

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)  
OR

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

For the fiscal year ended December 31, 1993 Commission File Number 1-1097

OKLAHOMA GAS AND ELECTRIC COMPANY  
(Exact name of registrant as specified in its charter)

Oklahoma 73-0382390  
(State or other jurisdiction of (I.R.S. Employer  
incorporation or organization) Identification No.)

101 North Robinson  
P.O. Box 321  
Oklahoma City, Oklahoma 73101-0321  
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: 405-272-3000  
Securities registered pursuant to Section 12(b) of the Act:

Title of each class so registered	Name of each exchange on which each class is registered
-----	-----
Common Stock	New York Stock Exchange
Common Stock	Pacific Stock Exchange
Preferred Stock 4% Cumulative	New York Stock Exchange
First Mortgage Bonds, Series due 1995	New York Stock Exchange

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

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes X No  
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Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. X  
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As of February 28, 1994, Common Shares outstanding were 40,346,477. Based upon the closing price on the New York Stock Exchange on February 28, 1994, the aggregate market value of the voting stock held by nonaffiliates of the Company was: Common Stock \$1,410,647,749 and 4% Cumulative Preferred Stock \$5,241,753.

The proxy statement for the 1994 annual meeting of shareowners is incorporated by reference into Part III of this Report.

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## Part I

Item 1. Business.

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## THE COMPANY

Oklahoma Gas and Electric Company ("OG&E") is a regulated public utility engaged in the generation, transmission and distribution of electricity to retail and wholesale customers. Enogex Inc., a wholly-owned subsidiary of OG&E, and Enogex Inc.'s subsidiaries (collectively, "Enogex") are engaged in non-utility businesses, consisting of diverse natural gas activities. OG&E and Enogex are herein referred to collectively as the "Company." Financial information on the Company's two segments of business

is included in Note 8 of the Notes to Consolidated Financial Statements.

OG&E, incorporated in 1902 under the laws of the Oklahoma Territory, is the largest electric utility in the State of Oklahoma. OG&E sold its retail gas business in 1928, and now owns and operates an interconnected electric production, transmission and distribution system which includes eight active generating stations with a total capability of 5,637,300 kilowatts. Enogex owns and operates over 3,000 miles of natural gas transmission and gathering pipelines, has interests in six gas processing plants, markets natural gas and natural gas products and invests in the exploration and production of natural gas. At the end of 1993, Enogex had 361 members and OG&E had 3,408 members working in three operating regions and in a corporate headquarters organization. OG&E's executive offices are located at 101 North Robinson, P.O. Box 321, Oklahoma City, Oklahoma 73101-0321; telephone (405) 272-3000.

OG&E's electric rates have been under review for the past three years by the Oklahoma Corporation Commission ("OCC"). On February 25, 1994, the OCC issued an order directing OG&E to reduce its electric rates to its Oklahoma retail customers prospectively by approximately \$14 million annually (based on a test year ended June 30, 1991) and to refund approximately \$41.3 million. The \$14 million annual reduction in rates is expected to lower OG&E's rates to its Oklahoma customers by approximately \$17 million in 1994. Due to the rate order and the ever-increasing competition in the utility industry, OG&E has commenced a complete review and redesign of its operations that could result in downsizing, debt refinancing or other cost-cutting measures. As a part of this redesign, OG&E anticipates offering an early retirement program. OG&E also froze salaries and hiring in February 1994. These actions are intended to offset some of the impact of the recent rate order and to make OG&E more competitive in the years ahead. See "Regulation and Rates" for a further discussion of the rate order.

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## ELECTRIC OPERATIONS

### GENERAL

OG&E furnishes retail electric service in 270 communities and their contiguous rural and suburban areas. During 1993, six other communities and two rural electric cooperatives in Oklahoma and western Arkansas purchased electricity from OG&E for resale. The service area, with an estimated population of 1.4 million, covers approximately 30,000 square miles in Oklahoma and western Arkansas; including Oklahoma City, the largest city in Oklahoma, and Ft. Smith, Arkansas, the second largest city in that state. Of the 276 communities served, 247 are located in Oklahoma and 29 in Arkansas. Approximately 91 percent of total electric operating revenues for the year ended December 31, 1993, were derived from sales in Oklahoma and the remainder from sales in Arkansas.

OG&E's system control area peak demand as reported by the system dispatcher for the year was approximately 5,010 megawatts, and occurred on August 16, 1993. Excluding wheeling, the net on system peak demand was about 4,700 megawatts. However, when firm sales were included, total load responsibility was approximately 4,740 megawatts, resulting in a capacity margin of approximately 22 percent. As reflected in the table below and the operating statistics on page 4, kilowatt-hour sales to OG&E customers

("system sales") increased 5.0 percent in 1993 compared to 1992. This increase in system sales was offset by a 25 percent decline in sales to other utilities ("off-system sales") which caused total kilowatt-hour sales to be down by 0.3 percent for 1993. However, off-system sales are at much lower prices per kilowatt-hour and have less impact on operating revenues and income than system sales. In 1992 and 1991, factors which resulted in an overall increase in total kilowatt-hour sales included: significant increases in off-system sales; increased total customer usage in 1992 and 1991, which was offset by decreased residential usage in 1992; and slight increases in customer growth. Variations in kilowatt-hour sales for the three years are reflected in the following table:

	KWH SALES (millions)					
	1993	Inc/ (Dec)	1992	Inc/ (Dec)	1991	Inc/ (Dec)
System Sales	20,202	5.0%	19,237	(1.5%)	19,527	1.1%
Off-System Sales	3,104	(25.0%)	4,141	62.1%	2,555	130.2%
Total Sales	23,306	(0.3%)	23,378	5.9%	22,082	8.1%

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

Besides competition from other suppliers of electricity, OG&E competes with suppliers of other forms of energy. The degree of competition between suppliers may vary depending on relative costs and supplies of other forms of energy. The National Energy Policy Act of 1992 has increased competition in the wholesale market for electricity. Although management believes competitive pressures will continue to increase, it cannot predict the precise extent to which OG&E's business may be affected in the future by the supply, relative cost or promotion of other forms of energy, or by other suppliers of electricity. See "Regulation and Rates, National Energy Legislation" for further discussion.

Electric and magnetic fields ("EMF") surround electric wires or conductors of electricity such as electrical tools, household wiring and appliances and high voltage electric transmission lines such as those owned by OG&E. Some recent studies have pointed to a possible correlation between EMF and health effects, including various forms of cancer, while others have found no correlation. The nation's electric utilities, including OG&E, have participated with the Electric Power Research Institute in the sponsorship of more than \$75 million in research to determine the possible effects of EMF. Beginning in fiscal year 1994, and in association with the National Energy Policy Act of 1992, Edison Electric Institute members will help fund \$65 million for EMF studies over the next five years. One half of this amount will be funded by the federal government, and two-thirds of the non-federal funding is expected to be provided by the electric utility industry. Through its participation with the Electric Power Research Institute and the Edison Electric Institute, OG&E

will continue its investigation and research with regard to possible health effects posed by exposure to electric and magnetic fields.

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OKLAHOMA GAS AND ELECTRIC COMPANY

CERTAIN OPERATING STATISTICS

Year Ended December 31

1993 1992 1991

ELECTRIC ENERGY:

(Millions of kWh)

Generation (exclusive of station use) . . . . .	21,789	21,960	20,616
Purchased . . . . .	3,169	2,724	2,804
Total generated and purchased . . . . .	24,958	24,684	23,420
Company use, free service and losses . . . . .	(1,652)	(1,306)	(1,338)
Electric energy sold. . . . .	23,306	23,378	22,082

ELECTRIC ENERGY SOLD:

(Millions of kWh)

Residential . . . . .	6,631	5,980	6,433
Commercial and industrial. . . . .	10,595	10,341	10,182
Public street and highway lighting . . . . .	64	63	62
Other sales to public authorities. . . . .	1,966	1,932	1,916
Sales for resale . . . . .	4,050	5,062	3,489
Total. . . . .	23,306	23,378	22,082

OPERATING REVENUES:

(Thousands)

Electric Revenues:			
Residential . . . . .	\$ 488,921	\$ 436,984	\$ 459,881
Commercial and industrial. . . . .	582,733	550,738	544,896
Public street and highway lighting. . . . .	9,433	9,134	8,984
Other sales to public authorities. . . . .	107,035	101,434	100,279
Sales for resale . . . . .	89,945	95,529	78,842
Provision for rate refund. . . . .	(14,963)	(18,000)	-
Miscellaneous. . . . .	19,712	18,174	17,844
Total Electric Revenues . . . . .	1,282,816	1,193,993	1,210,726
Non-utility subsidiary . . . . .	164,436	120,991	104,044
Total . . . . .	\$1,447,252	\$1,314,984	\$1,314,770

NUMBER OF ELECTRIC CUSTOMERS:

(At end of period)

Residential . . . . .	568,780	563,261	557,438
Commercial and industrial . . . . .	79,572	78,799	78,160
Public street and highway			

lighting . . . . .	248	248	247
Other sales to public authorities.	10,074	9,842	10,075
Sales for resale . . . . .	39	37	35
-----			
Total . . . . .	658,713	652,187	645,955
=====			

RESIDENTIAL ELECTRIC SERVICE:

Average annual use (kWh) . . . . .	11,688	10,664	11,587
Average annual revenue . . . . . \$	861.72	\$ 779.21	\$ 828.26
Average price per kWh (cents) . . . . .	7.37	7.31	7.15

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FINANCE AND CONSTRUCTION

Management expects that internally generated funds and short-term borrowings will be adequate over the next three years to meet the Company's capital requirements and to refund the \$41.3 million ordered by the OCC in 1994. The primary capital requirements for 1994 through 1996 are estimated as follows:

(dollars in millions)	1994	1995	1996
-----			
Consolidated construction expenditures including AFUDC .....	\$143	\$116	\$118
Maturities of long-term debt and sinking fund requirements .....	-	85	-
	----	----	----
Total .....	\$143	\$201	\$118
=====			

The three-year estimate includes construction expenditures for rebuilding electric transmission lines, for upgrading electric distribution systems, to replace or expand existing facilities in both its electric and non-utility businesses, and to some extent, for satisfying maturing debt and sinking fund obligations. Approximately \$6.9 million of the Company's construction expenditures budgeted for 1994 are to comply with environmental laws and regulations. OG&E's construction program was developed to support an anticipated peak demand growth of one to two percent annually and to maintain a minimum capacity margin of 15.25 percent as stipulated by the Southwest Power Pool. See "Rate Structure, Load Growth and Related Matters."

OG&E's ability to sell additional securities on satisfactory terms to meet its capital needs is dependent upon numerous factors, including general market conditions for utility securities, which will impact OG&E's ability to meet earnings tests for the issuance of additional first mortgage bonds and preferred stock. Based on earnings for the twelve months ended December 31, 1993, and assuming an annual interest rate of 7.6 percent, OG&E could issue approximately \$870 million in principal amount of additional first mortgage bonds under the earnings test contained in OG&E's Trust Indenture (assuming adequate property additions were available). Under the earnings test contained in OG&E's Restated Certificate of Incorporation and assuming none of the foregoing first mortgage bonds are issued, about \$800 million of additional preferred stock at an assumed annual dividend rate of 8.0 percent could be issued as of December 31, 1993.

The Company will continue to use short-term borrowings to meet temporary cash requirements. The Company has the necessary

regulatory approvals to incur up to \$300 million in short-term borrowings at any one time. The maximum amount of outstanding short-term borrowings during 1993 was \$136.6 million.

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As described below, OG&E intends to meet its customers' increased electricity needs during the foreseeable future by maintaining the reliability and increasing the utilization of existing capacity and increasing demand-side management efforts. OG&E is not currently constructing any new base-load generating plants and does not anticipate the need for another base-load plant in the foreseeable future.

As part of its Integrated Resource Plan ("IRP") for supplying energy through the next decade and beyond, OG&E is evaluating measures to keep its existing generating plants operating efficiently well past their traditional retirement dates. As long as the cost to keep existing plants operating reliably and efficiently is less than the cost of alternative sources of capacity, existing plants will be operated.

OG&E entered into an agreement with Conoco, Inc. to provide on-site cogeneration and supply steam to the Conoco Refinery in Ponca City, Oklahoma. This facility became operational in 1991.

In accordance with the requirements of the Public Utility Regulatory Policies Act of 1978 ("PURPA") (see "Regulation and Rates, National Energy Legislation"), OG&E is obligated to purchase 110 megawatts of capacity annually from Smith Cogeneration, Inc. and 320 megawatts annually from Applied Energy Services, Inc. ("AES"), another cogenerator. In 1986, a contract was signed with Sparks Regional Medical Center to purchase energy generated by its nominal seven megawatt cogeneration facility and not needed by the hospital. In 1987, OG&E signed a contract to purchase up to 100 megawatts of capacity from Mid-Continent Power Company, Inc., beginning no later than 1998. This purchase of capacity is currently planned to begin in 1998 and carries no obligation on the part of OG&E to purchase energy. The purchases under each of these cogeneration contracts were approved by the appropriate regulatory commissions at rates set in accordance with PURPA.

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

#### REGULATION AND RATES

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

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For the year ended December 31, 1993, approximately 85 percent of OG&E's electric revenue was subject to the

jurisdiction of the OCC, eight percent to the APSC, and seven percent to the FERC.

Recent Regulatory Matters: On February 25, 1994, the OCC issued an order that, among other things, required OG&E to lower its rates to its Oklahoma retail customers by approximately \$14 million annually (based on a test year ended June 30, 1991) and to refund approximately \$41.3 million. The \$14 million annual reduction in rates is expected to lower OG&E's rates to its Oklahoma customers by approximately \$17 million in 1994. With respect to the \$41.3 million refund, \$39.1 million is associated with revenues prior to January 1, 1994, while the remaining \$2.2 million relates to 1994.

During the first half of 1992 the Company participated in settlement negotiations and offered a proposed refund and a reduction in rates in an effort to reach settlement and conclude the proceedings. As a result, the Company recorded an \$18 million provision for a potential refund in 1992. After receiving the February 25, 1994 order, the Company recorded an additional provision for rate refund of approximately \$21.1 million in 1993 (consisting of a \$14.9 million reduction in revenue and \$6.2 million in interest), which reduced net income by approximately \$13 million or \$0.32 per share.

Enogex transports natural gas to OG&E for use at its gas-fired generating units and performs related gas gathering activities for OG&E. The entire \$41.3 million refund related to the OCC's disallowance of a portion of the fees paid by OG&E to Enogex for such services in the past. Of the approximately \$17 million annual rate reduction, approximately \$9.9 million reflects the OCC's reduction of the amount to be recovered by OG&E from its Oklahoma customers for the future performance of such services by Enogex for OG&E.

In accordance with the OCC's rate order and a stipulation approved by the OCC in July 1991, OG&E's electric rates for 1994 are designed to permit OG&E to earn a 12 percent return on equity and the OCC staff is precluded from initiating an investigation of OG&E's rates for three years from February 25, 1994, unless OG&E's return on equity exceeds 12.75 percent. As explained previously, OG&E has commenced a complete review and redesign of its operations that could result in downsizing, debt refinancing or other cost-cutting measures in response to the rate order and the ever-increasing competition in the utility industry. As a part of this redesign, OG&E anticipates offering an early retirement program. OG&E also froze salaries and hiring in February 1994. These actions are intended to offset some of the impact of the recent rate order and to make OG&E more competitive in the years ahead.

Pursuant to an Order from the APSC in July 1992, OG&E and other electric utilities serving customers in Arkansas were to submit a 20-year Integrated Resource Plan with the APSC by March 15, 1993. Subsequently, OG&E received extensions of the filing date to June 15, 1994. In its IRP, each utility must set forth a thoroughly documented plan to serve its customers' electric energy needs. The utility, in developing this approach, must use a planning process that evaluates the full range of alternatives, including new generating capacity, purchased power, energy conservation and efficiency, cogeneration and renewable energy sources, in order to provide adequate and reliable service to its electric customers at the lowest system cost. The process shall take into account system operation features such as diversity, reliability, dispatchability and other factors of risk, and shall



treat customer load reduction and conservation alternatives on a consistent and integrated basis with new power supply alternatives.

The Company anticipates that a similar IRP process will be initiated by the OCC.

**Automatic Fuel Adjustment Clauses:** Variances in the actual cost of fuel used in electric generation and certain purchased power costs, as compared to that component in cost-of-service for ratemaking, are passed through to OG&E's electric customers through automatic fuel adjustment clauses. A lag of 45 to 60 days occurs between the time costs are incurred and the time such costs are reflected in bills to retail customers. OG&E records an accrual in the financial statements for these differences. The automatic fuel adjustment clauses are subject to periodic review by the OCC, the APSC and the FERC. OG&E's non-utility subsidiary, Enogex Inc., owns and operates a pipeline business that delivers natural gas to the generating stations of OG&E. The OCC, the APSC and the FERC have authority to examine the appropriateness of any transportation charges or other fees OG&E pays Enogex, which OG&E seeks to recover through the fuel adjustment clause or other tariffs. As indicated above, the OCC in its rate order of February 25, 1994, disallowed \$41.3 million previously recovered by OG&E through its fuel adjustment clause for amounts Enogex has charged OG&E for transporting natural gas to OG&E's generating stations and reduced OG&E's future recovery of such charges by approximately \$9.9 million annually.

PURPA requires that electric utilities purchase electric power from qualifying cogeneration facilities ("QFs"). The costs to OG&E in connection with the Oklahoma facilities for such purchased power are recovered from Oklahoma customers with the approval of the OCC.

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**National Energy Legislation:** The National Energy Act of 1978 imposes numerous responsibilities and requirements on OG&E. PURPA requires electric utilities, such as OG&E, to purchase electric power from, and sell electric power to, QFs and small power production facilities. Generally stated, electric utilities must purchase electric energy and production capacity made available by QFs and small power producers at a rate reflecting the cost that the purchasing utility can avoid as a result of obtaining energy and production capacity from these sources; rather than generating an equivalent amount of energy itself or purchasing the energy or capacity from other suppliers. OG&E has entered into agreements with four such cogenerators. See "Finance and Construction." Electric utilities also must furnish electric energy to QFs on a non-discriminatory basis at a rate that is just and reasonable and in the public interest and must provide certain types of service which may be requested by QFs to supplement or back up those facilities' own generation. In 1991, the OCC approved standby service rates to meet this need.

The National Energy Policy Act of 1992 (the "Act") is expected to make some significant changes in the operations of the electric utility industry and the federal policies governing the generation and sale of electric power. The Act, among other things, allows the FERC to order utilities to permit access to their electrical transmission systems and to transmit power produced by independent power producers at transmission rates set by the FERC. The Act also provides funds to study electric vehicle technology, the effects of electric and magnetic fields, and institutes a tax credit for generating electricity using

renewable energy sources. The Act also is designed to promote competition in the development of wholesale power generation in the electric industry. It exempts a new class of independent power producers from regulation under the Public Utility Holding Company Act of 1935 and allows the FERC to order wholesale "wheeling" by public utilities to provide utility and non-utility generators access to public utility transmission facilities. The Act and other factors are expected to significantly increase competition in the electric industry. The Company has taken steps in the past and intends to take appropriate steps in the future to remain a competitive supplier of electricity.

#### RATE STRUCTURE, LOAD GROWTH AND RELATED MATTERS

Two of OG&E's primary goals in its electric tariff designs are: (i) to increase electric revenues by attracting and holding job-producing businesses and industries; and (ii) to keep its peak demand growth rate one-half of one percent less than the kilowatt-hour growth rate annually, while providing a minimum capacity margin of 15.25 percent. In order to meet these goals,

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OG&E has implemented numerous demand-side management programs and tariff schedules. These programs and schedules include: (i) residential energy audits promoting efficient energy use, and assistance programs that help residential customers live in comfortable homes with lower energy costs; (ii) the PEAKS program, which provides credit on a customer's bill for the installation of a device that periodically cycles off the customer's central air conditioner during peak summer periods; (iii) a load curtailment rate for industrial and commercial customers who can demonstrate a load curtailment of at least 300 kilowatts; (iv) time-of-use rate schedules for various commercial, industrial and residential customers designed to shift energy usage from peak demand periods during the hot summer afternoons to non-peak hours; and (v) a thermal energy storage program that promotes the shifting of cooling loads to off-peak hours.

OG&E has developed the "ReSource" program for business and industry which utilizes a group of highly specialized business consultants that have worldwide reputations and preeminence in their particular fields. These fields include management, finance, marketing, power quality, pricing, plant modernization, environmental, process technologies and architect/engineers. Depending on the scope of the project, OG&E may pay a portion of the costs associated with these consulting services. ReSource is designed to answer needs in any phase of a business operation, from general business management, to leading edge technology for a manufacturing process, to the financing necessary to make expansion and modernization possible.

In 1993, OG&E's marketing efforts included thermal storage, electrotechnologies, an outdoor lighting promotion "Lite-Watchman," an electric food service promotion and a heat pump promotion in the residential, commercial and industrial markets. Educating customers to use available time-of-use rates to lower their energy costs was also pursued. These rates can make commercial and industrial heating and cooling especially economical if power is used with thermal storage systems which chill water at night for cooling the next day.

To meet customers' electric power needs for their sensitive electronic equipment, OG&E began the Power Quality program

several years ago. Through this program, a trained Power Quality team works with the customer by performing a thorough survey of wiring and grounding, transient surge protection checks and power monitoring. The customer and the team then develop solutions and alternatives to power needs at the facility.

OG&E continues studying other programs to keep its electric tariffs attractive and to control peak demand growth. These programs include the use of high efficiency lighting and ballasts, high efficiency motors, high efficiency air conditioners or chillers, direct load control of large customers, use of home automation systems, high-tech refrigeration

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equipment, adjustable speed drives on electric motors, high-tech electric water heating systems, heating and cooling demand controls and time scheduling of electric appliances, such as water heaters. OG&E has also expanded its Positive Energy Home finance programs for customers to include heat pump water heaters as well as high efficiency heat pumps.

OG&E currently does not anticipate the need for new base-load generating plants in the foreseeable future. For further discussion, see "Finance and Construction."

#### FUEL SUPPLY

During 1993, approximately 30 percent of the OG&E-generated energy was produced by natural gas-fired units and 70 percent by coal-fired units. It is estimated that the fuel mix for 1994 through 1998 based upon expected generation for these years, will be as follows:

	1994	1995	1996	1997	1998
	----	----	----	----	----
Natural Gas	22%	26%	27%	29%	31%
Coal	78%	74%	73%	71%	69%

The average cost of fuel used, by type, per million Btu for the periods shown was as follows:

	1993	1992	1991	1990	1989
	-----	-----	-----	-----	-----
Natural Gas	\$3.64	\$3.48	\$3.14	\$3.06	\$2.97
Coal	\$1.16	\$1.18	\$1.21	\$1.38	\$1.39
Total (Weighted Avg)	\$1.92	\$1.88	\$1.96	\$2.08	\$2.11

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

OG&E is continuing its program to improve the heat rate in all of its power plants and has implemented changes which have resulted in greater fuel efficiency. The improvements result in savings in fuel costs and OG&E has budgeted approximately \$5.5 million over the next three years to further improve its heat rate.

Gas-Fired Units: OG&E has approximately 900 natural gas purchase contracts covering approximately 550 wells and delivery points. These contracts cover an estimated 167 billion cubic

feet of connected reserves.

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OG&E acquires some natural gas at the wellhead under purchase contracts which contain provisions allowing the owners to require prepayments for gas if certain minimum quantities are not taken (see "Note 9 of Notes to Consolidated Financial Statements"). At December 31, 1993, outstanding prepayments for gas, including the amounts classified as current assets, under these contracts were approximately \$22.2 million (including \$16.2 million accrued but not yet paid). A contract with Oklahoma Natural Gas Company for additional peaking gas is in place and is renewed yearly.

To help lower fuel cost, the Company began utilizing a new natural gas storage facility in 1993. OG&E is now pumping gas into the storage reservoir, which will help OG&E get greater value out of its remaining take-or-pay gas contracts. By diverting natural gas into storage, for the first time OG&E will be able to use as much coal as possible to make electricity, and pull gas from storage only to meet increases in demand. In 1994, gas storage will give OG&E the flexibility to generate about 78 percent of its electricity with coal, the highest percentage in OG&E's history. With coal being approximately one-third the cost of natural gas, running coal units at full capacity is expected to cut fuel costs for OG&E's customers by about \$90 million a year.

Coal-Fired Units: Muskogee Units 4 and 5, with 500 megawatts of capacity each, Sooner Units 1 and 2, with 505 and 510 megawatts of capacity, respectively, and Muskogee Unit 6, with 515 megawatts of capacity, are designed to burn low-sulfur western coal. OG&E purchases coal under a mix of long and short-term contracts. OG&E currently has a long-term, multiple option agreement with Atlantic Richfield Company to supply coal for these units. The combination of all coal has an average sulfur content of 0.4 percent and can be burned in these units under existing federal, state and local environmental standards (maximum of 1.2 pounds of sulfur dioxide per million Btu) without the addition of sulfur dioxide removal systems.

In 1993, approximately 26,600 tons of Oklahoma coal was blended with Wyoming coal and burned in OG&E's coal-fired generating stations. During 1993, OG&E burned a total of 9.1 million tons of coal. Based upon the average sulfur content of Wyoming and Oklahoma coal and the average heating value of the coal, OG&E's units have an approximate emission rate of 0.78 pounds of sulfur dioxide per million Btu. See related discussion in "Environmental Matters."

In 1993, OG&E negotiated new rail transportation contracts for coal beginning in 1994, which will result in lower transportation rates.

The Wyoming coal is transported to OG&E's generating stations, a distance of about 1,000 miles, by unit trains. In

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1993, OG&E leased 1,523 coal cars, of which 946 were aluminum, at an approximate annual rental cost of \$4.9 million. The efficiencies related to this newer design of high volume aluminum body railcar have reduced, by approximately six percent, the number of trips from Wyoming and reduced railcar maintenance expenses.

## ENVIRONMENTAL MATTERS

OG&E management believes all of its operations are in substantial compliance with present Federal, state and local environmental standards. It is estimated that OG&E's capital, maintenance and other costs toward the preservation and enhancement of environmental quality will be approximately \$58 million during 1994, compared to approximately \$54 million in 1993. OG&E continues to evaluate its environmental programs to assure compliance with new and proposed environmental legislation and regulations and to position itself in a competitive market.

The Company continues to explore options to comply with the Clean Air Act Amendments of 1990 (CAAA). All of OG&E's coal-fired generating units currently burn low-sulfur coal and consequently, OG&E will not need to take any steps to comply with the new sulfur dioxide emission limits until January 1, 2000. However, as of December 31, 1993, the Company had expended approximately \$3.0 million (of an estimated total cost of approximately \$8.0 million) for installation of continuous emission monitors which must be installed on 12 units by January 1, 1995. The CAAA will also regulate emissions for nitrogen oxides and certain air toxic compounds. Although final regulations concerning all of these issues have not been written, additional capital expenditures may be necessary, but an estimate of cost can not be determined at this time. The Company will continue to examine all alternatives to comply with the CAAA as part of its Integrated Resource Planning process. This planning approach will assure the Company has the least cost option to comply with the CAAA and be in a competitive position to market its services. The Company will not be required to file its compliance plan with the Environmental Protection Agency (the "EPA") until January 1996.

As part of the Company's continuing effort to assure compliance with the annual report required by the Toxic Substance Control Act (TSCA) for 1991, a review of the report was undertaken beginning in 1992. The EPA was notified of discrepancies in operating practices and documentation, PCB handling and record-keeping requirements. See "Item 3. Legal Proceedings" for additional discussion of this matter.

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The Company is a party to three separate actions brought by the EPA concerning cleanup of disposal sites for hazardous waste and is involved in three other matters with the EPA. See "Item 3. Legal Proceedings."

