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FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDERS' EQUITY

<i>(In millions, except share amounts)</i>	Common Stock		Other Paid-In Capital	Accumulated Other Comprehensive Income	Retained Earnings
	Number of Shares	Par Value			
Balance, January 1, 2012	418,216,437	\$ 42	\$ 9,765	\$ 426	\$ 3,047
Earnings available to FirstEnergy Corp.					770
Amortized losses on derivative hedges, net of \$1 million of income tax benefits				2	
Change in unrealized gain on investments, net of \$2 million of income tax benefits				(4)	
Pension and OPEB, net of \$76 million of income tax benefits (Note 3)				(39)	
Stock-based compensation			4		
Cash dividends declared on common stock					(920)
Equity method adjustment (Note 9)					(9)
Balance, December 31, 2012	418,216,437	42	9,769	385	2,888
Earnings available to FirstEnergy Corp.					392
Amortized losses on derivative hedges, net of \$1 million of income taxes				2	
Change in unrealized gain on investments, net of \$4 million of income tax benefits				(6)	
Pension and OPEB, net of \$63 million of income tax benefits (Note 3)				(97)	
Stock-based compensation			(4)		
Cash dividends declared on common stock					(690)
Stock issuance - employee benefits	412,122		11		
Balance, December 31, 2013	418,628,559	42	9,776	284	2,590
Earnings available to FirstEnergy Corp.					299
Amortized gains on derivative hedges, net of \$1 million of income tax benefits				(1)	
Change in unrealized gain on investments, net of \$10 million of income taxes				16	
Pension and OPEB, net of \$23 million of income tax benefits (Note 3)				(53)	
Stock-based compensation			20		
Cash dividends declared on common stock					(604)
Stock issuance - employee benefits	2,474,011		51		
Balance, December 31, 2014	421,102,570	\$ 42	\$ 9,847	\$ 246	\$ 2,285

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS

(In millions)	For the Years Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income	\$ 299	\$ 392	\$ 771
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation	1,220	1,202	1,119
Asset removal costs charged to income	28	20	203
Amortization (deferral) of regulatory assets, net	12	539	(68)
Nuclear fuel amortization	220	209	210
Amortization of deferred costs on sale leaseback transaction, net	48	48	48
Amortization of customer intangibles & deferred advertising costs	60	18	18
Deferred purchased power and other costs	(115)	(76)	(238)
Deferred income taxes and investment tax credits, net	162	243	647
Impairments of long-lived assets	—	795	—
Investment impairments	37	90	27
Pension and OPEB mark-to-market adjustment	835	(256)	609
Retirement benefits	(53)	(168)	(127)
Gain on asset sales	—	(21)	(17)
Commodity derivative transactions, net (Note 10)	64	(3)	(102)
Pension trust contributions	—	—	(600)
Gain on sale of investment securities held in trusts	(64)	(56)	(71)
Loss on debt redemptions	8	132	—
Make-whole premiums paid on debt redemptions	—	(187)	—
Lease payments on sale and leaseback transaction	(137)	(136)	(186)
Income from discontinued operations (Note 19)	(86)	(17)	(16)
Changes in current assets and liabilities-			
Receivables	139	(114)	(13)
Materials and supplies	(65)	96	(50)
Prepayments and other current assets	126	(126)	(12)
Accounts payable	42	(25)	100
Accrued taxes	(165)	85	(2)
Accrued interest	31	(10)	(12)
Accrued compensation and benefits	(22)	19	(55)
Cash collateral, net	(54)	(36)	12
Other	143	5	125
Net cash provided from operating activities	2,713	2,662	2,320
CASH FLOWS FROM FINANCING ACTIVITIES:			
New Financing-			
Long-term debt	4,528	3,745	750
Short-term borrowings, net	—	1,435	1,969
Redemptions and Repayments-			
Long-term debt	(1,759)	(3,600)	(940)
Short-term borrowings, net	(1,805)	—	—

Tender premiums paid on debt redemptions	—	(110)	—
Common stock dividend payments	(604)	(920)	(920)
Other	(47)	(73)	(52)
Net cash provided from financing activities	<u>513</u>	<u>477</u>	<u>807</u>

CASH FLOWS FROM INVESTING ACTIVITIES:

Property additions	(3,312)	(2,638)	(2,678)
Nuclear fuel	(233)	(250)	(286)
Proceeds from asset sales	394	4	17
Sales of investment securities held in trusts	2,133	2,047	2,980
Purchases of investment securities held in trusts	(2,236)	(2,096)	(3,020)
Cash investments	35	(23)	102
Asset removal costs	(153)	(146)	(229)
Other	13	9	(43)
Net cash used for investing activities	<u>(3,359)</u>	<u>(3,093)</u>	<u>(3,157)</u>

Net change in cash and cash equivalents	(133)	46	(30)
Cash and cash equivalents at beginning of period	<u>218</u>	<u>172</u>	<u>202</u>
Cash and cash equivalents at end of period	<u>\$ 85</u>	<u>\$ 218</u>	<u>\$ 172</u>

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid (received) during the year -

Interest (net of amounts capitalized)

Income taxes (received), net of refunds

<u>\$ 931</u>	<u>\$ 969</u>	<u>\$ 962</u>
<u>\$ (103)</u>	<u>\$ 36</u>	<u>\$ (6)</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)

