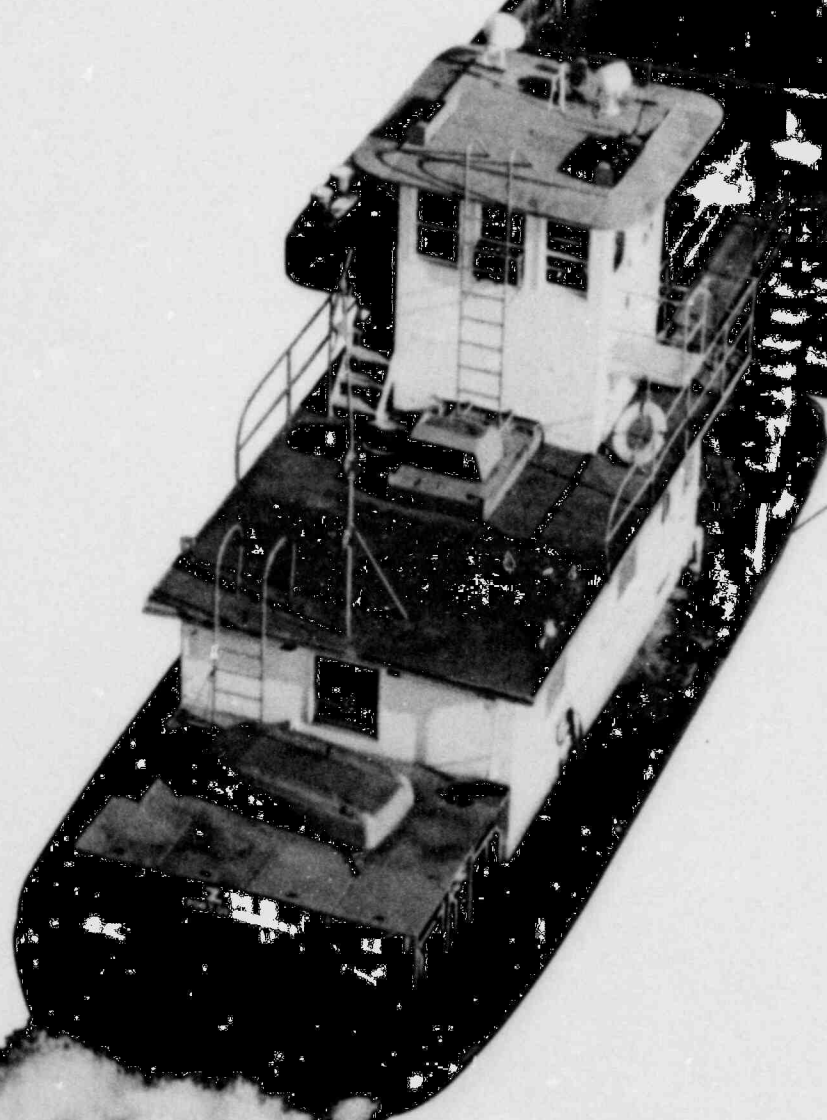


The Dayton Power and Light Company

1981 Annual Report



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Financial and Statistical Summary

The Dayton Power and Light Company

		1981	1980	1979	1978	1977
For the years ended December 31,						
Return on shareholders' investment	%	13.9	10.1	10.8	9.3	9.1
Earnings per share of common stock	\$	2.51	1.85	2.01	1.73	1.70
Dividends declared per share	\$	1.82	1.74	1.72	1.66	1.66
Dividend payout ratio	%	73.4	94.3	85.7	95.8	96.1
Earnings on common stock (000)	\$	74,755	47,166	47,239	36,774	31,728
Utility service revenues (000)	\$	779,586	650,000	577,232	535,813	446,524
At December 31,						
Book value per share	\$	18.01	18.06	18.60	18.39	18.60
Total assets (000)	\$	1,882,632	1,685,044	1,480,808	1,270,453	1,118,707
Long-term debt and preferred stock with mandatory redemption provisions (000)	\$	914,750	807,991	774,903	602,168	505,623
Number of Shareholders						
Common		76,485	74,920	70,969	70,857	65,173
Preferred		3,759	4,013	4,142	4,205	4,218

Selected Quarterly Information

\$ in thousands except per share amounts		Utility Service Revenues	Income Before Income Taxes	Net Income	Earnings on Common Stock	Earnings per Share of Common Stock	Dividends Paid	Common Stock Market Price	
								High	Low
For the quarters ended 1981:									
December 31	\$	203,820	21,920	17,795	13,009	.41	.455	14 ⁷ / ₈	13 ¹ / ₄
September 30	\$	169,516	36,020	25,149	20,364	.65	.455	14 ¹ / ₂	12
June 30	\$	167,325	23,738	18,496	13,664	.44	.455	14 ¹ / ₈	12 ³ / ₈
March 31	\$	238,925	48,797	32,550	27,718	1.01	.455	13 ⁷ / ₈	12 ¹ / ₄
For the quarters ended 1980:									
December 31	\$	169,873	16,946	15,096	10,250	.36	.435	13 ³ / ₈	11 ¹ / ₄
September 30	\$	138,563	19,709	15,983	11,255	.42	.435	15	13
June 30	\$	145,763	17,533	14,774	10,772	.45	.435	15	12 ³ / ₄
March 31	\$	195,801	24,822	18,918	14,889	.62	.435	15 ³ / ₈	12 ¹ / ₂

 \$ in thousands
except per share amounts

\$ in millions	Conventional Historical Cost	Current Cost Average 1981 Dollars	Constant Dollar
Net Property and Plant Adjusted for Inflation			
At December 31, 1981	\$ 1,655	3,141	2,955
Earnings on Common Stock Adjusted for Inflation			
1981(a)	\$ 75	16	26
1980	\$ 47	(3)	7
1979	\$ 47	1	18
Earnings Per Common Share Adjusted for Inflation			
1981	\$ 2.51	53	86
1980	\$ 1.85	(13)	28
1979	\$ 2.01	.04	78
Total Adjustment to Earnings on Common Stock for 1981			
Additional provision for depreciation and amortization			\$ (49)
Economic loss from holding property and plant			(86)
Economic gain from holding fixed money obligations (b)			89
Total adjustment to earnings on common stock (c)			<u>\$ (46)</u>

- (a) Earnings on common stock, based on conventional historical cost, are adjusted on a current cost and constant dollar basis to reflect an additional provision for depreciation and amortization. The adjustments of \$59 million for current cost and \$49 million for constant dollar were calculated by applying current depreciation rates to the current cost and constant dollar plant amounts. Income taxes are not adjusted.
- (b) The economic gain from holding fixed money obligations was \$120 million and \$118 million for 1980 and 1979, respectively.
- (c) The adjustment to earnings on common stock on a current cost basis equals the adjustment on a constant dollar basis. This adjustment reflects the effect of rate regulation which limits the recovery of property and plant to original (historical) cost.

During 1981, the current cost of property and plant increased \$208 million, which is \$61 million less than the effects of general inflation.

The following schedule, a comparison of reported historical data with data adjusted for general inflation, shows that a significant part of the reported Company five-year growth has resulted from inflation. For example, the increase in revenues between the years 1977 and 1981 was only \$109 million after adjustment for the effects of inflation, rather than the reported \$333 million increase. Inflation has actually caused a decrease in the purchasing power of the Company's dividends.

