

THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 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 March 31,	
	2020	2019
REVENUES:		
Electric sales	\$ 249	\$ 237
Excise and gross receipts tax collections	16	17
Total revenues	<u>265</u>	<u>254</u>
OPERATING EXPENSES:		
Purchased power from affiliates	2	5
Purchased power from non-affiliates	25	23
Other operating expenses	99	104
Provision for depreciation	28	26
Amortization of regulatory liabilities, net	(1)	(14)
General taxes	49	47
Total operating expenses	<u>202</u>	<u>191</u>
OPERATING INCOME	<u>63</u>	<u>63</u>
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	4	3
Pension and OPEB mark-to-market adjustment	(19)	—
Interest expense	(18)	(17)
Total other expense	<u>(33)</u>	<u>(14)</u>
INCOME BEFORE INCOME TAXES (BENEFITS)	30	49
INCOME TAXES (BENEFITS)	<u>(10)</u>	<u>8</u>
NET INCOME	<u>\$ 40</u>	<u>\$ 41</u>
STATEMENTS OF COMPREHENSIVE INCOME		
NET INCOME	<u>\$ 40</u>	<u>\$ 41</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	<u>(1)</u>	<u>—</u>
COMPREHENSIVE INCOME	<u>\$ 39</u>	<u>\$ 41</u>

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

<i>(In millions, except share amounts)</i>	March 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 7	\$ 13
Receivables-		
Customers	96	103
Less — Allowance for uncollectible customer receivables	5	6
	91	97
Affiliated companies	46	39
Other	19	15
Prepaid taxes and other	1	2
	164	166
UTILITY PLANT:		
In service	3,391	3,358
Less — Accumulated provision for depreciation	1,370	1,353
	2,021	2,005
Construction work in progress	71	73
	2,092	2,078
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	1,689	1,689
Property taxes	96	129
Other	42	37
	1,827	1,855
	\$ 4,083	\$ 4,099
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 22	\$ 21
Short-term borrowings - affiliated companies	125	85
Accounts payable-		
Affiliated companies	37	38
Other	11	10
Accrued taxes	139	125
Accrued interest	19	13
Other	46	42
	399	334
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	1,241	1,240
Accumulated other comprehensive loss	(4)	(3)
Retained earnings	323	298
Total common stockholder's equity	1,560	1,535
Long-term debt and other long-term obligations	1,332	1,342
	2,892	2,877
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	275	291
Retirement benefits	126	113
Regulatory liabilities	108	143
Property taxes	64	129
Other	219	212
	792	888
	\$ 4,083	\$ 4,099

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 40	\$ 41
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	(8)	20
Deferred income taxes and investment tax credits, net	(19)	(6)
Pension trust contributions	—	(10)
Retirement benefits, net of payments	(1)	(3)
Pension and OPEB mark-to-market adjustment	19	—
Change in current assets and liabilities-		
Receivables	(5)	(6)
Prepaid taxes and other current assets	1	2
Accounts payable	—	3
Accrued taxes	(18)	(14)
Accrued interest	6	6
Other current liabilities	(1)	(10)
Other	1	1
Net cash provided from operating activities	15	24
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	40	51
Redemptions and repayments-		
Long-term debt	(9)	(10)
Common stock dividend payments	(15)	(35)
Other	(1)	(1)
Net cash provided from financing activities	15	5
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(33)	(30)
Asset removal costs	(3)	(5)
Net cash used for investing activities	(36)	(35)
Net change in cash, cash equivalents, and restricted cash	(6)	(6)
Cash, cash equivalents, and restricted cash at beginning of period	13	13
Cash, cash equivalents, and restricted cash at end of period	\$ 7	\$ 7