

The Face of Change



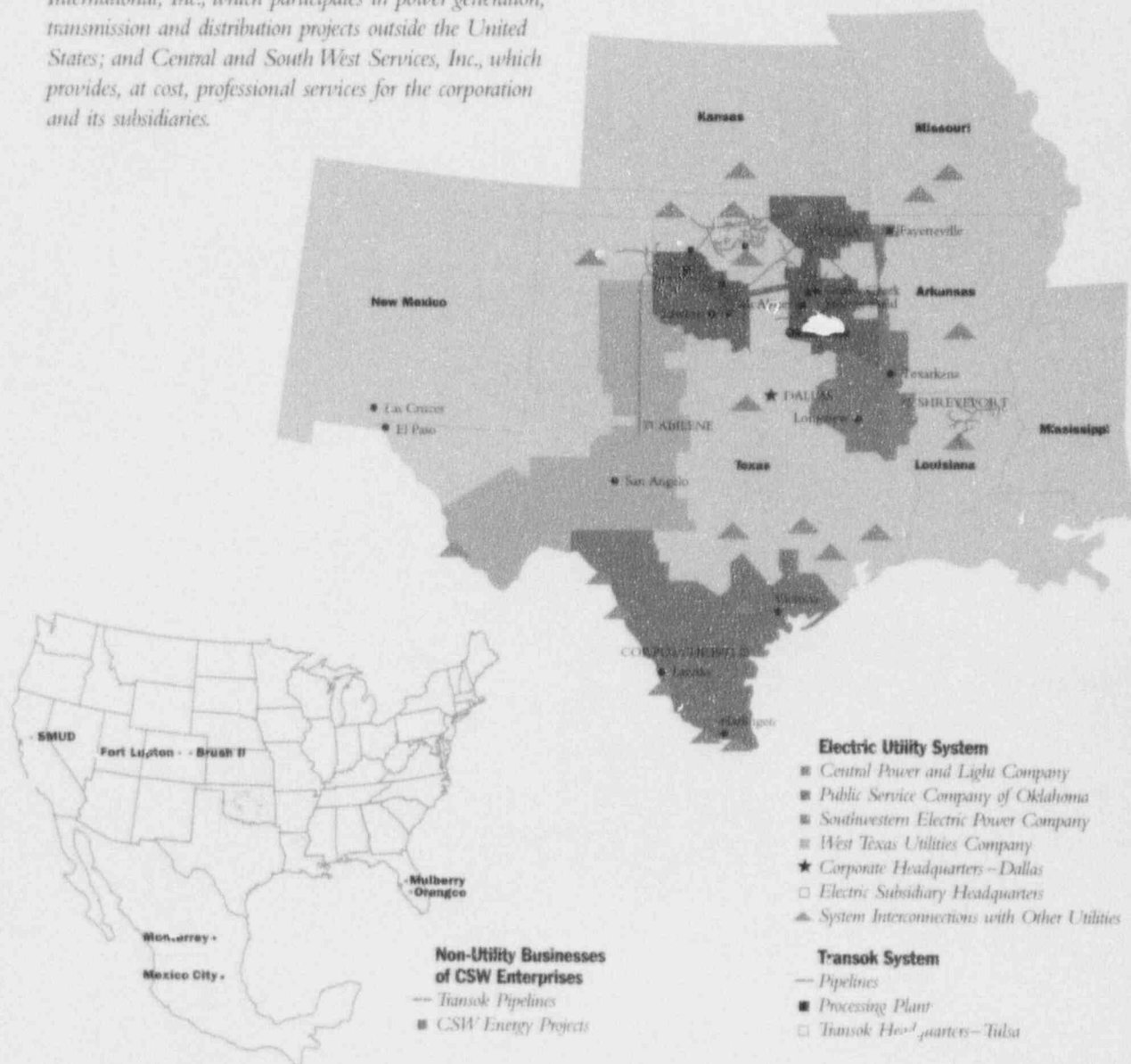
Company Profile

Central and South West Corporation is a public utility holding company that owns all of the common stock of four electric operating subsidiaries: Central Power and Light Company, Public Service Company of Oklahoma, Southwestern Electric Power Company and West Texas Utilities Company. These companies provide electric service to almost 4.3 million people in a widely diversified area covering 152,000 square miles. This area is the second-largest served by any electric utility system in the United States.

Other subsidiaries owned by the corporation are Transok, Inc., an intrastate natural gas pipeline and marketing company; CSW Energy, Inc., which develops, owns and operates non-utility power projects in the United States; CSW Credit, Inc., which buys the accounts receivable of the CSW system and other utilities; CSW Leasing, Inc., which owns leveraged leases; CSW Communications, Inc., which develops telecommunications facilities related to our business; CSW International, Inc., which participates in power generation, transmission and distribution projects outside the United States; and Central and South West Services, Inc., which provides, at cost, professional services for the corporation and its subsidiaries.

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Highlights

Central and South West Corporation

	1994	1993	Percent Change
<i>Financial Data (millions)</i>			
Operating Revenues	\$3,623	\$3,687	(1.7)
Fuel and Purchased Power	1,161	1,209	(4.0)
Natural Gas and Gas Products	374	482	(22.4)
Other Operating Expenses	1,119	1,217	(8.1)
Taxes	375	322	16.5
Operating Income	594	457	30.0
Other	111	93	19.4
Interest and Preferred Stock Dividends	(311)	(288)	8.0
Effect of Accounting Changes	-	46	-
Net Income for Common Stock	\$ 394	\$ 308	27.9

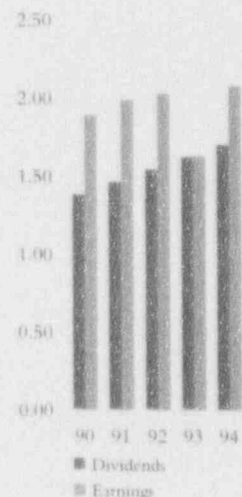
Common Stock Data and Dividend Review

Earnings per Share	\$2.08	\$1.63
Dividends per Share	\$1.70	\$1.62
Average Common Shares Outstanding (millions)	189.3	188.4
Return on Average Common Equity	13.4%	10.6%
Year End Market Price	\$22 ³ / ₄	\$30 ¹ / ₄
Year End Book Value per Share	\$16.01	\$15.55
Dividend Yield	7.5%	5.4%
Dividend Payout Ratio	82%	99%

	Market Price		Dividends Paid
	High	Low	
<i>1994</i>			
First Quarter	\$30 ⁷ / ₈	\$24 ¹ / ₈	\$0.425
Second Quarter	26 ¹ / ₄	20 ¹ / ₈	0.425
Third Quarter	23 ¹ / ₄	20 ⁷ / ₈	0.425
Fourth Quarter	23 ³ / ₄	20 ¹ / ₈	0.425
<i>1993</i>			
First Quarter	\$33 ¹ / ₄	\$28 ⁵ / ₈	\$0.405
Second Quarter	34 ¹ / ₄	28 ³ / ₄	0.405
Third Quarter	33 ⁷ / ₈	32 ¹ / ₄	0.405
Fourth Quarter	33	28 ¹ / ₄	0.405

The condensed consolidated financial statements in this summary annual report were derived from the consolidated financial statements that appear in Appendix A to the proxy statement for the 1995 annual meeting of shareholders. Copies of the consolidated financial statements and the report of Arthur Andersen LLP thereon may be obtained by calling Central and South West Corporation's shareholder services department at 1-800-527-5797.

Earnings and Dividends per Share
Dollars



Chairman's Letter

This report covers a year of sweeping change for Central and South West Corporation and the country's electric utility industry.

The milestones for CSW in 1994 included:

- the restructuring and restaffing of our entire system so that we can focus even more attention on customer service, marketing and efficiency;
- the start of a new program for allocating capital to help us ensure long-term corporate growth;
- the continued success of our intrastate natural gas pipeline subsidiary;
- the first year of profitability for our subsidiary that builds and operates non-utility power plants; and
- the formation of two new businesses that will offer a range of new services to our utility customers and will extend our investments to other countries.

As the electric power industry evolves from serving exclusive geographical areas to competing for customers, we are changing many of our basic philosophies, practices and instincts—our very *culture*. Although full "retail" competition in the electric utility industry does not exist anywhere in the United States today, we know CSW must be prepared for it in the future. By the turn of the century, the most successful electric companies will be far different from the electric companies of the past. And we are determined to be among them.

That's why this report focuses on the people who are making this difficult but essential transition—the 8,055 employees of the CSW system. Although we in management can set goals for greater efficiency, cost-savings, customer service and marketing, our employees are the ones who must make them happen. Through a competitive staffing process in 1994, we hand-picked each employee for every position in our new organization. In many cases, employees were reassigned to new functions or locations.

CSW's transformation has only begun. We have entered a new era of continual re-evaluation and modification—one that we will be in for the rest of our careers. In this era, our employees are the faces of change because they hold the key to CSW's success as a competitor.

