

**THE CLEVELAND ELECTRIC ILLUMINATING COMPANY AND SUBSIDIARIES**  
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018**

**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,	
	2019	2018	2019	2018
<b>REVENUES:</b>				
Electric sales	\$ 266	\$ 277	\$ 730	\$ 763
Excise and gross receipts tax collections	18	19	49	51
Total revenues	284	296	779	814
<b>OPERATING EXPENSES:</b>				
Purchased power from affiliates	3	5	12	20
Purchased power from non-affiliates	29	23	73	71
Other operating expenses	97	77	289	235
Provision for depreciation	27	26	80	76
Deferral (amortization) of regulatory liabilities, net	11	20	(4)	(1)
General taxes	49	49	142	141
Total operating expenses	216	200	592	542
<b>OPERATING INCOME</b>	68	96	187	272
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	3	5	7	14
Interest expense	(18)	(20)	(53)	(61)
Total other expense	(15)	(15)	(46)	(47)
<b>INCOME BEFORE INCOME TAXES</b>	53	81	141	225
<b>INCOME TAXES</b>	6	16	22	43
<b>NET INCOME</b>	\$ 47	\$ 65	\$ 119	\$ 182
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>				
<b>NET INCOME</b>	\$ 47	\$ 65	\$ 119	\$ 182
<b>OTHER COMPREHENSIVE LOSS:</b>				
Pension and OPEB prior service costs	—	(1)	—	(3)
Other comprehensive loss	—	(1)	—	(3)
Income tax benefits on other comprehensive loss	—	—	—	(1)
Other comprehensive loss, net of tax	—	(1)	—	(2)
<b>COMPREHENSIVE INCOME</b>	\$ 47	\$ 64	\$ 119	\$ 180

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

<i>(In millions, except share amounts)</i>	September 30, 2019	December 31, 2018
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Restricted cash	\$ 7	\$ 13
Receivables-		
Customers, net of allowance for uncollectible accounts of \$6 in 2019 and \$7 in 2018	112	113
Affiliated companies	36	25
Other	17	26
Prepaid taxes and other	1	3
	<u>173</u>	<u>180</u>
<b>UTILITY PLANT:</b>		
In service	3,328	3,260
Less — Accumulated provision for depreciation	1,335	1,295
	<u>1,993</u>	<u>1,965</u>
Construction work in progress	61	52
	<u>2,054</u>	<u>2,017</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Goodwill	1,689	1,689
Property taxes	30	122
Other	36	23
	<u>1,755</u>	<u>1,834</u>
	<u>\$ 3,982</u>	<u>\$ 4,031</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 21	\$ 22
Short-term borrowings - affiliated companies	52	12
Accounts payable-		
Affiliated companies	40	30
Other	8	9
Accrued taxes	125	122
Accrued interest	19	14
Other	55	43
	<u>320</u>	<u>252</u>
<b>CAPITALIZATION:</b>		
Common stockholder's equity-		
Common stock, without par value, authorized 105,000,000 shares - 67,930,743 shares outstanding	1,240	1,234
Accumulated other comprehensive loss	(3)	(3)
Retained earnings	335	321
Total common stockholder's equity	<u>1,572</u>	<u>1,552</u>
Long-term debt and other long-term obligations	1,342	1,362
	<u>2,914</u>	<u>2,914</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	285	289
Retirement benefits	81	93
Regulatory liabilities	194	183
Property taxes	—	122
Other	188	178
	<u>748</u>	<u>865</u>
	<u>\$ 3,982</u>	<u>\$ 4,031</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,	
	2019	2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 119	\$ 182
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory liabilities, net	97	93
Deferred income taxes and investment tax credits, net	(16)	(4)
Pension trust contributions	(10)	(31)
Retirement benefits, net of payments	(7)	(9)
Change in current assets and liabilities-		
Receivables	2	(15)
Prepaid taxes and other current assets	2	1
Accounts payable	9	(7)
Accrued taxes	(27)	(25)
Accrued interest	5	9
Other current liabilities	8	(1)
Other	2	(6)
Net cash provided from operating activities	184	187
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Long-term debt redemptions and repayments	(19)	(19)
Short-term borrowings - affiliated companies, net	40	(2)
Common stock dividend payments	(105)	(105)
Other	(3)	(2)
Net cash used for financing activities	(87)	(128)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(93)	(92)
Loans to affiliated companies, net	—	(11)
Asset removal costs	(11)	(12)
Other	1	—
Net cash used for investing activities	(103)	(115)
Net change in cash, cash equivalents, and restricted cash	(6)	(56)
Cash, cash equivalents, and restricted cash at beginning of period	13	63
Cash, cash equivalents, and restricted cash at end of period	\$ 7	\$ 7