FirstEnergy®

25 YEARS of Lighting the Way

FE Corp. Convertible Debt Issuance

May 4, 2023

FE Corp. Convertible Debt Issuance

Strategic Rationale

- Transaction serves as a cost-effective bridge loan until receiving full $3.5B[1] of proceeds from FET 30% interest sale and further solidifies credit profile improvement
- Deployment of proceeds expected to be credit and EPS accretive and supports current year and long-term financial plan

Potential Uses of Proceeds	Considerations
Revolver borrowings	$685M drawn as of 4/28/23 at ~6.5%
Pension funding[2]	Expected minimum required contributions of $925M in 2025-2027
FE Corp. long-term debt	$1.3B of high-coupon debt outstanding (due 2031 & 2047)
Delay 2023 financings	Delay higher cost debt issuances at operating companies

Overview

- Issued as an unsecured bond with a fixed coupon and includes an option for conversion to common equity at a ~20% premium to current market price
- At maturity, the principal is paid back in cash; FE has the option to pay the conversion premium in cash or newly issued common shares

Illustrative Example			
Share Price at Maturity	FE 3-year Stock Performance	Principal Paid (Cash)	+ Settlement Option Cash (or new shares)
$46.81 (or lower)	Up to +20%	$1,500M	n/a
$48.76	+25%	$1,500M	$62M (or 1.3M new shares)
$54.61	+40%	$1,500M	$250M (or 4.6M new shares)

Key Terms	
Issuer	FE Corp.
Pricing Date	5/1/2023
Principal	$1,500M
Coupon	4.00%
Tenor (Maturity Date)	3 year (5/1/2026)
Initial Conversion Price	$46.81
Conversion Premium (vs. 5/1 closing price of $39.01)	20%

Accounting Treatment
Balance Sheet: Reported as long-term debt
Income Statement: Coupon reported as interest expense
Impact on Basic Shares: No impact, unless new shares are issued in settlement
Impact on Diluted Shares: If conversion in-the-money, increase to diluted share count based on cost of premium (assumed to be funded with new shares)

(1) Expect to receive proceeds in 2 tranches with $1.75B+ upon transaction close in 1H 2024 and the remaining proceeds upon repayment of vendor takeback note.
(2) Expect that a contribution in excess of 10% of plan assets would trigger a remeasurement of the qualified pension plan.

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Forward-Looking Statements

Forward-Looking Statements: This presentation includes forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 based on information currently available to management. Such statements are subject to certain risks and uncertainties and readers are cautioned not to place undue reliance on these forward-looking statements. 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," "plan" 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 potential liabilities, increased costs and unanticipated developments resulting from government investigations and agreements, including those associated with compliance with or failure to comply with the Deferred Prosecution Agreement entered into July 21, 2021 with the U.S. Attorney’s Office for the Southern District of Ohio; the risks and uncertainties associated with government investigations and audits regarding Ohio House Bill 6, as passed by Ohio’s 133rd General Assembly (“HB 6”) and related matters, including potential adverse impacts on federal or state regulatory matters, including, but not limited to, matters relating to rates; the risks and uncertainties associated with litigation, arbitration, mediation, and similar proceedings, particularly regarding HB 6 related matters, including risks associated with obtaining dismissal of the derivative shareholder lawsuits; changes in national and regional economic conditions, including recession, inflationary pressure, supply chain disruptions, higher energy costs, and workforce impacts, affecting us and/or our customers and those vendors with which we do business; weather conditions, such as temperature variations and severe weather conditions, or other natural disasters affecting future operating results and associated regulatory actions or outcomes in response to such conditions; legislative and regulatory developments, including, but not limited to, matters related to rates, compliance and enforcement activity, cybersecurity, and climate change; the risks associated with cyber-attacks and other disruptions to our, or our vendors’, information technology system, which may compromise our operations, and data security breaches of sensitive data, intellectual property and proprietary or personally identifiable information; the ability to accomplish or realize anticipated benefits from our FE Forward initiative and our other strategic and financial goals, including, but not limited to, overcoming current uncertainties and challenges associated with the ongoing government investigations, executing our transmission and distribution investment plans, executing on our rate filing strategy, controlling costs, greenhouse gas reduction goals, improving our credit metrics, growing earnings, strengthening our balance sheet, and satisfying the conditions necessary to close the sale of additional membership interests of FirstEnergy Transmission, LLC; changing market conditions affecting the measurement of certain liabilities and the value of assets held in our pension trusts may negatively impact our forecasted growth rate, results of operations, and may also cause us to make contributions to our pension sooner or in amounts that are larger than currently anticipated; mitigating exposure for remedial activities associated with retired and formerly owned electric generation assets; changes to environmental laws and regulations, including but not limited to those related to climate change; changes in customers’ demand for power, including but not limited to, economic conditions, the impact of climate change or energy efficiency and peak demand reduction mandates; the ability to access the public securities and other capital and credit markets in accordance with our financial plans, the cost of such capital and overall condition of the capital and credit markets affecting us, including the increasing number of financial institutions evaluating the impact of climate change on their investment decisions; future actions taken by credit rating agencies that could negatively affect either our access to or terms of financing or our financial condition and liquidity; changes in assumptions regarding factors such as economic conditions within our territories, the reliability of our transmission and distribution system, or the availability of capital or other resources supporting identified transmission and distribution investment opportunities; the potential of non-compliance with debt covenants in our credit facilities; the ability to comply with applicable reliability standards and energy efficiency and peak demand reduction mandates; human capital management challenges, including among other things, attracting and retaining appropriately trained and qualified employees and labor disruptions by our unionized workforce; changes to significant accounting policies; any changes in tax laws or regulations, including, but not limited to, the Inflation Reduction Act of 2022, or adverse tax audit results or rulings; and the risks and other factors discussed from time to time in our Securities and Exchange Commission (“SEC”) filings. 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. These forward-looking statements are also qualified by, and should be read together with, the risk factors included in FirstEnergy Corp.’s filings with the SEC, including, but not limited to, the most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q, and any subsequent Quarterly Reports on Form 10-Q and Current Reports on Form 8-K. The foregoing review of factors also should not be construed as exhaustive. 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