Financial Performance

Our financial performance in 1994 improved significantly over that of 1993. Net income for common stock in 1994 increased to \$394 million from \$308 million a year ago. Our earnings per share were \$2.08 compared to \$1.63 in 1993, when we took a charge of approximately \$100 million for the restructuring costs. For both net income and earnings per share, our 1994 results were all-time records.

Based on this financial performance, we remain highly optimistic about the strength of our core electric utility business and the promise of our new ventures. Our greatest strength in 1994 once again lay in the economic health and diversification of the geographical areas that our four electric companies serve. Our retail kilowatt-hour sales of electricity grew during the year by 3.5 percent. The growth in our service areas makes us confident that our customer base will grow faster than that of the utility industry, on average.

In 1995, we expect to resolve much of the uncertainty surrounding two critical issues: our effort to acquire El Paso Electric Company; and Central Power and Light Company's rate case resulting from a lengthy outage at the South Texas Project, the nuclear generating station partially owned by CPL. I assure you our actions on these matters will be focused on the best interests of our shareholders.

Capital Allocation and Dividend Policy

As competition in CSW's core electric utility business increases, we are changing how we do business. A much larger portion of the CSW system will be involved in highly competitive markets in the future. Therefore, we will be required to use our cash flow differently to build future shareholder value.

In particular, we have revised the corporation's capital spending and dividend policy to focus on ensuring that new investments build value. In the past, we invested in our electric utility system, filed rate cases to recover the costs and earned a regulated rate of return. Our opportunity to earn significantly above- or below-average returns was very limited.

With greater competition and diversification, we will have both more opportunity to earn higher returns and more risk of earning below-average returns. Therefore, our capital allocation process must achieve maximum value from every dollar invested. As



E.R. Brooks, chairman, president and chief executive officer of Central and South West Corporation.

“Since 1990, we have been systematically pursuing our four-part strategic plan: enhance our core electric utility business; expand our core utility business; expand our non-utility businesses; and pursue financial initiatives.”

always, we will fund only those investment alternatives that we believe will offer satisfactory returns. Consistent with our strategic plan, we expect to continue making additional investments in CSW Energy, Transok and other non-utility businesses.

As part of our emphasis on capital allocation, we also have revised our dividend policy. CSW's primary long-term goal is to achieve a 75 percent payout ratio within five years. By slowing the rate of growth in our dividend, we are strengthening our financial position and providing lower-cost funding for strategic initiatives. This will help ensure our long-term growth.

In January 1995, the board of directors raised our dividend 1.2 percent, marking the corporation's 44th consecutive annual dividend increase. The indicated dividend for 1995 is \$1.72, compared to the \$1.70 dividend paid in 1994.

Transformation Strategy

Since 1990, we have been systematically pursuing our four-part strategic plan: enhance our core electric

utility business; expand our core utility business; expand our non-utility businesses; and pursue financial initiatives.

Restructuring our electric utility business by centralizing certain management, engineering and support functions is helping us enhance our core business. Our four utilities can now concentrate entirely on serving our customers. As a result of this restructuring, we also reduced our total employment by more than 7 percent, even though we already were thinly staffed by utility industry standards. The restructuring cost \$88 million, which we expect to recover in full by early 1996.

Our two principal non-utility businesses continued to make progress in 1994. Transok, our intrastate natural gas pipeline subsidiary, continued to operate in an economy of depressed natural gas prices. Nevertheless, it increased its earnings to \$25 million. CSW Energy completed three new cogeneration power plants, and for the first time the unit contributed a profit of nearly \$2 million.

We continue to see our geographical location and 80-year relationship with Mexico as one of our long-term strengths. Despite the devaluation of the peso, we expect to see opportunities to help meet the future power needs of Mexico because of the many benefits of the North American Free Trade Agreement and the possible privatization of power facilities.

In 1994, we expanded our independent power initiatives to other parts of the world by forming a new subsidiary, CSW International. Its goal is to develop, build and operate electric generating plants in Latin American, European and Asian countries that offer sufficient political and economic stability.

We also formed CSW Communications to help our customers benefit from new telecommunications technologies, such as fiber optics. An example of the use of fiber optics in the electric utility business is the CSW system's test program in Laredo, Texas. We are installing connections to approximately 2,500 homes served by our Central Power and Light

Company subsidiary to study the advantages of high-speed, two-way communication with our customers and how better information will affect their use of electricity. With this technology, we can offer variable rates, based on our actual cost of generating electricity at any given time, and our customers can plan their use of energy to achieve savings. Telecommunications can greatly enhance the service to our customers—and can help us succeed against competing suppliers.

Ongoing Challenges

Several developments during the year posed new challenges. First, the investment community turned unduly pessimistic toward electric utilities. The entire industry essentially was downgraded by security analysts concerned about the rise in interest rates, the rapidly emerging competitive environment and the overall maturing of our industry. We recognize that this more cautious view means the industry needs to rebuild investor confidence as part of the ongoing transition.

Second, events occurred that threaten our proposed merger with El Paso Electric Company. For example, the threat that El Paso Electric could lose a major portion of its customer base grew as a result of a vote by the citizens of Las Cruces, New Mexico, approving a referendum to acquire El Paso Electric's system that serves the city.

In September, we notified El Paso Electric that this development and others could prevent us from completing the merger. Although we are continuing to use our best efforts to consummate the merger, we cannot predict at this time whether or not the merger will be consummated.

Third, an extended outage continued until mid-year at the South Texas Project Nuclear Generating Station. Our Central Power and Light Company subsidiary owns 25.2 percent of the plant, which is operated by Houston Lighting & Power Company. Both generating units at STP were taken out of service in February 1993 because of an accidental malfunction of feedwater pumps. In March 1993, the Nuclear Regulatory Commission conducted a

diagnostic evaluation of the plant and in June 1993 placed STP on its "watch" list primarily because of plant management problems.

STP Unit 1 returned to full operation in April 1994, and Unit 2 resumed full operation in June 1994. Since then, they have operated at record levels of performance. In February 1995, the NRC removed STP from its "watch" list and noted that significant improvements had been made at the plant.

A remaining challenge is to reconcile the cost of the plant's outage, including fuel costs that CPL paid for replacement power. Depending on the outcome of a regulatory review, we expect this amount could range from \$70 million to \$80 million. In addition, a number of parties are claiming that STP did not benefit CPL's customers during the outage. They have initiated rate proceedings before the Public Utility Commission of Texas, arguing that CPL should reduce its base rates. While the rate case proceeds, CPL has been seeking to negotiate with state authorities, the cities it serves and other customer groups in an attempt to resolve these issues.

Freedom to Compete

The evolution of the electric utility industry is occurring rapidly. Utilities are feeling pressure from many types of new competitors, and regulators in several states are considering measures to let large retail customers choose any electric supplier they prefer.

In Texas, where we derive more than 60 percent of our electric revenues, independent power producers and some large industrial companies are promoting legislation to authorize retail competition among electric power suppliers.

Any transition to retail competition will raise many complicated and costly issues. Among them is how to handle "stranded investments." These are plants and facilities built with investor funding and dedicated to public service under a regulatory compact that provides for the recovery of the investment and a fair return on it. These investments and related regulatory costs will be at risk if the law changes and the customer takes service from another provider.

“As competition in CSW’s core electric utility business increases, we are changing how we do business. A much larger portion of the CSW system will be involved in highly competitive markets in the future.”

Whether or not retail competition is allowed soon, utilities in the future will have to compete simply to keep their current customers.

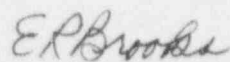
We are becoming well positioned for this new environment. Our service areas are healthy and growing; our cost structure is, for the most part, very competitive; and our non-utility businesses are prepared to meet the competition in this country and in other parts of the world. However, we face one barrier that only Congress can eliminate: the federal Public Utility Holding Company Act of 1935.

The act places CSW and 10 other registered electric utility holding companies at a distinct disadvantage compared to other companies, including other utilities. Under this outdated law, we must ask the Securities and Exchange Commission to approve our business activities and transactions. Our competitors can act quickly to acquire new businesses or raise new financing while we must file—and wait—for permission from the SEC before we can act. This process means we must disclose our competitive

position and forgo opportunities in competitive situations because of the inherent regulatory delay. In a fast-moving, competitive world, this excess layer of regulation can make CSW much less competitive.

Ten years ago in our 1984 Annual Report, we first called for repeal of this act. During the past decade, we have encouraged the introduction of legislation to modify the law. Today, along with the other registered electric utility holding companies, we are working for full repeal. If not freed from the act’s discriminatory restrictions soon, we are considering alternatives, such as the possibility of restructuring the CSW system to achieve the same freedom of action enjoyed by other electric utilities.

In looking to the future, we are confident CSW will progress as a leader among electric companies. We already are dedicated to meeting the needs of our shareholders and our customers. We are adapting our strategy and management methods to keep pace with the coming changes. We will continue to do so throughout the current transition and into the era of open competition to maximize shareholder and customer value.



E.R. Brooks

Chairman, President and Chief Executive Officer

February 13, 1995

Significant Electricity Milestones

1879-1884

Thomas Edison invents a practical incandescent light bulb.

