

OHIO EDISON COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017

OHIO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2018	2017	2018	2017
STATEMENTS OF INCOME				
REVENUES:				
Electric sales	\$ 366	\$ 372	\$ 757	\$ 762
Excise and gross receipts tax collections	26	24	54	50
Total revenues	392	396	811	812
OPERATING EXPENSES:				
Purchased power from affiliates	11	16	26	35
Purchased power from non-affiliates	63	61	136	138
Other operating expenses	92	158	235	309
Provision for depreciation	30	28	60	57
Amortization (deferral) of regulatory assets, net	(22)	5	(28)	(6)
General taxes	51	49	105	101
Total operating expenses	225	317	534	634
OPERATING INCOME	167	79	277	178
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	11	4	55	9
Interest expense	(17)	(17)	(34)	(34)
Capitalized financing costs	2	1	3	3
Total other income (expense)	(4)	(12)	24	(22)
INCOME BEFORE INCOME TAXES	163	67	301	156
INCOME TAXES	36	24	64	56
NET INCOME	\$ 127	\$ 43	\$ 237	\$ 100
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	\$ 127	\$ 43	\$ 237	\$ 100
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	(2)	(2)	(4)	(4)
Change in unrealized gain on available-for-sale securities	—	(1)	—	(1)
Other comprehensive loss	(2)	(3)	(4)	(5)
Income tax benefits on other comprehensive loss	—	—	(3)	(1)
Other comprehensive loss, net of tax	(2)	(3)	(1)	(4)
COMPREHENSIVE INCOME	\$ 125	\$ 40	\$ 236	\$ 96

OHIO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(In millions, except share amounts)</i>	June 30, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 110	\$ 330
Restricted cash	5	5
Receivables-		
Customers, net of allowance for uncollectible accounts of \$8 in 2018 and 2017	187	192
Affiliated companies	60	62
Other	23	21
Notes receivable from affiliated companies	247	39
Prepaid taxes and other	14	8
	<u>646</u>	<u>657</u>
UTILITY PLANT:		
In service	4,266	4,200
Less — Accumulated provision for depreciation	1,555	1,518
	<u>2,711</u>	<u>2,682</u>
Construction work in progress	103	95
	<u>2,814</u>	<u>2,777</u>
OTHER PROPERTY AND INVESTMENTS	95	95
DEFERRED CHARGES AND OTHER ASSETS:		
Property taxes	47	100
Other	47	7
	<u>94</u>	<u>107</u>
	<u>\$ 3,649</u>	<u>\$ 3,636</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 33	\$ 33
Short-term borrowing - affiliated companies	13	9
Accounts payable-		
Affiliated companies	6	16
Other	53	53
Accrued taxes	104	108
Accrued interest	23	23
Other	66	68
	<u>298</u>	<u>310</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 175,000,000 shares - 60 shares outstanding	928	925
Accumulated other comprehensive income	2	3
Retained earnings	394	260
Total common stockholder's equity	<u>1,324</u>	<u>1,188</u>
Long-term debt and other long-term obligations	902	906
	<u>2,226</u>	<u>2,094</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	421	383
Retirement benefits	188	224
Regulatory liabilities	192	213
Property taxes	47	100
Other	277	312
	<u>1,125</u>	<u>1,232</u>
	<u>\$ 3,649</u>	<u>\$ 3,636</u>

OHIO EDISON COMPANY AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

For the Six Months
Ended June 30,

<i>(In millions)</i>	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 237	\$ 100
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization (deferral) of regulatory assets, net	44	51
Amortization of deferred costs on sale leaseback transaction, net	—	(9)
Deferred income taxes and investment tax credits, net	27	2
Retirement benefits, net of payments	(52)	(9)
Pension trust contribution	(27)	—
Changes in current assets and liabilities-		
Receivables	5	11
Prepaid taxes and other	(6)	(10)
Accounts payable	(10)	(3)
Accrued taxes	(4)	(3)
Other current liabilities	(5)	(17)
Long-term PJM receivables	(37)	—
Other	8	15
Net cash provided from operating activities	<u>180</u>	<u>128</u>
CASH FLOWS FROM FINANCING ACTIVITIES:		
New Financing-		
Short-term borrowings, net	4	10
Redemptions and Repayments-		
Long-term debt	(2)	(2)
Common stock dividend payment	(100)	(100)
Other	(2)	(2)
Net cash used for financing activities	<u>(100)</u>	<u>(94)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(82)	(90)
Sales of investment securities held in trusts	—	14
Purchases of investment securities held in trusts	—	(15)
Loans to affiliated companies, net	(208)	63
Asset removal costs	(10)	(9)
Other	—	4
Net cash used for investing activities	<u>(300)</u>	<u>(33)</u>
Net change in cash, cash equivalents and restricted cash	(220)	1
Cash, cash equivalents and restricted cash at beginning of period	335	4
Cash, cash equivalents and restricted cash at end of period	<u>\$ 115</u>	<u>\$ 5</u>
SUPPLEMENTAL CASH FLOW INFORMATION:		
Non-cash transaction: Affiliated net asset transfer ⁽¹⁾	<u>\$ —</u>	<u>\$ 39</u>

⁽¹⁾ During the second quarter of 2017, in connection with FirstEnergy Nuclear Generation, LLC (NG), a subsidiary of FirstEnergy Solutions Corp. (FES), purchasing the lessor equity interests of the remaining non-affiliated leasehold interest from an owner participant in the Beaver Valley Unit 2 sale leaseback and the expiration of the leases, Ohio Edison Company (OE) transferred an Asset Retirement Obligation (ARO) of \$27 million and Nuclear Decommissioning Trust (NDT) assets of \$96 million associated with their leasehold interests to NG, with the difference of \$39 million reducing the common stock of OE.