comparable executives in the Blended Industry Survey Group.

The percentage of the targeted amount that an officer ultimately received based on corporate performance was subject to being decreased, but not increased, at the discretion of the Committee. For 2003, corporate performance of the Earnings Target, the O&M/Capital Target and the Unregulated Income Target exceeded the minimum levels of achievement established by the Committee and resulted in total payouts under the Annual Incentive Plan to executive officers ranging from 35.8% to 108.8% of their base salaries and from approximately 135% to 145% of their targeted amounts. Payouts under the Annual Incentive Plan are reflected in the bonus column of the Summary Compensation Table on page 16.

Long-Term Awards. Another significant component of executive compensation in 2003 was long-term awards under our Company's Stock Incentive Plan, which also was approved by the shareowners at the 1998 Annual Meeting. The Plan provides for the grant of any or all of the following types of awards: stock options, stock appreciation rights, restricted stock and performance units. In 2003, the Committee made awards of stock options and performance units. In making

awards of stock options, the Committee considered numerous factors as discussed below and reviewed the expected value of long-term compensation payable to executives in the 50th percentile of the Energy Services Survey Group and the 50th percentile of the Blended Industry Survey Group. The expected value of long-term compensation payable to the most senior level executives in the 50th percentile of the Blended Industry Survey Group was substantially higher than the expected value of long-term compensation payable to comparable executives in the 50th percentile of the Energy Services Survey Group and substantially higher than the expected value of long-term compensation awarded by the Committee in the past to comparable executive officers at the Company. While the Committee intends to continue to consider the long-term compensation payable to comparable executives in the 50th percentile of the Blended Industry Survey Group in awarding long-term compensation to the Company's executive officers, the Committee's intent generally in 2003 was to provide executive officers with an aggregate value of long-term compensation equal to the expected value of long-term incentives payable to comparable executives in the 50th percentile of the Energy Services Survey Group.

Historically, the Committee had awarded long-term compensation in the forms of stock options and restricted stock. At its meeting in the fourth quarter of 2002, the Committee chose to discontinue awarding restricted stock and, instead, to make awards of stock options and performance units commencing in 2003, with 50% of an executive officer's award being in the form of stock options and 50% in the form of performance units.

The stock options were granted to executive officers during the first quarter of 2003 at an exercise price equal to the fair market value at the date of the grant. The options have a 10 year term and vest over 3 years, with one-third of the options becoming exercisable at the end of each year. Since options were granted with an exercise price equal to the market value of our Common Stock at the time of grant, they provide no value unless our stock price increases after the options are granted. These awards are thus tied to stock price appreciation in excess of the stock's value at time of grant, rewarding executives as if they shared in the ownership of the Company. The number of shares subject to options for each executive officer was determined by taking the expected value to be provided in options, as determined above, and dividing that amount by the estimated current value of an option for our stock using a variation of the Black-Scholes Option Pricing methodology provided by an outside compensation consultant. This resulted in executive officers receiving stock options with an estimated value of approximately 12.5% to 72.5% of their 2003 base salaries.

The performance units also were granted to executive officers during the first quarter of 2003. The number of performance units granted was determined by taking the amount of the executive's long-term award to be delivered in performance units (adjusted on a present value basis), as determined above, and dividing that amount by a recent closing price for the Company's Common Stock. This resulted in executives receiving performance units with an expected value at the date of grant of from 12.5% to 72.5% of their 2003 base salaries. The value of the performance units is substantially dependent upon the changing value of the Company's Common Stock in the marketplace. Each executive officer is entitled to receive from 0% to 200% of the performance units contingently awarded to the executive based on the Company's total shareholder return over a three-year period (defined as share price increase plus dividends paid, divided by share price at beginning of the period) measured against the total shareholder return for such period ("TSR") by a peer group selected by the Committee. The peer group for measuring the Company's TSR performance consists of approximately 88 utility holding companies and gas and electric utilities in the Standard & Poor's Utility Index.

CEO Compensation. The 2003 compensation for Mr. Moore consisted of the same components as the compensation for other executive officers. Mr. Moore's 2003 salary remained unchanged from the 2002 amount of \$710,000, and his 2003 targeted award under the Annual Incentive Plan remained at 75% of this base salary, which the Compensation Committee believed were appropriate levels based on his performance and his prior experience. As a result of 2003 corporate performance described above, he received a payout of \$772,817 under the Annual Incentive Plan, representing approximately 108.8% of his base salary and 145% of his targeted award. The award of stock options and performance units made to Mr. Moore was based on his prior performance and a comparison of his award to the long-term compensation of other chief executive officers in the 50th percentile of the Energy Services Company Survey Group. Consideration also was given to Mr. Moore's prior experience with the Company and OG&E, his demonstrated leadership skills and his positive reputation within the community and utility industry. Based on these factors, the Committee determined to grant Mr. Moore stock options and performance units having an expected value of approximately 145% of his 2003 base salary.

Other Benefits. Virtually all of our employees, including executive officers, are eligible to participate in the Retirement Savings Plan and pension plan. Both the Retirement Savings Plan and pension plan have supplemental restoration plans that enable executive officers to receive the same benefits that they would have received in the absence of limitations imposed by the federal tax laws on contributions or payouts. In addition, a Supplemental Executive Retirement Plan (the "SERP"), which was adopted in 1993, offers attractive pension benefits to lateral hires. No officer, other than Mr. Delaney, participated in the SERP during 2003. The SERP is not expected to benefit other existing executive officers generally who remain employed by the Company or OG&E until age 65. In reviewing the benefits under the SERP, Retirement Savings Plan, pension plan and related restoration plans, the Committee sought in 2003 to provide participants with benefits at least commensurate with those offered by other utilities of comparable size. The restoration plans for the Retirement Savings Plan and pension plan contain provisions requiring their immediate funding in the event of certain mergers, consolidations or tender offers involving the Company.

Conclusion. The Committee believes that our Company's executive compensation system serves the interests of the Company and our shareowners effectively. The Committee takes very seriously its responsibilities with respect to our executive compensation system. To this end, the Committee will continue to monitor and revise the compensation policies as necessary to ensure that our compensation system continues to meet the needs of the Company and our shareowners.

Compensation Committee

Luke R. Corbett, Chairman
Herbert H. Champlin, member
Martha W. Griffin, member
Robert Kelley, member
Ronald H. White, member

SUMMARY COMPENSATION TABLE

The following table provides information regarding compensation paid or to be paid by us or any of our subsidiaries to the Chief Executive Officer and four other most highly compensated executive officers for the past three years. To the extent the table shows zeros for other annual compensation or payouts under long-term incentive plans for a particular year, no amounts were required to be reported in such year or, in the case of other annual compensation, the amounts were below the threshold required for disclosure under the SEC's rules.

