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)

Total revenues			For the Three Months Ended June 30,			For the Six Months Ended June 30,			
Electric sales	(In millions)	2	2022		2021	:	2022		2021
Gross receipts tax collections         12         10         25           Total revenues         213         180         456         3           OPERATING EXPENSES:           Purchased power         82         54         167         4           Other operating expenses         76         43         136         4           Provision for depreciation         22         20         44         4           Deferral of regulatory assets, net         (18)         (2)         (18)         4         6         6         6         6         6         6         6         6         6         6         6         7         8         13         30         7         7         8         15         6         1	REVENUES:								
Total revenues         213         180         456         3           OPERATING EXPENSES:           Purchased power         82         54         167         43         136         136         167         43         136	Electric sales	\$	201	\$	170	\$	431	\$	367
OPERATING EXPENSES:           Purchased power         82         54         167           Other operating expenses         75         43         136           Provision for depreciation         22         20         44           Deferral of regulatory assets, net         (18)         (2)         (18)           General taxes         15         13         30           Total operating expenses         176         128         359         2           OPERATING INCOME         37         52         97         97         9           OTHER INCOME (EXPENSE):           Miscellaneous income, net         7         8         15         15         15         15         15         15         16	Gross receipts tax collections		12		10		25		22
Purchased power	Total revenues		213		180		456		389
Other operating expenses         75         43         136           Provision for depreciation         22         20         44           Deferral of regulatory assets, net         (18)         (2)         (18)           General taxes         15         13         30           Total operating expenses         176         128         359         2           OPERATING INCOME         37         52         97         97         9         2           OTHER INCOME (EXPENSE):           Miscellaneous income, net         7         8         15         15         18         15         18         15         18         15         18         15         18         16         18         15         18         15         18         15         18         15         18         15         18         15         18         15         18         15         18         15         18         15         18         15         18         15         18         15         18         15         18         18         15         18         16         18         16         18         18         18         18         18         18	OPERATING EXPENSES:								
Provision for depreciation         22         20         44           Deferral of regulatory assets, net         (18)         (2)         (18)           General taxes         15         13         30           Total operating expenses         176         128         359         7           OPERATING INCOME         37         52         97         9         1         9         12         97         9         1         <	Purchased power		82		54		167		117
Deferral of regulatory assets, net	Other operating expenses		75		43		136		91
Total operating expenses	Provision for depreciation		22		20		44		41
Total operating expenses   176	Deferral of regulatory assets, net		(18)		(2)		(18)		(4)
OPERATING INCOME         37         52         97           OTHER INCOME (EXPENSE):	General taxes		15		13		30		27
OTHER INCOME (EXPENSE):           Miscellaneous income, net         7         8         15           Equity earnings from MAIT         9         12         18           Interest expense         (15)         (15)         (29)           Capitalized financing costs         1         1         1         1           Total other income         2         6         5         5           INCOME BEFORE INCOME TAXES         39         58         102         6           INCOME TAXES         7         10         19         19           NET INCOME         \$         32         \$         48         83         \$           STATEMENTS OF COMPREHENSIVE INCOME           NET INCOME         \$         32         \$         48         83         \$           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         —         —         —         —         —  <	Total operating expenses		176		128		359		272
Miscellaneous income, net         7         8         15           Equity earnings from MAIT         9         12         18           Interest expense         (15)         (15)         (29)           Capitalized financing costs         1         1         1         1           Total other income         2         6         5           INCOME BEFORE INCOME TAXES         39         58         102           INCOME TAXES         7         10         19           NET INCOME         \$ 32         48         83         \$           STATEMENTS OF COMPREHENSIVE INCOME           NET INCOME         \$ 32         48         83         \$           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)	OPERATING INCOME		37		52		97		117
Equity earnings from MAIT	OTHER INCOME (EXPENSE):								
Interest expense	Miscellaneous income, net		7		8		15		18
Capitalized financing costs         1<	Equity earnings from MAIT		9		12		18		20
Total other income   2	Interest expense		(15)		(15)		(29)		(29)
INCOME BEFORE INCOME TAXES   39   58   102	Capitalized financing costs		1		1		1		2
NET INCOME	Total other income		2		6		5		11
NET INCOME         \$ 32 \$ 48 \$ 83 \$           STATEMENTS OF COMPREHENSIVE INCOME           NET INCOME         \$ 32 \$ 48 \$ 83 \$           OTHER COMPREHENSIVE LOSS:         — (1) (1)           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)	INCOME BEFORE INCOME TAXES		39		58		102		128
STATEMENTS OF COMPREHENSIVE INCOME           NET INCOME         \$ 32 \$ 48 \$ 83 \$           OTHER COMPREHENSIVE LOSS:         -         (1) (1)           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)	INCOME TAXES		7		10		19		22
NET INCOME         \$ 32         \$ 48         \$ 83         \$           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)	NET INCOME	\$	32	\$	48	\$	83	\$	106
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)	STATEMENTS OF COMPREHENSIVE INCOME								
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)	NET INCOME	\$	32	\$	48	\$	83	\$	106
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)	OTHER COMPREHENSIVE LOSS:								
Other comprehensive loss — (1) (1) Income tax benefits on other comprehensive loss — — — Other comprehensive loss, net of tax — (1) (1)			_		(1)		(1)		(1)
Income tax benefits on other comprehensive loss — — — — — — — — — Other comprehensive loss, net of tax — — — — — — — — — — — — — — — — — — —	•	-	_						(1)
Other comprehensive loss, net of tax  — (1) (1)			_		_		_		_
COMPREHENSIVE INCOME \$ 32 \$ 47 \$ 82 \$					(1)		(1)		(1)
<u> </u>	COMPREHENSIVE INCOME	\$	32	\$	47	\$	82	\$	105