\$ in millions	Year Ended December 31,		Increase (Decrease) Between 1977 and 1981	
	1977	1981	\$	Annual Percentage Rate
Utility Service Revenues				
— as reported	\$ 447	\$ 780	333	15
— in average 1981 dollars	\$ 671	\$ 780	109	4
Net Assets at Year End at Net Recoverable Cost				
— as reported	\$ 380	\$ 565	185	10
— in average 1981 dollars	\$ 556	\$ 546	(10)	—
Cash Dividends — Declared Per Common Share				
— as reported	\$ 1.66	\$ 1.82	.16	2
— in average 1981 dollars	\$ 2.49	\$ 1.82	(.67)	(8)
Market Price Per Common Share at Year End				
— as reported	\$ 18.13	\$ 14.63	(3.50)	(5)
— in average 1981 dollars	\$ 26.53	\$ 14.12	(12.41)	(15)
Average Consumer Price Index	181.5	272.4	90.9	11

6. **Commonly Owned Facilities** The Company, The Cincinnati Gas & Electric Company and, on certain projects, Columbus and Southern Ohio Electric Company own as tenants in common certain electric generating and transmission facilities and have made commitments for additional construction. The agreements among the companies obligate each individual company to pay its ownership share of construction and operation costs of each facility. Included in the Statement of Results of Operations is the Company's share of direct expenses. These expenses are included as either fuel used in production, operating and administrative or maintenance of equipment and facilities.

Certain information relating to the commonly owned facilities at December 31, 1981, is as follows:

Unit	Company Ownership	Company Portion		
		Plant in Service	Accumulated Provision for Depreciation	Plant Under Construction
\$ in millions				
Production				
Backford Unit 6	50	\$ 39	\$13	\$ 1
Conesville Unit 4	16.5	22	6	—
Stuart Station	35	174	35	2
Miami Fort Units 7&8	36	95	16	3
East Bend Unit 1	25	—	—	3
East Bend Unit 2	31	127	4	1
Killeri Station	67	16	—	316
Zimmer Station (nuclear)	31.5	—	—	343
Transmission (at varying ownership percentages)		62	11	1
Total		\$535	\$85	\$ 670

7. **Supplementary Information on Reporting the Effects of Inflation (Unaudited)** The information provided below is an estimate of the economic impact inflation had on the Company and the common shareholders' investment during 1981. It is intended to supplement the basic financial statements, which are based on conventional historical cost.

The Financial Accounting Standards Board, through its Statement No. 33, requires that two kinds of supplementary information be disclosed. Current cost information represents the cost of an item today, as opposed to its conventional historical cost, which is the cost of the item at the time of purchase. The Company's current cost calculations are based primarily on the Handy-Whitman Index of Public Utility Construction Costs. Constant dollar information reflects adjustments to the conventional financial statements for changes in the general level of prices (general inflation). The Company's constant dollar calculations are based on the Consumer Price Index for All Urban Consumers.

The Company is subject to rate regulation and tax laws that are based on the recovery of original (historical) cost only. Therefore, inflationary increases in the value of the Company's property create an economic loss because the Company is recovering its cost of investments in dollars that have less purchasing power. Conventional accounting for historical cost does not recognize this economic loss nor the partially offsetting gain that arises through financing facilities with fixed money obligations, such as long term debt and preferred stock.

4. Commitments and Contingencies

The Company estimates that its construction program will amount to \$225 million in 1982 and \$162 million in 1983. These amounts include the Company's share of construction costs associated with its commonly owned facilities (see Note 6). The Company's estimated construction expenditures could be significantly increased because of construction deferrals, government regulations and other uncertainties concerning the construction of facilities.

In September 1980 the Company announced plans for the cancellation of the second unit of the Killen station. The Company is currently negotiating with vendors concerning the cancellation charges. While the recovery or disposition of such costs will depend upon regulatory treatment, for accounting purposes the Company has elected to reduce net income in 1981 by \$1.9 million representing the losses negotiated to date. This amount represents substantially all the losses anticipated.

5. Financial Information by Business Segments

The primary business of the Company is the generation, distribution and sale of electricity and purchase, distribution and sale of natural gas. The following is certain information relating to the Company's business segments:

\$ in thousands	1981	1980	1979
For the years ended December 31,			
Income before provision for income taxes (a)			
Electric	\$ 158,484	\$ 91,812	\$ 80,575
Gas	4,322	6,797	6,090
Steam heating	(1,126)	(446)	(521)
Non-operating	29,667	28,804	26,291
Interest charged to operations	(60,872)	(47,957)	(37,456)
Total	\$ 130,475	\$ 79,010	\$ 74,979
Income taxes			
Electric	\$ 52,865	\$ 24,363	\$ 20,754
Gas	343	1,112	493
Steam heating	(720)	(332)	(362)
Non-operating	(16,003)	(10,904)	(7,442)
Total	\$ 36,485	\$ 14,239	\$ 13,443
Provision for depreciation and amortization			
Electric	\$ 33,033	\$ 29,489	\$ 27,738
Gas	3,062	2,599	2,226
Steam heating	268	257	219
Total	\$ 36,363	\$ 32,345	\$ 30,183
Capital expenditures			
Electric	\$ 241,540	\$ 214,997	\$ 214,657
Gas	7,122	7,087	2,043
Steam heating	185	261	1,246
Total	\$ 248,847	\$ 222,345	\$ 217,946
At December 31,			
Identifiable assets			
Electric	\$1,685,060	\$1,478,680	\$1,279,385
Gas	125,546	120,442	105,332
Steam heating	7,755	8,828	10,346
Corporate assets (b)	84,271	77,094	85,745
Total	\$1,882,632	\$1,685,044	\$1,480,808

(a) Excludes intersegment transactions which are not material.

(b) Includes primarily cash, accounts receivable and certain deferred items.

With Mandatory Redemption Provisions

The following series of preferred stock, which are redeemable pursuant to mandatory sinking fund requirements, may also be redeemed at the option of the Company at the following per share redemption prices, plus accrued dividends.

	Current Redemption Price		Eventual Minimum	Annual Sinking Fund Requirements	
	Amount	Prior to		(1)	(2)
12.50% Series G	\$112.00	11-1-84	\$101.00	5%	11-1-79
8% Series H	\$110.00	4-1-83	\$101.00	5%	4-1-83
9% Series I	\$110.00	5-1-84	\$101.00	5%	5-1-85
11.60% Series J	\$111.60	7-1-85	\$101.00	3%	7-1-86

(1) Percentage of the original amount of each issue.

(2) Sinking fund commencement date.

No redemptions may be made for Series G, H, I and J at effective interest rates or dividend yields less than the par value yields of the respective series prior to the current redemption dates in the above table.

Mandatory redemptions for preferred stock over the next five years are as follows:

Year	\$ in thousands
1982	\$ 431
1983	\$3,250
1984	\$3,250
1985	\$5,500
1986	\$6,400

If four full quarterly preferred stock dividends are in arrears, the preferred shareholders would have the right to elect one-third of the members of the Board of Directors.

Long-term Debt

Substantially all property and plant of the Company is subject to the lien of the mortgage securing the Company's first mortgage bonds.

Improvement and sinking fund requirements for each of the next five years average \$4.5 million and may be satisfied by (a) cash, (b) delivery of bonds of the respective series or (c) unfunded property additions at 60% of the lesser of cost or fair value thereof.

The mortgage also provides for annual payments as a maintenance and replacement fund of a sum equivalent to the minimum provision for depreciation (as defined), which approximated \$23 million in 1981. This fund may be satisfied by (a) cash, (b) delivery of bonds issued under the mortgage or (c) the cost of unfunded property additions.

The Company has been using the cost of unfunded property additions to meet these requirements of the funds, but may follow a different alternative in the future with respect to certain series of bonds.

The amounts of maturities and mandatory redemptions for first mortgage bonds over the next five years are as follows:

Year	\$ in thousands
1982	\$15,000
1983	—
1984	\$16,330
1985	\$ 4,330
1986	\$ 4,330

Utility plant depreciation is calculated using the straight-line method which depreciates the cost of property, less salvage value, in equal amounts over its estimated useful life. Studies are conducted periodically as a basis for adjusting these useful lives and salvage values to reflect current conditions. The annual composite depreciation rates by utility are as follows:

		1981	1980	1979
Electric plant	%	3.1	3.1	3.2
Gas plant	%	2.8	2.5	2.2
Steam plant	%	2.4	2.3	2.2

Reclassifications

Certain reclassifications have been made in the prior years' amounts to make them comparable to the classifications of such items in 1981.

