

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

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

<i>(In millions)</i>	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2022	2021	2022	2021
<b>REVENUES:</b>				
Electric sales	\$ 233	\$ 209	\$ 664	\$ 576
Gross receipts tax collections	14	13	39	35
Total revenues	247	222	703	611
<b>OPERATING EXPENSES:</b>				
Purchased power	107	73	274	190
Other operating expenses	69	50	205	141
Provision for depreciation	22	21	66	62
Deferral of regulatory assets, net	(40)	1	(58)	(3)
General taxes	16	15	46	42
Total operating expenses	174	160	533	432
<b>OPERATING INCOME</b>	<b>73</b>	<b>62</b>	<b>170</b>	<b>179</b>
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	8	9	23	27
Equity earnings from MAIT	6	8	24	28
Interest expense	(16)	(15)	(45)	(44)
Capitalized financing costs	—	—	1	2
Total other income (expense)	(2)	2	3	13
<b>INCOME BEFORE INCOME TAXES</b>	<b>71</b>	<b>64</b>	<b>173</b>	<b>192</b>
<b>INCOME TAXES</b>	<b>29</b>	<b>11</b>	<b>48</b>	<b>33</b>
<b>NET INCOME</b>	<b>\$ 42</b>	<b>\$ 53</b>	<b>\$ 125</b>	<b>\$ 159</b>
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>				
<b>NET INCOME</b>	<b>\$ 42</b>	<b>\$ 53</b>	<b>\$ 125</b>	<b>\$ 159</b>
<b>OTHER COMPREHENSIVE LOSS:</b>				
Pension and OPEB prior service costs	—	(1)	(1)	(2)
Other comprehensive loss	—	(1)	(1)	(2)
Income tax benefits on other comprehensive loss	—	(1)	—	(1)
Other comprehensive loss, net of tax	—	—	(1)	(1)
<b>COMPREHENSIVE INCOME</b>	<b>\$ 42</b>	<b>\$ 53</b>	<b>\$ 124</b>	<b>\$ 158</b>

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

<i>(In millions, except share amounts)</i>	September 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	28	26
Other, net of allowance for uncollectible accounts of \$1 in 2021	15	14
Prepaid taxes and other	14	6
	189	168
<b>UTILITY PLANT:</b>		
In service	3,493	3,434
Less — Accumulated provision for depreciation	1,113	1,090
	2,380	2,344
Construction work in progress	78	56
	2,458	2,400
<b>INVESTMENTS AND OTHER NONCURRENT ASSETS</b>		
Goodwill	637	637
Investment in affiliate	480	454
Other	36	40
	1,153	1,131
	\$ 3,800	\$ 3,699
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 1	\$ 2
Short-term borrowings - affiliated companies	202	85
Accounts payable-		
Affiliated companies	1	3
Other	60	54
Accrued taxes	4	8
Accrued interest	19	11
Customer deposits	29	26
Other	30	27
	346	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	874	865
Accumulated other comprehensive income	—	1
Retained earnings	351	366
Total common stockholder's equity	1,314	1,321
Long-term debt and other long-term obligations	1,293	1,293
	2,607	2,614
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	370	386
Retirement benefits	100	113
Regulatory liabilities	164	161
Other	213	209
	847	869
	\$ 3,800	\$ 3,699

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2022	2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 125	\$ 159
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	9	60
Deferred income taxes and investment tax credits, net	46	19
Retirement benefits, net of payments	(20)	(22)
Undistributed earnings from subsidiary company	(26)	(6)
Change in current assets and liabilities-		
Receivables	(7)	30
Prepaid taxes and other current assets	(8)	(11)
Accounts payable	4	3
Accrued taxes	(4)	(4)
Accrued interest	8	8
Customer deposits	3	1
Other current liabilities	(3)	(1)
Collateral, net	6	5
Other	12	9
Net cash provided from operating activities	145	250
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Short-term borrowings - affiliated companies, net	117	111
Common stock dividend payments	(140)	(262)
Other	(2)	(3)
Net cash used for financing activities	(25)	(154)
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(108)	(103)
Loans to affiliated companies, net	—	23
Asset removal costs	(12)	(16)
Net cash used for investing activities	(120)	(96)
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	\$ —	\$ —