## ENOGEX

OG&E's wholly-owned non-utility subsidiary, Enogex Inc., is the 36th largest pipeline in the nation in terms of miles of pipeline. Enogex Inc. is engaged in gathering and transporting natural gas for ultimate delivery to public utilities and other suppliers and end-users of natural gas in Oklahoma and throughout the nation. At December 31, 1993, Enogex Inc. had five wholly-owned subsidiaries, Enogex Products Corporation ("Products"), Enogex Services Corporation ("Services"), Enogex Exploration Corporation ("Exploration"), ENGL Corporation ("ENGL") and Clinton Gas Transmission, Inc. ("Clinton"). Products owns interests in and operates five natural gas processing plants and

markets natural gas liquids. Services and Clinton are engaged in the marketing (buying and selling) of natural gas. Exploration is engaged in investing in the exploration and production of oil and natural gas and the purchase of oil and gas reserves. ENGL operates a natural gas processing plant and markets the natural gas liquids.

For the year ended December 31, 1993, and before elimination of intercompany items between OG&E and Enogex, Enogex's consolidated revenues and net income were approximately \$219.4 million and \$9.5 million, respectively, as indicated in the following table:

(dollars in millions)	1993 Revenues -----	1993 Net Income -----
Enogex Inc.	\$ 65.1	\$10.0 (a)
Products	11.9	3.0
Services	108.6	0.1
Exploration	2.0	0.2
ENGL	0.8	(0.2)
Clinton	37.0	-
Eliminations within Enogex	(6.0) (b)	(3.6)
	-----	-----
Enogex consolidated amounts	\$219.4 =====	\$ 9.5 =====

(a) Includes \$3.6 million of net income from Products, Services, Exploration, ENGL and Clinton.

(b) Consists of intercompany natural gas transmission fees of \$3.0 million and sales of natural gas products amounting to \$3.0 million.

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Enogex's natural gas transportation business in Oklahoma consists primarily of gathering and transporting natural gas for OG&E, Transok, Inc. (an affiliate of another electric utility) and on an interruptible basis, third-party-owned gas. Enogex's system consists of over 3,000 miles of pipeline, which extends from the Arkoma Basin in eastern Oklahoma to the Anadarko Basin in western Oklahoma. Since 1960, Enogex has had a gas transmission contract with OG&E under which Enogex transports OG&E's natural gas supply on a fee basis, and assists OG&E in the negotiation and administration of short and long-term gas purchase contracts with producers and other suppliers. Enogex also provides accounting services and assists in payments to producers and suppliers under the contract. Under the gas transmission contract, OG&E agrees to tender to Enogex and Enogex agrees to transport, on a firm, load-following basis, all of OG&E's natural gas requirements for boiler fuel for its seven gas-fired electric generating stations. In 1993, Enogex transported nearly 142 Bcf of natural gas; approximately 67 Bcf, or about 47 percent was delivered to OG&E's electric generating stations, which resulted in approximately 84 percent of Enogex Inc.'s revenue of \$65.1 million for 1993. See "Regulation and Rates."

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

Company.

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

The fees charged by Enogex for transporting natural gas for OG&E and Transok, Inc. are not subject to FERC regulation, as this service is solely intrastate. With respect to state regulation, the fees charged by Enogex to OG&E and Transok, Inc.

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have not been subject to direct state regulation by the OCC. Even though the intrastate pipeline business of Enogex is not directly regulated, the OCC, the APSC and the FERC have the authority to examine the appropriateness of any transportation charge or other fees paid by OG&E to Enogex, which OG&E seeks to recover from ratepayers. See "Regulation and Rates" for a further discussion of this matter and the OCC's ruling on the fees paid by OG&E to Enogex.

Products has been active since 1968 in the processing of natural gas and marketing of natural gas liquids. Products has a 50 percent interest in and operates a natural gas processing plant near Calumet, Oklahoma, which can process 250,000 Mcf of natural gas per day. Products also owns four other natural gas processing plants in Oklahoma, which have, in the aggregate, the capacity to process approximately 36,000 Mcf of natural gas per day. ENGL owns one natural gas processing plant in Oklahoma, which became operational in 1993, and has the capacity to process approximately 18,000 Mcf of natural gas per day. Products' natural gas processing plant operations consist of off-lease extraction of liquids from natural gas that is transported through the Enogex pipeline, while ENGL's natural gas processing operations consists of off-lease extraction of liquids from an unaffiliated pipeline. The raw gas stream is processed and converted into marketable ethane, propane, butane, and natural gasoline mix. The residue gas remaining after the liquid products have been extracted consists primarily of methane.

Commercial grade propane is sold on the local market and the marketing of all other natural gas liquids extracted by Products and ENGL is handled through independent brokers. The natural gas liquids are delivered to Conway, Kansas (which is one of the nation's largest wholesale markets for gas liquids), where they are sold on the spot market, commonly referred to as Group 140. Independent brokers continuously monitor the marketplace on behalf of Products and ENGL and recommend the time to sell. No transactions take place until approved by authorized personnel. Payments are made to Products and ENGL after sale of the natural gas liquids and the brokers retain a marketing fee from the settlement.

In processing and marketing natural gas liquids, Products and ENGL compete against virtually all other gas processors selling natural gas liquids. Products and ENGL believe that they will be able to continue to compete favorably against such companies. With respect to factors affecting the natural gas liquids industry generally, as the price of natural gas liquids fall without a corresponding decrease in the price of natural gas, it may become uneconomical to extract certain natural gas liquids. As to factors affecting Products and ENGL specifically, the volume of natural gas processed at its plants is dependent upon the volume of natural gas transported through the pipeline system located "behind the plants" (i.e. the Enogex pipeline for Products and an unaffiliated pipeline for ENGL). If the volume

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of natural gas transported by such pipeline increases "behind the plants," then the volume of liquids extracted by Products and ENGL should normally increase.

Services is a natural gas marketing company serving both producers and consumers of natural gas by buying natural gas at the wellhead and from other sources in Oklahoma and other states, and reselling the gas to local distribution companies, utilities other than OG&E and industrial purchasers both within and outside Oklahoma.

Although the margin on sales by Services is relatively small, approximately 63 percent of the natural gas purchased and resold is transported through the Enogex Inc. pipeline to one or more interstate pipelines that deliver the gas to markets. Thus, in addition to purchasing and selling natural gas, Services seeks to use the space available in the Enogex Inc. pipeline and increase the amount of natural gas available for processing by Products. Clinton, which was acquired in 1993, is engaged in essentially the same business as Services.

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

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

Volumes of natural gas transported by Enogex Inc. for third parties and the revenues derived from such activities increased from the previous year. The contributing factors for the increase were specific projects approved to strengthen Enogex's position, with other similar projects under consideration.

Services and Clinton compete with all major suppliers of natural gas in the geographic markets they serve, which are primarily the areas served by pipelines with which Enogex is interconnected. Although the price of the gas is an important factor to a buyer of natural gas from Services, the primary factor is the total cost (including transportation fees) that the buyer must pay. Natural gas transported for Services by Enogex Inc. is billed at the same rate Enogex Inc. charges for comparable third-party transportation. Exploration was formed in 1988 primarily to engage in the production and exploration of natural gas. Exploration has focused its drilling activity in



the state of Michigan and also has interests in Oklahoma. As of December 31, 1993, Exploration had interests in 238 active wells.

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Item 2. Properties.

OG&E owns and operates an interconnected electric production, transmission and distribution system, located in Oklahoma and western Arkansas, which includes eight active generating stations with an aggregate active capability of 5,637 megawatts. The following table sets forth information with respect to present electric generating facilities:

Station & Unit	Fuel	Year Installed	Unit Capability (Megawatts)	Station Capability (Megawatts)	
Seminole	1	Gas	1971	549	
	2	Gas	1973	507	
	3	Gas	1975	500	1,556
Muskogee	3	Gas	1956	184	
	4	Coal	1977	500	
	5	Coal	1978	500	
	6	Coal	1984	515	1,699
Sooner	1	Coal	1979	505	
	2	Coal	1980	510	1,015
Horseshoe Lake	6	Gas	1958	178	
	7	Gas	1963	238	
	8	Gas	1969	394	810
Mustang	1	Gas	1950	58	Inactive
	2	Gas	1951	57	Inactive
	3	Gas	1955	122	
	4	Gas	1959	260	
	5	Gas	1971	64	446
Conoco	1	Gas	1991	26	
	2	Gas	1991	26	52
Arbuckle	1	Gas	1953	74	Inactive
Enid	1	Gas	1965	12	
	2	Gas	1965	12	
	3	Gas	1965	12	
	4	Gas	1965	12	48
Woodward	1	Gas	1963	11	11
Total Active Generating Capability (all stations)				5,637	=====

At December 31, 1993, OG&E's transmission system included 65 substations with a total capacity of approximately 17.2 million kVA and approximately 4,289 structure miles of lines. The

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distribution system included 345 substations with a total capacity of approximately 6.1 million kVA, 25,232 structure miles of overhead lines, 1,565 miles of underground conduit and 6,184

miles of underground conductor.

The Trust Indenture securing OG&E's first mortgage bonds constitutes a direct first mortgage lien on substantially all of its electric facilities.

Enogex owns: (i) over 3,000 miles of natural gas pipeline extending from the Arkoma Basin in eastern Oklahoma to the Anadarko Basin in western Oklahoma; (ii) a 50 percent interest in a natural gas processing plant near Calumet, Oklahoma, which has the capacity to process 250,000 Mcf of natural gas per day; and (iii) five other natural gas processing plants in Oklahoma, which have, in the aggregate, the capacity to process approximately 54,000 Mcf of natural gas per day.

During the three years ended December 31, 1993, the Company's gross property, plant and equipment additions approximated \$384 million and gross retirements approximated \$69 million. Over 90 percent of these additions were provided by internally generated funds. The additions during this three-year period amounted to approximately 10.4 percent of total property, plant and equipment at December 31, 1993.

Item 3. Legal Proceedings.

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1. In March 1991, the Director of the Public Utility Division of the OCC filed an application with the OCC challenging, among other things, OG&E's retail electric rates in Oklahoma. On February 25, 1994, the OCC issued an order that, among other things, lowered OG&E's rates to its Oklahoma retail customers by approximately \$17 million and ordered a refund of approximately \$41.3 million, including interest. See "Regulation and Rates" under Item 1 for a further discussion of this matter.

2. On June 30, 1986, the United States government filed suit against OG&E and 36 other defendants in case number CIV-86-1401 W, in the United States District Court ("USDC") for the Western District of Oklahoma. The complaint generally alleges that a total of 18 million gallons of hazardous and toxic waste are contained at the Hardage Criner site located approximately 30 miles south of Oklahoma City, and that the government has expended, as of the date of the filing of the complaint, \$1.44 million related to the site. The 37 defendants are divided into three classes: 33 "generator" defendants, of which OG&E is one; three "transporter" defendants; and the owner of the site, Mr. Royal Hardage.

It is estimated that over 200 other entities, not presently named in the government's complaint, have also disposed of

materials at the site. OG&E has disposed of an estimated 130,000 gallons at the site, or less than 1 percent of the total volume of waste. OG&E, along with each other Potentially Responsible Party ("PRP"), could be held jointly and severally liable for the remediation of the site. In August 1990, the USDC issued its rulings on the appropriate method for cleanup of the site. The USDC selected the containment remedy proposed by the Hardage Criner Steering Committee Defendants (the "Committee"), of which OG&E is a member, with several modifications. The remedy ordered by the USDC is estimated to cost approximately \$60 million. However, the actual costs are heavily dependent on the nature and volume of liquids that will be extracted from the Hardage site. It is possible that the remedy could cost substantially more than

the current \$60 million estimate.

The USDC awarded the United States all of its claimed "indirect" costs, and all of the costs incurred by the United States Department of Justice, a total of approximately \$3.2 million. These amounts are in addition to the past response costs of approximately \$5.4 million that the USDC awarded the United States in a pre-trial summary judgment entered on December 8, 1989. That summary judgment also granted the United States the right to recover future costs that are "not inconsistent with the EPA's National Contingency Plan regulations." The Committee estimates that the United States has obtained monetary judgments which will allow it to recover approximately \$12 million.

In a related ruling on cost issues, the USDC held that the Committee had incurred recoverable response costs in the amount of approximately \$3.7 million. It further held that the United States was obligated to pay 8.36 percent of the Committee's costs, or approximately \$311,000.

The USDC ruled that the United States' share of the total cleanup costs should include 8.36 percent of the costs of the court-ordered remedy and 8.36 percent of the approximately \$12 million in costs that the United States itself was awarded in the case, except for prejudgment interest and Department of Justice costs.

The Committee appealed the USDC's rulings on the government receiving 100 percent of its costs and the Committee receiving only a portion of its costs to the Tenth Circuit Court of Appeals. The Tenth Circuit Court of Appeals has not yet issued a ruling in this appeal.

Settlements have been reached with other parties for their share of costs incurred. The money collected through these settlements is being used by the Hardage Site Remedy Corporation (which was formed to implement the USDC-ordered remedy) to finance

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the remedy and to reimburse the government for response costs it may ultimately be awarded in the pending appeal in the Tenth Circuit Court.

Even though the settlement funds, plus interest and the United States contribution will raise a substantial portion of the monies required, any remaining amounts that OG&E and the other Hardage Steering Committee members are likely to pay may still be substantial. A more accurate estimate of the amount of the remaining costs must be determined after the remedy design is completed.

The Hardage Steering Committee members have reached an Agreement to pay the costs based on each company's respective volume of waste sent to the site. OG&E's share of the total is 2.33 percent.

While it is not possible to determine the precise outcome of this matter, in the opinion of management, OG&E's ultimate liability for the cleanup costs of this site will not have a material adverse effect on OG&E's financial position or its results of operations. Management's opinion is based on the following: (1) the cleanup costs already paid by certain parties; (2) the financial viability of the other PRPs; and (3) the portion of the total waste disposed at this site attributable to OG&E. Management also believes that costs incurred in connection with this site, which are not recovered from insurance

carriers or other parties, may be allowable costs for future ratemaking purposes.

3. OG&E is also involved, along with numerous other PRPs, in an EPA administrative action involving the facility in Holden, Missouri, of Martha C. Rose Chemicals, Inc. ("Rose"). Beginning in early 1983 through 1986, Rose was engaged in the business of brokerage of polychlorinated biphenyls ("PCBs") and PCB items, processing of PCB capacitors and transformers for disposal, and decontamination of mineral oil dielectric fluids containing PCBs. During this time period, various generators of PCBs ("Generators"), including OG&E, shipped materials containing PCBs to the facility. Contrary to its contractual obligation with OG&E and other Generators, it appears that Rose failed to manage, handle and dispose of the PCBs and the PCB items in accordance with the applicable law. Rose has been issued citations by both the EPA and the Occupational Safety and Health Administration. OG&E, along with the other PRPs, could be held jointly and severally liable for the remediation of the site.

In March 1986, Rose abandoned its facility in Holden, Missouri, and subsequently notified certain Generators of its unwillingness and/or inability to come into compliance with the PCB rules and regulations and to properly dispose of such PCBs

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and PCB items at the facility. In addition to PCBs and PCB items at the Rose facility, the EPA believes that contaminated soils, sediments and/or sludge may be present off-site.

Several Generators, including OG&E, formed a Steering Committee to investigate and possibly clean up the Rose facility. On October 30, 1986, OG&E, along with other Generators, entered into a negotiated Administrative Order of Consent with the EPA for the first phase of the work which includes: (i) conducting an assessment to determine the location and extent of any release or immediate threat of release of PCBs which pose or may pose any immediate danger to human health or welfare or the environment at the Rose facility; (ii) depending upon the results of such assessment, taking such response actions as are necessary to address the releases of PCBs and to eliminate the threat of further immediate releases of PCBs; (iii) providing such action as necessary to restrict access to and secure the Rose facility; and (iv) determining the nature and extent of the threat to the public health or welfare or the environment by conducting such site surveys, samplings and analyses, inventories and data evaluations as necessary to support and determine potential intermediate and final response actions. Currently, OG&E management's estimate of the total cost for cleanup of the Rose facility is in the range of \$23 to \$31 million, of which \$18.5 million has already been collected from certain parties.

A second Administrative Order has been entered into which provides that the Steering Committee: (1) develop a Statement of Work following the Toxic Substances Control Act's guidelines; (2) perform a Remedial Investigation/Feasibility Study ("RI/FS"); (3) be given by the EPA a Covenant Not to Sue for work at the site under certain conditions; and (4) with the EPA's agreement, not to sue non-participating PRPs.

A Buyout Agreement with other parties was entered into in 1988. Work is progressing under the second Administrative Order and the RI/FS. In 1989, the Steering Committee filed suit against certain PRPs for cleanup costs.

On September 2, 1992, the EPA, Region VII, issued an

Administrative Order ("AO") for Remedial Design and Remedial Action pursuant to Section 106 (a) of the Comprehensive Environmental Response Compensation and Liability Act ("CERCLA"). The AO basically requires excavation, treatment and disposal of remaining soils and debris, dismantling of buildings and groundwater monitoring for a minimum of 10 years. The AO contains a provision for an opportunity to confer between the EPA and the Steering Committee. Such conference was held and a notice to comply was given to the EPA by the Steering Committee coupled with its concern over the issue of access to the property.

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The Company estimates its share of the total hazardous wastes at the Rose facility to be less than six percent. Due to the present stage of this matter, the Company cannot predict its outcome or the precise amount that it may be required to pay. Nevertheless, management believes that OG&E's ultimate liability for the cleanup costs of this site will not have a material adverse effect on OG&E's financial position or its results of operations. Management's opinion is based on the following: (1) the cleanup costs already paid by certain parties; (2) the financial viability of the other PRPs; and (3) the portion of the total waste disposed at this site attributable to OG&E. Management also believes that costs incurred in connection with this site, which are not recovered from insurance carriers or other parties, may be allowable costs for future ratemaking purposes.

4. Reference is made to paragraph No. 4 under Item 3 of the Company's 1992 Form 10-K regarding the suit filed by Charles D. "Charley" Wilson against the Directors of OG&E seeking in excess of \$2 billion in damages. On July 13, 1993, the Oklahoma Supreme Court held that the Plaintiff's lawsuit failed to state a claim upon which relief could be granted. The Supreme Court held that Oklahoma does not recognize a common law fiduciary duty on behalf of the Directors to the ratepayers of OG&E. The Supreme Court also found that any such cause of action, if recognized, would be preempted by the Public Utility Regulatory Policies Act of 1978 and the Federal Energy Regulatory Commission regulations under the facts of the case. Finally, because Wilson's lawsuit was essentially a rate refund case, the Supreme Court held that jurisdiction rested exclusively with the Oklahoma Corporation Commission. The Supreme Court remanded the case to the trial court with instructions to dismiss for lack of subject matter jurisdiction.

Wilson filed a petition for rehearing with the Oklahoma Supreme Court and a response was filed to that petition. On October 5, 1993, the Oklahoma Supreme Court denied Wilson's petition for rehearing. Wilson filed petition for a Writ of Certiorari with the Supreme Court of the United States, October term, 1993. On February 22, 1994, the United States Supreme Court denied certiorari in this case.

This case is now concluded in favor of the Directors and against Wilson in all respects.

5. In July 1989, OG&E, through various media reports, became aware of an asbestos problem at one of its former power plants known as the Osage Plant, which had been sold to Osage Properties, Inc. in December 1986.

Under the terms of the Real Estate Purchase Contract, Osage Properties, Inc., was informed of the presence of friable

asbestos in the plant, with their agreement to accept all

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liability for the friable asbestos and indemnify OG&E against any and all claims brought against OG&E for damages and/or injuries to property or persons resulting from the existence and/or removal of friable asbestos material from the property.

In September 1988, Osage Properties, Inc. apparently leased the property to ACS Laboratories, Inc. for the stated purposes of residential living, dismantling and workshop premises. Because OG&E had no interest in the property after December 1986, OG&E does not know what activities took place on the property after that date.

According to public reports and television accounts, people were living inside the building and dismantling equipment, etc., apparently disturbing the encapsulated asbestos. According to the public reports, the people did not have protective clothing or equipment for asbestos work and were not handling and/or disposing of the asbestos properly. Further, neither Osage Properties, Inc. nor their Lessee had the proper licensing required for such work.

As a result, the Oklahoma State Departments of Labor and Health have closed the site and are investigating the situation for possible solutions. OG&E intends to cooperate with the agencies of the State of Oklahoma in resolving this matter and, although the amount, if any, to be expended by OG&E has not been determined, OG&E does not believe this matter will have a material adverse effect on its financial position or its results of operations.

6. In 1992, OG&E began a voluntary review of information contained in the annual report required under the Toxic Substance Control Act ("TSCA") for 1991. The initial result of the review revealed some discrepancies in procedures and documentation.

The EPA, Region VI, was notified of these initial discrepancies in December 1992. Because it was suspected that additional discrepancies might be discovered during the continuing review/audit, OG&E reached an agreement on January 12, 1993, with the EPA, Region VI, concerning the notification and reporting requirements of any newly discovered discrepancies. After further investigation, OG&E reported in September 1993 numerous additional discrepancies to the EPA, Region VI. Many of the discrepancies could be deemed violations of the regulations under TSCA. The discrepancies principally concerned the TSCA regulations relating to PCB handling and record keeping requirements. However, to the Company's knowledge, none of the activities involved releases of materials into the environment or caused harm to any individuals. Under the TSCA regulations, the EPA has the authority to assess a maximum fine of up to \$25,000 per day, and to treat each day of violation as the basis for a separate fine. OG&E has taken and is taking corrective action to remedy the discrepancies.

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The position of the EPA and OG&E is that they are currently in pre-settlement negotiations and no fines have been assessed as of this date. Since this matter is currently being negotiated, OG&E does not know the amount of fines that the EPA may seek. The amount of the fine is dependent upon numerous interpretive issues under the TSCA regulations and potentially could be in an

amount material to the Company's results of operations. However, at the present time, the Company does not expect that the amount of the fine will have a material effect on its results of operations based primarily on having voluntarily reported the discrepancies to the EPA coupled with the Company's efforts to remedy the discrepancies and the lack of releases into the environment or harm to individuals.

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

The Notice Letter, a formal demand for reimbursement of past and future incurred costs (past costs are approximately \$1.3 million), provided for a negotiation period of 60 days and encouraged the PRPs to perform or finance the response activities as set forth in the Record of Decision ("ROD") and the Draft Statement of Work ("SOW").

The ROD addresses the source of contamination both on and off the site and is divided into two operable units: 1) Source Control Operable Unit, the remedy of which is addressed with the SOW and has an estimated cost of \$6.4 million; and 2) Groundwater Operable Unit, which is still being evaluated to assess the extent of contamination in the groundwater and any plumes. The cost of remediation for this Unit cannot be estimated at this time.

As to the Source Control Operable Unit and as a result of the EPA's Notice Letter, companies listed as PRPs (including OG&E) held several meetings to determine whether or not they should form a Steering Committee, whether additional research into volumetric shares should be conducted and a response, if any, to be sent to the EPA. Several but not all of the 46 companies have signed a very limited Participation Agreement, the purpose of which is to negotiate with the EPA.

On March 31, 1993, OG&E joined with the signatories to the limited Participation Agreement in making a settlement offer to the EPA. The EPA met with representatives of the PRPs group on June 11, 1993, to discuss the current developments taking place. The EPA is currently considering a modification of the remedy for the Source Control Operable Unit because the remedy was

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apparently selected without giving consideration to the presence of listed hazardous waste, although the presence of this waste was documented in the Record of Decision. The EPA explained at the meeting that it will likely not make a decision in the near future concerning the remedy for the Source Control Operable Unit. The EPA informed the participating PRPs that it would not pursue them through the issuance of a unilateral administrative order relating to the Special Notice Letters.

As to the Groundwater Operable Unit, OG&E declined to either participate in conducting or financing any remedial activities. No further action on the Groundwater Operable Unit has been taken by the EPA.

On February 1, 1994, OG&E received a Section 104 Letter from the EPA, Region VI, which asked for either participation in or financing of a Removal Action calling for netting of 2.5 acre on-

site sludge lagoon to preclude access to wildlife. The PRP Group, for various reasons, declined on February 10, 1994, to participate or finance the Removal Action.

Due to the present stage of this matter, the total cost of the cleanup of the site and the Company's ultimate liability cannot be estimated. Nevertheless, management believes that OG&E's ultimate liability for the cleanup costs of this site will not have a material adverse effect on OG&E's financial position or its results of operations. Management's opinion is based on the financial viability of the other PRPs and the portion of the total waste disposed at this site attributable to OG&E. Management also believes that costs incurred in connection with this site, which are not recovered from insurance carriers or other parties, may be allowable costs for future ratemaking purposes.

8. OG&E has been requested by the EPA to permit the inspection of two separate properties owned by OG&E for possible hazardous substances, pollutants or contaminants. These sites were used many years ago by OG&E or certain companies acquired by OG&E for manufacturing gas from coal. In connection with manufacturing gas, various by-products were produced (including coal-tar and other potentially harmful materials), which could remain on the sites. At the present time, OG&E does not know whether any harmful materials remain at the sites and intends to cooperate fully with the EPA in its investigation.

9. Puritan Oil and Gas Corp., and other Plaintiffs, filed an amendment to a petition on February 19, 1993, to an action previously filed in the District Court of Oklahoma County, involving an alleged breach of an oil and gas contract by OG&E. Enogex Inc. was also joined as a Defendant in the action. Plaintiff alleges that OG&E and Enogex were in violation of the Federal Racket Influenced and Corrupt Organizations Act ("RICO"). The case was removed to the United States District Court for the

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Western District of Oklahoma. Plaintiff alleges the Defendants refused to honor contractual obligations in certain gas purchase contracts. The underlying dispute on the gas purchase contracts arises in the ordinary course of OG&E's business and involves whether OG&E must purchase gas thereunder, where the contract provides for certain requirements be maintained by the well. Actual damages under the RICO claim are sought in an amount of \$2,000,000. RICO provides that these damages be trebled in the event of an adverse verdict. Punitive damages under the RICO claim are also sought in the amount of \$1,000,000.

A Motion to Dismiss the RICO claim was filed by OG&E and Enogex. On January 4, 1994, the Court dismissed the RICO claim and remanded the breach of contract action to the state court. Plaintiffs filed a Motion to Amend the RICO claim. It was denied by the court. Plaintiffs filed a Notice of Appeal on March 1, 1994, to perfect an appeal of the dismissal of the RICO claims to the Tenth Circuit Court of Appeals.

Management believes the outcome of this proceeding will not have a material adverse effect on the Company's financial position or its results of operations for numerous reasons, which include punitive damages do not appear to be available to the Plaintiffs under RICO and the underlying dispute between the parties of a gas purchase contract. Management intends to vigorously pursue the defense of this matter.

In the normal course of business, other lawsuits, claims,



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

Item 4. Submission of Matters to a Vote of Security Holders.  
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Not applicable.

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Executive Officers of the Registrant

The following persons were Executive Officers of the Registrant as of March 15, 1994:

Name	Age	Title
James G. Harlow, Jr.	59	Chairman of the Board, President and Chief Executive Officer
Patrick J. Ryan	55	Executive Vice President and Chief Operating Officer
Bob G. Bunce	62	Senior Vice President-Accounting and Administration
Kenneth J. Baltes	58	Vice President and Manager Eastern Region
H. Leon Grover	57	Vice President and Manager Western Region
James R. Helton	51	Vice President and Manager Metro Region
Steven E. Moore	47	Vice President-Law and Public Affairs
Al M. Strecker	50	Vice President and Treasurer
Don L. Young	53	Controller
Irma B. Elliott	55	Secretary

No family relationship exists between any of the Executive Officers of the Registrant. Each Officer is to hold office until the Board of Directors meeting following the next Annual Meeting of Shareowners, currently scheduled for May 19, 1994.

