

OHIO EDISON

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ANNUAL  
REPORT  
1993

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## CORPORATE PROFILE

The Ohio Edison System is the 20th largest investor-owned electric system in the United States, based on total kilowatt-hour sales. Ohio Edison Company is headquartered in Akron, Ohio, and its subsidiary, Pennsylvania Power Company, is based in New Castle, Pennsylvania. We provide electric service to more than one million customers within 9,000 square miles of central and northeastern Ohio and western Pennsylvania.

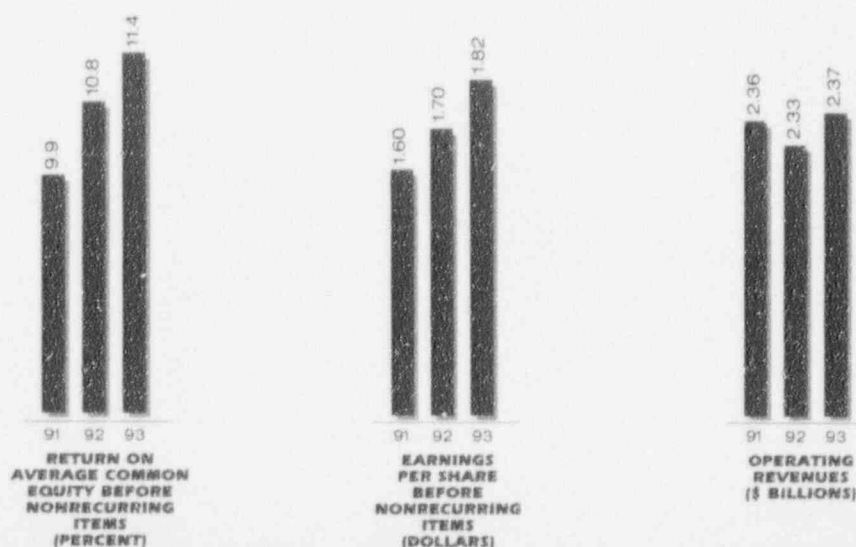
Service Areas  
Ohio Edison Company and  
Pennsylvania Power Company

## CONTENTS

- 2 PRESIDENT'S MESSAGE
- 6 YEAR IN REVIEW
- 95 FINANCIAL REVIEW
- 11 INVESTOR INFORMATION
- 17 DIRECTORS AND MANAGEMENT

## HIGHLIGHTS

	1993	1992
<b>Operating Performance</b>		
Retail Kilowatt-Hour Sales (Millions)	25,042	24,059
Average Annual Residential Kilowatt-Hour Use	8,660	8,132
Generating Unit Equivalent Availability	87.1%	83.4%
Peak Load (Megawatts)	5,729	5,247
Customers Served	1,070,152	1,055,337
Number of Employees	5,978	6,263
Customers per Employee	179	169
<b>Financial Performance</b>		
Operating Revenues	\$2,369,940,000	\$2,332,378,000
Operating Income—		
Before Nonrecurring Charges	\$553,165,000	\$522,115,000
After Nonrecurring Charges	\$525,330,000	\$522,115,000
Net Income—		
Before Nonrecurring Charges	\$301,101,000	\$276,986,000
After Nonrecurring Charges	\$82,724,000	\$276,986,000
Earnings per Common Share—		
Before Nonrecurring Charges	\$1.82	\$1.70
After Nonrecurring Charges	\$0.39	\$1.70
Return on Average Common Equity—		
Before Nonrecurring Charges	11.4%	10.8%
After Nonrecurring Charges	2.4%	10.8%
Dividends per Common Share	\$1.50	\$1.50
Cash Provided From Operations	\$722,883,000	\$589,959,000





1993 was marked by solid gains and decisive action that positioned your Company for future success.

We resolved a key issue affecting our financial outlook by closing the book on nuclear construction. Our decision not to participate in completion of Unit 2 of the Perry Nuclear Power Plant — along with other accounting actions — resulted in a net, after-tax charge against earnings of approximately \$218 million, or \$1.43 per share of common stock.

Excluding these charges, we would have earned \$1.82 per share — a 7-percent increase over the previous year's results of \$1.70. With the write-off, earnings were \$59 million, or 39 cents per share. Even so, we don't expect this action to affect our ability to maintain dividends at current levels.

While no one likes write-offs, the decision ended financial uncertainty that has existed since work was halted on the unit in 1985. And, it enables us to build on our solid performance in 1993:

- We achieved record retail sales of 25 billion kilowatt-hours while producing a new revenue mark.
- We reached an average availability of 87.1 percent — an all-time high for our fossil-fuel generating units.

- We added 14,815 customers, including 218 industrial and 1,609 commercial businesses — our largest customer increase in 20 years.
- We're now serving 105,000 more customers with 1,906 fewer employees than we had in 1982.

In addition, we took aggressive steps to reduce our overall costs. These ranged from the closing of six old, coal-fired generating units to the refinancing of more than \$720 million of securities to an 11-percent work force reduction in our production group. These examples alone will produce annual savings of \$26 million while reducing our capital needs by \$100 million.

While these results are positive, we recognize that we have to do more to meet the challenges of our changing industry. Many of these changes are emerging from the National Energy Policy Act of 1992. The law has begun to open the door to increased competition in our industry by requiring electric utilities to allow the use of their transmission systems for wholesale transactions and by making it easier for nonutilities to enter the generating business. And, many large users of electricity see these changes as opportunities to seek similar access for their retail purchases.





Considering these developments, some market experts have responded with a negative business outlook for investor-owned utilities, including Ohio Edison. This had a chilling effect on utility stock prices, especially in the fourth quarter.

Obviously, our Company doesn't share this outlook. We feel positive about the steps we're taking to compete and succeed in the energy marketplace. As this report illustrates, we're working to achieve a higher level of excellence in the years ahead.

One key step toward that goal is our comprehensive performance initiatives program. Through this effort, we're reviewing every opportunity to increase revenues, improve operating efficiencies and further reduce costs — including some \$30 million in annual savings through improvements in our materials management process alone.

Another positive factor affecting our Company is the continued growth of our service area's economy. In fact, one nationally recognized survey ranked Akron and Summit County, our largest urban area, sixth in the nation in attracting new manufacturing facilities and expansions.

During the year, 73 major manufacturing companies expanded or located in our service area, creating more than 4,500 new jobs and generating an estimated \$16 million in new electric sales. Much of this growth is coming from a diverse manufacturing base that includes rubber, plastics and primary metals. These industries recognize the many strengths this region has to offer, not the least of which is a highly reliable source of electricity.

Beyond providing this key ingredient for business growth, our Company is promoting new opportunities through our Rate Stabilization and Service Area Development Program. Through the program, we've made a commitment to freeze base electric rates until at least 1997. And, we've established a corporate goal to extend the freeze until the year 2000.

Our program also includes up to \$50 million in efficiency incentives for our business and governmental customers. It's part of an attractive economic development package that we can use to support new and expanding businesses in our service area.

In the future, we will continue making every effort to encourage development and to help the businesses we serve remain competitive. Many of these efforts are highlighted in this report, including new partnerships with customers to promote business growth and jobs.

Our future success demands the best from all our employees as we work toward our goal of becoming one of the industry's top performers.

We've got a strong team in place, and we're determined to remain a sound investment — and our customers' energy supplier of choice — for many years to come.

Thank you for your support as we take the steps needed to stay ahead of the changes reshaping our industry.



Willard R. Holland  
President and Chief Executive Officer

February 25, 1994

Through our performance initiatives program, teams of employees are exploring opportunities to improve performance in every major area of our business.



## Record Retail Sales

Retail sales reached an all-time high in 1993, increasing 4.1 percent from the previous year as our Company enjoyed continued improvement in the local economy and a steady increase in the number of customers served. We added 14,815 customers in 1993, including 218 industrial and 1,609 commercial businesses.

We also benefited from high air-conditioning use during a hot summer. In the third quarter alone, retail sales jumped 7.4 percent to a record 6.5 billion kilowatt-hours. In addition, customers of Ohio Edison and Penn Power set three peak demand records in July. The latest peak occurred on July 28 when demand reached 5,729 megawatts (MW), surpassing the record of 5,579 MW set on July 26 and the July 9 record of 5,562 MW. Prior to the July 9 record, the peak had been 5,513 MW, set on August 29, 1991.

Residential sales were up 7.2 percent, and commercial sales rose 4.7 percent for the year. Sales to industrial customers remained steady — up 1.3 percent — despite the 1992 shutdown of Sharon Steel, which was one of the largest customers served by Penn Power. Excluding sales to Sharon Steel, electricity use in the industrial sector was up 6.4 percent, reflecting solid gains in the primary metals, rubber and plastics industries.

## Working To Be The Best

While strong sales are clearly positive results, we recognize the significant challenges our Company faces in the years ahead to compete in the energy marketplace.

Whether we're working to reduce our expenses or add value to the services we provide our customers, our goal remains the same: to be among the best-performing electric companies in the nation.

We made progress toward achieving that goal through a number of aggressive steps taken in 1993.

We're improving our financial position — and enhancing our competitive edge — through an ongoing performance review of virtually every facet of our Company's operations. Launched in 1993, the performance initiatives program has identified a number of opportunities to increase revenues, achieve further cost reductions and improve operating efficiencies. As part of the initiatives, teams of employees are currently focusing on these opportunities in specific areas of the Company. Their work will result in detailed plans that will help us achieve new savings and compete more effectively in the future. The review has already identified savings of more than \$30 million through improvements in our materials management process.

This all-electric Smart House in Warren, Ohio, shows homeowners how they can enjoy greater convenience, control and energy efficiency through a central home computer.



The initiatives will build on other recent actions aimed at reducing our overall expenses. These actions include refinancing more than \$720 million in securities in 1993, which will lower annual expenses by \$11.5 million. Our aggressive refinancing program has reduced the average interest rate on long-term debt from 10.26 percent in 1988 to 8.27 percent in 1993. Similarly, the dividend rate on preferred stock has gone down — from 8.71 percent in 1988 to 6.86 percent in 1993.





*Instead of burning coke, USS/KOBE Steel Company will soon burn pulverized coal from our Edgewater Plant to make hot metal used in this process at its Lorain, Ohio, facility.*

We also closed six old coal-fired generating units — cutting capital needs by \$100 million — and offered qualifying employees in our production group early retirement programs in both 1992 and 1993. Together, these actions reduced our annual operating costs by about \$15 million.

In addition, we've decided that other options for meeting our future generating needs are more economical than completing Unit 2 of the Perry Plant. By not participating in further construction of Perry 2, we eliminated financial uncertainty without affecting our ability to maintain dividends at current levels.

### Improving Performance

Our success in tomorrow's energy market will also demand ongoing improvements in the productivity of our power plants. We made significant gains in this area over the past year.

The availability of our fossil-fuel generating units reached an all-time high in 1993 — 87.1 percent. We also reduced forced outages for the third year in a row while reaching our lowest mark in this area in 30 years.

Continued improvements to our generating system should help us achieve future performance milestones.

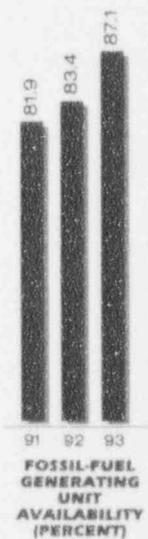
One of these improvements is the new energy management computer system being installed at our System Control Center (SCC). The \$20-million system will improve the performance and security of our generating and transmission network while saving us \$2 million annually through reduced fuel and production costs. Expected to be fully operational in 1995, the computer system will help SCC more efficiently and economically manage key transmission, dispatching and generating responsibilities, including the operation of 120 substations, more than 4,500 miles of transmission lines, 39 generating units and 32 interconnections with other utilities.

We're also working closely with suppliers to keep planned outages at our power plants to a minimum while lowering our production costs. Through a cooperative effort with Babcock & Wilcox, we're ensuring that maintenance work and capital improvements on the Bruce Mansfield Plant's Unit 1 boiler and flue-gas scrubbers are conducted as efficiently as possible during a planned outage in 1994. The outage is needed to install new, low-NO<sub>x</sub> (nitrogen oxides) burners as part of our strategy to comply with the Clean Air Act Amendments of 1990. To prepare for the outage, employees from both companies worked together as a team for nearly a year, focusing on detailed timetables, problem-

solving and productivity goals. This proactive approach is expected to save us about \$5 million, and procedures developed through this effort should lead to additional savings and reliability improvements during future planned outages at our power plants.

In addition, we played a leadership role in forming the Inter-Utility Data Exchange Consortium — a project that will link the energy management systems of several neighboring utilities with ours. As demand for transmission services increases, the consortium will help maintain reliable service by providing members with vital information on the operating status of neighboring transmission systems.

While investing in the latest technologies, we're pursuing another important strategy to improve performance — ensuring a safe and productive work environment. In 1993, our power plant employees set a new safety record by working more than 2.8 million hours without a lost-workday injury. At our W. H. Summis Plant alone, employees worked more than 2.4 million hours without a lost-workday injury — a new record for Ohio Edison power plants. We also took great strides to improve system-wide attendance, reducing time lost due to sickness and injuries by 16 percent in 1993.



Ohio Edison is managing construction of a thermal storage tank at The University of Akron that will provide more efficient cooling for campus buildings.



## New Partnerships With Our Customers

As we take steps to make our own business more competitive, we're creating new partnerships that will help improve the competitive position of the businesses we serve.

This cooperative spirit is a key part of our Rate Stabilization and Service Area Development Program. The program freezes our 1990 base electric rates until at least 1997. It also provides up to \$50 million in long-term loans that business and governmental customers can use to improve the energy efficiency and productivity of their operations, and offers \$25 million in energy-efficiency programs for our residential customers.

