

FIRSTENERGY TRANSMISSION, LLC AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017

FIRSTENERGY TRANSMISSION, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2018	2017
REVENUES	\$ 253	\$ 257
OPERATING EXPENSES:		
Operation and maintenance expenses	36	32
Provision for depreciation	46	40
Amortization of regulatory assets, net	5	3
General taxes	45	41
Total operating expenses	<u>132</u>	<u>116</u>
OPERATING INCOME	<u>121</u>	<u>141</u>
OTHER INCOME (EXPENSE):		
Miscellaneous income	2	—
Interest expense	(34)	(32)
Capitalized financing costs	7	4
Total other expense	<u>(25)</u>	<u>(28)</u>
INCOME BEFORE INCOME TAXES	96	113
INCOME TAXES	<u>19</u>	<u>41</u>
NET INCOME	77	72
Income attributable to noncontrolling interest	12	6
EARNINGS AVAILABLE TO PARENT	<u>\$ 65</u>	<u>\$ 66</u>

A consolidated subsidiary of FET, MAIT issued membership interest on January 31, 2017, in exchange for cash and asset contributions from FET, PN and ME. In accordance with GAAP, the accompanying financial statements have been retrospectively updated to reflect the formation of MAIT as of the earliest period presented.

FIRSTENERGY TRANSMISSION, LLC AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(In millions)</i>	March 31, 2018	December 31, 2017
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 84	\$ 83
Receivables-		
Affiliated companies	55	65
Other	64	60
Notes receivable from affiliated companies	192	434
Prepaid taxes and other	18	17
	<u>413</u>	<u>659</u>
PROPERTY, PLANT AND EQUIPMENT:		
In service	7,605	7,551
Less — Accumulated provision for depreciation	1,497	1,475
	<u>6,108</u>	<u>6,076</u>
Construction work in progress	473	333
	<u>6,581</u>	<u>6,409</u>
OTHER PROPERTY AND INVESTMENTS:		
Investment in non-affiliated companies	17	17
Other	6	6
	<u>23</u>	<u>23</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	224	224
Regulatory assets	2	2
Property taxes	129	182
Other	10	11
	<u>365</u>	<u>419</u>
	<u>\$ 7,382</u>	<u>\$ 7,510</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Short-term borrowings - affiliated companies	\$ 324	\$ 358
Accounts payable - affiliated companies	21	31
Accrued taxes	196	172
Accrued interest	28	44
	<u>569</u>	<u>605</u>
CAPITALIZATION:		
Member's equity	1,050	1,050
Retained earnings	921	956
Total member's equity	<u>1,971</u>	<u>2,006</u>
Noncontrolling interest	762	750
Total equity	<u>2,733</u>	<u>2,756</u>
Long-term debt and other long-term obligations	2,702	2,702
	<u>5,435</u>	<u>5,458</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	745	735
Property taxes	86	182
Regulatory liabilities	502	482
Other	45	48
	<u>1,378</u>	<u>1,447</u>
	<u>\$ 7,382</u>	<u>\$ 7,510</u>

A consolidated subsidiary of FET, MAIT issued membership interest on January 31, 2017, in exchange for cash and asset contributions from FET, PN and ME. In accordance with GAAP, the accompanying financial statements have been retrospectively updated to reflect the formation of MAIT as of the earliest period presented.

FIRSTENERGY TRANSMISSION, LLC AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 77	\$ 72
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	53	43
Deferred income taxes and investment tax credits, net	4	40
Transmission revenue collections, net	29	(11)
Allowance for funds used during construction - equity	(6)	(4)
Changes in current assets and liabilities-		
Receivables	6	2
Prepaid taxes and other	(2)	—
Accounts payable	(10)	(3)
Accrued taxes	(21)	(29)
Accrued interest	(16)	(15)
Other	(7)	(10)
Net cash provided from operating activities	107	85
CASH FLOWS FROM FINANCING ACTIVITIES:		
Short-term borrowings - affiliated companies	(34)	(43)
Common stock dividend payment	(100)	—
Net cash used for financing activities	(134)	(43)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(200)	(143)
Loans to affiliated companies, net	242	121
Asset removal costs	(14)	(10)
Net cash provided from (used for) investing activities	28	(32)
Net change in cash and cash equivalents and restricted cash	1	10
Cash and cash equivalents and restricted cash at beginning of period	83	72
Cash and cash equivalents and restricted cash at end of period	\$ 84	\$ 82

A consolidated subsidiary of FET, MAIT issued membership interest on January 31, 2017, in exchange for cash and asset contributions from FET, PN and ME. In accordance with GAAP, the accompanying financial statements have been retrospectively updated to reflect the formation of MAIT as of the earliest period presented.

