

2014 Wolfe Research Power & Gas Leaders Conference

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Forward-Looking Statement

This presentation includes forward-looking statements based on information currently available to management. Such statements are subject to certain risks and uncertainties. These statements include declarations regarding management's intents, beliefs and current expectations. These statements typically contain, but are not limited to, the terms "anticipate," "potential," "expect," "will," "intend," "believe," "estimate" and similar words. Forward-looking statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements, which may include the following: the speed and nature of increased competition in the electric utility industry, in general, and the retail sales market in particular; the ability to experience growth in the Regulated Distribution and Regulated Transmission segments and to successfully implement our revised sales strategy in the Competitive Energy Services segment; the accomplishment of our regulatory and operational goals in connection with our transmission plan and planned distribution rate cases and the effectiveness of our repositioning strategy; the impact of the regulatory process on the pending matters before the Federal Energy Regulatory Commission and in the various states in which we do business including, but not limited to, matters related to rates and pending rate cases and the Electric Security Plan IV; the uncertainties of various cost recovery and cost allocation issues resulting from American Transmission Systems, Incorporated's realignment into PJM Interconnection, L.L.C.; economic or weather conditions affecting future sales and margins such as the polar vortex or other significant weather events, and all associated regulatory events or actions; regulatory outcomes associated with storm restoration, including but not limited to, Hurricane Sandy, Hurricane Irene and the October snowstorm of 2011; changing energy, capacity and commodity market prices including, but not limited to, coal, natural gas and oil, and their availability and impact on margins; the continued ability of our regulated utilities to recover their costs; costs being higher than anticipated and the success of our policies to control costs and to mitigate low energy, capacity and market prices; other legislative and regulatory changes, and revised environmental requirements, including, but not limited to, possible greenhouse gas emission, water discharge, and coal combustion residual regulations, the potential impacts of Cross State Air Pollution Rule, and the effects of the United States Environmental Protection Agency's Mercury and Air Toxics Standards rules including our estimated costs of compliance; the uncertainty of the timing and amounts of the capital expenditures that may arise in connection with any litigation, including New Source Review litigation or potential regulatory initiatives or rulemakings (including that such expenditures could result in our decision to deactivate or idle certain generating units); the uncertainties associated with the deactivation of certain older regulated and competitive fossil units including the impact on vendor commitments, and the timing thereof as they relate to, among other things, Reliability Must Run arrangements and the reliability of the transmission grid; adverse regulatory or legal decisions and outcomes with respect to our nuclear operations (including, but not limited to the revocation or non-renewal of necessary licenses, approvals or operating permits by the Nuclear Regulatory Commission or as a result of the incident at Japan's Fukushima Daiichi Nuclear Plant); issues arising from the indications of cracking in the shield building at Davis-Besse; the impact of future changes to the operational status or availability of our generating units; the risks and uncertainties associated with litigation, arbitration, mediation and like proceedings, including, but not limited to, any such proceedings related to vendor commitments; replacement power costs being higher than anticipated or not fully hedged; the ability to comply with applicable state and federal reliability standards and energy efficiency and peak demand reduction mandates; changes in customers' demand for power, including but not limited to, changes resulting from the implementation of state and federal energy efficiency and peak demand reduction mandates; the ability to accomplish or realize anticipated benefits from strategic and financial goals including, but not limited to, the ability to reduce costs and to successfully complete our announced financial plans designed to improve our credit metrics and strengthen our balance sheet, including but not limited to, our announced dividend reduction and our proposed capital raising initiatives; our ability to improve electric commodity margins and the impact of, among other factors, the increased cost of fuel and fuel transportation on such margins; changing market conditions that could affect the measurement of certain liabilities and the value of assets held in our Nuclear Decommissioning Trusts, pension trusts and other trust funds, and cause us and our subsidiaries to make additional contributions sooner, or in amounts that are larger than currently anticipated; the impact of changes to material accounting policies; the ability to access the public securities and other capital and credit markets in accordance with our announced financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us and our subsidiaries; actions that may be taken by credit rating agencies that could negatively affect us and our subsidiaries' access to financing, increase the costs thereof, and increase requirements to post additional collateral to support outstanding commodity positions, letters of credit and other financial guarantees; changes in national and regional economic conditions affecting us, our subsidiaries and our major industrial and commercial customers, and other counterparties including fuel suppliers, with which we do business; the impact of any changes in tax laws or regulations or adverse tax audit results or rulings; issues concerning the stability of domestic and foreign financial institutions and counterparties with which we do business; the risks and other factors discussed from time to time in our United States Securities and Exchange Commission filings, and other similar factors. Dividends declared from time to time on FirstEnergy Corp.'s common stock during any period may in the aggregate vary from prior periods due to circumstances considered by FirstEnergy Corp.'s Board of Directors at the time of the actual declarations. A security rating is not a recommendation to buy or hold securities and is subject to revision or withdrawal at any time by the assigning rating agency. Each rating should be evaluated independently of any other rating. The foregoing review of factors should not be construed as exhaustive. New factors emerge from time to time, and it is not possible for management to predict all such factors, nor assess the impact of any such factor on FirstEnergy's business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statements. 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Today's Agenda