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

Name	Business Experience
James G. Harlow, Jr.	1989-Present: Chairman of the Board, President and Chief Executive Officer

Patrick J. Ryan	1989-Present:	Executive Vice President and Chief Operating Officer
Bob G. Bunce	1989-Present:	Senior Vice President- Accounting and Administration
Kenneth J. Baltus	1989-Present:	Vice President and Manager Eastern Region
H. Leon Grover	1989-Present:	Vice President and Manager Western Region
James R. Helton	1989-Present:	Vice President and Manager Metro Region
Steven E. Moore	1989-Present:	Vice President-Law and Public Affairs
Al M. Strecker	1991-Present:	Vice President and Treasurer
	1989-1991:	Vice President, Secretary and Treasurer
Don L. Young	1989-Present:	Controller
Irma B. Elliott	1991-Present:	Secretary
	1989-1991:	Assistant Secretary

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## Part II

### Item 5. Market for Registrant's Common Equity and Related Stockholder Matters.

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

	1993			1992		
	Dividend Paid	High	Low	Dividend Paid	High	Low
First Quarter	\$0.66-1/2	\$35-7/8	\$33	\$0.66-1/2	\$44	\$37-5/8
Second Quarter	0.66-1/2	37-5/8	33-3/4	0.66-1/2	38-7/8	30-1/8
Third Quarter	0.66-1/2	38-5/8	34	0.66-1/2	34-7/8	31
Fourth Quarter	0.66-1/2	38-3/8	32-7/8	0.66-1/2	34-3/4	32-1/8

The number of record holders of Common Stock at December 31, 1993, was 36,201. The book value of the Company's Common Stock at December 31, 1993, was \$22.48.

## Item 6. Selected Financial Data.

HISTORICAL DATA.					
	1993	1992	1991	1990	1989
SELECTED FINANCIAL DATA (dollars in thousands except per share data)					
Operating revenues . . . . .	\$ 1,447,252	\$ 1,314,984	\$ 1,314,770	\$ 1,230,769	\$ 1,141,319
Operating expenses . . . . .	1,252,099	1,137,980	1,103,683	1,019,510	940,766
Operating income . . . . .	195,153	177,004	211,087	211,259	200,553
Other income and deductions . .	(1,301)	(567)	(471)	(263)	2,477
Interest charges . . . . .	79,575	76,725	76,700	71,798	73,592
Net income . . . . .	114,277	99,712	133,916	139,198	129,438
Preferred dividend requirements . . . . .	2,317	2,317	2,317	2,467	2,518
Earnings available for common .	\$ 111,960	\$ 97,395	\$ 131,599	\$ 136,731	\$ 126,920
Long-term debt . . . . .	\$ 838,660	\$ 838,654	\$ 853,597	\$ 853,540	\$ 854,319
Total assets . . . . .	\$ 2,731,424	\$ 2,590,083	\$ 2,566,089	\$ 2,522,907	\$ 2,524,254
Earnings per average common share . . . . .	\$ 2.78	\$ 2.42	\$ 3.27	\$ 3.38	\$ 3.05
CAPITALIZATION RATIOS					
Common equity . . . . .	50.51%	50.36%	50.20%	49.44%	49.03%
Cumulative preferred stock . . .	2.78%	2.79%	2.75%	2.80%	3.08%
Long-term debt . . . . .	46.71%	46.85%	47.05%	47.76%	47.89%
INTEREST COVERAGES					
Before federal income taxes (including AFUDC) . . . . .	3.32X	3.05X	3.66X	3.91X	3.56X
(excluding AFUDC) . . . . .	3.32X	3.04X	3.63X	3.87X	3.50X
After federal income taxes (including AFUDC) . . . . .	2.43X	2.29X	2.70X	2.84X	2.69X
(excluding AFUDC) . . . . .	2.42X	2.28X	2.66X	2.79X	2.63X

## Item 7. Management's Discussion and Analysis of Results of Operations and Financial Condition.

## Management's Discussion and Analysis.

## Overview

(thousands except per share amounts)	1993	1992	1991	Percent Change From Prior Year	
				1993	1992
Operating revenues . . . . .	\$1,447,252	\$1,314,984	\$1,314,770	10.1	-
Earnings available for common stock . . . . .	\$ 111,960	\$ 97,395	\$ 131,599	15.0	(26.0)
Average shares outstanding . . . . .	40,328	40,310	40,298	-	-
Earnings per average common share . . . . .	\$ 2.78	\$ 2.42	\$ 3.27	14.9	(26.0)
Dividends paid per share . . . . .	\$ 2.66	\$ 2.66	\$ 2.58	-	3.1

Earnings for 1993 increased to \$2.78 per share from \$2.42 in 1992, despite the recent rate order of February 25, 1994, from the Oklahoma Corporation Commission (the "Commission"). The Commission's order requires OG&E to reduce its electric rates to its Oklahoma retail customers prospectively by approximately \$14 million annually (based on a test year ended June 30, 1991) and

to refund approximately \$41.3 million. The \$14 million annual reduction in rates is expected to lower OG&E's rates to its Oklahoma customers by approximately \$17 million in 1994. With respect to the \$41.3 million refund, \$2.2 million will pertain to 1994, while the balance relates to prior periods which reduced 1993 earnings by \$0.32 per share. Partially offsetting the impact of the refund for 1993 was an \$18 million provision for rate refund established by the Company in 1992, which, in turn, reduced 1992 earnings by \$0.28 per share.

Due to the rate order and the ever-increasing competition in the utility industry, OG&E has commenced a complete review and redesign of its operations that could result in downsizing or other cost-cutting measures. OG&E also froze salaries and hiring in February 1994. These actions are intended to offset some of the impact of the recent rate order and to make OG&E more competitive in the years ahead.

The following discussion and analysis presents factors (including the recent rate order of the Commission) which had a material effect on the Company's operations and financial position during the last three years and should be read in

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conjunction with the Consolidated Financial Statements and Notes thereto. Trends and contingencies of a material nature are discussed to the extent known and considered relevant.

#### EARNINGS

The 1993 increase in earnings was attributable almost in its entirety to increased retail electric sales from more normal weather in the Company's service territory, which more than offset the \$0.32 reduction in earnings for 1993 related to the Commission's recent refund order. Earnings in 1992 were lower than 1991 due to the \$18 million provision for refund recorded in 1992 (\$0.28 per share), lower electric retail sales due to unusually mild weather and reduced subsidiary earnings.

#### Results of Operations

##### REVENUES

(thousands)	1993	1992	1991	Percent Change From Prior Year	
				1993	1992
Sales of electricity to OG&E customers . . . . .	\$ 1,242,964	\$ 1,149,894	\$ 1,169,455	8.1	(1.7)
Provision for rate refund . . . . .	(14,963)	(18,000)	-	*	*
Sales of electricity to other utilities . . . . .	54,815	62,099	41,271	(11.7)	50.5
Enogex . . . . .	164,436	120,991	104,044	35.9	16.3
<b>Total operating revenues . . . . .</b>	<b>\$ 1,447,252</b>	<b>\$ 1,314,984</b>	<b>\$ 1,314,770</b>	<b>10.1</b>	<b>-</b>
-----					
System kilowatt-hour sales . . . . .	20,201,533	19,236,843	19,526,776	5.0	(1.5)
Kilowatt-hour sales to other utilities . . . . .	3,103,977	4,141,084	2,554,987	(25.0)	62.1
<b>Total kilowatt-hour sales . . . . .</b>	<b>23,305,510</b>	<b>23,377,927</b>	<b>22,081,763</b>	<b>(0.3)</b>	<b>5.9</b>

\* Not meaningful

Approximately 89 percent of the Company's revenues consist of regulated sales of electricity as a public utility, while the remaining 11 percent is provided by the non-utility operations of the Company's wholly-owned subsidiary, Enogex Inc. and its subsidiaries (collectively "Enogex"). Enogex's primary operations consist of transporting natural gas through its intra-state pipeline to various customers (including OG&E), buying and selling natural gas to third parties, selling natural gas liquids extracted by its natural gas processing plants and investing in exploration activities. Actions of the regulatory commissions

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that set OG&E's electric rates will continue to affect the Company's financial results. The commissions also have the authority to examine the appropriateness of OG&E's recovery from its customers of fuel costs, which include the transportation fees that OG&E pays Enogex for transporting natural gas through Enogex's pipeline to OG&E's generating units.

During 1993, operating revenues increased 10.1 percent to \$1.45 billion compared to \$1.31 billion in 1992 and 1991. Increased kilowatt-hour sales to OG&E customers ("system sales"), the recovery of higher purchased power costs and increased Enogex revenues accounted for the improvement in revenues. These increases were only partially offset by the Commission's recent rate order, which reduced 1993 operating revenues by approximately \$15 million. See Note 10 of Notes to Consolidated Financial Statements for a further discussion of the Commission's recent rate order.

A return to near normal weather and continued slight customer growth contributed to the increase in system sales for 1993. This increase in system sales was partially offset by a 25.0 percent decrease in sales to other utilities; causing total kilowatt-hour sales to be down by 0.3 percent for 1993. However, sales to other utilities are at much lower prices per kilowatt-hour and have less impact on operating revenues and income than system sales.

Enogex's 1993 revenues increased due to higher prices on natural gas sales and increased sales of petroleum products. The increased sales of petroleum products were primarily due to gas sales to third parties by Enogex's newest subsidiary, Clinton Gas Transmission, Inc., which was acquired early in 1993.

Operating revenues in 1992 were adversely affected by a decrease in sales of electricity to OG&E customers, due to the unusually mild weather in the Company's service territory and the \$18 million provision for rate refund recorded in 1992. These factors were offset by increased sales of electricity to other utilities and increased revenues by Enogex. Enogex's revenue reflects increased volumes and prices for natural gas sales to third parties.

The higher levels of sales to other utilities in 1992 were due to the unusually mild weather and the significant amount of power that the Company must purchase from cogenerators under Federal law, which resulted in OG&E having surplus, relatively-inexpensive power for sale to other utilities. Yet, as noted above, sales to other utilities are at much lower prices per kilowatt-hour and have less impact on operating revenues and income than system sales. The Company's 1992 system kilowatt-hour sales were down by approximately 1.5 percent compared to 1991 due to decreased customer usage, while sales to other utilities increased 62.1 percent from 1991 levels.

The Company's 1994 revenues will be affected by the Commission's recent rate order, which will lower OG&E's rates to its Oklahoma customers by approximately \$17 million and result in a charge of approximately \$2.2 million relating to the portion of the \$41.3 million refund to be recognized in 1994.

## EXPENSES AND OTHER ITEMS

(dollars in thousands)	1993	1992	1991	Percent Change From Prior Year	
				1993	1992
Fuel . . . . .	\$ 383,207	\$ 377,575	\$ 368,978	1.5	2.3
Purchased power . . . . .	218,689	182,230	173,846	20.0	4.8
Gas purchased for resale (Enogex). . . . .	140,311	97,486	77,351	43.9	26.0
Other operation and maintenance. . . . .	274,988	266,061	254,590	3.4	4.5
Depreciation . . . . .	119,543	110,700	107,714	8.0	2.8
Taxes . . . . .	115,361	103,928	121,204	11.0	(14.3)
Total operating expenses. . .	\$1,252,099	\$1,137,980	\$1,103,683	10.0	3.1

Total operating expenses rose 10.0 percent to \$1.25 billion during 1993 compared to an increase of 3.1 percent to \$1.14 billion during 1992.

The Company's generating capability is almost evenly divided between coal and natural gas and provides the flexibility to use either fuel to the best economic advantage for the Company and its customers. During 1993, the cost associated with coal decreased \$3.8 million or 2.0 percent. The cost associated with natural gas, on the other hand, increased by \$9.4 million or 3.9 percent. The total increase in fuel expense for 1993 was \$5.6 million or 1.5 percent which compares to a total fuel expense increase of \$8.6 million or 2.3 percent for 1992. The consumption of natural gas in 1993 was actually 3.5 percent less than in 1992, however, due to price fluctuations, natural gas expense on a Btu basis increased 4.4 percent.

The cost of fuel in the generation of electricity (which includes Enogex's charges to OG&E for transporting natural gas to OG&E's gas-fired generating units) and the cost of purchased power are recovered from customers pursuant to fuel adjustment clauses or other tariffs, subject to periodic review by the Oklahoma Corporation Commission, the Arkansas Public Service Commission and the Federal Energy Regulatory Commission ("FERC"). See Note 10 of Notes to Consolidated Financial Statements.

Purchased power costs amounted to \$218.7 million in 1993, \$182.2 million in 1992 and \$173.8 million in 1991. As required by

the Public Utility Regulatory Policy Act of 1978 ("PURPA"), the Company must currently purchase power from qualified cogeneration facilities. Purchased power costs increased by more than \$36 million in 1993 due to price escalation provisions contained in certain cogeneration contracts. In 1998, another cogeneration facility is scheduled to become operational. Under PURPA, the Company is obligated to purchase capacity from this facility as

well. See Note 9 of Notes to Consolidated Financial Statements.

In 1992, the Company increased its electric sales to other utilities. This increased volume caused fuel expense to exceed 1991 levels, despite the Company's various programs which, overall, reduced fuel expense on a per kilowatt-hour basis.

To help lower fuel cost, the Company began utilizing a new natural gas storage facility in 1993. OG&E is now pumping gas into the storage reservoir, which will help OG&E get greater value out of its remaining take-or-pay gas contracts. By diverting natural gas into storage, for the first time OG&E will be able to use as much coal as possible to make electricity, and pull gas from storage only to meet increases in demand.

In 1994, gas storage will give OG&E the flexibility to generate about 78 percent of its electricity with coal, the highest percentage in OG&E's history. With coal being approximately one-third the cost of gas, running coal units at full capacity is expected to cut fuel costs for OG&E's customers by about \$90 million a year.

The Company has initiated numerous other ongoing programs that have helped reduce the cost of generating electricity over the last several years. These programs include: 1) spot market purchases of coal; 2) renegotiated contracts for coal, gas, railcar maintenance, and coal transportation; and 3) a heat rate awareness program to produce kilowatt-hours with less fuel. Together, these fuel management efforts help OG&E remain competitive by cutting fuel costs with the savings being passed on to OG&E's electric customers, which in turn allows them to remain competitive in a global economy.

Enogex's gas purchased for resale increased \$42.8 million or 43.9 percent for 1993 compared to \$20.1 million or 26.0 percent for 1992. The 1993 increase was due to higher gas prices and increased volumes of natural gas purchased for resale by Clinton Gas Transmission, Inc. The 1992 increase in gas purchased for resale resulted from larger volumes and increased cost of natural gas purchased by Enogex.

The increase in other operation and maintenance expenses for 1993 resulted from major overhauls at two generating plants and increased labor costs. The 1992 increase in other operation and

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maintenance expenses was primarily due to increased medical and labor costs, higher expenses associated with the Company's Oklahoma rate cases, rent expense for the corporate headquarters and tree trimming activity along transmission and distribution rights-of-way.

The increases in depreciation for 1993 and 1992 reflect higher levels of depreciable plant. Also, the adoption of Statement of Financial Accounting Standards No. 109, "Accounting for Income Taxes," during 1993 and its effect on Enogex contributed to the increase in depreciation. See Note 2 of Notes to Consolidated Financial Statements.

Income taxes during 1993 increased primarily due to higher pre-tax earnings and a one percent increase in the federal income tax rate to 35 percent. Current income taxes decreased in 1992 primarily due to lower pre-tax earnings. The 1992 decrease in current income taxes was partially offset by the tax effect of the \$18 million provision for a potential refund which increased current income taxes by approximately \$6.8 million and decreased

the provision for deferred income taxes by a like amount.

The increase in interest expense for 1993 resulted from approximately \$6.2 million of interest associated with the refund ordered by the Commission. See Note 10 of Notes to Consolidated Financial Statements.

#### Liquidity, Capital Resources and Contingencies

The primary capital requirements for 1993 and as estimated for 1994 through 1996 are as follows:

(dollars in millions)	1993	1994	1995	1996
Construction expenditures				
including AFUDC .....	\$128	\$143	\$116	\$118
Maturities of long-term debt				
and sinking fund requirements ..	15	-	85	-
Total .....	\$143	\$143	\$201	\$118

#### CONSTRUCTION

The Company's need for capital is related to construction of new facilities to meet anticipated demand for service, to replace or expand existing facilities in both its electric and non-

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utility businesses, and to some extent, for satisfying maturing debt and sinking fund obligations. Approximately \$6.9 million of the Company's construction expenditures budgeted for 1994 are to comply with environmental laws and regulations.

The construction program for the next several years does not include any additional base-load generating units. Rather, to meet the increased electricity needs of its customers during the balance of this century, the Company will concentrate on maintaining the reliability and increasing the utilization of existing capacity and increasing demand-side management efforts.

#### FINANCE

The Company meets its cash needs through internally generated funds, short-term borrowings and permanent financing. The Company internally generated substantially all of its funds for construction expenditures during 1993. Management expects that internally generated funds will be adequate over the next three years to meet these capital requirements and to refund the \$41.3 million ordered by the Commission in 1994. Short-term borrowings will continue to be used to meet temporary cash requirements. The maximum amount of outstanding short-term borrowings during 1993 was \$136.6 million. The Company has the necessary regulatory approvals to incur up to \$300 million in short-term borrowings at any one time.

#### CONTINGENCIES

The Company is defending various claims and legal actions, including environmental actions, which are common to its



operations. As to environmental matters, the Company has been designated as a "potentially responsible party" ("PRP") with respect to three waste disposal sites to which the Company sent materials. Under applicable law, the Company along with each PRP, could be held jointly and severally liable for site remediation. Neither the amount of cleanup costs nor the final method of their allocation among all designated PRPs at any of these sites has been determined. While it is not possible to determine the precise outcome of these matters, in the opinion of management, the Company's ultimate liability for the clean-up costs of these sites will not have a material effect on the Company's financial position or results of operations. Management's opinion is based on the following: 1) the clean-up costs already paid by certain parties, 2) the financial viability of the other PRPs, and 3) the portion of the total wastes disposed at the sites attributable to the Company. Management also believes that costs incurred in connection with the sites, which are not recovered from insurance carriers or other parties, may be allowable costs for future ratemaking purposes.

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The Clean Air Act Amendments of 1990 (CAAA) among other things, limit the emission of sulfur dioxide and nitrogen oxides. All of OG&E's coal-fired generating units currently burn low-sulfur coal and, consequently, OG&E will not need to take any steps to comply with the new sulfur dioxide emission limits until January 1, 2000. The Company has made a capital investment for installation of continuous emission monitors on 12 units by January 1, 1995. The CAAA will also regulate emissions for nitrogen oxides and certain air toxic compounds. Although final regulations concerning all of these issues have not been written, some capital expenditures may be necessary, but an estimate of cost can not be determined at this time. The Company will continue to examine all alternatives to comply with the CAAA as part of its Integrated Resource Planning process. This planning approach will assure the Company has the least-cost option to comply with the CAAA and be in a competitive position to market its services. The Company will not be required to file its compliance plan with the Environmental Protection Agency ("EPA") until January 1996.

OG&E's review of its annual report for 1991 under the Toxic Substance Control Act ("TSCA") revealed numerous discrepancies in OG&E's operating practices and documentation, which have been reported to the EPA. Many of the discrepancies could be deemed violations of TSCA regulations. See Note 9 of Notes to Consolidated Financial Statements for a further discussion of this matter.

In October 1992, the National Energy Policy Act of 1992 ("Energy Act") was enacted. Among many other provisions, the Energy Act is designed to promote competition in the development of wholesale power generation in the electric utility industry. It exempts a new class of independent power producers from regulation under the Public Utility Holding Company Act of 1935 and allows the FERC to order wholesale "wheeling" by public utilities to provide utility and non-utility generators access to public utility transmission facilities. The Energy Act and other factors are expected to significantly increase competition in the electric industry. The Company has taken steps in the past and intends to take appropriate steps in the future to remain a competitive supplier of electricity.

Besides the existing contingencies described above, and those described in Note 9 of Notes to Consolidated Financial Statements, the Company's ability to fund its future operational

needs and to finance its construction program is dependent upon numerous other factors beyond its control, such as general economic conditions, abnormal weather, load growth, inflation, new environmental laws or regulations, and the cost and availability of external financing.

Item 8. Financial Statements and Supplementary Data.

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CONSOLIDATED BALANCE SHEETS.

December 31 (dollars in thousands)	1993	1992	1991
<b>ASSETS</b>			
<b>PROPERTY, PLANT AND EQUIPMENT:</b>			
In service . . . . .	\$ 3,656,113	\$ 3,471,588	\$ 3,352,658
Construction work in progress . . . . .	33,970	37,147	48,988
<hr/>			
Total property, plant and equipment . . . . .	3,690,083	3,508,735	3,401,646
Less accumulated depreciation . . . . .	1,370,227	1,267,472	1,178,615
<hr/>			
Net property, plant and equipment . . . . .	2,319,856	2,241,263	2,223,031
<hr/>			
OTHER PROPERTY AND INVESTMENTS, at cost . . . . .	6,920	6,269	5,270
<hr/>			
<b>CURRENT ASSETS:</b>			
Cash and cash equivalents . . . . .	6,593	11,316	7,576
Accounts receivable-customers, less reserve of \$4,070, \$4,039 and \$3,775, respectively . . . . .	126,997	107,805	109,608
Accrued unbilled revenues . . . . .	45,100	45,300	32,800
Accounts receivable-other . . . . .	6,269	6,378	6,475
Fuel inventories, at LIFO cost . . . . .	27,127	37,066	42,792
Materials and supplies, at average cost . . . . .	26,813	24,614	24,361
Prepayments and other . . . . .	28,648	5,215	4,356
Accumulated deferred tax assets . . . . .	24,088	-	-
<hr/>			
Total current assets . . . . .	291,635	237,694	227,968
<hr/>			
<b>DEFERRED CHARGES:</b>			
Advance payments for gas . . . . .	21,165	22,743	19,351
Income taxes recoverable through future rates . . . . .	47,593	44,387	48,578
Other . . . . .	44,255	37,727	41,891
<hr/>			
Total deferred charges . . . . .	113,013	104,857	109,820
<hr/>			
<b>TOTAL ASSETS</b> . . . . .	<b>\$ 2,731,424</b>	<b>\$ 2,590,083</b>	<b>\$ 2,566,089</b>

<FN>

The accompanying Notes to Consolidated Financial Statements are an integral part hereof.

December 31 (dollars in thousands)	1993	1992	1991
<b>CAPITALIZATION AND LIABILITIES</b>			

CAPITALIZATION (see statements):			
Common stock and retained earnings . . . . .	\$ 1,120,183	\$ 1,115,486	\$ 1,125,373
Cumulative preferred stock . . . . .	49,973	49,973	49,973
Treasury stock . . . . .	(213,379)	(213,983)	(214,631)
Long-term debt . . . . .	838,660	838,654	853,597
<b>Total capitalization . . . . .</b>	<b>1,795,437</b>	<b>1,790,130</b>	<b>1,814,312</b>
CURRENT LIABILITIES:			
Short-term debt . . . . .	47,000	26,000	12,500
Accounts payable . . . . .	100,285	94,549	90,014
Dividends payable . . . . .	27,410	27,397	27,386
Customers' deposits . . . . .	19,353	17,891	18,462
Accrued taxes . . . . .	24,717	27,169	34,500
Accrued interest . . . . .	26,712	29,961	25,424
Long-term debt due within one year . . . . .	350	15,300	300
Accumulated provision for rate refund . . . . .	39,117	-	-
Other . . . . .	48,666	45,541	40,548
<b>Total current liabilities . . . . .</b>	<b>333,610</b>	<b>283,808</b>	<b>249,134</b>
DEFERRED CREDITS AND OTHER LIABILITIES:			
Accrued pension and benefit obligation . . . . .	16,210	5,620	3,509
Accumulated provision for rate refund . . . . .	-	18,000	-
Accumulated deferred income taxes . . . . .	484,003	384,114	383,964
Accumulated deferred investment tax credits . . . . .	93,478	98,627	104,093
Other . . . . .	8,686	9,784	11,077
<b>Total deferred credits and other liabilities . . . . .</b>	<b>602,377</b>	<b>516,145</b>	<b>502,643</b>
COMMITMENTS AND CONTINGENCIES (Notes 9 and 10)			
<b>TOTAL CAPITALIZATION AND LIABILITIES . . . . .</b>	<b>\$ 2,731,424</b>	<b>\$ 2,590,083</b>	<b>\$ 2,566,089</b>

<FN>

The accompanying Notes to Consolidated Financial Statements are an integral part hereof.

CONSOLIDATED STATEMENTS OF INCOME.

Year ended December 31 (dollars in thousands except per share data)	1993	1992	1991
<b>OPERATING REVENUES . . . . .</b>	<b>\$ 1,447,252</b>	<b>\$ 1,314,984</b>	<b>\$ 1,314,770</b>
<b>OPERATING EXPENSES:</b>			
Fuel . . . . .	383,207	377,575	368,978
Purchased Power . . . . .	218,689	182,230	173,846
Gas purchased for resale . . . . .	140,311	97,486	77,351
Other operation . . . . .	196,323	193,622	182,722
Maintenance . . . . .	78,665	72,439	71,868
Depreciation . . . . .	119,543	110,700	107,714
Current income taxes . . . . .	72,003	61,325	79,839
Deferred income taxes, net . . . . .	5,286	4,346	4,048
Deferred investment tax credits, net . . . . .	(5,150)	(5,465)	(6,173)
Taxes other than income . . . . .	43,222	43,722	43,490
<b>Total operating expenses . . . . .</b>	<b>1,252,099</b>	<b>1,137,980</b>	<b>1,103,683</b>
<b>OPERATING INCOME . . . . .</b>	<b>195,153</b>	<b>177,004</b>	<b>211,087</b>
<b>OTHER INCOME AND DEDUCTIONS:</b>			
Interest income . . . . .	1,431	629	860
Allowance for equity funds used during construction . . . . .	-	-	574
Other . . . . .	(2,732)	(1,196)	(1,905)
<b>Net other income and deductions . . . . .</b>	<b>(1,301)</b>	<b>(567)</b>	<b>(471)</b>
<b>INTEREST CHARGES:</b>			
Interest on long-term debt . . . . .	70,490	71,230	70,149
Allowance for borrowed funds used during construction . . . . .	(433)	(809)	(2,296)
Other . . . . .	9,518	6,304	8,847
<b>Total interest charges, net . . . . .</b>	<b>79,575</b>	<b>76,725</b>	<b>76,700</b>
<b>NET INCOME . . . . .</b>	<b>114,277</b>	<b>99,712</b>	<b>133,916</b>
<b>PREFERRED DIVIDEND REQUIREMENTS . . . . .</b>	<b>2,317</b>	<b>2,317</b>	<b>2,317</b>
<b>EARNINGS AVAILABLE FOR COMMON . . . . .</b>	<b>\$ 111,960</b>	<b>\$ 97,395</b>	<b>\$ 131,599</b>

AVERAGE COMMON SHARES OUTSTANDING (thousands)	40,328	40,310	40,298
EARNINGS PER AVERAGE COMMON SHARE . . . . .	\$ 2.78	\$ 2.42	\$ 3.27

<FN>

The accompanying Notes to Consolidated Financial Statements are an integral part hereof.

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CONSOLIDATED STATEMENTS OF RETAINED EARNINGS.

Year ended December 31 (dollars in thousands)	1993	1992	1991
BALANCE AT BEGINNING OF PERIOD . . . . .	\$ 391,135	\$ 400,976	\$ 374,160
ADD-net income . . . . .	114,277	99,712	133,916
Total . . . . .	505,412	500,688	508,076
DEDUCT:			
Cash dividends declared on preferred stock	2,317	2,317	2,317
Cash dividends declared on common stock . .	107,284	107,236	104,783
Total . . . . .	109,601	109,553	107,100
BALANCE AT END OF PERIOD . . . . .	\$ 395,811	\$ 391,135	\$ 400,976

<FN>

The accompanying Notes to Consolidated Financial Statements are an integral part hereof.