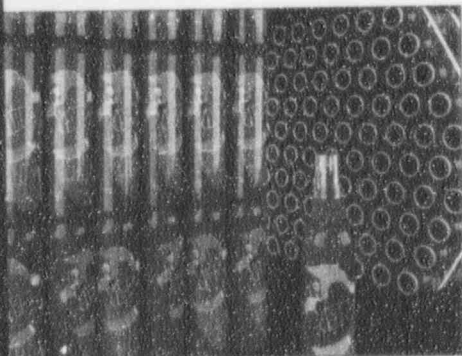
One of the first loans proposed through this program — \$5 million to the Empire-Detroit Steel Company in Mansfield, Ohio — is part of an ongoing, community-based effort to keep the Armeo, Inc., subsidiary open and save approximately 1,000 jobs. This effort met some success in September when Armeo's board of directors approved the installation of a continuous caster at the mill. By making the plant more competitive, the new caster could increase production at Empire-Detroit and eventually add to our electric sales.

An agreement with our Company will enable one of our large, non-industrial customers, The University of Akron, to reduce energy costs by installing a thermal storage tank. This technology will provide more efficient cooling for campus buildings by shifting the use of electricity to off-peak, nighttime hours. Ohio Edison will manage construction of the project for the university.

By the end of the year, our Rate Stabilization and Service Area Development Program had targeted more than \$16 million in loans to 25 of our customers.

Through these and other partnerships, we're making every effort to serve the unique energy needs of our business and governmental customers. For example, we recently entered into an agreement with USS/KOBE to supply the Lorain-based steelmaker with pulverized coal from our Edgewater Plant for an initial period of ten years, beginning in mid-1994. As part of the project, Ohio Edison has started construction on \$8 million in improvements at the Edgewater Plant, including new coal-handling equipment and redesigned coal pulverizers. By enabling the steelmaker to convert a blast furnace from burning coke to coal, the agreement will lower USS/KOBE's operating costs and help keep it competitive in the global steel market. The long-term contract also ensures that

Taking advantage of our five-year incentive rate for new and expanding businesses, the Exal Corporation located its new plant in Youngstown, Ohio, where it will manufacture aluminum aerosol containers.



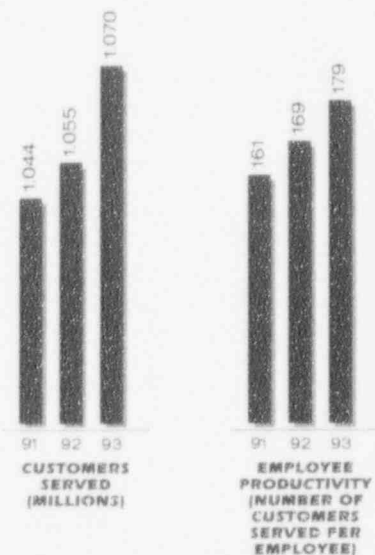


Line crews working in emergency situations benefit from more direct and immediate communications provided by our new 800-megahertz radio system.



USS/KOBE will remain one of our most valued customers for years to come.

In addition, we continue to offer five-year incentive rates for new and expanding businesses that meet criteria related to increased employment and capital investment. In 1993, 32 companies took advantage of these rates while investing about \$90 million in new facilities and creating 1,500 new jobs. These new operations are expected to generate nearly \$9 million in new annual sales for our Company.



The attractiveness of our communities – as exemplified by this historic courthouse in Medina, Ohio – is a strong selling point to businesses and industries.

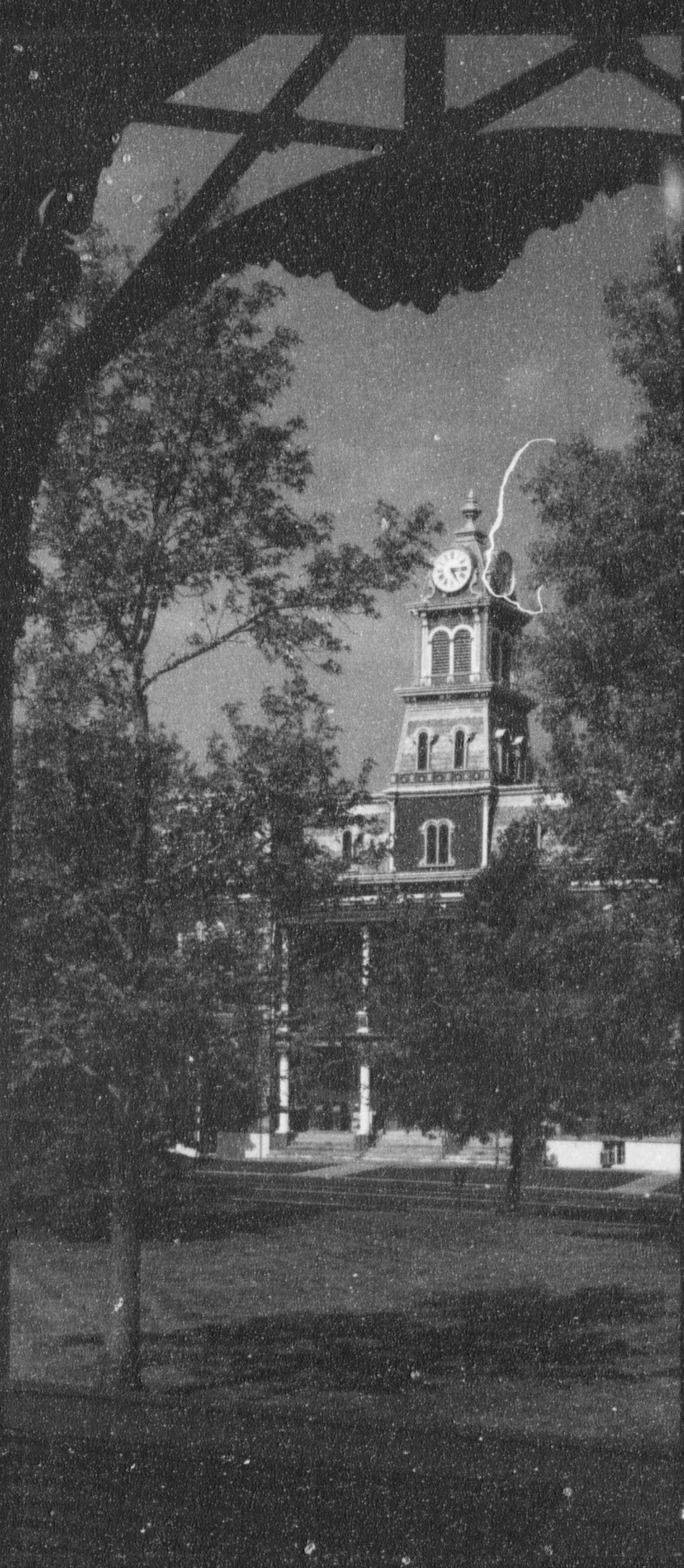
## Value-Added Customer Services

While our rate freeze program makes us more competitive, it alone won't meet all of our customers' needs. That's why we go the extra mile to offer a full range of value-added services to our customers – we want to remain their energy provider of choice.

Opinion research conducted throughout the year confirmed that customers are very satisfied with our overall service. We continue to receive especially high marks for restoring power during emergencies and for the courteous, helpful and knowledgeable responses provided by our customer service employees.

We're building on this goodwill by investing in new technologies that will make us even more responsive to the needs of our customers.

Our new 800-megahertz (MHz) radio system ensures more direct and immediate communication between various work groups, such as line crews restoring service in emergency situations. To be completed by the end of 1995, the system offers quick access, automatic channel selection and privacy for members of the same work group. It also features emergency call, which enables the worker to immediately clear a channel and have instant access to a dispatcher during an emergency.



The 800-MHz radio system is made possible by another technology improvement — the ongoing conversion of our microwave system from analog to digital. To be completed by early 1995, this \$4-million project will add new capabilities to our extensive network of voice, data and control circuits. Among other benefits, the new system increases the amount of data that can be transmitted from one computer station to another and enhances our phone network.

Digital microwave technology also supports our new computerized telephone system that increases the number of customer calls we can handle during power outages. The trouble call system's interactive voice response (IVR) unit records customer information that work crews can use to restore power as quickly as possible. After a successful test in our Akron Division, the IVR was expanded system-wide in 1993.

Quick response to outages is one of several expected benefits of Automated Mapping and Facilities Management (AM/FM) — a computerized mapping system that we tested last year in our Lake Erie Division. In an instant, the system produces easy-to-read computer maps that dispatchers can use to locate a given residence or business as well as surrounding lines, poles and transformers. AM/FM can

quickly pinpoint damaged equipment and help reduce the amount of time it takes to make repairs. Based on the success of the test, we will install the system in the Lake Erie and Bay divisions by mid-1995.

We're improving customer service through another new technology — the Orders Tracking Information System (OTIS). This computerized system enables our customer service representatives to immediately track our progress in meeting customer requests for new service installations, private outdoor lighting, street lighting and other items. It also reduces paperwork by providing a single location for information that previously appeared in manual logs kept by various departments. OTIS is an important part of our ongoing efforts to provide customers with all the information they need, when they need it.

### Meeting The Energy Needs Of The Future

As we add value to our customer services, we're also taking steps to meet growing customer demand for our product. Our overall plan involves a combination of supply- and demand-side strategies that represent the best use of our financial resources.

We're returning 104 MW to our system's capacity by converting Unit 4 at our Edgewater Plant to burn both oil and natural gas. It will begin operating as an

*Computer-generated maps produced instantly through AM/FM, or Automated Mapping and Facilities Management, can help our dispatchers quickly pinpoint damaged equipment.*





oil-fired unit this summer with the gas-fired portion of the project to be completed later this year.

In addition, the West Lorain Plant can be returned to service to meet increasing customer demand for electricity. Current plans call for the plant to reopen as early as 1997. Last operated in 1982, the unit could be converted to burn natural gas as well as oil, generating up to 235 MW of additional power.

Our supply-side strategy also includes commitments to two proposed energy projects — a new waste-to-energy facility planned for our Mad River Plant site in Springfield, Ohio, and the Summit Energy Storage Project (SESP) scheduled for construction at an abandoned limestone mine in Norton, Ohio. Ogden Martin Systems, Inc., plans to build and operate the Mad River energy recovery facility, which could add 37 MW to our system. Our purchase of 200 MW from the Norton pumped-storage plant is contingent on SESP receiving commitments from other utilities for the remaining output of the project.

Further capacity requirements could be met through alternatives such as power purchases from other utilities or independent power producers, cogeneration projects, and the construction of new, gas-fired peaking units.

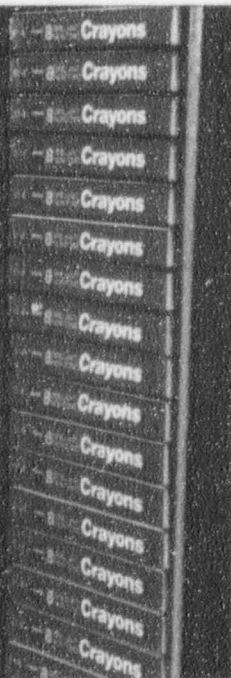
To keep customer demand from outgrowing our system's ability to serve it, we're also pursuing demand-side strategies that encourage the wise use of our product. Our demand-side programs include a wide range of incentives based on proven, energy-efficiency technologies — from high-quality weatherization materials to thermal storage systems such as the one planned for The University of Akron.

Through one program, we're recycling our customers' second refrigerators free of charge. Another program promotes the use of new, energy-saving lighting systems by commercial and industrial customers. And, large industries benefit from high-efficiency motors and interruptible load contracts. Together, these programs can help increase our control over customer demand — a cost-effective way to meet future energy needs.

### Clean-Air Compliance

Few utilities can match our commitment to environmental protection. In recent years, our investments in innovative environmental controls at our power plants have paid off by placing us in a strong position to meet the requirements of the Clean Air Act Amendments of 1990. In fact, more than half of our capacity will require no additional major control equipment to

One of our well-known customers is Dixon-Ticonderoga, a Sandusky, Ohio, manufacturer of crayons, lead pencils and a host of other products.



Our Company has a long-standing commitment to environmental protection and is well-positioned to meet clean-air requirements that take effect in 1995.



comply with sulfur-dioxide regulations that take effect in 1995.

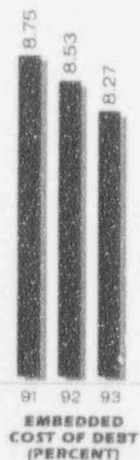
Our Phase I compliance strategy includes the use of lower-sulfur coal at Units 5, 6 and 7 of the W. H. Sammis Plant and increased reliance on generating units with lower emission rates for sulfur dioxide and nitrogen oxides.

To meet Phase II regulations that take effect in 2000, we are exploring the possibility of switching additional generating units to lower-sulfur coal and increasing our use of emission allowances.

These allowances become available for trading when companies reduce their sulfur-dioxide emissions below levels required by law.

We also completed the initial phase of our \$27-million program to install continuous emission monitoring systems (CEMS) on all of our coal-fired generating units. CEMS were installed at four of our power plants in 1993, enabling us to accurately track emissions from the units these systems monitor. The next phase of the program will include





In 1993, our Company hosted a demonstration project for autoclaved cellular concrete – a lightweight building material made primarily from power plant fly ash.



installations at our Bruce Mansfield Plant and Units 1 through 4 at our W. H. Sammis Plant.

Each of these actions reflects the most important feature of our compliance strategy – its flexibility. While contributing to a nationwide effort to reduce emissions of sulfur dioxide by about 10 million tons annually, our strategy also takes advantage of new technologies and opportunities that protect the best interests of our customers and stockholders.

### Turning Waste Into Energy And Other Products

Ohio Edison is also recognized as an industry leader in the growing field of resource recovery. More important, our efforts in this area help protect the environment while creating new revenue opportunities for our Company in the years ahead.

Through tests at our Niles and R. E. Burger plants, we're continuing to study the feasibility of burning pellets of refuse-derived fuel – mostly paper left over after recycling municipal trash – as well as chipped and whole tires in combination with coal as boiler fuel.