2. Notes Payable and Compensating Balances

Notes payable at December 31, 1981, include \$59.2 million of the Company's commercial paper.

The Company has \$200 million available to it under two revolving bank loan agreements. There were no loans outstanding under these agreements at December 31, 1981.

At December 31, 1981, the Company had informal lines of credit aggregating \$95.7 million, all of which were unused. In support of these lines, the Company is required to maintain average daily compensating balances, based on the banks' records, of approximately \$4.5 million at December 31, 1981.

3. Capitalization

Common Shareholders' Equity

Shares of common stock were issued as follows:

	1981	1980	1979
Public offerings	3,100,000	3,000,000	—
Dividend reinvestment plan	555,906	458,949	360,732
Employee plans	240,865	209,436	118,684
Total	3,896,771	3,668,385	479,416

At December 31, 1981, the Company had 1,851,438 and 267,235 shares of authorized but unissued stock reserved for the dividend reinvestment plan and employee plans, respectively.

The changes in other paid-in capital are as follows:

\$ in thousands	1981	1980	1979
Balance at beginning of year	\$178,700	\$153,511	\$149,789
Premium, net of expense, received from sales of common stock	21,274	25,647	3,995
Other	191	(458)	(273)
Balance at end of year	\$200,165	\$178,700	\$153,511

Preferred Stock

Without Mandatory Redemption Provisions

The following series of preferred stock may be redeemed at the option of the Company at the following per share redemption prices, plus accrued dividends:

	Current Redemption Price		Eventual Minimum
	Amount	Prior to	
3.75% Series A	\$102.50	—	\$102.50
3.75% Series B	\$103.00	—	\$103.00
3.90% Series C	\$101.00	—	\$101.00
7.48% Series D	\$105.095	5-1-84	\$103.225
7.70% Series E	\$103.00	4-1-86	\$101.00
7.375% Series F	\$105.00	6-2-83	\$101.00

The following schedules depict the computation of tax expense and the current and deferred components of tax expense:

\$ in thousands	1981	%	1980	%	1979	%
Computation of Tax Expense						
Federal income tax at statutory rate applied to pre-tax income	\$60,019	46	\$36,345	46	\$34,490	46
Decreases in tax from—						
AFC which does not constitute taxable income	22,168	17	18,609	24	15,545	20
Excess of tax depreciation and amortization over book depreciation and amortization not deferred	2,456	2	3,528	4	4,341	6
Investment tax credit amortized	724	—	562	1	418	1
Other (net)	(1,814)	(1)	(593)	(1)	743	1
Total tax expense	\$36,485	28	\$14,239	18	\$13,443	18

Components of Tax Expense			
Taxes currently payable	\$ 5,863	\$ 2,165	\$ 2,646
Deferred taxes—			
Liberalized depreciation and amortization	7,047	5,359	4,023
Other	2,437	1,598	1,842
Deferred investment tax credit (net)	17,854	4,473	3,621
Other items	3,284	644	1,311
Total tax expense	\$36,485	\$14,239	\$13,443

Pensions

The Company's trustee Retirement Income Plans, which cover substantially all employees, do not require contributions by the employees. The Company's contribution provides for the annual pension expense, including the amortization of unfunded past service costs over twenty years. Contributions amounted to \$6.3 million in 1981, \$5.7 million in 1980 and \$5.5 million in 1979.

The actuarial present values of accumulated plan benefits, based on employees' salaries and service, assuming a 6% rate of return, were as follows:

\$ in thousands	At January 1,	1981	1980
Vested		\$76,925	\$70,456
Non-vested		11,128	10,443
Total		\$88,053	\$80,899

The net assets available for such benefits were \$92 million at January 1, 1982, \$94 million at January 1, 1981 and \$71 million at January 1, 1980.

Property and Plant, Maintenance and Depreciation

Property and plant in service is stated at the cost when first devoted to utility service (original cost). Construction costs include material, labor, overheads for payroll-related costs, administrative and general expenses and AFC. When a unit of property is retired, the accumulated provision for depreciation is charged with the book value of the property plus the cost of removal, less salvage value. Maintenance of property and replacements of minor items of property are charged to the appropriate maintenance expense accounts.

Notes to the Financial Statements

1. Summary of Significant Accounting Policies

Principles of Consolidation

The Company's financial statements are consolidated to include the accounts of a wholly owned subsidiary which owns the Company's corporate headquarters building. All significant intercompany transactions have been eliminated in consolidation. The Company's other subsidiaries are not significant and are accounted for on the equity basis as investments.

Revenues

The Company records revenues based on monthly readings of customers' meters. The revenues include amounts billed to customers through fuel and gas cost adjustment clauses.

Purchased Gas and Fuel Costs

The Company records gas cost as an expense as it is billed to customers through the gas cost adjustment clause. The portion of gas costs recoverable or refundable in future periods and related income taxes are deferred.

Prior to September 1981, the cost of fuel used to produce electricity was expensed as the fuel was consumed. As a result of an order by the Public Utilities Commission of Ohio (PUCO) effective September 1981, the Company began billing electric fuel costs based on a fuel rate which is established for a six-month period. The difference between actual fuel costs and fuel revenues billed to customers on the fixed rate is recoverable or refundable in future periods and is deferred along with related income taxes.

Allowance for Funds Used During Construction

Allowance for funds used during construction (AFC) reflects the estimated cost of capital funds applicable to utility plant under construction. This cost represents interest charges on borrowed funds and the cost of equity funds. This accounting practice results in these capital costs being included as part of the utility plant in the same manner as labor and material costs. The amount of AFC is a function of both the amount of construction and the AFC rate. The AFC rate was $8\frac{1}{2}\%$ in 1981, 8% in 1980, 8% after June 1979 and $7\frac{3}{4}\%$ from January through June 1979. These rates are net of income tax and are compounded semi-annually.

Total interest of \$75,832,000 in 1981, \$60,464,000 in 1980 and \$46,343,000 in 1979 consists of interest charged to operations (shown on the Statement of Results of Operations) and AFC related to borrowed funds of \$14,960,000, \$12,507,000 and \$8,887,000, respectively, net of income taxes, which was charged to construction.

Income Taxes

Income taxes currently payable are computed based on pre-tax income adjusted for AFC, liberalized depreciation and other differences between pre-tax income and taxable income. Income tax expense differs from income taxes currently payable due to transactions which affect book net income and taxable income in different accounting periods. The tax effects of certain of these timing differences, consistent with PUCO regulatory policies and Internal Revenue Service Regulations, are deferred to future periods and are reflected in the Balance Sheet as deferred credits, deferred charges and other and, if associated with property, as a reduction to property and plant.

Investment tax credit, which reduces taxes currently payable, is deferred and amortized over the lives of the related property. The Company also has unused investment tax credit of approximately \$43 million which will be used to the extent permitted by tax regulations to reduce future tax liability.

