

**PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY**  
**UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2020 AND 2019**

**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,	
	2020	2019	2020	2019
<b>REVENUES:</b>				
Electric sales	\$ 199	\$ 206	\$ 592	\$ 625
Gross receipts tax collections	12	13	35	37
Total revenues	211	219	627	662
<b>OPERATING EXPENSES:</b>				
Purchased power from affiliates	—	—	—	14
Purchased power from non-affiliates	58	75	195	213
Other operating expenses	49	48	148	152
Provision for depreciation	24	24	72	70
Amortization of regulatory liabilities, net	2	1	8	7
General taxes	15	14	42	43
Total operating expenses	148	162	465	499
<b>OPERATING INCOME</b>	63	57	162	163
<b>OTHER INCOME (EXPENSE):</b>				
Miscellaneous income, net	7	5	25	14
Equity earnings from MAIT	10	9	28	26
Pension and OPEB mark-to-market adjustment	—	—	(31)	—
Interest expense	(15)	(15)	(44)	(45)
Capitalized financing costs	1	1	3	2
Total other income (expense)	3	—	(19)	(3)
<b>INCOME BEFORE INCOME TAXES</b>	66	57	143	160
<b>INCOME TAXES</b>	11	11	24	30
<b>NET INCOME</b>	\$ 55	\$ 46	\$ 119	\$ 130
<b>STATEMENTS OF COMPREHENSIVE INCOME</b>				
<b>NET INCOME</b>	\$ 55	\$ 46	\$ 119	\$ 130
<b>OTHER COMPREHENSIVE LOSS:</b>				
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)
<b>COMPREHENSIVE INCOME</b>	\$ 55	\$ 46	\$ 118	\$ 129

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

<i>(In millions, except share amounts)</i>	September 30, 2020	December 31, 2019
<b>ASSETS</b>		
<b>CURRENT ASSETS:</b>		
Receivables-		
Customers	\$ 137	\$ 144
Less — Allowance for uncollectible customer receivables	14	7
	123	137
Affiliated companies	25	21
Other	14	11
Notes receivable from affiliated companies	90	85
Prepaid taxes and other	23	12
	275	266
<b>UTILITY PLANT:</b>		
In service	3,335	3,227
Less — Accumulated provision for depreciation	1,104	1,075
	2,231	2,152
Construction work in progress	62	78
	2,293	2,230
<b>OTHER PROPERTY AND INVESTMENTS:</b>		
Investment in affiliate	477	450
Other	1	1
Investment - held for sale	214	215
	692	666
<b>DEFERRED CHARGES AND OTHER ASSETS:</b>		
Goodwill	637	637
Other	41	28
	678	665
	<u>\$ 3,938</u>	<u>\$ 3,827</u>
<b>LIABILITIES AND CAPITALIZATION</b>		
<b>CURRENT LIABILITIES:</b>		
Currently payable long-term debt	\$ 3	\$ 253
Accounts payable-		
Affiliated companies	1	3
Other	40	50
Accrued taxes	12	10
Accrued interest	20	13
Customer deposits	25	25
Other	26	21
	127	375
<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	1,051	1,049
Accumulated other comprehensive income	3	4
Retained earnings	245	176
Total common stockholder's equity	1,388	1,318
Long-term debt and other long-term obligations	1,295	1,047
	2,683	2,365
<b>NONCURRENT LIABILITIES:</b>		
Accumulated deferred income taxes	320	301
Retirement benefits	181	165
Regulatory liabilities	232	225
Asset retirement obligations	4	4
Power purchase contract liability	—	16
Other	212	204
Noncurrent liabilities - held for sale	179	172
	1,128	1,087
	<u>\$ 3,938</u>	<u>\$ 3,827</u>

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

<i>(In millions)</i>	For the Nine Months Ended September 30,	
	2020	2019
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Net income	\$ 119	\$ 130
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	80	74
Deferred income taxes and investment tax credits, net	5	3
Retirement benefits, net of payments	(16)	(9)
Pension trust contributions	—	(1)
Pension and OPEB mark-to-market adjustment	31	—
Undistributed earnings from subsidiary company	(28)	2
Change in current assets and liabilities-		
Receivables	12	31
Prepaid taxes and other current assets	(11)	(6)
Accounts payable	(12)	(9)
Accrued taxes	2	(4)
Accrued interest	7	8
Other current liabilities	3	(1)
Other	(6)	10
Net cash provided from operating activities	186	228
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
New financing-		
Long-term debt	250	300
Redemptions and repayments-		
Long-term debt	(250)	(125)
Short-term borrowings - affiliated companies, net	—	(50)
Common stock dividend payments	(50)	(50)
Other	(4)	(6)
Net cash provided from (used for) financing activities	(54)	69
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Property additions	(114)	(119)
Loans to affiliated companies, net	(5)	(163)
Sales of investment securities held in trusts	2	70
Purchases of investment securities held in trusts	(3)	(75)
Asset removal costs	(12)	(10)
Net cash used for investing activities	(132)	(297)
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	\$ —	\$ —