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING STATEMENTS OF INCOME
(Unaudited)

For the Three Months Ended March 31, 2018	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
	<i>(In millions)</i>						
REVENUES	\$ —	\$ 158	\$ 63	\$ 32	\$ —	\$ —	\$ 253
OPERATING EXPENSES:							
Operation and maintenance expenses	—	22	4	10	—	—	36
Provision for depreciation	—	28	12	6	—	—	46
Amortization of regulatory assets, net	—	2	1	2	—	—	5
General taxes	—	42	3	—	—	—	45
Total operating expenses	—	94	20	18	—	—	132
OPERATING INCOME	—	64	43	14	—	—	121
OTHER INCOME (EXPENSE):							
Miscellaneous income, including net income from equity investees	72	1	—	(1)	—	(70)	2
Interest expense	(12)	(14)	(7)	(1)	—	—	(34)
Capitalized financing costs	—	3	—	4	—	—	7
Total other income (expense)	60	(10)	(7)	2	—	(70)	(25)
INCOME BEFORE INCOME TAXES (BENEFITS)	60	54	36	16	—	(70)	96
INCOME TAXES (BENEFITS)	(5)	11	9	4	—	—	19
NET INCOME	65	43	27	12	—	(70)	77
Income attributable to noncontrolling interest	—	—	—	—	—	12	12
EARNINGS AVAILABLE TO PARENT	<u>\$ 65</u>	<u>\$ 43</u>	<u>\$ 27</u>	<u>\$ 12</u>	<u>\$ —</u>	<u>\$ (82)</u>	<u>\$ 65</u>

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING STATEMENTS OF INCOME
(Unaudited)

For the Three Months Ended March 31, 2017	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
	<i>(In millions)</i>						
REVENUES	\$ —	\$ 154	\$ 71	\$ 24	\$ 8	\$ —	\$ 257
OPERATING EXPENSES:							
Operation and maintenance expenses	—	20	2	10	—	—	32
Provision for depreciation	—	24	12	4	—	—	40
Amortization of regulatory assets, net	—	—	—	—	3	—	3
General taxes	1	37	3	—	—	—	41
Total operating expenses	1	81	17	14	3	—	116
OPERATING INCOME (LOSS)	(1)	73	54	10	5	—	141
OTHER INCOME (EXPENSE):							
Miscellaneous income, including net income from equity investees	74	—	—	—	—	(74)	—
Interest expense	(12)	(13)	(7)	—	—	—	(32)
Capitalized financing costs	—	2	1	1	—	—	4
Total other income (expense)	62	(11)	(6)	1	—	(74)	(28)
INCOME BEFORE INCOME TAXES (BENEFITS)	61	62	48	11	5	(74)	113
INCOME TAXES (BENEFITS)	(5)	22	18	4	2	—	41
NET INCOME	66	40	30	7	3	(74)	72
Income attributable to noncontrolling interest	—	—	—	—	—	6	6
EARNINGS AVAILABLE TO PARENT	<u>\$ 66</u>	<u>\$ 40</u>	<u>\$ 30</u>	<u>\$ 7</u>	<u>\$ 3</u>	<u>\$ (80)</u>	<u>\$ 66</u>

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING BALANCE SHEETS
(Unaudited)

