

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

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

<i>(In millions)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2020	2019	2020	2019
REVENUES:				
Electric sales	\$ 208	\$ 201	\$ 579	\$ 589
Gross receipts tax collections	13	12	35	35
Total revenues	<u>221</u>	<u>213</u>	<u>614</u>	<u>624</u>
OPERATING EXPENSES:				
Purchased power from affiliates	—	—	—	16
Purchased power from non-affiliates	77	75	210	203
Other operating expenses	45	40	139	144
Provision for depreciation	25	23	75	70
Deferral of regulatory liabilities, net	(11)	(3)	(15)	(4)
General taxes	14	14	41	41
Total operating expenses	<u>150</u>	<u>149</u>	<u>450</u>	<u>470</u>
OPERATING INCOME	<u>71</u>	<u>64</u>	<u>164</u>	<u>154</u>
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	7	4	31	15
Equity earnings from MAIT	7	7	19	18
Pension and OPEB mark-to-market adjustment	—	—	(31)	—
Interest expense	(12)	(12)	(37)	(37)
Capitalized financing costs	1	1	3	3
Total other income (expense)	<u>3</u>	<u>—</u>	<u>(15)</u>	<u>(1)</u>
INCOME BEFORE INCOME TAXES	<u>74</u>	<u>64</u>	<u>149</u>	<u>153</u>
INCOME TAXES	<u>13</u>	<u>13</u>	<u>28</u>	<u>31</u>
NET INCOME	<u>\$ 61</u>	<u>\$ 51</u>	<u>\$ 121</u>	<u>\$ 122</u>
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	<u>\$ 61</u>	<u>\$ 51</u>	<u>\$ 121</u>	<u>\$ 122</u>
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	—	—	(1)	(1)
Other comprehensive loss	—	—	(1)	(1)
Income tax benefits on other comprehensive loss	—	—	—	—
Other comprehensive loss, net of tax	—	—	(1)	(1)
COMPREHENSIVE INCOME	<u>\$ 61</u>	<u>\$ 51</u>	<u>\$ 120</u>	<u>\$ 121</u>

**METROPOLITAN EDISON COMPANY
BALANCE SHEETS
(UNAUDITED)**

<i>(In millions, except share amounts)</i>	September 30, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 138	\$ 135
Less — Allowance for uncollectible customer receivables	14	7
	124	128
Affiliated companies	26	30
Other	18	16
Notes receivable from associated companies	33	31
Prepaid taxes and other	27	16
	228	221
UTILITY PLANT:		
In service	3,056	2,971
Less — Accumulated provision for depreciation	1,037	1,016
	2,019	1,955
Construction work in progress	69	69
	2,088	2,024
OTHER PROPERTY AND INVESTMENTS:		
Investment in affiliate	320	301
Other	—	1
Investment - held for sale	411	411
	731	713
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	324	324
Other	36	29
	360	353
	\$ 3,407	\$ 3,311
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 2	\$ 2
Accounts payable-		
Affiliated companies	1	3
Other	45	49
Accrued taxes	9	5
Accrued interest	10	15
Customer deposits	29	29
Other	28	25
	124	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	209	128
Total common stockholder's equity	1,048	968
Long-term debt and other long-term obligations	1,046	1,047
	2,094	2,015
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	381	354
Nuclear fuel disposal costs	47	47
Retirement benefits	66	52
Regulatory liabilities	126	160
Other	211	211
Noncurrent liabilities - held for sale	358	344
	1,189	1,168
	\$ 3,407	\$ 3,311

METROPOLITAN EDISON COMPANY
STATEMENTS OF CASH FLOWS
(UNAUDITED)

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 121	\$ 122
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	61	68
Deferred income taxes and investment tax credits, net	11	14
Retirement benefits, net of payments	(20)	(14)
Pension and OPEB mark-to-market adjustment	31	—
Nuclear decommissioning trust income	3	11
Undistributed earnings from subsidiary company	(18)	1
Asset impairment	—	9
Changes in current assets and liabilities-		
Receivables	9	36
Prepaid taxes and other current assets	(11)	(14)
Accounts payable	(6)	(8)
Accrued taxes	4	(8)
Accrued interest	(5)	(6)
Other current liabilities	2	(1)
Other	(10)	(15)
Net cash provided from operating activities	<u>172</u>	<u>195</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	(40)	(50)
Other	(2)	(6)
Net cash provided from (used for) financing activities	<u>(42)</u>	<u>54</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(113)	(123)
Sales of investment securities held in trusts	1	190
Purchases of investment securities held in trusts	(4)	(201)
Loans to affiliated companies, net	(2)	(34)
Asset removal costs	(12)	(11)
Net cash used for investing activities	<u>(130)</u>	<u>(179)</u>
Net change in cash, cash equivalents, and restricted cash	—	70
Cash, cash equivalents, and restricted cash at beginning of period	—	—
Cash, cash equivalents, and restricted cash at end of period	<u>\$ —</u>	<u>\$ 70</u>