Energy isn't the only end-product of our recycling efforts. For years, we've sold fly ash from our power plants to concrete manufacturers, who use the ash in their product. In 1993, we hosted a demon-

stration project at our Fairlawn Service Center in Akron that promoted a new use for power plant fly ash – autoclaved cellular concrete. A lightweight building material that offers excellent insulating qualities, autoclaved cellular concrete is made from fly ash and other materials such as cement and lime. We look forward to a growing market for this product, which can help our Company recycle more of the 900,000 tons of fly ash we produce each year.

We're also recycling heat exchangers and batteries and antifreeze from our fleet vehicles, as well as solvents used to clean mechanical parts. In addition, we're planning to burn our Company's waste oil at our Niles Plant, where cyclone boilers reach high temperatures needed to achieve full combustion of the oil. All of these projects help ensure a cleaner environment while offering significant economic benefits to our Company.





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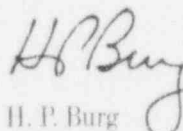
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**MANAGEMENT REPORT**

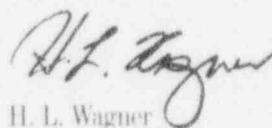
The consolidated financial statements were prepared by the management of Ohio Edison Company, who takes responsibility for their integrity and objectivity. The statements were prepared in conformity with generally accepted accounting principles and are consistent with other financial information appearing elsewhere in this report. Arthur Andersen & Co., independent public accountants, have expressed an opinion on the Company's consolidated financial statements.

The Company's internal auditors, who are responsible to the Audit Committee of the Board of Directors, review the results and performance of operating units within the Company for adequacy, effectiveness and reliability of accounting and reporting systems, as well as managerial and operating controls.

The Audit Committee consists of four nonemployee directors whose duties include: consideration of the adequacy of the internal controls of the Company and the objectivity of financial reporting; inquiry into the number, extent, adequacy and validity of regular and special audits conducted by independent public accountants and the internal auditors; the recommendation to the Board of Directors of independent accountants to conduct the normal annual audit and special purpose audits as may be required; and reporting to the Board of Directors the Committee's findings and any recommendation for changes in scope, methods or procedures of the auditing functions. The Audit Committee held four meetings during 1993.



H. P. Burg  
Senior Vice President  
Chief Financial Officer



H. L. Wagner  
Comptroller

## MANAGEMENT'S DISCUSSION AND ANALYSIS OF RESULTS OF OPERATIONS AND FINANCIAL CONDITION

### RESULTS OF OPERATIONS

Retail sales were at an all-time high for the Companies during 1993, increasing 4.1% over last year and 3.2% over the previous record set in 1991. During the year, the Companies' residential customers set a record for average kilowatt-hour usage at 8,660 kilowatt-hours. The increased sales pushed operating revenues to a new high—up 1.6% compared to 1992. Earnings per share of \$3.39 for 1993 were adversely affected by net nonrecurring charges amounting to \$1.43 per share. Before giving effect to the nonrecurring charges, earnings were \$1.82 per share compared to \$1.70 in 1992. The nonrecurring charges reflect a \$276,578,000 after-tax write-off in the fourth quarter due to the termination of Perry Unit 2, expected resolution of fuel cost recovery issues in Pennsylvania and costs associated with the Company's performance initiative. The effect on 1993 net income from these items was partially offset by a \$58,201,000 credit from the cumulative effect of a change in accounting to accrue metered but unbilled revenue (see Note 2).

As discussed in Note 3, the Companies will not participate in further construction of Perry Unit 2 and have abandoned it as a possible electric generating plant. The unit was approximately 50% complete when construction was suspended in 1985. The termination resulted in a \$366,377,000 write-off of the Company's investment since the Company has determined that recovery from its customers is not likely. Penn Power expects to recover its investment in Perry Unit 2 from its customers. However, due to the anticipated delay in commencement of recovery and taking into account the expected rate treatment, Penn Power recognized an impairment to its Perry Unit 2 investment of \$24,458,000. As a result, net income for the year ended December 31, 1993, was reduced by \$248,743,000 (\$1.63 per share of common stock).

The Companies' continuing cost reduction efforts have resulted in steadily decreasing operating costs. Excluding applicable nonrecurring charges discussed above, total operation and maintenance expenses are lower than they were five years ago. The Companies closed six old coal-fired generating units in 1993 which will reduce operating costs and, more significantly, will decrease capital requirements over the next five years by approximately \$100,000,000. Also, qualifying production group employees were offered an early retirement opportunity that, in combination with other work force reductions, is expected to produce annual savings of nearly \$15,000,000.

The following summarizes the sources of changes in operating revenues during 1993 and 1992 as compared to the previous year:

	1993	1992
	(In millions)	
Change in retail kilowatt-hour sales	\$ 95.9	\$(26.3)
Change in average retail electric price	(37.8)	(1.5)
Sales to utilities	(17.0)	5.0
Other	(3.5)	(3.8)
Net Increase (Decrease)	\$ 37.6	\$(26.6)

Total kilowatt-hour sales in 1993 increased slightly over 1992 due to the record retail sales mentioned above, which were offset by an 11.7% decrease in sales to other utilities. Kilowatt-hour sales to residential and commercial customers increased 7.2% and 4.7%, respectively, with sales to industrial customers showing a 1.3% gain. Increased sales to residential and commercial customers in 1993 reflect more extreme weather conditions compared to conditions during 1992 along with the addition of approximately 14,500 new customers. Excluding the effect of Sharon Steel, which shut down in November 1992, industrial sales increased 6.4% during 1993, which is indicative of an improving economy in the Companies' service area. The decrease in sales to other utilities reflects reduced demand for bulk power in the spot market coupled with reduced capacity available for sale intermittently due to outages at nuclear generating units in which the Companies share ownership. Total kilowatt-hour sales were up 1.5% in 1992 compared with 1991 primarily due to a 10.1% increase in sales to other utilities.

The increase in nuclear operating costs over last year was primarily due to increased expenses resulting from forced and scheduled outages. Contributing to the increase were expenses associated with performance results at Perry Unit 1 during the year. As a result of mechanical failures, Perry produced electricity for less than half the year. The operating company is undertaking significant corrective actions, including additional maintenance work to be performed during the refueling outage currently in process and for the refueling outage scheduled for 1995. Work done during the outages is expected to enhance systems and improve Perry's performance.

The 1993 increase in other operating costs was due to the performance initiative charges mentioned above (\$39,000,000) and increased costs associated with the January 1, 1993, adoption of Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions" (\$18,000,000). These comparative increases were partially offset by last year's additional provision for uncollectible accounts. The 1992 increase compared to 1991 was due principally to a charge for an early retirement program offered to qualifying employees in that year and to the increase in the provision for uncollectible accounts.



Lower depreciation charges in 1993 reflect a full year's effect of reduced depreciation rates approved as part of the Company's Rate Stabilization and Service Area Development Program, which was effective in July 1992. Penn Power's depreciation rates were reduced in 1993 as a result of an updated depreciation study filed with the Pennsylvania Public Utility Commission, which takes into consideration extended useful lives of certain generation and distribution facilities.

General taxes were 7.1% higher in 1993 than in 1992 due primarily to higher property and gross receipts taxes. The change in net amortization of regulatory assets in 1993 compared with 1992 is due to the deferral of incremental costs resulting from the adoption of SFAS No. 106 and the amortization of regulatory liabilities. Both of these items were also part of the Company's rate stabilization program.

Other income decreased in 1993 compared to 1992, due to last year's amortization of investment tax credits associated with disallowed Perry Unit 1 and Beaver Valley Unit 2 construction costs, as described in Note L.

Interest on long-term debt decreased in 1993 and 1992 compared to 1992 and 1991, respectively, as a result of long-term debt refinancings at lower rates. During 1993, the Companies issued approximately \$609,000,000 principal amount of new debt at a weighted average cost of 6.77% and redeemed approximately \$552,000,000 principal amount of debt with a weighted average cost of 8.59%. The 1993 increase in other interest expense compared to last year is due primarily to costs associated with the debt refinancings. The 1992 reduction in other interest expense, compared with 1991, reflects reduced short-term borrowing in 1992.

The electric utility industry is subject to the same inflationary pressures as those experienced by other industries. To the extent that the Companies incur additional costs or receive benefits resulting from the effects of inflation, those effects are generally reflected in the Companies' electric rates through the traditional rate making process.

#### CAPITAL RESOURCES AND LIQUIDITY

As indicated above, the Companies have taken aggressive action to reduce their capital costs by taking advantage of opportunities to optionally redeem high-cost debt and preferred stock. The embedded cost of debt outstanding, 8.27% at the end of 1993, was at its lowest level since 1979. The cost of preferred stock outstanding was 6.86% at the end of 1993, which was its lowest since 1974. As a result of these actions and excluding the nonrecurring charges mentioned above, the Companies' fixed charge coverage is at its highest level since 1987.

Cash generated from operations reached a record level in 1993. It surpassed the previous record, achieved in 1991, by 6.8% and was 22.5% higher than 1992. Internally generated cash as a percentage of capital expenditures increased to 157.8% in 1993 from 37.7% in 1988. All cash requirements for 1993 were met internally, with cash and cash equivalents increasing by \$145,000,000 during the year. All financing activities during the year were for refunding purposes, as discussed above.

The Companies had approximately \$160,000,000 of cash and temporary investments and \$104,000,000 of short-term indebtedness at December 31, 1993. OES Fuel had approximately \$193,000,000 of unused borrowing capability at the end of 1993 that was available for reloan to the Company. The Companies also had available \$85,000,000 of unused short-term bank lines of credit. In addition, \$132,000,000 of bank facilities that provide for borrowings on a short-term basis at the banks' discretion was available. OES Capital had approximately \$16,000,000 of unused, short-term borrowing capability at December 31, 1993.

During the last five years, the Companies spent approximately \$1,100,000,000 in connection with their construction programs (excluding nuclear fuel). During that period, the Employee Stock Ownership Plan Trust was also funded with \$200,000,000. The Companies' construction programs and capital lease requirements for the period 1994-1998 are currently estimated to be approximately \$1,000,000,000 (excluding nuclear fuel), of which approximately \$235,000,000 applies to 1994. The Companies have additional cash requirements of approximately \$1,389,000,000 for the 1994-1998 period to meet maturities of, and sinking fund requirements for, long-term debt and preferred stock; of that amount, approximately \$444,000,000 applies to 1994.

Investments for additional nuclear fuel during the 1994-1998 period are estimated to be approximately \$204,000,000, of which approximately \$45,000,000 applies to 1994. During the same periods, the Companies' nuclear fuel investments are expected to be reduced by approximately \$261,000,000 and \$64,000,000, respectively, as the nuclear fuel is consumed. Also, the Companies have operating lease commitments of approximately \$547,000,000 for the 1994-1998 period, of which approximately \$102,000,000 relates to 1994. The Companies recover the cost of nuclear fuel consumed and operating leases through their electric rates.

Sales by the Company of first mortgage bonds against property additions and of preferred stock require that applicable earnings coverage tests be met. With respect to issuance of first mortgage bonds under the Company's first mortgage indenture, the availability of property additions is more restrictive than the earnings test at the present time and would limit the amount of first mortgage bonds issuable against property additions to \$404,000,000. The Company is currently able to issue \$868,000,000 principal amount of first mortgage bonds against previously retired bonds without the need to meet the above restrictions. The Company could issue in excess of \$1,000,000,000 of additional preferred stock before the end of the first quarter of 1994. For the remainder of 1994, however, the earnings coverage test contained in the Company's charter would preclude the issuance of additional preferred stock due to inclusion of the 1993 nonrecurring charges in the earnings test. Additional preferred stock capability is expected to be restored in January 1995.

Reference is made to Note 1 for a discussion of the Companies' regulatory assets. Although the amounts recoverable from customers are significant, about 90% of these deferred costs are already reflected in the Companies' rates and are being recovered from customers over approximately 30 years. The remainder, which is deferred for recovery in future rate proceedings, would increase revenues by about 1% on an annual basis once they are included in customers' electric rates.

In January 1994, the Central Area Power Coordination Group (CAPCO) companies reached a settlement in connection with a 1991 lawsuit against General Electric Company regarding the Perry Plant. The settlement provides for cash payments to the CAPCO companies and discounts on future purchases from General Electric. This settlement will not materially affect the Company's results of operations in future years.

The CAPCO companies filed suit against Westinghouse Electric Corporation in 1991 alleging that six steam generators supplied by Westinghouse for the Beaver Valley Plant are defective and that replacement could be required earlier than their 40-year design life. The operating company has no current plans to replace the steam generators and is evaluating the feasibility of applying new technologies to repair the generators. If the generators would need to be replaced the capital costs to the CAPCO companies could range from \$100,000,000 to \$150,000,000 per unit based upon the costs other utilities have experienced. The Companies have a 52.5% interest in Beaver Valley Unit 1 and a 41.88% interest in Unit 2.

The Clean Air Act Amendments of 1990 require significant reductions of sulfur dioxide and oxides of nitrogen from the Companies' coal-fired generating units by 1995 and additional emission reductions by 2000. Compliance options

include, but are not limited to, installing additional pollution control equipment, burning lower-emitting fuel, purchasing emission allowances from others, operating existing facilities in a manner which minimizes pollution and retiring facilities. In compliance plans submitted to the PUCO and to the Environmental Protection Agency, the Company stated that reductions for the years 1995 through 1999 are likely to be achieved by burning lower-sulfur fuel, generating electricity at its lower-emitting plants and/or purchasing emission allowances. The Company continues to evaluate its compliance plans and other compliance options as they arise. Plans for complying with the year 2000 reductions are less certain at this time.

#### OUTLOOK

The Company's Rate Stabilization and Service Area Development Program provides for base electric rates to remain at 1990 levels until at least 1997, absent any significant changes in regulatory, environmental or tax requirements. In addition, the Company has a goal not to increase base rates prior to the year 2000.