As of March 31, 2018	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 84	\$ —	\$ 84
Receivables-							
Affiliated companies	7	24	30	1	—	(7)	55
Other	—	33	23	8	—	—	64
Notes receivable from affiliated companies	192	—	—	—	—	—	192
Prepayments and other current assets	2	2	13	—	1	—	18
	<u>201</u>	<u>59</u>	<u>66</u>	<u>9</u>	<u>85</u>	<u>(7)</u>	<u>413</u>
PROPERTY, PLANT AND EQUIPMENT:							
In service	—	4,323	2,124	1,158	—	—	7,605
Less — Accumulated provision for depreciation	—	952	186	359	—	—	1,497
	<u>—</u>	<u>3,371</u>	<u>1,938</u>	<u>799</u>	<u>—</u>	<u>—</u>	<u>6,108</u>
Construction work in progress	—	216	25	232	—	—	473
	<u>—</u>	<u>3,587</u>	<u>1,963</u>	<u>1,031</u>	<u>—</u>	<u>—</u>	<u>6,581</u>
OTHER PROPERTY AND INVESTMENTS:							
Investment in affiliated companies	2,759	—	—	—	—	(2,759)	—
Investment in non-affiliated companies	—	—	—	—	17	—	17
Other	—	—	6	—	—	—	6
	<u>2,759</u>	<u>—</u>	<u>6</u>	<u>—</u>	<u>17</u>	<u>(2,759)</u>	<u>23</u>
DEFERRED CHARGES AND OTHER ASSETS:							
Goodwill	—	—	—	224	—	—	224
Accumulated deferred income tax benefits	12	—	—	—	5	(17)	—
Regulatory assets	—	—	—	—	2	—	2
Property taxes	—	129	—	—	—	—	129
Other	—	7	2	1	—	—	10
	<u>12</u>	<u>136</u>	<u>2</u>	<u>225</u>	<u>7</u>	<u>(17)</u>	<u>365</u>
	<u>\$ 2,972</u>	<u>\$ 3,782</u>	<u>\$ 2,037</u>	<u>\$ 1,265</u>	<u>\$ 109</u>	<u>\$ (2,783)</u>	<u>\$ 7,382</u>
LIABILITIES AND CAPITALIZATION							
CURRENT LIABILITIES:							
Short-term borrowings - affiliated companies	\$ —	\$ 82	\$ 32	\$ 208	\$ 2	\$ —	\$ 324
Accounts payable - affiliated companies	—	3	1	2	15	—	21
Accrued taxes	—	169	26	8	—	(7)	196
Accrued interest	10	10	8	—	—	—	28
	<u>10</u>	<u>264</u>	<u>67</u>	<u>218</u>	<u>17</u>	<u>(7)</u>	<u>569</u>
CAPITALIZATION:							
Member's equity	1,050	1,266	921	783	90	(3,060)	1,050
Retained earnings	921	391	52	19	(1)	(461)	921
Total member's equity	1,971	1,657	973	802	89	(3,521)	1,971
Noncontrolling interest	—	—	—	—	—	762	762
Total equity	1,971	1,657	973	802	89	(2,759)	2,733
Long-term debt and other long-term obligations	991	1,090	621	—	—	—	2,702
	<u>2,962</u>	<u>2,747</u>	<u>1,594</u>	<u>802</u>	<u>89</u>	<u>(2,759)</u>	<u>5,435</u>
NONCURRENT LIABILITIES:							
Accumulated deferred income taxes	—	376	250	136	—	(17)	745
Property taxes	—	86	—	—	—	—	86
Regulatory liabilities	—	272	121	106	3	—	502
Other	—	37	5	3	—	—	45
	<u>—</u>	<u>771</u>	<u>376</u>	<u>245</u>	<u>3</u>	<u>(17)</u>	<u>1,378</u>
	<u>\$ 2,972</u>	<u>\$ 3,782</u>	<u>\$ 2,037</u>	<u>\$ 1,265</u>	<u>\$ 109</u>	<u>\$ (2,783)</u>	<u>\$ 7,382</u>

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING BALANCE SHEETS
(Unaudited)