Name and Principal Position	Year	Annual Compensation			Long-Term Compensation			All Other Compensation(3)
		Salary (\$)	Bonus(1) (\$)	Other Annual Compensation (\$)	Awards	Securities Underlying Options/SAR (#)	Payouts	
					Restricted Stock Awards(2) (\$)		LTIP Payouts (\$)	
S.E. Moore, Chairman, President and Chief Executive Officer	2003	710,000	772,817	0	0	202,300	0	48,558
	2002	710,000	149,885	0	0	218,500	0	35,361
	2001	650,000	0	0	297,478	104,700	0	55,215
A.M. Strecker Executive Vice President and Chief Operating Officer	2003	460,000	433,939	0	0	90,400	0	37,174
	2002	460,000	84,161	0	0	97,600	0	26,186
	2001	420,000	0	0	132,918	43,300	0	34,112
P.B. Delaney (4) E.V.P. Finance and Strategic Planning and CEO - Enogex Inc.	2003	400,000	348,312	0	0	98,200	0	16,705
	2002	300,000	24,192	0	0	84,900	0	156,577
J.R. Hatfield Sr. Vice President and Chief Financial Officer	2003	310,000	221,932	0	0	51,800	0	28,151
	2002	310,000	52,205	0	0	55,900	0	16,921
	2001	275,000	7,035	0	76,141	21,300	0	21,560
J.T. Coffman Sr. Vice President Power Supply	2003	255,000	143,065	0	0	30,100	0	26,701
	2002	255,000	8,883	0	0	32,500	0	20,036
	2001	235,000	4,379	0	44,198	18,200	0	22,580

- (1) As explained on page 14, amounts in this column reflect payouts under the Annual Incentive Compensation Plan.
- (2) Amounts in this column reflect the market value of the shares of Restricted Stock awarded under the existing Stock Incentive Plan, based on the closing price of the Company's Common Stock on the date the award was made. No shares of Restricted Stock were awarded in 2002 or 2003. The number of shares awarded in 2001, was as follows: (i) Mr. Moore, 12,889 shares; (ii) Mr. Strecker, 5,759 shares; (iii) Mr. Hatfield, 3,299 shares; and (iv) Mr. Coffman, 1,915 shares. In the absence of death, disability or normal retirement, the shares awarded to these individuals are subject to forfeiture for three years with the amount the recipient ultimately receives dependent on Company performance. The total number of shares and market value of Restricted Stock held by each of the named individuals as of December 31, 2003, were as follows: Mr. Moore, 12,889 shares, \$311,785; Mr. Strecker, 5,759 shares, \$139,310; Mr. Delaney, 0 shares, \$0; Mr. Hatfield, 3,299 shares, \$79,803; and Mr. Coffman, 1,915 shares, \$46,325. Dividends are paid to these individuals on the shares of Restricted Stock owned by them.
- (3) Amounts in this column for 2003 reflect: (i) for Mr. Moore, \$38,695 (Retirement Savings Plan and Deferred Compensation Plan) and \$9,863 (insurance premiums); (ii) for Mr. Strecker, \$24,487 (Retirement Savings Plan and Deferred Compensation Plan) and \$12,687 (insurance premiums); (iii) Mr. Delaney, \$12,000 (Retirement Savings Plan and Deferred Compensation Plan) and \$4,705 (insurance premiums); (iv) for Mr. Hatfield, \$10,866 (Retirement Savings Plan and Deferred Compensation Plan) and \$17,285 (insurance premiums); and (v) for Mr. Coffman, \$11,875 (Retirement Savings Plan and Deferred Compensation Plan) and \$14,826 (insurance premiums). A significant portion of the insurance premiums reported for each of these individuals is for life insurance policies and such premiums are recovered by the Company from the proceeds of the policies.
- (4) Mr. Delaney joined the Company effective April 1, 2002.

OPTIONS AND STOCK APPRECIATION RIGHTS (SARs)

The following table indicates for each of the named executives (i) the extent to which the Company used stock options and SARs for executive compensation purposes in 2003 and (ii) the potential value of such options and SARs as determined pursuant to the SEC rules.

Options and SARs Granted in 2003

(a) <u>Name</u>	<u>Individual Grants</u>		(d) Exercise or Base Price (\$/Share)	(e) Expiration Date	<u>Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term</u>	
	(b) Options/SARs Granted # ⁽¹⁾	(c) % of Total Options and SARs Granted to Employees in 2003			(f) 5%(\$) ⁽²⁾	(g) 10%(\$) ⁽²⁾
S.E. Moore	202,300	24.12	\$16.685	1/27/13	\$2,122,756	\$5,379,479
A.M. Strecker	90,400	10.78	16.685	1/27/13	948,577	2,403,880
P.B. Delaney	98,200	11.71	16.685	1/27/13	1,030,423	2,611,294
J.R. Hatfield	51,800	6.18	16.685	1/27/13	543,543	1,377,445
J.T. Coffman	30,100	3.59	16.685	1/27/13	315,843	800,407

⁽¹⁾ Options were granted on January 27, 2003 and become exercisable in one-third annual installments beginning one year from the date of grant. No SARs were awarded for 2003.

⁽²⁾ The hypothetical potential appreciation shown in columns (f) and (g) for the named executives is required by the SEC rules. The amounts in these columns do not represent either the historical or anticipated future level of appreciation of our Common Stock.

The following table indicates for each of the named executives the number and value of exercisable and unexercisable options and SARs as of December 31, 2003.

Aggregated Option and SAR Exercises in 2003 and FY-End Option/SAR Value

(a) <u>Name</u>	(b) Shares Acquired on Exercise (#)	(c) Realized Value (\$)	(d) Number of Unexercised Options and SARs at 12/31/03 (#) - Exercisable (ex)/ Unexercisable (unex)	(e) Value of Unexercised In-the- Money Options and SARs at 12/31/03 (\$) - Exercisable (ex)/ Unexercisable (unex) *
S.E. Moore	N/A	N/A	397,233 (ex) 382,867 (unex)	\$722,847 (ex) 1,862,750 (unex)
A.M. Strecker	35,000	\$184,319	145,999 (ex) 169,901 (unex)	112,548 (ex) 830,377 (unex)
P.B. Delaney	N/A	N/A	28,300 (ex) 154,800 (unex)	42,167 (ex) 821,325 (unex)
J.R. Hatfield	N/A	N/A	79,433 (ex) 96,167 (unex)	166,845 (ex) 473,801 (unex)
J.T. Coffman	16,700	\$80,174	51,666 (ex) 57,834 (unex)	41,737 (ex) 278,621 (unex)

* Share price on December 31, 2003 was \$24.19. Options vest over 3 years with one-third becoming exercisable at the end of each year. Unexercisable options were granted on January 17, 2001 at a price of \$22.50, January 16, 2002 at a price of \$22.23, and January 27, 2003 at a price of \$16.685. No SARs were granted in 2003.

