

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021

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

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
REVENUES:				
Electric sales	\$ 217	\$ 255	\$ 432	\$ 478
Excise and gross receipts tax collections	15	15	31	31
Total revenues	232	270	463	509
OPERATING EXPENSES:				
Purchased power	24	26	48	54
Other operating expenses	106	97	214	201
Provision for depreciation	32	30	63	59
Amortization (deferral) of regulatory assets, net	(12)	23	(18)	22
General taxes	48	50	102	101
Total operating expenses	198	226	409	437
OPERATING INCOME	34	44	54	72
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	3	2	7	7
Interest expense	(19)	(19)	(39)	(38)
Capitalized financing costs	1	1	2	3
Total other expense	(15)	(16)	(30)	(28)
INCOME BEFORE INCOME TAXES	19	28	24	44
INCOME TAXES	1	3	2	5
NET INCOME	<u>\$ 18</u>	<u>\$ 25</u>	<u>\$ 22</u>	<u>\$ 39</u>

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

<i>(In millions, except share amounts)</i>	June 30, 2022	December 31, 2021
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 5	\$ 6
Receivables-		
Customers	106	94
Less — Allowance for uncollectible customer receivables	16	17
	90	77
Affiliated companies	37	38
Other	22	22
Notes receivable from affiliated companies	—	95
Prepaid taxes and other	16	11
	170	249
UTILITY PLANT:		
In service	3,755	3,664
Less — Accumulated provision for depreciation	1,525	1,494
	2,230	2,170
Construction work in progress	78	86
	2,308	2,256
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	1,689	1,689
Property taxes	70	146
Other	45	44
	1,804	1,879
	<u>\$ 4,282</u>	<u>\$ 4,384</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 7	\$ 7
Short-term borrowings - affiliated companies	95	—
Accounts payable-		
Affiliated companies	46	43
Other	13	12
Accrued taxes	147	141
Accrued interest	14	16
Other	79	57
	401	276
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	1,253	1,251
Accumulated other comprehensive loss	(4)	(4)
Retained earnings	360	338
Total common stockholder's equity	1,609	1,585
Long-term debt and other long-term obligations	1,412	1,564
	3,021	3,149
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	302	293
Retirement benefits	101	104
Regulatory liabilities	159	186
Property taxes	70	146
Other	228	230
	860	959
	<u>\$ 4,282</u>	<u>\$ 4,384</u>

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

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 22	\$ 39
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	46	98
Deferred income taxes and investment tax credits, net	2	(9)
Retirement benefits, net of payments	(8)	(9)
Change in current assets and liabilities-		
Receivables	(12)	25
Prepaid taxes and other current assets	—	(1)
Accounts payable	4	30
Accrued taxes	6	(44)
Accrued interest	(2)	(1)
Other current liabilities	(5)	(7)
Collateral, net	19	—
Other	(6)	1
Net cash provided from operating activities	66	122
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	95	—
Redemptions and repayments-		
Long-term debt	(152)	(10)
Short-term borrowings - affiliated companies, net	—	(45)
Common stock dividend payments	—	(40)
Other	—	(1)
Net cash used for financing activities	(57)	(96)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(97)	(92)
Loans to affiliated companies, net	95	(28)
Asset removal costs	(8)	(7)
Net cash used for investing activities	(10)	(127)
Net change in cash, cash equivalents, and restricted cash	(1)	(101)
Cash, cash equivalents, and restricted cash at beginning of period	6	164
Cash, cash equivalents, and restricted cash at end of period	\$ 5	\$ 63