



DIVISION OF  
CORPORATION FINANCE

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549-3010

February 27, 2008

Robert J. Joseph  
Jones Day  
77 West Wacker  
Chicago, IL 60601-1692

Re: OGE Energy Corp.  
Incoming letter dated January 9, 2008

Dear Mr. Joseph:

This is in response to your letter dated January 9, 2008 concerning the shareholder proposal submitted to OGE by Calvert Asset Management Company, Inc. We also have received a letter from the proponent dated February 22, 2008. Our response is attached to the enclosed photocopy of your correspondence. By doing this, we avoid having to recite or summarize the facts set forth in the correspondence. Copies of all of the correspondence also will be provided to the proponent.

In connection with this matter, your attention is directed to the enclosure, which sets forth a brief discussion of the Division's informal procedures regarding shareholder proposals.

Sincerely,

Jonathan A. Ingram  
Deputy Chief Counsel

Enclosures

cc: Ivy Wafford Duke, Esq.  
Assistant Secretary  
Calvert Asset Management Company, Inc.  
4550 Montgomery Avenue  
Bethesda, MD 20814

February 27, 2008

**Response of the Office of Chief Counsel**  
**Division of Corporation Finance**

Re: OGE Energy Corp.  
Incoming letter dated January 9, 2008

The proposal requests that the board provide a report describing how the company is assessing the impact of climate change on the company, the company's plans to disclose this assessment to shareholders, and the rationale for not disclosing this information through other reporting mechanisms.

There appears to be some basis for your view that OGE may exclude the proposal under rule 14a-8(i)(7), as relating to OGE's ordinary business operations (i.e., evaluation of risk). Accordingly, we will not recommend enforcement action to the Commission if OGE omits the proposal from its proxy materials in reliance on rule 14a-8(i)(7). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which OGE relies.

Sincerely,

William A. Hines  
Special Counsel

RECEIVED

**JONES DAY**

77 WEST WACKER

CHICAGO, ILLINOIS 60601-1692

TELEPHONE: 312-782-3939 • FACSIMILE: 312-782-8585

2008 JAN 11 PM 3:12

OFFICE OF CHIEF COUNSEL  
CORPORATION FINANCE

January 9, 2008

No-Action Request  
1934 Act/Rule 14a-8

Via Messenger

U.S. Securities and Exchange Commission  
Division of Corporation Finance  
Office of Chief Counsel  
100 F Street, N.E.  
Washington, D.C. 20549

Re: OGE Energy Corp.  
Shareholder Proposal of Calvert Asset Management Company

Ladies and Gentlemen:

On behalf of our client OGE Energy Corp., an Oklahoma corporation, (the "Company") we are submitting this letter pursuant to Rule 14a-8(j) of the Securities Exchange Act of 1934, as amended, (the "Act") in reference to the Company's intention to omit the Shareholder Proposal (the "Proposal") filed by shareholder Calvert Asset Management Company, Inc. (the "Proponent") from its 2008 proxy statement and form of proxy relating to its Annual Meeting of Shareholders tentatively scheduled for May 22, 2008. The definitive copies of the 2008 proxy statement and form of proxy are currently scheduled to be filed pursuant to Rule 14a-6 on or about April 1, 2008. We hereby request that the staff of the Division of Corporation Finance (the "Staff") not recommend any enforcement action to the Securities and Exchange Commission (the "Commission") if, in reliance on one or more of the interpretations of Rule 14a-8 set forth below, the Company excludes the Proposal from its proxy materials. Pursuant to Rule 14a-8(j)(2), enclosed herewith are six copies of the following materials:

- 1) This letter which represents the Company's statement of reasons why omission of the Proposal from the Company's 2008 proxy statement and form of proxy is appropriate and, to the extent such reasons are based on matters of law, represents a supporting legal opinion of counsel; and
- 2) The Proposal, attached hereto as Exhibit A, which the Proponent submitted.

Please acknowledge receipt of this letter by stamping the extra enclosed copy and returning it to our messenger, who has been instructed to wait.

## Background

The Proposal requests that, within 6 months of the 2008 annual meeting, “the Board of Directors provide a report to shareholders . . . describing how [the Company] is assessing the impact of climate change on the [Company], the [Company’s] plans to disclose this assessment to shareholders, and the rationale for not disclosing such information through reporting mechanisms such as the Carbon Disclosure Project.”