Long-Term Incentive Plans—Awards In Last Fiscal Year

(a)	(b)	(c)	(d)	(e)	(f)
<u>Name</u>	Number of shares, units or other rights (#)(1)	Performance or other period until maturation or payout(2)	Estimated future payouts under non-stock price-based plans		
			Threshold (#)(2)	Target (#)(2)	Maximum (#)(2)
S.E. Moore	31,063	1/1/03-12/31/05	0	31,063	62,126
A.M. Strecker	13,879	1/1/03-12/31/05	0	13,879	27,758
P.B. Delaney	15,086	1/1/03-12/31/05	0	15,086	30,172
J.R. Hatfield	7,950	1/1/03-12/31/05	0	7,950	15,900
J.T. Coffman	4,616	1/1/03-12/31/05	0	4,616	9,232

- (1) Represents awards of performance units made under the Stock Incentive Plan. Each performance unit represents the value of one share of our common stock.
- (2) The number of performance units ultimately received at the end of the performance cycle is based on the Company's total shareholder return over a three-year period measured against the total shareholder return for such period by a peer group selected by the Committee. Following the end of the performance cycle, the performance units will be paid out two-thirds in shares of our common stock and one-third in cash.

PENSION PLAN TABLE

The Company and OG&E maintain a qualified non-contributory pension plan (the "Retirement Plan") covering all employees who have completed one year of service. Subject to limitations imposed by the Employee Retirement Income Security Act of 1974 ("ERISA"), benefits payable under the Retirement Plan are based upon (i) the average of the five highest consecutive years of cash compensation (which for the executives named in the Summary Compensation Table prior to 1993 consisted solely of salaries and for subsequent years consists of salary and bonus) during an employee's last ten years prior to retirement and (ii) length of service. Social Security benefits are deducted in determining benefits payable under the Retirement Plan. Compensation covered by the Retirement Plan includes salaries, bonuses and overtime pay. Previously, benefits were reduced for each year prior to age 62 that an employee retired and were significantly reduced for retirement prior to age 55. The changes adopted in 2000 included: (i) elimination of the significant reduction for employees electing to retire before age 55, (ii) the addition of an alternative method of computing the reduction in benefits for an employee retiring prior to age 62, which alternative method is based on years of service and age with an employee whose age and years of service total or exceed 80 at the time of retirement receiving no reduction in the benefits payable under the plan, and (iii) the ability of an employee at time of retirement to receive, in lieu of an annuity, a lump-sum payment equal to the present value of the annuity. Also, for employees hired after January 31, 2000, the pension plan will be a cash balance plan, under which the Company annually will contribute to the employee's account an amount equal to 5% of the employee's annual compensation plus accrued interest. Employees hired prior to February 1, 2000 receive the greater of the cash balance formula or final average compensation formula. Retirement benefits are payable to participants upon normal retirement (at or after age 65) or early retirement (at or after attaining age 55 and completing five or more years of service), to former employees after reaching retirement age who have completed five or more years of service before terminating their employment and to participants after reaching retirement age upon total and permanent disability. As indicated above, the benefits payable under the Plan are subject to maximum limitations under ERISA. Should benefits for a participant at the time of retirement exceed the then permissible limits of ERISA, the Retirement Restoration Plan will provide benefits through a lump-sum distribution actuarially equivalent to the amounts that would have been payable to such participant annually under the Retirement Plan but for the ERISA limits. The Company and OG&E fund the estimated benefits payable under the Retirement Restoration Plan through contributions to a trust for the benefit of those employees who will be entitled to receive payments under the Retirement Restoration Plan.

The following table sets forth the estimated annual benefits payable upon normal retirement under the Retirement Plan and Retirement Restoration Plan to persons in the compensation classification specified.

Average Compensation 5 Highest Years	Years of Service at Retirement							
	10	15	20	25	30	35	40	45
\$ 100,000	\$ 12,859	\$ 19,289	\$ 25,718	\$ 32,148	\$ 38,578	\$ 45,007	\$ 51,437	\$ 57,866
125,000	16,609	24,914	33,218	41,523	49,828	58,132	66,437	74,741
150,000	20,359	30,539	40,718	50,898	61,078	71,257	81,437	91,616
175,000	24,109	36,164	48,218	60,273	72,328	84,382	96,437	108,491
200,000	27,859	41,789	55,718	69,648	83,578	97,507	111,437	125,366
225,000	31,609	47,414	63,218	79,023	94,828	110,632	126,437	142,241
250,000	35,359	53,039	70,718	88,398	106,078	123,757	141,437	159,116
300,000	42,859	64,289	85,718	107,148	128,578	150,007	171,437	192,866
350,000	50,359	75,539	100,718	125,898	151,078	176,257	201,437	226,616
400,000	57,859	86,789	115,718	144,648	173,578	202,507	231,437	260,366
450,000	65,359	98,039	130,718	163,398	196,078	228,757	261,437	294,116
500,000	72,859	109,289	145,718	182,148	218,578	255,007	291,437	327,866
550,000	80,359	120,539	160,718	200,898	241,078	281,257	321,437	361,616
600,000	87,859	131,789	175,718	219,648	263,578	307,507	351,437	395,366
650,000	95,359	143,039	190,718	238,398	286,078	333,757	381,437	429,116
700,000	102,859	154,289	205,718	257,148	308,578	360,007	411,437	462,866
750,000	110,359	165,539	220,718	275,898	331,078	386,257	441,437	496,616
800,000	117,859	176,789	235,718	294,648	353,578	412,507	471,437	530,366
850,000	125,359	188,039	250,718	313,398	376,078	438,757	501,437	564,116
900,000	132,859	199,289	265,718	332,148	398,578	465,007	531,437	597,866
950,000	140,359	210,539	280,718	350,898	421,078	491,257	561,437	631,616
1,000,000	147,859	221,789	295,718	369,648	443,578	517,507	591,437	665,366

As of December 31, 2003, the credited years of service for the individuals listed in the Summary Compensation Table on page 16 are as follows: S. E. Moore - 29 years; A. M. Strecker - 32 years; P.B. Delaney - 1 year; J. R. Hatfield - 9 years; and J. T. Coffman - 33 years.

