

Credit Suisse 20th Annual Energy Summit

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Forward-Looking Statement

Forward-Looking Statements: 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,” "forecast," "will," "intend," “believe,” "project," “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 for the Competitive Energy Services segment; the accomplishment of our regulatory and operational goals in connection with our transmission investment plan, pending transmission and distribution rate cases and the effectiveness of our repositioning strategy to reflect a more regulated business profile; changes in assumptions regarding economic conditions within our territories, assessment of the reliability of our transmission system, or the availability of capital or other resources supporting identified transmission investment opportunities; the impact of the regulatory process on the pending matters at the federal level and in the various states in which we do business including, but not limited to, matters related to rates and pending rate cases, including the Electric Security Plan IV in Ohio; the impact of the federal regulatory process on the Federal Energy Regulatory Commission (FERC) regulated entities and transactions, in particular FERC regulation of wholesale energy and capacity markets, including PJM Interconnection, L.L.C. (PJM) markets and FERC-jurisdictional wholesale transactions; FERC regulation of cost-of-service rates, including FERC Opinion No. 531’s revised Return on Equity methodology for FERC-jurisdictional wholesale generation and transmission utility service, and FERC’s compliance and enforcement activity, including compliance and enforcement activity related to North American Electric Reliability Corporation’s mandatory reliability standards; the uncertainties of various cost recovery and cost allocation issues resulting from American Transmission Systems, Incorporated's realignment into PJM; economic or weather conditions affecting future sales and margins such as a polar vortex or other significant weather events, and all associated regulatory events or actions; regulatory outcomes associated with storm restoration costs, 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 retail 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, proposed greenhouse gases emission and water discharge regulations and the effects of the United States Environmental Protection Agency's coal combustion residuals regulations, Cross-State Air Pollution Rule, Mercury and Air Toxics Standards, including our estimated costs of compliance, and Clean Water Act 316(b) water intake regulation; 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 the reliability of the transmission grid; the impact of other future changes to the operational status or availability of our generating units; 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 risks and uncertainties associated with litigation, arbitration, mediation and like proceedings, including, but not limited to, any such proceedings related to vendor commitments; the impact of labor disruptions by our unionized workforce; 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 continue to reduce costs and to successfully execute our financial plans designed to improve our credit metrics and strengthen our balance sheet through, among other actions, our previously-implemented dividend reduction and our other 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/or 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/or 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/or our major industrial and commercial customers, and other counterparties with which we do business, including fuel suppliers; 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 associated with cyber-attacks on our electronic data centers that could compromise the information stored on our networks, including proprietary information and customer data; and 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. FirstEnergy expressly disclaims any current intention to update, except as required by law, any forward-looking statements contained herein as a result of new information, future events or otherwise.

Non-GAAP Financial Matters

This Presentation contains references to non-GAAP financial measures including Operating earnings. In addition, Basic EPS and Basic EPS-Operating, each calculated on a segment basis, are also non-GAAP financial measures. Generally, a non-GAAP financial measure is a numerical measure of a company's historical or future financial performance, financial position, or cash flows that either excludes or includes amounts that are not normally excluded or included in the most directly comparable measure calculated and presented in accordance with accounting principles generally accepted in the United States (GAAP). Operating earnings are not calculated in accordance with GAAP because they exclude the impact of "special items". Basic EPS for each segment is calculated by dividing segment net income (loss) on a GAAP basis by the basic weighted average shares outstanding for the period. Basic EPS-Operating for each segment is calculated by dividing segment Operating earnings, which exclude special items as discussed above, by the basic weighted average shares outstanding for the period. Management uses non-GAAP financial measures such as Operating earnings to evaluate the company's performance and manage its operations and frequently references these non-GAAP financial measures in its decision-making, using them to facilitate historical and ongoing performance comparisons. Additionally, management uses Basic EPS and Basic-EPS Operating by segment to further evaluate FirstEnergy's performance by segment and references these non-GAAP financial measures in its decision-making. Management believes that the non-GAAP financial measures of "Operating earnings, "Basic EPS" and "Basic EPS-Operating" provide consistent and comparable measures of performance of its businesses to help shareholders understand performance trends. All of these non-GAAP financial measures are intended to complement, and are not considered as an alternative to, the most directly comparable GAAP financial measures. Also, the non-GAAP financial measures may not be comparable to similarly titled measures used by other entities.