For the reasons set forth below, OGE Energy Corp. believes that the Proposal may be omitted from its proxy materials.

## Discussion of Reasons for Omission

### I. **Rule 14a-8 (i)(7) — THE PROPOSAL MAY BE OMITTED IF IT DEALS WITH ORDINARY BUSINESS OPERATIONS.**

The Proposal should be considered a matter of ordinary business operations. Under Rule 14a-8(i)(7), a shareholder proposal dealing with a matter relating to the conduct of the ordinary business operations of a company may be omitted from the company’s proxy materials. The Commission has stated that the policy underlying the ordinary business exclusion is “to confine the solution of ordinary business problems to the board of directors and place such problems beyond the competence and direction of the stockholders. The basic reason for this policy is that it is manifestly impracticable in most cases for stockholders to decide management problems at corporate meetings.” Hearing on SEC Enforcement Problems before the Subcommittee of the Senate Committee on Banking and Currency, 85<sup>th</sup> Congress, 1<sup>st</sup> Session part 1, at 119 (1957), reprinted in part in Release 34-19135, n. 47 (October 14, 1982). In its release adopting revisions to Rule 14a-8, the Commission reaffirmed this position stating: “The general policy of this exclusion is consistent with the policy of most state corporate laws: to confine the resolution of ordinary business problems to management and the board of directors, since it is impracticable for shareholders to decide how to solve such problems at an annual shareholders meeting.” Release 34-40018. The Commission went on to say:

The policy underlying the ordinary business exclusion rests on two central considerations. The first relates to the subject matter of the proposal. Certain tasks are so fundamental to management’s ability to run a company on a day-to-day basis that they could not, as a practical matter, be subject to direct shareholder oversight. Examples include the management of the workforce, such as the hiring, promotion, and termination of employees, decisions on production quality and quantity, and the retention of suppliers. However, proposals relating to such matters but focusing on sufficiently significant social policy issues (e.g., significant discrimination matters) generally would not be considered to be excludable, because the proposals would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.

The second consideration relates to the degree to which the proposal seeks to “micro-manage” the company by probing too deeply into matters of a complex

nature upon which shareholders, as a group, would not be in a position to make an informed judgment. This consideration may come into play in a number of circumstances, such as where the proposal involves intricate detail, or seeks to impose specific time-frames or methods for implementing complex policies.

In issuing Staff Legal Bulletin No. 14C in 2005, the Staff provided companies with further guidance on the application of Rule 14-8(a)(i)(7) to proposals referencing environmental or public health issues. The Staff explained:

To the extent that a proposal and supporting statement focus on the company engaging in an internal assessment of the risks or liabilities that the company faces as a result of its operations that may adversely affect the environment or the public's health, we concur with the company's view that there is a basis for it to exclude the proposal under rule 14a-8(i)(7) as relating to an evaluation of risk. To the extent that a proposal and supporting statement focus on the company minimizing or eliminating operations that may adversely affect the environment or the public's health, we do not concur with the company's view that there is a basis for it to exclude the proposal under rule 14a-8(i)(7).

In our judgment, the Proposal falls within the purview of ordinary business operations for which the Commission intended to permit exclusion under Rule 14a-8(i)(7) and fits squarely in the first category identified in Staff Legal Bulletin No. 14C because the Proposal asks the Company to prepare a report on how it is assessing the impact of climate change on the Company. An assessment of such "impact" is by its very nature an evaluation of the potential risks and liabilities. The Staff has consistently permitted the exclusion of proposals calling for reports on climate change and similar environmental issues that demand an internal assessment of risk. *See Centex Corporation* (available May 14, 2007); *ACE Limited* (available March 19, 2007); *The Chubb Corporation* (available Feb. 26, 2007); *Xcel Energy Inc.* (available Apr. 1, 2003).

