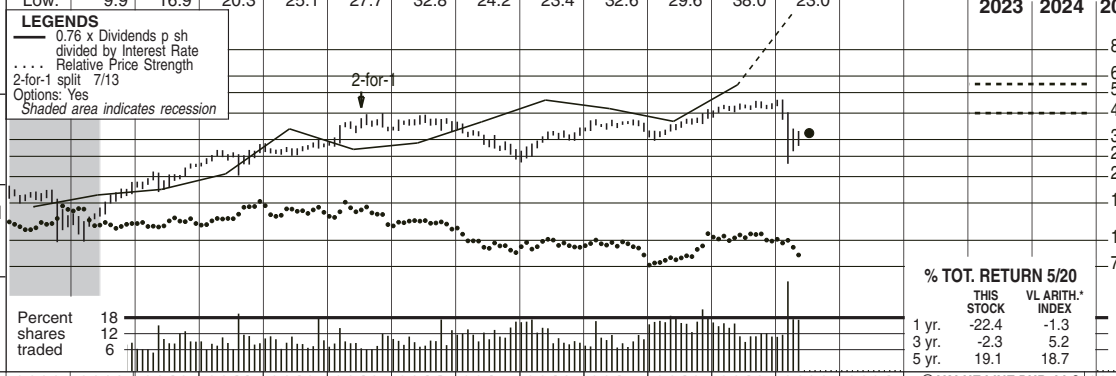
OGE ENERGY CORP. NYSE-OGE

RECENT PRICE	P/E RATIO		RELATIVE P/E RATIO	DIV'D YLD	
32.14	14.9	(Trailing: 14.3 Median: 17.0)	0.76	5.1%	VALUE LINE

TIMELINESS 3 Lowered 3/6/20
SAFETY 2 Lowered 12/18/15
TECHNICAL 3 Lowered 5/1/20
BETA 1.05 (1.00 = Market)

High:	18.9	23.1	28.6	30.1	40.0	39.3	36.5	34.2	37.4	41.8	45.8	46.4
Low:	9.9	16.9	20.3	25.1	27.7	32.8	24.2	23.4	32.6	29.6	38.0	23.0

Target Price Range 2023 | 2024 | 2025



18-Month Target Price Range

Low-High	Midpoint (% to Mid)
$25-$62	$44 (35%)

2023-25 PROJECTIONS

	Price	Gain	Ann'l Total Return
High	55	(+70%)	18%
Low	40	(+25%)	10%

Institutional Decisions

	3Q2019	4Q2019	1Q2020
to Buy	177	205	176
to Sell	209	185	221
Hld's(000)	132772	133273	128589

% TOT. RETURN 5/20

	THIS STOCK	VL ARITH.* INDEX
1 yr.	-22.4	-1.3
3 yr.	-2.3	5.2
5 yr.	19.1	18.7

2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	© VALUE LINE PUB. LLC	23-25
27.37	32.83	21.96	20.68	21.77	14.79	19.04	19.96	18.58	14.45	12.30	11.00	11.31	11.32	11.37	11.15	*10.00*	*11.00*	Revenues per sh	*13.25*
1.87	1.94	2.23	2.39	2.40	2.69	3.01	3.31	3.69	3.46	3.40	3.23	3.31	3.34	3.74	4.02	*4.05*	*4.30*	"Cash Flow" per sh	*5.25*
.89	.92	1.23	1.32	1.25	1.33	1.50	1.73	1.79	1.94	1.98	1.69	1.69	1.92	2.12	2.24	*2.15*	*2.25*	Earnings per sh A	*2.50*
.67	.67	.67	.68	.70	.71	.73	.76	.80	.85	.95	1.05	1.16	1.27	1.40	1.51	*1.60*	*1.68*	Div'd Decl'd per sh B ■	*1.95*
1.51	1.65	2.67	3.04	4.01	4.37	4.36	6.48	5.85	4.99	2.86	2.74	3.31	4.13	2.87	3.18	*2.90*	*3.65*	Cap'l Spending per sh	*3.75*
7.14	7.59	8.79	9.16	10.14	10.52	11.73	13.06	14.00	15.30	16.27	16.66	17.24	19.28	20.06	20.69	*18.55*	*19.10*	Book Value per sh C	*21.00*
180.00	181.20	182.40	183.60	187.00	194.00	195.20	196.20	197.60	198.50	199.40	199.70	199.70	199.70	199.70	200.10	*200.00*	*200.00*	Common Shs Outst'g D	*200.00*
14.1	14.9	13.7	13.8	12.4	10.8	13.3	14.4	15.2	17.7	18.3	17.7	17.7	18.3	16.5	19.0	*Bold figures are*		Avg Ann'l P/E Ratio	*19.5*
.74	.79	.74	.73	.75	.72	.85	.90	.97	.99	.96	.89	.93	.92	.89	1.02	*Value Line*		Relative P/E Ratio	*1.10*
5.3%	4.9%	4.0%	3.8%	4.5%	5.0%	3.7%	3.1%	2.9%	2.5%	2.6%	3.5%	3.9%	3.6%	4.0%	3.5%	*estimates*		Avg Ann'l Div'd Yield	*4.0%*

