

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

**THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)**

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2021	2020
REVENUES:		
Electric sales	\$ 223	\$ 249
Excise and gross receipts tax collections	16	16
Total revenues	239	265
OPERATING EXPENSES:		
Purchased power from affiliates	—	2
Purchased power from non-affiliates	28	25
Other operating expenses	104	99
Provision for depreciation	29	28
Deferral of regulatory assets, net	(1)	(1)
General taxes	51	49
Total operating expenses	211	202
OPERATING INCOME	28	63
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	5	4
Pension and OPEB mark-to-market adjustment	—	(19)
Interest expense	(19)	(18)
Capitalized financing costs	2	—
Total other expense	(12)	(33)
INCOME BEFORE INCOME TAXES (BENEFITS)	16	30
INCOME TAXES (BENEFITS)	2	(10)
NET INCOME	\$ 14	\$ 40
STATEMENTS OF COMPREHENSIVE INCOME		
NET INCOME	\$ 14	\$ 40
OTHER COMPREHENSIVE LOSS:		
Pension and OPEB prior service costs	—	(1)
Other comprehensive loss	—	(1)
Income tax benefits on other comprehensive loss	—	—
Other comprehensive loss, net of tax	—	(1)
COMPREHENSIVE INCOME	\$ 14	\$ 39

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	March 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 50	\$ 150
Restricted cash	9	14
Receivables-		
Customers	116	131
Less — Allowance for uncollectible customer receivables	17	18
	99	113
Affiliated companies	47	43
Other, net of allowance for uncollectible accounts of \$1 in 2021 and 2020	22	19
Notes receivable from affiliated companies	12	—
Prepaid taxes and other	3	2
	<u>242</u>	<u>341</u>
UTILITY PLANT:		
In service	3,536	3,503
Less — Accumulated provision for depreciation	1,435	1,426
	2,101	2,077
Construction work in progress	97	98
	<u>2,198</u>	<u>2,175</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	1,689	1,689
Property taxes	99	134
Other	45	38
	<u>1,833</u>	<u>1,861</u>
	<u>\$ 4,273</u>	<u>\$ 4,377</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 14	\$ 21
Short-term borrowings - affiliated companies	—	45
Accounts payable-		
Affiliated companies	39	38
Other	13	15
Accrued taxes	146	135
Accrued interest	20	17
Other	48	50
	<u>280</u>	<u>321</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	1,245	1,244
Accumulated other comprehensive loss	(4)	(4)
Retained earnings	347	348
Total common stockholder's equity	1,588	1,588
Long-term debt and other long-term obligations	1,567	1,570
	<u>3,155</u>	<u>3,158</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	275	277
Retirement benefits	127	129
Regulatory liabilities	140	128
Property taxes	66	134
Other	230	230
	<u>838</u>	<u>898</u>
	<u>\$ 4,273</u>	<u>\$ 4,377</u>

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 14	\$ 40
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	44	(8)
Deferred income taxes and investment tax credits, net	(6)	(19)
Retirement benefits, net of payments	(4)	(1)
Pension and OPEB mark-to-market adjustment	—	19
Change in current assets and liabilities-		
Receivables	7	(5)
Prepaid taxes and other current assets	(1)	1
Accounts payable	(1)	—
Accrued taxes	(22)	(18)
Accrued interest	3	6
Other current liabilities	(7)	(1)
Other	(2)	1
Net cash provided from operating activities	25	15
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	—	40
Redemptions and repayments-		
Long-term debt	(10)	(9)
Short-term borrowings - affiliated companies, net	(45)	—
Common stock dividend payments	(15)	(15)
Other	—	(1)
Net cash provided from (used for) financing activities	(70)	15
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(46)	(33)
Loans to affiliated companies, net	(12)	—
Asset removal costs	(2)	(3)
Net cash used for investing activities	(60)	(36)
Net change in cash, cash equivalents, and restricted cash	(105)	(6)
Cash, cash equivalents, and restricted cash at beginning of period	164	13
Cash, cash equivalents, and restricted cash at end of period	\$ 59	\$ 7