

Fixed Income Investor Meeting

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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," “target”, "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 rate case 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 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; 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 initiatives or rulemakings 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, our cash flow initiative project 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.

Today's Agenda

- **Company Overview**
- **2014 Accomplishments**
- **Executing Key 2015 Initiatives**
- **2015 Financial Plan**

FirstEnergy Overview

Strength in Our Diversity and Scale

Utilities

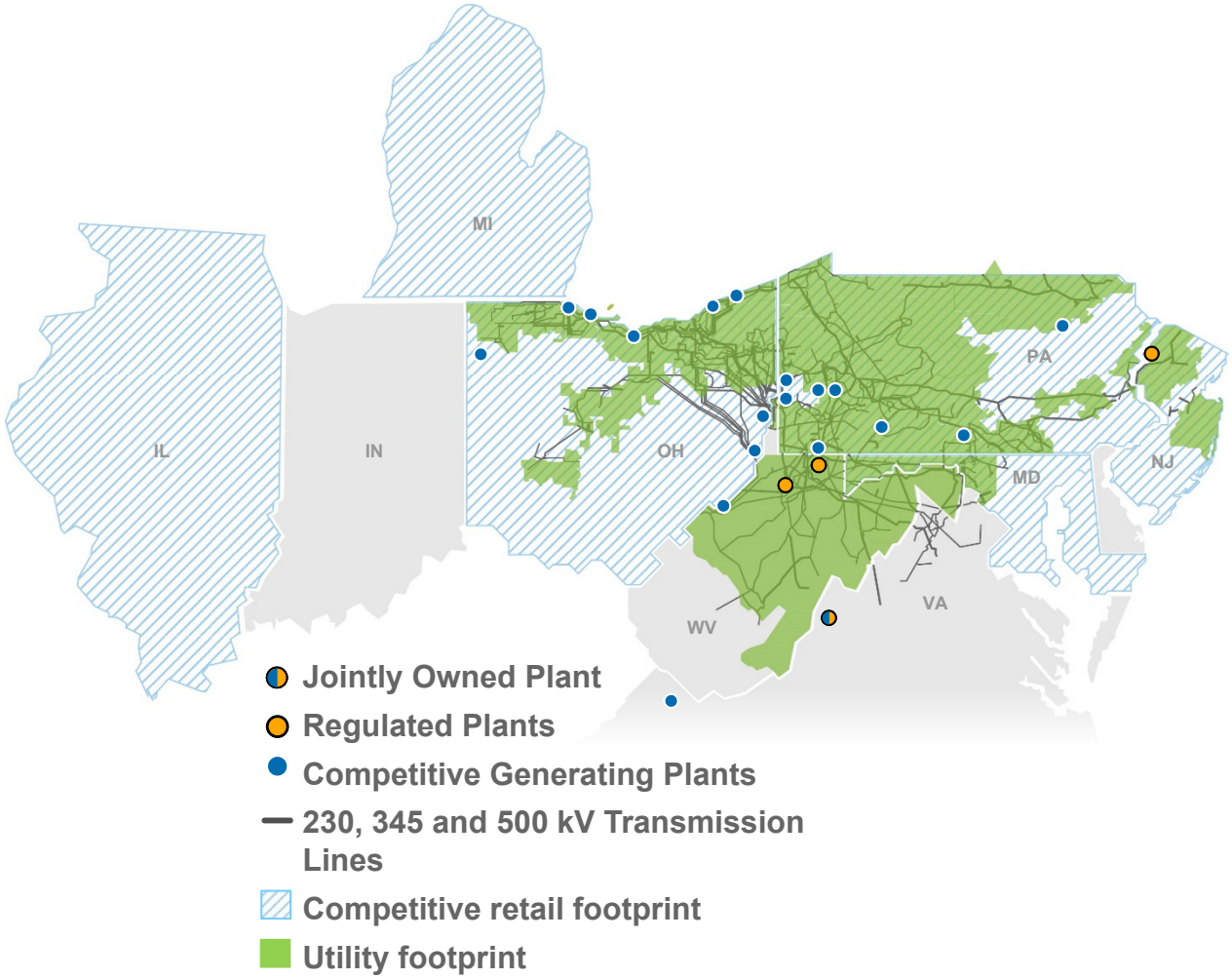
- Approximately 6M customers
- One of the largest contiguous service territories in the U.S. covering 65,000 square miles

