

PENNSYLVANIA ELECTRIC COMPANY AND SUBSIDIARY
UNAUDITED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 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 March 31,	
	2020	2019
REVENUES:		
Electric sales	\$ 208	\$ 237
Gross receipts tax collections	12	14
Total revenues	220	251
OPERATING EXPENSES:		
Purchased power from affiliates	—	10
Purchased power from non-affiliates	78	78
Other operating expenses	51	57
Provision for depreciation	24	22
Deferral of regulatory liabilities, net	2	8
General taxes	14	16
Total operating expenses	169	191
OPERATING INCOME	51	60
OTHER INCOME (EXPENSE):		
Miscellaneous income, net	10	4
Equity earnings from MAIT	9	9
Pension and OPEB mark-to-market adjustment	(31)	—
Interest expense	(15)	(15)
Capitalized financing costs	1	1
Total other expense	(26)	(1)
INCOME BEFORE INCOME TAXES	25	59
INCOME TAXES	3	11
NET INCOME	\$ 22	\$ 48
STATEMENTS OF COMPREHENSIVE INCOME		
NET INCOME	\$ 22	\$ 48
OTHER COMPREHENSIVE INCOME (LOSS):		
Pension and OPEB prior service costs	(1)	(1)
Other comprehensive loss	(1)	(1)
Income tax benefits on other comprehensive loss	—	(2)
Other comprehensive income (loss), net of tax	(1)	1
COMPREHENSIVE INCOME	\$ 21	\$ 49

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

<i>(In millions, except share amounts)</i>	March 31, 2020	December 31, 2019
ASSETS		
CURRENT ASSETS:		
Receivables-		
Customers	\$ 141	\$ 144
Less — Allowance for uncollectible customer receivables	7	7
	134	137
Affiliated companies	22	21
Other	10	11
Notes receivable from affiliated companies	33	85
Prepaid taxes and other	44	12
	<u>243</u>	<u>266</u>
UTILITY PLANT:		
In service	3,265	3,227
Less — Accumulated provision for depreciation	1,087	1,075
	2,178	2,152
Construction work in progress	69	78
	<u>2,247</u>	<u>2,230</u>
OTHER PROPERTY AND INVESTMENTS:		
Investment in affiliate	459	450
Other	1	1
Investment - held for sale	213	215
	<u>673</u>	<u>666</u>
DEFERRED CHARGES AND OTHER ASSETS:		
Goodwill	637	637
Other	33	28
	<u>670</u>	<u>665</u>
	<u>\$ 3,833</u>	<u>\$ 3,827</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 253	\$ 253
Accounts payable-		
Affiliated companies	1	3
Other	47	50
Accrued taxes	12	10
Accrued interest	22	13
Customer deposits	26	25
Other	21	21
	<u>382</u>	<u>375</u>
CAPITALIZATION:		
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	1,050	1,049
Accumulated other comprehensive income	3	4
Retained earnings	148	176
Total common stockholder's equity	1,290	1,318
Long-term debt and other long-term obligations	1,047	1,047
	<u>2,337</u>	<u>2,365</u>
NONCURRENT LIABILITIES:		
Accumulated deferred income taxes	304	301
Retirement benefits	188	165
Regulatory liabilities	229	225
Asset retirement obligations	4	4
Power purchase contract liability	6	16
Other	209	204
Noncurrent liabilities - held for sale	174	172
	<u>1,114</u>	<u>1,087</u>
	<u>\$ 3,833</u>	<u>\$ 3,827</u>

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

<i>(In millions)</i>	For the Three Months Ended March 31,	
	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net income	\$ 22	\$ 48
Adjustments to reconcile net income to net cash from operating activities-		
Depreciation and amortization	26	31
Deferred income taxes and investment tax credits, net	(2)	8
Retirement benefits, net of payments	(4)	(3)
Pension trust contributions	—	(1)
Pension and OPEB mark-to-market adjustment	31	—
Undistributed earnings from subsidiary company	(9)	(9)
Change in current assets and liabilities-		
Receivables	3	(9)
Prepaid taxes and other current assets	(32)	(29)
Accounts payable	(5)	1
Accrued taxes	2	(2)
Accrued interest	9	9
Other current liabilities	(3)	(3)
Other	(1)	1
Net cash provided from operating activities	37	42
CASH FLOWS FROM FINANCING ACTIVITIES:		
New financing-		
Short-term borrowings - affiliated companies, net	—	50
Common stock dividend payments	(50)	(50)
Other	(1)	(1)
Net cash used for financing activities	(51)	(1)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Property additions	(34)	(36)
Loans to affiliated companies, net	52	—
Sales of investment securities held in trusts	1	22
Purchases of investment securities held in trusts	(1)	(24)
Asset removal costs	(4)	(3)
Net cash provided from (used for) investing activities	14	(41)
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	\$ —	\$ —