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CONSOLIDATED STATEMENTS OF CAPITALIZATION.

December 31 (dollars in thousands)	1993	1992	1991
COMMON STOCK AND RETAINED EARNINGS:			
Common stock, par value \$2.50 per share;			
Authorized 100,000,000 shares;			
issued 46,470,616 shares . . . . .	\$ 116,177	\$ 116,177	\$ 116,177
Premium on capital stock . . . . .	608,195	608,174	608,220
Retained earnings . . . . .	395,811	391,135	400,976
Treasury stock-6,124,139, 6,141,591 and			
6,160,222 shares, respectively . . . . .	(213,379)	(213,983)	(214,631)
Total common stock and retained earnings . . .	906,804	901,503	910,742
CUMULATIVE PREFERRED STOCK:			
Par value \$20, authorized 675,000 shares-4%;			
outstanding 423,663 shares . . . . .	8,473	8,473	8,473
Par value \$25, authorized and unissued			
4,000,000 shares . . . . .	-	-	-
Par value \$100, authorized 1,865,000 shares-			
SERIES      SHARES OUTSTANDING:			
4.20%      50,000 . . . . .	5,000	5,000	5,000
4.24%      75,000 . . . . .	7,500	7,500	7,500
4.44%      65,000 . . . . .	6,500	6,500	6,500
4.80%      75,000 . . . . .	7,500	7,500	7,500
5.34%      150,000 . . . . .	15,000	15,000	15,000
Total cumulative preferred stock . . . . .	49,973	49,973	49,973
LONG-TERM DEBT:			
First mortgage bonds-			
SERIES      DATE DUE			
4-1/4%      March 1, 1993 . . . . .	-	15,000	15,000
4-1/2%      March 1, 1995 . . . . .	25,000	25,000	25,000
5-1/8%      January 1, 1997 . . . . .	15,000	15,000	15,000
6-3/8%      January 1, 1998 . . . . .	25,000	25,000	25,000

7-1/8%	January 1, 1999 . . . . .	12,500	12,500	12,500
8-5/8%	January 1, 2000 . . . . .	30,000	30,000	30,000
7-1/8%	January 1, 2002 . . . . .	40,000	40,000	40,000
8-3/8%	January 1, 2004 . . . . .	75,000	75,000	75,000
9-1/8%	January 1, 2005 . . . . .	60,000	60,000	60,000
8-5/8%	January 1, 2006 . . . . .	55,000	55,000	55,000
8-3/8%	January 1, 2007 . . . . .	75,000	75,000	75,000
8-5/8%	November 1, 2007 . . . . .	35,000	35,000	35,000
8-1/4%	August 15, 2016 . . . . .	100,000	100,000	100,000
8-7/8%	December 1, 2020 . . . . .	75,000	75,000	75,000
5-7/8%	Pollution Control Series A, December 1, 2007 . . . . .	47,000	47,000	47,000
7%	Pollution Control Series C, March 1, 2017 . . . . .	56,000	56,000	56,000
Other bonds-				
6-3/4%	Muskogee Industrial Trust Bonds, March 1, 2006 . . . . .	32,400	32,700	33,000
Unamortized premium and discount, net. . . . .		(8,890)	(9,246)	(9,603)
Enogex Inc. medium-term notes. . . . .		90,000	90,000	90,000
Total long-term debt . . . . .		839,010	853,954	853,897
Less long-term debt due within one year. . . . .		350	15,300	300
Total long-term debt (excluding long-term debt due within one year). . . . .		838,660	838,654	853,597
TOTAL CAPITALIZATION . . . . .		\$ 1,795,437	\$ 1,790,130	\$ 1,814,312

<FN>

The accompanying Notes to Consolidated Financial Statements are an integral part hereof.

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CONSOLIDATED STATEMENTS OF CASH FLOWS.

Year ended December 31 (dollars in thousands)	1993	1992	1991
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income. . . . .	\$ 114,277	\$ 99,712	\$ 133,916
Adjustments to Reconcile Net Income to Net Cash Provided from Operating Activities:			
Depreciation. . . . .	119,543	110,700	107,714
Deferred income taxes and investment tax credits, net . . . . .	136	(1,119)	(2,125)
Allowance for equity funds used during construction . . . . .	-	-	(574)
Provision for rate refund . . . . .	21,117	18,000	-
Change in Certain Current Assets and Liabilities:			
Accounts receivable - customers . . . . .	(19,192)	1,803	(5,160)
Accrued unbilled revenues . . . . .	200	(12,500)	600
Fuel, materials and supplies inventories. . . . .	7,740	5,473	(6,268)
Accumulated deferred tax assets . . . . .	(24,088)	-	-
Other current assets. . . . .	(23,324)	(762)	(2,458)
Accounts payable. . . . .	5,268	6,220	10,546
Accrued taxes . . . . .	(2,452)	(7,331)	(1,644)
Accrued interest. . . . .	(3,249)	4,537	(1,433)
Other current liabilities . . . . .	4,600	4,433	20,259
Other operating activities. . . . .	26,276	12,863	(17,897)
Net cash provided from operating activities . . . . .	226,852	242,029	235,476
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures. . . . .	(127,674)	(141,936)	(114,919)
Net cash used in investing activities . . . . .	(127,674)	(141,936)	(114,919)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Retirement of long-term debt. . . . .	(15,300)	(300)	-
Short-term debt . . . . .	21,000	13,500	(8,900)
Cash dividends declared on preferred stock. . . . .	(2,317)	(2,317)	(2,317)
Cash dividends declared on common stock . . . . .	(107,284)	(107,236)	(104,783)
Net cash used in financing activities . . . . .	(103,901)	(96,353)	(116,000)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS. . . . .	(4,723)	3,740	4,557
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD. . . . .	11,316	7,576	3,019
CASH AND CASH EQUIVALENTS AT END OF PERIOD. . . . .	\$ 6,593	\$ 11,316	\$ 7,576

SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION

Cash Paid During the Period for:

Interest (net of amount capitalized) . . . . .	\$ 71,401	\$ 73,691	\$ 75,828
Income taxes . . . . .	\$ 79,953	\$ 60,229	\$ 88,763

<FN>

DISCLOSURE OF ACCOUNTING POLICY:

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

<FN>

The accompanying Notes to Consolidated Financial Statements are an integral part hereof.

Notes To Consolidated Financial Statements.

1. Summary of Significant Accounting Policies

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of Oklahoma Gas and Electric Company ("OG&E"), its wholly-owned non-utility subsidiary Enogex Inc. and its subsidiaries ("Enogex") (collectively, the "Company"). All significant intercompany transactions have been eliminated in consolidation.

ACCOUNTING RECORDS

The accounting records of OG&E are maintained in accordance with the Uniform System of Accounts prescribed by the Federal Energy Regulatory Commission ("FERC") and adopted by the Oklahoma Corporation Commission (the "Oklahoma Commission") and the Arkansas Public Service Commission (the "Arkansas Commission"). Additionally, OG&E is subject to the accounting principles prescribed by Statement of Financial Accounting Standards ("SFAS") No. 71, "Accounting for the Effects of Certain Types of Regulation".

PROPERTY, PLANT AND EQUIPMENT

All property, plant and equipment is recorded at cost. Electric utility plant is recorded at its original cost. Newly constructed plant is added to plant balances at costs which include contracted services, direct labor, materials, overhead, and allowance for funds used during construction. Replacement of major units of property are capitalized as plant. The replaced plant is removed from plant balances and the cost of such property together with the cost of removal less salvage is charged to accumulated depreciation. Repair and replacement of minor items of property are included in the Consolidated Statements of Income as maintenance expense.

DEPRECIATION

The provision for depreciation, which was approximately 3.2% of the average depreciable utility plant, for each of the years 1993, 1992 and 1991, is provided on a straight-line method over the estimated service life of the property. Depreciation is provided at the unit level for production plant and at the account or sub-account level for all other plant, and is based on the average life group procedure.

Enogex's gas pipeline and gas processing plants are depreciated on a straight-line method over a period of 20 to 48 years.

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ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION

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

AFUDC rates, compounded semi-annually, were 3.60%, 4.30% and 7.48% for the years 1993, 1992 and 1991, respectively.

OPERATING REVENUES

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

AUTOMATIC FUEL ADJUSTMENT CLAUSES

Variances in the actual cost of fuel used in electric generation and certain purchased power costs, as compared to that component in estimated cost-of-service for ratemaking, are charged to substantially all of the Company's electric customers through automatic fuel adjustment clauses. A lag of 45 to 60 days occurs between the time costs are incurred and the time such costs are reflected in bills to retail customers. OG&E records an accrual in the financial statements for these differences. The automatic fuel adjustment clauses are subject to periodic review by the Oklahoma Commission, the Arkansas Commission and FERC.

FUEL INVENTORIES

Fuel inventories for the generation of electricity consist of coal, oil and natural gas. These inventories are accounted for under the last-in, first-out ("LIFO") cost method. Based on the average cost of fuel purchased in late 1993, the estimated replacement cost of fuel inventories at December 31, 1993, exceeded the stated LIFO cost by approximately \$2.3 million. Natural gas products inventory are held for resale and accounted for based on the weighted average cost of production.

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2. Income Taxes

The items comprising tax expense are as follows:

(dollars in thousands)	1993	1992	1991
Year ended December 31			
-----			
Current Income Taxes			
Provision for current taxes:			
Federal . . . . .	\$ 61,406	\$ 52,191	\$ 68,960
State . . . . .	10,597	9,134	10,879
	-----		

Total Current Income Taxes . . . . .	72,003	61,325	79,839
-----			
Deferred Income Taxes, net			
Provision (benefit) for deferred taxes:			
Federal			
Depreciation . . . . .	9,673	6,185	7,086
Repair allowance . . . . .	1,306	1,908	(5,136)
Removal costs . . . . .	1,026	635	425
Provision for rate refund . . . . .	(6,972)	(5,774)	-
Other . . . . .	(225)	1,059	395
State . . . . .	424	333	1,278
-----			
Total Deferred Income Taxes, net	5,286	4,346	4,048
-----			
Deferred Investment Tax Credits,			
net . . . . .	(5,150)	(5,465)	(6,173)
Income Taxes Relating to Other			
Income and Deductions . . . . .	(538)	(1,006)	(1,158)
-----			
Total Income Tax Expense . . . . .	\$ 71,601	\$ 59,200	\$ 76,556
-----			
Pretax Income . . . . .	\$185,878	\$158,912	\$210,472
-----			

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

Year ended December 31	1993	1992	1991
-----			
Statutory federal tax rate . . . . .	35.0%	34.0%	34.0%
State income taxes, net of federal income tax benefit . . . . .	3.9	3.9	4.0
Investment tax credits, net . . . . .	(2.8)	(3.4)	(2.9)
Change in federal tax rate . . . . .	0.9	-	-
Other, net . . . . .	1.5	2.8	1.3
Effective income tax rate as reported . . . . .	38.5%	37.3%	36.4%

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

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

For 1992 and 1991, provisions for deferred income taxes were recorded primarily as a result of the use of income tax law provisions which allowed for the deduction or addition of items to taxable income in the tax return prior to or after their being recorded on the books of the Company.

Effective January 1, 1993, the Company adopted SFAS No. 109, "Accounting for Income Taxes," which requires an asset and liability approach to accounting for income taxes. Under SFAS No. 109, deferred tax assets or liabilities are computed based on the difference between the financial statement and income tax bases of assets and liabilities ("temporary differences") using the enacted marginal tax rate. Deferred income tax expenses or benefits are based on the changes in the asset or liability from period to period. The Company elected not to restate the financial statements for years ending before January 1, 1993.



When adopted, SFAS No. 109 had no effect on net income.

The deferred tax provisions, set forth above, are recognized as costs in the ratemaking process by the commissions having jurisdiction over the rates charged by OG&E.

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The components of Accumulated Deferred Income Taxes adjusted to reflect the impact of the increase in the federal income tax rate, are as follows:

(dollars in thousands)	Jan 1, 1993	Dec 31, 1993
Current Deferred Tax Assets:		
Accrued vacation.....	\$ 3,359	\$ 4,177
Provision for rate refund.....	-	14,965
Customer deposits.....	1,102	-
Uncollectible accounts.....	3,669	4,946
Accumulated deferred tax assets.....	\$ 8,130	\$ 24,088
Deferred Tax Liabilities:		
Accelerated depreciation and other property-related differences.....	\$438,419	\$439,253
Allowance for funds used during construction.....	61,346	57,074
Income taxes recoverable through future rates.....	61,829	62,441
Total.....	561,594	558,768
Deferred Tax Assets:		
Deferred investment tax credits.....	(32,850)	(30,616)
Income taxes refundable through future rates.....	(49,100)	(44,022)
Provision for rate refund.....	(7,074)	-
Other.....	(411)	(127)
Total.....	(89,435)	(74,765)
Accumulated Deferred Income Taxes.....	\$472,159	\$484,003

The effect of adopting SFAS No. 109 at January 1, 1993, before adjusting for the new tax rate, resulted in a net increase in property, plant and equipment of approximately \$73.9 million, a net decrease in income taxes recoverable through future rates of approximately \$12.0 million and a net increase in accumulated deferred income taxes of approximately \$61.9 million. Also at January 1, 1993, approximately \$8.1 million of deferred tax assets which were previously netted with accumulated deferred income taxes, were reclassified as current assets as a result of adopting SFAS No. 109.

At December 31, 1992, the Company had recorded \$44.4 million as unfunded deferred income taxes recoverable from customers. A corresponding amount was reflected as a component of accumulated deferred income taxes which represented amounts refundable to customers. As a result of the adoption of SFAS No. 109, the \$44.4 million amount that was recorded as a component of accumulated deferred income taxes at December 31, 1992, was reclassified January 1, 1993, as a regulatory liability and netted against the regulatory asset. This reclassification combined with the \$12.0 million net decrease in income taxes recoverable through future rates discussed above, resulted in a \$32.4 million net increase in the amount recognized as income taxes to be recovered through future rates.

The Omnibus Reconciliation Act of 1993, signed into law on August 10, 1993, increased the top federal corporate tax rate from 34 to 35 percent. The 35 percent rate was retroactively made effective January 1, 1993.

For the temporary differences that existed at January 1, 1993, the change in the federal income tax rate increased the provision for income taxes and accumulated deferred income taxes approximately \$1.6 and \$18.0 million, respectively. Approximately \$16.4 million of the increase which was applicable to utility operations was recorded as income taxes recoverable from customers through future rates and therefore had no impact on results of operations for the year ended December 31, 1993.

3. Common Stock and Retained Earnings

There were no new shares of common stock issued during 1993, 1992 or 1991. The changes in premium on capital stock as presented on the Consolidated Statements of Capitalization represents the gains and losses associated with the issuance of common stock pursuant to the Restricted Stock Plan.

Changes in common stock were:

(thousands)	1993	1992	1991
Shares outstanding January 1.....	40,329	40,310	40,298
Issued/reacquired under the Restricted Stock Plan, net.....	17	19	12
Shares outstanding December 31.....	40,346	40,329	40,310

There were 4,009,021 shares of unissued common stock reserved for the various employee and Company stock plans at December 31, 1993.

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

In December 1991, holders of the Company's First Mortgage Bonds approved a series of amendments to the Company's Trust Indenture. The amendments eliminated the cumulative amount of the previous restrictions on retained earnings related to the payment of dividends and provided management with the flexibility to repurchase its common stock, when appropriate, in order to maintain desired capitalization ratios and to achieve other business needs. The Company is amortizing approximately \$14

million of costs relating to obtaining such amendments over the remaining life of the respective bond issues. At the end of 1993, there was approximately \$11.6 million in unamortized costs associated with obtaining these amendments.

The Company has a Restricted Stock Plan whereby certain employees may periodically receive shares of the Company's common stock at the discretion of the Board of Directors. The Company distributed 18,687, 18,631 and 12,200 shares of common stock during 1993, 1992 and 1991, respectively, pursuant to this plan. The shares distributed in the reported periods were issued from treasury stock.

SHAREOWNERS RIGHTS PLAN

In December 1990, the Company adopted a Shareowners Rights Plan designed to protect shareowners' interests in the event that the Company is ever confronted with an unfair or inadequate acquisition proposal. Pursuant to the plan, the Company declared a dividend distribution of one "right" for each share of Company common stock. Each right entitles the holder to purchase from the Company one one-hundredth of a share of new preferred stock of the Company under certain circumstances. The rights may be exercised if a person or group announces its intention to acquire, or does acquire, 20 percent or more of the Company's common stock. Under certain circumstances, the holders of the rights will be entitled to purchase either shares of common stock of the Company or common stock of the acquirer at a reduced percentage of market value. The rights will expire on December 11, 2000.

4. Cumulative Preferred Stock

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

As approved by shareowners on May 16, 1991, the Restated Certificate of Incorporation was amended to permit the issuance of new series of preferred stock with dividends payable other than quarterly.

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5. Long-Term Debt

OG&E's Trust Indenture, as supplemented, relating to the First Mortgage Bonds, requires OG&E to pay to the trustee annually, an amount sufficient to redeem, for sinking fund purposes, 1-1/4 % of the highest amount outstanding at any time. This requirement has been satisfied by pledging permanent additions to property to the extent of 166-2/3 % of principal amounts of bonds otherwise required to be redeemed. Through December 31, 1993, gross property additions pledged totaled approximately \$341 million.

Annual sinking fund requirements for each of the five years subsequent to December 31, 1993, are as follows:

Year	Amount
1994	\$15,114,583
1995	14,593,750
1996	14,593,750
1997	14,281,250

1998 ..... 13,760,417

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

The 6-3/4 % Series, \$33 million Muskogee Industrial Trust Pollution Control Revenue Bonds of 1976, are subject to mandatory annual cash sinking fund requirements, which began March 1, 1992. Cash sinking fund payments for the next five years are as follows: \$350,000 in 1994 and 1995; and \$500,000 in 1996, 1997 and 1998. The annual amount escalates to \$900,000 due March 1, 2005, with the balance of \$24,750,000 due March 1, 2006. These amounts are not included in the above schedule.

Enogex debt consists of the following notes payable: \$60 million, with interest rates between 9.88%-10.03%, maturing December 21, 1995; and \$30 million, with interest rates between 9.96%-10.11%, maturing December 21, 1998.

Maturities of First Mortgage Bonds during the next five years consist of \$25 million in 1995, \$15 million in 1997 and \$25 million in 1998.

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

Substantially all electric plant was subject to lien of the Trust Indenture at December 31, 1993.

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#### 6. Short-Term Debt

The Company borrows on a short-term basis, as necessary, by the issuance of commercial paper and by obtaining short-term bank loans. The maximum and average amounts of short-term borrowings during 1993 were \$136.6 million and \$62.5 million, respectively, at a weighted average interest rate of 3.60%. The Company has an agreement for a flexible line of credit, up to \$200 million, through December 31, 1996. The line of credit which was nominated by the Company at \$160 million at year-end is maintained on a fee basis of 1/8 of 1%, per year, on the unused balance. Short-term debt in the amount of \$47.0 million was outstanding at December 31, 1993.

#### 7. Postemployment Benefit Plans

##### PENSION PLAN

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

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

Net periodic pension cost is computed in accordance with provisions of SFAS No. 87, "Employers' Accounting for Pensions,"

and is recorded as other operation expense in the accompanying Consolidated Statements of Income.

In determining the projected benefit obligation, the weighted average discount rate used was 7.25% in 1993 and 8.5% in 1992 and 1991, while the assumed rate of increase in future salary levels was 4.5% in 1993 and 5.5% in 1992 and 1991. The expected long-term rate of return on assets used in determining net periodic pension cost was 9.0% for the reported periods.

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

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Net periodic pension costs for 1993, 1992 and 1991 included the following:

(dollars in thousands)	1993	1992	1991
Service costs-benefits earned during year.....	\$ 7,630	\$ 7,266	\$ 6,518
Interest cost on projected benefit obligation.....	14,557	13,657	13,242
Return on plan assets.....	(15,697)	(14,761)	(13,047)
Net amortization and deferral.....	(1,263)	(1,263)	(1,353)
Amortization of unrecognized prior service cost.....	671	671	552
Settlement gain.....	-	-	(88)
Net periodic pension cost.....	\$ 5,898	\$ 5,570	\$ 5,824

The following table sets forth the plan's funded status at December 31, 1993, 1992 and 1991:

(dollars in thousands)	1993	1992	1991
Projected benefit obligation:			
Vested benefits.....	\$ (140,958)	\$ (113,072)	\$ (105,544)
Nonvested benefits.....	(21,435)	(17,709)	(16,568)
Accumulated benefit obligation.....	(162,393)	(130,781)	(122,112)
Effect of future compensation levels.....	(51,196)	(47,632)	(44,571)
Projected benefit obligation.....	(213,589)	(178,413)	(166,683)
Plan's assets at fair value.....	194,501	176,891	164,691
Plan's assets less than projected benefit obligation.....	(19,088)	(1,522)	(1,992)
Unrecognized prior service cost.....	7,942	8,613	9,284
Unrecognized net asset from application of SFAS No. 87.....	(10,106)	(11,369)	(12,632)
Unrecognized net loss.....	14,448	281	3,065
Accrued pension liability.....	\$ (6,804)	\$ (3,997)	\$ (2,275)

## POSTRETIREMENT HEALTH CARE AND LIFE INSURANCE BENEFITS

In addition to providing pension benefits, the Company provides certain health care and life insurance benefits for retired members ("postretirement benefits"). Employees retiring from the Company on or after attaining age 55 who have met certain length of service requirements are entitled to these benefits. The benefits are subject to deductibles, co-payment provisions and other limitations. Prior to January 1, 1993, the costs of retiree health care and life insurance benefits were recognized as expense when claims were paid ("pay-as-you-go"). Pay-as-you-go costs totaled approximately \$3,804,000, \$3,443,000 and \$3,272,000 for 1993, 1992 and 1991, respectively.

In December 1990, the Financial Accounting Standards Board ("FASB") issued SFAS No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The Company adopted the provisions of SFAS No. 106 beginning January 1, 1993. This standard requires that employers accrue the cost of postretirement benefits during the active service periods of employees until the date they attain full eligibility for the benefits.

In the February 25, 1994 order from the Oklahoma Commission, OG&E was directed to recover postretirement benefit costs following the pay-as-you-go method and to defer the incremental cost associated with accrual recognition of SFAS No. 106 related costs following a "phase-in" plan proposed by the Commission staff. In accordance with this phase-in plan, OG&E may defer the amortization of the transition obligation for up to five years or until OG&E's next general rate case, whichever occurs first. The phase-in plan also provides for OG&E to defer 100% of the incremental cost associated with accrual recognition of SFAS No. 106 related costs, exclusive of the amortization of OG&E's transition obligation, in 1993. The percentage of these incremental costs that may be deferred is reduced 25% each year beginning in 1994. OG&E deferred approximately \$8.9 million of postretirement costs in 1993.

The Company will record a regulatory asset for the difference between any amounts using the pay-as-you-go method and those required by SFAS No. 106 in accordance with the phase-in plan. However, until the Oklahoma Commission issues an order approving recovery for this difference, there can be no assurance that the Company will be able to recover such costs in rates. Consequently, the Company is unable to determine the final impact of implementation of SFAS No. 106.

On March 25, 1993, the Arkansas Commission issued an order adopting accrual accounting and deferral of the differential between "pay-as-you-go" and accrued postretirement benefit costs for those companies requesting such deferral. In 1993, the Federal Energy Regulatory Commission issued its final agency action for SFAS No. 106, approving accrual accounting and deferral of the

differential. Recovery is expected for the amounts deferred in both of these jurisdictions.

The Company currently does not have a plan to fund postretirement benefits. Any decisions on funding will be considered along with requirements established by the commission in each jurisdiction.

Net postretirement benefit expense for the year ended December 31, 1993, included the following components:

(dollars in thousands)

Service cost.....	\$ 2,812
Interest cost.....	6,158
Amortization of transition obligation...	3,687
Net amount capitalized or deferred.....	(8,853)
-----	
Net postretirement benefit expense....	\$ 3,804
=====	

The following table sets forth the funded status of the plans and amounts recognized in the Company's Consolidated Balance Sheets as of December 31, 1993:

(dollars in thousands)	Jan 1, 1993	Dec 31, 1993
-----		
Accumulated postretirement benefit obligation:		
Retirees.....	\$ (45,152)	\$ (42,891)
Actives eligible to retire.....	(15,341)	(17,479)
Actives not yet eligible to retire.....	(13,241)	(15,622)
-----		
Total .....	\$ (73,734)	\$ (75,992)
Plan assets at fair value.....	-	-
-----		
Funded status.....	\$ (73,734)	\$ (75,992)
Unrecognized transition obligation.....	73,734	70,047
Unrecognized net actuarial gain.....	-	(2,908)
-----		
Accrued postretirement benefit cost.....	\$ -	\$ (8,853)
=====		

The discount rate used in determining the accumulated postretirement benefit obligation was 8.5 percent and 7.25 percent for January 1, 1993 and December 31, 1993, respectively. The rate of increase in future compensation levels used in measuring the life insurance accumulated postretirement benefit obligation was 5.5 percent and 4.5 percent for January 1, 1993 and December 31, 1993, respectively. A 14.0 percent annual rate of increase in the per capita cost of covered health care benefits was assumed for 1993; the rate is assumed to decrease gradually to 5.5 percent by the year 2005 and remain at that level thereafter. A one-percentage-point increase in the assumed health care cost trend rates would increase the accumulated postretirement benefit

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obligation as of December 31, 1993, by approximately \$6.8 million, and the aggregate of the service and interest cost components of net postretirement health care cost for 1993 by approximately \$1.5 million.

#### POSTEMPLOYMENT BENEFITS

In November 1992, the FASB issued SFAS No. 112, "Employers' Accounting for Postemployment Benefits," which will require the Company to accrue the estimated cost of benefits provided to former or inactive employees after employment but before retirement. Adoption of SFAS No. 112 is required for fiscal years beginning

after December 15, 1993, with earlier application permitted for which annual financial statements have not previously been issued. The Company will adopt this new standard effective January 1, 1994, and believes these costs will not have a material impact on its consolidated financial position or results of operations.

#### 8. Report of Business Segments

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

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(dollars in thousands)	1993	1992	1991
-----			
Operating information:			
Operating Revenues			
Electric utility.....	\$1,282,816	\$1,193,993	\$1,210,726
Non-utility subsidiary...	219,376	189,574	170,490
Intersegment revenues (A)	(54,940)	(68,583)	(66,446)
-----			
Total.....	\$1,447,252	\$1,314,984	\$1,314,770
-----			
Pre-tax Operating Income			
Electric utility.....	\$ 238,761	\$ 206,350	\$ 249,559
Non-utility subsidiary...	28,531	30,860	39,242
-----			
Total.....	\$ 267,292	\$ 237,210	\$ 288,801
-----			
Net Income			
Electric utility .....	\$ 104,730	\$ 88,293	\$ 116,531
Non-utility subsidiary...	9,547	11,419	17,385
-----			
Total.....	\$ 114,277	\$ 99,712	\$ 133,916
-----			
Investment Information:			
Identifiable Assets			
as of December 31			
Electric utility.....	\$2,443,651	\$2,358,661	\$2,356,712
Non-utility subsidiary...	287,773	231,422	209,377
-----			
Total.....	\$2,731,424	\$2,590,083	\$2,566,089
-----			
Other Information:			
Depreciation			
Electric utility.....	\$ 104,343	\$ 100,531	\$ 97,950
Non-utility subsidiary...	15,200	10,169	9,764
-----			
Total.....	\$ 119,543	\$ 110,700	\$ 107,714
-----			
Construction Expenditures			
Electric utility.....	\$ 105,746	\$ 109,650	\$ 107,500
Non-utility subsidiary...	22,396	30,601	7,842
-----			
Total.....	\$ 128,142	\$ 140,251	\$ 115,342
-----			

(A) Intersegment revenues are recorded at prices comparable to those of unaffiliated customers and are affected by regulatory considerations.