Edison centralizes the supply of electricity by opening the nation's first generating plant on Pearl Street in New York City; electricity is destined to replace kerosene, gas and candles as the source for artificial light.



Thomas A. Edison

1885-1894

Cities begin issuing franchises for the distribution of electricity.

George Westinghouse develops the alternating current transformer, making possible the transmission and distribution of electricity over long distances.

Entrepreneurs form electric companies in hundreds of communities to provide local service.



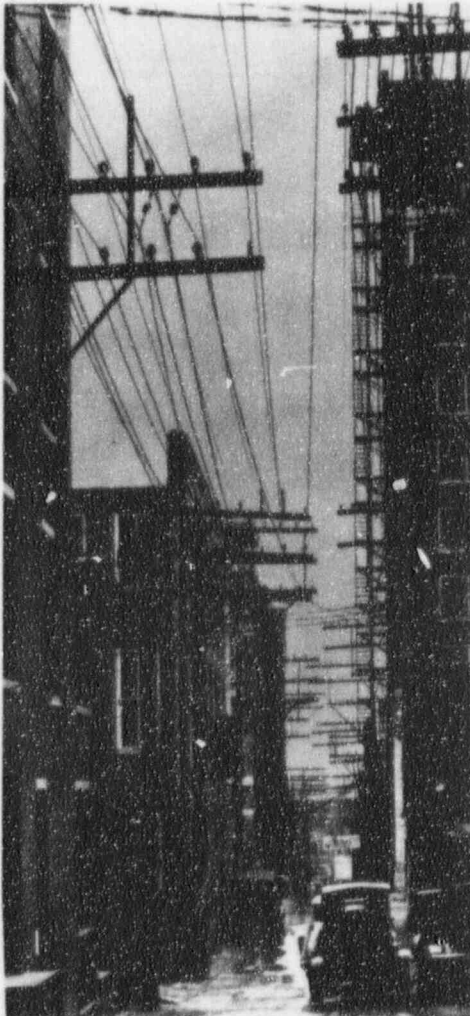
1895-1904

States create regulatory commissions to oversee growth of "utility" services, including a consolidation of electric power suppliers.

The first steam turbine generator goes into service.

1905-1914

American industry adopts mass production and automation; electrification grows rapidly in factories, commercial buildings and city dwellings.



1915-1924

Samuel Insull consolidates numerous electric companies serving millions of Americans in all or portions of 32 states; others, such as financier J. P. Morgan, industrialist Cyrus Eaton and the General Electric Co., begin integrating electric utility companies into large holding companies.



Samuel Insull

Congress enacts the Federal Water Power Act, the first federal regulation of electric power.

1925-1934

Holding companies with complex organizational structures control the majority of electric and gas utilities in the U.S.

President Franklin D. Roosevelt and Sen. George Norris of Nebraska head the effort that brings electricity to rural America largely through the Tennessee Valley Authority and the Rural Electrification Administration.



Electric utilities diversify into ice, transit and other businesses.

The Great Depression halts economic growth around the world and leads to the collapse of many utility stocks and bonds.



1935-1944

1945-1954

1955-1964

1965-1974

1975-1984

1985-1994

Congress passes the Public Utility Holding Company Act of 1935 (PUHCA) to break up large utility trusts.

Congress greatly expands the jurisdiction of the Federal Power Commission to regulate wholesale power and interstate transmission service.

Electricity demand grows rapidly because of World War II production and the post-war boom in new housing and electric appliance sales.

The Securities and Exchange Commission declares the PUHCA's mission accomplished after the last of the large utility holding companies is broken up.

Electricity is generated for the first time by nuclear energy at Shippingport, PA.

A transmission glitch near Niagara Falls cuts off electricity to 30 million Northeasterners, including New York City.

Dozens of utilities decide to invest in nuclear power plants to insulate themselves from oil and natural gas price spikes.

Congress passes the Clean Air Act to curb pollution.

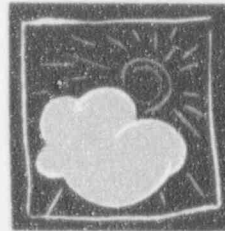
Environmental activists protest utility investments in nuclear energy; many utilities cancel proposed nuclear power plants.

Congress and President Carter create the U.S. Department of Energy as Carter declares the "moral equivalent of war" on wasteful energy consumption.

Congress passes rigorous amendments to the Clean Air Act including stringent constraints on power plant emissions.

Utilities embark on ambitious programs to conserve electricity.

Congress passes Energy Policy Act of 1992, deregulating electric power generation and setting



Peacetime population and economic growth increase demand for electricity about 7 percent annually.

Author Rachel Carson calls for a war on pollution in her book *Silent Spring*, planting the seeds for the environmental movement.

A cold winter and spot shortages of coal and natural gas trigger electricity "brownouts" in Texas and several Atlantic Coast states.

Arab oil embargo triggers large gaps between the prices of different fossil fuels used to generate electricity.

Congress passes Public Utility Regulatory Policies Act of 1978 to encourage cogeneration of steam and electricity by mandating utilities to purchase the electricity from qualifying facilities.

Congress passes the Fuel Use Act strictly limiting natural gas burning for electric power generation.

Three Mile Island nuclear plant accident halts the new development of nuclear energy for electric power generation; by now, utilities have cancelled more than 180 proposed nuclear reactors.

Iran triggers the decade's second oil embargo and shortage; spot oil prices skyrocket to \$40 a barrel.

An oversupply of oil and natural gas and a worldwide economic downturn send fossil fuel prices falling as the energy boom goes bust.

the stage for heightened competition in the transmission and distribution of electricity.

The Federal Energy Regulatory Commission issues its first transmission mandate under the Energy Policy Act, ordering Florida Power & Light Co. to provide transmission service for the Florida Municipal Power Agency for a fee.

A handful of utilities cut dividends and restructure their electric power operations.

The California Public Utilities Commission proposes to deregulate its electricity market by 2000.



Central and South West's core business is conducted by four electric utility operating companies serving customers in Texas, Oklahoma, Louisiana and Arkansas. That business accounted for 85 percent of our revenues in 1994.

Because the regions they serve are growing and economically diverse, our electric companies will provide us a strong financial foundation for years into the future. Our retail kilowatt-hour sales of electricity increased by approximately 3.5 percent in 1994, largely as a result of expanding

economic activity and intensified marketing. Sales of electricity to wholesale customers increased 21.9 percent, bringing our total kilowatt-hour sales growth to 5.5 percent for the year. During the next 10 years, we expect our total kilowatt-hour sales growth to approximate 2.4 percent a year.

Our electric business continued changing—to improve customer service, reduce costs and help us succeed in a more competitive environment.

greater cost-effectiveness in this segment of our corporation.

By freeing our utilities from the responsibilities for support services, they can focus solely on the needs that will determine their long-term success: satisfying their customers, building their business and expanding their services.

The restructuring in 1994 included restaffing all the positions throughout the CSW system. Hundreds of employees were assigned to new functions and new locations. The restructuring reduced



"We're having to take on a lot more responsibility," says Ronnie Muniz, a CPL serviceman. "When we started using mobile data computers in our trucks, we were scared of them. But the more we got into it, the more we liked it. In my opinion, the computer has been a real asset. It's made a big difference."



"Consolidating fuel purchases for the CSW system is like buying milk; a gallon costs less than four quarts," says Les Dillahunt, CSWS vice president of fuels. "Our consolidated purchasing contributed more than \$1 million of operating and maintenance savings in 1994," he says.



Janet Miller, while reading meters for SWEPCO in Gilmer, Texas, surveys her customers' heating and cooling equipment. "I'm so familiar with the territory, I know who needs a new one," she says. Her attention has helped her customers save money by replacing old equipment with new heat pumps.

In 1994, we restructured our electric companies under a new business unit called CSW Electric and centralized most common service functions into Central and South West Services, Inc. This single organization is now responsible for certain management functions relating to power plant operations, engineering activities, administrative support, accounting, billing, data processing and other functions. As a result, we expect major improvements in efficiency and productivity to create



"Employees are learning to work with new team members and team leaders, requiring them to commit fully as a team player. They also are taking responsibility for continuing their own education. That's an excellent way to improve your own value and that of the organization," says Lillian Ray, PSO equal employment opportunity and affirmative action consultant.



Sam Hunt, WTU manager of substation maintenance: "My employees maintain the electric power equipment located in substations to ensure high reliability of electric service for WTU customers. As a result of restaffing, we've delegated many increased responsibilities to crew foremen. In addition to working on WTU equipment, we now offer maintenance services to outside customers, such as municipalities and rural electric cooperatives."



Angelina Stevenson, PSO telephone service representative, is working to fully meet her customers' needs with just one phone call. "We want customers to feel satisfied and confident that their needs are being met and that they don't have to call us back to make sure we're following through," she says.

"Now our utilities don't have to worry about payrolls, coal trains, invoicing and other distractions. They can focus on the

efficient procedures even though every step may be totally different from our traditional approach. The goal of our re-engineering effort—which is the first stage of a dynamic process of continual improvement—is to reduce even further the rate of growth of our operating and maintenance expense achieved through our 1994 restructuring and restaffing.