In 1993, OG&E adopted a SERP which is an unfunded supplemental plan that is not subject to the benefits limit imposed by ERISA. The plan generally provides for an annual retirement benefit at age 65 equal to 65% of the participant's average cash compensation during his or her final 36 months of employment, reduced by Social Security benefits, by amounts payable under the Retirement and Restoration Plans described above and by amounts received under pension plans from other employers. For a participant in the SERP who retires before age 65, the 65% benefit is reduced, with the reduction being 1% per year for ages 62 through 64, an additional 2% per year for ages 60 through 61, an additional 4% per year for ages 58 through 59 and an additional 6% per year for ages 55 through 57, so that a participant retiring at age 55 would receive 32% of his average cash compensation during his final 36 months, reduced by the deductions set forth above. Other than Mr. Delaney, no employee participated in the SERP during 2003. If selected to participate, none of the other individuals listed in the Summary Compensation Table on page 16 is expected to receive benefits under the SERP at normal retirement as the benefits payable to such individuals under the Retirement and Restoration Plans are expected to exceed the benefits payable under the SERP.

EMPLOYMENT AGREEMENTS AND CHANGE OF CONTROL ARRANGEMENTS

Effective April 1, 2002, Mr. Peter Delaney entered into an employment agreement with the Company. The agreement extends through March 31, 2005. Under the terms of the agreement, Mr. Delaney will serve as an Executive Vice President of the Company and as the Chief Executive Officer of the Company's unregulated businesses. Mr. Delaney will be entitled to an annual base salary of not less than \$400,000, subject to annual review and possible increase by the Board of Directors or the Compensation Committee. Mr. Delaney also will be entitled to participate in the Company's annual incentive plan and long-term stock incentive plan. Under the terms of the agreement, Mr. Delaney's annual target award under the annual incentive plan will be at least \$240,000 (60% of his initial base salary) and Mr. Delaney's annual target award under the stock incentive plan will be at least \$400,000 (100% of his initial base salary). In addition, Mr. Delaney will be entitled to (i) participate in all employee benefit plans and fringe benefits of the Company or an affiliate provided generally to executives of the Company, (ii) relocation expenses and (iii) participate in the Company's Supplemental Executive Retirement Plan (which is described on page 19).

Under the agreement, if Mr. Delaney's employment is terminated prior to March 31, 2005, due to death, disability or cause, he will be entitled to (i) his unpaid base salary through the date of termination, and (ii) accrued and unused vacation days, to the extent, and in the amount, if any, provided under the Company's usual policies and arrangements. These amounts are in addition to any benefits that Mr. Delaney at the time of his termination would be entitled to receive under the terms of any existing life insurance or disability policy or bonus, stock or other plan of the Company. If the Company terminates Mr. Delaney's employment prior to March 31, 2005 for any reason other than death, disability or cause, Mr. Delaney will be entitled to: (i) unpaid base salary through the date of termination, (ii) accrued and unused vacation days, to the extent, and in the amount, if any, provided under the Company's usual policies and arrangements, (iii) continued payment of base salary to March 31, 2005, and (iv) payment, within 15 days of termination, of annual and long-term incentive compensation, in amounts equal to the sum of the minimum annual target payouts, for the remainder of the term of the agreement. These payments are to be in lieu of any severance payouts to which

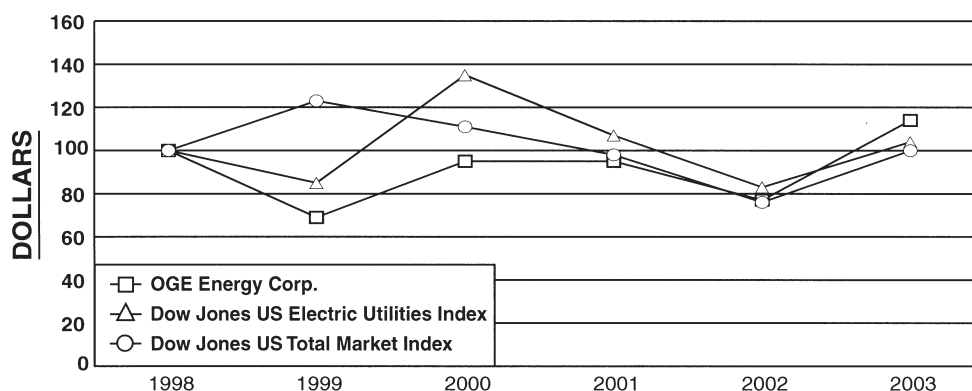
Mr. Delaney may be entitled under any severance pay plan of the Company. If Mr. Delaney is entitled to benefits under this employment agreement and the change-of-control agreement described below, any payments or benefits to be paid under the employment agreement will be reduced by the amount of any comparable payments or benefits to which Mr. Delaney is or becomes entitled to under the terms of the change of control agreement. Mr. Delaney has agreed that he will not, without the prior written consent of the Board, compete with the Company during the term of the agreement and for one year following his termination.

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

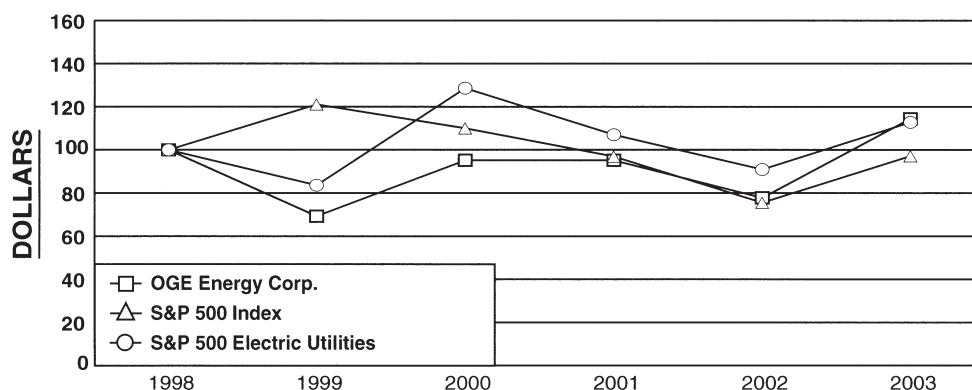
If, during the Employment Period, the officer's employment is terminated by the employer for reasons other than cause or disability or by such officer due to a change in employment responsibilities, the officer is entitled to the following payments: (i) all accrued and unpaid compensation and (ii) a severance payment equal to 2.99 times the sum of such officer's (a) annual base salary and (b) highest recent annual bonus. The officer also is entitled to continued welfare benefits for three years and outplacement services. If the payment of the foregoing benefits, when taken together with any other payments to the officer, would result in the imposition of the excise tax on excess parachute payments under Section 4999 of the Internal Revenue Code of 1986, as amended, then the severance benefits will be reduced if such reduction results in a greater after-tax payment to the officer. The officer is entitled to receive such amounts in a lump-sum payment within 30 days of termination. A change of control encompasses certain mergers and acquisitions, changes in Board membership and acquisition of securities of the Company.

