

JERSEY CENTRAL POWER & LIGHT COMPANY AND SUBSIDIARIES
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 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 September 30, | | For the Nine Months Ended September 30, | |
|---|---|--------|--|----------|
| | 2018 | 2017 | 2018 | 2017 |
| REVENUES | \$ 599 | \$ 542 | \$ 1,444 | \$ 1,411 |
| OPERATING EXPENSES: | | | | |
| Purchased power | 317 | 241 | 738 | 639 |
| Other operating expenses | 114 | 100 | 458 | 301 |
| Provision for depreciation | 38 | 34 | 112 | 98 |
| Amortization (deferral) of regulatory assets, net | (3) | 35 | (137) | 106 |
| General taxes | 4 | 4 | 14 | 14 |
| Total operating expenses | 470 | 414 | 1,185 | 1,158 |
| OPERATING INCOME | 129 | 128 | 259 | 253 |
| OTHER INCOME (EXPENSE): | | | | |
| Miscellaneous income, net | 8 | 3 | 26 | 7 |
| Interest expense | (26) | (27) | (81) | (87) |
| Capitalized financing costs | 1 | 4 | 4 | 11 |
| Total other expense | (17) | (20) | (51) | (69) |
| INCOME BEFORE INCOME TAXES | 112 | 108 | 208 | 184 |
| INCOME TAXES | 30 | 42 | 60 | 72 |
| NET INCOME | \$ 82 | \$ 66 | \$ 148 | \$ 112 |

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

| <i>(In millions, except share amounts)</i> | September 30, 2018 | December 31, 2017 |
|--|-----------------------|----------------------|
| ASSETS | | |
| CURRENT ASSETS: | | |
| Restricted cash | \$ 7 | \$ 6 |
| Receivables- | | |
| Customers, net of allowance for uncollectible accounts of \$4 in 2018 and \$5 in 2017 | 281 | 217 |
| Affiliated companies | 41 | 25 |
| Other | 34 | 28 |
| Notes receivable from affiliated companies | — | 76 |
| Prepaid taxes and other | 43 | 25 |
| | <u>406</u> | <u>377</u> |
| UTILITY PLANT: | | |
| In service | 6,724 | 6,490 |
| Less — Accumulated provision for depreciation | 2,040 | 1,978 |
| | <u>4,684</u> | <u>4,512</u> |
| Construction work in progress | 189 | 187 |
| | <u>4,873</u> | <u>4,699</u> |
| OTHER PROPERTY AND INVESTMENTS: | | |
| Nuclear fuel disposal trust | 253 | 251 |
| Nuclear plant decommissioning trusts | 238 | 239 |
| Other | 1 | 1 |
| | <u>492</u> | <u>491</u> |
| DEFERRED CHARGES AND OTHER ASSETS: | | |
| Goodwill | 1,811 | 1,811 |
| Other | 36 | 34 |
| | <u>1,847</u> | <u>1,845</u> |
| | <u>\$ 7,618</u> | <u>\$ 7,412</u> |
| LIABILITIES AND CAPITALIZATION | | |
| CURRENT LIABILITIES: | | |
| Currently payable long-term debt | \$ 316 | \$ 165 |
| Short-term borrowings - affiliated companies | 222 | — |
| Accounts payable- | | |
| Affiliated companies | 1 | 1 |
| Other | 194 | 124 |
| Accrued compensation and benefits | 44 | 44 |
| Customer deposits | 46 | 46 |
| Accrued interest | 29 | 24 |
| Other | 18 | 45 |
| | <u>870</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 | 2,710 | 2,553 |
| Accumulated other comprehensive loss | (2) | (2) |
| Retained earnings | 651 | 503 |
| Total common stockholder's equity | <u>3,495</u> | <u>3,190</u> |
| Long-term debt and other long-term obligations | 1,277 | 1,587 |
| | <u>4,772</u> | <u>4,777</u> |
| NONCURRENT LIABILITIES: | | |
| Accumulated deferred income taxes | 653 | 572 |
| Nuclear fuel disposal costs | 202 | 200 |
| Retirement benefits | 235 | 446 |
| Regulatory liabilities | 336 | 444 |
| Asset retirement obligation | 130 | 124 |
| Other | 420 | 400 |
| | <u>1,976</u> | <u>2,186</u> |
| | <u>\$ 7,618</u> | <u>\$ 7,412</u> |

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

| <i>(In millions)</i> | For the Nine Months Ended September 30, | |
|--|--|--------|
| | 2018 | 2017 |
| CASH FLOWS FROM OPERATING ACTIVITIES: | | |
| Net Income | \$ 148 | \$ 112 |
| Adjustments to reconcile net income to net cash from operating activities- | | |
| Depreciation and amortization (deferral) of regulatory assets, net | (14) | 194 |
| Asset removal costs charged to income | 37 | 14 |
| Deferred income taxes and investment tax credits, net | 85 | 30 |
| Retirement benefits, net of payments | (26) | 7 |
| Pension trust contribution | (197) | — |
| Nuclear decommissioning and spent fuel trust income | 14 | 13 |
| Long-term PJM payable | 15 | — |
| Changes in current assets and liabilities- | | |
| Receivables | (83) | 15 |
| Prepaid taxes and other current assets | (18) | (23) |
| Accounts payable | 70 | 2 |
| Accrued interest | 5 | 6 |
| Other current liabilities | (28) | 1 |
| Other | 25 | 9 |
| Net cash provided from operating activities | 33 | 380 |
| CASH FLOWS FROM FINANCING ACTIVITIES: | | |
| New Financing- | | |
| Short-term borrowings, net | 222 | — |
| Redemptions and Repayments- | | |
| Long-term debt | (161) | (275) |
| Short-term borrowings, net | — | (98) |
| Equity contributions from parent | 150 | 245 |
| Net cash provided from (used for) financing activities | 211 | (128) |
| CASH FLOWS FROM INVESTING ACTIVITIES: | | |
| Property additions | (264) | (227) |
| Loans to affiliated companies, net | 76 | (7) |
| Sales of investment securities held in trusts | 180 | 432 |
| Purchases of investment securities held in trusts | (194) | (445) |
| Asset removal costs | (41) | (16) |
| Other | — | 1 |
| Net cash used for investing activities | (243) | (262) |
| Net change in cash, cash equivalents and restricted cash | 1 | (10) |
| Cash, cash equivalents and restricted cash at beginning of period | 6 | 16 |
| Cash, cash equivalents and restricted cash at end of period | \$ 7 | \$ 6 |