CAPITAL STRUCTURE as of 3/31/20
Total Debt $3570.6 mill. **Due in 5 Yrs** $375.0 mill.
LT Debt $3195.6 mill. **LT Interest** $144.7 mill.
(LT interest earned: 4.3x)

Leases, Uncapitalized Annual rentals $6.2 mill.

Pension Assets-12/19 $530.3 mill. **Oblig** $616.9 mill.

Pfd Stock None

Common Stock 200,169,431 shs.

MARKET CAP: $6.4 billion (Large Cap)

2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021		23-25
3716.9	3915.9	3671.2	2867.7	2453.1	2196.9	2259.2	2261.1	2270.3	2231.6	*2000*	*2200*	Revenues ($mill)	*2650*
295.3	342.9	355.0	387.6	395.8	337.6	338.2	384.3	425.5	449.6	*425*	*450*	Net Profit ($mill)	*525*
34.9%	30.7%	26.0%	24.9%	30.4%	29.2%	30.5%	32.5%	14.5%	7.4%	*13.0%*	*13.0%*	Income Tax Rate	*13.0%*
5.7%	9.0%	2.7%	2.6%	1.7%	3.7%	6.4%	15.0%	8.3%	1.6%	*1.0%*	*2.0%*	AFUDC % to Net Profit	*2.0%*
50.8%	51.6%	50.7%	43.1%	45.9%	44.3%	41.1%	41.7%	42.0%	43.6%	*48.5%*	*48.0%*	Long-Term Debt Ratio	*48.5%*
49.2%	48.4%	49.3%	56.9%	54.1%	55.7%	58.9%	58.3%	58.0%	56.4%	*51.5%*	*52.0%*	Common Equity Ratio	*51.5%*
4652.5	5300.4	5615.8	5337.2	5999.7	5971.6	5849.6	6600.7	6902.0	7334.7	*7205*	*7320*	Total Capital ($mill)	*8150*
6464.4	7474.0	8344.8	6672.8	6979.9	7322.4	7696.2	8339.9	8643.8	9044.6	*9235*	*9545*	Net Plant ($mill)	*10325*
7.8%	7.8%	7.7%	8.6%	7.8%	6.9%	7.0%	7.0%	7.3%	7.1%	*7.0%*	*7.0%*	Return on Total Cap'l	*7.5%*
12.9%	13.4%	12.8%	12.8%	12.2%	10.2%	9.8%	10.0%	10.6%	10.9%	*11.5%*	*12.0%*	Return on Shr. Equity	*12.5%*
12.9%	13.4%	12.8%	12.8%	12.2%	10.2%	9.8%	10.0%	10.6%	10.9%	*11.5%*	*12.0%*	Return on Com Equity E	*12.5%*
6.7%	7.7%	7.2%	7.3%	6.5%	4.0%	3.3%	3.5%	3.8%	3.6%	*3.0%*	*3.0%*	Retained to Com Eq	*3.0%*
48%	43%	44%	43%	47%	61%	67%	64%	64%	67%	*75%*	*75%*	All Div'ds to Net Prof	*74%*

ELECTRIC OPERATING STATISTICS

	2017	2018	2019
% Change Retail Sales (KWH)	-2.2	+6.8	+1.1
Avg. Indust. Use (MWH)	NA	NA	NA
Avg. Indust. Revs. per KWH (¢)	5.30	4.86	4.69
Capacity at Peak (Mw)	NA	NA	NA
Peak Load, Summer (Mw)	6456	6863	6817
Annual Load Factor (%)	NA	NA	NA
% Change Customers (yr-end)	+1.0	+.9	+1.0
Fixed Charge Cov. (%)	315	292	335

ANNUAL RATES of change (per sh)	Past 10 Yrs.	Past 5 Yrs.	Est'd '17-'19 to '23-'25
Revenues	-5.0%	-5.5%	*2.5%*
"Cash Flow"	4.0%	1.0%	*6.0%*
Earnings	5.0%	2.0%	*3.0%*
Dividends	7.0%	10.0%	*6.0%*
Book Value	7.0%	5.5%	*1.0%*

