

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

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

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2020	2019	2020	2019
STATEMENTS OF INCOME				
REVENUES:				
Electric sales	\$ 230	\$ 227	\$ 479	\$ 464
Excise and gross receipts tax collections	15	14	31	31
Total revenues	<u>245</u>	<u>241</u>	<u>510</u>	<u>495</u>
OPERATING EXPENSES:				
Purchased power from affiliates	—	4	2	9
Purchased power from non-affiliates	28	21	53	44
Other operating expenses	95	88	194	192
Provision for depreciation	27	27	55	53
Amortization (deferral) of regulatory liabilities, net	4	(1)	3	(15)
General taxes	46	46	95	93
Total operating expenses	<u>200</u>	<u>185</u>	<u>402</u>	<u>376</u>
OPERATING INCOME	<u>45</u>	<u>56</u>	<u>108</u>	<u>119</u>
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	5	1	9	4
Pension and OPEB mark-to-market adjustment	—	—	(19)	—
Interest expense	(17)	(18)	(35)	(35)
Total other expense	<u>(12)</u>	<u>(17)</u>	<u>(45)</u>	<u>(31)</u>
INCOME BEFORE INCOME TAXES (BENEFITS)	33	39	63	88
INCOME TAXES (BENEFITS)	6	8	(4)	16
NET INCOME	<u>\$ 27</u>	<u>\$ 31</u>	<u>\$ 67</u>	<u>\$ 72</u>
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	<u>\$ 27</u>	<u>\$ 31</u>	<u>\$ 67</u>	<u>\$ 72</u>
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	<u>\$ 27</u>	<u>\$ 31</u>	<u>\$ 66</u>	<u>\$ 72</u>

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

<i>(In millions, except share amounts)</i>	June 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 11	\$ 13
Receivables-		
Customers	102	103
Less — Allowance for uncollectible customer receivables	9	6
	<u>93</u>	<u>97</u>
Affiliated companies	44	39
Other	17	15
Prepaid taxes and other	2	2
	<u>167</u>	<u>166</u>
UTILITY PLANT:		
In service	3,418	3,358
Less — Accumulated provision for depreciation	1,386	1,353
	<u>2,032</u>	<u>2,005</u>
Construction work in progress	81	73
	<u>2,113</u>	<u>2,078</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	1,689	1,689
Property taxes	62	129
Other	42	37
	<u>1,793</u>	<u>1,855</u>
	<u>\$ 4,073</u>	<u>\$ 4,099</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 22	\$ 21
Short-term borrowings - affiliated companies	145	85
Accounts payable-		
Affiliated companies	39	38
Other	12	10
Accrued taxes	130	125
Accrued interest	13	13
Other	48	42
	<u>409</u>	<u>334</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	1,242	1,240
Accumulated other comprehensive loss	(4)	(3)
Retained earnings	320	298
Total common stockholder's equity	<u>1,558</u>	<u>1,535</u>
Long-term debt and other long-term obligations	1,332	1,342
	<u>2,890</u>	<u>2,877</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	277	291
Retirement benefits	125	113
Regulatory liabilities	93	143
Property taxes	62	129
Other	217	212
	<u>774</u>	<u>888</u>
	<u>\$ 4,073</u>	<u>\$ 4,099</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,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 67	\$ 72
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	8	54
Deferred income taxes and investment tax credits, net	(20)	(13)
Pension trust contributions	—	(10)
Retirement benefits, net of payments	(5)	(5)
Pension and OPEB mark-to-market adjustment	19	—
Change in current assets and liabilities-		
Receivables	(3)	7
Accounts payable	3	2
Accrued taxes	5	(46)
Other current liabilities	2	(9)
Other	(3)	1
Net cash provided from operating activities	<u>73</u>	<u>53</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	60	93
Redemptions and repayments-		
Long-term debt	(10)	(10)
Common stock dividend payments	(45)	(70)
Other	(1)	(2)
Net cash provided from financing activities	<u>4</u>	<u>11</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(73)	(59)
Asset removal costs	(7)	(7)
Other	1	1
Net cash used for investing activities	<u>(79)</u>	<u>(65)</u>
Net change in cash, cash equivalents, and restricted cash	(2)	(1)
Cash, cash equivalents, and restricted cash at beginning of period	13	13
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 11</u>	<u>\$ 12</u>