Statement of Capitalization

The Dayton Power and Light Company

\$ in thousands	At December 31,	1981	1980	1979
Long-term Debt				
First mortgage bonds				
Series	Year due			
10 $\frac{1}{8}$ %	1981	—	—	45,000
3 $\frac{1}{4}$ %	1982	—	15,000	15,000
3%	1984	15,000	15,000	15,000
14 $\frac{1}{2}$ %	1988	20,000	—	—
14 $\frac{1}{8}$ %	1988	40,000	—	—
17%	1991	80,000	—	—
4.45%	1993	50,000	50,000	50,000
5 $\frac{1}{8}$ %	1997	40,000	40,000	40,000
6 $\frac{3}{4}$ %	1998	25,000	25,000	25,000
8.95%	1998	20,000	20,000	20,000
8 $\frac{1}{4}$ %	1999	30,000	30,000	30,000
10 $\frac{1}{4}$ %	1995	45,000	45,000	30,000
9 $\frac{1}{2}$ %	2000	35,000	35,000	35,000
8 $\frac{1}{2}$ %	2001	45,000	45,000	45,000
8%	2003	40,000	40,000	40,000
9 $\frac{1}{2}$ %	2003	50,000	50,000	50,000
10.70%	2005	3,175	3,175	3,175
8 $\frac{3}{4}$ %	2006	50,000	50,000	50,000
6.35%	2007 (Pollution Control)	14,200	14,200	14,200
8 $\frac{1}{2}$ %	2007	60,000	60,000	60,000
12 $\frac{1}{8}$ %	2009	63,620	63,620	57,000
		725,995	600,995	624,375
Unamortized debt discount and premium (net)		(1,044)	(228)	(175)
		724,951	600,767	624,199
Guarantee of pollution control obligations —				
7 $\frac{1}{2}$ % and 7 $\frac{3}{4}$ % Series A due 1999 through 2009		35,279	29,995	26,390
10 $\frac{1}{4}$ % 1980 Series due 2000		6,700	6,651	—
Bank loan agreement		—	20,000	—
10% mortgage note payable —				
due in installments through 2012		8,780	8,828	8,871
Capital lease obligations and other		4,040	5,500	7,943
		779,750	671,741	667,403
Total Capitalization		\$ 1,563,028	\$ 1,387,640	\$ 1,301,020

Statement of Earnings
Reinvested in the Business

The Dayton Power and Light Company

\$ in thousands	For the years ended December 31		1981	1980	1979
Earnings Reinvested in the Business					
Balance at beginning of year	\$	125,572	\$	122,907	\$ 116,153
Net income		93,990		64,771	61,536
		219,562		187,678	177,689
Dividends—common stock		(54,869)		(44,501)	(40,485)
preferred stock		(19,235)		(17,605)	(14,297)
Balance at End of Year	\$	145,458	\$	125,572	\$ 122,907

The accompanying notes are an integral part of the above statements.

Statement of Capitalization

The Dayton Power and Light Company

\$ in thousands		As December 31	1981	1980	1979
Common Shareholders' Equity					
Common stock					
\$7 par value, 50,000,000 shares authorized, 31,400,618, 27,503,847 and 23,835,462 shares outstanding, respectively					
			\$ 219,804	\$ 192,526	\$ 166,848
Other paid-in capital			200,165	178,700	153,511
Earnings reinvested in the business			145,458	125,572	122,907
Total common shareholders' equity			565,427	496,798	443,266
Preferred Stock - Cumulative					
\$25 par value, 4,000,000 shares authorized, no shares outstanding					
\$100 par value, 4,000,000 shares authorized					
Without mandatory redemption provisions					
Series	Shares outstanding				
A - 3.75%	93,280		9,328	9,328	9,328
B - 3.75%	69,398		6,940	6,940	6,940
C - 3.90%	65,830		6,583	6,583	6,583
D - 7.48%	150,000		15,000	15,000	15,000
E - 7.70%	200,000		20,000	20,000	20,000
F - 7.375%	250,000		25,000	25,000	25,000
Total without mandatory redemption provisions			82,851	82,851	82,851
With mandatory redemption provisions (exclusive of sinking fund payment due within one year)					
Series	Shares outstanding				
G - 12.50%	200,000, 212,500 and 225,000, respectively		20,000	21,250	22,500
H - 8%	400,000		40,000	40,000	40,000
I - 9%	450,000		45,000	45,000	45,000
J - 11.60%	300,000		30,000	30,000	—
Total with mandatory redemption provisions			135,000	136,250	107,500

Balance Sheet

The Dayton Power and Light Company

	\$ in thousands	At December 31	1981	1980	1979
Assets					
Property and Plant					
Electric plant in service			\$ 1,206,009	\$ 1,032,109	\$ 973,734
Gas plant in service			118,717	110,974	106,403
Steam plant in service			12,469	12,305	11,902
Total property and plant in service			1,337,195	1,155,388	1,092,039
Less accumulated provision for depreciation and amortization			377,854	349,794	320,507
Less accumulated deferred income taxes related to liberalized depreciation and amortization			21,504	14,567	9,189
Net plant in service			937,837	791,027	762,343
Construction work in progress			717,276	659,701	506,916
Net property and plant			1,655,113	1,450,728	1,269,259
Current Assets					
Cash			4,659	7,708	5,462
Temporary cash investments, at cost			—	—	16,824
Accounts receivable, less provision for uncollectible accounts of \$3,510, \$3,338 and \$2,457, respectively			62,922	54,429	47,866
Fuel stock, at average cost			50,635	68,255	49,653
Materials and supplies, at average cost			18,086	16,228	11,596
Prepayments and other			31,411	28,609	20,206
Total current assets			167,713	175,229	151,607
Deferred Charges and Other			59,806	59,087	59,942
Total Assets			\$ 1,882,632	\$ 1,685,044	\$ 1,480,808
Capitalization and Liabilities					
Capitalization (See Statement of Capitalization)					
Common shareholders' equity			\$ 565,427	\$ 496,798	\$ 443,266
Preferred stock					
Without mandatory redemption provisions			82,851	82,851	82,851
With mandatory redemption provisions			135,000	136,250	107,500
Long-term debt			779,750	671,741	667,403
Total capitalization			1,563,028	1,387,640	1,301,020
Current Liabilities					
Current portion of first mortgage bonds and preferred stock			15,431	46,250	1,250
Notes payable			61,172	57,882	2,420
Accounts payable			63,149	50,719	46,251
Accrued taxes			56,994	50,768	47,187
Accrued interest			18,200	12,414	10,636
Gas supplier refunds due customers			8,485	7,510	11,223
Other			17,993	13,694	8,780
Total current liabilities			241,424	238,537	127,747
Deferred Credits and Other					
Income taxes related to state and local taxes and other items			21,428	20,399	18,827
Investment tax credit			53,937	36,083	31,610
Other			2,815	2,385	1,604
Total deferred credits and other			78,180	58,867	52,041
Total Capitalization and Liabilities			\$ 1,882,632	\$ 1,685,044	\$ 1,480,808

The accompanying notes are an integral part of these financial statements.

Statement of Sources of Funds
Invested in Construction Additions

The Dayton Power and Light Company

	\$ in thousands	For the years ended December 31	1981	1980	1979
Internally Generated Funds	Funds Retained in the Business				
	Net income		\$ 93,990	\$ 64,771	\$ 61,536
	Add (deduct)				
	Depreciation and amortization		38,214	34,541	32,448
	Deferred income taxes		27,338	11,430	9,486
	Allowance for equity funds used during construction		(33,231)	(27,947)	(24,908)
	Funds provided from operations		126,311	82,795	78,562
	Dividends on common and preferred stock		(74,104)	(62,106)	(54,782)
	Funds retained in the business		52,207	20,689	23,780
	Other Funds Provided (net)				
	Changes in working capital (excluding short-term debt and temporary cash investments)		37,932	(30,118)	(2,351)
	Other		(1,583)	(2,161)	(4,451)
	Other funds provided (net)		36,349	(32,279)	(6,802)
	Internally generated funds		88,556	(11,590)	16,978
Funds Provided by Investors (net)					
	Issuance of common stock		48,551	51,325	7,351
	Issuance of preferred stock		—	29,542	44,727
	Issuance of long-term debt		144,507	58,693	135,450
	Reduction in long-term debt and preferred stock		(69,625)	(6,071)	(3,430)
	Temporary cash investments (net)		—	16,824	(8,038)
	Short-term debt (net)		3,527	55,675	—
	Funds provided by investors (net)		127,060	205,988	176,060
	Construction expenditures		215,616	194,398	193,038
	Allowance for equity funds used during construction		33,231	27,947	24,908
	Total Invested in Construction Additions		\$ 248,847	\$ 222,345	\$ 217,946
	Percent of Construction Expenditures Generated Internally		41.1%	(6.0)%	8.8%

The accompanying notes are an integral part of the above statement.

