

**THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 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 September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
<b>REVENUES:</b>				
Electric sales	\$ 284	\$ 266	\$ 763	\$ 730
Excise and gross receipts tax collections	17	18	48	49
Total revenues	301	284	811	779
<b>OPERATING EXPENSES:</b>				
Purchased power from affiliates	—	3	2	12
Purchased power from non-affiliates	26	29	79	73
Other operating expenses	103	97	297	289
Provision for depreciation	28	27	83	80
Amortization (deferral) of regulatory liabilities, net	21	11	24	(4)
General taxes	52	49	147	142
Total operating expenses	230	216	632	592
<b>OPERATING INCOME</b>	71	68	179	187
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	5	3	14	7
Pension and OPEB mark-to-market adjustment	—	—	(19)	—
Interest expense	(18)	(18)	(53)	(53)
Total other expense	(13)	(15)	(58)	(46)
<b>INCOME BEFORE INCOME TAXES</b>	58	53	121	141
<b>INCOME TAXES</b>	9	6	5	22
<b>NET INCOME</b>	\$ 49	\$ 47	\$ 116	\$ 119
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>				
<b>NET INCOME</b>	\$ 49	\$ 47	\$ 116	\$ 119
<b>OTHER COMPREHENSIVE LOSS:</b>				
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)	—
<b>COMPREHENSIVE INCOME</b>	\$ 49	\$ 47	\$ 115	\$ 119

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

<i>(In millions, except share amounts)</i>	September 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Restricted cash	\$ 7	\$ 13
Receivables-		
Customers	119	103
Less — Allowance for uncollectible customer receivables	11	6
	<u>108</u>	<u>97</u>
Affiliated companies	33	39
Other	19	15
Notes receivable from affiliated companies	112	—
Prepaid taxes and other	2	2
	<u>281</u>	<u>166</u>
<b>UTILITY PLANT:</b>		
In service	3,458	3,358
Less — Accumulated provision for depreciation	1,409	1,353
	<u>2,049</u>	<u>2,005</u>
Construction work in progress	94	73
	<u>2,143</u>	<u>2,078</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Goodwill	1,689	1,689
Property taxes	31	129
Other	43	37
	<u>1,763</u>	<u>1,855</u>
	<u>\$ 4,187</u>	<u>\$ 4,099</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 21	\$ 21
Short-term borrowings - affiliated companies	—	85
Accounts payable-		
Affiliated companies	38	38
Other	11	10
Accrued taxes	139	125
Accrued interest	21	13
Other	59	42
	<u>289</u>	<u>334</u>
<b>CAPITALIZATION:</b>		
Common stockholder's equity-		
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	1,244	1,240
Accumulated other comprehensive loss	(4)	(3)
Retained earnings	369	298
Total common stockholder's equity	<u>1,609</u>	<u>1,535</u>
Long-term debt and other long-term obligations	1,570	1,342
	<u>3,179</u>	<u>2,877</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	277	291
Retirement benefits	124	113
Regulatory liabilities	97	143
Property taxes	—	129
Other	221	212
	<u>719</u>	<u>888</u>
	<u>\$ 4,187</u>	<u>\$ 4,099</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,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 116	\$ 119
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	43	97
Deferred income taxes and investment tax credits, net	(23)	(16)
Pension trust contributions	—	(10)
Retirement benefits, net of payments	(8)	(7)
Pension and OPEB mark-to-market adjustment	19	—
Change in current assets and liabilities-		
Receivables	(4)	2
Prepaid taxes and other current assets	—	2
Accounts payable	(8)	9
Accrued taxes	(17)	(27)
Accrued interest	8	5
Other current liabilities	15	8
Other	(2)	2
Net cash provided from operating activities	139	184
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Long-term debt	250	—
Short-term borrowings - affiliated companies, net	—	40
Redemptions and repayments-		
Long-term debt	(19)	(19)
Short-term borrowings - affiliated companies, net	(85)	—
Common stock dividend payments	(45)	(105)
Other	(3)	(3)
Net cash provided from (used for) financing activities	98	(87)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(121)	(93)
Loans to affiliated companies, net	(112)	—
Investment in lessor notes	—	—
Asset removal costs	(11)	(11)
Other	1	1
Net cash used for investing activities	(243)	(103)
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