In calling for a report on the impact of climate change on the Company, the Proposal's principal focus is the economic viability and profitability of the Company. In particular, the Proponent cites economists' theories related to the "costs and risks of climate change" measured in terms of "global GDP" and speculates about investor perceptions that "there is an intersection between climate change and corporate financial performance." Further, the Proponent appears to champion approaches to climate change taken by other companies as leading to such benefits as "new product development" and "external recognition." The Proponent does not request a report on the impact of the Company's operations on the environment or that the Company adhere to any broad social principles or policies. The Proposal does not "focus on the company minimizing or eliminating operations that may adversely affect the environment or the public's health." Rather, the Proposal fundamentally asks the Company to undertake an internal assessment of the economic risks and benefits concerning the impact of climate change on the Company and its business. Evaluation of risks in financial terms, however, is an integral part of ordinary business operations, and is best left to management and the Board of Directors. *See Centex Corporation* (available May 14, 2007) (excluding proposal related to request for a report assessing company's response to rising pressure to address climate change); *The Mead Corporation* (available January 31, 2001) (excluding proposal related to a request for a report of

the company's environmental risks in financial terms). The substance of the Proposal is very similar to the proposals at issue in *Centex* and *The Mead Corporation*.

In addition, the other parts of the Proposal request that the report include the Company's plans to disclose this assessment to shareholders and the rationale for not responding to the Carbon Disclosure Project. Both of these requests are fundamental matters of ordinary business operations and do not represent a broad social policy. This part of the proposal is similar to the proposal in *Dow Chemical* (available Feb. 13, 2004) that requests a report filling in the gaps of Dow Chemical's public disclosures relating to certain toxic substances. In that instance, the Staff permitted exclusion on the basis of ordinary business operations (i.e., evaluation of risks and liabilities). The fact that the Proposal merely calls for a report rather than taking specific actions does not somehow render the Proponent's request something other than an ordinary business operation. In Release No. 34-20091 (Aug. 16, 1983), the Staff stated, "Henceforth, the staff will consider whether the subject matter of the special report or the committee involves a matter of ordinary business; where it does, the proposal will be excludable under Rule [14a-8(i)(7)]." By demanding the Company disclose its rationale behind previous decisions related to climate change reporting mechanisms, the Proposal seeks to interject shareholder oversight into a complex decision-making process most appropriately delegated to management. *See Yahoo! Inc.* (available Apr. 5, 2007) (proposal requesting report on rationale for supporting and/or advocating public policy measures that would increase government regulation of the internet was excludable on the basis of ordinary business operations). Requiring the Board of Directors to disclose certain aspects of its decision-making process through the type of report suggested in the Proposal could undermine the Company's business by providing competitors or other interested parties with a competitive advantage through unwarranted insight into the Company's internal operations. *See, e.g., Citigroup Inc.* (available Feb. 12, 2007) (excluding proposal calling for company's explanations of its decisions to fund certain projects); *McKesson Corporation* (available Mar. 11, 2004) (excluding proposal calling for report reflecting decision-making of board and committees with respect to agenda items). Even if one were to assume that one part of the requested report did not relate to ordinary business matters, the Staff has consistently held that a proposal calling for a report that addresses a number of different items can be excluded if any part of the proposed disclosures relate to a company's ordinary business. For example, in *Chrysler Corporation* (available Feb. 18, 1998), the proposal requested the company to initiate a review of the company's code or standards for its international operations and issue a report thereon. The Staff agreed that the proposal could be excluded under Rule 14a-8(i)(7), stating "although the balance of the proposal and supporting statement appears to address matters outside the course of ordinary business, paragraph 5 of the resolution relates to ordinary business matters, and paragraph 6 is susceptible to a variety of interpretations, some of which could involve ordinary business matters."

Finally, the Proponent's attempt to portray the Proposal as involving broad social and environmental policies must fail. Although the Proponent implies that other companies have utilized a "a forward-looking approach to climate change" with an eye toward saving energy and reducing emissions, the Proposal does not ask the Company to shift from traditional fossil fuel-based energy in favor of adopting policies that promote more environmentally friendly sources of energy. Instead, the Proposal merely directs the Company to undertake an extensive risk assessment and to report the findings to shareholders. The Proponent's inclusion of references to

