

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
REVENUES:				
Electric sales	\$ 124	\$ 117	\$ 340	\$ 324
Excise and gross receipts tax collections	8	8	20	21
Total revenues	<u>132</u>	<u>125</u>	<u>360</u>	<u>345</u>
OPERATING EXPENSES:				
Purchased power from affiliates	—	1	1	6
Purchased power from non-affiliates	16	15	41	39
Other operating expenses	48	46	141	136
Provision for depreciation	10	10	31	30
Amortization (deferral) of regulatory assets, net	9	3	13	(7)
General taxes	17	16	47	46
Total operating expenses	<u>100</u>	<u>91</u>	<u>274</u>	<u>250</u>
OPERATING INCOME	<u>32</u>	<u>34</u>	<u>86</u>	<u>95</u>
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	2	2	7	5
Pension and OPEB mark-to-market adjustment	—	—	(11)	—
Interest expense	(5)	(9)	(21)	(27)
Capitalized financing costs	—	—	1	1
Total other expense	<u>(3)</u>	<u>(7)</u>	<u>(24)</u>	<u>(21)</u>
INCOME BEFORE INCOME TAXES	29	27	62	74
INCOME TAXES	<u>5</u>	<u>5</u>	<u>5</u>	<u>14</u>
NET INCOME	<u>\$ 24</u>	<u>\$ 22</u>	<u>\$ 57</u>	<u>\$ 60</u>
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	<u>\$ 24</u>	<u>\$ 22</u>	<u>\$ 57</u>	<u>\$ 60</u>
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	(1)	(1)	(1)	(1)
Other comprehensive loss	(1)	(1)	(1)	(1)
Income tax benefits on other comprehensive loss	—	—	—	—
Other comprehensive loss, net of tax	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>
COMPREHENSIVE INCOME	<u>\$ 23</u>	<u>\$ 21</u>	<u>\$ 56</u>	<u>\$ 59</u>

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 1	\$ 2
Receivables-		
Customers	52	45
Less — Allowance for uncollectible customer receivables	7	3
	<u>45</u>	<u>42</u>
Affiliated companies	22	20
Other, net of allowance for uncollectible accounts	10	12
Prepaid taxes and other	1	2
	<u>79</u>	<u>78</u>
UTILITY PLANT:		
In service	1,280	1,246
Less — Accumulated provision for depreciation	623	601
	<u>657</u>	<u>645</u>
Construction work in progress	35	25
	<u>692</u>	<u>670</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	501	501
Regulatory assets	47	35
Property taxes	8	36
Other	17	12
	<u>573</u>	<u>584</u>
	<u>\$ 1,344</u>	<u>\$ 1,332</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 3	\$ 53
Short-term borrowings - affiliated companies	77	33
Accounts payable-		
Affiliated companies	19	19
Other	5	5
Accrued taxes	39	37
Other	37	22
	<u>180</u>	<u>169</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$5 par value, authorized 60,000,000 shares - 29,402,054 shares outstanding	147	147
Other paid-in capital	319	318
Accumulated other comprehensive income	—	1
Retained earnings	85	53
Total common stockholder's equity	<u>551</u>	<u>519</u>
Long-term debt and other long-term obligations	334	335
	<u>885</u>	<u>854</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	83	88
Retirement benefits	59	51
Property taxes	—	36
Other	137	134
	<u>279</u>	<u>309</u>
	<u>\$ 1,344</u>	<u>\$ 1,332</u>

THE TOLEDO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 57	\$ 60
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	19	29
Deferred income taxes and investment tax credits, net	(9)	(7)
Retirement benefits, net of payments	(3)	(2)
Pension and OPEB mark-to-market adjustment	11	—
Change in current assets and liabilities-		
Receivables	(2)	8
Prepaid taxes and other current assets	1	—
Accounts payable	(2)	2
Accrued taxes	(6)	(8)
Other current liabilities	13	10
Other	2	5
Net cash provided from operating activities	<u>81</u>	<u>97</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	44	—
Redemptions and repayments-		
Long-term debt	(51)	(1)
Short-term borrowings, net	—	(1)
Common stock dividend payments	(25)	(55)
Other	(1)	(1)
Net cash used for financing activities	<u>(33)</u>	<u>(58)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(44)	(32)
Loans to affiliated companies, net	—	(4)
Asset removal costs	(5)	(4)
Net cash used for investing activities	<u>(49)</u>	<u>(40)</u>
Net change in cash, cash equivalents, and restricted cash	(1)	(1)
Cash, cash equivalents, and restricted cash at beginning of period	2	2
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 1</u>	<u>\$ 1</u>