

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2021 AND 2020

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(UNAUDITED)

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2021	2020
REVENUES:		
Electric sales	\$ 197	\$ 208
Gross receipts tax collections	12	12
Total revenues	209	220
OPERATING EXPENSES:		
Purchased power	63	78
Other operating expenses	48	51
Provision for depreciation	21	24
Amortization (deferral) of regulatory assets, net	(2)	2
General taxes	14	14
Total operating expenses	144	169
OPERATING INCOME	65	51
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	10	10
Equity earnings from MAIT	8	9
Pension and OPEB mark-to-market adjustment	—	(31)
Interest expense	(14)	(15)
Capitalized financing costs	1	1
Total other income (expense)	5	(26)
INCOME BEFORE INCOME TAXES	70	25
INCOME TAXES	12	3
NET INCOME	\$ 58	\$ 22
STATEMENTS OF COMPREHENSIVE INCOME		
NET INCOME	\$ 58	\$ 22
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	\$ 58	\$ 21

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	March 31, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 143	\$ 161
Less — Allowance for uncollectible customer receivables	23	23
	120	138
Affiliated companies	34	25
Other, net of allowance for uncollectible accounts of \$1 in 2021 and 2020	17	16
Notes receivable from affiliated companies	—	23
Prepaid taxes and other	44	11
	<u>215</u>	<u>213</u>
UTILITY PLANT:		
In service	3,342	3,310
Less — Accumulated provision for depreciation	1,063	1,054
	2,279	2,256
Construction work in progress	54	60
	<u>2,333</u>	<u>2,316</u>
INVESTMENTS AND OTHER NONCURRENT ASSETS:		
Goodwill	637	637
Investment in affiliate	459	451
Other	42	46
	1,138	1,134
	<u>\$ 3,686</u>	<u>\$ 3,663</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 2	\$ 2
Short-term borrowings - affiliated companies	23	—
Accounts payable-		
Affiliated companies	1	1
Other	44	45
Accrued taxes	13	15
Accrued interest	19	11
Customer deposits	25	25
Other	24	26
	<u>151</u>	<u>125</u>
CAPITALIZATION:		
Common stockholder's equity-		
Common stock, \$20 par value, authorized 5,400,000 shares - 4,427,577 shares outstanding	89	89
Other paid-in capital	1,052	1,052
Accumulated other comprehensive income	2	2
Retained earnings	212	214
Total common stockholder's equity	1,355	1,357
Long-term debt and other long-term obligations	1,294	1,295
	<u>2,649</u>	<u>2,652</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	351	337
Retirement benefits	173	177
Regulatory liabilities	143	150
Other	219	222
	886	886
	<u>\$ 3,686</u>	<u>\$ 3,663</u>

**PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)**

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 58	\$ 22
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	19	26
Deferred income taxes and investment tax credits, net	10	(2)
Retirement benefits, net of payments	(7)	(4)
Pension and OPEB mark-to-market adjustment	—	31
Undistributed earnings from subsidiary company	(8)	(9)
Change in current assets and liabilities-		
Receivables	8	3
Prepaid taxes and other current assets	(33)	(32)
Accounts payable	(1)	(5)
Accrued taxes	(2)	2
Accrued interest	8	9
Other current liabilities	(4)	(3)
Other	3	(1)
Net cash provided from operating activities	51	37
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	23	—
Common stock dividend payments	(60)	(50)
Other	(1)	(1)
Net cash used for financing activities	(38)	(51)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(32)	(34)
Loans to affiliated companies, net	23	52
Sales of investment securities held in trusts	—	1
Purchases of investment securities held in trusts	—	(1)
Asset removal costs	(4)	(4)
Net cash provided from (used for) investing activities	(13)	14
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	\$ —	\$ —