## 9. Commitments and Contingencies

The Company has entered into purchase commitments in connection with its construction program and the purchase of necessary fuel supplies of coal and natural gas for its generating units. The Company's construction expenditures for 1994 are estimated at \$143 million.

The Company acquires natural gas for boiler fuel under approximately 900 individual contracts, some of which contain provisions allowing the owners to require prepayments for gas if certain minimum quantities are not taken. At December 31, 1993, 1992 and 1991, outstanding prepayments for gas, including the amounts classified as current assets, under these contracts were approximately \$22,165,000, \$24,543,000 and \$20,851,000, respectively. The Company may be required to make additional prepayments in subsequent years. The Company expects to recover these prepayments as fuel costs if unable to take the gas prior to the expiration of the contracts.

At December 31, 1993, the Company held non-cancelable operating leases covering approximately 1,523 coal hopper railcars. Rental payments are charged to fuel expense and recovered through the Company's tariffs and automatic fuel adjustment clauses. The leases have purchase and renewal options. Future minimum lease payments due under the railcar leases, assuming the leases are renewed under the renewal option are as follows:

(dollars in thousands)			
1994.....	\$4,749	1997.....	\$ 3,391
1995.....	3,850	1998.....	3,333
1996.....	3,508	1999 and beyond.....	78,703

Rental payments under operating leases were approximately \$4.9 million in 1993, \$3.6 million in 1992 and \$3.0 million in 1991.

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

The Company has entered into an agreement with an unrelated third party to develop a natural gas storage facility. According to that agreement, the Company made cash advances to the developer amounting to approximately \$24.4 million, as of December 31, 1993, which is included in "Prepayments and other" in the accompanying Balance Sheets.

The Company has entered into agreements with four qualifying cogeneration facilities having initial terms of 3 to 32 years. These contracts were entered into pursuant to the Public Utility Regulatory Policy Act of 1978 ("PURPA"). Stated generally, PURPA and the regulations thereunder promulgated by FERC require the

Company to purchase power generated in a manufacturing process from a qualified cogeneration facility ("QF"). The rate for such power to be paid by the Company was approved by the Oklahoma Commission. The rate generally consists of two components: one is a rate for actual electricity purchased from the QF by the Company; the other is a capacity charge which the Company must pay the QF for having the capacity available. However, if no electrical power is made

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

During 1993, 1992 and 1991, OG&E made total payments to cogenerators of approximately \$213.0 million, \$179.4 million and \$170.5 million, of which \$165.5 million, \$101.6 million and \$97.3 million, respectively, represented capacity payments. All payments for purchased power, including cogeneration, are included in the Consolidated Statements of Income as purchased power. The future minimum capacity payments under the contracts for the next five years are approximately: 1994 - \$173 million, 1995 - \$174 million, 1996 - \$175 million, 1997 - \$177 million and 1998 - \$180 million.

The Company is a party to three separate actions brought by the Environmental Protection Agency ("EPA") concerning cleanup of disposal sites for hazardous waste. The Company was not the owner or operator of those sites. Rather, the Company along with many others, shipped materials to the owners or operators of the sites who failed to dispose of the materials in an appropriate manner. The Company has calculated that its portion of total waste disposed at the sites is relatively minor. The cost of complying with the EPA sanctions at these sites is difficult to estimate. However, based on the relative percentage attributed to the Company and other considerations, management believes the ultimate outcome of these matters will not have a material adverse effect on the Company's consolidated financial position or results of operations.

The Clean Air Act Amendments of 1990 among other things, limits the amount of sulfur dioxide and nitrogen oxides that may be released into the air. The Company will not be required to file its compliance plan with the EPA until January 1996.

In 1992, OG&E began a voluntary review of information contained in the annual report required under the Toxic Substance Control Act ("TSCA") for 1991. The initial result of the review revealed some discrepancies in operating practices and documentation. The EPA was notified of these initial discrepancies in December 1992. Because it was suspected that additional discrepancies might be discovered during the continuing review/audit, OG&E reached an agreement on January 12, 1993, with the EPA, Region VI, concerning the notification and reporting requirements of any newly discovered discrepancies.

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After further investigation, OG&E reported in September 1993 numerous additional discrepancies to the EPA, Region VI. Many of the discrepancies could be deemed violations of the regulations under TSCA. Under the TSCA regulations, the EPA has the authority to assess a maximum fine of up to \$25,000 per day, and to treat each day of violation as the basis for a separate fine. OG&E has taken and is taking corrective action to remedy the discrepancies.

The position of the EPA and OG&E is that they are currently in pre-settlement negotiations. No fines have been assessed as of this date. Since this matter is currently being negotiated, OG&E does not know the amount of fines that the EPA may seek. The amount of the fine is dependent upon numerous interpretative issues under the TSCA regulations and potentially could be in an amount material to the Company's results of operations. However, at the present time, the Company does not expect that the amount of the fine will have a material effect on its results of operations based primarily on having voluntarily reported the discrepancies to the EPA coupled with the Company's efforts to remedy the discrepancies.

and the lack of releases into the environment or harm to individuals.

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

#### 10. Rate Matters And Regulation

On February 25, 1994, the Oklahoma Commission issued an order that, among other things, effectively lowered OG&E's rates to its Oklahoma retail customers by approximately \$14 million annually (based on a test year ended June 30, 1991) and to refund approximately \$41.3 million. The \$14 million annual reduction in rates is expected to lower OG&E's rates to its Oklahoma customers by approximately \$17 million in 1994. With respect to the \$41.3 million refund, \$39.1 million is associated with revenues prior to January 1, 1994, while the remaining \$2.2 million relates to 1994.

During the first half of 1992 the Company participated in settlement negotiations and offered a proposed refund and a reduction in rates in an effort to reach settlement and conclude the proceedings. As a result, the Company recorded an \$18 million provision for a potential refund in 1992. After receiving the February 25, 1994 order, the Company recorded an additional provision for rate refund of approximately \$21.1 million in 1993, (consisting of a \$14.9 million reduction in revenue and \$6.2 million in interest) which reduced net income by some \$13 million or \$0.32 per share.

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Enogex transports natural gas to OG&E for use at its gas-fired generating units and performs related gas gathering activities for OG&E. The entire \$41.3 million refund relates to the Oklahoma Commission's disallowance of a portion of the fees paid by OG&E to Enogex for such services in the past. Of the approximately \$17 million annual rate reduction, approximately \$9.9 million reflects the Oklahoma Commission's reduction of the amount to be recovered by OG&E from its Oklahoma customers for the future performance of such services by Enogex for OG&E.

#### 11. Disclosures about Fair Value of Financial Instruments

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

##### Cash and Cash Equivalents and Customer Deposits

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

##### Capitalization

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

Indicated below are the carrying amounts and estimated fair

values of the Company's financial instruments as of December 31:

(dollars in thousands)	1993		1992	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<b>ASSETS:</b>				
CASH AND CASH EQUIVALENTS .....	\$ 6,593	\$ 6,593	\$ 11,316	\$ 11,316
<b>LIABILITIES:</b>				
CUSTOMER DEPOSITS .....	\$ 19,353	\$ 19,353	\$ 17,891	\$ 17,891
<b>CAPITALIZATION:</b>				
First Mortgage Bonds .....	\$716,610	\$749,684	\$731,254	\$740,755
Industrial Trust Bonds .....	32,400	32,604	32,700	32,746
Medium-term Notes .....	90,000	100,486	90,000	95,715
Preferred Stock:				
4% Series through 5.34% Series- 838,663 Shares outstanding ...	49,973	34,523	49,973	31,332
<b>Total .....</b>	<b>\$888,983</b>	<b>\$917,297</b>	<b>\$903,927</b>	<b>\$900,548</b>

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In May 1993, the Financial Accounting Standards Board issued SFAS No. 115, "Accounting for Certain Investments in Debt and Equity Securities." This statement addresses the accounting and reporting for investments in equity securities that have readily determinable fair values and for all investments in debt securities. Adoption of SFAS No. 115 is required for fiscal years beginning after December 15, 1993, with earlier application permitted for which annual financial statements have not previously been issued. The Company will adopt this new standard effective January 1, 1994, and believes these costs will not have a material impact on its consolidated financial position or results of operations.

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Report of Independent Public Accountants

To the Shareowners of  
Oklahoma Gas and Electric Company:

We have audited the accompanying consolidated balance sheets and statements of capitalization of Oklahoma Gas and Electric Company (an Oklahoma corporation) and its subsidiaries as of December 31, 1993, 1992 and 1991, and the related consolidated statements of income, retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis,

evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Oklahoma Gas and Electric Company and its subsidiaries as of December 31, 1993, 1992 and 1991, and the results of their operations and their cash flows for the years then ended in conformity with generally accepted accounting principles.

Arthur Andersen & Co.

Oklahoma City, Oklahoma,  
February 28, 1994

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Report of Management  
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To Our Shareowners:

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

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

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

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Supplementary Data  
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INTERIM CONSOLIDATED FINANCIAL INFORMATION (UNAUDITED)

In the opinion of the Company, the following quarterly information includes all adjustments, consisting of normal

recurring adjustments, necessary for a fair statement of the results of operations for such periods:

Quarter ended		Dec 31	Sep 30	Jun 30	Mar 31
		(dollars in thousands except per share data)			
Operating revenues.....	1993	\$301,392	\$500,639	\$341,799	\$303,422
	1992	304,093	443,327	306,341	261,223
	1991	284,619	426,580	329,375	274,196
Operating income.....	1993	\$ 18,899	\$111,576	\$ 39,457	\$ 25,221
	1992	32,043	94,319	36,072	14,570
	1991	30,870	93,646	55,968	30,603
Net income (loss).....	1993	\$ (3,619)	\$ 90,810	\$ 20,396	\$ 6,690
	1992	10,629	76,035	17,015	(3,967)
	1991	12,260	75,255	33,474	12,927
Earnings (loss) available for common..	1993	\$ (4,199)	\$ 90,231	\$ 19,817	\$ 6,111
	1992	10,050	75,456	16,436	(4,547)
	1991	11,680	74,676	32,895	12,348
Earnings (loss) per average common share..	1993	\$ (0.10)	\$ 2.24	\$ 0.49	\$ 0.15
	1992	0.25	1.87	0.41	(0.11)
	1991	0.29	1.85	0.82	0.31

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

Not applicable.

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Part III

Item 10. Directors and Executive Officers of the Registrant.

Item 11. Executive Compensation.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

Item 13. Certain Relationships and Related Transactions.

Items 10, 11, 12 and 13 are omitted pursuant to General Instruction G of Form 10-K, since OG&E filed copies of a definitive proxy statement with the Securities and Exchange Commission on or about March 28, 1994. Such proxy statement is incorporated herein by reference. In accordance with Instruction G of Form 10-K, the information required by Item 10 relating to Executive Officers has been included in Part I, Item 4, of this

Part IV

Item 14. Exhibits, Financial Statement Schedules and Reports on Form 8-K.

(a) 1. Financial Statements

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

- Consolidated Balance Sheets at December 31, 1993, 1992 and 1991
- Consolidated Statements of Income for the years ended December 31, 1993, 1992 and 1991
- Consolidated Statements of Retained Earnings for the years ended December 31, 1993, 1992 and 1991
- Consolidated Statements of Capitalization at December 31, 1993, 1992 and 1991
- Consolidated Statements of Cash Flows for the years ended December 31, 1993, 1992 and 1991
- Notes to Consolidated Financial Statements
- Report of Independent Public Accountants
- Report of Management

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Supplementary Data

Interim Consolidated Financial Information

2. Financial Statement Schedules (included in Part IV)	Page
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Schedule VI - Accumulated depreciation, depletion, and amortization of property, plant, and equipment	76
Schedule VIII - Valuation and qualifying accounts	77
Schedule IX - Short-term borrowings	78
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All other schedules have been omitted since the required information is not applicable or is not material, or because the information required is included in the respective financial statements or notes thereto.

3. Exhibits

Exhibit No.	Description
3.01	Copy of Restated Certificate of Incorporation. (Filed as Exhibit 4.01 to the Company's Post-

Effective Amendment No. Two to Registration Statement No. 2-94973, and incorporated by reference herein)

- 3.02 By-laws. (Filed as Exhibit 4.02 to Post-Effective Amendment No. Two to Registration Statement No. 2-94973 and incorporated by reference herein)
- 4.01 Copy of Trust Indenture, dated February 1, 1945, from OG&E to The First National Bank and Trust Company of Oklahoma City, Trustee. (Filed as Exhibit 7-A to Registration Statement No. 2-5566 and incorporated by reference herein)
- 4.02 Copy of Supplemental Trust Indenture, dated December 1, 1948, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 7.03 to Registration Statement No. 2-7744 and incorporated by reference herein)
- 4.03 Copy of Supplemental Trust Indenture, dated June 1, 1949, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 7.03 to Registration Statement No. 2-7964 and incorporated by reference herein)
- 4.04 Copy of Supplemental Trust Indenture, dated May 1, 1950, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 7.04 to Registration Statement No. 2-8421 and incorporated by reference herein)
- 4.05 Copy of Supplemental Trust Indenture, dated March 1, 1952, a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.08 to Registration Statement No. 2-9415 and incorporated by reference herein)
- 4.06 Copy of Supplemental Trust Indenture, dated June 1, 1955, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.07 to Registration Statement No. 2-12274 and incorporated by reference herein)
- 4.07 Copy of Supplemental Trust Indenture, dated January 1, 1957, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.07 to Registration Statement No. 2-14115 and incorporated by reference herein)
- 4.08 Copy of Supplemental Trust Indenture, dated June 1, 1958, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.09 to Registration Statement No. 2-19757 and incorporated by reference herein)
- 4.09 Copy of Supplemental Trust Indenture, dated March 1, 1963, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.09 to Registration Statement No. 2-23127 and incorporated by reference herein)
- 4.10 Copy of Supplemental Trust Indenture, dated March 1, 1965, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.10



to Registration Statement No. 2-25808 and incorporated by reference herein)

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- 4.11 Copy of Supplemental Trust Indenture, dated January 1, 1967, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.11 to Registration Statement No. 2-27854 and incorporated by reference herein)
- 4.12 Copy of Supplemental Trust Indenture, dated January 1, 1968, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.12 to Registration Statement No. 2-31010 and incorporated by reference herein)
- 4.13 Copy of Supplemental Trust Indenture, dated January 1, 1969, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.13 to Registration Statement No. 2-35419 and incorporated by reference herein)
- 4.14 Copy of Supplemental Trust Indenture, dated January 1, 1970, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.14 to Registration Statement No. 2-42393 and incorporated by reference herein)
- 4.15 Copy of Supplemental Trust Indenture, dated January 1, 1972, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.15 to Registration Statement No. 2-49612 and incorporated by reference herein)
- 4.16 Copy of Supplemental Trust Indenture, dated January 1, 1974, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.16 to Registration Statement No. 2-52417 and incorporated by reference herein)
- 4.17 Copy of Supplemental Trust Indenture, dated January 1, 1975, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.17 to Registration Statement No. 2-55085 and incorporated by reference herein)
- 4.18 Copy of Supplemental Trust Indenture, dated January 1, 1976, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.18 to Registration Statement No. 2-57730 and incorporated by reference herein)

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- 4.19 Copy of Supplemental Trust Indenture, dated September 14, 1976, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.19 to Registration Statement No. 2-59887 and incorporated by reference herein)
- 4.20 Copy of Supplemental Trust Indenture, dated January 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.20 to Registration Statement No. 2-59887 and incorporated by reference herein)

- 4.21 Copy of Supplemental Trust Indenture, dated November 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.21 to Registration Statement No. 2-70539 and incorporated by reference herein)
- 4.22 Copy of Supplemental Trust Indenture, dated December 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.22 to Registration Statement No. 2-70539 and incorporated by reference herein)
- 4.23 Copy of Supplemental Trust Indenture, dated February 1, 1980, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.23 to Registration Statement No. 2-70539 and incorporated by reference herein)
- 4.24 Copy of Supplemental Trust Indenture, dated April 15, 1982, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.24 to the Company's Form 10-K Report, File No. 1-1097, for the year ended December 31, 1982, and incorporated by reference herein)
- 4.25 Copy of Supplemental Trust Indenture, dated August 15, 1986, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.25 to the Company's Form 10-K Report, File No. 1-1097, for the year ended December 31, 1986 and incorporated by reference herein)
- 4.26 Copy of Supplemental Trust Indenture, dated March 1, 1987, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.26 to the Company's Form 10-K Report for the year ended December 31, 1987, File No. 1-1097, and incorporated by reference herein)
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- 4.27 Copy of form of Medium-Term Note of Enogex Inc. due December 21, 1995, and December 21, 1998. (Filed as Exhibit 4.27 to the Company's Form 10-K Report for the year ended December 31, 1988, File No. 1-1097, and incorporated by reference herein)
- 4.28 Copy of Supplemental Trust Indenture, dated November 15, 1990, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.28 to the Company's Form 10-K Report for the year ended December 31, 1990, File No. 1-1097, and incorporated by reference herein)
- 4.29 Copy of Supplemental Trust Indenture, dated December 9, 1991, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.29 to the Company's Form 10-K Report for the year ended December 31, 1991, File No. 1-1097, and incorporated by reference herein)
- 10.01 Coal Supply Agreement dated March 1, 1973, between OG&E and Atlantic Richfield Company. (Filed as Exhibit 5.19 to Registration Statement No.2-59887 and incorporated by reference herein)

- 10.02 Amendment dated April 1, 1976, to Coal Supply Agreement dated March 1, 1973, between OG&E and Atlantic Richfield Company (Exhibit 10.10 hereto), together with related correspondence. (Filed as Exhibit 5.21 to Registration Statement No. 2-59887 and incorporated by reference herein)
- 10.03 Second Amendment dated March 1, 1978, to Coal Supply Agreement dated March 1, 1973, between OG&E and Atlantic Richfield Company (Exhibit 10.04 hereto). (Filed as Exhibit 5.28 to Registration Statement No. 2-62208 and incorporated by reference herein)
- 10.04 Lease of Railroad Equipment dated February 1, 1979, between Mercantile-Safe Deposit and Trust Company and OG&E. (Filed as Exhibit 5.30 to Registration Statement No.2-64965 and incorporated by reference herein)

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- 10.05 Participation Agreement dated as of January 1, 1980, among First National Bank and Trust Company of Oklahoma City, Thrall Car Manufacturing Company, OG&E and other parties, including Lease of Railroad Equipment dated January 1, 1980, between Mercantile-Safe Deposit and Trust Company and OG&E. (Filed as Exhibit 10.32 to the Company's Form 10-K Report for the year ended December 31, 1980, File No. 1-1097, and incorporated by reference herein)
- 10.06 Participation Agreement dated January 1, 1981, among The First National Bank and Trust Company of Oklahoma City, Thrall Car Manufacturing Company, OG&E and other parties, including Lease for Railroad Equipment dated January 1, 1981, between Wells Fargo Equipment Leasing Corporation and OG&E. (Filed as Exhibit 20.01 to the Company's Form 10-Q for June 30, 1981, File No. 1-1097, and incorporated by reference herein)
- 10.07 Agreement for Guaranty, dated November 30, 1982, between OG&E and Railcar Maintenance Company. (Filed as Exhibit 10.34 to OG&E's Form 10-K Report for the year ended December 31, 1982, File No. 1-1097, and incorporated by reference herein)
- 10.08 Form of Deferred Compensation Agreement for Directors, as amended. (Filed as Exhibit 10.08 to the Company's Form 10-K Report for the year ended December 31, 1992, File No. 1-1097, and incorporated by reference herein)
- 10.09 Restricted Stock Plan of the Company. (Filed as Exhibit 10.36 to the Company's Form 10-K Report for the year ended December 31, 1986, File No. 1-1097, and incorporated by reference herein)
- 10.10 Agreement and Plan of Reorganization, dated May 14, 1986, between OG&E and Mustang Fuel Corporation. (Attached as Appendix A to Registration Statement No. 33-7472 and incorporated by reference herein)
- 10.11 Gas Service Agreement dated January 1, 1988, between OG&E and Oklahoma Natural Gas Company. (Filed as Exhibit 10.26 to the Company's Form 10-K Report for the year ended December 31, 1987, File No. 1-1097,

and incorporated by reference herein)

10.12 Company's Restoration of Retirement Income Plan, as amended.

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10.13 Company's Restoration of Retirement Savings Plan.

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

10.15 Company's Supplemental Executive Retirement Plan.

10.16 Company's Annual Incentive Compensation Plan.

23.01 Consent of Arthur Andersen & Co.

24.01 Power of Attorney.

99.01 1993 Form 11-K Annual Report for Oklahoma Gas and Electric Company Employees' Retirement Savings Plan.

Executive Compensation Plans and Arrangements  
-----

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10.15 Company's Supplemental Executive Retirement Plan.

10.16 Company's Annual Incentive Compensation Plan.

(b) Reports on Form 8-K  
-----

Item 5. Other Events, dated October 1, 1993.

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OKLAHOMA GAS AND ELECTRIC COMPANY

SCHEDULE V - Property, Plant & Equipment

Column A	Column B Balance	Column C	Column D Retire-	Column E	Column F
----------	---------------------	----------	---------------------	----------	----------

Classification	Beginning of Year	Additions At Cost	Depreciations At Cost	Other Changes (a)	Balance End of Year
(Thousands)					
FOR THE YEAR ENDED DECEMBER 31, 1993					
Electric Utility Plant:					
Intangible	\$ 948	\$ 20	\$ -	\$ -	\$ 968
Production	1,490,406	9,891	(2,558)	11,728	1,509,467
Transmission	476,279	14,935	(1,652)	3,987	493,549
Distribution	1,062,366	71,881	(11,056)	8,121	1,131,312
General	179,721	13,302	(2,477)	707	191,253
Property Under Capital Leases	7,000	(1,781)	-	-	5,219
Plant Held for Future Use	10,961	-	-	3	10,964
Construction Work in Progress	32,667	(2,502)	-	(105)	30,060
Total Electric Utility Plant	\$3,260,348	\$105,746	\$ (17,743)	\$24,441	\$3,372,792
Non-Utility Plant	248,387	22,396	(1,761)	48,269	317,291
Total Property, Plant & Equipment	\$3,508,735	\$128,142	\$ (19,504)	\$72,710	\$3,690,083

FOR THE YEAR ENDED  
DECEMBER 31, 1992

Electric Utility Plant:					
Intangible	\$ 674	\$ 274	\$ -	\$ -	\$ 948
Production	1,487,146	13,483	(10,224)	1	1,490,406
Transmission	456,973	25,313	(4,023)	(1,984)	476,279
Distribution	1,001,943	72,274	(13,835)	1,984	1,062,366
General	170,377	12,218	(2,873)	(1)	179,721
Property Under Capital Leases	8,673	(1,673)	-	-	7,000
Plant Held for Future Use	10,916	-	-	45	10,961
Construction Work in Progress	45,135	(12,239)	-	(229)	32,667
Total Electric Utility Plant	\$3,181,837	\$109,650	\$ (30,955)	\$ (184)	\$3,260,348
Non-Utility Plant	219,809	30,601	(2,163)	140	248,387
Total Property, Plant & Equipment	\$3,401,646	\$140,251	\$ (33,118)	\$ (44)	\$3,508,735

FOR THE YEAR ENDED  
DECEMBER 31, 1991

Electric Utility Plant:					
Intangible	\$ 654	\$ 20	\$ -	\$ -	\$ 674
Production	1,438,532	49,859	(1,245)	-	1,487,146
Transmission	447,345	8,495	(1,397)	2,530	456,973
Distribution	954,500	58,527	(8,554)	(2,530)	1,001,943
General	159,101	14,268	(2,992)	-	170,377
Property Under Capital Leases	4,662	4,011	-	-	8,673
Plant Held for Future Use	10,668	-	-	248	10,916
Construction Work in Progress	73,216	(27,680)	-	(401)	45,135
Total Electric Utility Plant	\$3,088,678	\$107,500	\$ (14,188)	\$ (153)	\$3,181,837
Non-Utility Plant	213,491	7,842	(1,715)	191	219,809
Total Property, Plant & Equipment	\$3,302,169	\$115,342	\$ (15,903)	\$ 38	\$3,401,646

<FN>

(a) Column E includes transfers between electric plant accounts and the depletion on gas wells.

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OKLAHOMA GAS AND ELECTRIC COMPANY  
SCHEDULE VI - Accumulated Depreciation, Depletion and Amortization  
of Property, Plant and Equipment

Column A	Column B	Column C		Column D	Column E	Column F
Description	Balance Beginning of Year	Additions Charged to Costs and Expenses		Retire- ments	Salvage Net of Removal Costs	Balance End of Year
		Depre- ciation	Clearing Accounts			
(Thousands)						
FOR THE YEAR ENDED DECEMBER 31, 1993						
Electric Utility Plant:						
Intangible	\$ 315	\$ 44	\$ -	\$ -	\$ -	\$ (26)a \$ 333
Production	649,578	49,162	-	(2,558)	(324)	695,858
Transmission	184,622	14,338	-	(1,653)	1,721	199,028
Distribution	317,201	33,637	-	(11,056)	51	339,833
General	60,659	5,972	1,329	(2,477)	(362)	65,423

Total Electric Utility Plant	\$1,212,375	\$103,153	\$ 1,329	\$ (17,744)	\$ 1,086	\$ 276	\$1,300,475
Non-Utility Plant	55,097	15,200	-	(885)	-	340	69,752
Total Property, Plant & Equipment	\$1,267,472	\$118,353	\$ 1,329	\$ (18,629)	\$ 1,086	\$ 616	\$1,370,227

FOR THE YEAR ENDED  
DECEMBER 31, 1992

Electric Utility Plant:							
Intangible	\$ 286	\$ 32	\$ -	\$ -	\$ -	\$ (3)a	\$ 315
Production	608,107	48,827	-	(10,224)	2,692	176	649,578
Transmission	169,551	13,672	-	(4,023)	5,404	18	184,622
Distribution	298,689	31,826	-	(13,835)	521	-	317,201
General	56,397	5,590	1,377	(2,873)	100	68	60,659
Total Electric Utility Plant	\$1,133,030	\$ 99,947	\$ 1,377	\$ (30,955)	\$ 8,717	\$ 259	\$1,212,375
Non-Utility Plant	45,585	10,169	-	(798)	-	141	55,097
Total Property, Plant & Equipment	\$1,178,615	\$110,116	\$ 1,377	\$ (31,753)	\$ 8,717	\$ 400	\$1,267,472

FOR THE YEAR ENDED  
DECEMBER 31, 1991

Electric Utility Plant:							
Intangible	\$ 272	\$ 36	\$ -	\$ -	\$ -	\$ (22)a	\$ 286
Production	562,533	48,030	-	(1,245)	(418)	(793)	608,107
Transmission	157,487	13,350	-	(1,397)	111	-	169,551
Distribution	276,918	30,212	-	(8,554)	113	-	298,689
General	53,184	5,032	1,301	(2,992)	(91)	(37)	56,397
Total Electric Utility Plant	\$1,050,394	\$ 96,660	\$ 1,301	\$ (14,188)	\$ (285)	\$ (852)	\$1,133,030
Non-Utility Plant	36,545	9,764	-	(915)	-	191	45,585
Total Property, Plant & Equipment	\$1,086,939	\$106,424	\$ 1,301	\$ (15,103)	\$ (285)	\$ (661)	\$1,178,615

<FN>

(a) Expiration of limited-term franchises

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OKLAHOMA GAS AND ELECTRIC COMPANY

SCHEDULE VIII - Valuation and Qualifying Accounts

Column A	Column B	Column C	Column D	Column E	
Description	Balance Beginning of Year	Charged to Cost and Expenses	Charged to Other Accounts	Deductions	Balance End of Year
-----	-----	-----	-----	-----	-----
(Thousands)					
1993					
Reserve for Uncollectible Accounts	\$4,039	\$6,669	-	\$6,638	\$4,070
1992					
Reserve for Uncollectible Accounts	\$3,775	\$7,549	-	\$7,285	\$4,039
1991					
Reserve for Uncollectible Accounts	\$3,108	\$7,583	-	\$6,916	\$3,775

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OKLAHOMA GAS AND ELECTRIC COMPANY

SCHEDULE IX - Short-Term Borrowings

Category of Aggregate Short-Term Borrowings	Balance at end of Period	Weighted Average Interest Rate	Maximum Amount Outstanding During the Period	Average Amount Outstanding During the Period (a)	Weighted Average Interest Rate During the Period (b)
---	--------------------------	--------------------------------	--	--	--

----- (Thousands except Percentages) -----					
December 31, 1993					
Notes payable to banks	-	-	-	-	-
Payable to holders of commercial paper	\$47,000	3.5%	\$136,600	\$ 62,500	3.6%
December 31, 1992					
Notes payable to banks	-	-	-	-	-
Payable to holders of commercial paper	\$26,000	3.4%	\$111,900	\$ 52,214	4.3%
December 31, 1991					
Notes payable to banks	-	8.9%	\$ 14,800	\$ 41	8.9%
Payable to holders of commercial paper	\$12,500	5.1%	\$105,200	\$ 44,376	6.6%

<FN>

- (a) Average amount outstanding during the period is computed by dividing the total of daily outstanding principal balances by 360.
- (b) Average interest rates for the year are computed by dividing the actual short-term interest expense, including commitment fees, by the average short-term debt outstanding.