Our electric utilities also will continue to place a greater emphasis on understanding our customers, satisfying their needs and developing new services to help them

Similarly, we have completed in-depth profiles of every customer group served by our electric companies. Through personal interviews, we have gathered detailed information about their use of electricity and use of energy, in general. With this data, we have gained a better understanding of our customers' needs to help us serve them better. We also have found insights into opportunities for new electricity-related services. These can increase our sales by expanding the value of our service to customers.



A major storm outage in 1994 sparked the thinking of Sammie Cox, SWEPCO area manager at DeQueen, Arkansas; Tom Shoemake, PSO area manager at Broken Bow, Oklahoma; and Brad Roberts, PSO area manager at Idabel, Oklahoma. They asked: How can we support each other in future emergencies to get the power to our customers restored quicker? In deciding to pool their

resources, they also discovered synergies between their offices, which are located only a half-hour apart in a remote, mountainous region. "It's very easy to do things differently because more decisions are being made at the local level," says Shoemake. "We work in a climate that lets us open our minds to things no one would have considered a few years ago."

issues that count—making customers happy, reducing costs and expanding our revenues."

—Harry D. Mattison, Executive Vice President of CSW and President and Chief Executive Officer of CSW Electric

Layne Chandler, a SWEPCO engineering technician in Texarkana, took her daily customer contacts to a new level. She sold 144 area and security lights in a companywide campaign that is adding more than \$400,000 to SWEPCO's non-fuel annual revenue. "I believe we're all part of marketing," Chandler says.

"We've come to realize our true product isn't the kilowatt-hour," says Tom Reynolds, PSO's director of business ventures. "It's the comfort of air conditioning, the efficiency of electrotechnology that improves a paint-drying process or the reliability of an electric compressor on a gas pipeline. We're becoming a full-service company—and a better business partner to our customers."

our total work force by more than 7 percent systemwide.

During the year, we also completed several fuel settlements and renegotiations with suppliers as well as pipelines and railroads that deliver fuel to our plants. The benefits from these settlements for our customers are estimated to have a net present value exceeding \$260 million.

In 1995, we will begin re-engineering our business. We will examine many of the services we provide to identify the most

become more productive and profitable. For example, Public Service Company of Oklahoma is working with 20 industrial customers to provide real-time pricing and variable rates for electricity, allowing customers to adjust their use of energy to time periods when it is less expensive. Southwestern Electric Power Company is developing a similar program. We intend to help our communities attract new employers that want to take advantage of this benefit.

Electric utilities no longer can achieve desired growth simply from increases in electric sales to their traditional customers. We must develop new services and new customers related to our core business.

CSW recognized this reality five years ago when we began placing greater emphasis on non-utility businesses. Since then, we have been growing these businesses systematically, being careful not to move into new territory too fast or to wander from our core skills and expertise. These new ventures—grouped in a new business unit called CSW Enterprises—already have begun paying off. Furthermore, they have the potential of adding significantly to our earnings capability in the years to come.

CSW Energy. Our subsidiary that develops and operates independent power and cogeneration projects, CSW Energy, Inc., passed a major milestone in 1994. For the first time, it contributed to our corporate earnings. After a loss of \$6 million in 1993, CSW Energy turned the corner and posted a profit of almost \$2 million in 1994. Despite continuing start-up costs to develop new projects, its contribution should continue rising in the years ahead.

In 1994, CSW Energy completed three gas-fired cogeneration plants: a 117-megawatt project in Florida; a 272-megawatt project in Colorado; and a 68-megawatt project in Colorado. It expects to complete another project in Florida in 1995 and is working in various stages of development on 19 others, having a total capacity of more than 5,000 megawatts.

CSW International. Based on CSW Energy's experience with building and operating non-utility power plants in several regions of the United States, we formed a new subsidiary in 1994, CSW International, Inc. Managed as part of CSW Energy,

CSW International will provide the same type of project services in other countries. It also will enable us to participate in transmission and distribution projects in other countries, usually teamed with a local partner.

CSW International will reinforce our efforts in Mexico, where we have close relationships with both government and industry. It also will help us to expand into other countries in Latin America, Europe and Asia that meet our criteria for political and

financial stability and cooperativeness.

Transok. Our largest non-utility subsidiary is Transok, Inc., an intrastate natural gas pipeline and marketing company. Operating primarily in Oklahoma, Transok gathers, processes, stores and markets natural gas and transports it to serve our electric operating companies and other customers.

Since 1990, Transok has expanded its pipeline to 6,436 miles from 2,225 miles and has more than doubled the volume of gas it transports annually to 506 billion cubic feet from 213 billion cubic feet. In 1994, it



Jeff Schroeter, director of project development at CSW Energy, finds most electric utilities taking a "wait and see" approach to building power plants today. Therefore, CSW Energy is developing non-utility generating projects

to fit unique niches. "To win, we must offer lower costs, better solutions and more value for our customers than other alternatives," he says.



A major project begun in 1994 is revising CSW's capital allocation program. "We will be using our cash to create as much shareholder value as possible," says Wendy Hargus, CSW controller. "We will be entering a new era of higher risk and reward as a result of increased competition."



"Our challenge at CSW is to transform our focus from utility assets and the balance sheet to a new focus on customer relationships, margins and free cash flow," says Larry De Simone, CSW vice president of strategic planning and president of CSW Communications.

"We think two-way telecommunications with our customers can help them save on their electric bills. It gives them a much greater degree of choice and control over their energy use."

—Thomas V. Shockley, III, Executive Vice President of CSW and Chief Executive Officer of CSW Enterprises

completed an important 41-mile pipeline extension that connects the western part of its system more directly with the eastern part. With this line, Transok can provide more efficient service to its principal customer, our Public Service Company of Oklahoma subsidiary. Transok also completed the first phase of extensive improvements to its gathering and compression facilities.

Transok contributed \$25 million to our consolidated net income in 1994, a 32 percent increase over its 1993 contribution

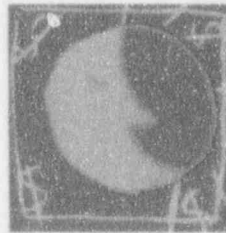


"Transok's success is directly dependent on our ability to deliver a wide range of natural-gas services from the wellhead to the burner tip at the lowest cost and with the highest reliability and convenience to the customer," says

part in this pilot program. Of 2,500 homes that are candidates for this demonstration, we hope to attract nine out of 10, or approximately 2,250 homes, during 1995.

This project will demonstrate the energy efficiency and cost savings that result from giving customers greater choice and control over their electric service using high-speed, two-way telecommunications. Our utility customers will know the exact cost of electricity throughout the day and night, allowing them to schedule many of their uses for periods of low-cost

Randy Randolph, vice president of gas resources for Transok. "We share the CSW commitment to the pursuit of unconditional customer satisfaction."



investments needed to meet peak demands. In addition, we will be able to read meters remotely, detect outages and provide other information services, such as customer messaging and itemized billing.

These energy-efficiency services will use only a portion of the capacity of the telecommunications lines we are installing. In the future, we see potential for leasing or otherwise using the remaining capacity for other services—possibly telephone service, cable television, home security systems or gateways to the "information superhighway."



Bill Morrow, leader of the CSW system's Customer Choice & Control™ project in Laredo, Texas, sees great potential for more rapid and increased contact with our customers using advanced fiber optic and telecommunications technology. The Laredo pilot project helps customers cut their electric bills by

showing them how much electricity they are using and what it is costing them. "Our customers soon will find a genie's lamp at their door step in the form of the information superhighway," Morrow says. "Our job is to offer them energy solutions that will satisfy their wish list."

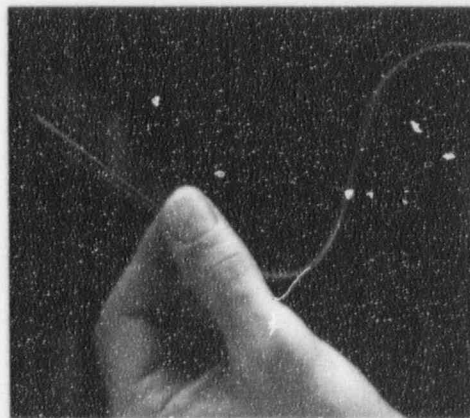
of \$19 million. As the electric industry continues to change, Transok's expertise in natural gas is expected to grow all the more important to CSW.

CSW Communications. In 1994, we established a new business, CSW Communications, Inc., to expand our services to customers through fiber optics and other telecommunications technologies. CSW Communications will consolidate the future design, construction, maintenance and ownership of our system's telecommunications networks.

In February, we announced a \$9 million project in Laredo, Texas, to install fiber optic lines and coaxial cable to residential customers who have volunteered to take

power. Their monthly bills will itemize the cost of their heating and air conditioning system, water heater and one other major appliance, showing the amount of electricity each uses and the cost of that energy.

