

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**  
**UNAUDITED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017**

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**  
**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>	\$ 34,959	\$ 23,769	\$ 66,482	\$ 47,936
<b>OPERATING EXPENSES:</b>				
Other operating expenses	11,210	12,309	21,527	22,193
Provision for depreciation	6,482	3,572	12,597	7,093
Amortization of regulatory assets, net	1,290	—	2,706	—
Total operating expenses	18,982	15,881	36,830	29,286
<b>OPERATING INCOME</b>	15,977	7,888	29,652	18,650
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income (expense), net	34	141	(331)	461
Interest expense	(3,625)	(120)	(4,819)	(141)
Capitalized financing costs	5,561	1,299	9,667	1,897
Total other income	1,970	1,320	4,517	2,217
<b>INCOME BEFORE INCOME TAXES</b>	17,947	9,208	34,169	20,867
<b>INCOME TAXES</b>	3,903	3,442	7,644	8,192
<b>NET INCOME</b>	\$ 14,044	\$ 5,766	\$ 26,525	\$ 12,675

Mid-Atlantic Interstate Transmission, LLC (MAIT) issued membership interest on January 31, 2017, in exchange for cash and asset contributions from FirstEnergy Transmission, LLC (FET), Pennsylvania Electric Company (PN) and Metropolitan Edison Company (ME). In accordance with Generally Accepted Accounting Principles (GAAP), the accompanying financial statements have been retrospectively updated to reflect the formation of MAIT as of the earliest period presented.

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**  
**BALANCE SHEETS**  
(Unaudited)

<i>(In thousands)</i>	June 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Affiliated companies	\$ 294	\$ 1,656
Other	7,803	7,299
Notes receivable from affiliated companies	144,414	—
Prepaid taxes and other	1,462	432
	<u>153,973</u>	<u>9,387</u>
<b>UTILITY PLANT:</b>		
In service	1,284,661	1,142,966
Less — Accumulated provision for depreciation	357,678	365,216
	<u>926,983</u>	<u>777,750</u>
Construction work in progress	217,943	155,440
	<u>1,144,926</u>	<u>933,190</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Goodwill	223,592	223,592
Other	820	922
	<u>224,412</u>	<u>224,514</u>
	<u>\$ 1,523,311</u>	<u>\$ 1,167,091</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Short-term borrowings - affiliated companies	\$ —	\$ 137,227
Accounts payable-affiliated companies	2,899	2,539
Accrued taxes	—	7,573
Accrued interest	2,614	—
Other	204	205
	<u>5,717</u>	<u>147,544</u>
<b>CAPITALIZATION:</b>		
Members' equity-		
Membership Interest A	39,146	39,146
Membership Interest B	743,776	743,776
Retained earnings	33,518	6,993
Total members' equity	<u>816,440</u>	<u>789,915</u>
Long-term debt and other long-term obligations	446,341	—
	<u>1,262,781</u>	<u>789,915</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	141,623	130,802
Regulatory liabilities	110,710	96,304
Other	2,480	2,526
	<u>254,813</u>	<u>229,632</u>
	<u>\$ 1,523,311</u>	<u>\$ 1,167,091</u>

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**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**  
**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	\$ 26,525	\$ 12,675
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	15,303	7,093
Deferred income taxes and investment tax credits, net	7,305	21,218
Transmission revenue collections, net	17,799	—
Allowance for funds used during construction - equity	(9,667)	(1,897)
Changes in current assets and liabilities-		
Receivables	2,047	(1,480)
Prepaid taxes and other	(1,030)	—
Accounts payable	(828)	19,424
Accrued taxes	(7,573)	—
Accrued interest	2,614	—
Other	(5,937)	(469)
Net cash provided from operating activities	46,558	56,564
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing - long-term debt	450,000	—
Redemptions and repayments - long-term debt	(113)	—
Short-term borrowings - affiliated companies	(137,227)	—
Common stock dividend payment	—	(3,127)
Other	(3,594)	—
Net cash provided from (used for) financing activities	309,066	(3,127)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(199,315)	(84,206)
Loans to affiliated companies, net	(144,414)	32,414
Asset removal costs	(11,895)	(1,645)
Net cash used for investing activities	(355,624)	(53,437)
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	\$ —	\$ —

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