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OKLAHOMA GAS AND ELECTRIC COMPANY  
SCHEDULE X - Supplementary Income Statement Information

Column A ----- Item -----	Column B ----- Year Ended December 31, 1993      1992      1991 ----- (Thousands) -----		
	Maintenance	\$78,665	\$72,439
Depreciation and amortization of intangible assets	(a)	(a)	(a)
Taxes other than payroll and income taxes:			
Real and personal property	\$33,613	\$34,659	\$34,672
Franchise	(a)	(a)	(a)
Royalties	(a)	(a)	(a)
Advertising costs	(a)	(a)	(a)

<FN>

- (a) Amounts are not presented as such amounts are less than 1% of operating revenues.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To Oklahoma Gas and Electric Company:

We have audited in accordance with generally accepted auditing standards, the consolidated financial statements of Oklahoma Gas and Electric Company included in this Form 10-K, and have issued

our report thereon dated February 28, 1994. Our audits were made for the purpose of forming an opinion on those statements taken as a whole. The schedules listed on Page 68, Item 14 (a) 2. are the responsibility of the Company's management and are presented for purposes of complying with the Securities and Exchange Commission's rules and are not part of the basic financial statements. These schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly state in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN & CO.

Oklahoma City, Oklahoma,  
February 28, 1994

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SIGNATURES

Pursuant to the requirements of the Securities and Exchange Act of 1934, as amended, the Registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Oklahoma City, and State of Oklahoma on the 28th day of March, 1994.

OKLAHOMA GAS & ELECTRIC COMPANY  
(REGISTRANT)

/s/ J. G. Harlow, Jr.

By J. G. Harlow, Jr.  
Chairman of the Board  
and President

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

Signature	Title	Date
/s/ J. G. Harlow, Jr. J. G. Harlow, Jr.	Principal Executive Officer and Director;	March 28, 1994
/s/ A. M. Strecker A. M. Strecker	Principal Financial Officer; and	March 28, 1994
/s/ B. G. Bunce B. G. Bunce	Principal Accounting Officer.	March 28, 1994
Herbert H. Champlin	Director;	
William E. Durrett	Director;	
Martha W. Griffin	Director;	
Hugh L. Hembree, III	Director;	
John F. Snodgrass	Director;	





- 4.08 Copy of Supplemental Trust Indenture, dated June 1, 1958, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.09 to Registration Statement No. 2-19757 and incorporated by reference herein)
- 4.09 Copy of Supplemental Trust Indenture, dated March 1, 1963, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.09 to Registration Statement No. 2-23127 and incorporated by reference herein)
- 4.10 Copy of Supplemental Trust Indenture, dated March 1, 1965, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.10 to Registration Statement No. 2-25808 and incorporated by reference herein)
- 4.11 Copy of Supplemental Trust Indenture, dated January 1, 1967, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.11 to Registration Statement No. 2-27854 and incorporated by reference herein)
- 4.12 Copy of Supplemental Trust Indenture, dated January 1, 1968, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.12 to Registration Statement No. 2-31010 and incorporated by reference herein)
- 4.13 Copy of Supplemental Trust Indenture, dated January 1, 1969, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.13 to Registration Statement No. 2-35419 and incorporated by reference herein)
- 4.14 Copy of Supplemental Trust Indenture, dated January 1, 1970, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.14 to Registration Statement No. 2-42393 and incorporated by reference herein)
- 4.15 Copy of Supplemental Trust Indenture, dated January 1, 1972, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.15 to Registration Statement No. 2-49612 and incorporated by reference herein)
- 4.16 Copy of Supplemental Trust Indenture, dated January 1, 1974, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.16 to Registration Statement No. 2-52417 and incorporated by reference herein)
- 4.17 Copy of Supplemental Trust Indenture, dated January 1, 1975, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.17 to Registration Statement No. 2-55085 and incorporated by reference herein)
- 4.18 Copy of Supplemental Trust Indenture, dated January 1, 1976, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.18 to Registration Statement No. 2-57730 and incorporated by reference herein)
- 4.19 Copy of Supplemental Trust Indenture, dated

- September 14, 1976, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.19 to Registration Statement No. 2-59887 and incorporated by reference herein)
- 4.20 Copy of Supplemental Trust Indenture, dated January 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 2.20 to Registration Statement No. 2-59887 and incorporated by reference herein)
- 4.21 Copy of Supplemental Trust Indenture, dated November 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.21 to Registration Statement No. 2-70539 and incorporated by reference herein)
- 4.22 Copy of Supplemental Trust Indenture, dated December 1, 1977, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.22 to Registration Statement No. 2-70539 and incorporated by reference herein)
- 4.23 Copy of Supplemental Trust Indenture, dated February 1, 1980, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.23 to Registration Statement No. 2-70539 and incorporated by reference herein)
- 4.24 Copy of Supplemental Trust Indenture, dated April 15, 1982, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.24 to the Company's Form 10-K Report, File No. 1-1097, for the year ended December 31, 1982, and incorporated by reference herein)
- 4.25 Copy of Supplemental Trust Indenture, dated August 15, 1986, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.25 to the Company's Form 10-K Report, File No. 1-1097, for the year ended December 31, 1986 and incorporated by reference herein)
- 4.26 Copy of Supplemental Trust Indenture, dated March 1, 1987, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.26 to the Company's Form 10-K Report for the year ended December 31, 1987, File No. 1-1097, and incorporated by reference herein)
- 4.27 Copy of form of Medium-Term Note of Enogex Inc. due December 21, 1995, and December 21, 1998. (Filed as Exhibit 4.27 to the Company's Form 10-K Report for the year ended December 31, 1988, File No. 1-1097, and incorporated by reference herein)
- 4.28 Copy of Supplemental Trust Indenture, dated November 15, 1990, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.28 to the Company's Form 10-K Report for the year ended December 31, 1990, File No. 1-1097, and incorporated by reference herein)
- 4.29 Copy of Supplemental Trust Indenture, dated December 9, 1991, being a supplemental instrument to Exhibit 4.01 hereto. (Filed as Exhibit 4.29 to the Company's Form 10-K Report for the year ended December 31, 1991, File No. 1-1097, and incorporated

by reference herein)

- 10.01 Coal Supply Agreement dated March 1, 1973, between OG&E and Atlantic Richfield Company. (Filed as Exhibit 5.19 to Registration Statement No.2-59887 and incorporated by reference herein)
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- 10.13 Company's Restoration of Retirement Savings Plan.
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- 10.16 Company's Annual Incentive Compensation Plan.
- 23.01 Consent of Arthur Andersen & Co.
- 24.01 Power of Attorney.
- 99.01 1993 Form 11-K Annual Report for Oklahoma Gas and Electric Company Employees' Retirement Savings Plan.

OKLAHOMA GAS AND ELECTRIC COMPANY  
RESTORATION OF RETIREMENT INCOME PLAN

1. Purposes of the Plan

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

2. Definitions

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

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

3. Administration

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

4. Eligibility

Participants in the Retirement Plan whose pension or pension-related benefits under the Retirement Plan are limited by (i) the provisions thereof relating to the maximum benefit limitations of Section 415 of the Code (the

"415 Limit"), or (ii) the limitation on includible Compensation under the Code 401(a)(17), as in effect on and after January 1, 1989, and as adjusted and/or amended from time to time (the "401(a)(17) Limit"), shall be eligible for benefits under this Plan. In no event shall a participant who is not entitled to benefits under the Retirement Plan be eligible for a benefit under this Plan.

#### 5. Amount of Benefit

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

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

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

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

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

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#### 6. Payment of Benefits

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

#### 7. Participant's Rights

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

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

- (a) the specific reason or reasons for the denial of benefits;
- (b) a specific reference to the pertinent provisions of this Plan or the Retirement Plan upon which the denial is based;
- (c) a description of any additional material or information which is necessary; and
- (d) an explanation of the review procedure provided below;

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

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

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Within 60 days after receipt by the Retirement Committee of a written application for review of his claim, the Retirement Committee shall notify the claimant of its decision by delivery or by certified or registered mail to his last known address; provided, however, in the event that special circumstances require an extension of time for processing such application, the Retirement Committee shall so notify the claimant of its decision not later than 120 days after receipt of such application, but, in such event, the Retirement Committee shall furnish the claimant, within 60 days after its receipt of such application, written notification of the extension explaining the circumstances requiring such extension and the date that it is anticipated that its decision will be furnished. The decision of the Retirement Committee shall be in writing and shall include the specific reasons for the decision presented in a manner calculated to be understood by the claimant and shall contain reference to all relevant Plan provisions on which the decision was based. The decision of the Retirement Committee shall be final and conclusive.

A participant shall not be entitled to any payments from the trust fund maintained under the Retirement Plan on the basis of any benefits to which he may be entitled under this Plan. All benefits payable under this Plan to or on behalf of participants who were employed by the Company shall be paid from



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

#### 8. Actuarial Equivalents

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

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#### 9. Amendment and Discontinuance

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

#### 10. Restriction on Assignment

The benefits provided hereunder are intended for the personal security of persons entitled to payment under this Plan and are not subject in any manner to the debts or other obligations of the persons to whom they are payable. The interest of any participant or his beneficiary or beneficiaries may not be sold, transferred, assigned, or encumbered in any manner, either voluntarily or involuntarily, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be null and void; neither shall the benefits hereunder be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any person to whom such benefits or funds are payable, nor shall they be subject to garnishment, attachment, or other legal or equitable process nor shall they be an asset in bankruptcy.

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

#### 11. Continued Employment

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

relationship.

#### 12. Liability of Retirement Committee

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

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#### 13. Indemnification

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

#### 14. Termination of Service for Dishonesty

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

The dishonest conduct injurious to the Company or any other Employer participating in this Plan committed by a participant shall be determined and decided by the Retirement Committee only after a full investigation of such alleged dishonest conduct and an opportunity has been given the participant to appear before the Retirement Committee to present his case. The decision made by the Retirement Committee in such cases shall be final and binding on all participants and other persons affected by such decision.

#### 15. Binding on Employer, Participants and Their Successors

This Plan shall be binding upon and inure to the benefit of the Company and to any other Employers participating in this Plan, their successors and assigns and the participant and his heirs, executors, administrators, and duly appointed legal representatives.

#### 16. Rights of Affiliates to Participate

Any Employer participating in the Retirement Plan may, in the future, adopt this Plan with the consent of the Company provided the proper action is taken by the board of directors of such Employer. The administrative powers and control of the Company, as provided in this Plan, shall not be deemed diminished under this Plan by reason of the participation of any other Employer and the administrative powers and control granted hereunder to the Retirement Committee shall be binding upon any Employer adopting this Plan. Each Employer adopting this Plan shall have the obligation to pay the benefits to its participants who were in its employment hereunder and no other Employer shall have such obligation and any failure by a particular Employer to live up

to its obligations under this Plan shall have no effect on any other Employer. Any Employer may discontinue this Plan at any time by proper action of its board of directors subject to the provisions of Section 9.

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17. Law Governing

This Plan shall be construed in accordance with and governed by the laws of the State of Oklahoma.

18. Effective Date

This Plan shall be effective as amended, restated and renamed January 1, 1994, with respect to payments made to or on behalf of participants under the Retirement Plan on and after such date.

OKLAHOMA GAS AND ELECTRIC COMPANY  
RESTORATION OF RETIREMENT SAVINGS PLAN

1. Purpose of the Plan

Effective July 14, 1987, Oklahoma Gas and Electric Company (the "Company") established the Restoration of Thrift Benefits Plan For Certain Participants in the Oklahoma Gas and Electric Company Employees' Thrift Plan (the "Plan"). The purpose of the Plan is to benefit certain employees whose participation in and benefits under the Oklahoma Gas and Electric Company Employees' Thrift Plan (the "Thrift Plan") are limited by certain provisions in the Internal Revenue Code of 1986, as amended (the "Code"), including, without limitation, Sections 401(a)(17), 401(k)(3), 401(m), 402(g), and 415 of the Code.

The Thrift Plan has been amended, restated and renamed the Oklahoma Gas and Electric Company Employees' Retirement Savings Plan (the "Retirement Savings Plan"), effective December 1, 1993. The Plan is hereby amended, restated and renamed the Oklahoma Gas and Electric Company Restoration of Retirement Savings Plan, effective January 1, 1994, except where indicated otherwise.

2. Definitions

For purposes of this Plan, the capitalized terms in this Section 2 shall have the following meanings, unless the context clearly indicates otherwise. To the extent that a capitalized term is not defined in this Section 2 or elsewhere in the Plan, such term shall have the same meaning as ascribed to it in the Retirement Savings Plan.

2.1. Participant. The term "Participant" means any Employee participating in the Retirement Savings Plan whose participation in and benefits under the Retirement Savings Plan are limited by Section 401(a)(17) of the Code.

2.1. Employee. The term "Employee" means every common-law Employee of the Company and any Subsidiaries that are participating in the Retirement Savings Plan.

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2.2. Beneficiary. The term "Beneficiary" means the person, persons or trust designated to receive a benefit under this Plan after the death of a Participant. This shall be the same person, persons or trust as the Participant elects pursuant to Section 3.8 of the Retirement Savings Plan. Upon the death of a Participant, the Beneficiary shall receive, as soon as administratively feasible, a distribution of the balance of such Participant's Salary Restoration Account.

2.3. Compensation. The term "Compensation" shall be defined as in the Retirement Savings Plan, including Employee Tax-Deferred Contributions made thereunder, except that such term shall not be limited to the first \$150,000 of the Participant's Compensation or such other applicable limit under Section 401(a)(17) of the Code, as adjusted and/or amended from time to time, and shall include deferrals made pursuant to Section 5 hereof.

2.4. Plan Year. The term "Plan Year" means the administrative year of the Plan, and any trust established for purposes of funding the Plan, ending each December 31.

2.5. Employee Tax-Deferred Contributions. The term "Employee Tax-Deferred Contributions" is the term sometimes used to refer to a Participant's Tax-Deferred Contributions under the Retirement Savings Plan.

2.6. Valuation Date. The term "Valuation Date" means a quarterly date as of which accounts of Participants herein are adjusted. Such dates shall fall on the last day of each calendar quarter or on such other dates as shall be determined from time to time by the Committee.

### 3. Administration

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

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### 4. Eligibility

Participants in the Retirement Savings Plan whose ability to be credited with Company Matching Contributions pursuant to the Retirement Savings Plan on 6% of Compensation is limited by Section 401(a)(17) of the Code shall be eligible to participate in this Plan. In no event shall a Participant who is ineligible to participate in the Retirement Savings Plan be eligible to participate in this Plan.

### 5. Participant Contributions

5.1. Each Participant may elect to defer a portion of his or her Compensation through the execution of a Salary Deferral Agreement. The Company shall credit the amount of Compensation so deferred to a Savings Restoration Account established on behalf of the Participant, such credit to be effective on the date on which the deferred amounts would have been payable to a Participant as if he had not made a Salary Deferral Agreement. No amount may be so deferred or credited for a Plan Year unless the Participant has made the maximum Employee Tax-Deferred Contributions permitted for such Participant under the Retirement Savings Plan for such Plan Year. The maximum amount which may be deferred and credited under this subparagraph in a Plan Year is 15% of Compensation for such year less amounts contributed by the Participant to the Retirement Savings Plan for such year. Such deferral election shall be made prior to the beginning of the calendar year during which such Compensation is earned. For the first year a Participant is eligible to participate in the Plan, the election may be made within 30 days of the date a Participant becomes eligible to participate, provided, however, that such elections shall be prospective and shall apply only to Compensation earned after the election is made.

5.2. Notwithstanding the preceding paragraph, effective for Salary Deferral Agreements made with respect to Compensation earned on and after January 1, 1994, a Participant entering into a Salary Deferral Agreement shall make the following elections, on a form to be provided by the Committee:

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- (a) The percentage of Compensation to be deferred and thereby credited to his or her Savings Restoration Account; and
- (b) One of the following forms of payment--
  - (i) Lump Sum immediately following Retirement;
  - (ii) Lump sum one (1) year following Retirement;
  - (iii) Lump sum two (2) years following Retirement;
  - (iv) Lump sum three (3) years following Retirement;
  - (v) Lump sum four (4) years following Retirement; or
  - (vi) Lump sum five (5) years following Retirement.

Such lump sum payment shall be made no earlier than 30 days and no later than 60 days after the Valuation Date next succeeding the Participant's Retirement date or the applicable anniversary date of the Participant's Retirement. For this purpose, "Retirement" shall mean Normal or Early Retirement under the Oklahoma Gas and Electric Company Employees' Retirement Plan. Notwithstanding the Participant's election under this Section, payment of benefits to a Participant who terminates employment for reasons other than Retirement shall be governed by Section 8.2.

The Participant may enter into a new Salary Deferral Agreement for each Plan Year. If a Participant does not enter into a new Salary Deferral Agreement for a particular Plan Year, the most recent Salary Deferral Agreement shall continue in effect with respect to both the amount deferred and the form of payment. The Company or its delegee shall maintain any accounts necessary to keep deferrals made pursuant to each Salary Deferral Agreement, any Company Supplementary Matching Amounts allocable thereto, and earnings and/or losses allocable to such deferrals and related Company Supplementary Matching Amounts separate from amounts attributable to other Salary Deferral Agreements. Notwithstanding the preceding sentence, all amounts deferred pursuant to Salary Deferral Agreements that were effective for Compensation earned in Plan Years prior to January 1, 1994 may be maintained in Accounts pursuant to the terms of this Plan as in effect prior to such date.

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## 6. Company Contributions

6.1. The Company shall credit each Participant's Savings Restoration Account with the Company Supplementary Matching Amount, if any, to which the Participant is entitled. The Company Supplementary Matching Amount shall equal the excess of (i) the Company Matching Contribution that would have been made under the Retirement Savings Plan in a Plan Year if the first 6% of the Participant's Compensation deferred in the aggregate under the Retirement Savings Plan and this Plan were treated as additional Employee Tax-Deferred Contributions, without regard to any limitations on such Company Matching Contributions contained in the Retirement Savings Plan due to the application of Sections 401(a)(17), 401(k)(3), 401(m), 402(g), and/or 415 of the Code, over (ii) the actual Company Matching Contribution made under the Retirement Savings Plan net of any forfeiture and return of such Company Matching Contribution made thereunder.

6.2. Company Supplementary Matching Amounts contributed on behalf of a Participant for Plan Years commencing on and after January 1, 1994, shall be maintained in separate accounts for each such Plan Year as provided in Section 5.2. Such Company Supplementary Matching Amounts shall be distributed in the form elected by the Participant in the Salary Deferral Agreement made by the Participant for the Plan Year for which the Company Supplementary Matching Amounts were contributed, as set out in Section 5.2 hereof.

## 7. Vesting

The Company Supplementary Matching Amounts shall vest according to the vesting schedule applicable to Company Matching Contributions under the

Retirement Savings Plan, except that a termination of service shall have the same effect as five consecutive "One-Year Periods of Severance" under the Retirement Savings Plan. Forfeitures of unvested amounts shall be considered as an advance upon the Company Supplementary Matching Amounts under Section 6 hereof, or, if no further contributions are to be made thereunder by the Company, shall be credited to the Company. All other amounts shall be fully vested at all times.

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## 8. Distribution of Benefits

8.1. With respect to deferrals made prior to January 1, 1994, vested Company Supplementary Matching Amounts allocable thereto, and earnings and/or losses allocable to such deferrals and related vested Company Supplementary Matching Amounts, distributions must commence no earlier than 30 days and no later than 60 days after the Valuation Date next succeeding the Participant's termination of service for any reason including retirement, and shall be made in a lump sum.

8.2. With respect to deferrals made on or after January 1, 1994, vested Company Supplementary Matching Amounts allocable thereto, and earnings and/or losses allocable to such deferrals and related vested Company Supplementary Matching Amounts, distributions on account of Normal or Early Retirement under the Oklahoma Gas and Electric Company Employees' Retirement Plan shall commence pursuant to the form of distribution elected under each applicable Salary Deferral Agreement, as provided in Section 5.2, and shall be made in a lump sum. Distributions on account of termination of service for any other reason must commence no earlier than 30 days and no later than 60 days after the Valuation Date next succeeding the Participant's termination of service, and shall be made in a lump sum.

8.3. No in-service withdrawals or Participant loans are available under the Plan. The Committee, within its sole discretion, is empowered to accelerate the payment of a Participant's Savings Restoration Account balance to such Participant or his or her Beneficiary, whether before or after the Participant's termination of service, in the event of unanticipated emergencies caused by events beyond the control of the Participant or his or her Beneficiary which would result in severe financial hardship to the individual if early withdrawal were not permitted, with the amount of the early withdrawal limited to the amount necessary to meet the emergency. The Committee may also accelerate payments in the event of changes in the tax laws or accounting principles adversely affecting the Plan and its effect on the Company, the Participants or their Beneficiaries. Nothing contained herein shall enable the Committee to accelerate payments because of the financial condition of the Company as opposed to the adverse effect on the Company, the Participants or their Beneficiaries arising out of the good and substantial reasons described herein.

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In addition, effective January 1, 1994, the Committee may in its sole discretion delay payment to a Participant (or, if applicable, a Beneficiary) under the Plan, notwithstanding any election to the contrary by such Participant, until the Participant is no longer a "covered employee" under Section 162(m) of the Code, as amended from time to time, its legislative history, and any regulations promulgated thereunder.

## 9. Investment Credit

9.1. Prior to each January 1, the Committee shall choose one of the Investment Funds provided in Section 8.1 of the Retirement Savings Plan, other than the OG&E Common Stock Fund, as the basis for crediting Participants' Savings Restoration Accounts with imputed earnings (or losses) thereon during the upcoming Plan Year. A Participant may not direct investments regarding his or her Savings Restoration Account.

9.2. On each Valuation Date, the Company shall calculate the percentage rate of return earned (or lost) by the Investment Fund chosen by the Committee.

9.3. Until a Participant's Savings Restoration Account is fully distributed, and for so long as such Account has a positive balance, the Company shall credit a Participant's Account with an amount equal to the product of such Participant's average daily Account balance and such rate of income (or loss) during the Valuation Period.

## 10. Participant's Rights

10.1. All benefits payable under this Plan to or on behalf of Participants who were employed by the Company shall be paid from the general assets of the Company and all benefits payable to or on behalf of Participants who were employed by any other Employer which has adopted this Plan shall be paid from the general assets of such Employer. The Company or another participating Employer may, in its sole discretion, establish a separate fund or account to make payment of benefits to a Participant or his or her Beneficiary or Beneficiaries hereunder. Whether or not the Company or another participating Employer, in its sole discretion, does establish such a fund or account, no Participant, his or her Beneficiary or Beneficiaries or any other person shall have, under any circumstances, any interest whatever in any particular property or assets of the Company or of any other Employer by virtue of this Plan, and the rights of the Participant, his or her Beneficiary or Beneficiaries or any other person who may claim a right to receive benefits under this Plan shall be no greater than the rights of a general unsecured creditor of the Company or such other Employer. The Participant shall not be entitled to any payments from the trust fund maintained under the Retirement Savings Plan on the basis of any benefits to which he or she may be entitled under this Plan, and the Participant shall not be entitled to direct investments regarding his or her Savings Restoration Account.

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10.2. Except as required for federal income tax withholding purposes, assignment of benefits under the Plan or their pledge or encumbrance in any manner shall not be permitted or recognized under any circumstances nor shall such benefits be subject to attachment or other legal process for the debts (including payments for alimony or support) of any Participant, former Participant or Beneficiary.

10.3. If the Committee shall find that a Participant, former Participant or Beneficiary is unable to care for his or her affairs because of illness or accident, or is a minor, or has died, the Committee may direct that any payment due him, unless claim therefor shall have been made by a duly appointed legal representative, shall be paid to his or her spouse, a child, a parent or other blood relative or to a person with whom he or she resides, and any such payment so made shall be in complete discharge of the liabilities of the Plan therefor.

10.4. Subject to all applicable laws relating to unclaimed property, if the Committee or its delegee mails by registered or certified mail, postage prepaid, to the last known address of a Participant or Beneficiary, a notification that he or she is entitled to a distribution hereunder, and if the notification is returned by the United States Postal Service as being undeliverable because the addressee cannot be located at the address indicated and if the Committee and its delegee have no knowledge of such Participant's or Beneficiary's whereabouts within 3 years from the date the notification was mailed, or if within 3 years from the date the notification was mailed to such Participant or Beneficiary he or she does not respond thereto by informing the Committee or its delegee of his or her whereabouts, then, and in either of said events, upon the December 31 coincident with or next succeeding the third anniversary of the mailing of such notification, the then undistributed amount in the Savings Restoration Account of such Participant or Beneficiary shall be paid to the person or persons who would have been entitled to take such share



in the event of the death of the Participant or Beneficiary whose whereabouts are unknown, assuming that such death occurred as of the December 31 coincident with or next succeeding the third anniversary of the mailing of such notification.

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10.5. No Participant, former Participant or Beneficiary or any other person shall have any interest in or right under this Plan, or in any part of the assets or earnings held in any trust established for the purpose of funding this Plan, except as an unsecured general creditor of the Company.

10.6. Whenever in the administration of the Plan action by the Board of Directors (with respect to contributions) or the Committee (with respect to eligibility or classification of Employees, contributions or benefits) is required, such action shall be uniform in nature as applied to all persons similarly situated.

10.7. Any action by Oklahoma Gas and Electric Company pursuant to the provisions of the Plan shall be evidenced by a resolution of the Board of Directors certified by its secretary or assistant secretary or by written instrument executed by any person authorized by the Board of Directors to take such action, and any fiduciaries shall be fully protected in acting in accordance with any such written instrument or resolution received by them.

10.8. In case any provisions of this Plan shall be held unlawful or invalid for any reason, the illegality or invalidity shall not affect the remaining parts, and the Plan shall be construed and enforced as if the unlawful or invalid provisions had never been inserted.

#### 11. Amendment and Discontinuance

The Board of Directors of the Company may at any time amend or discontinue this Plan. However, if this Plan should be amended and discontinued, the Company or any other Employer which has adopted this Plan, as the case may be, shall be liable for any benefits accrued under this Plan as of the date of such action for Participants who are or have been employed by the Company, or such other Employer, where such accrued benefits shall be the Participant's Savings Restoration Account balance as of such date of amendment and discontinuance.