“greenhouse gas emissions” and “energy savings” is an attempt to veil ordinary business decisions involving risk allocation in language making the Proposal appear to involve a “sufficiently significant social policy issue.” This subterfuge should not be permitted. The Proponent simply cannot circumvent Rule 14a-8(i)(7) by disguising ordinary business matters through its intermittent peppering into the Proposal of social policy language. *See, e.g., Centex Corporation* (available May 14, 2007); *Wal-Mart Stores, Inc.*, (available Mar. 15, 1999) (permitting the exclusion of a proposal requiring the company to report on actions it has taken to ensure that its suppliers do not use slave or child labor where a single element to be included in the report related to ordinary business matters); *Chrysler Corp.* (available Feb. 18, 1998) (proposal requiring company to review and report on its international codes and standards in six areas, including human rights, child labor and environmental standards, was properly excludable where one item related to ordinary business and another was “susceptible to a variety of interpretations, some of which could involve ordinary business matters”). Accordingly, the Proposal does not raise a “sufficiently significant social policy issue” as to bring it outside the prohibitory rule found in Rule 14a-8(i)(7). Instead, the Proposal merely addresses the “ordinary business” of the Company.

**II. Rule 14a-8(i)(3) — THE PROPOSAL MAY BE OMITTED IF IT IS CONTRARY TO THE COMMISSION’S PROXY RULES, INCLUDING RULE 14a-9, WHICH PROHIBITS FALSE OR MISLEADING STATEMENTS IN PROXY SOLICITING MATERIALS.**

The Company may properly exclude the Proposal under Rule 14a-8(i)(3) because it contains impermissibly misleading and vague language. The Proponent has made the following statements in support of the Proposal which have no basis in fact, or omit to state relevant information, and which the Company considers to be false and misleading in violation of the Commission’s proxy rules:

**Proponent’s Statement:** *“Whereas, the 2006 Stern Review on the Economics of Climate Change, led by former chief economist at the World Bank, ‘ . . . estimates that if we don’t act, the overall costs and risks of climate change will be equivalent to losing at least 5% of global GDP each year, now and forever.’ Yet, investment of 1% global GDP each year is enough for appropriate mitigation. ”*

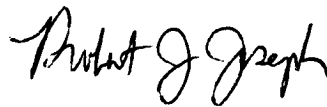
These statements made by the Proponent are misleading because they omit certain facts that are necessary to give stockholders complete and accurate information. The Proposal cites the Stern Review for the assertion that inaction will result in economic loss that can be measured in certain percentages of global GDP. In actuality however, the Stern Review makes clear that such quantitative figures “should be treated with great circumspection” rather than taken as fact. The authors of the Stern Review expressly recognized the “danger that, because [the models used for estimating] are quantitative, they will be taken too literally” and warns that “[t]hey should not be” because, among other reasons, they rely on “sparse or non-existent observational data.” By including these misleading statements in the Proposal, the Proponent is ignoring the Stern Review’s inextricable warning and as a result, providing shareholders with false or misleading information in violation of proxy solicitation rules.

**Conclusion**

For the reasons given above, we respectfully request that the Staff not recommend any enforcement action from the Commission if the Company omits the Proposal from its 2008 proxy materials. If the Staff disagrees with the Company's conclusion to omit the proposal, we request the opportunity to confer with the Staff prior to the final determination of the Staff's position. Notification and a copy of this letter is simultaneously being forwarded to the Proponent.

Should you have any questions or require additional information, please contact the undersigned at (312) 269-4176.

Very truly yours,

A handwritten signature in black ink, appearing to read "Robert J. Joseph". The signature is written in a cursive, flowing style.

Robert J. Joseph

cc: Calvert Asset Management Company, Inc.



Exhibit A



November 20, 2007

Carla D. Brockman  
Vice President, Administration  
and Corporate Secretary  
OGE Energy Corporation  
P.O Box 321  
Oklahoma City, OK 73101

Dear Ms. Brockman,

Calvert Asset Management Company, Inc. ("Calvert"), a registered investment advisor, provides investment advice for the 41 mutual fund portfolios sponsored by Calvert Group, Ltd., including Calvert's 21 socially responsible mutual funds. Calvert currently has over \$16 billion in assets under management. Four of the mutual funds (the "Funds") own shares in OGE Energy Corporation (the "Corporation").

Calvert Social Investment Fund, Balanced Portfolio, holds 1,500 shares of common stock, Calvert Variable Series, Inc., Social Balanced Portfolio holds 1,400 shares of common stock, Calvert Social Investment Fund, Enhanced Equity Portfolio holds 700 shares of common stock, and Calvert Social Index Fund holds 1,029 shares of common stock as of the close of business on November 16, 2007.