Statement of Results of Operations

E.C. Dayton Power and Light Company

	\$ in thousands except per share amounts	For the years ended December 31	1981	1980	1979
Income					
Utility Service Revenues					
Electric			\$ 549,271	\$ 454,062	\$ 398,552
Gas			223,003	188,466	171,819
Steam			7,312	7,472	6,861
Total utility service revenues			779,586	650,000	577,232
Other Income					
Allowance for equity funds used during construction (Note 1)			33,231	27,947	24,908
Other income (net)			(342)	857	1,383
Total income			812,475	678,804	603,523
Expenses					
Fuel used in production			205,514	191,573	163,958
Purchased power			4,592	13,258	16,874
Purchased gas			177,306	149,206	135,269
Operating and administrative			88,749	70,712	63,603
Maintenance of equipment and facilities			43,533	46,139	36,116
Provision for depreciation, amortization and other			39,585	32,345	30,183
General taxes			61,849	48,604	45,085
Interest charged to operations (Note 1)			60,872	47,957	37,456
Total expenses			682,000	599,794	528,544
Income Before Provision for Income Taxes			130,475	79,010	74,979
Income taxes			36,485	14,239	13,443
Net Income			93,990	64,771	61,536
Preferred dividends			19,235	17,605	14,297
Earnings on Common Stock			\$ 74,755	\$ 47,166	\$ 47,239
Average Number of Common Shares Outstanding (000)			29,833	25,489	23,556
Earnings Per Share of Common Stock			\$ 2.51	\$ 1.85	\$ 2.01
Return on Shareholders' Investment			13.9%	10.1%	10.8%

The accompanying notes are an integral part of the above statement.

**Management Report
on the Financial Statements**

Company management is responsible for the accuracy and integrity of the financial statements included in this report and has prepared them in accordance with generally accepted accounting principles.

An accounting system is used which incorporates control techniques to ensure these financial statements properly reflect the results of the transactions of the Company, and provides reasonable assurance that the assets are safeguarded against any significant loss. These control techniques are augmented by a comprehensive internal audit program which evaluates these procedures and compliance with them.

The Board of Directors, through its Audit Review Committee, oversees the functioning of the accounting system and the related controls. It also is responsible for ensuring that the internal auditors are carrying out their duties with respect to adequate controls and to the performance of audits. The internal auditors and the independent auditors have full and free access to the Committee and meet with it periodically.

The independent auditors, Arthur Andersen & Co., express their opinion on the Company's financial statements. This opinion is based upon their procedures which include maintaining an understanding of the Company's systems and procedures and performing tests and other auditing procedures which they believe are necessary.

Auditors' Report

To the Shareholders of The Dayton Power and Light Company:

We have examined the balance sheet and statement of capitalization of THE DAYTON POWER AND LIGHT COMPANY (an Ohio corporation) as of December 31, 1981, 1980 and 1979, and the related statements of results of operations, earnings reinvested in the business and sources of funds invested in construction additions for each of the three years in the period ended December 31, 1981. Our examinations were made in accordance with generally accepted auditing standards and, accordingly, included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, the financial statements referred to above present fairly the financial position of The Dayton Power and Light Company as of December 31, 1981, 1980 and 1979, and the results of its operations and its sources of funds invested in construction additions for the years then ended, in conformity with generally accepted accounting principles applied on a consistent basis.

ARTHUR ANDERSEN & CO.

Dayton, Ohio,
January 26, 1982.

About This Book

About our cover photo...

Dayton Power and Light is a 99 percent coal-burning utility, and receives its supplies by barge on the Ohio River. Our close proximity to some of the best low sulfur coal supplies in the world puts us in a favorable position to meet customers' growing energy needs.

This year's annual report has been designed to provide shareholders and others interested in The Dayton Power and Light Company with an overview of our performance. The management section of this book, beginning on the opposite page, also provides a letter to shareholders, a review of the Company's operations and the Financial Review.

Under this flap, we have enclosed the audited financial statements and footnotes, as required by the Securities and Exchange Commission and the Financial Accounting Standards Board, for readers seeking such detailed information.

Table of Contents

Performance Highlights	1
To Our Shareholders	2
The Year in Review	4
Results of Operations—Charts	8
Financial Review	9
Directors and Officers	11
Investor and Securities Information	12

Financial Statements (under this flap)

Corporate Profile

The Dayton Power and Light Company provides electricity and natural gas to residential, commercial, industrial and governmental customers in a 6,000-square mile area of West Central Ohio. The Company employs over 3900 people. Electricity for DP&L's 24-county service area is generated at seven power plants and is distributed to 419,000 retail customers. On a wholesale basis, electric energy is supplied to 15 municipalities. Natural gas service is provided to 264,000 customers in 16 counties. The Company provides steam service to 388 customers in downtown Dayton for heating and industrial processing. The corporate offices of DP&L are located at:
Courthouse Plaza Southwest,
Dayton, Ohio 45401
(513) 224-6000.

Performance Highlights

		1981	1980	Percent Change
Financial Performance:				
Return on shareholders' investment—				
Earned	%	13.9	10.1	38
Allowed by the Public Utilities Commission of Ohio	%	16.0	14.6	10
Return on total capital	%	11.1	9.1	22
Earnings per share of common stock	\$	2.51	1.85	36
Taxes per share	\$	3.30	2.47	34
Dividends paid per share	\$	1.82	1.74	5
Dividend payout ratio	%	73.4	94.3	(22)
Book value per share	\$	18.01	18.06	—
Market value per share	\$	14 $\frac{1}{2}$	11 $\frac{1}{2}$	23
Capital Investment Performance:				
Construction additions (000)	\$	248,847	222,345	12
Construction expenditures paid from internal funds	%	41.1	(6.0)	—
Plant under construction at year end—				
Investment (000)	\$	717,276	659,701	9
Investment not included in rate base—				
Amount (000)	\$	579,230	536,103	8
As a percent of net plant in service	%	61.8	67.8	(9)
Operating Performance:				
Electric—				
Company-operated generating units:				
Available for maximum production—				
Company	%	82	72	14
Industry average	%	72	71	1
Savings to the Company (000)	\$	15,000	8,000	88
Fuel consumed (BTU) per kilowatt hour generated		10,270	10,410	(1)
Coal cost per million BTU	\$	1.843	1.675	10
Cost per kilowatt hour—				
Fuel cost	¢	1.954	1.878	4
Production operating and maintenance cost	¢	.346	.371	(7)
Emergency purchased power (000)	\$	523	2,944	(82)
System peak load - megawatts		2,219*	2,045	9
Reserve margin at time of peak	%	21.7*	22.0	(1)
Gas—				
System peak day load—million cubic feet		543*	452	20
Purchased gas expense per thousand cubic feet	\$	3.08	2.53	22

*January 1982

In 1981 our 3,900 employees improved generating productivity to 82%, saved \$15 million in operating expenses and increased shareholders' return 38%.

To Our Shareholders:

Chairman Robert B. Killen (seated),
President and Chief Executive Officer
Robert E. Frazer (left), and Executive Vice
President and Chief Operating Officer
Peter H. Forster



Traditionally, our Annual Report is a means of informing you of the financial and operating results for the year and future plans regarding the Company's business. However, current reporting requirements, which mandate voluminous, detailed financial statements and footnotes, make it difficult for shareholders to understand quickly the financial and operating affairs of the Company. Therefore, this year we have provided an innovative "Performance Highlights" page and a brief financial and operating review, including charts. These sections can be read in a few minutes and will provide you with the salient information about your company. A brief review of these highlights and comments shows 1981 to be a year of considerable progress and accomplishment.

The most significant indicator of financial success is the rate of return the Company is able to earn on the total investment of all shareholders. The return on shareholders' investment increased to 13.9% in 1981 compared with 10.1% in 1980. While this is a substantial increase, this return is too low when compared with current long-term interest rates of 16-18%

and is also below the 16% the Public Utilities Commission of Ohio concluded the Company should earn. Your management is dedicated to work toward a further improvement in your return so that it will be at a level commensurate with alternative investments.