The changing environment in the utility industry is posing competitive challenges for the Companies. Many of these challenges are a result of the passage of the Energy Policy Act of 1992. Others result from attempts by large users of electricity to choose their supplier. In order to meet competitive challenges that may lie ahead, the Companies are aggressively pursuing opportunities to reduce costs, increase revenues, and improve operating efficiencies, which, if successful, will enhance the Companies' competitive position. The Companies are currently in the process of a comprehensive review of their business operations as part of a performance initiative, to further identify opportunities for improvement. The Companies are serving more customers than ever before with a work force that is at its lowest level since 1972. The Companies' operating results should continue to improve as a result of these activities.

**SELECTED FINANCIAL DATA**

Ohio Edison Company

(In thousands, except per share amounts)

	1993	1992	1991	1990	1989
Operating Revenues	\$2,369,940	\$2,332,378	\$2,358,946	\$2,240,646	\$2,162,720
Operating Income	\$525,330	\$522,115	\$550,452	\$510,279	\$543,659
Net Income	\$82,724	\$276,986	\$264,823	\$281,676	\$361,026
Earnings on Common Stock	\$59,017	\$253,060	\$240,069	\$254,048	\$332,932
Earnings per Share of Common Stock	\$ .39	\$1.70	\$1.60	\$1.67	\$2.18
Dividends Declared per Share of Common Stock	\$1.50	\$1.50	\$1.50	\$1.73	\$1.96
Total Assets	\$8,918,267	\$7,830,026	\$7,812,345	\$7,841,621	\$7,722,896
Preferred and Preference Stock Subject to Mandatory Redemption	\$45,500	\$59,862	\$65,582	\$62,822	\$89,562
Long-Term Debt	\$3,039,263	\$3,121,647	\$3,243,167	\$3,105,248	\$3,073,796

**COMMON STOCK DATA**

The Company's Common Stock is listed on the New York and Chicago stock exchanges and is traded on other registered exchanges.

**PRICE RANGE OF COMMON STOCK**

	1993		1992	
	High	Low	High	Low
First Quarter High-Low	25-3/8	22-1/8	20-7/8	18-3/4
Second Quarter High-Low	26	22-3/4	21	19
Third Quarter High-Low	25-7/8	24-3/8	22-3/4	20-3/4
Fourth Quarter High-Low	25-1/4	21	24	21-1/4
Yearly High-Low	26	21	24	18-3/4

 Prices are based on reports published in *The Wall Street Journal* for New York Stock Exchange Composite Transactions.

**CLASSIFICATION OF HOLDERS OF COMMON STOCK AS OF DECEMBER 31, 1993**

	Holders of Record		Shares Held	
	Number	%	Number	%
Individuals	128,005	83.48	55,241,397	36.21
Fiduciaries	23,260	15.17	9,054,076	5.93
Nominees	83	0.05	86,450,346	56.66
All Others	1,991	1.30	1,823,618	1.20
Total	153,339	100.00	152,569,437	100.00

As of January 31, 1994, there were 152,566 holders of 152,569,437 shares of the Company's Common Stock.

Quarterly dividends of 37.5¢ per share were paid on the Company's Common Stock during 1993 and 1992. Information regarding retained earnings available for payment of cash dividends is given in Note 5A.



**CONSOLIDATED STATEMENTS OF INCOME**

Ohio Edison Company

(in thousands, except per share amounts)

For the Years Ended December 31.	1993	1992	1991
<b>OPERATING REVENUES</b>	<b>\$2,369,940</b>	<b>\$2,332,378</b>	<b>\$2,358,946</b>
<b>OPERATING EXPENSES AND TAXES:</b>			
Fuel and purchased power	456,494	463,599	467,657
Nuclear operating costs	290,321	274,719	291,551
Other operating costs	474,241	440,425	412,476
Total operation and maintenance expenses	1,221,056	1,178,743	1,171,684
Provision for depreciation	217,980	223,497	238,853
General taxes	245,554	229,332	217,758
Amortization (deferral) of net regulatory assets	(6,753)	18,333	13,515
Income taxes	166,773	160,358	166,684
Total operating expenses and taxes	1,844,610	1,810,263	1,808,494
<b>OPERATING INCOME</b>	<b>525,330</b>	<b>522,115</b>	<b>550,452</b>
<b>OTHER INCOME AND EXPENSE:</b>			
Perry Unit 2 termination (Note 3)	(390,835)	—	—
Income tax benefit from Perry Unit 2 termination	142,092	—	—
Other	19,921	36,283	18,725
Total other income (expense)	(228,822)	36,283	18,725
<b>TOTAL INCOME</b>	<b>296,508</b>	<b>558,398</b>	<b>569,177</b>
<b>NET INTEREST AND OTHER CHARGES:</b>			
Interest on long-term debt	262,861	275,835	288,599
Deferred nuclear unit interest	(8,518)	(8,392)	(8,387)
Allowance for borrowed funds used during construction and capitalized interest	(4,666)	(6,488)	(11,276)
Other interest expense	16,445	13,958	27,696
Subsidiary's preferred stock dividend requirements	5,863	6,499	7,722
Net interest and other charges	271,985	281,412	304,354
<b>INCOME BEFORE CUMULATIVE EFFECT OF A CHANGE IN ACCOUNTING</b>	<b>24,523</b>	<b>276,986</b>	<b>264,823</b>
Cumulative effect to January 1, 1993 of a change in accounting for unbilled revenues (net of income taxes of \$33,632,000) (Note 2)	58,201	—	—
<b>NET INCOME</b>	<b>82,724</b>	<b>276,986</b>	<b>264,823</b>
<b>PREFERRED AND PREFERENCE STOCK DIVIDEND REQUIREMENTS</b>	<b>23,707</b>	<b>23,926</b>	<b>24,754</b>
<b>EARNINGS ON COMMON STOCK</b>	<b>\$ 59,017</b>	<b>\$ 253,060</b>	<b>\$ 240,069</b>
<b>EARNINGS PER SHARE OF COMMON STOCK</b>			
Before cumulative effect of a change in accounting	\$ .01	\$ 1.70	\$ 1.60
Cumulative effect to January 1, 1993 of a change in accounting for unbilled revenues (Note 2)	.38	—	—
<b>EARNINGS PER SHARE OF COMMON STOCK</b>	<b>\$ .39</b>	<b>\$ 1.70</b>	<b>\$ 1.60</b>
<b>DIVIDENDS DECLARED PER SHARE OF COMMON STOCK</b>	<b>\$ 1.50</b>	<b>\$ 1.50</b>	<b>\$ 1.50</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

(In thousands)

At December 31,	ASSETS	1993	1992
UTILITY PLANT:			
In service, at original cost		\$8,380,430	\$7,931,403
Less—Accumulated provision for depreciation		2,732,527	2,550,400
		<b>5,647,903</b>	5,381,003
Construction work in progress—			
Electric plant (Note 3)		182,894	479,289
Nuclear fuel		46,879	78,118
		<b>229,773</b>	557,407
		<b>5,877,676</b>	5,938,410
OTHER PROPERTY AND INVESTMENTS		<b>181,815</b>	152,118
CURRENT ASSETS:			
Cash and cash equivalents		159,690	14,212
Receivables—			
Customers (less accumulated provisions of \$6,907,000 and \$6,432,000, respectively, for uncollectible accounts) (Note 2)		298,913	203,929
Other		42,428	39,074
Materials and supplies, at average cost—			
Fuel		41,513	70,127
Other		87,689	100,542
Prepayments		72,889	86,040
		<b>703,122</b>	513,924
DEFERRED CHARGES:			
Regulatory assets		1,993,795	1,079,102
Unamortized sale and leaseback costs		110,656	105,350
Other		51,203	41,122
		<b>2,155,654</b>	1,225,574
		<b>\$8,918,267</b>	\$7,830,026
<b>CAPITALIZATION AND LIABILITIES</b>			
CAPITALIZATION (See Consolidated Statements of Capitalization):			
Common stockholders' equity		\$2,243,292	\$2,408,164
Preferred stock—			
Not subject to mandatory redemption		277,335	312,335
Subject to mandatory redemption		25,000	25,000
Preference stock subject to mandatory redemption		—	4,500
Preferred stock of consolidated subsidiary—			
Not subject to mandatory redemption		50,905	41,905
Subject to mandatory redemption		20,500	30,362
Long-term debt		3,039,263	3,121,647
		<b>5,656,295</b>	5,943,913
CURRENT LIABILITIES:			
Currently payable preferred and preference stock and long-term debt		444,170	305,465
Short-term borrowings (Note 6)		104,126	151,571
Accounts payable		127,895	112,128
Accrued taxes		107,687	126,414
Accrued interest		72,667	72,563
Other		141,251	97,917
		<b>997,796</b>	866,058
DEFERRED CREDITS:			
Accumulated deferred income taxes		1,798,551	603,123
Accumulated deferred investment tax credits		231,863	240,208
Property taxes		101,182	109,621
Other		132,580	67,103
		<b>2,264,176</b>	1,020,055
COMMITMENTS, GUARANTEES AND CONTINGENCIES (Notes 4 & 7)		<b>\$8,918,267</b>	\$7,830,026

The accompanying Notes to Consolidated Financial Statements are an integral part of these balance sheets.





(In thousands)

At December 31,	1993	1992	1993	1992	1993	1992
<b>LONG-TERM DEBT (Note 5E)</b>						
First mortgage bonds						
Ohio Edison Company—						
8.800% due 1993-96	27,600	36,800				
12.750% due 1993-96	—	12,250				
13.430% due 1994	30,000	30,000				
12.740% due 1995	30,000	30,000				
8.500% due 1996	150,000	150,000				
8.750% due 1998	150,000	150,000				
6.875% due 1999	150,000	150,000				
8.250% due 1999	—	37,630				
6.375% due 2000	80,000	—				
8.375% due 2001	—	50,470				
7.375% due 2002	120,000	120,000				
7.500% due 2002	34,265	34,265				
8.250% due 2002	125,000	125,000				
8.125% due 2003	—	61,608				
8.625% due 2003	150,000	150,000				
6.875% due 2005	80,000	—				
8.500% due 2006	—	47,595				
8.375% due 2007	—	56,865				
9.750% due 2019	150,000	150,000				
8.750% due 2022	100,000	100,000				
7.625% due 2023	75,000	—				
7.875% due 2023	100,000	—				
Total first mortgage bonds	1,551,865	1,492,483	270,000	230,000	1,821,865	1,722,483
Secured notes and obligations						
Ohio Edison Company—						
8.250% due 1993	—	44,000				
7.300% due 1993-2003	—	6,212				
9.345% due 1994	50,000	50,000				
8.380% due 1996	87,987	119,510				
8.980% due 2003	—	1,000				
8.800% due 2013	—	50,000				
8.980% due 2013	—	13,800				
9.200% due 2014	50,000	50,000				
10.500% due 2015	60,000	60,000				
10.625% due 2015	40,000	40,000				
7.450% due 2016	47,725	47,725				
7.100% due 2018	26,000	26,000				
7.000% due 2021	69,500	69,500				
7.150% due 2021	443	443				
7.625% due 2023	50,000	50,000				
8.100% due 2023	30,000	30,000				
7.750% due 2024	108,000	108,000				
5.625% due 2029	50,000	—				
5.950% due 2029	56,212	—				
5.450% due 2033	14,800	—				
	740,667	766,190	148,795	165,995	889,462	932,185
OES Fuel—						
3.46% weighted average interest rate					131,611	169,416
Total secured notes and obligations					1,021,073	1,101,601
Unsecured notes						
Ohio Edison Company—						
9.440% due 1995	75,000	75,000				
7.380% due 1997	100,000	100,000				
8.585% due 1997	50,000	50,000				
5.650% due 2012	50,000	50,000				
4.250% due 2014	50,000	50,000				
2.850% due 2015	50,000	50,000				
3.125% due 2018	56,000	56,000				
4.650% due 2018	57,100	57,100				
3.450% due 2032	53,400	53,400				
Total unsecured notes	541,500	541,500			541,500	541,500
Capital lease obligations (Note 4)					59,312	65,274
Net unamortized discount on debt					(11,179)	(7,946)
Long-term debt due within one year					(393,308)	(301,265)
Total long-term debt					3,039,263	3,121,647
<b>TOTAL CAPITALIZATION</b>					<b>5,656,295</b>	<b>5,943,913</b>

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.