<i>(In millions)</i>	For the Years Ended December 31,		
	2014	2013	2012
<u>STATEMENTS OF INCOME (LOSS)</u>			
REVENUES:			
Electric sales to non-affiliates	\$ 5,114	\$ 5,378	\$ 5,253
Electric sales to affiliates	861	652	515
Other	169	143	126
Total revenues*	<u>6,144</u>	<u>6,173</u>	<u>5,894</u>
OPERATING EXPENSES:			
Fuel	1,253	1,262	1,287
Purchased power from affiliates	271	486	451
Purchased power from non-affiliates	2,771	2,333	1,887
Other operating expenses	1,635	1,487	1,356
Pension and OPEB mark-to-market adjustment	297	(81)	166
Provision for depreciation	319	306	272
General taxes	128	138	136
Total operating expenses	<u>6,674</u>	<u>5,931</u>	<u>5,555</u>
OPERATING INCOME (LOSS)	<u>(530)</u>	<u>242</u>	<u>339</u>
OTHER INCOME (EXPENSE):			
Loss on debt redemptions	(6)	(103)	—
Investment income	61	16	66
Miscellaneous income	6	28	35
Interest expense — affiliates	(7)	(10)	(10)
Interest expense — other	(146)	(160)	(191)
Capitalized interest	34	39	37
Total other expense	<u>(58)</u>	<u>(190)</u>	<u>(63)</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	<u>(588)</u>	<u>52</u>	<u>276</u>
INCOME TAXES (BENEFITS)	<u>(228)</u>	<u>6</u>	<u>103</u>
INCOME (LOSS) FROM CONTINUING OPERATIONS	<u>\$ (360)</u>	<u>\$ 46</u>	<u>\$ 173</u>
Discontinued operations (net of income taxes of \$70, \$8 and \$8, respectively) (Note 19)	116	14	14
NET INCOME (LOSS)	<u><u>\$ (244)</u></u>	<u><u>\$ 60</u></u>	<u><u>\$ 187</u></u>

STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

NET INCOME (LOSS)	<u>\$ (244)</u>	<u>\$ 60</u>	<u>\$ 187</u>
OTHER COMPREHENSIVE INCOME (LOSS):			
Pension and OPEB prior service costs	(6)	(15)	6
Amortized gains on derivative hedges	(10)	(6)	(9)
Change in unrealized gain on available-for-sale securities	<u>21</u>	<u>(8)</u>	<u>(5)</u>
Other comprehensive income (loss)	5	(29)	(8)
Income taxes (benefits) on other comprehensive income (loss)	<u>2</u>	<u>(11)</u>	<u>(4)</u>
Other comprehensive income (loss), net of tax	<u>3</u>	<u>(18)</u>	<u>(4)</u>
COMPREHENSIVE INCOME (LOSS)	<u>\$ (241)</u>	<u>\$ 42</u>	<u>\$ 183</u>

* Includes excise tax collections of \$69 million, \$78 million and \$77 million in 2014, 2013 and 2012, respectively.

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these financial statements.

**FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED BALANCE SHEETS**

<i>(In millions, except share amounts)</i>	December 31, 2014	December 31, 2013
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	\$ 2	\$ 2
Receivables-		
Customers, net of allowance for uncollectible accounts of \$18 in 2014 and \$11 in 2013	415	539
Affiliated companies	525	1,036
Other, net of allowance for uncollectible accounts of \$3 in 2014 and 2013	107	81
Materials and supplies	492	448
Derivatives	147	165
Collateral	229	136
Prepayments and other	95	109
	<u>2,012</u>	<u>2,516</u>
PROPERTY, PLANT AND EQUIPMENT:		
In service	13,596	12,472
Less — Accumulated provision for depreciation	5,208	4,755
	<u>8,388</u>	<u>7,717</u>
Construction work in progress	1,010	1,308
	<u>9,398</u>	<u>9,025</u>
INVESTMENTS:		
Nuclear plant decommissioning trusts	1,365	1,276
Other	10	11
	<u>1,375</u>	<u>1,287</u>
ASSETS HELD FOR SALE (Note 19)	—	122
DEFERRED CHARGES AND OTHER ASSETS:		
Customer intangibles	78	95
Goodwill	23	23
Property taxes	41	41
Unamortized sale and leaseback costs	217	168
Derivatives	52	53
Other	114	172
	<u>525</u>	<u>552</u>
	<u>\$ 13,310</u>	<u>\$ 13,502</u>
LIABILITIES AND CAPITALIZATION		
CURRENT LIABILITIES:		
Currently payable long-term debt	\$ 506	\$ 892
Short-term borrowings-		
Affiliated companies	35	431
Other	99	4
Accounts payable-		
Affiliated companies	416	765

Other	248	290
Accrued taxes	102	66
Derivatives	166	110
Other	184	197
	<u>1,756</u>	<u>2,755</u>

CAPITALIZATION:

Common stockholder's equity-

Common stock, without par value, authorized 750 shares- 7 shares outstanding as of December 31, 2014 and 2013	3,594	3,080
Accumulated other comprehensive income	57	54
Retained earnings	<u>1,934</u>	<u>2,178</u>
Total common stockholder's equity	5,585	5,312
Long-term debt and other long-term obligations	<u>2,608</u>	<u>2,130</u>
	<u>8,193</u>	<u>7,442</u>

