

METROPOLITAN EDISON COMPANY
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2020 AND 2019

METROPOLITAN EDISON COMPANY
STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
REVENUES:		
Electric sales	\$ 191	\$ 223
Gross receipts tax collections	11	13
Total revenues	202	236
OPERATING EXPENSES:		
Purchased power from affiliates	—	11
Purchased power from non-affiliates	72	75
Other operating expenses	45	54
Provision for depreciation	25	23
Deferral of regulatory liabilities, net	4	1
General taxes	14	16
Total operating expenses	160	180
OPERATING INCOME	42	56
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	13	5
Equity earnings from MAIT	6	6
Pension and OPEB mark-to-market adjustment	(31)	—
Interest expense	(12)	(13)
Capitalized financing costs	1	1
Total other expense	(23)	(1)
INCOME BEFORE INCOME TAXES	19	55
INCOME TAXES	4	11
NET INCOME	\$ 15	\$ 44
<u>STATEMENTS OF COMPREHENSIVE INCOME</u>		
NET INCOME	\$ 15	\$ 44
OTHER COMPREHENSIVE LOSS:		
Pension and OPEB prior service costs	(1)	—
Other comprehensive loss	(1)	—
Income tax benefits on other comprehensive loss	—	—
Other comprehensive loss, net of tax	(1)	—
COMPREHENSIVE INCOME	\$ 14	\$ 44

METROPOLITAN EDISON COMPANY
BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	March 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 128	\$ 135
Less — Allowance for uncollectible customer receivables	7	7
	121	128
Affiliated companies	34	30
Other	15	16
Notes receivable from associated companies	12	31
Prepaid taxes and other	47	16
	229	221
UTILITY PLANT:		
In service	3,013	2,971
Less — Accumulated provision for depreciation	1,029	1,016
	1,984	1,955
Construction work in progress	58	69
	2,042	2,024
OTHER PROPERTY AND INVESTMENTS:		
Investment in affiliate	307	301
Other	1	1
Investment - held for sale	408	411
	716	713
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	324	324
Other	32	29
	356	353
	<u>\$ 3,343</u>	<u>\$ 3,311</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 2	\$ 2
Accounts payable-		
Affiliated companies	—	3
Other	45	49
Accrued taxes	9	5
Accrued interest	10	15
Customer deposits	29	29
Other	25	25
	120	128
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, without par value, authorized 900,000 shares - 740,905 shares outstanding	838	838
Accumulated other comprehensive income	1	2
Retained earnings	143	128
Total common stockholder's equity	982	968
Long-term debt and other long-term obligations	1,047	1,047
	2,029	2,015
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	356	354
Nuclear fuel disposal costs	47	47
Retirement benefits	76	52
Regulatory liabilities	156	160
Other	211	211
Noncurrent liabilities - held for sale	348	344
	1,194	1,168
	<u>\$ 3,343</u>	<u>\$ 3,311</u>

METROPOLITAN EDISON COMPANY
STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 15	\$ 44
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	30	25
Deferred income taxes and investment tax credits, net	(3)	8
Retirement benefits, net of payments	(6)	(5)
Pension and OPEB mark-to-market adjustment	31	—
Nuclear decommissioning trust income	2	3
Undistributed earnings from subsidiary company	(6)	(6)
Changes in current assets and liabilities-		
Receivables	4	(9)
Prepaid taxes and other current assets	(31)	(33)
Accounts payable	(7)	3
Accrued taxes	4	(5)
Accrued interest	(5)	(6)
Other current liabilities	(1)	(3)
Other	(5)	(12)
Net cash provided from operating activities	22	4
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	—	500
Redemptions and repayments-		
Long-term debt	—	(301)
Short-term borrowings - affiliated companies, net	—	(89)
Common stock dividend payments	—	(50)
Other	(1)	(5)
Net cash provided from (used for) financing activities	(1)	55
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(35)	(39)
Sales of investment securities held in trusts	1	53
Purchases of investment securities held in trusts	(3)	(56)
Loans to affiliated companies, net	19	(14)
Asset removal costs	(3)	(3)
Net cash used for investing activities	(21)	(59)
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	\$ —	\$ —