Cal-endar	QUARTERLY REVENUES ($ mill.) Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	456.0	586.4	716.8	501.9	2261.1
2018	492.7	567.0	698.8	511.8	2270.3
2019	490.0	513.7	755.4	472.5	2231.6
2020	431.3	*450*	*668.7*	*450*	*2000*
2021	*475*	*550*	*700*	*475*	*2200*

Cal-endar	EARNINGS PER SHARE A Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2017	.18	.52	.92	.30	1.92
2018	.27	.55	1.02	.27	2.12
2019	.24	.50	1.25	.26	2.24
2020	.23	*.58*	*1.11*	*.23*	*2.15*
2021	*.25*	*.60*	*1.15*	*.25*	*2.25*

Cal-endar	QUARTERLY DIVIDENDS PAID B ■ Mar.31	Jun.30	Sep.30	Dec.31	Full Year
2016	.275	.275	.275	.3025	1.13
2017	.3025	.3025	.3025	.3325	1.24
2018	.3325	.3325	.3325	.365	1.36
2019	.365	.365	.365	.3875	1.48
2020	.3875	.3875			

BUSINESS: OGE Energy Corp. is a holding company for Oklahoma Gas and Electric Company (OG&E), which supplies electricity to 858,000 customers in Oklahoma (84% of electric revenues) and western Arkansas (8%); wholesale is (8%). Owns 25.5% of Enable Midstream Partners. Electric revenue breakdown: residential, 40%; commercial, 23%; industrial, 10%; oilfield, 9%; other, 18%. Generating sources: gas, 35%; coal, 15%; wind, 5%; purchased, 45%. Fuel costs: 35% of revenues. '19 reported depreciation rate (utility): 2.7%. Has 2,400 employees. Chairman, President and Chief Executive Officer: Sean Trauschke. Incorporated: Oklahoma. Address: 321 North Harvey, P.O. Box 321, Oklahoma City, Oklahoma 73101-0321. Telephone: 405-553-3000. Internet: www.oge.com.

OGE Energy's stake in Enable Midstream Partners has been a drag on its stock price lately. The value of 25.5%-owned Enable, a midstream natural gas master limited partnership, has declined precipitously in 2020 due to depressed prices for gas and oil that have caused producers to reduce their activity. As a result, OGE took a nonrecurring $780 million pretax charge in the first quarter to write down its investment in Enable. So far this year, the price of OGE stock has declined 28%, making this issue one of the worst performers in the electric utility industry. Due to a decline in expected equity income from its stake in Enable, OGE lowered its 2020 share-net guidance from $2.19-$2.31 to $2.08-$2.18. We cut our 2020 and 2021 estimates by $0.10 each year, to $2.15 and $2.25, respectively, to reflect the likelihood of lower equity income from Enable.

Oklahoma Gas and Electric continues to perform well. Management has not changed its expectation for utility income this year, despite the weaker economy. At the start of April, OG&E received a $5.2 million increase in Arkansas under the state's formula rate plan. The utility is asking the Oklahoma commission to approve a plan to recover $810 million in modifications to the electric grid through a rider on customers' bills. A ruling is expected by yearend. There are few direct effects of the coronavirus problem. OG&E will be able to defer these costs for future recovery in Arkansas, and is asking for the same regulatory treatment in Oklahoma.

Finances are solid, even with the weak results at Enable. The aforementioned writedown was a noncash item. Although the distributions OGE gets from Enable have been halved, the company should still have ample cash to fund its capital budget and pay dividends. We still expect a boost in the disbursement later this year. In April, the utility issued $300 million of 10-year notes at 3.25%, which will probably cover its financing needs through the end of 2021.

This stock has an attractive valuation. The dividend yield is well above the utility mean, and 18-month total return potential is strong. Total return prospects to 2023-2025 exceed those of most utility equities.

Paul E. Debbas, CFA *June 12, 2020*

(A) Diluted EPS. Excl. nonrecurring gain (losses): '04, (3¢); '15, (33¢); '17, $1.18; '19, (8¢); '20, ($2.69); gains on discont. ops.: '05, 25¢; '06, 20¢. '18 & '19 EPS don't sum due to rounding. Next earnings report due early Aug. (B) Div'ds historically paid in late Jan., Apr., July, & Oct. ■ Div'd reinvestment plan avail. (C) Incl. deferred charges. In '19: $1.53/sh. (D) In mill., adj. for split. (E) Rate base: Net original cost. Rate allowed on com. eq. in OK in '19: 9.5%; in AR in '18: 9.5%; earned on avg. com. eq., '19: 11.0%. Regulatory Climate: Average.

Company's Financial Strength	A
Stock's Price Stability	80
Price Growth Persistence	40
Earnings Predictability	80

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