NONCURRENT LIABILITIES:

Deferred gain on sale and leaseback transaction	824	858
Accumulated deferred income taxes	511	741
Retirement benefits	324	185
Asset retirement obligations	841	1,015
Derivatives	14	14
Other	<u>847</u>	<u>492</u>
	<u>3,361</u>	<u>3,305</u>

COMMITMENTS, GUARANTEES AND CONTINGENCIES (Note 15)

\$	<u>13,310</u>	\$	<u>13,502</u>
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The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED STATEMENTS OF COMMON STOCKHOLDER'S EQUITY

<i>(In millions, except share amounts)</i>	Common Stock		Accumulated Other Comprehensive Income	Retained Earnings
	Number of Shares	Carrying Value		
Balance, January 1, 2012	7	\$ 1,570	\$ 76	\$ 1,931
Net income				187
Amortized loss on derivative hedges, net of \$3 of income tax benefits			(6)	
Change in unrealized gain on investments, net of \$2 of income tax benefits			(3)	
Pension and OPEB, net of \$1 of income taxes (Note 3)			5	
Stock-based compensation		2		
Consolidated tax benefit allocation		1		
Balance, December 31, 2012	7	1,573	72	2,118
Net income				60
Amortized loss on derivative hedges, net of \$2 of income tax benefits			(4)	
Change in unrealized gain on investments, net of \$3 of income tax benefits			(5)	
Pension and OPEB, net of \$6 of income tax benefits (Note 3)			(9)	
Equity contribution from parent		1,500		
Stock-based compensation		1		
Consolidated tax benefit allocation		6		
Balance, December 31, 2013	7	3,080	54	2,178
Net loss				(244)
Amortized loss on derivative hedges, net of \$4 of income tax benefits			(6)	
Change in unrealized gain on investments, net of \$8 of income taxes			13	
Pension and OPEB, net of \$2 of income tax benefits (Note 3)			(4)	
Equity contribution from parent		500		
Stock-based compensation		7		
Consolidated tax benefit allocation		7		
Balance, December 31, 2014	7	\$ 3,594	\$ 57	\$ 1,934

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these financial statements.

**FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS**

<i>(In millions)</i>	For the Years Ended December 31,		
	2014	2013	2012
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net Income (loss)	\$ (244)	\$ 60	\$ 187
Adjustments to reconcile net income to net cash from operating activities-			
Provision for depreciation	319	306	272
Nuclear fuel amortization	220	209	210
Amortization of deferred costs on sale and leaseback transaction, net	48	48	48
Amortization of customer intangibles & deferred advertising costs	60	18	18
Deferred income taxes and investment tax credits, net	7	309	214
Investment impairments	33	79	14
Pension and OPEB mark-to-market adjustment	297	(81)	166
Pension trust contribution	—	—	(209)
Gain on investment securities held in trusts	(61)	(49)	(65)
Gain on asset sales	—	(20)	(17)
Commodity derivative transactions, net (Note 10)	65	5	(74)
Loss on debt redemptions	6	103	—
Make-whole premiums paid on debt redemptions	—	(31)	—
Lease payments on sale and leaseback transaction	(131)	(131)	(182)
Income from discontinued operations (Note 19)	(116)	(14)	(14)
Change in current assets and liabilities-			
Receivables	674	(393)	135
Materials and supplies	(44)	57	(13)
Prepayments and other current assets	14	(39)	(18)
Accounts payable	(477)	(145)	240
Accrued taxes	(50)	(207)	(64)
Accrued compensation and benefits	(11)	2	8
Cash collateral, net	(92)	(34)	(33)
Other	54	26	(2)
Net cash provided from operating activities	571	78	821
CASH FLOWS FROM FINANCING ACTIVITIES:			
New financing-			
Long-term debt	878	—	650
Short-term borrowings, net	—	431	3
Equity contribution from parent	500	1,500	—
Redemptions and repayments-			
Long-term debt	(816)	(1,202)	(429)
Short-term borrowings, net	(301)	—	—
Tender premiums paid on debt redemptions	—	(67)	—
Other	(15)	(9)	(12)
Net cash provided from financing activities	246	653	212

CASH FLOWS FROM INVESTING ACTIVITIES:

Property additions	(839)	(717)	(795)
Nuclear fuel	(233)	(250)	(286)
Proceeds from asset sales	307	21	17
Sales of investment securities held in trusts	1,163	940	1,464
Purchases of investment securities held in trusts	(1,219)	(1,000)	(1,502)
Loans to affiliated companies, net	—	276	107
Other	4	(2)	(42)
Net cash used for investing activities	<u>(817)</u>	<u>(732)</u>	<u>(1,037)</u>
Net change in cash and cash equivalents	—	(1)	(4)
Cash and cash equivalents at beginning of period	2	3	7
Cash and cash equivalents at end of period	<u>\$ 2</u>	<u>\$ 2</u>	<u>\$ 3</u>

SUPPLEMENTAL CASH FLOW INFORMATION:

Cash paid (received) during the year -

Interest (net of amounts capitalized)

Income taxes paid, net of refunds (received, net of payments)

\$ 118	\$ 157	\$ 174
<u>\$ (384)</u>	<u>\$ 23</u>	<u>\$ 72</u>

The accompanying Combined Notes to Consolidated Financial Statements are an integral part of these financial statements.

