

**PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY**  
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 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 June 30,		For the Six Months Ended June 30,	
	2021	2020	2021	2020
<b>REVENUES:</b>				
Electric sales	\$ 170	\$ 185	\$ 367	\$ 393
Gross receipts tax collections	10	11	22	23
Total revenues	180	196	389	416
<b>OPERATING EXPENSES:</b>				
Purchased power	54	59	117	137
Other operating expenses	43	48	91	99
Provision for depreciation	20	24	41	48
Amortization (deferral) of regulatory assets, net	(2)	4	(4)	6
General taxes	13	13	27	27
Total operating expenses	128	148	272	317
<b>OPERATING INCOME</b>	52	48	117	99
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	8	8	18	18
Equity earnings from MAIT	12	9	20	18
Pension and OPEB mark-to-market adjustment	—	—	—	(31)
Interest expense	(15)	(14)	(29)	(29)
Capitalized financing costs	1	1	2	2
Total other income (expense)	6	4	11	(22)
<b>INCOME BEFORE INCOME TAXES</b>	58	52	128	77
<b>INCOME TAXES</b>	10	10	22	13
<b>NET INCOME</b>	\$ 48	\$ 42	\$ 106	\$ 64
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>				
<b>NET INCOME</b>	\$ 48	\$ 42	\$ 106	\$ 64
<b>OTHER COMPREHENSIVE LOSS:</b>				
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)
<b>COMPREHENSIVE INCOME</b>	\$ 47	\$ 42	\$ 105	\$ 63

**PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY**  
**CONSOLIDATED BALANCE SHEETS**  
**(UNAUDITED)**

<i>(In millions, except share amounts)</i>	June 30, 2021	December 31, 2020
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Customers	\$ 140	\$ 161
Less — Allowance for uncollectible customer receivables	22	23
	118	138
Affiliated companies	16	25
Other, net of allowance for uncollectible accounts of \$1 in 2021 and 2020	14	16
Notes receivable from affiliated companies	—	23
Prepaid taxes and other	35	11
	<u>183</u>	<u>213</u>
<b>UTILITY PLANT:</b>		
In service	3,377	3,310
Less — Accumulated provision for depreciation	1,075	1,054
	2,302	2,256
Construction work in progress	54	60
	<u>2,356</u>	<u>2,316</u>
<b>INVESTMENTS AND OTHER NONCURRENT ASSETS:</b>		
Goodwill	637	637
Investment in affiliate	471	451
Other	39	46
	<u>1,147</u>	<u>1,134</u>
	<u>\$ 3,686</u>	<u>\$ 3,663</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 2	\$ 2
Short-term borrowings - affiliated companies	17	—
Accounts payable-		
Affiliated companies	1	1
Other	46	45
Accrued taxes	11	15
Accrued interest	11	11
Customer deposits	26	25
Other	26	26
	<u>140</u>	<u>125</u>
<b>CAPITALIZATION:</b>		
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	1,025	1,052
Accumulated other comprehensive income	1	2
Retained earnings	250	214
Total common stockholder's equity	<u>1,365</u>	<u>1,357</u>
Long-term debt and other long-term obligations	<u>1,295</u>	<u>1,295</u>
	<u>2,660</u>	<u>2,652</u>
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	363	337
Retirement benefits	168	177
Regulatory liabilities	136	150
Other	219	222
	<u>886</u>	<u>886</u>
	<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 Six Months Ended June 30,	
	2021	2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 106	\$ 64
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	38	54
Deferred income taxes and investment tax credits, net	17	2
Retirement benefits, net of payments	(14)	(10)
Pension and OPEB mark-to-market adjustment	—	31
Undistributed earnings from subsidiary company	(20)	(18)
Change in current assets and liabilities-		
Receivables	31	13
Prepaid taxes and other current assets	(24)	(22)
Accounts payable	1	(14)
Accrued taxes	(4)	(2)
Accrued interest	—	(2)
Customer deposits	1	—
Other current liabilities	(2)	3
Other	6	(4)
Net cash provided from operating activities	136	95
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Long-term debt	—	250
Short-term borrowings - affiliated companies, net	17	—
Redemptions and repayments-		
Long-term debt	—	(250)
Common stock dividend payments	(97)	(50)
Other	(1)	(3)
Net cash used for financing activities	(81)	(53)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(70)	(75)
Loans to affiliated companies, net	23	42
Sales of investment securities held in trusts	—	2
Purchases of investment securities held in trusts	—	(3)
Asset removal costs	(8)	(8)
Net cash used for investing activities	(55)	(42)
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	\$ —	\$ —