We believe that the greatest achievement in 1981 was the improved productivity of the generating units operated by the Company. Our generating units were available for maximum productivity throughout the year at a level of 82% compared with the national average for all utilities of 72%. This level of productivity saved the Company \$15 million in operating expenses and permitted the sale of \$6 million of electricity to other utilities. Through the regulatory process, these dollar gains are shared by our shareholders and our customers. In addition, this improved level of operation will permit us to lower our generating reserve margin in the future and save over \$100 million of capital investment. We are especially pleased that this level of performance over the years enabled us to reduce purchased power costs from \$33 million in 1978 to \$4.6 million in 1981, of which only \$500,000 was for emergency purchases to meet system requirements.

During the past ten years, we have been building new electric generating capacity to meet the growing energy needs of consumers and industry. The necessary capital expenditures were incurred

during some of the most adverse times of rising interest rates and financing costs. However, with the completion of the Killen coal-fired generating unit in 1982 and the Zimmer nuclear generating unit in 1983, the Company's construction program will rapidly decline and by the mid-1980s probably will be financed almost entirely with cash generated internally.

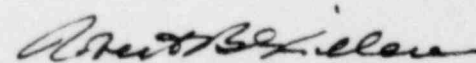
Our plans for electric and natural gas supplies in the 1980s provide for a slower economic growth rate for our service area than experienced in the past. However, we are confident that there will be sufficient energy in our service area for the people at home and work.

Our strategic planning to meet future shareholder and customer interests naturally has included planning for management succession. Your Board must continue to be assured that the Company is in the hands of capable management. In January the Company announced plans for several management changes. Following the April 8, 1982 Annual Shareholders' Meeting, Mr. Robert B. Killen will step down as Chairman of the Board but continue to serve as a Board member. Mr. Robert E. Frazer will become Chairman of the Board and Chief Executive Officer and Mr. Peter H. Forster will become President and Chief Operating Officer.

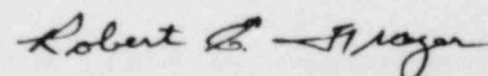
During the year your Board and management lost the services of Mr. Robert G. Chollar, Chairman of the Charles F. Kettering Foundation, who died in November. Mr. Chollar spent eleven years on the Board and his highly respected advice and counsel will be missed.

The 1981 performance accomplishments were due mainly to the efforts of the entire group of 3,900 management, professional and bargaining unit employees working together as a team, dedicated to excellence.

Credit for improved performance can be given to the Company's management process which includes Board of Directors' governance, planning and objective setting, decision making, information systems and employee opportunities. This process is summarized in a pamphlet that you can obtain by completing the postcard in the back of this report. We would also be happy to receive any comments, questions or suggestions you have and will answer all postcards received.



Robert B. Killen
Chairman of the Board



Robert E. Frazer
President and Chief Executive Officer

January 28, 1982

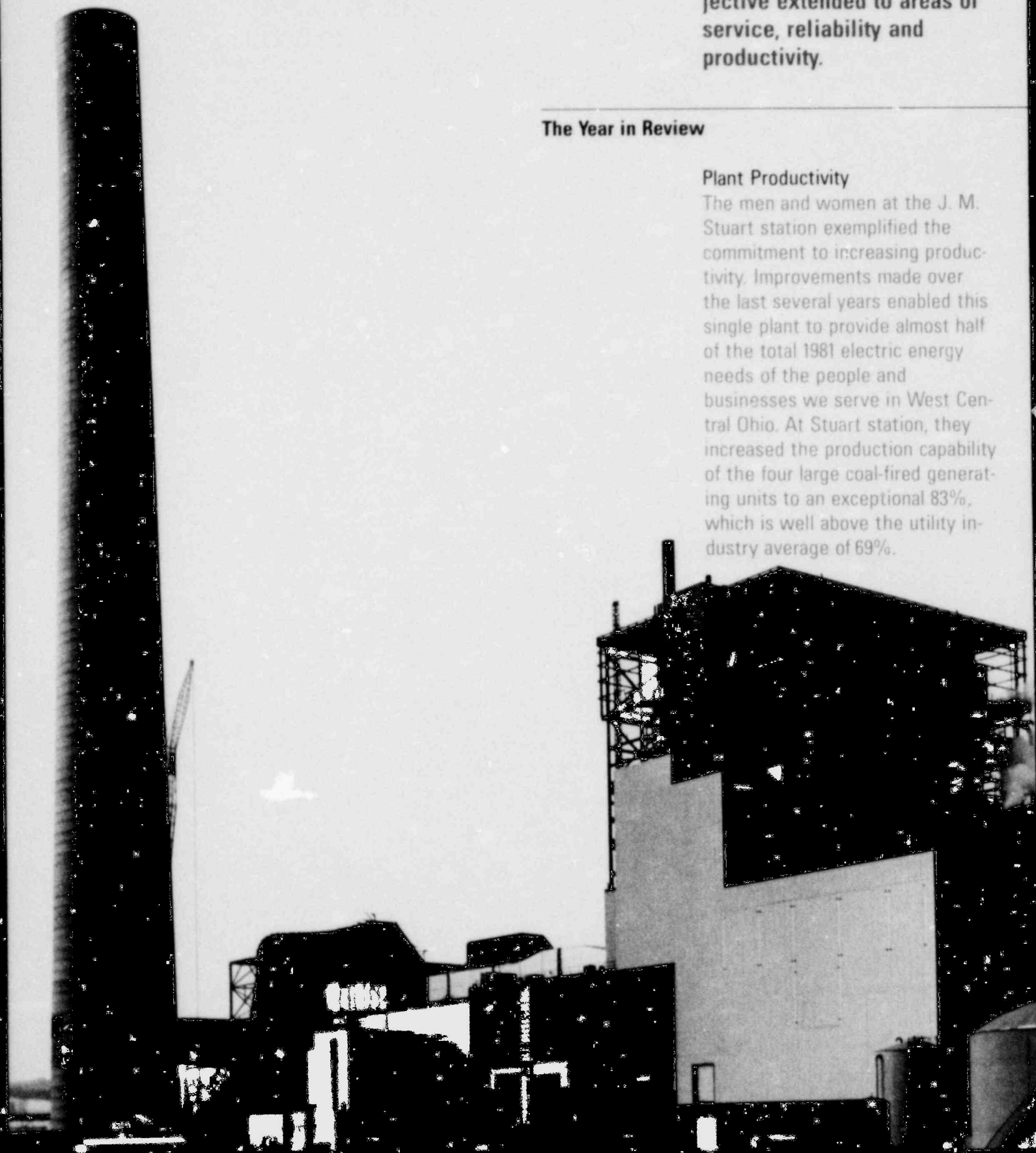
During 1981, the people of DP&L continued implementing programs designed to achieve a level of excellence and quality in the way we serve our customers. This objective extended to areas of service, reliability and productivity.

Work is continuing on the 800-megawatt
Killer station.

The Year in Review

Plant Productivity

The men and women at the J. M. Stuart station exemplified the commitment to increasing productivity. Improvements made over the last several years enabled this single plant to provide almost half of the total 1981 electric energy needs of the people and businesses we serve in West Central Ohio. At Stuart station, they increased the production capability of the four large coal-fired generating units to an exceptional 83%, which is well above the utility industry average of 69%.



Construction

The year 1981 marked the peak year for construction expenditures. The East Bend plant, jointly owned with The Cincinnati Gas & Electric Company, went into commercial operation last March. The Killen generating station will be completed in October of 1982. Our goal is to make Killen one of the best operating stations in the world. This will ensure reliable and cost-effective electric service to our customers well beyond the year 2000 while providing a solid base for future shareholder earnings.

We introduced the personnel at this plant to some of the newest available training programs designed to help them solve problems at the root-cause level. They are also taught to identify potential problems and to implement corrective action in order to prevent costly disruptions in operations.