Pursuant to the requirements of Regulation G, FirstEnergy has provided quantitative reconciliations within the presentation of the non-GAAP financial measures to the most directly comparable GAAP financial measures.

Today's Agenda

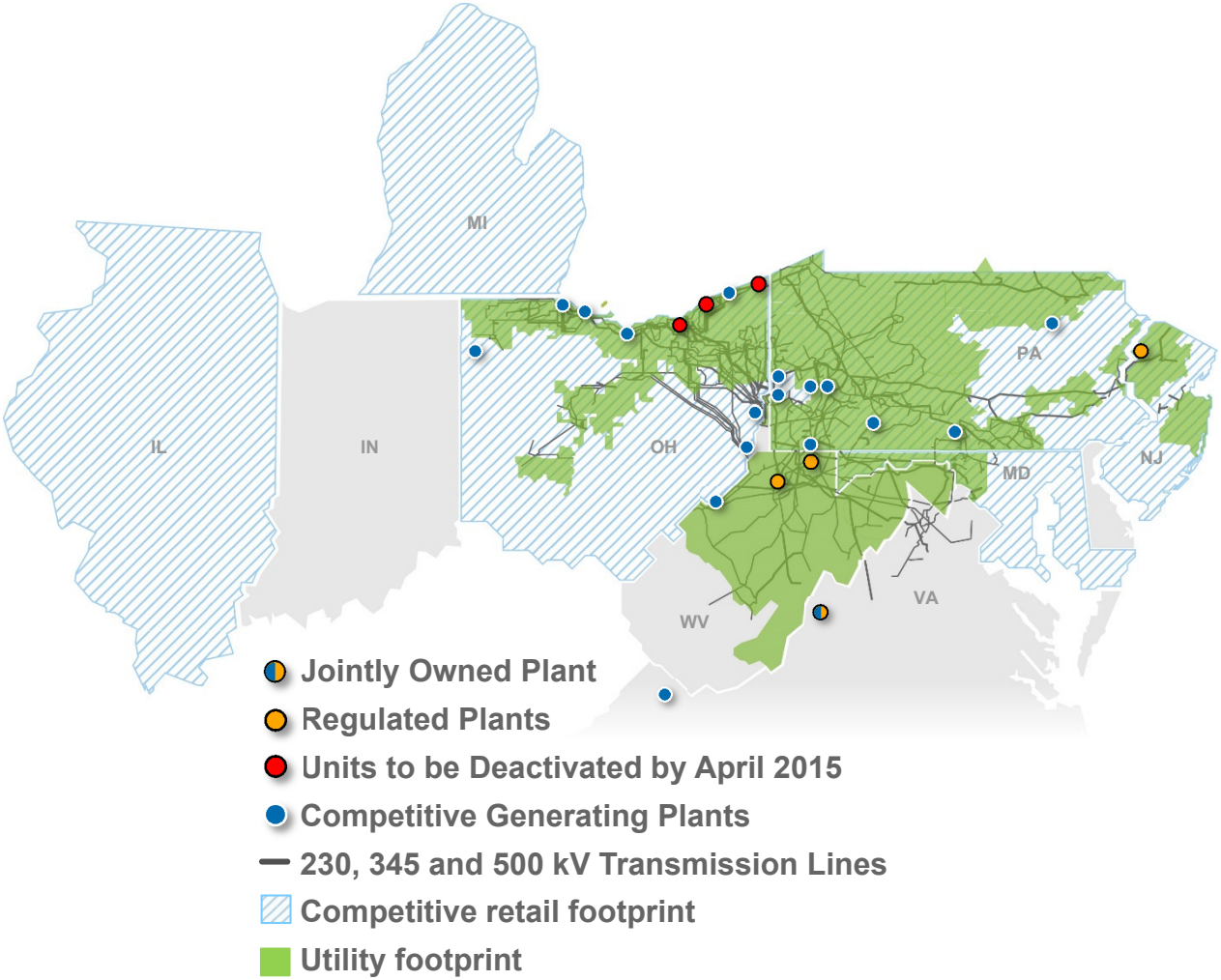
- **Company Overview**
- **2014 Accomplishments**
- **Near-Term Opportunities**
  - 2015 – A Transformational Year
    - Strengthening Our Utilities
    - Growing Our Transmission Business
    - Repositioning Competitive Operations
- **Focusing on Financial Discipline**
  - 2015 Earnings Guidance and Financial Plan

FirstEnergy Overview
Strength in Our Diversity and Scale

Utilities
- Approximately 6M customers
- One of the largest contiguous service territories in the U.S. covering 65,000 square miles