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

millions, except share amounts)		June 30, 2022		December 31, 2021	
ASSETS					
CURRENT ASSETS:					
Receivables-					
Customers	\$	152	\$	14	
Less — Allowance for uncollectible customer receivables		20		2	
		132		12:	
Affiliated companies		22		20	
Other, net of allowance for uncollectible accounts of \$1 in 2021		15		1-	
Prepaid taxes and other		25		40	
UTILITY PLANT:		194		16	
In service		3,474		3,43	
Less — Accumulated provision for depreciation		1,110		1,09	
Less — Accumulated provision for depreciation		2,364		2,34	
Construction work in progress		71		2,54	
Construction work in progress		2,435		2,40	
INVESTMENTS AND OTHER NONCURRENT ASSETS		2,433		2,400	
Goodwill		637		63	
Investment in affiliate		472		45	
Other		39		40	
Other		1,148		1,13	
	\$	3,777	<u>\$</u>	3,69	
LIABILITIES AND CAPITALIZATION	<u> </u>	3,111	Ψ	3,03.	
CURRENT LIABILITIES:					
Currently payable long-term debt	\$	2	\$		
Short-term borrowings - affiliated companies	Ψ	173	Ψ	8	
Accounts payable-		170		0.	
Affiliated companies		1		;	
Other		64		5	
Accrued taxes		6			
Accrued interest		11		1	
Customer deposits		28		2	
Other		39		2	
CitiCi		324		210	
CAPITALIZATION:		027			
Common stockholder's equity-					
Common stock, \$20 par value, authorized 5,400,000 shares - 4,427,577 shares outstanding		89		8	
Other paid-in capital		867		86	
Accumulated other comprehensive income		_		00.	
Retained earnings		349		36	
Total common stockholder's equity		1,305		1,32	
Long-term debt and other long-term obligations		1,293		1,29	
Long to the dobt and other long term obligations		2,598		2,61	
NONCURRENT LIABILITIES:		,		,	
Accumulated deferred income taxes		411		38	
Retirement benefits		104		11	
Regulatory liabilities		133		16	
Other		207		20:	
		855		86	
	\$	3,777	\$	3,699	

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

(* 1221, 23)		For the Six Months Ended June 30,					
(In millions)		2022	2021				
CASH FLOWS FROM OPERATING ACTIVITIES:							
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			
CASH FLOWS FROM FINANCING ACTIVITIES:							
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)			
CASH FLOWS FROM INVESTING ACTIVITIES:							
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	\$	_	\$	_			
Tatan, Tatan and Tatan and Tatan at the or police	<u> </u>		<del>-</del>				