- **Company overview**
- **Changing profile**
- **Business unit updates**
  - Competitive
  - Utilities
  - Transmission
- **Growth and value**

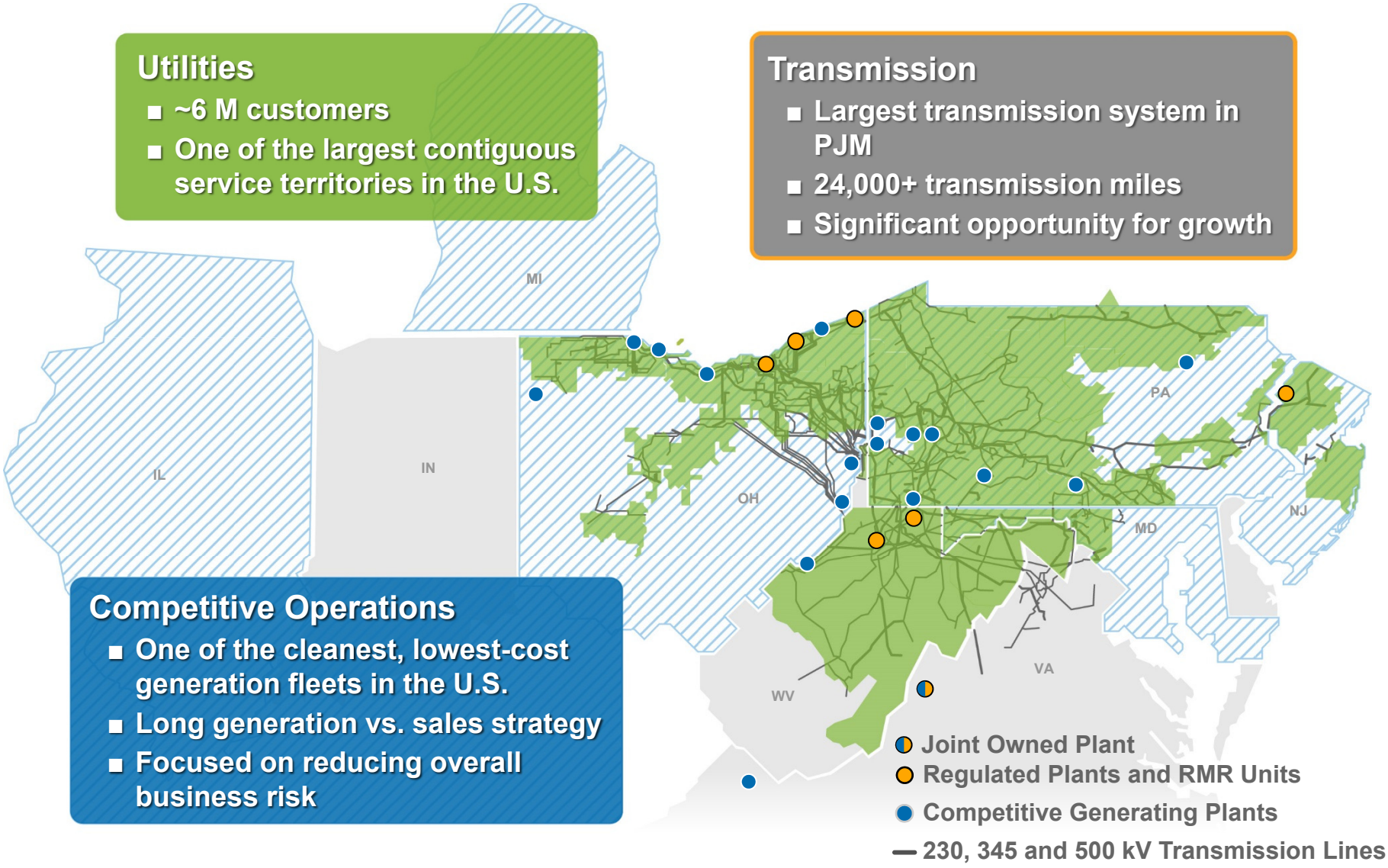
Strength in Our Diversity and Scale

Utilities

- ~6 M customers
- One of the largest contiguous service territories in the U.S.

