

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
REVENUES:				
Electric sales	\$ 290	\$ 284	\$ 768	\$ 763
Excise and gross receipts tax collections	17	17	48	48
Total revenues	307	301	816	811
OPERATING EXPENSES:				
Purchased power from affiliates	—	—	—	2
Purchased power from non-affiliates	32	26	86	79
Other operating expenses	108	103	309	297
Provision for depreciation	31	28	90	83
Amortization of regulatory assets, net	25	21	47	24
General taxes	52	52	153	147
Total operating expenses	248	230	685	632
OPERATING INCOME	59	71	131	179
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	9	5	16	14
Pension and OPEB mark-to-market adjustment	—	—	—	(19)
Interest expense	(19)	(18)	(57)	(53)
Capitalized financing costs	1	—	4	—
Total other expense	(9)	(13)	(37)	(58)
INCOME BEFORE INCOME TAXES	50	58	94	121
INCOME TAXES	7	9	12	5
NET INCOME	\$ 43	\$ 49	\$ 82	\$ 116
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	\$ 43	\$ 49	\$ 82	\$ 116
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	\$ 43	\$ 49	\$ 82	\$ 115

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

<i>(In millions, except share amounts)</i>	September 30, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 70	\$ 150
Restricted cash	5	14
Receivables-		
Customers	122	131
Less — Allowance for uncollectible customer receivables	18	18
	104	113
Affiliated companies	39	43
Other, net of allowance for uncollectible accounts of \$1 in 2020	22	19
Prepaid taxes and other	2	2
	242	341
UTILITY PLANT:		
In service	3,623	3,503
Less — Accumulated provision for depreciation	1,479	1,426
	2,144	2,077
Construction work in progress	89	98
	2,233	2,175
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	1,689	1,689
Property taxes	33	134
Other	45	38
	1,767	1,861
	<u>\$ 4,242</u>	<u>\$ 4,377</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 7	\$ 21
Short-term borrowings - affiliated companies	11	45
Accounts payable-		
Affiliated companies	43	38
Other	12	15
Accrued taxes	143	135
Accrued interest	20	17
Other	53	50
	289	321
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	1,250	1,244
Accumulated other comprehensive loss	(4)	(4)
Retained earnings	337	348
Total common stockholder's equity	1,583	1,588
Long-term debt and other long-term obligations	1,565	1,570
	3,148	3,158
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	284	277
Retirement benefits	123	129
Regulatory liabilities	163	128
Property taxes	—	134
Other	235	230
	805	898
	<u>\$ 4,242</u>	<u>\$ 4,377</u>

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 82	\$ 116
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	140	43
Deferred income taxes and investment tax credits, net	—	(23)
Retirement benefits, net of payments	(13)	(8)
Pension and OPEB mark-to-market adjustment	—	19
Change in current assets and liabilities-		
Receivables	12	(4)
Prepaid taxes and other current assets	1	—
Accounts payable	2	(8)
Accrued taxes	(25)	(17)
Accrued interest	3	8
Other current liabilities	—	15
Other	1	(2)
Net cash provided from operating activities	203	139
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	—	250
Redemptions and repayments-		
Long-term debt	(19)	(19)
Short-term borrowings - affiliated companies, net	(34)	(85)
Common stock dividend payments	(93)	(45)
Other	(3)	(3)
Net cash provided from (used for) financing activities	(149)	98
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(132)	(121)
Loans to affiliated companies, net	—	(112)
Asset removal costs	(11)	(11)
Other	—	1
Net cash used for investing activities	(143)	(243)
Net change in cash, cash equivalents, and restricted cash	(89)	(6)
Cash, cash equivalents, and restricted cash at beginning of period	164	13
Cash, cash equivalents, and restricted cash at end of period	\$ 75	\$ 7