COMPANY STOCK PERFORMANCE

The following graphs show a five-year comparison of cumulative total returns for the Company's Common Stock, the Dow Jones US Total Market Index, the Dow Jones US Electric Index, the S&P 500 Index and the S&P 500 Electric Utilities Index. For the last several years, the Company has used The Dow Jones US Total Market Index and the Dow Jones US Electric Index for comparative purposes. The Company has determined that the S&P Index and the S&P 500 Electric Utilities Index are more appropriate comparisons and, accordingly, for this year and future years, the Company expects to utilize such indices. The rules of the SEC require that if the Company switches to a new index, it also must show the results for the index used in the prior year's proxy statement. That is the reason we have included the two graphs below. The graphs assume that the value of the investment in the Company's Common Stock and each index was 100 at December 31, 1998, and that all dividends were reinvested. As of March 1, 2004, the closing price of the Company's Common Stock on the New York Stock Exchange was \$25.82.



	1998	1999	2000	2001	2002	2003
OGE Energy Corp.	100	69	95	95	78	114
Dow Jones US Electric Utilities Index	100	85	135	107	83	104
Dow Jones US Total Market Index	100	123	111	98	76	100



	1998	1999	2000	2001	2002	2003
OGE Energy Corp.	100	69	95	95	78	114
S&P 500 Index	100	121	110	97	76	97
S&P 500 Electric Utilities	100	84	129	107	91	113

SECURITY OWNERSHIP

The following table shows the number of shares of the Company's Common Stock beneficially owned on March 1, 2004, by each Director, by each of the Executive Officers named in the compensation table on page 16, and by all Executive Officers and Directors as a group:

	Number of Common Shares(1) (2) (3)		Number of Common Shares(1) (2) (3)
Herbert H. Champlin	43,721	S.E. Moore	685,842
Luke R. Corbett	26,019	A.M. Strecker	261,341
William E. Durrett	24,688	P.B. Delaney	91,996
Martha W. Griffin	24,756	J.R. Hatfield	106,086
John D. Groendyke	27,323	J.T. Coffman	92,462
Robert Kelley	37,546		
Ronald H. White	32,615	All Executive Officers and	1,661,941
J.D. Williams	20,585	Directors as a group	
		(19 persons)	

- (1) Ownership by each executive officer is less than .78% of the class, by each director other than Mr. Moore is less than .05% of the class and, for all executive officers and directors as a group, is less than 1.90% of the class. Amounts shown include shares for which, in certain instances, an individual has disclaimed beneficial interest. Amounts shown for executive officers include 1,513,806 shares of Common Stock representing their interest in shares held under the Company's Retirement Savings Plan, Officer's Deferred Compensation Plan, and Stock Incentive Plan for which in certain instances they have voting power but not investment power.
- (2) Amounts shown for Messrs. Champlin, Corbett, Durrett, Groendyke, Kelley, White, and Williams and for Mrs. Griffin include, 37,595; 21,962; 16,595; 1,823; 21,813; 26,882; 4,825 and 15,363 common stock units, respectively, under the Directors' Deferred Compensation Plan.
- (3) Includes shares subject to stock options granted under the Company's Stock Incentive Plan, exercisable within 60 days following March 1, 2004, as follows: each non-officer director except Mr. Groendyke, 3,733 shares; Mr. Groendyke, 0 shares; Mr. Moore, 572,399 shares; Mr. Strecker, 192,966 shares; Mr. Delaney, 89,333 shares; Mr. Hatfield, 87,266 shares; and Mr. Coffman, 68,566 shares.

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

EQUITY COMPENSATION PLAN INFORMATION

The following table provides certain information as of December 31, 2003 with respect to the shares of the Company's Common Stock that may be issued under the existing equity compensation plans:

Plan Category	A Number of Securities to be Issued upon Exercise of Outstanding Options	B Weighted Average Price of Outstanding Options	C Number of Securities Remaining Available for future issuances under equity compensation plans (excluding securities reflected in Column A)
Equity Compensation Plans Approved by Shareowners (1)	2,871,802	\$21.63	2,700,000(2)
Equity Compensation Plans Not Approved by Shareowners	0	N/A	N/A

- (1) Consists of the OGE Energy Corp. Stock Incentive Plan, which was approved by shareowners at the 1998 annual meeting and OGE Energy Corp. 2003 Stock Incentive Plan, which was approved by shareowners at the 2003 annual meeting.
- (2) Awards under the Stock Incentive Plan can take the form of stock options, stock appreciation rights, restricted stock or performance units.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Under federal securities laws, our directors and executive officers are required to report, within specified monthly and annual due dates, their initial ownership in the Company's Common Stock and subsequent acquisitions, dispositions or other transfers of interest in such securities. We are required to disclose whether we have knowledge that any person required to file such a report may have failed to do so in a timely manner. Except as described in the immediately succeeding two sentences, to our knowledge, all of our directors and officers subject to such reporting obligations have satisfied their reporting obligations in full for 2003. Mr. Huneryager failed to timely file one report on Form 4 regarding the accrual of phantom stock units under the Company's deferred compensation plan. Mr. Huneryager filed the required Form 4 approximately five months late.

CHANGE OF INDEPENDENT PUBLIC ACCOUNTANTS

On May 16, 2002 the Board of Directors of the Company, upon recommendation of the Audit Committee, dismissed Arthur Andersen LLP as independent public accountants of the Company and OG&E and engaged Ernst & Young LLP as independent public accountants of the Company and OG&E for fiscal year 2002.

The audit reports of Arthur Andersen LLP on the Company's consolidated financial statements as of and for the fiscal years ended December 31, 2000 and 2001, did not contain any adverse opinion or disclaimer of opinion, nor were they qualified or modified as to uncertainty, audit scope or accounting principles.

During the fiscal years of the Company ended December 31, 2000 and 2001, and the subsequent interim period through May 16, 2002, there were no disagreements between the Company and Arthur Andersen LLP on any matter of accounting principles or practices, financial statement disclosure, or auditing scope or procedure, which disagreements, if not resolved to Arthur Andersen LLP's satisfaction, would have caused Arthur Andersen LLP to make reference to the subject matter of the disagreement in connection with its reports.

None of the reportable events described under Item 304(a)(1)(v) of Regulation S-K occurred within the fiscal years of the Company ended December 31, 2000 and 2001, or within the subsequent interim period through May 16, 2002.

The Company provided Arthur Andersen LLP with a copy of the foregoing disclosures. By copy of a letter dated May 21, 2002, Arthur Andersen LLP stated its agreement with such statements.

During the fiscal years of the Company ended December 31, 2000 and December 31, 2001, and the subsequent interim period through May 16, 2002, the Company did not consult with Ernst & Young LLP regarding any of the matters or events set forth in Items 304(a)(2)(i) and (ii) of Regulation S-K.