This information will help our customers reduce their electric bills. If their patterns of electricity use shift to periods of lower consumption, we will be able to defer our generation, transmission and distribution



Fiber optic cable provides high-capacity pathways for two-way communications with our electric utility customers.

What is 'Competition' for a Regulated Electric Utility?

Why does an electric utility have to compete?

Traditionally, U.S. utilities have had exclusive service areas. In exchange for the obligation to serve every customer at a price set by regulatory authorities, utilities received franchises that eliminated competition from other potential suppliers of electricity.

Today, those ground rules are changing rapidly. Because of policy changes at both the national and state levels—in particular,

over its lines for a publicly filed fee. The Energy Policy Act of 1992 encouraged wholesale competition, and in many areas today, the competition for the wholesale business has become intense.

IPPs. Regulated utilities no longer have the exclusive right to generate and sell electric power. Virtually any organization can become an independent power producer, or IPP, simply by installing a power plant. An IPP can sell its power to any wholesale customer.

Cogeneration. Under the Public Utility Regulatory Policies Act of 1978, preference is given to generating facilities that use the excess steam from industrial operations or that provide excess steam to industrial operations. For example, a CSW Energy cogeneration plant provides excess steam for a commercial greenhouse. Within certain restrictions, any electricity produced by a cogeneration facility must be purchased by the local utility for the same amount it would pay to generate its own additional electricity. This amount is called



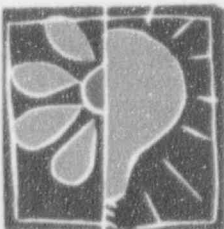
Sharon Peavy, CSW investor relations director, says her group's mission is to accurately represent CSW to the financial community and to give exemplary service to investors. "In recent years, dramatic changes have occurred in the financial community, driven by Wall

Street's downsizing and the resulting decrease in analyst research. As a result, we have taken more responsibility for communicating with the financial community and have solidified our commitment to proactive investor relations at CSW," she says.

the federal Energy Policy Act of 1992—utilities now face direct competition for "wholesale" transactions. And the possibility of complete, wide-open competition for "retail" customers looms on the horizon.

In this more competitive environment, the challenges that electric utilities now face differ fundamentally from those of the past—and so does much of the vocabulary of the business. The following list highlights phrases and concepts that are shaping the new competitive era, along with brief explanations:

Wholesale customers. Other utilities that buy bulk power, towns that operate municipal power systems and rural electric cooperatives are customers defined as "wholesale" because they buy the power for resale. They have the choice of buying their power from any supplier they choose: the local utility, another utility, a cogenerator or an independent power supplier. The local utility must transmit the electricity



Jerry Huckabee, SWEPCO engineering technician at Texarkana, researched "dual certified" territory to find customers eligible to switch to SWEPCO. His research led the way to adding a new line in Red River County and to more customers taking service from SWEPCO.



Mary Gallion was one of many CSW system employees reassigned in 1994, moving from the CSWS human resources division to CSW's shareholder services group. "Just as a newborn has to learn to eat, rest, walk, talk and relate to others in order to survive," Gallion says, "we at CSW have to do the same to compete in this changing society."



"The business we're in changes almost daily because the technology is leapfrogging forward," says J.R. Bludau, supervisor of CPL's central meter shop. Bludau's employees call him a model boss because he includes them in decision making, keeps them well informed and encourages innovation in their work procedures.

the utility's "avoided cost" to build new generating capacity.

Self-generation. Factories, government facilities and even large commercial developments, such as office buildings and shopping centers, can install power plants to generate their electricity. Future technologies—ranging from small fuel cells to more efficient renewable energy sources—could make this option more competitive.

Power brokers. Several forms of "brokering" electric power are being introduced today in the marketplace. Using computerized bulletin boards, middlemen buy and sell excess electric power among utilities and wholesale customers. Soon, we likely will see the rise of trading floors where electricity is marketed as a commodity. This creation of a "spot market" for buying and selling electricity in the U.S. would promote "retail" competition for electric companies.

Retail competition. Individual customers do not have the option to select their electric power supplier. In California, Michigan and other states, regulators are considering such an arrangement, at least for large customers. Retail competition would mean that customers could buy electricity from the local utility, a more distant utility, an independent power plant, a co-generation facility, a power broker or any other supplier. The local utility would have to transmit the energy for a set fee. The situation would be similar to the deregulation of the long-distance telephone industry, in which many suppliers today are competing for the consumers' business.

Stranded investment. Many power plants completed in the 1980s turned out to be extremely expensive. Often, the reasons were outside the control of the utility owners: high inflation rates, high interest costs, regulatory delays, changing federal energy policies, slowdowns in the growth of energy use, etc. Those power plants now generate electricity at costs that potentially could render them uneconomical in a competitive market. The utilities still must pay for the capital cost of those plants over the next 20 to 30 years. If they cannot charge their customers for those costs, the utilities will face great difficulties in carrying these "stranded" investments. How this issue is resolved will have enormous implications for the financial stability of the electric utility industry and the future competitiveness of individual electric companies.

Comparable transmission service. The Federal Energy Regulatory Commission is pursuing a goal of equalizing the access to utility transmission systems. The result, the FERC says, should allow the lowest-cost electricity to be transmitted to the customer by removing artificial barriers. Specifically, the FERC has determined that transmission service that is not unduly discriminatory or anti-competitive should offer third parties access to a transmission system on the same or comparable basis, and under comparable terms and conditions, as the transmission system owner's uses of the system.

The FERC's goal of having all transmission system owners offer such comparable transmission service to others has been extended to transmitting utilities involved in mergers. The FERC has required El Paso Electric, PSO and SWEPCO to offer such services over their transmission facilities as a condition to approval of the merger between El Paso Electric and CSW. The result of this and other "comparability" cases now pending before the FERC could determine whether transmitting utilities can expect to derive meaningful benefit from transmission ownership in the future.

PUHCA Reform. Sixty years after it was enacted, the Public Utility Holding Company Act of 1935 continues to constrain certain multistate electric utility systems. For decades the law has been unnecessary, as numerous studies by the federal government have shown. With competition intensifying in the industry, the act has become a serious obstacle to the 11 registered electric utility holding companies like CSW that must get approval from the Securities and Exchange Commission before they can make a



"It's all a matter of attitude," says Roland Peña, an economic development specialist at WTU. Peña spends much of his time traveling to attract businesses to locate facilities in WTU's service area. "I believe in the vision and goals that CSW has set. Our system philosophy will provide the attitude and latitude to adapt to change and to overcome the challenges ahead."



"Change is kind of exciting," says Carron Rapach, in the information services department at CPL. Rapach, who has been recognized by coworkers for encouraging change, notes: "We're not having to stay with the old ways we used to do things. We are getting the opportunity to reinvent how we do things. And to me, that's fun."

financial investment or take any action not directly related to their traditional electric power business. Many other utilities are structured as holding companies and some even operate in more than one state but are exempt from most provisions of this law. We believe the law is discriminatory and needs to be repealed.

Operational Profile

Central and South West Corporation

Unit	Year	Operating Revenues <i>millions</i>	Net Income for Common <i>millions</i>	Earnings per CSW Share	Return on Average Common Stock Equity %	Capitalization Ratios		
						Common Stock Equity %	Preferred Stock %	Long-term Debt %
<i>Central and South West Corporation</i> , a public utility holding company, owns four electric operating subsidiaries, an intrastate gas pipeline subsidiary and six other subsidiaries.	1994	\$3,623	\$394	\$2.08	13.4	48	5	47
	1993	3,687	308	1.63	10.6	49	6	45
	1992	3,289	382	2.03	13.5	49	6	45
<i>Central Power and Light Company</i> provides electricity to 603,000 customers in south Texas.	1994	\$1,218	\$192	\$1.01	13.3	45	8	47
	1993	1,224	158	0.84	11.1	47	9	44
	1992	1,113	202	1.07	14.2	47	9	44
<i>Public Service Company of Oklahoma</i> provides electricity to 470,000 customers in eastern and south-western Oklahoma.	1994	\$740	\$67	\$0.36	15.1	52	2	46
	1993	708	46	0.24	10.5	51	2	47
	1992	622	45	0.24	10.5	50	2	48
<i>Southwestern Electric Power Company</i> provides electricity to 403,000 customers in northwestern Louisiana, northeast Texas and western Arkansas.	1994	\$825	\$102	\$0.54	15.5	51	4	45
	1993	837	79	0.42	12.0	50	4	46
	1992	778	91	0.49	14.4	53	4	43
<i>West Texas Utilities Company</i> provides electricity to 185,000 customers in north-central and west Texas.	1994	\$343	\$37	\$0.19	13.8	56	1	43
	1993	315	29	0.16	10.9	59	1	40
	1992	319	34	0.18	12.9	54	3	43

Unit	Year	Operating Revenues <i>millions</i>	Net Income for Common <i>millions</i>	Earnings per CSW Share	Return on Average Common Stock Equity %	Capitalization Ratios		
						Common Stock Equity %	Preferred Stock %	Long-term Debt %
<i>Transok, Inc.</i> , an Oklahoma natural gas gathering, transportation and marketing company, delivers gas for system companies and for non-affiliated customers; it also operates gas processing plants and sells gas to markets across the United States.	1994	\$647	\$25	\$0.13	9.4	60	—	40
	1993	705	19	0.10	8.8	56	—	44
	1992	543	20	0.11	11.3	58	—	42

Note: Financial and operating statistics for CSW subsidiaries do not reflect the elimination of intercompany transactions with affiliates.