**CONSOLIDATED STATEMENTS OF RETAINED EARNINGS**

Ohio Edison Company

(In thousands)

For the Years Ended December 31,	1993	1992	1991
Balance at beginning of year	\$490,564	\$462,797	\$449,810
Net income	82,724	276,986	264,823
Tax benefit from ESOP dividends	5,256	5,592	3,404
	<b>578,544</b>	<b>744,665</b>	<b>718,037</b>
Cash dividends on preferred and preference stock	23,275	23,874	24,338
Cash dividends on common stock	228,855	228,855	228,855
Premium on redemption of preferred stock	3,593	1,372	2,757
	<b>255,723</b>	<b>254,101</b>	<b>255,950</b>
Balance at end of year (Note 5A)	<b>\$322,821</b>	<b>\$490,564</b>	<b>\$462,087</b>

**CONSOLIDATED STATEMENTS OF CAPITAL STOCK AND OTHER PAID-IN CAPITAL**

	Common Stock			Unallocated ESOP Common Stock	Preferred and Preference Stock			
	Number of Shares	Par Value	Other Paid-in Capital		Not Subject to Mandatory Redemption		Subject to Mandatory Redemption	
					Number of Shares	Par or Stated Value	Number of Shares	Par or Stated Value
(Dollars in thousands)								
Balance, January 1, 1991	152,569,437	\$1,373,125	\$733,081	\$ (10,857)	5,042,399	\$354,240	782,416	\$ 86,342
ESOP Purchase Transactions				(189,143)				
Allocation of ESOP Shares				4,941				
Sale of Market Auction Preferred Stock			(1,140)		500,000	50,000	250,000	25,000
Sale of 8.45% Preferred Stock								
Redemptions—								
Series B					(2,000,000)	(50,000)		
\$102.50 Series							(1,800)	(1,800)
8.24% Series							(5,000)	(500)
11.00% Series							(8,000)	(800)
11.50% Series			(148)				(165,000)	(16,500)
13.00% Series							(10,000)	(1,000)
13.50% Series							(200,000)	(20,000)
15.00% Series							(6,400)	(640)
Balance, December 31, 1991	152,569,437	1,373,125	731,793	(195,059)	3,542,399	354,240	636,216	70,102
Allocation of ESOP Shares				7,741				
Sale of 7.625% Preferred Stock							150,000	15,000
Redemptions—								
\$102.50 Series							(1,800)	(1,800)
8.24% Series							(5,000)	(500)
11.00% Series							(8,000)	(800)
15.00% Series							(54,400)	(5,440)
10.50% Series							(100,000)	(10,000)
11.50% Series							(15,000)	(1,500)
13.00% Series							(10,000)	(1,000)
Balance, December 31, 1992	152,569,437	1,373,125	731,793	(187,318)	3,542,399	354,240	592,016	64,062
Allocation of ESOP Shares				6,799				
Sale of 7.75% Class A Preferred Stock			(3,361)		4,000,000	100,000		
Sale of 7.75% Preferred Stock			(345)		250,000	25,000		
Redemptions—								
\$102.50 Series			(216)				(5,400)	(5,400)
8.24% Series							(45,000)	(4,500)
8.48% Series			(6)		(80,000)	(8,000)		
8.64% Series					(400,000)	(40,000)		
9.12% Series					(450,000)	(45,000)		
9.16% Series					(80,000)	(8,000)		
11.00% Series							(8,000)	(800)
11.50% Series							(60,000)	(6,000)
13.00% Series							(10,000)	(1,000)
Balance, December 31, 1993	152,569,437	\$1,373,125	\$727,865	\$(180,519)	6,782,399	\$378,240	463,616	\$ 46,362

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements

**CONSOLIDATED STATEMENTS OF CASH FLOWS**

Ohio Edison Company

(In thousands)

For the Years Ended December 31,	1993	1992	1991
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Net income	\$ 82,724	\$ 276,986	\$ 264,823
Adjustments to reconcile net income to net cash from operating activities:			
Provision for depreciation	217,980	223,497	238,853
Nuclear fuel and lease amortization	59,858	85,419	85,754
Deferred income taxes, net	(26,233)	18,221	58,964
Investment tax credits, net	(8,345)	(17,857)	(2,776)
Deferred revenue	--	19,517	37,757
Allowance for equity funds used during construction	(4,257)	(3,025)	(3,050)
Deferred fuel costs, net	(1,078)	5,130	1,411
Perry Unit 2 termination	390,835	--	--
Cumulative effect of a change in accounting for unbilled revenues	(58,201)	--	--
Other amortization, net	1,184	9,941	5,128
Internal cash before dividends	654,467	617,829	686,864
Receivables	(1,962)	2,278	(21,231)
Materials and supplies	41,467	(14,889)	(2,874)
Accounts payable	9,823	(19,986)	(4,042)
Other	19,088	4,727	18,359
Net cash provided from operating activities	722,883	589,959	677,076
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>			
New Financing—			
Preferred stock	121,294	15,000	73,863
Long-term debt	765,358	937,797	1,034,801
Short-term borrowings, net	--	56,716	--
Redemptions and Repayments—			
Preferred and preference stock	122,502	22,412	94,063
Long-term debt	773,128	1,065,377	756,520
Short-term borrowings, net	47,445	--	227,184
Dividend Payments—			
Common stock	224,943	234,188	229,686
Preferred and preference stock	20,926	23,786	23,899
Net cash used for financing activities	302,292	336,250	222,688
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>			
Property additions	256,746	241,508	226,153
Investment in employee stock ownership plan	--	--	160,000
Sale and leaseback restructuring fees	10,417	37,654	23,723
Other	7,950	14,133	15,062
Net cash used for investing activities	275,113	293,295	424,938
Net increase (decrease) in cash and cash equivalents	145,478	(39,586)	29,450
Cash and cash equivalents at beginning of year	14,212	53,798	24,348
Cash and cash equivalents at end of year	\$ 159,690	\$ 14,212	\$ 53,798
<b>SUPPLEMENTAL CASH FLOWS INFORMATION:</b>			
Cash Paid During the Year—			
Interest (net of amounts capitalized)	\$ 262,410	\$ 290,420	\$ 286,005
Income taxes	94,272	134,768	113,712

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements.



(In thousands)

For the Years Ended December 31,	1993	1992	1991
<b>GENERAL TAXES:</b>			
Real and personal property	\$ 124,709	\$111,533	\$103,298
State gross receipts	97,348	94,415	90,961
Social security and unemployment	15,626	15,166	14,494
Other	7,871	8,218	9,005
Total general taxes	<u>\$ 245,554</u>	<u>\$229,332</u>	<u>\$217,758</u>
<b>PROVISION FOR INCOME TAXES:</b>			
Currently payable—			
Federal	\$ 61,920	\$132,712	\$102,017
State	5,544	14,331	15,520
	<u>67,464</u>	<u>147,043</u>	<u>117,537</u>
Deferred, net—			
Federal	489	17,586	62,480
State	6,455	635	(3,516)
	<u>6,944</u>	<u>18,221</u>	<u>58,964</u>
Investment tax credits, net of amortization	(8,345)	(17,857)	(2,776)
Total provision for income taxes	<u>\$ 66,063</u>	<u>\$147,407</u>	<u>\$173,725</u>
<b>INCOME STATEMENT CLASSIFICATION OF PROVISION FOR INCOME TAXES:</b>			
Operating income	\$ 166,773	\$160,358	\$166,684
Other income	(134,342)	(12,951)	7,041
Cumulative effect of a change in accounting	33,632	—	—
Total provision for income taxes	<u>\$ 66,063</u>	<u>\$147,407</u>	<u>\$173,725</u>
<b>RECONCILIATION OF FEDERAL INCOME TAX EXPENSE AT STATUTORY RATE TO TOTAL PROVISION FOR INCOME TAXES:</b>			
Book income before provision for income taxes	\$ 148,787	\$424,393	\$438,548
Federal income tax expense at statutory rate	\$ 52,075	\$144,294	\$149,106
Increases (reductions) in taxes resulting from—			
Excess of book over tax depreciation	—	19,741	20,043
Amortization of investment tax credits	(8,345)	(32,092)	(8,284)
State income taxes net of federal income tax benefit	7,799	9,878	7,923
Amortization of tax regulatory assets	15,412	—	—
Other, net	(878)	5,586	4,937
Total provision for income taxes	<u>\$ 66,063</u>	<u>\$147,407</u>	<u>\$173,725</u>
<b>SOURCES OF DEFERRED TAX EXPENSE:</b>			
Excess of tax over book depreciation, net		\$ 27,627	\$ 58,306
Difference between tax and book revenue, net		(9,084)	(18,292)
Alternative minimum tax credits utilized		12,467	29,749
Other, net		(12,789)	(10,799)
Net deferred tax expense		<u>\$ 18,221</u>	<u>\$ 58,964</u>
<b>ACCUMULATED DEFERRED INCOME TAXES AT DECEMBER 31, 1993:</b>			
Property basis differences	\$ 983,603		
Allowance for equity funds used during construction	282,040		
Deferred nuclear expense	275,832		
Customer receivables for future income taxes	244,304		
Deferred sale and leaseback costs	90,955		
Unamortized investment tax credits	(85,459)		
Other	7,276		
Net deferred income tax liability	<u>\$1,798,551</u>		

The accompanying Notes to Consolidated Financial Statements are an integral part of these statements

## NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The consolidated financial statements include Ohio Edison Company (Company) and its wholly owned subsidiaries, Pennsylvania Power Company (Penn Power), OES Capital, Incorporated (OES Capital) and OES Fuel, Incorporated (OES Fuel). All significant intercompany transactions have been eliminated. The Company and Penn Power (Companies) follow the accounting policies and practices prescribed by the Public Utilities Commission of Ohio (PUCO), the Pennsylvania Public Utility Commission (PPUC) and the Federal Energy Regulatory Commission (FERC).

**REVENUES**—The Companies' retail customers are metered on a cycle basis. Revenue was recognized for electric service based on meters read through the end of the year for years prior to 1993. Beginning in 1993, revenue is recognized to include unbilled sales through the end of the year (see Note 2). Accounts receivable from customers include approximately \$105,234,000 relating to metered but unbilled revenues through December 31, 1993.

Receivables from customers include sales to residential, commercial and industrial customers located in the Companies' service area and sales to wholesale customers. There was no material concentration of receivables at December 31, 1993 or 1992, with respect to any particular segment of the Companies' customers.

**FUEL COSTS**—The Companies recover fuel-related costs not otherwise included in base rates from retail customers through separate energy rates. Any over or under collection resulting from the operation of these rates are included as adjustments to subsequent energy rates. Accordingly, the Companies defer the difference between actual fuel-related costs incurred and the amounts currently recovered from their customers.

**UTILITY PLANT AND DEPRECIATION**—Utility plant reflects the original cost of construction, including payroll, and related costs such as taxes, pensions and other fringe benefits, administrative and general costs and allowance for funds used during construction (AFUDC).

The Companies provide for depreciation on a straight-line basis at various rates over the estimated lives of property included in plant in service. The annual composite straight-line rate for electric plant was approximately 3.0% in 1993, 1992 and 1991.

The Companies recognize approximately \$5,000,000 annually (as depreciation expense) for future decommissioning costs applicable to their ownership and leasehold interests in nuclear generating units. The Companies' share of the future obligation to decommission these units in current dollars is estimated to be approximately \$382,000,000. The Companies have recovered approximately \$43,000,000 from customers through December 31, 1993; such amounts are reflected in the reserve for depreciation on the Consolidated Balance Sheet. If the actual costs of decommissioning the units exceed the accumulated amounts recovered from cus-

tomers, the Companies expect that difference to be recoverable from their customers. The Companies have approximately \$29,700,000 invested in external decommissioning trust funds as of December 31, 1993. Earnings on these funds are recorded as an addition to the trust investment with a corresponding increase to the depreciation reserve. The Companies have also recognized an estimated liability of \$19,275,000 related to decontamination and decommissioning of nuclear enrichment facilities operated by the United States Department of Energy (DOE), as required by the Energy Policy Act of 1992. The Companies recover these costs through their respective energy rates.

**COMMON OWNERSHIP OF GENERATING FACILITIES**—The Companies and other Central Area Power Coordination Group (CAPCO) companies own, as tenants in common, various power generating facilities. Each of the companies is obligated to pay a share of the costs associated with any jointly owned facility in the same proportion as its interest. The Companies' portions of operating expenses associated with jointly owned facilities are included in the corresponding operating expenses on the Consolidated Statements of Income. The amounts reflected on the Consolidated Balance Sheet under utility plant at December 31, 1993, include the following:

Generating Units	Utility Plant in Service	Accumulated Provision for Depreciation	Construction Work in Progress	Companies' Ownership/Leasehold Interest
	(in thousands)			
W. H. Sammis #7	\$ 304,900	\$ 80,300	\$ 5,000	68.80%
Bruce Mansfield #1, #2 and #3	744,000	330,600	11,800	50.68%
Beaver Valley #1 and #2	1,839,500	490,200	18,500	47.11%
Perry #1	1,604,300	240,600	15,900	35.24%
Total	\$4,492,700	\$1,141,700	\$51,200	

**NUCLEAR FUEL**—Nuclear fuel is recorded at original cost, which includes material, enrichment, fabrication and interest costs incurred prior to reactor load. The Companies amortize the cost of nuclear fuel based on the rate of consumption. The Companies' electric rates include amounts for the future disposal of spent nuclear fuel based upon the formula used to compute payments to the DOE.

**ALLOWANCE FOR FUNDS USED DURING CONSTRUCTION**—AFUDC represents financing costs capitalized to construction work in progress (CWIP) during the construction period. The borrowed funds portion reflects capitalized interest payments, and the equity funds portion represents the noncash capitalization of imputed equity costs. AFUDC varies according to changes in the level of CWIP and in the sources and costs of capital. The composite AFUDC rates (excluding nuclear fuel interest) were 8.8%, 9.4% and 9.5% in 1993, 1992 and 1991, respectively. Capitalization rates for interest on nuclear fuel were 3.4%, 4.5% and 6.6% in 1993, 1992 and 1991, respectively.

**INCOME TAXES**—Details of the total provision for income taxes are shown on the Consolidated Statements of Taxes. The

NOTES Continued

deferred income taxes in 1992 and 1991 resulted from timing differences in the recognition of revenues and expenses for tax and accounting purposes. Investment tax credits (ITC), which were deferred when utilized, are being amortized over the estimated life of the related property. ITC amortization in 1992 included \$21,300,000 associated with portions of the Company's investments in Perry Unit 1 and Beaver Valley Unit 2 which are not recoverable from retail customers.

The Companies adopted Statement of Financial Accounting Standards (SFAS) No. 109, "Accounting for Income Taxes," on January 1, 1993, which requires the liability method to be used to account for deferred income taxes. Under this standard, deferred income tax liabilities related to tax and accounting basis differences must be recognized at the statutory income tax rates in effect when the liabilities are expected to be paid. The components of accumulated deferred income taxes as of December 31, 1993 are disclosed on the Consolidated Statements of Taxes.

**RETIREMENT BENEFITS**—The Companies' trustee, non-contributory defined benefit pension plans cover almost all full-time employees. Upon retirement, employees receive a monthly pension based on length of service and compensation. The Companies use the projected unit credit method for funding purposes and were not required to make pension contributions during the three years ended December 31, 1993.

