

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

**MID-ATLANTIC INTERSTATE TRANSMISSION, LLC**  
**STATEMENTS OF INCOME**  
(Unaudited)

<i>(In thousands)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2018	2017	2018	2017
<b>REVENUES</b>	\$ 42,887	\$ 29,886	\$ 109,369	\$ 77,822
<b>OPERATING EXPENSES:</b>				
Other operating expenses	16,714	9,286	38,241	31,479
Provision for depreciation	7,260	5,687	19,857	12,780
Amortization of regulatory assets, net	1,346	1,667	4,052	1,667
Impairment of assets	—	12,542	—	12,542
Total operating expenses	25,320	29,182	62,150	58,468
<b>OPERATING INCOME</b>	17,567	704	47,219	19,354
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	1,077	239	746	700
Interest expense	(4,961)	(402)	(9,780)	(543)
Capitalized financing costs	4,225	1,878	13,892	3,775
Total other income	341	1,715	4,858	3,932
<b>INCOME BEFORE INCOME TAXES</b>	17,908	2,419	52,077	23,286
<b>INCOME TAXES</b>	4,862	1,398	12,506	9,590
<b>NET INCOME</b>	\$ 13,046	\$ 1,021	\$ 39,571	\$ 13,696

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>	September 30, 2018	December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Affiliated companies	\$ 267	\$ 1,656
Other	7,935	7,299
Notes receivable from affiliated companies	87,046	—
Prepaid taxes and other	3,289	432
	<u>98,537</u>	<u>9,387</u>
<b>UTILITY PLANT:</b>		
In service	1,369,344	1,142,966
Less — Accumulated provision for depreciation	355,184	365,216
	<u>1,014,160</u>	<u>777,750</u>
Construction work in progress	219,439	155,440
	<u>1,233,599</u>	<u>933,190</u>
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Goodwill	223,592	223,592
Other	771	922
	<u>224,363</u>	<u>224,514</u>
	<u>\$ 1,556,499</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	7,780	2,539
Accrued taxes	15	7,573
Accrued interest	7,226	—
Other	194	205
	<u>15,215</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	46,564	6,993
Total members' equity	<u>829,486</u>	<u>789,915</u>
Long-term debt and other long-term obligations	446,055	—
	<u>1,275,541</u>	<u>789,915</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	150,199	130,802
Regulatory liabilities	113,088	96,304
Other	2,456	2,526
	<u>265,743</u>	<u>229,632</u>
	<u>\$ 1,556,499</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 Nine Months Ended September 30,	
	2018	2017
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 39,571	\$ 13,696
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization of regulatory assets, net	23,909	14,447
Deferred income taxes and investment tax credits, net	19,468	15,066
Transmission revenue collections, net	14,558	5,225
Allowance for funds used during construction - equity	(13,618)	(3,321)
Impairment of assets	—	12,542
Changes in current assets and liabilities-		
Receivables	1,942	(5,502)
Prepaid taxes and other	(2,857)	—
Accounts payable	4,052	53,533
Accrued taxes	(7,558)	—
Accrued interest	7,226	—
Other	(11,236)	(1,996)
Net cash provided from operating activities	75,457	103,690
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing - long-term debt	450,000	—
Redemptions and repayments - long-term debt	(112)	—
Short-term borrowings - affiliated companies	(137,227)	—
Common stock dividend payment	—	(3,127)
Other	(3,979)	—
Net cash provided from (used for) financing activities	308,682	(3,127)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(277,133)	(128,361)
Loans to affiliated companies, net	(87,046)	32,851
Asset removal costs	(19,960)	(5,053)
Net cash used for investing activities	(384,139)	(100,563)
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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