

METROPOLITAN EDISON COMPANY
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2019 AND 2018

METROPOLITAN EDISON COMPANY
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
REVENUES:				
Electric sales	\$ 201	\$ 207	\$ 589	\$ 601
Gross receipts tax collections	12	13	35	38
Total revenues	<u>213</u>	<u>220</u>	<u>624</u>	<u>639</u>
OPERATING EXPENSES:				
Purchased power from affiliates	—	10	16	30
Purchased power from non-affiliates	75	68	203	203
Other operating expenses	40	40	144	158
Provision for depreciation	23	21	70	62
Deferral (amortization) of regulatory liabilities, net	(3)	8	(4)	(29)
General taxes	14	15	41	45
Total operating expenses	<u>149</u>	<u>162</u>	<u>470</u>	<u>469</u>
OPERATING INCOME	<u>64</u>	<u>58</u>	<u>154</u>	<u>170</u>
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	4	6	15	18
Equity earnings from MAIT	7	5	18	15
Interest expense	(12)	(13)	(37)	(38)
Capitalized financing costs	1	1	3	1
Total other expense	<u>—</u>	<u>(1)</u>	<u>(1)</u>	<u>(4)</u>
INCOME BEFORE INCOME TAXES	64	57	153	166
INCOME TAXES	<u>13</u>	<u>13</u>	<u>31</u>	<u>37</u>
NET INCOME	<u>\$ 51</u>	<u>\$ 44</u>	<u>\$ 122</u>	<u>\$ 129</u>
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	<u>\$ 51</u>	<u>\$ 44</u>	<u>\$ 122</u>	<u>\$ 129</u>
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	—	—	(1)	(2)
Other comprehensive loss	—	—	(1)	(2)
Income tax benefits on other comprehensive loss	—	—	—	(2)
Other comprehensive loss, net of tax	—	—	(1)	—
COMPREHENSIVE INCOME	<u>\$ 51</u>	<u>\$ 44</u>	<u>\$ 121</u>	<u>\$ 129</u>

METROPOLITAN EDISON COMPANY
BALANCE SHEETS
(Unaudited)

<i>(In millions, except share amounts)</i>	September 30, 2019	December 31, 2018
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 70	\$ —
Receivables-		
Customers, net of allowance for uncollectible accounts of \$7 in 2019 and \$8 in 2018	121	134
Affiliated companies	22	36
Other	20	29
Notes receivable from associated companies	34	—
Prepaid taxes and other	26	12
	<u>293</u>	<u>211</u>
UTILITY PLANT:		
In service	2,909	2,819
Less — Accumulated provision for depreciation	1,004	974
	<u>1,905</u>	<u>1,845</u>
Construction work in progress	73	52
	<u>1,978</u>	<u>1,897</u>
OTHER PROPERTY AND INVESTMENTS:		
Nuclear plant decommissioning trusts	406	369
Investment in affiliate	301	302
Other	1	1
	<u>708</u>	<u>672</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	324	324
Other	28	14
	<u>352</u>	<u>338</u>
	<u>\$ 3,331</u>	<u>\$ 3,118</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 2	\$ 2
Short-term borrowings - affiliated companies	—	89
Accounts payable-		
Affiliated companies	4	7
Other	44	49
Accrued taxes	4	12
Accrued interest	10	16
Customer deposits	29	27
Other	26	23
	<u>119</u>	<u>225</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 900,000 shares - 740,905 shares outstanding	838	837
Accumulated other comprehensive income	2	3
Retained earnings	198	126
Total common stockholder's equity	1,038	966
Long-term debt and other long-term obligations	1,047	853
	<u>2,085</u>	<u>1,819</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	345	320
Nuclear fuel disposal costs	47	46
Asset retirement obligations	341	328
Retirement benefits	32	41
Regulatory liabilities	169	149
Other	193	190
	<u>1,127</u>	<u>1,074</u>
	<u>\$ 3,331</u>	<u>\$ 3,118</u>

METROPOLITAN EDISON COMPANY
STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 122	\$ 129
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory liabilities, net	68	36
Deferred income taxes and investment tax credits, net	14	29
Asset impairment	9	—
Pension trust contribution	—	(28)
Retirement benefits, net of payments	(14)	(18)
Nuclear decommissioning trust income	11	11
Undistributed earnings from subsidiary company	1	(15)
Changes in current assets and liabilities-		
Receivables	36	(10)
Prepaid taxes and other current assets	(14)	(12)
Accounts payable	(8)	(3)
Accrued taxes	(8)	(5)
Accrued interest	(6)	(6)
Other current liabilities	(1)	(7)
Other	(15)	11
Net cash provided from operating activities	195	112
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	500	—
Short-term borrowings - affiliated companies, net	—	66
Redemptions and repayments-		
Long-term debt	(301)	—
Short-term borrowings - affiliated companies, net	(89)	—
Common stock dividend payments	(50)	(55)
Other	(6)	(2)
Net cash provided from financing activities	54	9
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(123)	(125)
Sales of investment securities held in trusts	190	130
Purchases of investment securities held in trusts	(201)	(141)
Loans to affiliated companies, net	(34)	29
Asset removal costs	(11)	(14)
Net cash used for investing activities	(179)	(121)
Net change in cash, cash equivalents, and restricted cash	70	—
Cash, cash equivalents, and restricted cash at beginning of period	—	—
Cash, cash equivalents, and restricted cash at end of period	\$ 70	\$ —