

**PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY**  
**UNAUDITED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2023 AND 2022**

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

<i>(In millions)</i>	For the Three Months Ended June 30,		For the Six Months Ended June 30,	
	2023	2022	2023	2022
<b>REVENUES:</b>				
Electric sales	\$ 218	\$ 201	\$ 484	\$ 431
Gross receipts tax collections	13	12	29	25
Total revenues	231	213	513	456
<b>OPERATING EXPENSES:</b>				
Purchased power	86	82	197	167
Other operating expenses	68	75	131	136
Provision for depreciation	24	22	47	44
Deferral of regulatory assets, net	(9)	(18)	(13)	(18)
General taxes	15	15	34	30
Total operating expenses	184	176	396	359
<b>OPERATING INCOME</b>	<b>47</b>	<b>37</b>	<b>117</b>	<b>97</b>
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	5	7	11	15
Equity earnings from MAIT	11	9	21	18
Pension and OPEB mark-to-market adjustment	6	—	6	—
Interest expense	(18)	(15)	(36)	(29)
Capitalized financing costs	—	1	1	1
Total other income	4	2	3	5
<b>INCOME BEFORE INCOME TAXES</b>	<b>51</b>	<b>39</b>	<b>120</b>	<b>102</b>
<b>INCOME TAXES</b>	<b>7</b>	<b>7</b>	<b>19</b>	<b>19</b>
<b>NET INCOME</b>	<b>\$ 44</b>	<b>\$ 32</b>	<b>\$ 101</b>	<b>\$ 83</b>
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>				
<b>NET INCOME</b>	<b>\$ 44</b>	<b>\$ 32</b>	<b>\$ 101</b>	<b>\$ 83</b>
<b>OTHER COMPREHENSIVE LOSS:</b>				
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)
<b>COMPREHENSIVE INCOME</b>	<b>\$ 44</b>	<b>\$ 32</b>	<b>\$ 100</b>	<b>\$ 82</b>

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

<i>(In millions, except share amounts)</i>	June 30, 2023	December 31, 2022
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Customers	\$ 159	\$ 173
Less — Allowance for uncollectible customer receivables	12	20
	147	153
Affiliated companies	35	30
Other, net of allowance for uncollectible accounts of \$1 in 2023	14	17
Prepaid taxes and other	24	8
	220	208
<b>PROPERTY, PLANT AND EQUIPMENT:</b>		
In service	3,615	3,540
Less — Accumulated provision for depreciation	1,142	1,121
	2,473	2,419
Construction work in progress	56	68
	2,529	2,487
<b>INVESTMENTS AND OTHER NONCURRENT ASSETS</b>		
Goodwill	637	637
Investment in affiliate	478	457
Prepaid pension and OPEB costs	49	47
Other	35	36
	1,199	1,177
<b>TOTAL ASSETS</b>	<b>\$ 3,948</b>	<b>\$ 3,872</b>
<b>LIABILITIES AND EQUITY</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 1	\$ 1
Short-term borrowings - affiliated companies	14	183
Accounts payable-		
Affiliated companies	1	1
Other	60	79
Accrued taxes	2	9
Accrued interest	15	11
Customer deposits	30	29
Other	24	29
	147	342
<b>NONCURRENT LIABILITIES:</b>		
Long-term debt and other long-term obligations	1,591	1,292
Accumulated deferred income taxes, net	393	379
Retirement benefits	29	36
Regulatory liabilities	124	146
Other	321	325
	2,458	2,178
<b>TOTAL LIABILITIES</b>	<b>2,605</b>	<b>2,520</b>
<b>EQUITY:</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	876	875
Accumulated other comprehensive loss	(1)	—
Retained earnings	379	388
<b>TOTAL EQUITY</b>	<b>1,343</b>	<b>1,352</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>\$ 3,948</b>	<b>\$ 3,872</b>

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

<i>(In millions)</i>	For the Six Months Ended June 30,	
	2023	2022
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 101	\$ 83
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation, amortization and impairments	34	26
Deferred income taxes and investment tax credits, net	6	16
Retirement benefits, net of payments	(8)	(13)
Pension and OPEB mark-to-market adjustment	(6)	—
Undistributed earnings from subsidiary company	(21)	(18)
Change in current assets and liabilities-		
Receivables	4	(7)
Prepaid taxes and other current assets	(16)	(19)
Accounts payable	(19)	8
Accrued taxes	(7)	(2)
Accrued interest	4	—
Customer deposits	1	2
Other current liabilities	(2)	(3)
Collateral, net	(4)	14
Other	1	2
Net cash provided from operating activities	68	89
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Capital investments	(78)	(68)
Asset removal costs	(8)	(8)
Net cash used for investing activities	(86)	(76)
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Long-term debt	300	—
Short-term borrowings - affiliated companies, net	—	88
Redemptions and repayments-		
Short-term borrowings - affiliated companies, net	(169)	—
Common stock dividend payments	(110)	(100)
Other	(3)	(1)
Net cash provided from (used for) financing activities	18	(13)
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	\$ —	\$ —
<b>SUPPLEMENTAL CASH FLOW INFORMATION:</b>		
Significant non-cash transactions:		
Accrued capital investments	\$ 5	\$ 4