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#### 12. Restriction on Assignment

The benefits provided hereunder are intended for the personal security of persons entitled to payment under this Plan and are not subject in any manner to the debts or other obligations of the persons to whom they are payable. The interest of any Participant or his or her Beneficiary or Beneficiaries may not be sold, transferred, assigned, or encumbered in any manner, either voluntarily or involuntarily, and any attempt so to anticipate, alienate, sell, transfer, assign, pledge, encumber, or charge the same shall be null and void; neither shall the benefits hereunder be liable for or subject to the debts, contracts, liabilities, engagements, or torts of any person to whom such benefits or funds are payable, nor shall they be subject to garnishment, attachment, or other legal or equitable process, nor shall they be an asset in bankruptcy.

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

#### 13. Continued Employment

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

#### 14. Liability of the Committee

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

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#### 15. Indemnification

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

#### 16. Termination of Service for Dishonesty

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

The dishonest conduct injurious to the Company or any other Employer participating in this Plan committed by a Participant shall be determined and decided by the Committee only after a full investigation of such alleged dishonest conduct and an opportunity has been given the Participant to appear before the Committee to present his or her case. The decision made by the Committee in such cases shall be final and binding on all Participants and other persons affected by such decision.

#### 17. Binding on Employer, Participants and Their Successors

This Plan shall be binding upon and inure to the benefit of the Company and to any other Employers participating in this Plan, their successors and assigns and the Participants and their heirs, executors, administrators, and duly appointed legal representatives.

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#### 18. Rights of Affiliates to Participate

Any Employer participating in the Retirement Savings Plan may, in the future, adopt this Plan provided the proper action is taken by the board of directors of the Employer. The administrative powers and control of the Company, as provided in this Plan, shall not be deemed diminished by reason of

the participation of any other Employer and the administrative powers and control granted hereunder to the Committee shall be binding upon any Employer adopting this Plan. Each Employer adopting this Plan shall have the obligation to pay the benefits to its Participants who were in its employment hereunder and no other Employer shall have such obligation and any failure by a particular Employer to live up to its obligations under this Plan shall have no effect on any other Employer. Any Employer may discontinue participation in this Plan at any time by proper action of its board of directors subject to the provisions of Section 11.

19. Law Governing

This Plan shall be construed in accordance with and governed by the laws of the State of Oklahoma.

20. Effective Date

This amended, restated and renamed Plan shall be effective as of January 1, 1994, except where otherwise indicated.

OKLAHOMA GAS AND ELECTRIC COMPANY  
SUPPLEMENTAL EXECUTIVE RETIREMENT PLAN

Purpose

The purpose of this Supplemental Executive Retirement Plan is to promote the best interests of the Company by enabling the Company: (a) to attract to its key management positions persons of outstanding ability, and (b) to retain in its employ those persons of outstanding competence who occupy key executive positions and who in the past contributed and who continue in the future to contribute materially to the success of the business by their ability, ingenuity and industry. This Supplemental Executive Retirement Plan is established effective January 1, 1993 to accomplish such purpose. It is intended to be a plan which is unfunded and is maintained by the Company primarily for the purpose of providing deferred compensation for a select group of management or highly compensated employees.

ARTICLE I.

Definitions

The following words and phrases as used herein shall have the following meanings, unless a different meaning is plainly required by the context:

- 1.1. "Board of Directors" means the Board of Directors of Oklahoma Gas and Electric Company as constituted from time to time.
  - 1.2. "Committee" means the Compensation Committee of the Board of Directors.
  - 1.3. "Company" means Oklahoma Gas and Electric Company and any of its domestic subsidiaries and divisions, as designated by the Board of Directors, and any successor of Oklahoma Gas and Electric Company under the terms of Section 7.3.
  - 1.4. "Company's Pension Plan" means the Oklahoma Gas and Electric Company Employees' Retirement Plan, as amended from time to time.
  - 1.5. "Compensation" means, at any date, the Participant's Compensation as defined under the Company's Pension Plan as in effect with respect to that Participant on such date.
  - 1.6. "Effective Date" means January 1, 1993.
  - 1.7. "Final Average Compensation" means the monthly average of the Participant's Compensation earned during the last 36 consecutive months of employment with the Company. If the Participant does not have 36 consecutive months of employment, "Final Average Compensation" shall be the average Compensation for his period of employment with the Company.
- 2
- 1.8. "Normal Retirement Date" means the first day of the month coinciding with or following the Participant's 65th birthday.
  - 1.9. "Other Pension Benefits" means benefits paid or payable to a Participant from the Company's Pension Plan, the Restoration of Retirement Income Plan for Certain Participants in the Retirement Plan for Employees of Oklahoma Gas and Electric Company, the qualified or nonqualified pension plans of any prior employer unrelated to the

Company, or any governmental or church pension plan as defined in Sections 3(32) and 3(33) of the Employee Retirement Income Security Act of 1974; excluding, however, any portion of such benefits attributable to the Participant's own contributions as determined by the plan's administrator or other responsible agent. Regardless of the form, amount or timing of payment, "Other Pension Benefits" shall be calculated by the Company's actuary as of the Participant's commencement of benefits under this Plan on the basis of a 100% joint and survivor annuity for married Participants, and on the basis of a 10-year certain and life annuity for unmarried Participants.

- 1.10. "Participant" means an employee specifically designated by the Committee to be covered under this Plan and who continues to fulfill all requirements for participation.
- 1.11. "Plan" means the Supplemental Executive Retirement Plan as herein set forth and as it may be amended from time to time.
- 1.12. "Service" means, at any date, the Participant's "Credited Service" as determined under the Company's Pension Plan, as in effect with respect to such Participant on that date, plus service with any immediate predecessor company which was acquired, merged, or consolidated with the Company, as permitted in the sole discretion of the Committee.
- 1.13. "Social Security Benefits" means the annual primary insurance amount estimated by the Committee to be payable to the Participant at his social security retirement age under the Federal Social Security Act.
- 1.14. "Surviving Spouse" means the spouse to whom the Participant is lawfully married at the time of his death before commencement of benefits under this Plan, or to whom the Participant was lawfully married both at the time of his commencement of benefits under this Plan and at the time of his death.
- 1.15. "Totally and Permanently Disabled" means that the Participant is eligible to receive disability retirement income benefits under the Company's Pension Plan.

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## ARTICLE II.

### Retirement Benefits

- 2.1. Normal Retirement Benefit
  - (a) Upon a vested Participant's termination of employment with the Company on or after his Normal Retirement Date, the Company shall pay retirement benefits to the Participant in such amounts and at such times as hereinafter described.
  - (b) The normal retirement benefit payable to the Participant in monthly amounts during his lifetime and commencing when benefits commence to him under the Company's Pension Plan shall equal 65% of the Participant's Final Average Compensation, offset or reduced by the following:
    - (i) Other Pension Benefits; and
    - (ii) Social Security Benefits.
  - (c) Benefit payments which have commenced under the terms of this Plan shall not be affected by any subsequent change in Other Pension Benefits under a plan of the Company, except that if such benefits are reduced, the benefits payable under this Plan shall be increased by an actuarially equivalent amount of the reduction in such benefits.

2.2. Early Retirement Benefit

- (a) Any vested Participant who terminates employment with the Company prior to his Normal Retirement Date shall be entitled to commence benefits under this Plan when benefits commence to him under the Company's Pension Plan. If benefits commence prior to the Participant's Normal Retirement Date, the amount of the Participant's benefit under this Plan shall be reduced according to the following schedule:

Age at Commencement of Benefits -----	Benefit as a % of Final Average Compensation -----
55	32%
56	38%
57	44%
58	50%
59	54%
60	58%
61	60%
62	62%
63	63%
64	64%

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- (b) Benefits payable under Section 2.2(a) shall be reduced or offset as described in Section 2.1(b).

2.3. Disability Retirement Benefit

A vested Participant who becomes Totally and Permanently Disabled shall be entitled to benefits under this Plan as set forth in Section 2.1 when he commences benefits under the Company's Pension Plan.

ARTICLE III.

Death Benefits

- 3.1. The following death benefits shall be payable to a Surviving Spouse under the Plan:

- (a) Upon the death of a vested Participant prior to his commencement of benefits under this Plan, the Participant's Surviving Spouse shall receive a life annuity equal to 100% of the Participant's Normal or Early Retirement Benefit as calculated under Section 2.1 or 2.2, based on the Participant's age at date of death.
- (b) Upon the death of a vested Participant after commencement of benefits under this Plan, the Participant's Surviving Spouse shall receive a life annuity equal to 100% of the monthly benefit payable to the Participant under this Plan.
- (c) Benefits payable under this Plan to a Surviving Spouse shall be terminated at the end of the month in which the death of the Surviving Spouse occurs.
- (d) If the Surviving Spouse is more than ten years younger than the Participant at the time of the Participant's death, benefits payable to the Surviving Spouse under the Plan shall be reduced by 50%.

- 3.2. The Surviving Spouse's benefits provided herein shall be in addition to any pre- or post-retirement life insurance benefits under the Company's insurance programs.

- 3.3. In the event of the death of a Participant receiving a 10-year certain and life annuity prior to receiving payment under the Plan for 120 months, benefits under this Plan shall be payable to the Participant's estate or as assigned by the legal representative of the estate until ten years have passed from the date the Participant started receiving benefits.

#### ARTICLE IV.

##### Vesting

- 4.1. Any Participant having completed a minimum of 10 years of Service with the Company and attained age 55 while employed by the Company shall be considered vested in rights to retirement benefits as provided in this Plan, subject to the provisions of Section 7.2 of this Plan.

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- 4.2. By written action of the Committee and in its sole discretion, the requirement of 10 years of Service with the Company for vesting purposes under the terms of this Plan may be partially or fully waived for a specified Participant.

#### ARTICLE V.

##### Method of Payment of Benefits

- 5.1. Benefits under this Plan for a Participant who is not married when benefits commence to him under this Plan shall be payable monthly for the life of the Participant in the form of a 10-year certain and life annuity. Benefits under this Plan for a Participant who is married when benefits commence to him under this Plan shall be payable in the form of a 100% joint and survivor annuity for the life of the Participant and his spouse. Lump sum payments shall not be permitted under the Plan.
- 5.2. The undertakings of the Company herein constitute an unsecured promise of the Company to make the payments as provided in the Plan. This Plan is unfunded and no current beneficial interest in any asset of the Company shall accrue to any Participant or other person under the terms of this Plan. All Participants shall be entitled to the benefits provided by the Plan. It is the intent of the Company that the total cost of providing the benefits under this Plan will be borne by the Company.

#### ARTICLE VI.

##### Administration

- 6.1. The Committee shall have full power and authority to interpret, construe and administer this Plan, to adopt appropriate procedures and make all decisions necessary or proper in its judgment to carry out the terms of this Plan. The Committee's interpretation and construction hereof, and actions hereunder, including any valuation of the amount or recipient of the payments to be made thereunder, shall be binding and conclusive on all persons for all purposes. The Company's Senior Vice President, Accounting and Administration, shall act as the Committee's agent in administering this Plan. Neither the Company, or its officers, employees or directors, nor the Committee or any member thereof shall be liable to any person for any action taken or omitted in connection with the interpretation and administration of this Plan.
- 6.2. Each Participant shall furnish to the Committee such information as it may from time to time request for the purpose of the proper administration of this Plan.

- 6.3. The Company, by action of the Board of Directors, reserves the exclusive right to amend, modify, alter or terminate this Plan in whole or in part without notice to the Participants. No such termination, modification or amendment shall terminate or diminish the amount of benefits then being paid to any Participant or Surviving Spouse.

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#### ARTICLE VII.

##### General Provisions

- 7.1. This Plan shall not be deemed to give any Participant or other person in the employ of the Company any right to be retained in the employment of the Company, or to interfere with the right of the Company to terminate any Participant or such other person at any time and to treat him without regard to the effect which such treatment might have upon him as a Participant in the Plan.
- 7.2. In the event a Participant is discharged for cause involving illegal or fraudulent acts, such discharge may result in forfeiture of all benefits and rights under the Plan, in the sole discretion of the Committee.
- 7.3. The rights, privileges, benefits and obligations under this Plan are intended to be, and shall be treated as, legal obligations of the Company and binding upon the Company, its successors and assigns, including successors by corporate merger, consolidation, reorganization or otherwise.
- 7.4. Copies of this Plan, together with copies of any approved procedures for administration will be furnished to each Participant together with an annual statement of benefits over the signature of the Chairman of the Board or his designee.
- 7.5. This Plan was approved by resolution of the Board of Directors at a regular meeting on November 9, 1993 to be effective as of January 1, 1993.
- 7.6. The provisions of this Plan shall be construed according to the law of the State of Oklahoma excluding the provisions of any such laws that would require the application of the laws of another jurisdiction.
- 7.7. The masculine pronoun wherever used shall include the feminine. Wherever any words are used herein in the singular, they shall be construed as though they were also used in the plural in all cases where they shall so apply.
- 7.8. The titles to articles and headings of sections of this Plan are for convenience of reference and in case of any conflict the text of this Plan, rather than such titles and headings, shall control.

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#### ARTICLE VIII.

##### Claims Procedure

- 8.1. Initial Claims Procedure

The Participant or his Surviving Spouse shall follow such procedures for making a claim as are provided by the Committee. The Committee shall make a decision upon each claim within 90 days of its receipt of such claim. If the claim is approved, the Committee shall determine the extent of benefits and initiate payment thereof. In the event



that no action is taken on the applicant's initial application for benefits within the period specified in this Section 8.1, the claim shall be deemed denied, and the applicant's appeal rights under Section 8.3 will be in effect as of the end of such period.

8.2. Notice of Denial of Claim

If an application for benefits under Section 8.1 is denied in whole or in part, the Committee shall provide the applicant with a written notice of denial, setting forth: (a) the specific reason or reasons the claim was denied, (b) a specific reference to pertinent provisions of the Plan upon which the denial was based, and (c) an explanation of the Plan's review procedure. This written notice of denial shall be furnished within 90 days after receipt of the claim by the Committee unless special circumstances require an extension of time for processing. If an extension is required, written notice of the extension shall be furnished prior to the termination of the initial 90-day period. In no event shall such extension exceed a period of 90 days from the end of such initial period. The extension notice shall indicate the special circumstances requiring an extension of time and the date by which the Committee expects to render the final decision. If the claim is not denied on its merits, but is rejected for failure of the applicant to furnish certain necessary material or information, the written notice to the applicant will explain what additional material is needed and why, and advise the applicant that he may refile his claim.

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8.3. Claims Review Procedure

Within 60 days after receipt of a notice of denial, the applicant or his duly authorized representative may file a written notice of appeal of such denial with the Committee. Such notice of appeal must set forth the specific reasons for the appeal. In addition, within such appeal period the applicant or his duly authorized representative may review pertinent documents at such reasonable times as the Committee may specify and may submit any additional written material pertinent to the appeal which is not set forth in the notice of appeal. The 60-day period within which the request for review must be filed may be extended if the nature of the benefit which is the subject of the claim and other attendant circumstances so warrant and the 60-day limitations period would otherwise be unreasonable. In its sole discretion, the Committee may grant the applicant an oral hearing on his appeal.

Dated: \_\_\_\_\_, 1993

OKLAHOMA GAS AND ELECTRIC COMPANY

By: \_\_\_\_\_

Its: Chairman and President

Attest:

\_\_\_\_\_  
Secretary

ANNUAL INCENTIVE COMPENSATION PLAN  
OF  
OKLAHOMA GAS AND ELECTRIC COMPANY

February 1993

ANNUAL INCENTIVE COMPENSATION PLAN  
OF  
OKLAHOMA GAS AND ELECTRIC COMPANY

PURPOSE OF THE PLAN

The purpose of the Annual Incentive Plan (the "Plan") is to maximize the efficiency and effectiveness of the operations of Oklahoma Gas and Electric Company (the "Company") by providing incentive compensation opportunities to certain key executives and managers responsible for operational effectiveness. The Plan is intended to encourage and reward the achievement of certain results critical to meeting the Company's operational goals. It is also designed to assist in the attraction and retention of quality employees, to link further the financial interest and objectives of employees with those at the Company, and to foster accountability and teamwork throughout the Company.

This Plan is designed to provide incentive compensation opportunities; awards made under this Plan are in addition to base salary adjustments given to maintain market competitive salary levels.

Annual awards will be determined by the achievement of annual Company Objectives and Individual Objectives subject to the parameters set forth in the Plan. Shortly after the beginning of the Plan Year, each Participant will receive established Company Objectives and Individual Objectives that should be achievable, measurable and controllable. Quarterly reports are expected to be developed and presented at review meetings to monitor progress on achieving the established objectives.

DEFINITIONS

When used in the Plan, the following words and phrases shall have the following meanings:

"Plan" means the Annual Incentive Compensation Plan of the Company.

"Company" means Oklahoma Gas and Electric Company, its successors and assigns, and each of its subsidiaries, if any, designated by the BOARD for participation in this Plan.

"Base Salary" means the actual base salary in effect at the beginning

of the Plan Year as shown in the personnel records of the Company and, for a Participant who is added to the Plan during a Plan Year pursuant to Article XII, his or her base salary in effect at the time he or she becomes a Participant as shown in the personnel records of the Company.

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"BOARD" means the BOARD of Directors of Oklahoma Gas and Electric Company.

"COMMITTEE" means the Compensation COMMITTEE of the BOARD or any other COMMITTEE of the BOARD designated by resolution of the BOARD to perform certain administrative functions under the Plan.

"Maximum" means the maximum level of performance of Company Objectives that is judged acceptable or standard by the BOARD, above which no additional awards are paid under the Plan related to Company Objectives.

"Participant" means any officer, executive or key employee of the Company selected by the BOARD to receive an award under the Plan. Members of the BOARD who are not employed on a full-time basis by the Company are not eligible to receive awards under the Plan.

"Incentive Amount" means the amount the Participant is eligible to receive as an award under the Plan. The Incentive Amount is expressed as a percentage of base salary.

"Performance Criteria" means those financial, operational or individual performance measures that are selected each Plan Year by the COMMITTEE and used to determine awards under the Plan. Performance Criteria shall consist of Company Objectives, which shall be financial and/or other goals established for measuring performance by the Company, and Individual Objectives, which shall be individual goals and objectives for measuring performance by a Participant.

"Payout Schedule" means the Incentive Amount that will be paid to each Participant at various levels of actual performance of Company Objectives when compared to Target performance.

"Performance Matrix" means the chart approved by the BOARD that is used to determine the percentage of each Participant's Incentive Amount which the Participant will actually receive as a result of the attainment of Company Objectives.

"Target" means the level of performance of Company Objectives that is judged acceptable or standard by the BOARD, based on predetermined objectives. With actual performance of Company Objectives equal to Target, 100% of the Target Pool is funded for each year of the Plan.

"Target Pool" means the aggregate pool of cash that may be distributed to all Participants. This pool will be funded at the 100% level when the Target has been 100% achieved and will be funded at lower or higher amounts based on the actual performance of the Company Objectives. Funding of the Target Pool will be based solely on consolidated net income for the Company.

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"Threshold" means the minimum level of performance of Company Objectives that is judged acceptable or standard by the BOARD, below which no awards shall be paid from the Plan. It is understood that this Threshold may be adjusted up or down in the future to reflect changing business conditions and investor requirements.

"Plan Year" means a fiscal year beginning January 1 and ending December 31.

#### ADMINISTRATION OF THE PLAN

The Plan shall be administered by the COMMITTEE to the extent provided herein. Subject to the provisions of the Plan, the BOARD shall have exclusive authority to amend, modify, suspend or terminate the Plan at any time.

At the beginning of each Plan Year, the CEO of the Company will make recommendations to the COMMITTEE regarding Participants, size of awards, Performance Criteria, the Payout Schedule and the Performance Matrix. The COMMITTEE will consider and approve or modify the recommendations as appropriate, subject to the final approval of the BOARD, and will select Individual Objectives for the CEO. At the conclusion of each Plan Year, the CEO of the Company (along with one or more officers designated by the CEO) will present to the COMMITTEE a schedule indicating actual performance and the recommended award. The COMMITTEE will review the recommendations and approve or modify the recommendations as presented. Payment to Participants is subject to final approval of the BOARD.

#### PERFORMANCE CRITERIA

The Company Objectives to be used to measure actual performance by the Company for establishing award opportunities in the Plan shall be established by the BOARD. The BOARD will also establish a Target level of performance for each Company Objective as well as the Threshold level of performance which is required before any awards are paid under the Plan. In addition, each Participant shall have the opportunity to have his or her award adjusted upward or downward by as much as 20% based upon the attainment of Individual Objectives.

The Company Objectives shall relate to the achievement of established financial objectives for the Company. The Individual Objectives shall relate to the level of the Participant's overall performance during the Plan Year, taking into consideration the attainment of established individual goals and objectives as well as other relevant aspects of performance.

#### DETERMINATION OF AWARDS

As soon as practicable after the end of each Plan Year, the COMMITTEE, upon recommendation of the CEO of the Company, will determine the actual funding for the Target Pool. This actual level of funding will then be distributed to the Participants in any manner determined to be reasonable and equitable, subject to the pre-determined Payout Schedule, a form of which is shown in Schedule A. The percentage of the award paid out based on

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performance of Company Objectives is determined by using the Performance Matrix, a form of which is shown in Schedule B. When actual performance of Company Objectives is either above or below the Target, funds available for payouts to all Participants will be increased or decreased to reflect actual performance. There is no requirement that all funds from the Target Pool must be distributed each year; however, funds that are not distributed will not be carried over to future Plan Years; they will simply be restored to the consolidated net income of the Company.

In recommending how awards are to be distributed each year, the CEO should consider the Performance Criteria that were established for the Plan Year, and measure the degree of achievement of each of these criteria. It is not the intent of the Plan that awards be made on a

discretionary basis; rather, awards should be made from the pool on the basis of measurable performance compared to the pre-set Performance Criteria. In unusual situations, the CEO shall also consider the awarding of special bonus awards for extraordinary performance by an individual. Any such bonus award must be approved by the BOARD.

#### COMPANY THRESHOLD, TARGET AND MAXIMUM

The BOARD will establish a Company Threshold, Target and Maximum for each Plan Year. When actual Company performance is below the Threshold, no payments of awards will be made under the Plan, regardless of individual performance. In addition to this Threshold limit, total awards under this Plan cannot exceed 1% of annual consolidated net income of the Company in any single year without the express approval of the BOARD.

#### REVISED AWARD LEVELS AND PERFORMANCE CRITERIA

For Participants who are assigned to different position levels or transferred between Company business units during the Plan Year, the BOARD may, at any time, and upon recommendation of the CEO of the Company, establish revised award levels and Individual Objectives for that Participant.

#### FORM OF PAYMENT

All awards under the Plan will be paid in cash, in one lump sum, subject to such payroll taxes and other deductions, if any, as may be in effect at the time of payment.

#### TIMING OF PAYMENT

All awards will be paid as soon as practicable following the end of each Plan Year and the approval by the BOARD of actual awards.

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#### ADJUSTMENTS

Subject to Article VII, the BOARD may not retroactively change any Performance Criteria, Targets, Payout Schedules Performance Matrix, Threshold, Maximum, or participation levels for a Plan year, except as and to the extent determined by the BOARD in the event of changes in accounting practices or extraordinary or unanticipated circumstances which could have a material effect on the achievement of Performance Criteria.

#### TERMINATION, DEATH OR DISABILITY

A Participant who terminates employment due to death, disability or normal retirement will be paid a pro-rata portion of any award based on his or her date of termination. Such prorated payment will be made at the time and in the form that all payments are normally made to all other Participants. A Participant whose employment terminates for any other reason prior to the end of the Plan Year shall forfeit any and all awards and payouts from the Plan, whether terminated by the Company or voluntarily. Such payments may be made at the discretion of the BOARD, however, based on the circumstances of each termination.

#### NEW PARTICIPANTS

New participants may be added to the Plan at any time during the Plan Year. Awards for new Participants will be prorated from date of promotion or hire, except as otherwise determined by the BOARD.

#### MISCELLANEOUS

No Participant shall have the right to anticipate, alienate, sell, transfer, assign, pledge or encumber his or her right to receive any award made under the Plan until such an award becomes payable to him or her.

No Participant shall have any lien on any assets of the Company by reason of any award made under the Plan.

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The adoption of the Plan or any modification or amendment hereof does not imply any commitment to continue or adopt the same plan, or any modification thereof, or any other plan for incentive compensation for any succeeding year, provided, that no such modification or amendment shall adversely affect rights to receive any amount to which Participants have become entitled prior to such modifications and amendments. Neither the Plan nor any award made under the Plan shall create any employment contract between the Company and any Participant.

No Participant or other employee shall at any time have a right to be selected for participation in the Plan for any Plan Year, despite having been selected for participation in a prior Plan Year. Nothing in this Plan shall interfere with or limit in any way the right of the Company to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employ of the Company.

All determinations of the COMMITTEE or the BOARD as to any disputed questions arising under the Plan, including questions of construction and interpretation, shall be final, binding and conclusive upon all Participants and all other persons and shall not be reviewable.

Each Participant shall be provided with a Plan description and a Plan agreement for each Plan Year which shall include Company Objectives, Incentive Amount, Individual Objectives and a Performance Matrix for each year. In the event of a conflict between the terms of the Plan description and the Plan, the terms of the Plan shall control unless the BOARD decides otherwise.

This Plan shall be binding on the successors of the Company.

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SCHEDULE A - PAYOUT SCHEDULE

Annual Incentive Payout Targets  
(Percent of Base Salary)

Position	Minimum	Target	Maximum
Chairman, President and CEO	___%	___%	___%
EVP and COO	___%	___%	___%
SVP, VP, Controller	___%	___%	___%
Secretary	___%	___%	___%
Salary Grade E9	___%	___%	___%
Salary Grade E8	___%	___%	___%
Other Salary Grades	___%	___%	___%

SCHEDULE B  
Example

FORM OF PERFORMANCE MATRIX

"A"

Chart to include % payouts of  
Incentive Awards based on combined  
performance of objectives

"B"

"A" and "B"

Notes:  
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"A" This line across the top of the matrix will include levels of performance of a different Company objective.

"B" This line on the left side of the matrix will include levels of performance of a Company Objective, such as earnings per share.

OKLAHOMA GAS AND ELECTRIC COMPANY  
ANNUAL INCENTIVE PLAN AGREEMENT

PARTICIPANT: \_\_\_\_\_

Purpose of the Plan

The purpose of the Annual Incentive Plan (the Plan) is to maximize the efficiency and effectiveness of the operations of Oklahoma Gas and Electric (OGE or the Company) by providing incentive compensation opportunities to certain key executives and managers responsible for operational effectiveness. The Plan is intended to encourage and reward the achievement of Business Plan results critical to meeting OGE's profitability goals. It is also designed to assist in the attraction and retention of quality employees, to link further the financial interest and objectives of employees with those at the Company, and to foster accountability and teamwork throughout the Company.

Award Level

Each Participant is assigned a target, minimum and maximum award level expressed as a percentage of base salary.

Your 1993 incentive Target Award as a percentage of base salary will be:

MINIMUM

TARGET

MAXIMUM

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100% of your incentive award will be based on Corporate performance. In addition, your award can be increased or decreased by up to 20% to reflect the attainment of individual Performance Objective.

The criteria used to measure Corporate performance are Earnings Per Share and industry Percentile Rank for O and M Expenses Per KWH. The Company must meet minimum threshold performance levels in order for any incentive awards to be made under this Plan.

I have read and fully understand the Oklahoma Gas and Electric Annual Incentive Plan.

-----  
Date

-----  
Signature



CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports dated February 28, 1994 included in the Oklahoma Gas and Electric Company Form 10-K for the year ended December 31, 1993, into the previously filed Post-Effective Amendment No. One to Form S-3 Registration Statement No. 33-32870, Form S-3 Registration Statement No. 33-6662, Form S-8 Registration Statement No. 33-35833, Post-Effective Amendment No. Three to Form S-3 Registration Statement No. 2-94973, and Form S-8 Registration Statement No. 33-52169.