Each Fund is the beneficial owner of at least \$2,000 in market value of securities entitled to be voted at the next shareholder meeting (supporting documentation enclosed). Furthermore, the Funds have held 1,500, 1,400, 600, and 886 shares, respectively, of these securities for at least one year. It is Calvert's intention that each Fund continue to own shares in the Corporation through the date of the 2008 annual meeting of shareholders.

We are notifying you, in a timely manner, that Calvert, on behalf of the Funds, is presenting the enclosed shareholder proposal for vote at the upcoming stockholders meeting. We submit it for inclusion in the proxy statement in accordance with Rule 14a-8 under the Securities Exchange Act of 1934 (17 C.F.R. § 240.14a-8).

As long-standing shareholders, we are filing the enclosed resolution requesting that the Corporation provide a report to shareholders, describing how it is assessing the impact of climate change on the Corporation, the Corporation's plans to disclose this assessment to shareholders, and the rationale for not disclosing such information

A **UNIFI** Company

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through reporting mechanisms such as the Carbon Disclosure Project. The resolution requires the report be provided, at reasonable cost and omitting proprietary information, within 6 months of the 2008 annual meeting.

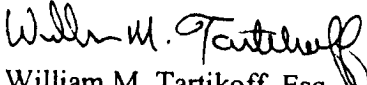
Calvert believes that climate change reporting is a critical component of a corporation's commitment to stakeholders. A climate change report informs stakeholders of a corporation's strategies to minimize its contribution to climate change, with a focus on greenhouse gas emissions reductions and the economic benefits that could be realized by a corporation through climate change strategic management.

We appreciate the Corporation's initiative to reach out to us and we look forward to discussing the specific elements of a plan for disclosure on this important issue. We are filing this resolution in the spirit of continued dialogue so that we can continue to discuss the Corporation's assessment of climate change.

If prior to the annual meeting, you agree to the request outlined in the resolution, we believe that this resolution would be unnecessary. Please direct any correspondence to Lily Donge, Senior Social Research Analyst, at (301) 961-4758, or contact her via email at [lily.donge@calvert.com](mailto:lily.donge@calvert.com).

We appreciate your attention to this matter and look forward to working with you.

Sincerely,

  
William M. Tartikoff, Esq.  
Vice President and Secretary

Enclosures:  
Resolution Text  
State Street Letter

cc: Bennett Freeman, Senior Vice President, Social Research and Policy, Calvert Group, Ltd.  
Stu Dalheim, Manager of Advocacy and Policy, Calvert Group, Ltd.  
Lily Donge, Senior Social Research Analyst, Calvert Group, Ltd.  
Todd Tidwell, Investor Relations Manager, OGE Energy Corp.

#7550

## Report on Climate Change

Whereas in 2007, the Intergovernmental Panel on Climate Change's Fourth Assessment Report stated it is "very likely" that anthropogenic greenhouse gas emissions have heavily contributed to global warming. Furthermore, "there is substantial economic potential for the mitigation of global greenhouse gas emissions over the coming decades, that could offset the projected growth of global emissions or reduce emissions below current levels."

Whereas, the 2006 Stern Review on the Economics of Climate Change, led by the former chief economist at the World Bank, "... estimates that if we don't act, the overall costs and risks of climate change will be equivalent to losing at least 5% of global GDP each year, now and forever." Yet, investment of 1% global GDP each year is enough for appropriate mitigation.

Whereas, increasingly investors believe that there is an intersection between climate change and corporate financial performance. According to a February, 2007 report by Lehman Brothers, The Business of Climate Change, "companies which are aware of the impact their business practices have on the overall environment, including climate change, and proactively take actions to mitigate any unfavorable impact, may create a significant competitive advantage compared with companies which, through a lack of awareness, become blindsided by regulations."

Whereas, information from corporations on their greenhouse gas emissions and climate change policy is essential to investors as they assess the strengths of corporate securities in the context of climate change and the need for greenhouse gas emissions reductions.

Whereas, the Carbon Disclosure Project (CDP), representing 315 institutional investors with assets of more than \$41 trillion under management, requested corporations to disclose their greenhouse gas emissions in February, 2007.

Whereas in 2007, OGE Energy Corporation failed to respond to the CDP and to disclose investment-relevant information concerning its greenhouse gas emissions and climate change.

