

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

THE TOLEDO EDISON 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,	
	2020	2019	2020	2019
REVENUES:				
Electric sales	\$ 103	\$ 98	\$ 216	\$ 207
Excise and gross receipts tax collections	6	6	12	13
Total revenues	<u>109</u>	<u>104</u>	<u>228</u>	<u>220</u>
OPERATING EXPENSES:				
Purchased power from affiliates	—	2	1	5
Purchased power from non-affiliates	11	10	25	24
Other operating expenses	45	44	93	90
Provision for depreciation	11	10	21	20
Amortization (deferral) of regulatory assets, net	5	(3)	4	(10)
General taxes	15	15	30	30
Total operating expenses	<u>87</u>	<u>78</u>	<u>174</u>	<u>159</u>
OPERATING INCOME	<u>22</u>	<u>26</u>	<u>54</u>	<u>61</u>
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	3	2	5	3
Pension and OPEB mark-to-market adjustment	—	—	(11)	—
Interest expense	(7)	(9)	(16)	(18)
Capitalized financing costs	1	—	1	1
Total other expense	<u>(3)</u>	<u>(7)</u>	<u>(21)</u>	<u>(14)</u>
INCOME BEFORE INCOME TAXES	19	19	33	47
INCOME TAXES	<u>3</u>	<u>4</u>	<u>—</u>	<u>9</u>
NET INCOME	<u>\$ 16</u>	<u>\$ 15</u>	<u>\$ 33</u>	<u>\$ 38</u>

THE TOLEDO EDISON 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	\$ 2	\$ 2
Receivables-		
Customers	47	45
Less — Allowance for uncollectible customer receivables	5	3
	42	42
Affiliated companies	27	20
Other, net of allowance for uncollectible accounts	8	12
Prepaid taxes and other	1	2
	80	78
UTILITY PLANT:		
In service	1,263	1,246
Less — Accumulated provision for depreciation	614	601
	649	645
Construction work in progress	33	25
	682	670
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	501	501
Regulatory assets	49	35
Property taxes	17	36
Other	15	12
	582	584
	<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	104	33
Accounts payable-		
Affiliated companies	19	19
Other	5	5
Accrued taxes	35	37
Other	21	22
	187	169
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	318	318
Accumulated other comprehensive income	1	1
Retained earnings	61	53
Total common stockholder's equity	527	519
Long-term debt and other long-term obligations	334	335
	861	854
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	82	88
Retirement benefits	60	51
Property taxes	17	36
Other	137	134
	296	309
	<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 Six Months Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 33	\$ 38
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	4	15
Deferred income taxes and investment tax credits, net	(8)	(7)
Retirement benefits, net of payments	(1)	(1)
Pension and OPEB mark-to-market adjustment	11	—
Change in current assets and liabilities-		
Receivables	(3)	5
Prepaid taxes and other current assets	1	—
Accounts payable	—	1
Accrued taxes	(2)	(5)
Other current liabilities	(2)	(3)
Other	2	3
Net cash provided from operating activities	<u>35</u>	<u>46</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	71	12
Redemptions and repayments-		
Long-term debt	(51)	(1)
Common stock dividend payments	(25)	(35)
Net cash used for financing activities	<u>(5)</u>	<u>(24)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(27)	(20)
Asset removal costs	(3)	(2)
Net cash used for investing activities	<u>(30)</u>	<u>(22)</u>
Net change in cash, cash equivalents, and restricted cash		
	—	—
Cash, cash equivalents, and restricted cash at beginning of period	2	2
Cash, cash equivalents, and restricted cash at end of period	<u>\$ 2</u>	<u>\$ 2</u>