FIRSTENERGY CORP. AND SUBSIDIARIES
COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

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COMBINED NOTES TO CONSOLIDATED FINANCIAL STATEMENTS**1. ORGANIZATION AND BASIS OF PRESENTATION**

Unless otherwise indicated, defined terms and abbreviations used herein have the meanings set forth in the accompanying Glossary of Terms.

FirstEnergy Corp. was organized under the laws of the State of Ohio in 1996. FE's principal business is the holding, directly or indirectly, of all of the outstanding common stock of its principal subsidiaries: OE, CEI, TE, Penn (a wholly owned subsidiary of OE), JCP&L, ME, PN, FESC, FES and its principal subsidiaries (FG and NG), AE Supply, MP, PE, WP, FET and its principal subsidiaries (ATSI and TrAIL), and AESC. In addition, FE holds all of the outstanding common stock of other direct subsidiaries including: FirstEnergy Properties, Inc., FEV, FENOC, FELHC, Inc., GPU Nuclear, Inc., and AE Ventures, Inc.

FirstEnergy follows GAAP and complies with the related regulations, orders, policies and practices prescribed by the SEC, FERC, and, as applicable, the PUCO, the PPUC, the MDPSC, the NYPSC, the WVPSC, the VSCC and the NJBPU. The preparation of financial statements in conformity with GAAP requires management to make periodic estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and disclosure of contingent assets and liabilities. Actual results could differ from these estimates. The reported results of operations are not necessarily indicative of results of operations for any future period. FE and its subsidiaries have evaluated events and transactions for potential recognition or disclosure through the date the financial statements were issued.

FE and its subsidiaries consolidate all majority-owned subsidiaries over which they exercise control and, when applicable, entities for which they have a controlling financial interest. Intercompany transactions and balances are eliminated in consolidation unless certain regulatory restrictions and rules apply. FE and its subsidiaries consolidate a VIE when it is determined that it is the primary beneficiary (see Note 8, Variable Interest Entities). Investments in affiliates over which FE and its subsidiaries have the ability to exercise significant influence, but with respect to which they are not the primary beneficiary and do not exercise control, follow the equity method of accounting. Under the equity method, the interest in the entity is reported as an investment in the Consolidated Balance Sheets and the percentage share of the entity's earnings is reported in the Consolidated Statements of Income and Comprehensive Income. These Notes to the Consolidated Financial Statements are combined for FirstEnergy and FES.

For the years ended December 31, 2014, 2013 and 2012, capitalized financing costs on FirstEnergy's Consolidated Statements of Income include \$49 million, \$28 million and \$18 million, respectively, of allowance for equity funds used during construction and \$69 million, \$75 million and \$72 million, respectively, of capitalized interest.

Certain prior year amounts have been reclassified to conform to the current year presentation.

ACCOUNTING FOR THE EFFECTS OF REGULATION

FirstEnergy accounts for the effects of regulation through the application of regulatory accounting to the Utilities, AGC, ATSI, PATH and TrAIL since their rates are established by a third-party regulator with the authority to set rates that bind customers, are cost-based and can be charged to and collected from customers.

FirstEnergy records regulatory assets and liabilities that result from the regulated rate-making process that would not be recorded under GAAP for non-regulated entities. These assets and liabilities are amortized in the Consolidated Statements of Income concurrent with the recovery or refund through customer rates. FirstEnergy believes that it is probable that its regulatory assets and liabilities will be recovered and settled, respectively, through future rates. FirstEnergy and the Utilities net their regulatory assets and liabilities based on federal and state jurisdictions.

The following table provides information about the composition of net regulatory assets as of December 31, 2014 and December 31, 2013, and the changes during the year ended December 31, 2014:

Regulatory Assets by Source	December 31, 2014	December 31, 2013	Increase (Decrease)
	<i>(In millions)</i>		
Regulatory transition costs	\$ 240	\$ 266	\$ (26)
Customer receivables for future income taxes	370	518	(148)
Nuclear decommissioning and spent fuel disposal costs	(305)	(198)	(107)
Asset removal costs	(254)	(362)	108
Deferred transmission costs	90	112	(22)
Deferred generation costs	281	346	(65)
Deferred distribution costs	182	194	(12)
Contract valuations	153	260	(107)
Storm-related costs	465	455	10
Other	189	263	(74)
Net Regulatory Assets included in the Consolidated Balance Sheet	<u>\$ 1,411</u>	<u>\$ 1,854</u>	<u>\$ (443)</u>

Regulatory assets that do not earn a current return totaled approximately \$488 million and \$477 million as of December 31, 2014 and 2013, respectively, primarily related to storm damage costs of which approximately \$360 million relates to JCP&L for which the recovery period is subject to current rate and regulatory proceedings (see Note 14, Regulatory Matters).

As of December 31, 2014 and December 31, 2013, FirstEnergy had approximately \$243 million and \$440 million of net regulatory liabilities that are primarily related to asset removal costs and are classified within other noncurrent liabilities on the Consolidated Balance Sheets, as opposed to being included in the net regulatory assets shown above.