Transmission

- Largest transmission system in PJM
- 24,000+ transmission miles
- Significant opportunity for growth



Competitive Operations

- One of the cleanest, lowest-cost generation fleets in the U.S.
- Long generation vs. sales strategy
- Focused on reducing overall business risk

FirstEnergy's changing business profile results in lower overall business risk and positions our regulated operations for growth



Competitive Operations

- Reduced size of fleet and changed mix of assets to a much stronger platform of units
- Retain upside potential as markets improve, but limit downside from continued depressed conditions
- Targeting positive cash flow 2015-2018

Regulated Operations

- Increase transmission investments
- Target annual transmission earnings growth of 20%+ at ATSI and TrAILCo
- Grow predictable cash flow
- Seek opportunities in select rate case filings
- Continue to support a strong dividend

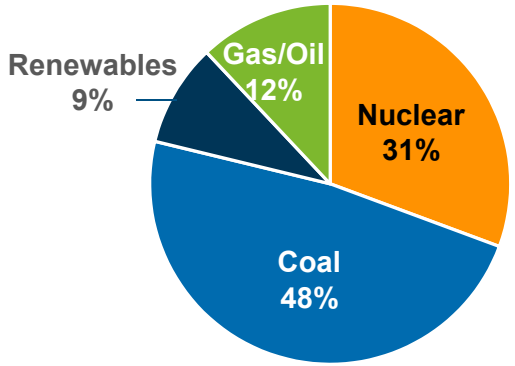
Regulated Business contributing 80%+ of EPS and growing

We have re-positioned our Competitive Operations with a strong focus on portfolio optimization and risk management

Generation Portfolio

- **Changed the character and operation of our fleet**
  - Past deactivations and RMR (~4,800 MW)
  - WV Asset Transfer (~1,500 MW)
  - Hydro Asset Sales (~500 MW)
- **Current generation output of 75-80M MWH; additional resources up to 5M MWH, including Wind/Solar/OVEC**
- **Actively pursue market reforms**

Post-2015: Total Capacity ~ 13,000 MW



Sales and Hedging Strategy

- **Annual Sales Target**
  - 10-45M MWH of sales through POLR, governmental aggregation, and selected LCI sales
  - 10-20M MWH reserved to protect weather-sensitive loads and to take advantage of opportunities from scarcity pricing
- **Balance remainder of portfolio for sales in the wholesale market and potentially Utility PPAs**

Weather Sensitive	Channel	Annual Load (M MWH)
✓	GA	10-15
✓	POLR	0-10
✓ / ✗	LCI Direct	0-20
✗	Block Wholesale	10-20
✗	Spot Wholesale	10-20

Minimize downside risk and position ourselves for potential power price improvements and market reform

And resetting our distribution utilities through our regulatory strategy …

New Jersey



Rate case resolution expected Q4 2014

- Requested $9.1M increase in base rates
- Proposed ROE: 11.0%
- 2011 and 2012 storm costs approved; awaiting decision on 2012 storm cost recovery mechanism

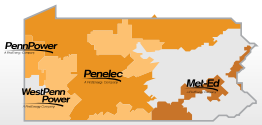
West Virginia



Effective date of rates expected Q1 2015

- Requested $151.6M increase in base rates, including vegetation management
- Proposed ROE: 11.0%

Pennsylvania



Filed rate cases for all four operating companies on August 4, 2014

- Requested $416M increase in base rates
- Proposed ROE: 10.9%
- Expect rates to be in effect Q2 2015

Ohio



ESP IV – Powering Ohio's Progress filed on August 4, 2014

- Includes Economic Stability Program (15-year purchased power contract with FES for output of Davis-Besse, Sammis, and portion of OVEC)
- All customers retain option to shop for a competitive retail electric supplier
- Customers projected to save $2B over 15 years

While executing our strategic investments in transmission …

- **$4.2B over 2014-2017, majority of near-term projects in ATSI**
- **Funding strategy: FET up to 65% debt, ATSI and TrAILCo up to 40% debt**

2014

ATSI and TrAILCo



JCP&L, ME, PN



2017

MP, WPP, PE



Future

Transition from ATSI … to TrAILCo … to utility operating companies east … over time

A continuing platform for growth

Execution of our plan drives long-term value and financial flexibility

- **Hedge competitive generation output with least amount of risk and at the highest margin**
- **Actively pursue reform of FERC regulated capacity markets to recognize the true value of resources with on-site fuel**
- **Drive successful regulatory outcomes in pending cases**
- **Execute Energizing The Future transmission expansion plan**
- **Drive operational and financial performance**

POWERING OHIO'S PROGRESS

Energizing the FUTURE