Whereas, more than 250 Standard & Poors 500 Index companies responded to the CDP, including other utilities such as Entergy and Xcel Energy.

Whereas, leading companies such as Johnson Controls, DuPont, and 3M have recognized the advantages a forward-looking approach to climate change may provide and have disclosed strategies such as carbon sequestration, alternative fuel use, efficient product distribution, and process efficiency improvements, to save energy and reduce emissions.

Whereas, companies such as General Electric and Baxter International have described the opportunities from addressing climate change in a responsible manner as leading to new product development, external recognition, rewards and energy savings.

### Resolved:

Shareholders request that within 6 months of the 2008 annual meeting, the Board of Directors provide a report to shareholders, prepared at reasonable cost and omitting proprietary information, describing how OGE Energy Corporation is assessing the impact of climate change on the Corporation, the Corporation's plans to disclose this assessment to shareholders, and the rationale for not disclosing such information through reporting mechanisms such as the Carbon Disclosure Project.

RECEIVED

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OFFICE OF CHIEF COUNSEL  
CORPORATION FINANCE

February 22, 2008



Via Messenger  
Office of Chief Counsel  
Division of Corporation Finance  
Securities and Exchange Commission  
100 F Street, N.E.  
Washington, D.C. 20549

An Ameritas Acacia Company

Re: Response to the No-Action Request by OGE Energy Corp.

Ladies and Gentlemen:

Pursuant to Rule 14a-8 of the Securities Exchange Act of 1934, Calvert Asset Management Company, Inc., as the investment adviser to the Calvert Social Investment Fund Balanced Portfolio, Calvert Variable Series, Inc. Social Balanced Portfolio, Calvert Social Investment Fund Enhanced Equity Portfolio and Calvert Social Index Fund, and acting on their behalf (hereafter referred to as Calvert or Proponent),<sup>1</sup> submitted a shareholder proposal (Proposal) to OGE Energy Corp. (OGE or Company). The Proposal requests the Board of Directors of OGE to provide a report to shareholders ... describing how [the Company] is assessing the impact of climate change ...”

On January 9, 2008, OGE wrote the Securities and Exchange Commission Division of Corporation Finance (Staff), seeking assurance that it will not recommend enforcement action if OGE excludes the Proposal from its proxy materials for its 2008 proxy statement and form of proxy. OGE asserts that the Proposal may be excluded under Rule 14a-8(i)(7) as it pertains to the Company’s ordinary business operations. **Calvert respectfully submits that the “ordinary business” exclusion is inapplicable because the Proposal relates to an important social policy issue that transcends day-to-day business matters. Accordingly, the Proposal must be included in OGE’s proxy materials.**

Application of Rule 14a-8(i)(7) – The Proposal does not raise matters of “Ordinary Business” or request an “Assessment of Risk”

Starting with the Staff’s Rule on “Amendments to Rules on Shareholder Proposals” as adopted as a final rule on May 21, 1998,<sup>2</sup> the Staff has recognized

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that “proposals may not be excluded if the subject matter focuses “on sufficiently significant social policy issues ... because the proposal would transcend the day-to-day business matters and raise policy issues so significant that it would be appropriate for a shareholder vote.” The issue of climate change is undeniably a social policy issue (as further substantiated below), and the Proposal seeks to require OGE to “provide a report assessing the impact of climate change on the [Company], the [Company’s] plans to disclose this assessment to shareholders, and the rationale for not disclosing such information through reporting mechanisms such as the Carbon Disclosure Project.” In requesting such a report, Calvert seeks to impress upon OGE the importance of addressing climate change in a responsible manner.

Calvert’s reference to the Carbon Disclosure Project further enforces this intent as the Carbon Disclosure Project seeks to facilitate a dialogue between companies and shareholders, from which a rational response to climate change will emerge. On October 23, 2007, Calvert initially corresponded with OGE, requesting that it participate in the Carbon Disclosure Project as part of the effort to encourage corporations to measure, manage and reduce emissions. Clearly, Calvert’s intent in seeking to dialogue with the Company about climate change was to highlight the concerns over climate change and to seek disclosure of the Company’s operations on the environment in an effort to promote awareness and help develop resolutions for the social crises posed by climate change.

