

**PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY**  
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2022 AND 2021**

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

(In millions)	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2022	2021	2022	2021
<b>REVENUES:</b>				
Electric sales	\$ 201	\$ 170	\$ 431	\$ 367
Gross receipts tax collections	12	10	25	22
Total revenues	213	180	456	389
<b>OPERATING EXPENSES:</b>				
Purchased power	82	54	167	117
Other operating expenses	75	43	136	91
Provision for depreciation	22	20	44	41
Deferral of regulatory assets, net	(18)	(2)	(18)	(4)
General taxes	15	13	30	27
Total operating expenses	176	128	359	272
<b>OPERATING INCOME</b>	<b>37</b>	<b>52</b>	<b>97</b>	<b>117</b>
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	7	8	15	18
Equity earnings from MAIT	9	12	18	20
Interest expense	(15)	(15)	(29)	(29)
Capitalized financing costs	1	1	1	2
Total other income	2	6	5	11
<b>INCOME BEFORE INCOME TAXES</b>	<b>39</b>	<b>58</b>	<b>102</b>	<b>128</b>
<b>INCOME TAXES</b>	<b>7</b>	<b>10</b>	<b>19</b>	<b>22</b>
<b>NET INCOME</b>	<b>\$ 32</b>	<b>\$ 48</b>	<b>\$ 83</b>	<b>\$ 106</b>
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>				
<b>NET INCOME</b>	<b>\$ 32</b>	<b>\$ 48</b>	<b>\$ 83</b>	<b>\$ 106</b>
<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>	<b>\$ 32</b>	<b>\$ 47</b>	<b>\$ 82</b>	<b>\$ 105</b>

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

<i>(In millions, except share amounts)</i>	June 30, 2022	December 31, 2021
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Customers	\$ 152	\$ 145
Less — Allowance for uncollectible customer receivables	20	23
	132	122
Affiliated companies	22	26
Other, net of allowance for uncollectible accounts of \$1 in 2021	15	14
Prepaid taxes and other	25	6
	194	168
<b>UTILITY PLANT:</b>		
In service	3,474	3,434
Less — Accumulated provision for depreciation	1,110	1,090
	2,364	2,344
Construction work in progress	71	56
	2,435	2,400
<b>INVESTMENTS AND OTHER NONCURRENT ASSETS</b>		
Goodwill	637	637
Investment in affiliate	472	454
Other	39	40
	1,148	1,131
	\$ 3,777	\$ 3,699
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 2	\$ 2
Short-term borrowings - affiliated companies	173	85
Accounts payable-		
Affiliated companies	1	3
Other	64	54
Accrued taxes	6	8
Accrued interest	11	11
Customer deposits	28	26
Other	39	27
	324	216
<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	867	865
Accumulated other comprehensive income	—	1
Retained earnings	349	366
Total common stockholder's equity	1,305	1,321
Long-term debt and other long-term obligations	1,293	1,293
	2,598	2,614
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	411	386
Retirement benefits	104	113
Regulatory liabilities	133	161
Other	207	209
	855	869
	\$ 3,777	\$ 3,699

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

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 83	\$ 106
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	26	38
Deferred income taxes and investment tax credits, net	16	17
Retirement benefits, net of payments	(13)	(14)
Undistributed earnings from subsidiary company	(18)	(20)
Change in current assets and liabilities-		
Receivables	(7)	31
Prepaid taxes and other current assets	(19)	(24)
Accounts payable	8	1
Accrued taxes	(2)	(4)
Customer deposits	2	1
Other current liabilities	(3)	(4)
Collateral, net	14	2
Other	2	6
Net cash provided from operating activities	89	136
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Short-term borrowings - affiliated companies, net	88	17
Common stock dividend payments	(100)	(97)
Other	(1)	(1)
Net cash used for financing activities	(13)	(81)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(68)	(70)
Loans to affiliated companies, net	—	23
Asset removal costs	(8)	(8)
Net cash used for investing activities	(76)	(55)
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	\$ —	\$ —