

JERSEY CENTRAL POWER & LIGHT COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

JERSEY CENTRAL POWER & LIGHT 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,	
	2018	2017	2018	2017
REVENUES:				
Electric sales	\$ 405	\$ 429	\$ 845	\$ 869
OPERATING EXPENSES:				
Purchased power	219	189	421	401
Other operating expenses	89	94	344	204
Provision for depreciation	37	33	74	64
Amortization (deferral) of regulatory assets, net	(20)	37	(134)	65
General taxes	5	4	10	10
Total operating expenses	330	357	715	744
OPERATING INCOME	75	72	130	125
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	9	2	18	4
Interest expense	(28)	(30)	(55)	(60)
Capitalized financing costs	1	4	3	7
Total other expense	(18)	(24)	(34)	(49)
INCOME BEFORE INCOME TAXES	57	48	96	76
INCOME TAXES	21	19	30	30
NET INCOME	\$ 36	\$ 29	\$ 66	\$ 46

JERSEY CENTRAL POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(In millions, except share amounts)</i>	June 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Restricted cash	\$ 6	\$ 6
Receivables-		
Customers, net of allowance for uncollectible accounts of \$4 in 2018 and \$5 in 2017	210	217
Affiliated companies	28	25
Other	28	28
Notes receivable from affiliated companies	—	76
Prepaid taxes and other	69	25
	<u>341</u>	<u>377</u>
UTILITY PLANT:		
In service	6,680	6,490
Less — Accumulated provision for depreciation	<u>2,021</u>	<u>1,978</u>
	4,659	4,512
Construction work in progress	<u>168</u>	<u>187</u>
	<u>4,827</u>	<u>4,699</u>
OTHER PROPERTY AND INVESTMENTS:		
Nuclear fuel disposal trust	252	251
Nuclear plant decommissioning trusts	234	239
Other	1	1
	<u>487</u>	<u>491</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	1,811	1,811
Other	37	34
	<u>1,848</u>	<u>1,845</u>
	<u>\$ 7,503</u>	<u>\$ 7,412</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 316	\$ 165
Short-term borrowings - affiliated companies	298	—
Accounts payable-		
Affiliated companies	1	1
Other	143	124
Accrued compensation and benefits	43	44
Customer deposits	46	46
Accrued interest	23	24
Other	20	45
	<u>890</u>	<u>449</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$10 par value, authorized 16,000,000 shares - 13,628,447 shares outstanding	136	136
Other paid-in capital	2,706	2,553
Accumulated other comprehensive loss	(2)	(2)
Retained earnings	569	503
Total common stockholder's equity	<u>3,409</u>	<u>3,190</u>
Long-term debt and other long-term obligations	<u>1,281</u>	<u>1,587</u>
	<u>4,690</u>	<u>4,777</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	601	572
Nuclear fuel disposal costs	201	200
Retirement benefits	237	446
Regulatory liabilities	328	444
Asset retirement obligation	128	124
Other	428	400
	<u>1,923</u>	<u>2,186</u>
	<u>\$ 7,503</u>	<u>\$ 7,412</u>

JERSEY CENTRAL POWER & LIGHT COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net Income	\$ 66	\$ 46
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization (deferral) of regulatory assets, net	(20)	126
Asset removal costs charged to income	29	10
Deferred income taxes and investment tax credits, net	31	(1)
Retirement benefits, net of payments	(20)	4
Pension trust contribution	(197)	—
Changes in current assets and liabilities-		
Receivables	4	5
Prepaid taxes and other	(44)	(60)
Accounts payable	19	2
Accrued interest	(1)	(1)
Accrued compensation and benefits	(2)	—
Other current liabilities	(27)	3
Other	22	13
Net cash provided from (used for) operating activities	(140)	147
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Short-term borrowings, net	298	58
Redemptions and Repayments-		
Long-term debt	(157)	(271)
Equity contributions from parent	150	245
Net cash provided from financing activities	291	32
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(185)	(166)
Loans to affiliated companies, net	76	—
Sales of investment securities held in trusts	87	307
Purchases of investment securities held in trusts	(97)	(315)
Asset removal costs	(32)	(10)
Net cash used for investing activities	(151)	(184)
Net change in cash, cash equivalents and restricted cash	—	(5)
Cash, cash equivalents and restricted cash at beginning of period	6	16
Cash, cash equivalents and restricted cash at end of period	\$ 6	\$ 11