REVENUES AND RECEIVABLES

The Utilities' principal business is providing electric service to customers in Ohio, Pennsylvania, West Virginia, New Jersey and Maryland. FES' principal business is supplying electric power to end-use customers through retail and wholesale arrangements, including affiliated company power sales to meet a portion of the POLR and default service requirements of the Ohio and Pennsylvania Companies and competitive retail sales to customers primarily in Ohio, Pennsylvania, Illinois, Michigan, New Jersey and Maryland. Retail customers are metered on a cycle basis.

Electric revenues are recorded based on energy delivered through the end of the calendar month. An estimate of unbilled revenues is calculated to recognize electric service provided from the last meter reading through the end of the month. This estimate includes many factors, among which are historical customer usage, load profiles, estimated weather impacts, customer shopping activity and prices in effect for each class of customer. In each accounting period, FirstEnergy accrues the estimated unbilled amount as revenue and reverses the related prior period estimate.

Receivables from customers include retail electric sales and distribution deliveries to residential, commercial and industrial customers for the Utilities, and retail and wholesale sales to customers for FES. There was no material concentration of receivables as of December 31, 2014 and 2013 with respect to any particular segment of FirstEnergy's customers. Billed and unbilled customer receivables as of December 31, 2014 and 2013 are shown below.

Customer Receivables	FirstEnergy	FES
	<i>(In millions)</i>	
December 31, 2014		
Billed	\$ 914	\$ 239
Unbilled	640	176
Total	<u>\$ 1,554</u>	<u>\$ 415</u>
December 31, 2013		
Billed	\$ 1,010	\$ 301
Unbilled	710	238
Total	<u>\$ 1,720</u>	<u>\$ 539</u>

EARNINGS PER SHARE OF COMMON STOCK

Basic earnings per share of common stock are computed using the weighted average number of common shares outstanding during the relevant period as the denominator. The denominator for diluted earnings per share of common stock reflects the weighted average of common shares outstanding plus the potential additional common shares that could result if dilutive securities and other agreements to issue common stock were exercised. The following table reconciles basic and diluted earnings per share of common stock:

Reconciliation of Basic and Diluted Earnings per Share of Common Stock	2014	2013	2012
	<i>(In millions, except per share amounts)</i>		
Income from continuing operations	\$ 213	\$ 375	\$ 755
Less: Income attributable to noncontrolling interest	—	—	1
Income from continuing operations available to common shareholders	213	375	754
Discontinued operations (Note 19)	86	17	16
Earnings available to FirstEnergy Corp.	<u>\$ 299</u>	<u>\$ 392</u>	<u>\$ 770</u>
Weighted average number of basic shares outstanding	420	418	418
Assumed exercise of dilutive stock options and awards ⁽¹⁾	1	1	1
Weighted average number of diluted shares outstanding	<u>421</u>	<u>419</u>	<u>419</u>
Earnings per share:			
Basic earnings per share:			
Continuing operations	\$ 0.51	\$ 0.90	\$ 1.81
Discontinued operations (Note 19)	0.20	0.04	0.04
Earnings per basic share	<u>\$ 0.71</u>	<u>\$ 0.94</u>	<u>\$ 1.85</u>
Diluted earnings per share:			
Continuing operations	\$ 0.51	\$ 0.90	\$ 1.80
Discontinued operations (Note 19)	0.20	0.04	0.04
Earnings per diluted share	<u>\$ 0.71</u>	<u>\$ 0.94</u>	<u>\$ 1.84</u>

⁽¹⁾ For the years ended December 31, 2014 and 2013, approximately two million shares were excluded from the calculation of diluted shares outstanding, as their inclusion would be antidilutive. The number of potentially dilutive securities not included in the calculation of diluted shares outstanding due to their antidilutive effect was not significant for the year ending December 31, 2012.

PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment reflects original cost (net of any impairments recognized), including payroll and related costs such as taxes, employee benefits, administrative and general costs, and interest costs incurred to place the assets in service. The costs of normal maintenance, repairs and minor replacements are expensed as incurred. FirstEnergy recognizes liabilities for planned major maintenance projects as they are incurred. The cost of nuclear fuel (\$2 billion included in net plant) is capitalized within the CES segment's Property, plant and equipment and charged to fuel expense using the specific identification method. Net plant in service balances by segment as of December 31, 2014 and 2013 were as follows:

Property, Plant and Equipment	December 31, 2014			December 31, 2013		
	In Service	Accum. Depr.	Net Plant	In Service	Accum. Depr.	Net Plant
	<i>(In millions)</i>					
Regulated Distribution	\$ 23,973	\$ (6,759)	\$ 17,214	\$ 23,098	\$ (6,514)	\$ 16,584
Regulated Transmission	6,634	(1,595)	5,039	5,564	(1,511)	4,053
Competitive Energy Services ⁽¹⁾	16,442	(5,598)	10,844	15,206	(5,088)	10,118
Corporate/Other	435	(198)	237	360	(167)	193
Total	<u>\$ 47,484</u>	<u>\$ (14,150)</u>	<u>\$ 33,334</u>	<u>\$ 44,228</u>	<u>\$ (13,280)</u>	<u>\$ 30,948</u>

⁽¹⁾ Primarily consists of generating assets.