The following sets forth the funded status of the plans and amounts recognized on the Consolidated Balance Sheets as of December 31:

	1993	1992
	(In thousands)	
Actuarial present value of benefit obligations:		
Vested benefits	\$471,205	\$385,187
Nonvested benefits	28,180	21,740
Accumulated benefit obligation	\$499,385	\$406,927
Plan assets at fair value	\$770,240	\$710,370
Actuarial present value of projected benefit obligation	605,848	489,985
Plan assets in excess of projected benefit obligation	164,392	220,385
Unrecognized net gain	(6,743)	(77,333)
Unrecognized prior service cost	14,074	15,629
Unrecognized net transition asset	(57,719)	(65,664)
Net pension asset	\$114,004	\$ 93,017

The assets of the plans consist primarily of common stocks, United States government bonds and corporate bonds. Net pension costs for the three years ended December 31, 1993, were computed as follows:

	1993	1992	1991
	(In thousands)		
Service cost—benefits earned during the period	\$ 13,171	\$ 13,278	\$ 13,321
Interest on projected benefit obligation	42,723	40,291	38,076
Return on plan assets	(97,849)	(59,297)	(124,509)
Net deferral (amortization)	14,954	(22,378)	53,398
Voluntary early retirement program expense	6,014	7,289	-
Net pension cost	\$(20,987)	\$(20,817)	\$(19,714)

The assumed discount rate used in determining the actuarial present value of the projected benefit obligation was 7.5% in 1993 and 9% in 1992. The assumed rate of increase in future compensation levels used to measure this obligation was 4.5% in each year. Expected long-term rates of return on plan assets were assumed to be 11% in each year.

The Companies provide a minimum amount of non-contributory life insurance to retired employees in addition to optional contributory insurance. Health care benefits, which include certain employee deductibles and copayments, are also available to retired employees, their dependents and, under certain circumstances, their survivors. The Companies pay insurance premiums to cover a portion of these benefits in excess of set limits; all amounts up to the limits are paid by the Companies. Expenses associated with health care and life insurance benefits for retirees were charged to income during the applicable payment periods in 1992 and 1991, and amounted to \$9,689,000 and \$8,280,000, respectively.

In 1993 the Companies adopted SFAS No. 106 "Employers' Accounting for Postretirement Benefits Other Than Pensions," which requires companies to recognize the expected cost of providing other postretirement benefits to employees and their beneficiaries and covered dependents from the time employees are hired until they become eligible to receive those benefits. The Companies do not currently fund these future benefits.

The following sets forth the accrued postretirement benefit cost on the Consolidated Balance Sheet as of December 31, 1993:

Accumulated postretirement benefit obligation	\$240,712,000
Unrecognized transition obligation	(193,374,000)
Unrecognized net loss	(25,048,000)
Accrued postretirement benefit cost	\$ 22,290,000

The accumulated postretirement benefit obligation is allocated to: retirees—\$136,288,000, fully eligible active plan participants—\$36,827,000, and other active plan participants—\$67,597,000.

Net periodic postretirement benefit cost for 1993 included the following components:

Service cost	\$ 3,929,000
Interest cost	18,039,000
Amortization of transition obligation	10,178,000
Voluntary early retirement program expense	1,533,000
Net periodic postretirement benefit cost	33,679,000
Benefits paid	11,389,000
Increase in accrued postretirement benefit cost	\$22,290,000

The health care trend rate assumption is 8.25% in the first year gradually decreasing to 3.5% for the year 2008 and later. The discount rate used to compute the accumulated postretirement benefit obligation at December 31, 1993 was 7.5%. An increase in the health care trend rate assumption by one percentage point in all years would increase the accumulated postretirement benefit obligation by approximately \$40,100,000 and the aggregate annual service and interest costs by approximately \$4,200,000.

The PUCO and PPUC have authorized the Companies to defer the incremental costs resulting from adopting SFAS No. 106 (compared to costs computed under the former accounting basis) for future recovery from their retail customers.

**EARNINGS PER SHARE OF COMMON STOCK**—Earnings per share of common stock shown on the Consolidated Statements of Income for the three years ended December 31, 1993, were computed as follows:

	1993	1992	1991
(In thousands, except per share amounts)			
Earnings:			
Income before cumulative effect	\$ 24,523	\$276,986	\$264,823
Preferred and preference stock dividend requirements	(23,707)	(23,926)	(24,754)
Tax benefit from employee stock ownership plan dividends	—	5,592	3,404
Earnings before cumulative effect	816	258,652	243,473
Cumulative effect of a change in accounting	58,201	—	—
Earnings after cumulative effect	\$ 59,017	\$258,652	\$243,473
Shares:			
Weighted average number of common shares outstanding	152,569	152,569	152,569
Earnings per share of Common Stock:			
Before cumulative effect of a change in accounting	\$ .01	\$1.70	\$1.60
Cumulative effect of a change in accounting	.38	—	—
Earnings per share of Common Stock	\$ .39	\$1.70	\$1.60

**SUPPLEMENTAL CASH FLOWS INFORMATION**—All temporary cash investments purchased with an initial maturity of three months or less are reported as cash equivalents on the Consolidated Balance Sheets. The Companies record temporary cash investments at cost, which approximates their market value. Noncash financing and investing activities included capital lease transactions amounting to \$1,487,000, \$5,831,000 and \$10,467,000 for the years 1993, 1992 and 1991, respectively. OES Fuel commercial paper transactions, which are reflected as long-term debt on the Consolidated Balance Sheets (see Note 5E) but have initial maturity periods of three months or less, are reported not within financing activities under long-term debt.

All borrowings with initial maturities of less than one year and \$36,554,000 and \$30,072,000 of investments other than cash and cash equivalents at December 31, 1993 and 1992, respectively, which are defined as financial instruments, are reflected at their approximate fair market value. The approximate fair market value of all other long-term debt and of preferred and preference stock subject to mandatory redemption exceeded the carrying cost of those financial instruments by approximately \$198,000,000 and \$1,800,000 as of December 31, 1993 and approximately \$130,000,000 and \$2,500,000 as of December 31, 1992, respectively. The fair value of these instruments reflect the present value of the cash outflows relating to those securities based on the current call price, the yield to maturity or the yield to call, as deemed

appropriate at the end of each respective year. The yields assumed were based on securities with similar characteristics offered by a corporation with credit ratings similar to the Companies' ratings.

**REGULATORY ASSETS**—The Companies recognize, as regulatory assets, costs which the FERC, PUCO and PPUC have authorized for recovery from customers in future periods. Without such authorization, the costs would have been charged to income as incurred. Amounts shown below as being recovered currently have a composite remaining recovery period of approximately 30 years. The remaining assets, which are deferred for recovery in future rate proceedings, would increase revenues by about 1% on an annual basis once they are included in customers' electric rates.

Regulatory assets on the Consolidated Balance Sheets were comprised of the following:

	1993	1992
(In thousands)		
Currently being recovered through rates:		
Nuclear Unit Expenses	\$ 580,482	\$ 596,275
Customer Receivables for Future Income Taxes	658,115	—
Sale and Leaseback Costs	252,625	43,496
Property Taxes	101,182	109,621
Loss on Recquired Debt	103,158	94,254
DOE Decommissioning and Decontamination Costs	19,275	20,500
Uncollectible Customer Accounts	13,425	11,154
Other	12,987	13,867
	1,741,249	889,167
Not currently recovered through rates:		
Nuclear Unit Interest Expense	198,453	189,935
Employee Postretirement Benefit Costs	16,456	—
Perry Unit 2 Termination	37,637	—
	252,546	189,935
Total	\$1,993,795	\$1,079,102

## 2. CHANGE IN ACCOUNTING FOR UNBILLED REVENUES:

On January 1, 1993, the Companies changed their accounting policies to recognize revenue relating to metered sales which remain unbilled at the end of the accounting period. This change was made to more closely match the Companies' revenues with the costs of services provided. The effect of this change increased net income for the year ended December 31, 1993 (before the cumulative effect from periods prior to 1993) by approximately \$4,600,000 (\$.03 per share of common stock). The cumulative effect to January 1, 1993 was \$58,201,000 (net of \$33,632,000 of income taxes) or \$.38 per share. The reported results of operations for the years ended December 31, 1992 and 1991, would not have been materially different if this new accounting policy had been in effect during those years.

## 3. PERRY UNIT 2 TERMINATION:

In December 1993, the Companies announced that they will not participate in further construction of Perry Unit 2 and have abandoned Perry Unit 2 as a possible electric generating plant. The Company determined that recovery from customers of its Perry Unit 2 investment is not probable.



NOTES Continued

resulting in a \$366,377,000 write-off of its investment in 1993. Penn Power expects its Perry Unit 2 investment to be recoverable from its customers. However, due to the anticipated delay in commencement of recovery and taking into account the expected rate treatment, Penn Power recognized an impairment to its Perry Unit 2 investment of \$24,458,000 in 1993. As a result, net income for the year ended December 31, 1993, was reduced by \$248,743,000 (\$1.63 per share of common stock).

4. LEASES:

The Companies lease a portion of their nuclear generating facilities, certain transmission facilities, computer equipment, office space and other property and equipment under cancelable and noncancelable leases.

In 1987, the Company sold a portion of its ownership interest in Perry Unit 1 and Beaver Valley Unit 2 and simultaneously entered into operating leases on the portions sold for basic lease terms of approximately 29 years. During the terms of the leases the Company continues to be responsible, to the extent of its combined ownership and leasehold interest, for costs associated with the units including construction expenditures, operation and maintenance expenses, insurance, nuclear fuel, property taxes and decommissioning. The leases provide for adjustments to the basic rental payments for possible future federal tax law changes. The Company has the right, at the end of the respective basic lease terms, to renew the leases for up to two years. The Company also has the right to purchase the facilities at the expiration of the basic lease term or renewal term (if elected) at a price equal to the fair market value of the facilities.

Consistent with the regulatory treatment, the rental payments for capital and operating leases are charged to operating expenses on the Consolidated Statements of Income. Such costs reflected on the Consolidated Statements of Income for the three years ended December 31, 1993, are summarized as follows:

	1993	1992	1991
	(In thousands)		
Operating Leases			
Interest element	\$ 96,804	\$ 108,870	\$ 117,627
Other	15,418	13,308	11,866
Capital Leases			
Interest element	7,896	8,354	8,150
Other	6,843	6,985	6,788
Total rental payments	\$126,961	\$137,517	\$144,431

The future minimum lease payments as of December 31, 1993, are:

	Capital Leases	Operating Leases
	(In thousands)	
1994	\$ 17,299	\$ 101,744
1995	16,165	105,526
1996	14,484	108,743
1997	13,193	113,047
1998	12,278	118,128
Years thereafter	112,761	2,479,443
Total minimum lease payments	186,180	\$3,026,631
Executory costs	46,375	
Net minimum lease payments	139,805	
Interest portion	80,493	
Present value of net minimum lease payments	59,312	
Less current portion	6,739	
Noncurrent portion	\$ 52,573	

5. CAPITALIZATION:

(A) RETAINED EARNINGS—Under the Company's first mortgage indenture, the Company's consolidated retained earnings unrestricted for payment of cash dividends on the Company's common stock were \$256,002,000 at December 31, 1993.

(B) EMPLOYEE STOCK OWNERSHIP PLAN—The Employee Stock Ownership Plan Trust (ESOP) was established in October 1990 to fund the matching contribution to the Companies' existing 401(k) savings plan. All full-time employees eligible for participation in the 401(k) savings plan are covered by the ESOP. The ESOP borrowed \$200,000,000 from the Company and acquired 10,654,114 shares of the Company's common stock on the open market. In 1993, 1992 and 1991, 369,956 shares, 412,167 shares and 263,252 shares, respectively, were allocated to employees with the corresponding expense recognized based on the shares allocated method. Total ESOP related compensation expense was calculated as follows:

	1993	1992	1991
	(In thousands)		
Base compensation	\$ 6,799	\$ 7,741	\$ 4,941
Interest on ESOP debt	19,985	19,985	12,706
Dividends on common stock held by the ESOP and used to service debt	(15,944)	(15,970)	(9,735)
Interest earned by the ESOP	(275)	(317)	(1,708)
	\$10,565	\$11,439	\$ 6,204

(C) PREFERRED STOCK—Penn Power's 7.625% and 7.75% series of preferred stock have restrictions which prevent early redemption prior to October 1997 and July 2003, respectively. The Company's 8.45% series of preferred stock has no early redemption provision and its 7.75% series is not redeemable before April 1998. All other preferred stock may be redeemed by the Companies in whole, or in part, with 30-60 days' notice. The optional redemption prices shown on the Consolidated Statements of Capitalization will decline to eventual minimums per share according to the Charter provisions that establish each series.

(D) PREFERRED STOCK SUBJECT TO MANDATORY

REDEMPTION—The Company's 8.45% series of preferred stock has an annual sinking fund requirement for 50,000 shares beginning on September 16, 1997. Penn Power's 13.00% series of preferred stock has an annual sinking fund requirement for 5,000 shares in each year on July 1; its 7.625% series has an annual sinking fund requirement for 7,500 shares beginning on October 1, 2002.

Preferred shares are retired at \$100 per share plus accrued dividends. Sinking fund requirements (including an optional redemption in 1994) for the next five years are:

1994	\$50,862,000
1995	500,000
1996	500,000
1997	5,500,000
1998	5,500,000

(E) LONG-TERM DEBT—The first mortgage indentures and their supplements, which secure all of the Companies' first mortgage bonds, serve as direct first mortgage liens on substantially all property and franchises, other than specifically excepted property, owned by the Companies.

Based on the amount of bonds authenticated by the Trustee through December 31, 1993, the Company's annual sinking and improvement fund requirement for all bonds issued under the mortgage amounts to \$30,056,000. The Company expects to deposit funds in 1994 which will be withdrawn upon the surrender for cancellation of a like principal amount of bonds, which are specifically authenticated for such purposes against unfunded property additions or against previously retired bonds. This method can result in minor increases in the amount of the annual sinking fund requirement.