The Proposal undisputedly raises an issue of significant social policy; however, OGE seeks to omit the Proposal using the argument that the Proposal relates to an evaluation of risk. In response, Calvert contends that the report would not constitute an assessment of risk or liability, but rather, an assessment of the Company’s impact on climate change. Again, the focus of the Carbon Disclosure Project is to facilitate a dialogue with companies that will lead to the development of practices that would help minimize the Company’s contribution to climate change. This approach, when taken in the context of the resolution, indicates that the intent of the Proposal is to encourage the Company to minimize its operations that are found to contribute to climate change. Without the assessment, the Company would not know how its operations impact the environment and Calvert’s dialogue with OGE has historically been to bring this awareness to the Company.

In Staff Legal Bulletin No. 14C, the Staff sets forth the parameters for application of Rule 14a-8(i)(7) to matters pertaining to the environment or public health, as follows:

In determining whether the focus of these proposals is a significant social policy issue, we consider both the proposal and the supporting statement as a whole. To the extent that a proposal and supporting statement focus on the company engaging in an internal assessment of the risks or liabilities that the company faces as a

result of its operations that may adversely affect the environment or the public's health, we concur with the company's view that there is a basis for it to exclude the proposal under rule 14a-8(i)(7) as relating to an evaluation of risk. **To the extent that a proposal and supporting statement focus on the company minimizing or eliminating operations that may adversely affect the environment or the public's health, we do not concur with the company's view that there is a basis for it to exclude the proposal under rule 14a-8(i)(7) (emphasis added).**

Calvert asserts that the latter applies in this situation as the Proposal, in requesting a report on the impact of climate change, is seeking to raise this significant social policy issue to a level of accountability for the Company. The hope is that the Company's accountability will then result in the minimization or elimination of the Company's operations that impact climate change. Although the Proposal requests that the report address the impact of climate change on the Company, it does not request the Company to engage in an internal assessment of the risks or liabilities that the Company faces as a result of its operations. Rather, as previously stated, the Proposal seeks to engage the Company in a dialogue about its operations and their impact on climate change, as it then impacts the environment. Thus, in reviewing the entire framework of Calvert's dialogue with OGE, and as evidenced in the Proposal, Calvert's focus is on the environmental and social implications of the Company's actions on climate change. The Proposal does not ask for an assessment of liabilities that the Company could face due to its operations, but rather, the Proposal seeks to engage the Company in working towards minimizing its operations that may adversely affect the environment and the public's health, consistent with the Staff Legal Bulletin No. 14C.

In requesting the Company to assess the impact of climate change on the Company and to provide the rationale for not participating in the Carbon Disclosure Project, the Proposal raises sufficiently significant social policy issues that transcend day-to-day business matters. See KB Home (publicly available Jan. 23, 2008)(declining to issue no action letter to the Company that planned to exclude shareholder proposal requiring the board to provide a climate change report on the feasibility of the Company developing policies that will minimize its impact upon climate change); Unocal Corporation (publicly available Feb. 23, 2004) (declining to allow exclusion of a proposal asking the company to report on "how the company is responding to rising regulatory, competitive, and public pressure to significantly reduce carbon dioxide and other greenhouse gas emissions"); and Reliant Resources Inc. (publicly available Mar. 5, 2004) (same). **Calvert respectfully requests that the Staff similarly acknowledge the significant social policy implications of Calvert's Proposal regarding climate change and not allow OGE to exclude the Proposal in reliance on the assessment of risk/ordinary business exclusion.**

Application of Rule 14a-8(i)(3) – The Proposal does not contain misleading or vague language

OGE also seeks to exclude the Proposal, alleging that it contains misleading and vague language, in Calvert's reference to The Economics of Climate Change: The Stern Review.<sup>3</sup> The Proposal cited to statements from Section 6 "Economic modeling of climate-change impacts of Part II – "The Impacts of climate Change on Growth and Development" of the Stern Review. In response to OGE's own misleading statement, Calvert points out that OGE only selects a portion of the very same report in challenging the Proposal, while Calvert presented the overall thesis and summary of the report. If Calvert were to caveat the resolution with the Stern Review's modeling assumptions, there are numerous assumptions stated in the 25 page section of the report that would actually bolster the case to assess the environmental and policy impacts of climate change. In particular, Calvert cites to the following additional quotes from the Review, which serve to confirm the accuracy of Calvert's references to and characterization of the ultimate thesis of this report:

- Immediately following OGE's comment that the report itself states that the quantitative figures "should be "treated with great circumspection," the Stern Review continues at the end of that paragraph to state: "But they [the models] can, and do, help us to gain some understanding of the size of the risks involved, an issue that is at the heart of the economics of climate change."