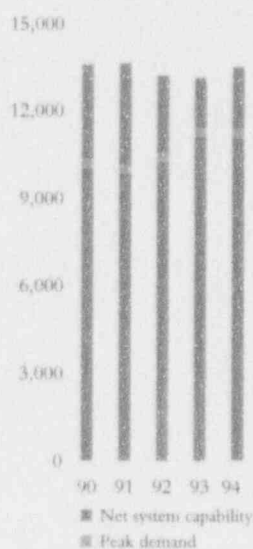
The condensed consolidated financial statements in this summary annual report were derived from the consolidated financial statements that appear in Appendix A to the proxy statement for the 1995 annual meeting of shareholders. Copies of the consolidated financial statements and the report of Arthur Andersen LLP thereon may be obtained by calling Central and South West Corporation's shareholder services department at 1-800-527-5797.

Kilowatt-hour Sales billions	Revenue per Residential Kilowatt-hour cents per kWh	Generating Capability* megawatts	Peak Demand megawatts	Average Fuel Cost per million Btu	Fuel Mix					Number of Customers thousands	Number of Employees	Ratio of Customers to Employees
					Gas %	Coal %	Lignite %	Nuclear %	Purchases %			
57.3	7.06¢	14,177	11,434	\$1.82	44	36	9	6	5	1,661	8,055	
54.4	7.29	14,316	11,464	2.11	42	40	9	1	8	1,633	8,707	
51.8	7.17	14,184	10,606	1.92	37	40	9	8	6	1,599	8,595	
19.1	7.97¢	4,410	3,732	\$1.75	50	22	-	17	11	603	1,933	312
17.6	8.45	4,410	3,518	2.17	53	26	-	2	19	589	2,299	256
17.2	7.99	4,414	3,347	1.70	47	24	-	24	5	577	2,308	250
15.1	6.24¢	3,902	3,167	\$1.96	53	38	-	-	9	470	1,552	303
14.2	6.28	4,058	3,147	2.38	49	41	-	-	10	466	1,970	237
13.4	6.24	3,907	3,010	2.34	47	39	-	-	14	462	2,035	227
19.5	6.41¢	4,464	3,526	\$1.75	21	43	26	-	10	403	1,777	227
18.4	6.65	4,464	3,651	1.94	14	50	26	-	10	396	2,033	195
16.8	6.73	4,464	3,237	1.93	10	55	27	-	8	379	1,982	191
6.5	7.86¢	1,401	1,262	\$1.88	56	40	-	-	4	185	1,090	170
6.6	7.92	1,384	1,201	1.91	57	38	-	-	5	182	1,239	147
6.0	7.93	1,399	1,118	1.82	56	41	-	-	3	181	1,249	145

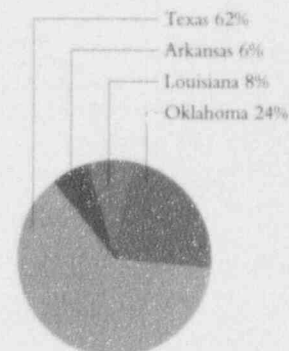
* Maximum peak capability (annual rating); includes 557 megawatts in long-term storage for 1994 and 719 megawatts in long-term storage for 1993 and 1992.

Natural Gas Liquids Production Volumes millions of gallons	Throughput billions of cubic feet	Pipeline Miles
399	506	6,436
356	490	6,373
361	448	5,347

Net System
Capability
at Peak Demand
Megawatts



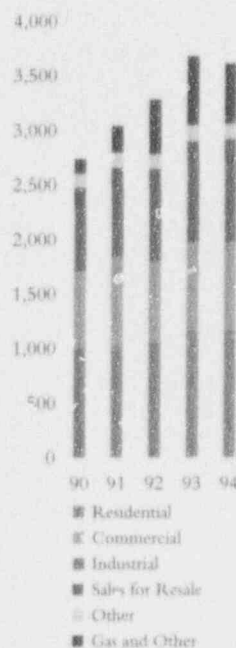
1994 Electric
Revenues by State



Condensed Consolidated Statements of Income
Central and South West Corporation

	For the Years Ended December 31,		
	1994	1993	1992
	(millions except per share amounts)		
Revenues			
Electric	\$3,065	\$3,055	\$2,790
Gas and Other	558	632	499
	<u>3,623</u>	<u>3,687</u>	<u>3,289</u>
Expenses			
Fuel and Purchased Power	1,161	1,209	1,035
Natural Gas and Gas Products	374	482	378
Operations and Maintenance	763	887	660
Depreciation and Amortization	356	330	311
Taxes	375	322	317
	<u>3,029</u>	<u>3,230</u>	<u>2,701</u>
Operating Income	<u>594</u>	<u>457</u>	<u>588</u>
Other Income (includes Mirror CWIP			
Amortization of \$68, \$76, and \$83 in 1994, 1993, and 1992, respectively)	111	93	82
Interest Charges	(293)	(269)	(266)
Cumulative Effect of Changes in Accounting			
Principles	--	46	--
Net Income	<u>412</u>	<u>327</u>	<u>404</u>
Preferred Stock	18	19	22
Net Income for Common Stock	<u>\$ 394</u>	<u>\$ 308</u>	<u>\$ 382</u>
Average Common Shares	189.3	188.4	188.3
Earnings per Share	\$ 2.08	\$ 1.63	\$ 2.03
Dividends Paid per Share	\$ 1.70	\$ 1.62	\$ 1.54

Revenues by Customer Class
Dollars in Millions



Return on Average Common Equity
 %



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Condensed Consolidated Statements of Cash Flows*Central and South West Corporation*

	For the Years Ended December 31,		
	1994	1993	1992
	(millions)		
Operating Activities			
Net Income	\$412	\$ 327	\$404
Depreciation and Amortization	402	366	351
Other Adjustments to Net Income and Changes in Assets and Liabilities	(50)	1	(69)
	<u>764</u>	<u>694</u>	<u>686</u>
Investing Activities			
Capital, Acquisition, and CSW Energy Project Expenditures	(714)	(741)	(486)
Collections (Purchases) of Non-affiliated Accounts Receivable	11	(314)	11
Other	(14)	(14)	(8)
	<u>(717)</u>	<u>(1,069)</u>	<u>(483)</u>
Financing Activities			
Change in Common Stock	50	1	2
Change in Debt and Preferred Stock	208	651	158
Payment of Dividends	(340)	(325)	(312)
	<u>(82)</u>	<u>327</u>	<u>(152)</u>
Net Change in Cash and Cash Equivalents	(35)	(48)	51
Cash and Cash Equivalents - January 1	62	110	59
Cash and Cash Equivalents - December 31	<u>\$ 27</u>	<u>\$ 62</u>	<u>\$110</u>

Condensed Consolidated Balance Sheets*Central and South West Corporation*

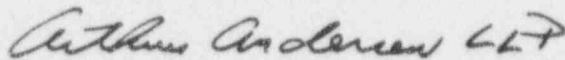
	As of December 31,	
	1994	1993
	(millions)	
Assets		
Utility Plant	\$11,055	\$10,595
Gas and Other Diversified Plant	813	748
Accumulated Depreciation	(3,870)	(3,550)
Net Plant	<u>7,998</u>	<u>7,793</u>
Current Assets	1,189	1,254
Deferred Charges and Other Assets (includes approximately \$1,000 in regulatory assets for 1994 and 1993)	1,722	1,557
	<u>\$10,909</u>	<u>\$10,604</u>
Capitalization and Liabilities		
Common Stock	\$ 3,052	\$ 2,930
Preferred Stock	327	350
Long-term Debt	2,940	2,749
Total Capitalization	<u>6,319</u>	<u>6,029</u>
Current Liabilities	2,107	2,143
Deferred Credits	2,483	2,432
	<u>\$10,909</u>	<u>\$10,604</u>

Report of Independent Public Accountants

To the Shareholders and Board of Directors of
Central and South West Corporation:

We have audited, in accordance with generally accepted auditing standards, the consolidated balance sheets of Central and South West Corporation (a Delaware corporation) and subsidiary companies as of December 31, 1994 and 1993, and the related consolidated statements of income, retained earnings and cash flows for each of the three years in the period ended December 31, 1994, appearing in Appendix A to the proxy statement for the 1995 annual meeting of shareholders of the Corporation (not presented herein). Our report dated February 13, 1995, also appearing in that proxy statement, contained an explanatory paragraph calling attention to certain changes in methods of accounting in 1993 discussed in Note 1 to those consolidated financial statements.

In our opinion, the information set forth in the accompanying condensed consolidated balance sheets as of December 31, 1994 and 1993, and in the related condensed statements of consolidated income and cash flows for each of the three years in the period ended December 31, 1994, is fairly stated, in all material respects, in relation to the consolidated financial statements from which it has been derived.