As of December 31, 2017	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
<i>(In millions)</i>							
ASSETS							
CURRENT ASSETS:							
Cash and cash equivalents	\$ —	\$ —	\$ —	\$ —	\$ 83	\$ —	\$ 83
Receivables-							
Affiliated companies	7	33	30	2	—	(7)	65
Other	—	29	23	7	1	—	60
Notes receivable from affiliated companies	434	—	—	—	—	—	434
Prepaid taxes and other	3	3	11	—	—	—	17
	<u>444</u>	<u>65</u>	<u>64</u>	<u>9</u>	<u>84</u>	<u>(7)</u>	<u>659</u>
PROPERTY, PLANT AND EQUIPMENT:							
In service	—	4,284	2,124	1,143	—	—	7,551
Less — Accumulated provision for depreciation	—	933	177	365	—	—	1,475
	<u>—</u>	<u>3,351</u>	<u>1,947</u>	<u>778</u>	<u>—</u>	<u>—</u>	<u>6,076</u>
Construction work in progress	—	160	18	155	—	—	333
	<u>—</u>	<u>3,511</u>	<u>1,965</u>	<u>933</u>	<u>—</u>	<u>—</u>	<u>6,409</u>
OTHER PROPERTY AND INVESTMENTS:							
Investment in affiliated companies	2,568	—	—	—	—	(2,568)	—
Investment in non-affiliated companies	—	—	—	—	17	—	17
Other	—	—	6	—	—	—	6
	<u>2,568</u>	<u>—</u>	<u>6</u>	<u>—</u>	<u>17</u>	<u>(2,568)</u>	<u>23</u>
DEFERRED CHARGES AND OTHER ASSETS:							
Goodwill	—	—	—	224	—	—	224
Accumulated deferred income tax benefits	7	—	—	—	5	(12)	—
Regulatory assets	—	—	—	—	2	—	2
Property taxes	—	177	5	—	—	—	182
Other	—	7	3	1	—	—	11
	<u>7</u>	<u>184</u>	<u>8</u>	<u>225</u>	<u>7</u>	<u>(12)</u>	<u>419</u>
	<u>\$ 3,019</u>	<u>\$ 3,760</u>	<u>\$ 2,043</u>	<u>\$ 1,167</u>	<u>\$ 108</u>	<u>\$ (2,587)</u>	<u>\$ 7,510</u>
LIABILITIES AND CAPITALIZATION							
CURRENT LIABILITIES:							
Short-term borrowings - affiliated companies	\$ —	\$ 113	\$ 106	\$ 137	\$ 2	\$ —	\$ 358
Accounts payable - affiliated companies	—	15	1	3	12	—	31
Accrued taxes	—	155	17	7	—	(7)	172
Accrued interest	22	20	2	—	—	—	44
	<u>22</u>	<u>303</u>	<u>126</u>	<u>147</u>	<u>14</u>	<u>(7)</u>	<u>605</u>
CAPITALIZATION:							
Member's equity	1,050	1,166	900	783	90	(2,939)	1,050
Retained earnings	956	348	25	7	(1)	(379)	956
Total member's equity	2,006	1,514	925	790	89	(3,318)	2,006
Noncontrolling interest	—	—	—	—	—	750	750
Total equity	2,006	1,514	925	790	89	(2,568)	2,756
Long-term debt and other long-term obligations	991	1,090	621	—	—	—	2,702
	<u>2,997</u>	<u>2,604</u>	<u>1,546</u>	<u>790</u>	<u>89</u>	<u>(2,568)</u>	<u>5,458</u>
NONCURRENT LIABILITIES:							
Accumulated deferred income taxes	—	368	248	131	—	(12)	735
Property taxes	—	177	5	—	—	—	182
Regulatory liabilities	—	271	110	96	5	—	482
Other	—	37	8	3	—	—	48
	<u>—</u>	<u>853</u>	<u>371</u>	<u>230</u>	<u>5</u>	<u>(12)</u>	<u>1,447</u>
	<u>\$ 3,019</u>	<u>\$ 3,760</u>	<u>\$ 2,043</u>	<u>\$ 1,167</u>	<u>\$ 108</u>	<u>\$ (2,587)</u>	<u>\$ 7,510</u>

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING STATEMENTS OF CASH FLOWS
(Unaudited)