Despite the negative economic climate throughout most of the country and West Central Ohio in 1981, our customers did use an all time record amount of electricity on July 13, 1981. On that peak day, not only were we able to meet all of their needs with existing generating equipment but we also sold electricity to neighboring companies which did not have enough generation at that time.

Plant productivity is important at DP&L in another way. We are almost exclusively a coal-burning electric generating utility company located adjacent to some of the best low sulfur coal supplies in the world. This puts us in a favorable position to meet our customers' energy needs at the lowest possible cost not only now but in the future.

A major part of our energy production program is the completion of the Zimmer nuclear station. Zimmer has been essentially complete since 1979. It now represents to the participating companies an investment in excess of one billion dollars.

We are doing everything we can to make all of the modifications demanded by the regulators in Washington to put the plant in operation. When operating, Zimmer will produce economical nuclear power for more than four million people served by the three owner companies at a fuel cost of one-fourth the cost of coal. We now expect to load fuel in 1982, and begin commercial operation in 1983.

With the completion of Killen and Zimmer, it is management's objective to generate funds for future construction projects from sources of internal cash. We hope to achieve this goal by the mid-1980s.

Despite the general de-emphasis in regulation at the Federal level, the regulatory challenges for our company will remain significant.



Our new standard customer communication module helps employees handle inquiries more efficiently.

We constructed The Energy Home to provide consumers with the opportunity to view modern conservation-oriented construction techniques and energy-saving appliances and devices.

The impact of inflation on the Killen and Zimmer plants has been tremendous. The Company's total investment in these two plants represents some \$800 million. Rate cases to recover the costs of these investments will be needed and timed with the completion of these units. The complexity of rate cases places a huge burden on both Company personnel and the staff of the Ohio Commission to meet all the regulatory requirements.

Customer Service

We are also taking the lead in providing helpful ways to work with our customers. Last year we began paying interest for level bill credit balances on our customers' accounts. We established a new Energy Center designed to help make their homes more energy efficient and their monthly payments more manageable. This Center was visited by 18,000 people in the first seven weeks.

We established research in such areas as solar heating, recuperative gas furnaces, single pipe plumbing systems, wind electric generators, solar and geothermal water heating systems and natural gas fuel cells. As the research data becomes available, it will help explain the benefits, as well as the possible pitfalls, in pursuing alternative energy options for all of our customers.

We also opened a new customer communication center in 1981 which lets us interact with our customers more promptly. The center uses the latest technology in telephones and computer equipment. Requests for information about bills or any other matters of concern are handled by professional, well trained people who serve our customers 24 hours a day.



The Energy Center helps consumers make their homes more energy efficient and is one of only three in the country.



Economic Climate

We see the electric load growth in West Central Ohio continuing at a lower level when compared to the late 1960s and the early 1970s. This is a result of commercial and industrial customers using energy more efficiently to produce the same amount of goods and services, residential customers insulating and making their homes more energy efficient, and the fact that this region's economy is now growing at a lower rate. We believe however, that the current employment opportunities in both the urban and agricultural-rural areas will be sustained.

New investments in our area, such as the one billion dollar General Motors Chevrolet truck and diesel engine manufacturing plants, combined with additions such as the new Emery Air Freight facility, will improve the quality of the long-term mix of area employment.

With our increasing productivity and completion of the new electric generating units, we will not have to invest in large and costly electric generating plants as in the past. We feel comfortable with the natural gas supply for all of our customers for the next decade. West Central Ohio will continue to have adequate energy provided by DP&L in a reliable manner.

DP&L looks forward to 1982 with the knowledge that we have dedicated and trained people, energy and the needed facilities to serve, on a personal basis, all of our customers in the 392 communities that make up West Central Ohio.

It is our objective to continue our 70-year tradition of providing reliable services and remaining a good neighbor to our customers.

Research began on the feasibility of electric-powered cars.



New investment in our service area in high technology research and production facilities will continue to improve the long-term mix of area employment.



Results of Operations—Charts

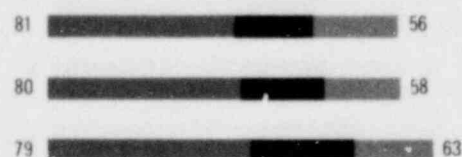
Electric Sales millions of MWh

■ Residential ■ Industrial
■ Commercial & Other



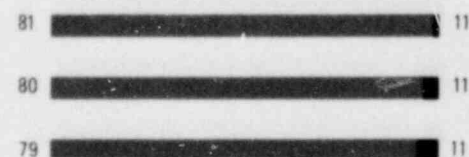
Gas Sales millions of MCF

■ Residential ■ Industrial
■ Commercial & Other



Purchased and Generated Power millions of MWh

■ Generated Power
■ Purchased Power



Electric Revenues \$ in millions

■ Residential ■ Industrial
■ Commercial & Other

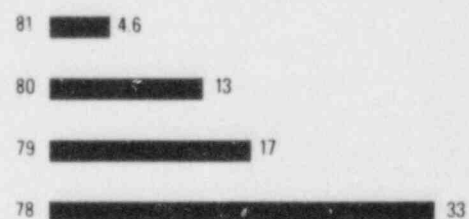


Gas Revenues \$ in millions

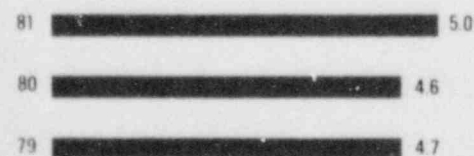
■ Residential ■ Industrial
■ Commercial & Other



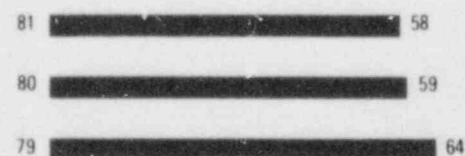
Purchased Power \$ in millions



Coal Consumed millions of tons



Purchased Gas millions of MCF

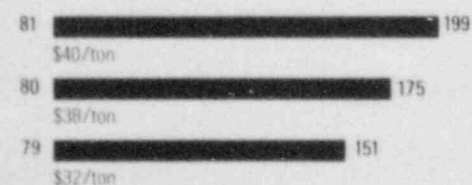


Operating, Administrative and Maintenance \$ in millions

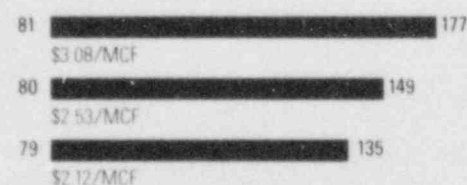
■ Administrative and General ■ Electric Production
■ Electric Transmission and Distribution ■ Gas and Steam



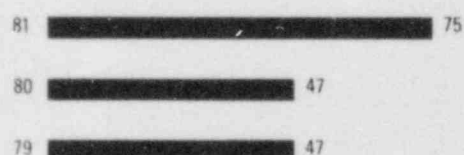
Coal Consumed \$ in millions



Purchased Gas \$ in millions



Earnings on Common Stock \$ in millions



Financial Review

Financial Condition

The Company's financial condition improved in 1981 as earnings increased, return on shareholders' investment rose to 13.9%, internal funds for construction expenditures jumped to 41% (from a negative 6% in 1980), and earnings coverage for interest and other fixed charges improved to 2.7 times. Continued improvement in the Company's financial condition depends in large part upon receiving adequate and timely rate increases as new higher-cost generating units are placed in service and as inflation increases operating expenses and interest rates.

Construction additions amounted to \$249 million in 1981, the highest ever experienced by the Company. The Company currently estimates that construction additions will be reduced to \$225 million in 1982, and further decline thereafter to the level of about \$150-200 million annually through 1986. After rate increases are obtained to recover the higher investment and financing costs of the Killen and Zimmer generating stations scheduled for operation in 1982 and 1983, respectively, it is anticipated that internal

cash generation will provide nearly all the funds for construction expenditures anticipated for the mid-to late-1980s. These improvements in the Company's financial condition should benefit shareholders as well as customers through reduced borrowing needs and lower capital costs.