Sinking fund requirements (including an optional redemption in 1994) for first mortgage bonds and maturing long-term debt (excluding capital leases) for the next five years are:

1994	\$386,569,000
1995	204,854,000
1996	407,275,000
1997	150,000,000
1998	150,850,000

The Companies' obligations to repay certain pollution control revenue bonds are secured by several series of first mortgage bonds and, in some cases, by subordinate liens on the related pollution control facilities. A portion of the unsecured notes outstanding are entitled to the benefit of irrevocable bank letters of credit of \$338,831,000. To the extent that drawings are made under those letters of credit to pay principal of, or interest on, the pollution control revenue bonds, the Company is entitled to a credit on the notes. The Company pays an annual fee of 0.625% to 0.925% of the amounts of the letters of credit to the issuing banks and is obligated to reimburse the banks for any drawings thereunder.

Nuclear fuel purchases are financed through the issuance of OES Fuel commercial paper and loans, both of which are supported by a \$325,000,000 long-term bank credit agreement which expires March 31, 1996. Accordingly, the commercial paper and loans are reflected as long-term debt on the Consolidated Balance Sheets. OES Fuel must pay a facility fee of 0.1875% on the total line of credit and a commitment fee of 0.0625% on any unused amount.

6. SHORT-TERM BORROWINGS AND BANK LINES OF CREDIT:

Short-term borrowings outstanding at December 31, 1993 represent OES Capital debt which is secured by customer accounts receivable. OES Capital can borrow up to \$120,000,000 under a receivables financing agreement at rates based on certain bank commercial paper. OES Capital is required to pay a fee of 0.5% on the amount of the entire finance limit. The receivables financing agreement expires April 23, 1996.

The Companies have lines of credit with domestic banks that provide for borrowings of up to \$85,000,000 under various interest rate options. Short-term borrowings may be made under these lines of credit on the Companies' unsecured notes. To assure the availability of these lines, the Companies are required to pay commitment fees that vary from 0.15% to 0.5%. These lines expire at various times during 1994.

7. COMMITMENTS, GUARANTEES AND CONTINGENCIES:

CONSTRUCTION PROGRAM—The Companies' current forecasts reflect expenditures of approximately \$1,000,000,000 for property additions and improvements from 1994-1998, of which approximately \$235,000,000 is applicable to 1994. Investments for additional nuclear fuel during the 1994-1998 period are estimated to be approximately \$204,000,000, of which approximately \$45,000,000 applies to 1994. During the same periods, the Companies' nuclear fuel investments are expected to be reduced by approximately \$261,000,000 and \$64,000,000, respectively, as the nuclear fuel is consumed.

NUCLEAR INSURANCE—The Price-Anderson Act limits the public liability relative to a single incident at a nuclear power plant to \$9,396,000,000. The amount is covered by a combination of private insurance and an industry retrospective rating plan. Based on their present ownership and lease-

hold interests in Beaver Valley Units 1 and 2 and Perry Unit 1, the Companies' maximum potential assessment under the industry retrospective rating plan (assuming the other CAPCO companies were to contribute their proportionate share of any assessments under the retrospective rating plan) would be \$102,800,000 per incident but not more than \$13,000,000 in any one year for each incident.

The Companies are also insured as to their respective interests in the Beaver Valley Station and the Perry Plant under policies issued to the operating company for each plant. Under these policies, up to \$2,750,000,000 is provided for property damage and decontamination and decommissioning costs. The Companies have also obtained approximately \$313,000,000 of insurance coverage for replacement power costs for their respective interests in Beaver Valley Units 1 and 2 and Perry Unit 1. Under these policies, the Companies can be assessed a maximum of approximately \$15,400,000 for accidents at any covered nuclear facility occurring during a policy year which are in excess of accumulated funds available to the insurer for paying losses.

The Companies intend to maintain insurance against nuclear risks as described above as long as it is available. To the extent that replacement power, property damage, decontamination, decommissioning, repair and replacement costs and other such costs arising from a nuclear incident at any of the Companies' plants exceed the policy limits of the insurance from time to time in effect with respect to that plant, to the extent a nuclear incident is determined not to be covered by the Companies' insurance policies, or to the extent such insurance becomes unavailable in the future, the Companies would remain at risk for such costs.

**GUARANTEES**—The Companies, together with the other CAPCO companies, have each severally guaranteed certain debt and lease obligations in connection with a coal supply contract for the Bruce Mansfield Plant. As of December 31, 1993, the Companies' share of the guarantees (which approximate fair market value) were \$101,217,000. The price under the coal supply contract, which includes certain minimum payments, has been determined to be sufficient to satisfy the debt and lease obligations. The Companies' total payments under the coal supply contract were \$114,572,000, \$103,657,000 and \$107,069,000 during 1993, 1992 and 1991, respectively. Under the coal supply contract, the Companies' minimum payments in each year during the period 1994 through 1999 are approximately \$35,000,000.

**ENVIRONMENTAL MATTERS**—Various federal, state and local authorities regulate the Companies with regard to air and water quality and other environmental matters. The Companies have estimated additional capital expenditures for environmental compliance of approximately \$175,000,000, which is included in the construction forecast given above under "Construction Program" for 1994 through 1998.

The Clean Air Act Amendments of 1990 require significant reductions of sulfur dioxide ( $SO_2$ ) and oxides of nitrogen from the Companies' coal-fired generating units by 1995 and additional emission reductions by 2000. Compliance options include, but are not limited to, installing additional pollution control equipment, burning less polluting fuel, purchasing emission allowances from others, operating existing facilities in a manner which minimizes pollution and retiring facilities. In compliance plans submitted to the PUCO and to the Environmental Protection Agency (EPA), the Company stated that reductions for the years 1995 through 1999 are likely to be achieved by burning lower sulfur fuel, generating more electricity at its lower emitting plants and/or purchasing emission allowances. The Company continues to evaluate its compliance plans and other compliance options as they arise. Plans for complying with the year 2000 reductions are less certain at this time.

The Companies are presently required to meet federally approved  $SO_2$  regulations, and the violations of such regulations can result in injunctive relief, including shutdown of the generating unit involved, and/or civil or criminal penalties of up to \$25,000 per day of violation. The EPA has an interim enforcement policy for the  $SO_2$  regulations in Ohio which allows for compliance with the regulations based on a 30-day averaging period. The EPA has proposed regulations which could cause changes in the interim enforcement policy, including revisions of the method of determining compliance with emission limits. The Companies cannot predict what action the EPA may take in the future with respect to the proposed regulations or the interim enforcement policy.

The Pennsylvania Department of Environmental Resources has issued regulations dealing with the storage, treatment, transportation and disposal of residual waste such as coal ash and scrubber sludge. These regulations impose additional requirements relating to permitting, ground water monitoring, leachate collection systems, closure, liability insurance and operating matters. The Companies are developing and analyzing various compliance options and are presently unable to determine the ultimate increase in capital and operating costs at existing sites.

Legislative and administrative action and the effect of court decisions can be expected in the future (as they have in the past) to change the way that the Companies must operate in order to comply with environmental laws and regulations. With respect to any such changes and to the environmental matters described above, the Companies expect that any resulting additional capital costs which may be required, as well as any required increase in operating costs, would ultimately be recovered from their customers.

## 8. SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED):

The following summarizes certain consolidated operating results by quarter for 1993 and 1992.

Three Months Ended	March 31 1993	June 30, 1993	September 30, 1993	December 31 1993
(In thousands, except per share amounts)				
Operating Revenues	\$593,214	\$563,349	\$624,524	\$ 588,853
Operating Expenses and Taxes	461,719	425,354	472,341	485,196
Operating Income	131,495	137,995	152,183	103,657
Other Income (Expense)	4,016	4,988	4,079	(241,905)
Net Interest and Other Charges	68,287	68,438	68,041	67,219
Income (Loss) Before Cumulative Effect of a Change in Accounting	67,224	74,545	88,221	(205,467)
Cumulative Effect of a Change in Accounting	58,201	—	—	—
Net Income (Loss)	\$125,425	\$ 74,545	\$ 88,221	\$(205,467)
Earnings (Loss) Applicable to Common Stock	\$119,520	\$ 68,310	\$ 82,462	\$(211,275)
Earnings (Loss) per Share of Common Stock Before Cumulative Effect of a Change in Accounting	\$ .40	\$ .45	\$ .54	\$(1.38)
Cumulative Effect of a Change in Accounting	.38	—	—	—
Earnings (Loss) per Share of Common Stock	\$ .78	\$ .45	\$ .54	\$(1.38)

Three Months Ended	March 31, 1992	June 30, 1992	September 30, 1992	December 31, 1992
(In thousands, except per share amounts)				
Operating Revenues	\$587,787	\$565,621	\$601,533	\$ 577,437
Operating Expenses and Taxes	453,220	445,036	459,430	452,577
Operating Income	134,567	120,585	142,103	124,860
Other Income	9,585	9,198	8,290	9,210
Net Interest and Other Charges	71,014	70,002	71,255	69,141
Net Income	\$ 73,138	\$ 59,781	\$ 79,138	\$ 64,929
Earnings on Common Stock	\$ 67,052	\$ 53,776	\$ 73,240	\$ 58,992
Earnings per Share of Common Stock	\$ .45	\$ .36	\$ .49	\$ .40

Results of operations for the first three quarters of 1993 were restated to reflect the change in accounting for unbilled revenues as described in Note 2. Restated net income for the first quarter includes \$58,201,000 or \$.38 per share for the cumulative effect of the change. The effect on income from continuing operations was as follows: \$(5,797,000) or \$(.04) per share in the first quarter, \$4,539,000 or \$.03 per share in the second quarter, and \$(4,459,000) or \$(.03) in the third quarter.

## REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

TO THE STOCKHOLDERS AND BOARD OF DIRECTORS OF OHIO EDISON COMPANY:

We have audited the accompanying consolidated balance sheets and consolidated statements of capitalization of Ohio Edison Company (an Ohio corporation) and subsidiaries as of December 31, 1993 and 1992, and the related consolidated statements of income, retained earnings, capital stock and other paid-in capital, cash flows and taxes for each of the three years in the period ended December 31, 1993. 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 Ohio Edison Company and subsidiaries as of December 31, 1993 and 1992, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1993, in conformity with generally accepted accounting principles.

As discussed in Notes 1 and 2 to the consolidated financial statements, effective January 1, 1993, the Company changed its method of accounting for unbilled revenues, income taxes and postretirement benefits other than pensions.

*Arthur Andersen & Co.*

ARTHUR ANDERSEN & CO.

New York, N.Y.  
February 1, 1994



**CONSOLIDATED FINANCIAL STATISTICS**

Ohio Edison Company

(Dollars in thousands, except per share amounts)

	1993	1992	1991	1990	1989	1988	1983
<b>GENERAL FINANCIAL INFORMATION</b>							
Operating Revenues	\$2,369,940	\$2,332,378	\$2,353,946	\$2,240,646	\$2,162,720	\$2,151,385	\$1,527,228
Operating Income	\$ 525,330	\$ 522,115	\$ 550,452	\$ 510,279	\$ 543,659	\$ 496,996	\$ 302,751
Earnings on Common Stock	\$ 59,017	\$ 253,060	\$ 240,069	\$ 254,048	\$ 332,932	\$ 186,170	\$ 227,843
SEC Ratio of Earnings to Fixed Charges	1.12	2.01	1.95	1.97	2.03	1.65	2.22
Net Utility Plant at December 31	\$5,877,676	\$5,938,410	\$5,985,415	\$6,049,219	\$6,081,737	\$6,048,034	\$5,246,565
Capital Expenditures	\$ 263,179	\$ 252,592	\$ 235,622	\$ 270,993	\$ 258,041	\$ 221,583	\$ 771,131
Capitalization at December 31:							
Common Stockholders' Equity	\$2,243,292	\$2,408,164	\$2,371,946	\$2,545,159	\$2,565,906	\$2,530,975	\$1,711,974
Preferred and Preference Stock Not Subject to Mandatory Redemption	328,240	354,240	354,240	354,240	354,240	354,240	404,240
Preferred and Preference Stock Subject to Mandatory Redemption	45,500	59,862	65,582	62,822	89,562	96,802	158,112
Long-Term Debt	3,039,263	3,121,647	3,243,167	3,105,248	3,073,796	3,208,553	2,929,262
Total Capitalization	<u>\$5,656,295</u>	<u>\$5,943,913</u>	<u>\$6,034,935</u>	<u>\$6,067,469</u>	<u>\$6,083,504</u>	<u>\$6,190,570</u>	<u>\$5,203,588</u>
Capitalization Ratios at December 31:							
Common Stockholders' Equity	39.7%	40.5%	39.3%	41.9%	42.2%	40.9%	32.9%
Preferred and Preference Stock Not Subject to Mandatory Redemption	5.8	6.0	5.9	5.9	5.8	5.7	7.8
Preferred and Preference Stock Subject to Mandatory Redemption	0.8	1.0	1.1	1.0	1.5	1.6	3.0
Long-Term Debt	53.7	52.5	53.7	51.2	50.5	51.8	56.3
Total Capitalization	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>
Cost of Preferred and Preference Stock Outstanding at December 31	6.86%	7.32%	7.60%	8.59%	8.72%	8.71%	9.63%
Cost of Long-Term Debt Outstanding at December 31	8.27%	8.53%	8.75%	9.28%	9.67%	10.26%	10.83%
<b>COMMON STOCK DATA</b>							
Earnings per Share*	\$1.82	\$1.70	\$1.60	\$1.67	\$2.18	\$1.22	\$2.22
Return on Average Common Equity*	11.4%	10.8%	9.9%	9.9%	13.0%	7.0%	14.2%
Dividends Paid per Share	\$1.50	\$1.50	\$1.50	\$1.73	\$1.96	\$1.96	\$1.80
Common Stock Dividend Payout Ratio*	82%	88%	94%	104%	90%	161%	81%
Common Stock Dividend Yield at December 31	6.6%	6.5%	7.3%	8.8%	8.3%	10.4%	14.7%
Price/Earnings Ratio at December 31*	12.5	13.6	12.8	10.3	10.9	15.5	5.5
Shares of Common Stock Outstanding at December 31 (000)	152,569	152,569	152,569	152,569	152,569	152,508	108,460
Book Value per Common Share at December 31	\$14.70	\$15.78	\$15.55	\$16.68	\$16.82	\$16.60	\$15.78
Market Price per Common Share at December 31	\$22.75	\$23.125	\$20.50	\$17.125	\$23.75	\$18.875	\$12.25
Ratio of Market Price to Book Value per Share at December 31	<u>155%</u>	<u>147%</u>	<u>132%</u>	<u>103%</u>	<u>141%</u>	<u>114%</u>	<u>78%</u>

