

METROPOLITAN EDISON COMPANY
UNAUDITED INTERIM FINANCIAL STATEMENTS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2020 AND 2019

METROPOLITAN EDISON COMPANY
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,	
	2020	2019	2020	2019
STATEMENTS OF INCOME				
REVENUES:				
Electric sales	\$ 180	\$ 165	\$ 371	\$ 388
Gross receipts tax collections	11	10	22	23
Total revenues	191	175	393	411
OPERATING EXPENSES:				
Purchased power from affiliates	—	5	—	16
Purchased power from non-affiliates	61	53	133	128
Other operating expenses	49	50	94	104
Provision for depreciation	25	24	50	47
Deferral of regulatory liabilities, net	(8)	(2)	(4)	(1)
General taxes	13	11	27	27
Total operating expenses	140	141	300	321
OPERATING INCOME	51	34	93	90
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	11	6	24	11
Equity earnings from MAIT	6	5	12	11
Pension and OPEB mark-to-market adjustment	—	—	(31)	—
Interest expense	(13)	(12)	(25)	(25)
Capitalized financing costs	1	1	2	2
Total other income (expense)	5	—	(18)	(1)
INCOME BEFORE INCOME TAXES	56	34	75	89
INCOME TAXES	11	7	15	18
NET INCOME	\$ 45	\$ 27	\$ 60	\$ 71
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	\$ 45	\$ 27	\$ 60	\$ 71
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	—	(1)	(1)	(1)
Other comprehensive loss	—	(1)	(1)	(1)
Income tax benefits on other comprehensive loss	—	—	—	—
Other comprehensive loss, net of tax	—	(1)	(1)	(1)
COMPREHENSIVE INCOME	\$ 45	\$ 26	\$ 59	\$ 70

METROPOLITAN EDISON COMPANY
BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	June 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 130	\$ 135
Less — Allowance for uncollectible customer receivables	13	7
	<u>117</u>	<u>128</u>
Affiliated companies	35	30
Other	16	16
Notes receivable from associated companies	38	31
Prepaid taxes and other	37	16
	<u>243</u>	<u>221</u>
UTILITY PLANT:		
In service	3,046	2,971
Less — Accumulated provision for depreciation	1,041	1,016
	<u>2,005</u>	<u>1,955</u>
Construction work in progress	63	69
	<u>2,068</u>	<u>2,024</u>
OTHER PROPERTY AND INVESTMENTS:		
Investment in affiliate	313	301
Other	1	1
Investment - held for sale	411	411
	<u>725</u>	<u>713</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	324	324
Other	34	29
	<u>358</u>	<u>353</u>
	<u>\$ 3,394</u>	<u>\$ 3,311</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 2	\$ 2
Accounts payable-		
Affiliated companies	2	3
Other	43	49
Accrued taxes	6	5
Accrued interest	15	15
Customer deposits	29	29
Other	29	25
	<u>126</u>	<u>128</u>
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	188	128
Total common stockholder's equity	<u>1,027</u>	<u>968</u>
Long-term debt and other long-term obligations	1,047	1,047
	<u>2,074</u>	<u>2,015</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	366	354
Nuclear fuel disposal costs	47	47
Retirement benefits	71	52
Regulatory liabilities	147	160
Other	210	211
Noncurrent liabilities - held for sale	353	344
	<u>1,194</u>	<u>1,168</u>
	<u>\$ 3,394</u>	<u>\$ 3,311</u>

METROPOLITAN EDISON COMPANY
STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 60	\$ 71
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	47	47
Deferred income taxes and investment tax credits, net	4	9
Retirement benefits, net of payments	(13)	(10)
Pension and OPEB mark-to-market adjustment	31	—
Nuclear decommissioning trust income	3	7
Undistributed earnings from subsidiary company	(12)	(11)
Asset impairment	—	9
Changes in current assets and liabilities-		
Receivables	6	28
Prepaid taxes and other current assets	(21)	(25)
Accounts payable	(7)	(11)
Accrued taxes	1	(8)
Other current liabilities	3	(3)
Other	(9)	(14)
Net cash provided from operating activities	<u>93</u>	<u>89</u>
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)	(6)
Net cash provided from (used for) financing activities	<u>(1)</u>	<u>54</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(75)	(78)
Sales of investment securities held in trusts	1	99
Purchases of investment securities held in trusts	(3)	(106)
Loans to affiliated companies, net	(7)	(51)
Asset removal costs	(8)	(7)
Net cash used for investing activities	<u>(92)</u>	<u>(143)</u>
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	<u>\$ —</u>	<u>\$ —</u>