SHAREOWNER PROPOSALS

Any shareowner proposal intended to be included in the proxy statement for the Annual Meeting in 2005 must be received by the Company on or before December 2, 2004. Proposals received by that date, deemed to be proper for consideration at the Annual Meeting and otherwise conforming to the rules of the SEC, will be included in the 2005 proxy statement.

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

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

HOUSEHOLDING INFORMATION

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

If you and other shareowners of record with whom you share an address currently receive multiple copies of our Summary Annual Report to Shareowners and/or proxy statement, or if you hold stock in more than one account, and in either case, you would like to receive only a single copy of the Annual Report to Shareowners or proxy statement for your household, please contact Mellon Investor Services; P.O. Box 3337, South Hackensack, NJ 07606 or phone toll free 1-888-216-8114.

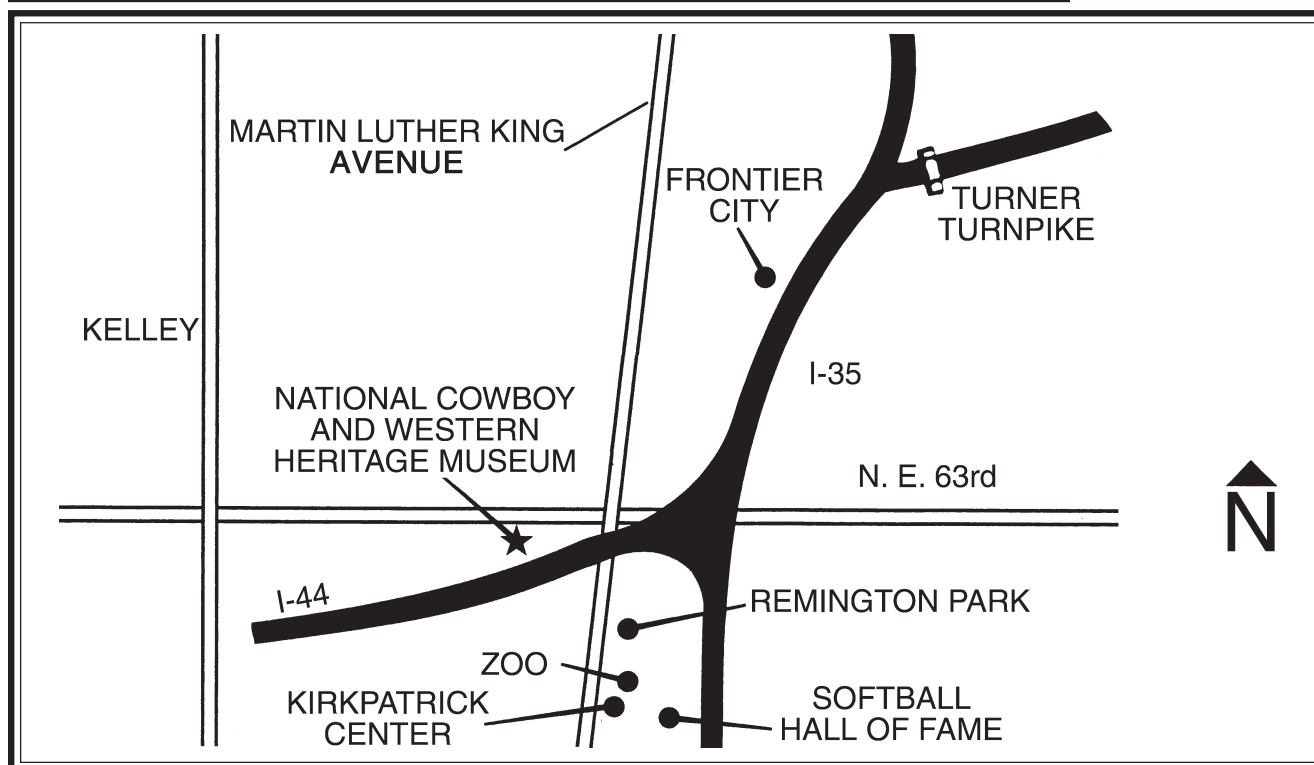
If you participate in householding and would like to receive a separate copy of our 2003 Annual Report to Shareowners or this proxy statement, please call or write us at the following address or phone number: OGE Energy Corp. Shareowner Relations, 321 North Harvey, P.O. Box 321, Oklahoma City, OK 73101-0321 or phone 405-553-3211. We will deliver the requested documents to you promptly upon receipt of your request.

Some banks, brokers and other nominee record holders may be participating in the practice of “householding” proxy statements and annual reports. This means that only one copy of our proxy statement or Summary Annual Report to Shareowners may have been sent to multiple shareowners in your household. We will promptly deliver a separate copy of either document to you if you call or write us at the following address or phone number: OGE Energy Corp. Shareowner Relations, 321 North Harvey, P.O. Box 321, Oklahoma City, OK 73101-0321 or phone 405-553-3211. If you want to receive separate copies of the Summary Annual Report to Shareowners and proxy statement in the future, or if you are receiving multiple copies and would like to receive only one copy for your household, you should contact your bank, broker, or other nominee record holder.

LOCATION OF THE NATIONAL COWBOY AND WESTERN HERITAGE MUSEUM

East Bound or West Bound I-44

Exit to Martin Luther King Ave., continuing north approximately .2 miles. Proceed west on Northeast 63rd Street .5 miles to National Cowboy and Western Heritage Museum.



OG E ENERGY CORP. AUDIT COMMITTEE CHARTER

Purposes

The purposes of the Audit Committee of the Board of Directors of OGE Energy Corp. (the “Company”) are to assist the Board of Directors in monitoring: (i) the integrity of the Company’s financial statements, (ii) the Company’s compliance with legal and regulatory requirements, (iii) the independent auditors’ qualifications and independence, and (iv) the performance of the independent auditors and the Company’s internal audit function. The Committee also shall prepare the Committee’s report, made pursuant to the Securities Exchange Act of 1934 (the “Exchange Act”), to be included in the Company’s annual proxy statement (the “Audit Committee Report”).

Composition

Size. The size of the Committee shall be determined by the Board of Directors, but it always must have at least three members.