Transmission
- One of the largest transmission systems in PJM
- 24,000+ transmission miles
- Significant opportunity for growth

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



2014 Accomplishments

Distribution Utilities

Significant Regulatory Activity

- Rate Case filing in WV
- Rate Case filings in PA
- Filed ESP IV in Ohio; Stipulation filed on December 22, 2014
- 2011 and 2012 storm costs in NJ approved; favorable CTA decision

Transmission Business

Launched "Energizing the Future" Growth Plan

- Initial year spend of $1.4B
- Significant opportunities going forward
- ATSI forward-looking rate approved on December 31, 2014, subject to ROE review by FERC

Competitive Operations

Changed the Character and Operation of the Fleet

- Minimized downside risk and positioned for potential upside
- Sold 527MW of hydro assets
- Adjusted sales strategy; sell no more than we produce
- Advocated market reforms
- Conservation of capital – Modest MATS spend, deferred BV2 steam generator and reactor head replacement

Financial

Focus on Financial Success

- Revised dividend to $1.44 per share; fully supported by regulated businesses
- Extended $6B in credit facilities through March 2019
- Completed inaugural bond issuance at FET; ATSI bond offering to support growth program
- $83M of equity through stock investment/employee benefit plans

FirstEnergy emerged from 2014 with a focus on regulated operations and a reduced risk profile

As of December 31, 2014

Near-Term Opportunities

Utilities

- ✓ **WV rate case**
- ✓ **PA rate cases**
- **NJ rate case (incl. 2012 storm recovery)**
- **Ohio ESP (incl. proposed PPA)**

Transmission

- ✓ **ATSI forward-looking formula rate**
- ✓ **Execution of *Energizing the Future* transmission growth plan**

Competitive Energy Services

- **Capacity Performance product**
- **Demand Response decision**
- **Incremental capacity auctions**

Reshaping our future by reducing risk and growing our regulated businesses

Focusing on Financial Discipline

- **Remain focused on execution of our Regulated growth strategy**
- **Take conservative approach to managing our Competitive Operations**
- **Drive operational and financial performance**
- **Committed to maintaining investment grade metrics at each business unit and improving metrics at FE Corp. over time consistent with business profile**

Operating Earnings Guidance*	
Basic EPS	**2015F**
Regulated Distribution	**$1.74 - $1.90**
Regulated Transmission	**0.63 - 0.67**
Regulated Sub-Total	**$2.37 - $2.57**
Competitive Energy Services	**0.45 - 0.55**
Corp / Other	**(0.42)**
FirstEnergy Consolidated	**$2.40 - $2.70**

Capital Expenditures Forecast		
$ Millions		**2015F**
Regulated Distribution		**$1,205**
Regulated Transmission	Stated Rates	**165**
	Formula Rates	**805**
Competitive Energy Services		**650**
Corp/Other		**115**
FirstEnergy Consolidated		**$ 2,940**

* Please see Appendix for 2015 GAAP to Operating Earnings reconciliation

Execution of our plan will drive long-term value and financial flexibility

Appendix

2015 GAAP to Operating Earnings[1] Reconciliation

(In Millions, except per share amounts)	FirstEnergy Consolidated	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate/ Other
	2015F	2015F	2015F	2015F	2015F
Net Income (Loss) – GAAP	$935M - $1,060M	$710M - $780M	$265M - $280M	$135M - $175M	($175M)
Basic EPS (average shares outstanding 422M)	$2.21 - $2.51	$1.68 - $1.84	$0.63 - $0.67	$0.32 - $0.42	($0.42)
Excluding Special Items[2]:					
Regulatory Charges	$0.06	$0.06	-	-	-
Non-core Asset Sales/Impairments	$0.02	-	-	$0.02	-
Retail Repositioning Charges	$0.04	-	-	$0.04	-
Merger Accounting – Commodity Contracts	$0.07	-	-	$0.07	-
Total Special Items[2]	$0.19	$0.06	$0.00	$0.13	$0.00
Basic EPS – Operating (Non-GAAP) (average shares outstanding 422M)	$2.40 - $2.70	$1.74 - $1.90	$0.63 - $0.67	$0.45 - $0.55	($0.42)

[1]Operating earnings exclude special items as described in the reconciliation table above and is a non-GAAP financial measure
[2]Per share amounts for the special items above are based on the after tax effect of each item divided by the weighted average shares outstanding for the period