To provide financing alternatives and flexibility, the Company has revolving bank loan agreements which can provide up to \$200 million of available cash. Borrowings under these agreements can be converted to term loans which mature from 1984 to 1988. In addition, the Company has \$96 million of bank lines of credit which are used to support the issuance of commercial paper.

Results of Operations

The charts on the preceding page show variances in sales, revenues, expenses and earnings.

Revenues from utility service have increased annually due principally to rate increases and the recovery of higher coal and purchased gas costs.

Recent electric and gas rate increases granted are summarized in the table below.

\$ in millions	Date Effective	Amount Requested	Amount Granted	Percent Increase
Electric				
Retail —		\$ 103		
Interim	12/80		\$ 48	12
Additional	7/81		\$ 34	7
Wholesale	6/81	\$ 6	\$ 5	34
Gas	10/81	\$ 14	\$ 11	5

A decision on a pending \$76 million (14%) retail electric rate increase request is expected in early February. This increase is designed to recover a portion of the financing costs of new generating plants and is tied to the completion of the East Bend station that began operation in March. A \$16 million (2%) retail electric rate increase request is also pending, and a decision is expected in the fall of 1982 when the Killen generating station will begin to operate and to incur operating costs.

A decision on a pending request for a \$3 million steam rate increase is expected in the first quarter of 1982.

Several categories of expense, including operating, depreciation and interest charged to operations, increased during the year as a result of the East Bend generating plant being placed in service in March 1981. The Company's general taxes increased 27% due to an increase in the Ohio Gross Receipts Tax. For accounting purposes the Company expensed, under the depreciation category, \$3 million of losses from the cancellation of the second unit of the Killen generating station.

Other expense items rose principally due to the impacts of inflation.

Directors and Officers

Directors

- 1 Daniel C. Boone (A,C)
President and
Chief Operating Officer
Armco Inc.
Middletown, Ohio
- 2 Stephen T. Bow (B*,D)
Senior Vice President
Metropolitan Life Insurance Co.
Dayton, Ohio

Robert G. Chollar (B)
Chairman of the Board
Charles F. Kettering Foundation
Dayton, Ohio

3 Charity E. Earley (B,D*)
Member, Trustee or Director
Various business and
community organizations
Dayton, Ohio

4 Peter H. Forster
Executive Vice President and
Chief Operating Officer
Dayton Power and Light
Dayton, Ohio

5 Robert E. Frazer (F*)**
President and
Chief Executive Officer
Dayton Power and Light
Dayton, Ohio

6 Jane G. Haley (D,E)
President
C. H. Gosiger Machinery Co.
Dayton, Ohio

7 Robert J. Kegerreis (D,E*,F)
President
Wright State University
Dayton, Ohio

8 Robert A. Kerr (A*,E)
President
Winters National Corporation
Dayton, Ohio

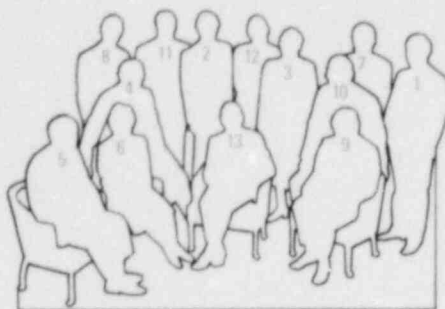
9 Robert B. Killen (A,D,F)
Chairman of the Board
Dayton Power and Light
Dayton, Ohio

10 James W. McSwiney (C*,F*)
Chairman of the Board
Mead Corporation
Dayton, Ohio

11 David B. Meeker (A,C,F)
Chairman of the Board
Hobart Corporation
Troy, Ohio

12 B. B. Parker (A,B)
Retired President and
Chief Operating Officer
Duke Power Company
Charlotte, North Carolina

13 John F. Torley (A,C,F)
Chairman, Executive Committee
Dayton Malleable Inc.
Dayton, Ohio



Officers

Robert E. Frazer
President and
Chief Executive Officer

Peter H. Forster
Executive Vice President and
Chief Operating Officer

John R. Dill (C)
Vice President — Corporate
Staff Administration

Richard D. Kelley
Vice President — Public Affairs

Carl R. Morey
Vice President — Energy Production

John R. Newlin
Vice President, Secretary
and General Counsel

Steven G. Smith
Vice President —
Engineering and Purchasing

Paul R. Anderson
Controller

Allen M. Hill
Treasurer

Robert E. Buerger
Assistant Vice President —
Killen Construction and
Operations

James E. Clark
Assistant Vice President —
Computer Services

C. Wilbur Shoup
Assistant Vice President —
Customer Business Operations

Richard L. Stump
Assistant Vice President —
Customer Service
Operations

1982 Committed Assignments

- A. Energy Resources and Forecasts
- B. Audit Review
- C. Compensation and Management Review
- D. Community and External Relations
- E. Finance
- F. Executive
- G. Retired
- H. Decedent

* Denotes Committee Chairman

** Ex officio member of all committees



Investor and Securities Information

Communications

The Company staffs an Investor Relations Department at its corporate headquarters to meet the information needs of shareholders and investors. Inquiries are welcome by telephone, letter or postcard. Communications relating to shareholder accounts should be directed to the Investor Relations Department.

Automatic Dividend Reinvestment and Stock Purchase Plan

The Company provides this plan for holders of record of Common and Preferred Stock to reinvest dividends in the Company's Common Stock without payment of any brokerage commission or service charge. Shareholders may make optional cash contributions from \$25 to \$1,000 in any quarter. Direct inquiries to the Investor Relations Department.

Winters National Bank and Trust Co., Corporate Trust Department, Winters Bank Tower, Dayton, Ohio 45401 serves as the shareholders' agent for this plan.

Annual Meeting

The Annual Meeting of Shareholders will be held at 10 a.m., Thursday, April 8, 1982, at Memorial Hall, 125 East First Street, Dayton, Ohio.

Stocks and Bonds

The New York Stock Exchange is the only national securities exchange on which any of The Dayton Power and Light Company's First Mortgage Bonds and Preferred and Common Stocks are listed. The trading symbol of the Company's Common Stock is DPL.

Federal Income Tax Status of Common and Preferred Stock Dividends Paid in 1981

The Company estimates 12.4% of the total common stock dividends paid in 1981 is non-taxable to shareholders and is a return of capital for Federal income tax purposes.

Dividends paid in 1981 on preferred stock are fully taxable as dividend income.

Common and Preferred Stock

Transfer Agents

Citibank, N.A., Corporate Trust Department, 111 Wall Street, New York, New York 10015

Also New York registrar
Winters National Bank and Trust Co., Corporate Trust Department, Winters Bank Tower, Dayton, Ohio 45401

Also dividend paying agent

Registrar

The Central Trust Company, N.A., Corporate Trust Department, Central Trust Center, Cincinnati, Ohio 45202

First Mortgage Bonds

Trustee

Irving Trust Company, Corporate Trust Department, One Wall Street, New York, New York 10015

Also interest paying agent

Co-Paying Agent

Morgan Guaranty Trust Company of New York, Corporate Trust Department, 23 Wall Street, New York, New York 10015

Form 10-K Report

The Company reports details concerning its operations and other matters annually to the Securities and Exchange Commission on Form 10-K, which will be supplied upon request. Please direct inquiries to the Investor Relations Department.

We would appreciate knowing any comments, suggestions or questions you may have:

- ☐ Please send me a copy of the Company's Management Process brochure.
- ☐ Please send me detailed financial and operating statistics.
- ☐ Please discontinue sending a copy of the annual report to the account listed above because a duplicate mailing already comes to that address.



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The Dayton Power and Light Company
Investor Relations Department
Courthouse Plaza Southwest
Dayton, Ohio 45401

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