ARTHUR ANDERSEN & CO.

Oklahoma City, Oklahoma,  
March 28, 1994

POWER OF ATTORNEY

WHEREAS, OKLAHOMA GAS AND ELECTRIC COMPANY, an Oklahoma Corporation (herein referred to as the "Company"), is about to file with the Securities and Exchange Commission, under the provisions of the Securities Exchange Act of 1934, as amended, its annual report on Form 10-K for the year ended December 31, 1993; and

WHEREAS, each of the undersigned holds the office or offices in the Company herein-below set opposite his or her name, respectively;

NOW, THEREFORE, each of the undersigned hereby constitutes and appoints J. G. HARLOW, JR., A. M. STRECKER and B. G. BUNCE, and each of them individually, his or her attorney with full power to act for him or her and in his or her name, place and stead, to sign his name in the capacity or capacities set forth below to said Form 10-K and to any and all amendments thereto, and hereby ratifies and confirms all that said attorney may or shall lawfully do or cause to be done by virtue hereof.

IN WITNESS WHEREOF, the undersigned have hereunto set their hands this 8th day of March, 1994.

J. G. Harlow, Jr., Chairman and President, Principal Executive Officer and Director	/s/ J. G. Harlow, Jr.
Herbert H. Champlin, Director	/s/ Herbert H. Champlin
William E. Durrett, Director	/s/ William E. Durrett
Martha W. Griffin, Director	/s/ Martha W. Griffin
Hugh L. Hembree, III, Director	/s/ Hugh L. Hembree, III
John F. Snodgrass, Director	/s/ John F. Snodgrass
Bill Swisher, Director	/s/ Bill Swisher
John A. Taylor, Director	/s/ John A. Taylor
Ronald H. White, M.D., Director	/s/ Ronald H. White, M.D.
B. G. Bunce, Principal Accounting Officer	/s/ B. G. Bunce
A. M. Strecker, Principal Financial Officer	/s/ A. M. Strecker

STATE OF OKLAHOMA )  
 ) SS  
COUNTY OF OKLAHOMA )

On the date indicated above, before me, Lawanna Rogers, Notary Public in and for said County and State, personally appeared the above named directors and officers of OKLAHOMA GAS AND ELECTRIC COMPANY, an Oklahoma corporation, and known to me to be the persons whose names are subscribed to the foregoing instrument, and they severally acknowledged to me that they executed the same as their own free act and deed.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed my official seal on the 8th day of March, 1994.

/s/ Lawanna Rogers  
Lawanna Rogers  
Notary Public in and for the County  
of Oklahoma, State of Oklahoma

My Commission Expires:  
December 20, 1994

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

FORM 11-K  
ANNUAL REPORT

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF  
THE SECURITIES EXCHANGE ACT OF 1934 (FEE REQUIRED)

OR

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934 (NO FEE REQUIRED)

For the fiscal year ended December 31, 1993  
Commission File Number 1-1097

OKLAHOMA GAS AND ELECTRIC COMPANY  
EMPLOYEES' RETIREMENT SAVINGS PLAN

(Full Title of the Plan)

OKLAHOMA GAS AND ELECTRIC COMPANY  
101 North Robinson  
P.O. Box 321  
Oklahoma City, Oklahoma 73101-0321

(Name of issuer of the securities held pursuant to the Plan and the  
address of its principal executive office)

SIGNATURES

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The undersigned consist of the members of the Committee  
having the responsibility for the administration of the Oklahoma Gas  
and Electric Company Employees' Retirement Savings Plan. Pursuant  
to the requirements of the Securities Exchange Act of 1934, the Plan  
has duly caused this Annual Report on Form 11-K to be signed on its  
behalf by the undersigned, thereunto duly authorized, in the City of  
Oklahoma City and State of Oklahoma on the 28th day of March 1994.

OKLAHOMA GAS AND ELECTRIC COMPANY  
EMPLOYEES' RETIREMENT SAVINGS PLAN

By /s/ H L Grover  
-----  
H L Grover  
Chairman

By /s/ Irma B Elliott  
-----  
Irma B Elliott  
Member

By /s/ R P Schmid  
-----  
R P Schmid  
Member

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Oklahoma Gas and Electric Company  
Employees' Retirement Savings Plan Committee:

We have audited the accompanying statements of net assets available for plan benefits of the Oklahoma Gas and Electric Company Employees' Retirement Savings Plan as of December 31, 1993 and 1992, and the related statements of changes in net assets available for plan benefits for the years then ended. These financial statements and the schedules referred to below are the responsibility of the Plan Committee. Our responsibility is to express an opinion on these financial statements and schedules based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the net assets available for plan benefits of the Oklahoma Gas and Electric Company Employees' Retirement Savings Plan as of December 31, 1993 and 1992, and the changes in its net assets available for plan benefits for the years then ended in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets held for investment purposes as of December 31, 1993 and schedule of reportable transactions for the year ended December 31, 1993, are presented for purposes of additional analysis and are not a required part of the basic

financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The supplemental schedules have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN & CO.

Oklahoma City, Oklahoma,  
March 11, 1994

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OKLAHOMA GAS AND ELECTRIC COMPANY EMPLOYEES' RETIREMENT SAVINGS PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
DECEMBER 31, 1993

	Bank of Oklahoma, N.A.		Fidelity Management Trust Company					Total
	Company Common Stock Fund	Fixed Income Fund	OG&E Common Stock Fund	Asset Manager	Asset Manager: Growth	Asset Manager: Income	Managed Income Portfolio	
Cash	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Investments, at market value:								
Common stock of Oklahoma Gas and Electric Company	1,998,222	-	113,296,775	-	-	-	-	115,294,997
U.S. Government securities	-	-	-	-	-	-	-	-
Dreyfus Government fund	-	-	-	-	-	-	-	-
Fidelity U.S. Government fund	-	-	588,812	-	-	-	-	588,812
Fidelity Asset Manager	-	-	-	83,843	-	-	-	83,843
Fidelity Asset Manager: Growth	-	-	-	-	179,707	-	-	179,707
Fidelity Asset Manager: Income	-	-	-	-	-	15,792	-	15,792
Fidelity Managed Income Portfolio	-	-	-	-	-	-	26,528,163	26,528,163
Loans to participants	-	-	7,027,030	-	-	-	1,983,237	9,010,267
Total investments	1,998,222	-	120,912,617	83,843	179,707	15,792	28,511,400	151,701,581
Contributions receivable:								
Participants	-	-	64,253	22,211	45,631	4,508	14,623	151,226
Company	-	-	71,100	-	-	-	-	71,100
Dividends and interest receivable	35,914	-	2,036,594	-	-	-	-	2,072,508
Interfund receivable (payable)	-	-	247,263	-	-	-	(247,263)	-
Net assets available for plan benefits	\$2,034,136	\$ -	\$123,331,827	\$106,054	\$225,338	\$20,300	\$28,278,760	\$153,996,415

<FN>  
The accompanying notes are an integral part of this statement.

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OKLAHOMA GAS AND ELECTRIC COMPANY  
EMPLOYEES' RETIREMENT SAVINGS PLAN  
STATEMENT OF NET ASSETS AVAILABLE FOR PLAN BENEFITS  
DECEMBER 31, 1992

Company Common Stock Fund	Fixed Income Fund	Total
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Cash	\$ 893,263	\$ 10,635	\$ 903,898
Investments, at quoted market value:			
Common stock of Oklahoma Gas and Electric Company	93,197,866	-	93,197,866
U.S. Government securities	-	8,205,020	8,205,020
Dreyfus Government fund	158,010	15,740,358	15,898,368
Loans to participants	7,010,647	1,924,726	8,935,373
Total investments	100,366,523	25,870,104	126,236,627
Contributions receivable:			
Participants	169,908	60,295	230,203
Company	82,003	-	82,003
Dividends and interest receivable	1,831,673	160,714	1,992,387
Total assets	103,343,370	26,101,748	129,445,118
Stock purchase payable	(148,751)	-	(148,751)
Net assets available for plan benefits	\$103,194,619	\$26,101,748	\$129,296,367

<FN>

The accompanying notes are an integral part of this statement.

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OKLAHOMA GAS AND ELECTRIC COMPANY EMPLOYEES' RETIREMENT SAVINGS PLAN  
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS  
FOR THE YEAR ENDED DECEMBER 31, 1993

	Bank of Oklahoma, N.A.		Fidelity Management Trust Company					Total
	Company Common Stock Fund	Fixed Income Fund	OG&E Common Stock Fund	Asset Manager	Asset Manager: Growth	Asset Manager: Income	Managed Income Portfolio	
Net assets available for plan benefits at beginning of year	\$103,194,619	\$26,101,748	\$ -	\$ -	\$ -	\$ -	\$ -	\$129,296,367
Investment income:								
Dividends	5,877,679	-	2,036,280	-	-	-	119,186	8,033,145
Interest	16,450	892,209	314	-	-	-	-	908,973
Interest on loans	520,753	111,058	39,240	-	-	-	8,110	679,161
Appreciation (depreciation) in market value of investments:								
Common stock	1,485,665	-	6,889,669	-	-	-	-	8,375,334
Mutual funds	-	-	-	1,152	3,489	70	-	4,711
Contributions:								
Participants	5,318,957	1,775,169	347,125	104,902	221,849	20,230	75,617	7,863,849
Company	3,391,864	-	376,847	-	-	-	-	3,768,711
Realized gain (loss) on sale or distribution of investments	70,721	(99,395)	-	-	-	-	-	(28,674)
Loans to participants:								
Loans made	2,779,071	717,809	-	-	-	-	-	3,496,880
Repayments	(2,554,665)	(613,230)	(208,023)	-	-	-	(46,068)	(3,421,986)
Net change in loans	224,406	104,579	(208,023)	-	-	-	(46,068)	74,894
Transfers between funds	(113,797,335)	(27,920,864)	113,642,352	-	-	-	28,075,847	-
Total additions (reductions)	(96,890,840)	(25,137,244)	123,123,804	106,054	225,338	20,300	28,232,692	29,680,104
Distributions to participants	(4,045,237)	(859,925)	-	-	-	-	-	(4,905,162)
Funding of loans to participants:								
Loans funded	(2,779,071)	(717,809)	-	-	-	-	-	(3,496,880)
Receipt of participant payments	2,554,665	613,230	208,023	-	-	-	46,068	3,421,986
Net funding activity	(224,406)	(104,579)	208,023	-	-	-	46,068	(74,894)
Total deductions	(4,269,643)	(964,504)	208,023	-	-	-	46,068	(4,980,056)
Net additions (reductions)	(101,160,483)	(26,101,748)	123,331,827	106,054	225,338	20,300	28,278,760	24,700,048
Net assets available for plan benefits at end of year	\$ 2,034,136	-	\$123,331,827	\$106,054	\$225,338	\$20,300	\$28,278,760	\$153,996,415

<FN>

The accompanying notes are an integral part of this statement.

OKLAHOMA GAS AND ELECTRIC COMPANY  
EMPLOYEES' RETIREMENT SAVINGS PLAN

STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR PLAN BENEFITS

FOR THE YEAR ENDED DECEMBER 31, 1992

	Company Common Stock Fund	Fixed Income Fund	Total
	-----	-----	-----
Net assets available for plan benefits at beginning of year	\$110,084,804	\$25,617,779	\$135,702,583
	-----	-----	-----
Investment income:			
Dividends	6,818,551	-	6,818,551
Interest	23,720	1,280,699	1,304,419
Interest on loans	601,534	164,324	765,858
Depreciation in market value of investments:			
Common stock	(22,744,045)	-	(22,744,045)
U.S. Government securities	-	(3,888)	(3,888)
Contributions:			
Participants	5,523,278	2,245,103	7,768,381
Company	3,647,871	-	3,647,871
Realized loss on sale and distribution of investments	(230,820)	(108,445)	(339,265)
Other	859	-	859
Loans to participants:			
Loans made	3,453,538	1,023,762	4,477,300
Repayments	(2,371,980)	(643,973)	(3,015,953)
	-----	-----	-----
Net change in loans	1,081,558	379,789	1,461,347
Transfers between funds	2,233,656	(2,233,656)	-
	-----	-----	-----
Total additions (reductions)	(3,043,838)	1,723,926	(1,319,912)
Distributions to participants	(2,764,789)	(860,168)	(3,624,957)
Funding of loans to participants:			
Loans funded	(3,453,538)	(1,023,762)	(4,477,300)
Receipt of participant payments	2,371,980	643,973	3,015,953
	-----	-----	-----
Net funding activity	(1,081,558)	(379,789)	(1,461,347)
	-----	-----	-----
Total deductions	(3,846,347)	(1,239,957)	(5,086,304)
	-----	-----	-----
Net additions (reductions)	(6,890,185)	483,969	(6,406,216)
	-----	-----	-----
Net assets available for plan benefits at end of year	\$103,194,619	\$26,101,748	\$129,296,367
	=====	=====	=====

<FN>

The accompanying notes are an integral part of this statement.



OKLAHOMA GAS AND ELECTRIC COMPANY  
EMPLOYEES' RETIREMENT SAVINGS PLAN

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 1993 AND 1992

1. DESCRIPTION OF PLAN AND SIGNIFICANT ACCOUNTING POLICIES:  
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The Oklahoma Gas and Electric Company Employees' Thrift Plan (the "Plan") and the Oklahoma Gas and Electric Company Employees' Thrift Trust (the "Trust") were adopted by the Board of Directors of Oklahoma Gas and Electric Company ("OG&E" or the "Company") on November 10, 1981, and became effective January 1, 1982. The Plan was amended and restated effective December 1, 1993. The amended Plan is renamed the Oklahoma Gas and Electric Company Employees' Retirement Savings Plan. The Plan is a defined contribution trusteed plan. Bank of Oklahoma, N.A., was the Trustee under the Plan pursuant to an agreement with the Company through November 30, 1993. Fidelity Management Trust Company ("Fidelity") became the Trustee of the Plan effective December 1, 1993. The Trustee is responsible for the safekeeping and investment of all contributions made to the Trust.

Other than the changes indicated in this paragraph, the Plan's provisions remained the same as before the effect of the amendment at December 1, 1993. Participants may contribute any whole percentage between 2% and 15% of their compensation. The first 6% of contributions are called "Regular Contributions", and any contributions over 6% of compensation are called "Supplementary Contributions". A participant may designate at their discretion all or any portion of their Regular and Supplementary Contributions to the Plan as a salary reduction contribution under Section 401(k) of the Internal Revenue Code. Under Section 401(k) of the Internal Revenue Code, the portion of the participant's base salary that is contributed as a "Tax-Deferred Contribution" will not be subject to Federal income tax until such portion is withdrawn or distributed from the Plan. Company contributions to the Plan are made monthly. Participants can direct that all of their contributions be invested in multiples of 1% in any one or all of the following five Investment Funds, each with a specific investment portfolio goal:

OG&E Common Stock Fund - consists of shares of the Company's common stock contributed by the Company or purchased by the Trustee.

Fidelity Asset Manager - goal of approximately 40% stocks, 40% bonds and 20% short-term instruments.

Fidelity Asset Manager: Growth - goal of approximately 65% stocks, 30% bonds and 5% short-term instruments.

Fidelity Asset Manager: Income - goal of approximately 20% stocks, 30% bonds and 50% short-term instruments.

Fidelity Managed Income Portfolio - consists of short-term and long-term investment contracts.

The accompanying financial statements have been prepared on the accrual basis of accounting. Investments are carried at market value determined from quoted market prices when available or management's estimate of fair market value. Unrealized appreciation in the market value of investments, disclosed in Note 4, represents the change in the difference between the market value and the cost at the beginning and end

of year including the effect of acquisitions and distributions during the year. Realized gains/losses on sales or dispositions and unrealized appreciation/depreciation of plan assets included in the statements of changes in net assets available for plan benefits are based on the change in the market value of the assets at the beginning of the plan year or at the time of purchase during the year.

Participation in the Plan is voluntary. Employees are eligible to become participants in the Plan after completing one year of service as defined in the Plan. Prior to December 1, 1993, participants could contribute 2%, 4% or 6% of their base salary ("Regular Contributions") to the Plan. In addition, participants making Regular Contributions of 6% could also make additional contributions to the Plan of 2%, 4% or 6% of their base salary ("Supplemental Contributions"). Prior to December 1, 1993, the Plan allowed participants at their discretion to designate, in increments of 2% of their base salary, all or any portion of their Regular and Supplemental Contributions to the Plan as a salary reduction contribution under Section 401(k) of the Internal Revenue Code. All such contributions so designated were considered "Tax-Deferred Contributions."

The Company contributes to the Plan on behalf of each participant an amount equal to 50% of the participant's Regular Contribution for participants with less than 20 years of Plan participation, as defined in the Plan, and an amount equal to 75% of the participant's Regular Contribution for participants with 20 or more years of participation in the Plan. No Company contributions are made with respect to the participant's Supplementary (or supplemental) Contribution. The Company's contribution can be made either in cash or in shares of the Company's common stock. If the Company contributes cash, such cash is used to purchase common stock of the Company.

Prior to December 1, 1993, participants could direct that all their contributions be invested in multiples of 10% in one or both of the following two investment funds:

Company Common Stock Fund - consists of shares of the Company's common stock contributed by the Company or purchased by the Trustee. Dividends are reinvested in additional shares of the Company's common stock.

Fixed Income Fund - consists of a portfolio of instruments including U.S. Treasury Bills and Notes and other obligations issued or guaranteed by the U.S. Government, its agencies or instrumentalities; certificates of deposit and bankers' acceptances; and commercial paper and other debt obligations issued by U.S. corporations. The specific investments are determined by the Trustee.

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Participants' Regular and Supplementary (or supplemental) Contributions are fully vested and nonforfeitable. Participants become vested as to 30% of the amount in their Company contribution account upon the completion of their third year of service with the Company, and become vested as to an additional 10% upon the completion of the following year and 20% for each subsequent year of participation in the Plan. In addition, participants become fully vested when they are eligible for retirement under the Company Employees' Retirement Plan or in the event of death, permanent disability or attainment of age 65.

Forfeitures of the Company's contributions resulting from termination of the participant's interest in the Plan are used to reduce the Company's future contributions. Forfeitures will be reinstated if the participant is reemployed by the Company and returns to the Plan within five years.

The Plan is a qualified plan under provisions of Section 401(a) of the Internal Revenue Code and is exempt from Federal income taxes under

provisions of Section 501(a) of the Internal Revenue Code. The Plan has been amended since receiving the determination letter, dated March 5, 1987. The Company is in the process of obtaining a determination letter regarding subsequent amendments. However, the Company is of the opinion that the Plan is currently designed and being operated in compliance with the applicable requirements of the Internal Revenue Code. Therefore, the Company believes the Plan is qualified and continues to be tax exempt. Participants on whose behalf Company contributions are made are not taxed on the amounts contributed by the Company or on any income earned thereon until the receipt of a distribution pursuant to the terms of the Plan. The taxation of income earned on Plan assets attributable to participants' contributions to the Plan is also deferred until distribution is made. The amount of income taxes applicable to the participants or their beneficiaries upon distribution is prescribed by the Internal Revenue Code and is dependent upon the method of distribution.

The Plan is administered by a committee appointed by the Board of Directors of the Company (the "Retirement Savings Plan Committee"). Expenses of administering the Plan are expected to be paid by the Company; however, if not paid by the Company, such expenses will be charged to the Plan.

The Company intends to continue the Plan indefinitely, but reserves the right to alter, amend, modify, revoke or terminate the Plan at any time upon the direction of the Company's Board of Directors. If the Plan is terminated for any reason, the interests of all participants will be fully vested, and the Retirement Savings Plan Committee will direct that the participants' account balances be distributed as soon as practical. The Company has no continuing liability under the Plan after the final disposition of the assets of the Trust.

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## 2. LOANS TO PARTICIPANTS:

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The maximum amount which a participant may borrow is the lesser of \$50,000 or 50% of the participant's allocated share of the Plan assets. The loans are secured by a portion of the amounts remaining in the participant's account. The Plan allows participants on leave of absence to obtain loans from their account. All loans granted must be repaid pursuant to a written repayment schedule not to exceed five years and evidenced by a written promissory note signed by the borrower. Borrowed amounts do not share in the earnings and losses of the Investment Funds. Rather, when the loan is repaid, the interest on the loan is credited to the participant's account in the Plan.

Interest rates were established by the Retirement Savings Plan Committee prior to December 1, 1993. After December 1, 1993, the interest rate is equal to the "prime rate," as published in the Wall Street Journal on the first business day of the month, plus 1%. The average effective rate in 1993 and 1992 was 8.95% and 9.1%, respectively.

If a participant should terminate from the Plan, any outstanding loan balance is converted to a distribution.

## 3. AMOUNTS DUE TO TERMINATED EMPLOYEES:

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The statement of net assets available for plan benefits includes amounts payable to participants as a component of net assets available for plan benefits. Amounts payable to participants no longer participating in the Plan at December 31, 1993 and 1992 are as follows:

1993	1992
------	------

-----	-----
-------	-------

Company Common Stock Fund	\$ -	\$496,238
Fixed Income Fund	-	21,752
	-----	-----
Total	\$ -	\$517,990
	=====	=====

Due to the change in trustees there were no termination withdrawals approved by the Retirement Savings Plan Committee in the 4th quarter of 1993. Therefore, there are no amounts payable to participants no longer participating in the Plan at December 31, 1993, in any of the Investment Funds.

4. UNREALIZED APPRECIATION:

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The amount of unrealized appreciation of investments at December 31, 1991, 1992 and 1993, and the related net changes during 1992 and 1993 are set forth below:

Unrealized appreciation at December 31, 1991	\$33,879,471
Decrease during 1992	(24,154,020)
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Unrealized appreciation at December 31, 1992	9,725,451
Increase during 1993	8,068,209
	-----
Unrealized appreciation at December 31, 1993	\$17,793,660
	=====

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5. INVESTMENTS:

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Investments of Company common stock, in the Company (and OG&E) Common Stock Fund at December 31, 1993 and 1992, of \$115,294,997 and \$93,197,866, respectively, are carried at market value (\$37.00 per share and \$34.125 per share at December 31, 1993 and 1992, respectively) and are comprised of 3,116,081 and 2,731,073 shares, respectively. The original cost of these shares at December 31, 1993 and 1992, was \$97,506,048 and \$83,673,974, respectively. The market value per common share was \$35.875 at March 11, 1994, the date of the accompanying report of independent public accountants.

The aggregate market value and proceeds of investments sold and distributed are determined on a specific asset basis and were as follows:

	Year Ended December 31, 1993		
	Market Value	Proceeds/ Distribution	Gain/(Loss)
	at 1/1/93	Value	
	-----	-----	-----
Dreyfus Government Fund	\$30,389,115	\$30,389,115	\$ -
Company Common Stock Fund	3,155,548	3,226,269	70,721
Fixed Income Fund	8,205,020	8,105,625	(99,395)

	Year Ended December 31, 1992		
	Market Value	Proceeds/ Distribution	Gain/(Loss)
	at 1/1/92	Value	
	-----	-----	-----

Dreyfus Government Fund	\$48,542,110	\$48,542,110	\$ -
Company Common Stock Fund	3,074,182	2,843,362	(230,820)
Fixed Income Fund	7,203,040	7,094,595	(108,445)

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OKLAHOMA GAS AND ELECTRIC COMPANY  
EMPLOYEES' RETIREMENT SAVINGS PLAN

ITEM 27A - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES

AS OF DECEMBER 31, 1993

(a)*	(b) Issuer	(c) Description of Investment	(d) Cost	(e) Market Value
*	Oklahoma Gas and Electric Company	Common stock, \$2.50 par value	\$97,506,048	\$115,294,997
	Fidelity	U.S. Government fund, variable interest rate	588,812	588,812
	Fidelity	Asset Manager, mutual fund	82,691	83,843
	Fidelity	Asset Manager: Growth, mutual fund	176,218	179,707
	Fidelity	Asset Manager: Income, mutual fund	15,722	15,792
	Fidelity	Managed Income Portfolio, mutual fund	26,528,163	26,528,163
		Participant Loans, average interest rate of 8.95%	9,010,267	9,010,267
	Total investments		\$133,907,921	\$151,701,581

<FN>

\* Party in interest

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OKLAHOMA GAS AND ELECTRIC COMPANY  
EMPLOYEES' RETIREMENT SAVINGS PLAN

ITEM 27D - SCHEDULE OF REPORTABLE TRANSACTIONS

FOR THE YEAR ENDED DECEMBER 31, 1993

Number of Transactions	Identity of Party (a) Involved	Description (b) of Asset	Purchase Price (c)	Selling Price (d)	Lease Rental (e)	Expenses Incurred in Connection with Transaction (f)	Cost of Asset (g)	Current Value of Asset on Transaction Date (h)	Net Gain or (Loss) (i)
51	Purchases: Bank of Oklahoma-- Company Common Stock Fund	Dreyfus Government fund	\$18,343,582	\$ -	\$ -	\$ -	\$18,343,582	\$18,343,582	\$ -
82	Bank of Oklahoma-- Company Common Stock Fund	Oklahoma Gas and Electric Company Common Stock	17,022,819	-	-	-	17,022,819	17,022,819	-
54	Bank of Oklahoma-- Fixed Income Fund	Dreyfus Government fund	12,045,533	-	-	-	12,045,533	12,045,533	-
7	Fidelity-- Managed Income Portfolio Fund	Fidelity Managed Income Portfolio	26,528,096	-	-	-	26,528,096	26,528,096	-

OKLAHOMA GAS AND ELECTRIC COMPANY  
EMPLOYEES' RETIREMENT SAVINGS PLAN  
ITEM 27D - SCHEDULE OF REPORTABLE TRANSACTIONS  
FOR THE YEAR ENDED DECEMBER 31, 1993

Number of Transactions	Identity of Party (a)Involved	Description (b)of Asset	Purchase Price (c)	Selling Price (d)	Lease Rental (e)	Expenses Incurred in Connection with Transaction (f)	Cost of Asset (g)	Current Value of Asset on Transaction Date (h)	Net Gain or (Loss) (i)
51	Sales and Redemptions Bank of Oklahoma-- Company Common Stock Fund	Dreyfus Government fund	\$ -	\$18,501,587	\$ -	\$ -	\$18,501,587	\$18,501,587	\$ -
7	Bank of Oklahoma-- Company Common Stock Fund	Oklahoma Gas and Electric Company Common Stock	-	3,226,269	-	-	3,155,548	3,226,269	70,721
11	Bank of Oklahoma-- Fixed Income Fund	Dreyfus Government fund	-	27,785,891	-	-	27,785,891	27,785,891	-
8	Bank of Oklahoma-- Fixed Income Fund	U.S. Treasury Notes	-	8,105,625	-	-	8,205,020	8,105,625	(99,395)

<FN> Schedules of party-in-interest transactions, obligations in default and leases in default, and investment assets acquired and disposed within the plan year as required by the Employee Retirement Income Security Act of 1974 and the regulations promulgated by the Department of Labor are not separately included because the Plan had no such items to report.

EXHIBIT INDEX

Exhibit	Description	Page No.
1.01	Consent of Arthur Andersen & Co.	17

Exhibit 1.01

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CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS  
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As independent public accountants, we hereby consent to the incorporation of our report dated March 11, 1994 included in the Oklahoma Gas and Electric Company Employees' Retirement Savings Plan Form 11-K for the year ended December 31, 1993, into the previously filed Post-Effective Amendment No. One to Form S-3 Registration Statement No. 33-32870, Form S-3 Registration Statement No. 33-6662, Form S-8 Registration Statement No. 33-35833, Post-Effective Amendment No. Three to Form S-3 Registration Statement No. 2-94973, and Form S-8 Registration Statement No. 33-52169.

ARTHUR ANDERSEN & CO.

Oklahoma City, Oklahoma,  
March 28, 1994

