

**ALLEGHENY GENERATING COMPANY**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017**

**ALLEGHENY GENERATING COMPANY**  
**STATEMENTS OF INCOME**  
(Unaudited)

<i>(In thousands)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
<b>REVENUES</b>	\$ 6,142	\$ 5,548	\$ 11,409	\$ 11,342
<b>OPERATING EXPENSES:</b>				
Operation and maintenance expenses	1,161	812	1,876	1,449
Provision for depreciation	1,422	1,422	2,853	2,880
General taxes	320	313	638	625
Total operating expenses	2,903	2,547	5,367	4,954
<b>OPERATING INCOME</b>	3,239	3,001	6,042	6,388
<b>OTHER EXPENSE:</b>				
Miscellaneous income, net	125	1	125	1
Interest expense	(6,876)	(580)	(7,563)	(1,157)
Total other expense	(6,751)	(579)	(7,438)	(1,156)
<b>INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFITS)</b>	(3,512)	2,422	(1,396)	5,232
<b>INCOME TAXES (BENEFITS)</b>	(468)	1,129	229	1,772
<b>INCOME FROM CONTINUING OPERATIONS</b>	(3,044)	1,293	(1,625)	3,460
Discontinued operations (net of income tax expense (benefit) of (\$5,214), \$1,126, (\$4,648) and \$2,502, respectively)	118,910	2,477	122,129	5,372
<b>NET INCOME</b>	\$ 115,866	\$ 3,770	\$ 120,504	\$ 8,832

**ALLEGHENY GENERATING COMPANY**  
**BALANCE SHEETS**  
(Unaudited)

<i>(In thousands, except share amounts)</i>	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables - affiliated companies	\$ 8,969	\$ 4,489
Materials and supplies, at average cost	1,268	1,220
Prepaid taxes and other	1,072	928
	<u>11,309</u>	<u>6,637</u>
<b>UTILITY PLANT:</b>		
In service	224,487	225,127
Less — Accumulated provision for depreciation	40,949	38,202
	<u>183,538</u>	<u>186,925</u>
Construction work in progress	3,094	718
	<u>186,632</u>	<u>187,643</u>
<b>ASSETS HELD FOR SALE</b>	—	256,422
	<u>\$ 197,941</u>	<u>\$ 450,702</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Accounts payable-		
Affiliated companies	\$ 6,796	\$ 15
Other	209	1,022
Short-term borrowings - affiliated companies	5,174	32,231
Accrued taxes	953	—
Accrued interest	—	2,333
Other	505	168
	<u>13,637</u>	<u>35,769</u>
<b>CAPITALIZATION:</b>		
Common stockholders' equity-		
Common stock, \$1 par value, 5,000 shares authorized - 1,109 shares outstanding	1	1
Other paid-in capital	52,870	128,404
Retained earnings	13,671	23,377
Total common stockholders' equity	<u>66,542</u>	<u>151,782</u>
Long-term debt and other long-term obligations	—	99,755
	<u>66,542</u>	<u>251,537</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	60,006	64,357
Accumulated deferred investment tax credits	20,773	21,433
Regulatory liabilities	36,977	77,606
Other	6	—
	<u>117,762</u>	<u>163,396</u>
	<u>\$ 197,941</u>	<u>\$ 450,702</u>

**ALLEGHENY GENERATING COMPANY**  
**STATEMENTS OF CASH FLOWS**  
(Unaudited)

<i>(In thousands)</i>	For the Six Months Ended June 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 120,504	\$ 8,832
Adjustments to reconcile net income to net cash from operating activities-		
Discontinued operations	(122,129)	(5,372)
Depreciation and deferred debt-related costs	10,745	2,880
Deferred income taxes and investment tax credits, net	31,713	(889)
Changes in current assets and liabilities-		
Receivables	(4,480)	12,936
Materials and supplies	(48)	(89)
Prepaid taxes and other	(144)	(145)
Accounts payable	5,968	(2,403)
Accrued taxes	(71,355)	(1,240)
Accrued interest	(2,333)	(1,690)
Other current liabilities	337	317
Other	2,723	6
Net cash provided from (used for) operating activities	(28,499)	13,143
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Redemptions and repayments-		
Long-term debt	(100,000)	—
Short-term borrowings, net	(27,057)	(12,704)
Dividend payment	(130,210)	—
Reacquisition of common stock	(75,534)	—
Make-whole premiums paid on debt redemptions	(5,744)	—
Net cash used for financing activities	(338,545)	(12,704)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(2,956)	(439)
Proceeds from asset sale	370,000	—
Net cash provided from (used for) investing activities	367,044	(439)
Net change in cash, cash equivalents and restricted cash	—	—
Cash, cash equivalents and restricted cash at beginning of period	—	—
Cash, cash equivalents and restricted cash at end of period	\$ —	\$ —