The major classes of property, plant and equipment are largely consistent with the segment disclosures above, with the exception of Regulated Distribution which has approximately \$2 billion of regulated generation net plant in service.

FirstEnergy provides for depreciation on a straight-line basis at various rates over the estimated lives of property included in plant in service. The respective annual composite rates for FirstEnergy's and FES' electric plant in 2014, 2013 and 2012 are shown in the following table:

	Annual Composite Depreciation Rate		
	2014	2013	2012
FirstEnergy	2.5%	2.6%	2.5%
FES	3.1%	3.1%	3.1%

Jointly Owned Plants

FE, through its subsidiary, AGC, owns an undivided 40% interest (1,200 MWs) in a 3,003 MW pumped storage, hydroelectric station in Bath County, Virginia, operated by the 60% owner, Virginia Electric and Power Company, a non-affiliated utility. Net Property, plant and equipment includes \$686 million representing AGC's share in this facility as of December 31, 2014. AGC is obligated to pay its share of the costs of this jointly-owned facility in the same proportion as its ownership interest using its own financing. AGC's share of direct expenses of the joint plant is included in FE's operating expenses on the Consolidated Statement of Income.

Asset Retirement Obligations

FE recognizes an ARO for the future decommissioning of its nuclear power plants and future remediation of other environmental liabilities associated with all of its long-lived assets. The ARO liability represents an estimate of the fair value of FE's current obligation related to nuclear decommissioning and the retirement or remediation of environmental liabilities of other assets. A fair value measurement inherently involves uncertainty in the amount and timing of settlement of the liability. FE uses an expected cash flow approach to measure the fair value of the nuclear decommissioning and environmental remediation ARO. This approach applies probability weighting to discounted future cash flow scenarios that reflect a range of possible outcomes. The scenarios consider settlement of the ARO at the expiration of the nuclear power plant's current license, settlement based on an extended license term and expected remediation dates. The fair value of an ARO is recognized in the period in which it is incurred. The associated asset retirement costs are capitalized as part of the carrying value of the long-lived asset and are depreciated over the life of the related asset.

Conditional retirement obligations associated with tangible long-lived assets are recognized at fair value in the period in which they are incurred if a reasonable estimate can be made, even though there may be uncertainty about timing or method of settlement. When settlement is conditional on a future event occurring, it is reflected in the measurement of the liability, not the timing of the liability recognition.

AROs as of December 31, 2014, are described further in Note 13, Asset Retirement Obligations.

ASSET IMPAIRMENTS

Long-lived Assets

FirstEnergy reviews long-lived assets, including regulatory assets, for impairment whenever events or changes in circumstances indicate that the carrying value of such assets may not be recoverable. The recoverability of a long-lived asset is measured by comparing its carrying value to the sum of undiscounted future cash flows expected to result from the use and eventual disposition of the asset. If the carrying value is greater than the undiscounted cash flows, an impairment exists and a loss is recognized for the amount by which the carrying value of the long-lived asset exceeds its estimated fair value. FirstEnergy utilizes the income approach, based upon discounted cash flows to estimate fair value.

On October 9, 2013, MP sold its approximate 8% share of Pleasants at its fair market value of \$73 million to AE Supply, and AE Supply sold its approximate 80% share of Harrison to MP at its book value of \$1.2 billion. The transaction resulted in AE Supply receiving net consideration of \$1.1 billion and MP's assumption of a \$73.5 million pollution control note. In connection with the closing, in the fourth quarter of 2013, MP recorded a pre-tax impairment charge of approximately \$322 million to reduce the net book value of the Harrison Power Station to the amount that was permitted to be included in jurisdictional rate base. Additionally, MP recognized a regulatory liability of approximately \$23 million in the fourth quarter of 2013 representing refunds to customers associated with the excess purchase price received by MP above the net book value of MP's minority interest in the Pleasants Power Station. The impairment charge is included within the results of the Regulated Distribution segment.

On July 8, 2013, officers of FirstEnergy and AE Supply committed to deactivating the Hatfield's Ferry, generating Units 1-3, and Mitchell, generating units 2-3. As a result of this decision, in the second quarter of 2013, FirstEnergy recorded a pre-tax impairment of approximately \$473 million to continuing operations, which also includes pre-tax impairments of \$13 million related to excessive inventory at these facilities. The impairment charge is included within the results of the CES segment. On October 9, 2013, Hatfield's Ferry Units 1-3 and Mitchell Units 2-3 were deactivated.

Goodwill

In a business combination, the excess of the purchase price over the estimated fair values of the assets acquired and liabilities assumed is recognized as goodwill. FirstEnergy evaluates goodwill for impairment annually on July 31 and more frequently if indicators of impairment arise.

FirstEnergy's reporting units are consistent with its reportable segments and consist of Regulated Distribution, Regulated Transmission, and CES. The following table presents goodwill by reporting unit:

<u>Goodwill</u>	<u>Regulated Distribution</u>	<u>Regulated Transmission</u>	<u>Competitive Energy Services</u>	<u>Consolidated</u>
	<i>(In millions)</i>			
Balance as of December 31, 2014	\$ 5,092	\$ 526	\$ 800	\$ 6,418

There were no changes in goodwill for any reporting unit during 2014. As of December 31, 2014 and 2013, total goodwill recognized by FES was \$23 million. Neither FirstEnergy nor FES has accumulated impairment charges as of December 31, 2014.