Qualifications. Each Committee member shall have all of the following qualifications:

- 1) Each Committee member shall meet the independence criteria of (a) the rules of the New York Stock Exchange, Inc. (“NYSE”), as such requirements are interpreted by the Board of Directors in its business judgment, and (b) Section 301 of the Sarbanes-Oxley Act of 2002 and the rules and listing requirements promulgated thereunder by the Securities and Exchange Commission (“SEC”), including Rule 10A-3 under the Exchange Act, and the NYSE.
- 2) Each Committee member shall be financially literate or shall become financially literate within a reasonable period of time after his or her appointment to the Committee. Additionally, at least one member of the Committee shall have accounting or related financial management expertise sufficient to meet the criteria of a financial expert within the meaning of Section 407 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC. The Board of Directors shall determine, in its business judgment, whether a member is financially literate and whether at least one member has the requisite accounting or financial management expertise and meets the financial expert criteria of Section 407 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC. The designation or identification of a person as an audit committee financial expert shall not (a) impose on such person any duties, obligations or liability that are greater than the duties, obligations and liability imposed on such person as a member of the Audit Committee and Board of Directors in the absence of such designation or identification, or (b) affect the duties, obligations or liability of any other member of the Audit Committee or Board of Directors.
- 3) Each Committee member shall receive as compensation from the Company only those forms of compensation as are not prohibited by Section 301 of the Sarbanes-Oxley Act of 2002 and the rules and listing requirements promulgated thereunder by the SEC and the NYSE. Permitted compensation includes (a) director’s fees (which includes all forms of compensation paid to directors of the Company for service as a director or member of a Board Committee) and/or (b) fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company provided that such compensation is not contingent in any way on continued service. Additional directors’ fees may be paid to Audit Committee members to compensate them for the significant time and effort they expend in performing their duties as Audit Committee members.
- 4) If a Committee member simultaneously serves on the audit committee of more than three public companies (including the Company), the Board of Directors must determine that such simultaneous service would not impair the ability of such member to effectively serve on the Committee. The Company shall disclose any such determination in its annual proxy statement.

Selection. The Board of Directors will appoint the members and the Chair of the Committee. Each Committee member will serve at the pleasure of the Board and for such term as the Board may decide or until such Committee member is no longer a Board member. Committee members may be replaced by the Board at any time.

Duties and Responsibilities

The Committee is responsible for overseeing the Company's financial reporting process on behalf of the Board of Directors and preparing the Audit Committee Report. While the Audit Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the independent auditors.

The Committee is directly responsible for the appointment, termination, compensation, retention, evaluation and oversight of the work of the Company's independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company.

In performing its responsibilities, the Committee shall:

- 1) **Retain the Independent Auditors:** The Committee has the sole authority to (a) directly appoint, retain, compensate, evaluate and terminate the Company's independent auditors, (b) approve all audit services (including the fees and terms thereof), and (c) approve any permitted non-audit services (including the fees and terms thereof). The Committee is to exercise this authority in a manner consistent with Sections 201, 202 and 301 of the Sarbanes-Oxley Act of 2002 and the rules and listing standards promulgated thereunder by the SEC and NYSE. The Committee may form and delegate authority to subcommittees consisting of one or more members when appropriate, including the authority to grant any pre-approvals of all audit and permitted non-audit services, provided that decisions of such subcommittee to grant pre-approvals shall be presented to the Committee at its next scheduled meeting. Prior to retaining the independent auditors, the Committee shall evaluate the auditors' qualifications, performance and independence, which evaluation shall include, among other things, a review of the auditors' prior work for the Company, consideration of the opinions of management and the internal auditors, and a review of the reports and other information described in paragraphs (2) and (3) below. The Committee shall report its conclusions with respect to the independent auditors to the Board.
- 2) **Review and Discuss the Auditors' Quality Control:** The Committee is to, at least annually, obtain and review a report by the independent auditors describing (a) the audit firm's internal quality control procedures, (b) any material issues raised by the most recent internal quality control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and (c) any steps taken to deal with any such issues.
- 3) **Review and Discuss the Independence of the Auditors:** In connection with the retention of the Company's independent auditors, the Committee is to, at least annually, review and discuss the information and reports provided by management or the auditors relating to the independence of the audit firm, including, among other things, information related to the non-audit services provided and expected to be provided by the auditors and other relationships between the independent auditors and the Company. The Committee is responsible for (a) ensuring that the independent auditors submit at least annually to the Committee a formal written statement delineating all relationships between the auditors and the Company consistent with applicable independence standards, (b) engaging in a dialogue with the auditors with respect to any disclosed relationship or services that may impact the objectivity and independence of the auditors, and (c) taking appropriate action in response to the auditors' report to satisfy itself of the auditors' independence. In connection with the Committee's evaluation of the independent auditors, the Committee shall review and evaluate the lead partner of the independent auditors and take such steps as may be required by law with respect to the identification and regular rotation of the audit partners serving

on the Company's audit engagement team. The Committee also will consider whether, in order to assure continuing auditors' independence, it is appropriate to adopt a policy of rotating the independent auditing firm on a regular basis.

- 4) Set Hiring Policies: The Committee is to set hiring policies for employees or former employees of the independent auditors, which include the restrictions set forth in Section 206 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC.
- 5) Review and Discuss the Audit Plan: The Committee is to review and discuss with the independent auditors the plans for, and the scope of, the annual audit and other examinations, including the adequacy of staffing and compensation.
- 6) Review and Discuss Conduct of the Audit: The Committee is to review and discuss with the independent auditors the matters required to be discussed by Statement on Auditing Standards No. 61 relating to the conduct of the audit, as well as any audit problems or difficulties the auditor encountered in the course of the audit work and management's response, including (a) any restriction on audit scope or the auditors' activities or on access to requested information, (b) any disagreements with management, (c) significant issues discussed with the independent auditors' national office and (d) whether the auditors have any reason to believe there has been conduct in violation of Rule 13b2-2 under the Exchange Act. The Committee is to decide all unresolved disagreements between management and the independent auditors regarding financial reporting.
- 7) Review and Discuss Financial Statements and Disclosures: The Committee is to review and discuss with appropriate officers of the Company and the independent auditors the annual audited and quarterly financial statements of the Company, including (a) the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations," and (b) the disclosures regarding internal controls and other matters required by Section 302 and 404 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC. The Committee shall recommend to the Board whether the audited financial statements of the Company should be included in the Company's Form 10-K.
- 8) Review and Discuss Earnings Press Releases: The Committee is to review and discuss earnings and other financial press releases (including any use of "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to analysts and rating agencies (which review may occur after issuance and may be done generally as a review of the types of information to be disclosed and the form of presentation to be made).
- 9) Review and Discuss Internal Audit Plans and Senior Internal Auditing Executive: The Committee is to review and discuss with the senior internal auditing executive and appropriate members of the staff of the internal auditing department the plans for and the scope of their ongoing audit activities, including adequacy of staffing and compensation. The Committee also is to review the appointment and replacement of the senior internal auditing executive.
- 10) Review and Discuss Internal Audit Reports: The Committee is to review and discuss with the senior internal auditing executive and appropriate members of the staff of the internal auditing department the annual report of the audit activities, examinations and results thereof of the internal auditing department.
- 11) Review and Discuss the Systems of Internal Accounting Controls: The Committee is to review and discuss with the independent auditors, the senior internal auditing executive, the General Counsel and, if and to the extent deemed appropriate by the Chair of the Committee, members of their respective staffs the adequacy of the Company's internal accounting controls, the Company's financial, auditing and accounting organizations and personnel, and the Company's policies and compliance procedures with respect to business practices, which shall include the disclosures regarding internal controls and matters required to be reported to the Committee by Sections 302 and 404 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC.