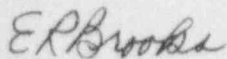


Arthur Andersen LLP
Dallas, Texas
February 13, 1995

Report of Management

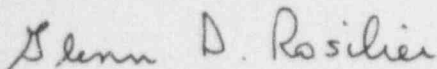
The condensed consolidated financial statements in this summary annual report were derived from the consolidated financial statements that appear in Appendix A to the proxy statement for the 1995 annual meeting of shareholders. Management is responsible for preparing the consolidated financial statements, in accordance with generally accepted accounting principles appropriate in the circumstances, and for maintaining the Corporation's systems of internal accounting controls.

A description of these controls, along with management's opinion about their overall effectiveness, is contained within the Report of Management included in Appendix A to the proxy statement for the 1995 annual meeting of shareholders. The consolidated financial statements were audited by Arthur Andersen LLP, the Corporation's independent public accountants, whose report on the condensed consolidated financial statements appears elsewhere in this summary annual report.




E.R. Brooks

Chairman, President and Chief Executive Officer



Glenn D. Rosilier

Senior Vice President and Chief Financial Officer



Wendy G. Hargus

Controller

Comparative Statistical and Financial Record
Central and South West Corporation

	1994	1993	1992	1991	1990
<i>Operating Revenues (millions)</i>					
Electric					
Residential	\$ 1,156	\$ 1,160	\$ 1,046	\$ 1,081	\$ 1,003
Commercial	836	832	773	778	724
Industrial	733	736	659	632	596
Sales for resale	204	179	177	173	159
Other	136	148	135	139	128
Gas and other	558	632	499	244	134
	<u>\$ 3,623</u>	<u>\$ 3,687</u>	<u>\$ 3,289</u>	<u>\$ 3,047</u>	<u>\$ 2,744</u>
<i>Sales (Kilowatt-hours in millions)</i>					
Residential	16,368	15,903	14,593	15,236	14,857
Commercial	13,463	12,966	12,370	12,512	12,321
Industrial	18,869	18,205	17,257	16,739	15,980
Sales for resale	7,133	5,852	6,262	5,942	5,526
Other	1,501	1,434	1,363	1,346	1,329
	<u>57,334</u>	<u>54,360</u>	<u>51,845</u>	<u>51,775</u>	<u>50,013</u>
<i>Average Number of Customers (thousands)</i>					
Residential	1,403	1,378	1,353	1,335	1,322
Commercial	203	198	195	193	192
Industrial	24	25	25	25	25
Other	13	12	12	12	11
	<u>1,643</u>	<u>1,613</u>	<u>1,585</u>	<u>1,565</u>	<u>1,550</u>
<i>Number of Customers – End of Period (thousands)</i>					
	1,661	1,633	1,599	1,577	1,560
<i>Residential Sales Averages</i>					
Kwh per customer	11,665	11,541	10,786	11,413	11,238
Revenue per customer	\$ 824	\$ 842	\$ 773	\$ 810	\$ 759
Revenue per kilowatt-hour	7.06¢	7.29¢	7.17¢	7.10¢	6.75¢
<i>Total Electric Revenue per Kwh</i>	5.35¢	5.62¢	5.38¢	5.41¢	5.22¢
<i>System Peak Demand (megawatts)</i>					
	11,434	11,464	10,606	10,203	10,397
<i>Fuel Data</i>					
Average Btu per net Kwh	10,344	10,391	10,482	10,461	10,456
Cost per million Btu	\$ 1.82	\$ 2.11	\$ 1.92	\$ 1.87	\$ 1.95
Cost per Kwh generated (mills)	18.80	21.90	20.12	19.59	20.45
<i>Total Plant (millions)</i>					
Cost	\$11,868	\$11,343	\$10,826	\$10,788	\$10,251
Annual additions	616	594	457	578	694
Accumulated depreciation	3,870	3,550	3,265	2,986	2,701
<i>Capitalization (millions)</i>					
Common stock	\$ 3,052	\$ 2,930	\$ 2,927	\$ 2,834	\$ 2,743
Preferred stock	327	350	367	389	394
Long-term debt	2,940	2,749	2,647	2,518	2,513

1989	1988	1987	1986	1985	1984
\$ 921	\$ 911	\$ 857	\$ 885	\$ 894	\$ 864
673	657	635	666	72	650
567	553	554	651	734	768
179	181	170	175	238	305
120	120	134	111	116	129
89	90	93	67	57	50
<u>\$ 2,549</u>	<u>\$ 2,512</u>	<u>\$ 2,443</u>	<u>\$ 2,555</u>	<u>\$ 2,711</u>	<u>\$ 2,766</u>
14,268	14,036	13,518	13,338	13,321	12,853
11,993	11,663	11,319	11,256	11,004	10,464
15,181	14,578	14,168	14,997	15,591	15,587
5,448	5,920	5,435	4,907	6,391	7,784
1,308	1,284	1,259	1,279	1,333	1,321
<u>48,198</u>	<u>47,481</u>	<u>45,699</u>	<u>45,777</u>	<u>47,640</u>	<u>48,009</u>
1,308	1,298	1,292	1,291	1,281	1,259
190	189	188	187	184	179
25	25	25	25	25	25
12	11	11	12	12	11
<u>1,535</u>	<u>1,523</u>	<u>1,516</u>	<u>1,515</u>	<u>1,502</u>	<u>1,474</u>
1,546	1,531	1,523	1,518	1,515	1,494
10,908	10,814	10,463	10,332	10,399	10,209
\$ 704	\$ 702	\$ 663	\$ 685	\$ 698	\$ 686
6.46¢	6.49¢	6.34¢	6.64¢	6.71¢	6.72¢
5.10¢	5.10¢	5.14¢	5.44¢	5.57¢	5.66¢
10,008	10,138	9,668	10,243	9,802	9,830
10,474	10,340	10,367	10,414	10,365	10,377
\$ 2.01	\$ 2.01	\$ 1.94	\$ 2.16	\$ 2.48	\$ 2.72
21.02	20.83	20.16	22.52	25.74	28.29
\$ 9634	\$ 9,370	\$ 8,961	\$ 8,441	\$ 7,911	\$ 7,361
327	466	562	676	851	910
2,448	2,219	2,015	1,827	1,703	1,544
\$ 2,647	\$ 2,594	\$ 2,514	\$ 2,359	\$ 2,206	\$ 2,030
397	396	365	442	385	428
2,537	2,514	2,410	2,343	2,269	2,169

Board of Directors

- T. J. Barlow
*Retired Chairman and Chief Executive Officer
Anderson, Clayton & Co., Houston, Texas*
- Glenn Biggs
President, Biggs & Company, San Antonio, Texas
- Molly Shi Boren
Attorney, Norman, Oklahoma
- E.R. Brooks
*Chairman, President and Chief Executive Officer
Central and South West Corporation
Dallas, Texas*
- Donald M. Carlton
*President and Chairman of the Board
Radian Corporation, Austin, Texas*
- Joe H. Foy
*Retired Partner, Bracewell and Patterson
Kernville, Texas*
- Robert W. Lawless
*President and Chief Executive Officer
Texas Tech University and
Texas Tech University Health Science Center
Lubbock, Texas*
- Harry D. Mattison
*Executive Vice President
Central and South West Corporation
Dallas, Texas*
- James L. Powell
Ranching and Investments, Fort McKavett, Texas
- Arthur E. Rasmussen
*Retired Chairman and Chief Executive Officer
and Chairman of the Executive Committee
Household International, Chicago, Illinois*
- Thomas V. Shockley, III
*Executive Vice President
Central and South West Corporation
Dallas, Texas*
- J. C. Templeton
Investments, Houston, Texas
- Lloyd D. Ward
*Division President - Central
Frito-Lay, Inc., Dallas, Texas*

Committees of the Board of Directors

1. The Audit Committee recommends to the board of directors the independent public accountants to be appointed, subject to shareholder approval. The Audit Committee reviews with the independent public accountants and the Corporation's internal auditors the scope of external and internal audits and the adequacy of, and the compliance with, the Corporation's system of internal accounting controls.
2. The Executive Compensation Committee reviews benefit programs and management succession programs and determines the compensation of executive officers.
3. The Nominating Committee reviews the compensation of the board of directors and recommends candidates for membership.
4. The Policy Committee reviews and makes recommendations to the board of directors concerning major policy issues; considers on a continuing basis the composition, structure and functions of the board of directors and its committees; and reviews existing corporate policies and recommends changes when appropriate. The Policy Committee has authority to act in place of the board of directors when the board is not in session, to the extent permitted by law.