Annual impairment testing is conducted as of July 31 of each year and for 2014, 2013 and 2012, the analysis indicated no impairment of goodwill. FirstEnergy performed a quantitative assessment for the Regulated Distribution, Regulated Transmission and CES reporting units as of July 31, 2014. The fair values for each of the reporting units were calculated using a discounted cash flow analysis and indicated no impairment of goodwill.

The fair value of the CES reporting unit exceeded its carrying value by approximately 10%, impacted by near term weak economic conditions and low energy and capacity prices. Key assumptions incorporated into the CES discounted cash flow analysis requiring significant management judgment included: discount rates, future energy and capacity pricing, projected operating income, capital expenditures, including the impact of pending carbon pollution and other environmental regulation, and terminal multiples. The July 31, 2014 assessment for this reporting unit included a discount rate of 8.5% and a terminal multiple of 7.0x earnings before, interest, taxes, depreciation, and amortization. Continued weak economic conditions, lower than forecasted power and capacity prices, and revised environmental requirements could have a negative impact on future goodwill assessments.

Key assumptions incorporated in the Regulated Distribution and Regulated Transmission discounted cash flow analysis requiring significant management judgment included: discount rates, growth rates, projected operating income, changes in working capital, projected capital expenditures, projected funding of pension plans, expected results of future rate proceedings, and terminal multiples.

Investments

At the end of each reporting period, FirstEnergy evaluates its investments for OTTI. Investments classified as AFS securities are evaluated to determine whether a decline in fair value below the cost basis is other than temporary. FirstEnergy first

considers its intent and ability to hold an equity security until recovery and then considers, among other factors, the duration and the extent to which the security's fair value has been less than its cost and the near-term financial prospects of the security issuer when evaluating an investment for impairment. For debt securities, FirstEnergy considers its intent to hold the securities, the likelihood that it will be required to sell the securities before recovery of its cost basis and the likelihood of recovery of the securities' entire amortized cost basis. If the decline in fair value is determined to be other than temporary, the cost basis of the securities is written down to fair value.

Unrealized gains and losses on AFS securities are recognized in AOCI. However, unrealized losses held in the NDTs of FES, OE and TE are recognized in earnings since the trust arrangements, as they are currently defined, do not meet the required ability and

intent to hold criteria in consideration of OTTI. In 2014, 2013 and 2012, FirstEnergy recognized \$37 million, \$90 million and \$16 million, respectively, of OTTI. During the same periods, FES recognized OTTI of \$33 million, \$79 million and \$14 million, respectively. The fair values of FirstEnergy's investments are disclosed in Note 9, Fair Value Measurements.

INVENTORY

Materials and supplies inventory includes fuel inventory and the distribution, transmission and generation plant materials, net of reserve for excess and obsolete inventory. Materials are generally charged to inventory at weighted average cost when purchased and expensed or capitalized, as appropriate, when used or installed. Fuel inventory is accounted for at weighted average cost when purchased, and recorded to fuel expense when consumed.

NEW ACCOUNTING PRONOUNCEMENTS

In May 2014, the FASB issued Revenue from Contracts with Customers, requiring entities to recognize revenue by applying a five-step model in accordance with the core principle to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. In addition, the accounting for costs to obtain or fulfill a contract with a customer is specified and disclosure requirements for revenue recognition are expanded. This standard is effective for fiscal years beginning after December 15, 2016, with no early adoption permitted, and shall be applied retrospectively to each period presented or as a cumulative-effect adjustment as of the date of adoption. FirstEnergy is currently evaluating the impact on its financial statements of adopting this standard.

2. ACCUMULATED OTHER COMPREHENSIVE INCOME

The changes in AOCI, net of tax, for the years ended December 31, 2014, 2013 and 2012 for FirstEnergy and FES are shown in the following tables:

FirstEnergy

	Gains & Losses on Cash Flow Hedges	Unrealized Gains on AFS Securities	Defined Benefit Pension & OPEB Plans	Total
	<i>(In millions)</i>			
AOCI Balance, January 1, 2012	\$ (39)	\$ 19	\$ 446	\$ 426
Other comprehensive income before reclassifications ⁽¹⁾	—	41	79	120
Amounts reclassified from AOCI	1	(45)	(117)	(161)
Net other comprehensive income (loss)	1	(4)	(38)	(41)
AOCI Balance, December 31, 2012	\$ (38)	\$ 15	\$ 408	\$ 385
Other comprehensive income before reclassifications ⁽²⁾	—	29	23	52
Amounts reclassified from AOCI	2	(35)	(120)	(153)
Net other comprehensive income (loss)	2	(6)	(97)	(101)
AOCI Balance, December 31, 2013	\$ (36)	\$ 9	\$ 311	\$ 284
	—	55	50	105

Other comprehensive
income before
reclassifications ⁽³⁾

Amounts reclassified from
AOCI

	(1)	(39)	(103)	(143)
Net other comprehensive income (loss)	(1)	16	(53)	(38)
AOCI Balance, December 31, 2014	\$ (37)	\$ 25	\$ 258	\$ 246

⁽¹⁾ Unrealized Gains on AFS Securities and Defined Benefits Pension & OPEB plans are net of tax of \$25 million and \$(3 million), respectively.