- 12) Review and Discuss the Recommendations of Independent Auditors: The Committee is to review and discuss with the senior internal auditing executive and the appropriate members of the staff of the internal auditing department recommendations made by the independent auditors and the senior internal auditing executive, as well as such other matters, if any, as such persons or other officers of the Company may desire to bring to the attention of the Committee.
- 13) Review and Discuss the Audit Results: The Committee is to review and discuss with the independent auditors (A) the report of their annual audit, or proposed report of their annual audit, (B) the accompanying management letter, if any, (C) the reports of their reviews of the Company's interim financial statements conducted in accordance with Statement on Auditing Standards No. 71, and (D) the reports of the results of such other examinations outside of the course of the independent auditors' normal audit procedures that the independent auditors may from time to time undertake. The foregoing shall include the reports required by Section 204 of the Sarbanes-Oxley Act of 2002 and any rules promulgated thereunder by the SEC and, as appropriate, a review of (a) major issues regarding (i) accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles and (ii) the adequacy of the Company's internal controls and any special audit steps adopted in light of material control deficiencies, (b) analyses prepared by management and/or the independent auditors setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements, including analyses of the effects of alternative GAAP methods on the financial statements, and (c) the effect of regulatory and accounting initiatives, as well as off-balance sheet structures, on the financial statements of the Company.
- 14) Obtain Assurances under Section 10A(b) of the Exchange Act: The Committee is to obtain assurance from the independent auditors that in the course of conducting the audit, there have been no acts detected or that have otherwise come to the attention of the audit firm that require disclosure to the Committee under Section 10A(b) of the Exchange Act.
- 15) Discuss Risk Management Policies: The Committee is to discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control the exposures, including the Company's risk assessment and risk management policies and guidelines.
- 16) Obtain Reports Regarding Conformity With Legal Requirements and the Company's Code of Business Conduct and Ethics: The Committee is to periodically obtain reports from management, the Company's senior internal auditing executive and the independent auditor that the Company and its affiliated entities are in conformity with applicable legal requirements and the Company's Code of Ethics (including the Code of Ethics for CEO and Senior Financial Officers). The Committee is to review and discuss reports of insider and affiliated party transactions. The Committee should advise the Board with respect to the Company's policies and procedures regarding compliance with applicable laws and regulations and with the Company's Code of Ethics (including the Code of Ethics for CEO and Senior Financial Officers).
- 17) Establish Procedures for Complaints Regarding Financial Statements or Accounting Policies: The Committee is to establish procedures for (A) the receipt, retention, and treatment of complaints received by the Company from employees regarding accounting, internal accounting controls, or auditing matters; and (B) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters as required by Section 301 of the Sarbanes-Oxley Act of 2002 and the rules and listing requirements promulgated thereunder by the SEC and the NYSE. The Committee is to discuss with management and the independent auditors any correspondence with regulators or governmental agencies and any complaints or concerns regarding the Company's financial statements or accounting policies.
- 18) Discuss With General Counsel Matters Regarding Financial Statements or Compliance Policies: The Committee should discuss with the Company's General Counsel legal matters that may have a material impact on the financial statements or the Company's compliance policies.

- 19) Review and Discuss Other Matters: The Committee should review and discuss such other matters that relate to the accounting, auditing and financial reporting practices and procedures of the Company as the Committee may, in its own discretion, deem desirable in connection with the review functions described above.
- 20) Make Board Reports: The Committee should report its activities regularly to the Board of Directors in such manner and at such times as the Committee and the Board of Directors deem appropriate, but in no event less than once a year. Such report should include the Committee's conclusions with respect to its assessment of the performance and independence of the independent auditors.
- 21) Maintain Flexibility. The Committee, in carrying out its responsibilities, policies and procedures should remain flexible, in order to best react to changing conditions and circumstances.

Meetings

The Committee shall meet in person or telephonically at least quarterly, or more frequently as it may determine necessary, to comply with its responsibilities as set forth herein. The Chair of the Committee will, in consultation with the other members of the Committee, the Company's independent auditors and the appropriate officers of the Company, establish the agenda for each Committee meeting. Any Committee member may submit items to be included on the agenda. Committee members may also raise subjects that are not on the agenda at any meeting. The Committee Chair or a majority of the Committee members may call a meeting of the Committee at any time. A majority of the number of Committee members selected by the Board will constitute a quorum for conducting business at a meeting of the Committee. The act of a majority of Committee members present at a Committee meeting at which quorum is in attendance will be the act of the Committee, unless a greater number is required by law, the Company's certificate of incorporation or its by-laws. Any Committee member may be excused from a meeting to permit the remaining members of the Committee to act on any matter in which such member's participation is not appropriate, and such member's absence shall not destroy the quorum for the meeting. The Committee also may take action by unanimous written consent. The Committee Chair will supervise the conduct of the meetings and will have other responsibilities as the Committee may specify from time to time.

The Committee may request any officer or employee of the Company or any representative of the Company's legal counsel or independent auditors or other advisors to attend a meeting of the Committee or to meet with any members, or representatives of the Committee. The Committee shall meet with the Company's management, the internal auditors and the independent auditors periodically in separate private sessions to discuss any matter that the Committee, management, the independent auditors or such other persons believe should be discussed privately.

Resources and Authority

The Committee shall have appropriate resources and authority to discharge its responsibilities as required by law, including the authority to engage independent legal counsel and other advisors as the Committee deems necessary to carry out its responsibilities. The Committee may also, to the extent it deems necessary or appropriate, meet with the Company's investment bankers or financial analysts who follow the Company.

The Company will provide for appropriate funding, as determined by the Committee, for payment of compensation (i) to the Company's independent auditors engaged for the purpose of rendering or issuing an audit report or related work or performing other audit, review or attest services for the Company, and (ii) to independent counsel or any other advisors employed by the Committee.

Audit Committee Report

The Committee will prepare, with the assistance of management, the independent auditors and legal counsel, the Audit Committee Report.

Annual Review

In 2004 and annually thereafter, the Committee shall (a) review this Charter with the Board and recommend any changes to the Board and (b) evaluate its performance against the requirements of this Charter and review this evaluation with the Board. The Committee shall conduct its review and evaluation in such manner as the Committee, in its business judgment, deems appropriate.

Consistent with New York Stock Exchange listing requirements, this Charter will be included on the Company's website and will be made available upon request sent to the Company's Corporate Secretary. The Company's annual report to stockholders will state that this Charter is available on the Company's website and will be available upon request sent to the Company's Corporate Secretary.