\*Before net nonrecurring charges in 1993 as described on page 16

**CONSOLIDATED OPERATING STATISTICS**

Ohio Edison Company

	1993	1992	1991	1990	1989	1988	1983
<b>REVENUE FROM ELECTRIC SALES (Thousands)</b>							
Residential	\$ 868,422	\$ 820,687	\$ 839,387	\$ 768,226	\$ 749,345	\$ 728,410	\$ 540,167
Commercial	631,088	616,261	627,418	586,947	558,524	533,825	385,277
Industrial—							
25 Largest	241,679	294,154	267,680	259,012	248,405	240,674	224,606
Other	360,714	312,655	337,080	321,612	305,632	296,491	197,130
Other	12,575	14,037	15,392	16,491	17,243	17,269	13,753
Total Retail	2,114,478	2,057,794	2,086,957	1,952,288	1,879,149	1,816,669	1,360,933
Utilities	209,931	226,960	222,006	242,792	235,906	262,865	87,596
Municipalities	10,424	12,703	15,694	14,842	16,720	45,996	55,525
Total Wholesale	220,355	239,663	237,700	257,634	252,626	308,861	143,121
Total	\$2,334,833	\$2,297,457	\$2,324,657	\$2,209,922	\$2,131,775	\$2,125,530	\$1,504,054
<b>REVENUE FROM ELECTRIC SALES</b>							
Residential	37.2%	35.7%	36.1%	34.8%	35.1%	34.3%	35.9%
Commercial	27.0	26.8	27.0	26.5	26.2	25.1	25.6
Industrial—							
25 Largest	10.4	12.8	11.5	11.7	11.7	11.3	15.0
Other	15.4	13.6	14.5	14.6	14.3	14.0	13.1
Other	0.6	0.6	0.7	0.7	0.8	0.8	0.9
Total Retail	90.6	89.5	89.8	88.3	88.1	85.5	90.5
Utilities	9.0	9.9	9.6	11.0	11.1	12.3	5.8
Municipalities	0.4	0.6	0.6	0.7	0.8	2.2	3.7
Total Wholesale	9.4	10.5	10.2	11.7	11.9	14.5	9.5
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>KILOWATT-HOUR SALES (Millions)</b>							
Residential	8,237	7,685	7,908	7,527	7,619	7,628	6,735
Commercial	6,787	6,479	6,608	6,370	6,234	6,060	5,096
Industrial—							
25 Largest	4,866	5,034	5,074	5,255	5,315	5,458	5,036
Other	5,008	4,716	4,524	4,617	4,480	4,414	3,350
Other	144	145	143	144	139	143	161
Total Retail	25,042	24,059	24,257	23,913	23,787	23,703	20,378
Utilities	6,999	7,929	7,203	7,986	8,276	11,438	3,361
Municipalities	163	197	253	224	218	1,016	1,050
Total Wholesale	7,162	8,126	7,456	8,210	8,494	12,454	4,411
Total	32,204	32,185	31,713	32,123	32,281	36,157	24,789
<b>CUSTOMERS SERVED AT DECEMBER 31:</b>							
Residential	957,867	944,927	935,547	928,026	919,935	911,158	878,949
Commercial	107,401	105,792	104,462	103,297	102,055	100,808	90,072
Industrial	3,685	3,467	3,361	3,032	2,836	2,624	1,003
Other	1,199	1,151	1,094	1,061	883	918	736
Total	1,070,152	1,055,337	1,044,464	1,035,416	1,025,709	1,015,508	970,760
Average Annual Residential kWh Usage	8,660	8,182	8,498	8,159	8,336	8,425	7,695
Average Retail Price per kWh	8.44¢	8.63¢	8.75¢	8.18¢	7.79¢	7.54¢	6.68¢
Cost of Fuel per Million Btu	\$1.26	\$1.26	\$1.27	\$1.27	\$1.26	\$1.30	\$1.52
<b>GENERATING CAPABILITY AT DECEMBER 31:</b>							
Coal	76.4%	77.7%	77.7%	77.9%	77.9%	77.9%	89.2%
Oil	2.9	2.7	2.7	2.7	2.7	2.7	3.0
Nuclear	20.7	19.6	19.6	19.4	19.4	19.4	7.8
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
<b>SOURCES OF ELECTRIC GENERATION:</b>							
Coal	81.9%	75.0%	75.4%	77.3%	82.1%	77.0%	89.8%
Nuclear	18.1	25.0	24.6	22.7	17.9	23.0	10.2
Total	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Peak Load-Megawatts	5,729	5,247	5,513	5,394	5,152	5,027	4,148
Number of Employees at December 31	5,978	6,263	6,481	6,792	6,905	7,180	7,702

## INVESTOR SERVICES

For assistance or information, shareholders and first mortgage bondholders can write to Investor Services, Ohio Edison Company, 76 South Main Street, Akron, Ohio 44308-1890, or call the following toll-free telephone number: 1-800-736-3402. The toll-free number is valid in the United States, Canada, Puerto Rico and the Virgin Islands. Business hours are 8 a.m. to 4:30 p.m., Eastern time, Monday through Friday.

## DIVIDEND REINVESTMENT AND STOCK PURCHASE PLAN

The Company's Dividend Reinvestment and Stock Purchase Plan provides an opportunity for registered shareholders to acquire shares of Ohio Edison Common Stock. Participants may invest all or some of their dividends or make optional cash payments of up to \$40,000 annually. At the end of 1993, about 60,000 shareholders were participating in the plan.

## DIVIDENDS

For federal income tax purposes, all dividends paid by the Company in 1993 are considered ordinary dividends. Proposed dates for the payment of common stock dividends in 1994 are as follows:

Ex-Dividend Date	Record Date	Payment Date
March 1	March 7	March 31
June 1	June 7	June 30
September 1	September 8	September 30
December 1	December 7	December 30

## STOCK LISTING AND TRADING

Ohio Edison Common Stock is listed on the New York and Chicago stock exchanges under the "OED" trading symbol. Newspapers usually use "OhioEd" in their listings.

## FORM 10-K ANNUAL REPORT

Form 10-K, the Annual Report to the Securities and Exchange Commission, will be sent without charge upon written request to Gregory F. LaFlame, Secretary, Ohio Edison Company, 76 South Main Street, Akron, Ohio 44308-1890.

## ANNUAL MEETING OF SHAREHOLDERS

We invite shareholders to attend the 1994 Annual Meeting of Shareholders on Thursday, April 28, at 10 a.m., in the Company's General Office in Akron, Ohio. Registered holders of common stock not attending can vote on the items of business by filling out and returning the proxy card that is mailed about 30 days before the meeting. Shareholders whose shares are held in the name of a broker can attend the meeting if a letter from the broker is presented indicating ownership of Ohio Edison Common Stock on March 7, 1994.

## TRANSFER AGENT AND REGISTRAR FOR STOCK AND FIRST MORTGAGE BONDS

Ohio Edison Company  
Transfer Agent and Registrar  
76 South Main Street  
Akron, Ohio 44308-1890

## AUDIO FINANCIAL REPORTS

Investors with impaired vision can obtain free audiocassettes of the Company's annual and midyear reports by contacting Investor Services.

## MULTIPLE ANNUAL REPORTS

You may be receiving more than one copy of the annual report if you have more than one stock account. If you want to maintain separate stock accounts but eliminate multiple copies, please write to Investor Services and request that we stop mailing an annual report to a particular account. Be sure to provide the exact registration of the stock account for which you want the annual report mailing stopped. Dividends and proxy material will continue to be sent for each account.

## COMBINING STOCK ACCOUNTS

If you have more than one stock account and wish to combine them, please write or call Investor Services and specify the account that you would like to retain as well as the registration of each of your accounts. Your request will be reviewed to determine if further information is needed and whether the requested combination would meet applicable legal requirements.

## INSTITUTIONAL INVESTOR/SECURITY ANALYST INQUIRIES

Institutional investors and security analysts should direct inquiries to:

Richard H. Marsh Treasurer 216-384-5318	Theodore F. Struck II Assistant Treasurer 216-384-5202
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## MIDYEAR REPORT TO REPLACE INTERIM REPORTS

To reduce expenses while continuing our commitment to provide shareholders with information regarding Company operations, we will replace the three interim reports with a midyear report to shareholders. The midyear report will be mailed to registered shareholders with the September dividend checks and dividend reinvestment plan statements, and to street holders in late September. Shareholders who wish to continue receiving financial information on a quarterly basis may call our Investor Services Department to be placed on our quarterly financial information mailing list.

## BOARD/MANAGEMENT CHANGES

Dan R. Carmichael retired from the Board, effective December 30, 1993. Mr. Carmichael serves as President and Chief Executive Officer of Associate P & C Holdings, Inc., Indianapolis, Indiana, the holding company of The Shelby Insurance Company, Shelby, Ohio.

In January 1994, the Board elected Robert M. Carter, a partner of the Cleveland law firm of Carter & Haygood, to serve as director of the Company, effective February 1, 1994.

Guy L. Pipitone, former manager of Production, was named Akron Division manager. Mr. Pipitone replaced Mark T. Clark who was named manager of Marketing.

Douglas S. Elliott, former manager of Customer Accounts, was named Youngstown Division manager. Mr. Elliott replaced Earl T. Carey, who was named manager of the newly formed Performance Initiatives Department.

**BOARD OF DIRECTORS**

DONALD C. BLASHUS, 64  
Retired, formerly President of White Consolidated Industries, Inc., Cleveland, Ohio (home and commercial appliances, outdoor and industrial products). Chairman, Nominating Committee; Member, Finance Committee. Elected 1981

H. PETER BURG, 47  
Senior Vice President and Chief Financial Officer of Ohio Edison. Member, Finance Committee. Elected 1989

ROBERT H. CARLSON, 67  
Retired, formerly President and Chief Executive Officer of Universal-Rundle Corporation, New Castle, Pennsylvania (plumbing fixtures). Member, Audit Committee. Elected 1987

ROBERT M. CARTER, 43  
Partner, Carter & Haygood, Cleveland, Ohio (law firm). Elected 1994

DR. CAROL A. CARTWRIGHT, 52  
President, Kent State University, Kent, Ohio. Member, Nominating Committee. Elected 1992

WILLARD R. HOLLAND, 57  
President and Chief Executive Officer of Ohio Edison and Chairman of the Board and Chief Executive Officer of its subsidiary, Pennsylvania Power. Chairman, Finance Committee; Member, Nominating Committee. Elected 1991

ROBERT L. LOUGHHEAD, 64  
Retired, formerly Chairman of the Board, President and Chief Executive Officer of Weirton Steel Corporation, Weirton, West Virginia (steel products). Chairman, Compensation Committee; Member, Audit Committee. Elected 1980

GLENN H. MEADOWS, 64  
Retired, formerly President and Chief Executive Officer of McNeil Corporation, Akron, Ohio (manufactured products). Chairman, Audit Committee; Member, Compensation Committee. Elected 1981

PAUL J. POWERS, 59  
Chairman of the Board and Chief Executive Officer of Commercial Intertech Corporation, Youngstown, Ohio (engineered metal components). Member, Finance Committee. Elected 1992

CHARLES W. RAINGER, 60  
President of Sandusky International, Inc., Sandusky, Ohio (centrifugal castings). Member, Nominating Committee. Elected 1987

GEORGE M. SMART, 48  
Chairman of the Board and President of Phoenix Packaging Corporation, North Canton, Ohio (easy-opening lids). Member, Finance Committee. Elected 1988

FRANK C. WATSON, 69  
Retired, formerly President of The Youngstown Welding and Engineering Company, Youngstown, Ohio (nonferrous alloys). Member, Audit and Nominating committees. Elected 1974

JESSE T. WILLIAMS, SR., 54  
Vice President, Compensation and Employment Practices of The Goodyear Tire & Rubber Company, Akron, Ohio (tires and rubber-related products). Member, Compensation Committee. Elected 1992

**OFFICERS**

WILLARD R. HOLLAND  
President and Chief Executive Officer

ANTHONY J. ALEXANDER  
Senior Vice President and General Counsel

H. PETER BURG  
Senior Vice President and Chief Financial Officer

ROBERT J. MCWHORTER  
Senior Vice President

ARTHUR R. GARFIELD  
Vice President

JOHN A. GILL  
Vice President

ANTHONY N. GORANT  
Vice President

BARRY M. MULLER  
Vice President

DAVID L. YEAGER  
Vice President

DANIEL P. ZENO  
Vice President

GREGORY F. LAFLAME  
Secretary

RICHARD H. MARSH  
Treasurer

HARVEY L. WAGNER  
Comptroller

NANCY C. BRINK  
Assistant Secretary

THEODORE F. STRUCK II  
Assistant Treasurer

HOWARD J. TUBER  
Assistant Comptroller

**DIVISION MANAGERS**

GUY L. PIPTONE  
Akron

GARY M. STAIR  
Bay

CHARLES E. JONES  
Lake Erie

FRED M. LENTZ  
Mansfield

FRED K. WHITE  
Marion

THOMAS A. CLARK  
Springfield

R. JOSEPH HRACH  
Stark

EDWARD T. BEIL  
Warren

DOUGLAS S. ELLIOTT  
Youngstown





**OHIOEDISON**  
The Energy Makers

76 South Main Street  
Akron, Ohio 44308-1890  
(216) 384-5100

1993 ANNUAL REPORT

Bank Rate  
U.S. Postage  
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Akron, Ohio  
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