Membership of these committees is as follows:

- T. J. Barlow (3) (4)
Chairman of the Nominating Committee
- Glenn Biggs (1) (3)
- Molly Shi Boren (1) (2)
- E.R. Brooks (4)
Chairman of the Policy Committee
- Donald M. Carlton (1) (3)
- Joe H. Foy (2) (4)
Chairman of the Executive Compensation Committee
- Robert W. Lawless (1) (2)
- James L. Powell (2) (3)
- Arthur E. Rasmussen (1) (4)
Chairman of the Audit Committee
- J. C. Templeton (1) (2)
- Lloyd D. Ward (1) (3)

Officers

Central and South West Corporation

E.R. Brooks

Chairman, President and Chief Executive Officer

Thomas V. Shockley, III

Executive Vice President

Harry D. Mattison

Executive Vice President

Ferd. C. Meyer, Jr.

Senior Vice President and General Counsel

Glenn D. Rosilier

Senior Vice President and Chief Financial Officer

Thomas M. Hagan

Vice President, Government Relations—

Office of the Chairman

Lawrence E. De Simone

Vice President, Strategic Planning

G. Holman King

Vice President, Mergers and Acquisitions

Kenneth C. Raney, Jr.

Vice President and Assistant General Counsel

Michael D. Smith

Vice President, Corporate Services

Frederic L. Frawley

Corporate Secretary and Senior Attorney

Wendy G. Hargus

Controller

Stephen J. McDonnell

Treasurer

CSW Leasing, Inc.

Glenn D. Rosilier

President

CSW Credit, Inc.

Glenn D. Rosilier

President

CSW Electric

Harry D. Mattison

President and Chief Executive Officer

Central Power and Light Company

Robert R. Carey

President and Chief Executive Officer

Public Service Company of Oklahoma

Robert L. Zemanek

President and Chief Executive Officer

Southwestern Electric Power Company

Richard H. Bremer

President and Chief Executive Officer

West Texas Utilities Company

Glenn Files

President and Chief Executive Officer

Transition Executive, El Paso Electric Transition Team

Central and South West Services, Inc.

M. Bruce Evans

President, Operation Services

Richard P. Verret

President, Production Services

CSW Enterprises

Thomas V. Shockley, III

President and Chief Executive Officer

Transok, Inc.

F. Joseph Becraft

President and Chief Executive Officer

CSW Energy, Inc.

Terry D. Dennis

President and Chief Executive Officer

CSW Communications, Inc.

Lawrence E. De Simone

President

CSW International, Inc.

Terry D. Dennis

President and Chief Executive Officer

Information for Shareholders

Common Stock Listing

Central and South West Corporation's common stock is traded under the ticker symbol CSR and listed on the New York and the Chicago stock exchanges.

You can obtain stock quotations from the New York Stock Exchange report in most daily newspapers under the listing CenSoW.

Common Stock Dividends

Dividends of 42.5 cents a share were paid in each quarter of 1994. All dividends paid by the Corporation represent taxable income to shareholders for federal income tax purposes.

The Corporation's board of directors in January 1995 increased the quarterly dividend rate to 43 cents a share, payable on February 28, 1995, to shareholders of record on February 8, 1995. The increase marked the 44th consecutive year of higher dividends paid by the Corporation. The Corporation is one of only three companies listed on the New York Stock Exchange to have such an uninterrupted record of dividend increases.

Traditionally, the Corporation's board of directors has declared dividends to be payable on the last business day of February, May, August and November.

Lost Dividend Checks or Stock Certificates

If you do not receive your dividend check or stock certificate, or if they are lost, destroyed or stolen, please call our shareholder services department immediately.

Stock Transfer

Central and South West Services, Inc., is the transfer agent and registrar for Central and South West Corporation's common stock and for the preferred stocks of the Corporation's subsidiary companies.

To transfer your stock to another name, write the new name, address and tax identification number on the back of the certificate and sign your name exactly as it appears on the front. Then, have your signature Medallion-guaranteed by a commercial bank or a stockbroker whose firm is a member firm of the New York Stock Exchange. Signatures cannot be Medallion-guaranteed by a notary public.

Your stock certificate should be sent to our shareholder services department by registered or certified mail.

If you have questions about transferring your shares, you can write or call our shareholder services department.

Taxpayer ID Number

Federal law requires each shareholder to provide a taxpayer identification number for all shareholder accounts. For individual shareholders, your ID number is your Social Security number.

You must provide your ID number whenever you open a new account in our stock, even if you already own stock in existing accounts in your name. If you do not provide the ID number, the Corporation is required to withhold 31% federal income tax from your dividends.

If your stock is registered in a joint account, it is important to tell us the taxpayer ID number of the primary owner you designate. If you are a custodian for a minor or act as a trustee on an account, please provide the beneficial owner's tax identification number. This will ensure that your dividends are reported under the correct name, address and taxpayer ID number.

If you have not yet given us your taxpayer ID number, please contact our shareholder services department to request a W-9 form. Complete, sign and return the form as soon as possible.

Duplicate Annual Report Mailings

We are required to mail an annual report to all of our shareholders. You will receive duplicate mailings from us if there are two or more shareholders at the same address or if your shares are registered in different, but similar, names.

Direct Deposit

We are pleased to offer direct deposit of dividend payments to your checking, savings or credit union account at any financial institution that accepts electronic direct deposits. Direct deposit eliminates the possibility of your check being lost or stolen, and the funds are credited to your account on the dividend payment date. If you would like an enrollment card, please call our shareholder services department.

Proxy and Dividend Mailing

Duplicate mailings of proxies and dividend checks cannot be eliminated unless the registration is the same for all of your accounts.

If your account registrations are identical, notify our shareholder services department that you want to combine your accounts. If your account registrations are different and you want to combine your accounts, all certificates must be issued in the one registration you prefer. To have your certificates reissued, follow the instructions under Stock Transfer.

1995 Annual Meeting

The 1995 annual meeting of shareholders is scheduled for April 20. It will be held at the Marriott Hotel, 900 N. Shoreline Blvd., Corpus Christi, Texas.

The meeting will begin at 10:45 a.m., Central Daylight time. If you will not be attending the meeting, please vote your shares by signing and returning your proxy card as soon as possible.

PowerShareSM Dividend Reinvestment and Stock Purchase Plan

The Corporation offers its shareholders a convenient way to purchase additional shares of common stock through its PowerShareSM Dividend Reinvestment and Stock Purchase Plan.

The plan offers shareholders, non-shareholders of legal age who are residents of Arkansas, Louisiana, Oklahoma and Texas, and employees and eligible retirees of the Corporation or its subsidiaries a convenient and economical way to purchase the Corporation's common stock.

Once participants are enrolled in the plan, cash dividends, as well as any cash investments and/or payroll or pension deductions, may be used to purchase shares of common stock.

Participants may make optional cash purchases from a \$25 minimum up to \$100,000 per calendar year (annual limit) for the purchase of common stock.

CSW shareholders of record may enroll in PowerShareSM simply by completing and returning the enrollment form received from the Corporation.

Employees and eligible retirees of the Corporation or its subsidiaries may purchase shares of common stock through automatic payroll or pension deductions.

Full investment of funds is possible under the plan (subject to minimum and maximum purchase requirements) because both full and fractional shares will be credited to participants' plan accounts.

Participants may deposit all of their certificates of common stock with our shareholder services department for safekeeping and will receive credit to their plan accounts for such shares.

Participants will receive quarterly statements of account with a record of their activity as soon as practicable following each dividend payment date and will receive written confirmations of investments upon opening plan accounts or making optional cash purchases of plan shares. Statements of account are a participant's continuing record of transactions and should be retained for tax purposes.

Through the plan, participants may sell shares of common stock held or deposited in their plan accounts.

We also offer automatic electronic investment to participants in the PowerShareSM Plan. Optional cash payments can be electronically processed directly from your checking, savings or credit union account at any financial institution that accepts electronic direct debits.

This does not constitute an offer to sell or solicitation of an offer to buy securities. Such offers and solicitations are made by way of prospectus only. No sales of CSW common stock under the plan will be made or commitments to purchase accepted until a copy of the prospectus is delivered. There is no obligation to participate in the plan, and the above does not constitute CSW's recommendation to participate in the plan.

Additional Information

We will be pleased to send you additional copies of this summary annual report. Also available are Appendix A to the proxy statement for the 1995 annual meeting of shareholders, a *Ten-Year Financial and Statistical Review of the Central and South West System* and our latest *Environmental Report of the Central and South West System*.

The Corporation is subject to the informational requirements of the Securities Exchange Act of 1934 and files reports and other information statements with the Securities and Exchange Commission. These reports may be inspected at the SEC and at the New York and the Chicago stock exchanges.

We will provide copies of these reports without charge to any Central and South West shareholder. If you would like to receive a report, please write or call our shareholder services department.

Shareholder Services

Our shareholder services staff is available from 9 a.m. to 4 p.m., Central time, Monday through Friday to answer questions you may have. Our address and telephone number is:

Central and South West Corporation
Shareholder Services Department
P.O. Box 660164
Dallas, Texas 75266-0164
or call:
1-800-527-5797

Security Analyst Contact

Security analysts should contact:
Sharon R. Peavy, Director of Investor Relations
Central and South West Corporation
214-777-1277

If you would like to be included on our investor relations mailing list to receive news releases and other corporate information, please contact our shareholder services department.

Central and South West Corporation

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Dallas Texas 75266-0164