For the Three Months Ended March 31, 2018	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
	<i>(In millions)</i>						
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income	\$ 65	\$ 43	\$ 27	\$ 12	\$ —	\$ (70)	\$ 77
Adjustments to reconcile net income to net cash from operating activities-							
Depreciation and amortization of regulatory assets, net	—	31	14	8	—	—	53
Deferred income taxes and investment tax credits, net	(5)	5	1	3	—	—	4
Transmission revenue collections, net	—	11	8	10	—	—	29
Allowance for funds used during construction - equity	—	(2)	—	(4)	—	—	(6)
Equity earnings of subsidiaries	(70)	—	—	—	—	70	—
Changes in current assets and liabilities-							
Receivables	—	5	—	1	—	—	6
Prepaid taxes and other	—	—	(2)	—	—	—	(2)
Accounts payable	—	(12)	—	(1)	3	—	(10)
Accrued taxes	—	(30)	9	—	—	—	(21)
Accrued interest	(12)	(10)	6	—	—	—	(16)
Other	—	(2)	(1)	(2)	(2)	—	(7)
Net cash provided from (used for) operating activities	(22)	39	62	27	1	—	107
CASH FLOWS FROM FINANCING ACTIVITIES:							
Short-term borrowings - affiliated companies	—	(31)	(74)	71	—	—	(34)
Parent company equity contribution	—	100	20	—	—	(120)	—
Common stock dividend payment	(100)	—	—	—	—	—	(100)
Net cash provided from (used for) financing activities	(100)	69	(54)	71	—	(120)	(134)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Property additions	—	(99)	(8)	(93)	—	—	(200)
Investment in subsidiary	(120)	—	—	—	—	120	—
Loans to affiliated companies, net	242	—	—	—	—	—	242
Asset removal costs	—	(9)	—	(5)	—	—	(14)
Net cash provided from (used for) investing activities	122	(108)	(8)	(98)	—	120	28
Net change in cash and cash equivalents and restricted cash	—	—	—	—	1	—	1
Cash and cash equivalents and restricted cash at beginning of period	—	—	—	—	83	—	83
Cash and cash equivalents and restricted cash at end of period	\$ —	\$ —	\$ —	\$ —	\$ 84	\$ —	\$ 84

FIRSTENERGY TRANSMISSION, LLC
CONSOLIDATING STATEMENTS OF CASH FLOWS
(Unaudited)

For the Three Months Ended March 31, 2017	FET	ATSI	TrAIL	MAIT	PATH	Eliminations	Consolidated
<i>(In millions)</i>							
CASH FLOWS FROM OPERATING ACTIVITIES:							
Net income	\$ 66	\$ 40	\$ 30	\$ 7	\$ 3	\$ (74)	\$ 72
Adjustments to reconcile net income to net cash from operating activities-							
Depreciation and amortization of regulatory assets, net	—	24	12	4	3	—	43
Deferred income taxes and investment tax credits, net	(1)	25	8	9	(1)	—	40
Transmission revenue collections, net	—	(7)	(4)	—	—	—	(11)
Allowance for funds used during construction - equity	—	(2)	(1)	(1)	—	—	(4)
Equity earnings of subsidiaries	(74)	—	—	—	—	74	—
Dividends received from equity investees	13	—	—	—	—	(13)	—
Changes in current assets and liabilities-							
Receivables	(2)	(3)	—	(5)	1	11	2
Accounts payable	(2)	(1)	—	—	—	—	(3)
Accrued taxes	—	(31)	11	—	2	(11)	(29)
Accrued interest	(12)	(9)	6	—	—	—	(15)
Other	(1)	(1)	(3)	—	(5)	—	(10)
Net cash provided from (used for) operating activities	(13)	35	59	14	3	(13)	85
CASH FLOWS FROM FINANCING ACTIVITIES:							
Short-term borrowings - affiliated companies	116	11	(170)	—	—	—	(43)
Parent company equity contribution	—	—	150	—	—	(150)	—
Common stock dividend payment	—	(10)	—	(3)	—	13	—
Net cash provided from (used for) financing activities	116	1	(20)	(3)	—	(137)	(43)
CASH FLOWS FROM INVESTING ACTIVITIES:							
Property additions	—	(89)	(15)	(39)	—	—	(143)
Investment in subsidiary	(150)	—	—	—	—	150	—
Loans to affiliated companies, net	47	62	(24)	36	—	—	121
Asset removal costs	—	(9)	—	(1)	—	—	(10)
Net cash provided from (used for) investing activities	(103)	(36)	(39)	(4)	—	150	(32)
Net change in cash and cash equivalents and restricted cash	—	—	—	7	3	—	10
Cash and cash equivalents and restricted cash at beginning of period	—	—	—	—	72	—	72
Cash and cash equivalents and restricted cash at end of period	\$ —	\$ —	\$ —	\$ 7	\$ 75	\$ —	\$ 82