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
- ATSI forward-looking rate effective January 1, 2015 at 12.38% ROE; subject to review and refund

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; our generation capability
- Advocated market reforms
- Conservation of capital – Modest MATS spend, deferred BV2 steam generator and reactor head replacement
- Sale-leaseback repurchases of 103MW

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

2015 Regulated Utility Focus

West Virginia Rate Case

Commission Order – February 2015

- Annual pre-tax earnings improvement of $18M
- Harrison asset transfer moves from a surcharge into base rates
- Includes Vegetation Management rider and storm cost recovery

New Jersey Rate Case

BPU Order – March 2015

- Annual pre-tax earnings reduction of $34M; $112M decrease offset by recovery of storm costs
- Approved 2012 storm costs of $580M
- ROE of 9.75%
- On March 24th Moody's changed JCP&L's outlook to "Stable" from "Negative," maintained Baa2 rating

Pennsylvania Rate Cases

Commission Order – April 2015

- Annual pre-tax earnings benefit of $205M; revenue increase of $293M
- Includes storm cost recovery
- Evaluating potential DSIC filing

Ohio ESP IV

Commission Decision – Expected late this year

- Retail riders associated with the PPAs ruled legal as a result of the PUCO's AEP and Duke Orders
- Supplemental testimony filed May 4th
- Hearings scheduled to begin mid-June

Defining rates and recovery mechanisms for our utilities

2015 Transmission Business Focus

- **"Energizing the Future" program to enhance reliability for customers**
  - $4.2B investment 2014 – 2017
  - $15B+ incremental opportunity
  - Initially focused primarily in ATSI; extending east over time
  - Potential future equity to support growth
- **ATSI**
  - 2015 capital expenditures – $560M
  - Forward-looking formula rate at 12.38% ROE*
  - Settlement discussions ongoing
- **TrAIL**
  - 2015 capital expenditures – $245M
  - Forward-looking formula rate at 11.7% ROE
  - Includes PJM RTEP-approved projects and emerging shale gas projects
- **Baseline 2015 Capital Expenditures $165M**
  - Includes projects at operating companies (JCP&L, MetEd, MonPower, Penelec, Potomac Edison and West Penn Power)

Grow investments to enhance customer service

* Effective 1/1/2015; subject to review and refund

2015 Competitive Energy Services Focus

- **Conservative Hedging Strategy**
  - Sell no more than our generation capability
  - Maintain open position of 10-20 M MWh annually
  - Reduce risk from unplanned outages and extreme weather
  - Reduce exposure to weather-sensitive load
  - Increase focus on economic dispatch
- **Cash Flow Positive 2015 – 2018**
  - Includes $210M in current capital plan for de-watering facility at Bruce Mansfield Plant
  - Does not take into consideration Purchase Power Agreement
- **PJM Capacity Reform**
  - FERC granted PJM waiver to delay May 2015 auction
    - CES MW available for Capacity Performance Product:
      - ~11,000 MW
      - ~8,000 MW if OH PPA is approved
  - U.S. Supreme Court to hear Demand Response case

Reduce risk and adapt to changing market dynamics

2015 Financial Strategy

- **Internal Cash Flow Improvement Plan**
  - Combination of expense reductions and capital expenditures
    - Targets: $50M 2015 → $150M 2016 → $200M 2017
    - Majority targeted for Competitive and Corporate segments
- **2015 Capital Plan at $2.9B**
  - Regulated Distribution – $1.2B
  - Regulated Transmission – ~$1B
  - CES – ~$0.6B
  - Corporate/Other – $0.1B
- **Continue to issue ~$100M equity annually via stock / benefit plans**
  - Evaluate additional equity needs to support regulated growth
- **Effectively monitor and mitigate financial risks**
  - Nuclear sale-leaseback repurchases
  - Monitor parental guarantees, as well as unfunded pension obligations
- **Enhance reporting transparency**

Improve credit metrics and strengthen the Balance Sheet over time

Setting the Stage for the Future

- **Strong focus on customer-service driven regulated growth**
- **Operational excellence across FirstEnergy**
  - Utilities, Transmission Operations, and Generation Fleet
- **Identify and implement cash flow improvements**
  - Expenses and capital expenditures
- **Solid financial performance**
  - Earnings and cash
- **Committed to achieving consistent investment grade credit metrics at Business Units, improving FE Corp. over time**