This section of the report also includes the following "guidance":

- "Taking omitted impacts into account will increase cost estimates, and probably strongly."
- "Models differ on whether low levels of global warming would have positive or negative global effects. But all agreed that the effects of warming above 2 - 3°C would reduce global welfare, and that even mild warming would harm poor countries."

Calvert believes that the word "estimates" is sufficient to address OGE's concern and that using the word "estimates" means that we are not taking the report literally. We believe that adding other statements of the Stern Review as OGE has done, without sufficient overall context, actually makes the report more vague or misleading. We simply point to an estimate of the report as a policy reference in the form of an illustrative and well regarded policy report that OGE could use in our request for the company to assess the impact of climate change. **Calvert asserts that Calvert's inclusion of excerpts from the Stern Review does not render the Proposal misleading or vague, and accordingly, the Proposal should be included in the Company's 2008 proxy materials.**

A General Discussion of the Social Policy Issues raised by Climate Change, as addressed in the Proposal

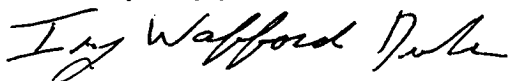
For a better understanding of the social policy implications of the Proposal, please note that for Calvert, climate change is as much a governance issue as an environmental one. What Calvert seeks from companies in which it invests is that they have a clear understanding of the costs and opportunities of climate change, and a strategic sense of how to manage both. Climate change is a term that implies dramatic changes in climatic conditions, whether these changes are man-made or naturally occurring. Man-made climate change is the dramatic increase in global temperatures primarily caused by emissions of greenhouse gases (GHG) from the use of fossil-based fuels and industrial processes. Further, there is a mounting scientific consensus around the potential catastrophic impacts of a continued atmospheric increase in carbon dioxide and other greenhouse gas emissions, such as a rise in sea level; increased severity of storms, floods, fires, and droughts; and a fundamental shift in the distribution of diseases and pests. Thus, the issues raised in the Proposal regarding climate change transcends those matters of ordinary business and in fact, is a significant social policy issue facing OGE, the environment and the World.

\* \* \*

Calvert is simply seeking to dialogue with its fellow shareholders about climate change, a significant social policy issue that clearly transcends OGE's day-to-day ordinary business operations matters. It is Calvert's hope that by engaging OGE and shareholders in a discussion about climate change, all parties will begin to focus on minimizing or even eliminating the adverse affects that OGE's operations may have on the environment through climate change. Thus, Calvert asserts that the shareholder resolution should not be excluded under the "ordinary business" exclusion cited by the Company as the subject matter of the Proposal is one of significant social policy or be characterized as an "assessment of risk", and that Calvert's reference to the Stern Report in the Proposal is not misleading nor vague. **For these reasons, OGE should not be permitted to exclude the Proposal from its proxy statement.**

Please feel free to contact me at 301-951-4858 to further discuss the arguments proffered herein.

Very truly yours,



Ivy Wafford Duke, Esq.  
Assistant Secretary



cc: Robert J. Joseph, Jones Day (Counsel for OGE Energy Corp.)

<sup>1</sup> The above-named Funds are part of the Calvert Family of Funds, open-end investment companies, or mutual funds, registered under the Investment Company Act of 1940. The Funds are sponsored by Calvert Group Ltd., a financial services firm specializing in tax-free and socially responsible investing. Calvert's philosophy is that shareholders can make sound investments without compromising their values. Accordingly, certain of Calvert's funds (including the named Funds), in addition to assessing the economic viability of potential investments, evaluate companies according to specific social and environmental criteria designed for each fund. The Calvert Family of Funds represents approximately \$15.7 billion in assets.

<sup>2</sup> Securities Exchange Act of 1934, Release No. 40018 (May 21, 1998).

<sup>3</sup> Nicholas Stern, The Economics of Climate Change: The Stern Review, October 30, 2006, at page 143.