

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 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 September 30,		For the Nine Months Ended September 30,	
	2021	2020	2021	2020
REVENUES:				
Electric sales	\$ 209	\$ 199	\$ 576	\$ 592
Gross receipts tax collections	13	12	35	35
Total revenues	222	211	611	627
OPERATING EXPENSES:				
Purchased power	73	58	190	195
Other operating expenses	50	49	141	148
Provision for depreciation	21	24	62	72
Amortization (deferral) of regulatory assets, net	1	2	(3)	8
General taxes	15	15	42	42
Total operating expenses	160	148	432	465
OPERATING INCOME	62	63	179	162
OTHER INCOME (EXPENSE):				
Miscellaneous income, net	9	7	27	25
Equity earnings from MAIT	8	10	28	28
Pension and OPEB mark-to-market adjustment	—	—	—	(31)
Interest expense	(15)	(15)	(44)	(44)
Capitalized financing costs	—	1	2	3
Total other income (expense)	2	3	13	(19)
INCOME BEFORE INCOME TAXES	64	66	192	143
INCOME TAXES	11	11	33	24
NET INCOME	<u>\$ 53</u>	<u>\$ 55</u>	<u>\$ 159</u>	<u>\$ 119</u>
STATEMENTS OF COMPREHENSIVE INCOME				
NET INCOME	<u>\$ 53</u>	<u>\$ 55</u>	<u>\$ 159</u>	<u>\$ 119</u>
OTHER COMPREHENSIVE LOSS:				
Pension and OPEB prior service costs	(1)	(1)	(2)	(2)
Other comprehensive loss	(1)	(1)	(2)	(2)
Income tax benefits on other comprehensive loss	(1)	(1)	(1)	(1)
Other comprehensive loss, net of tax	—	—	(1)	(1)
COMPREHENSIVE INCOME	<u>\$ 53</u>	<u>\$ 55</u>	<u>\$ 158</u>	<u>\$ 118</u>

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS
(UNAUDITED)

<i>(In millions, except share amounts)</i>	September 30, 2021	December 31, 2020
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 143	\$ 161
Less — Allowance for uncollectible customer receivables	22	23
	121	138
Affiliated companies	15	25
Other, net of allowance for uncollectible accounts of \$1 in 2021 and 2020	15	16
Notes receivable from affiliated companies	—	23
Prepaid taxes and other	25	11
	176	213
UTILITY PLANT:		
In service	3,398	3,310
Less — Accumulated provision for depreciation	1,078	1,054
	2,320	2,256
Construction work in progress	58	60
	2,378	2,316
INVESTMENTS AND OTHER NONCURRENT ASSETS:		
Goodwill	637	637
Investment in affiliate	457	451
Other	39	46
	1,133	1,134
	<u>\$ 3,687</u>	<u>\$ 3,663</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 2	\$ 2
Short-term borrowings - affiliated companies	111	—
Accounts payable-		
Affiliated companies	1	1
Other	48	45
Accrued taxes	11	15
Accrued interest	19	11
Customer deposits	26	25
Other	35	26
	253	125
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	865	1,052
Accumulated other comprehensive income	1	2
Retained earnings	303	214
Total common stockholder's equity	1,258	1,357
Long-term debt and other long-term obligations	1,293	1,295
	2,551	2,652
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	370	337
Retirement benefits	163	177
Regulatory liabilities	129	150
Other	221	222
	883	886
	<u>\$ 3,687</u>	<u>\$ 3,663</u>

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2021	2020
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 159	\$ 119
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	60	80
Deferred income taxes and investment tax credits, net	19	5
Retirement benefits, net of payments	(22)	(16)
Pension and OPEB mark-to-market adjustment	—	31
Undistributed earnings from subsidiary company	(6)	(28)
Change in current assets and liabilities-		
Receivables	30	12
Prepaid taxes and other current assets	(11)	(11)
Accounts payable	3	(12)
Accrued taxes	(4)	2
Accrued interest	8	7
Customer deposits	1	—
Other current liabilities	4	3
Other	9	(6)
Net cash provided from operating activities	250	186
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Long-term debt	—	250
Short-term borrowings - affiliated companies, net	111	—
Redemptions and repayments-		
Long-term debt	—	(250)
Common stock dividend payments	(262)	(50)
Other	(3)	(4)
Net cash used for financing activities	(154)	(54)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(103)	(114)
Loans to affiliated companies, net	23	(5)
Sales of investment securities held in trusts	—	2
Purchases of investment securities held in trusts	—	(3)
Asset removal costs	(16)	(12)
Net cash used for investing activities	(96)	(132)
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	\$ —	\$ —