⁽²⁾ Unrealized Gains on AFS Securities and Defined Benefits Pension & OPEB plans are net of tax of \$17 million and \$12 million, respectively.

⁽³⁾ Unrealized Gains on AFS Securities and Defined Benefits Pension & OPEB plans are net of tax of \$34 million and \$42 million, respectively.

FES

	Gains & Losses on Cash Flow Hedges	Unrealized Gains on AFS Securities	Defined Benefit Pension & OPEB Plans	Total
	<i>(In millions)</i>			
AOCI Balance, January 1, 2012	\$ 8	\$ 16	\$ 52	\$ 76
Other comprehensive income before reclassifications ⁽¹⁾	—	38	16	54
Amounts reclassified from AOCI	(5)	(41)	(12)	(58)
Net other comprehensive income (loss)	(5)	(3)	4	(4)
AOCI Balance, December 31, 2012	\$ 3	\$ 13	\$ 56	\$ 72
Other comprehensive income before reclassifications ⁽²⁾	—	26	3	29
Amounts reclassified from AOCI	(4)	(31)	(12)	(47)
Net other comprehensive income (loss)	(4)	(5)	(9)	(18)
AOCI Balance, December 31, 2013	\$ (1)	\$ 8	\$ 47	\$ 54
Other comprehensive income before reclassifications ⁽³⁾	—	50	8	58
Amounts reclassified from AOCI	(6)	(37)	(12)	(55)
Net other comprehensive loss	(6)	13	(4)	3
AOCI Balance, December 31, 2014	\$ (7)	\$ 21	\$ 43	\$ 57

⁽¹⁾ Gains & Losses on Cash Flow Hedges, Unrealized Gains on AFS Securities and Defined Benefits Pension & OPEB plans are net of tax of \$1 million, \$22 million and \$9 million, respectively.

⁽²⁾ Unrealized Gains on AFS Securities and Defined Benefits Pension & OPEB plans are net of tax of \$15 million and \$2 million, respectively.

⁽³⁾ Unrealized Gains on AFS Securities and Defined Benefits Pension & OPEB plans are net of tax of \$30 million and \$5 million, respectively.

The following amounts were reclassified from AOCI in the years ended December 31, 2014, 2013 and 2012 for FirstEnergy and FES are shown in the following tables:

FirstEnergy Reclassifications from AOCI ⁽²⁾	Year Ended December 31			Affected Line Item in Consolidated Statements of Income
	2014	2013	2012	
	<i>(In millions)</i>			
Gains & losses on cash flow hedges				
Commodity contracts	\$ (10)	\$ (8)	\$ (9)	Other operating expenses
Long-term debt	8	11	10	Interest expense
	(2)	3	1	Total before taxes
	1	(1)	—	Income taxes (benefits)
	\$ (1)	\$ 2	\$ 1	Net of tax
Unrealized gains on AFS securities				
Realized gains on sales of securities	\$ (63)	\$ (56)	\$ (72)	Investment income
	24	21	27	Income taxes (benefits)
	\$ (39)	\$ (35)	\$ (45)	Net of tax
Defined benefit pension and OPEB plans				
Prior-service costs	\$ (168)	\$ (195)	\$ (191) ⁽¹⁾	
	65	75	74	Income taxes (benefits)
	\$ (103)	\$ (120)	\$ (117)	Net of tax

⁽¹⁾ These AOCI components are included in the computation of net periodic pension cost. See Note 3, Pension and Other Postemployment Benefits for additional details.

⁽²⁾ Parenthesis represent credits to the Consolidated Statements of Income from AOCI.

FES Reclassifications from AOCI ⁽²⁾	Year Ended December 31			Affected Line Item in Consolidated Statements of Income
	2014	2013	2012	
	<i>(In millions)</i>			
Gains & losses on cash flow hedges				
Commodity contracts	\$ (10)	\$ (8)	\$ (9)	Other operating expenses
Long-term debt	—	2	—	Interest expense - other
	(10)	(6)	(9)	Total before taxes
	4	2	4	Income taxes (benefits)
	\$ (6)	\$ (4)	\$ (5)	Net of tax
Unrealized gains on AFS securities				
Realized gains on sales of securities	\$ (59)	\$ (49)	\$ (65)	Investment income
	22	18	24	Income taxes (benefits)
	\$ (37)	\$ (31)	\$ (41)	Net of tax
Defined benefit pension and OPEB plans				
Prior-service costs	\$ (19)	\$ (20)	\$ (20) ⁽¹⁾	
	7	8	8	Income taxes (benefits)
	\$ (12)	\$ (12)	\$ (12)	Net of tax

⁽¹⁾ These AOCI components are included in the computation of net periodic pension cost. See Note 3, Pension and Other Postemployment Benefits for additional details.

⁽²⁾ Parenthesis represent credits to the Consolidated Statements of Income from AOCI.

3. PENSION AND OTHER POSTEMPLOYMENT BENEFITS

FirstEnergy provides noncontributory qualified defined benefit pension plans that cover substantially all of its employees and non-qualified pension plans that cover certain employees. The plans provide defined benefits based on years of service and compensation levels. In addition, FirstEnergy provides a minimum amount of noncontributory life insurance to retired employees in addition to optional contributory insurance. Health care benefits, which include certain employee contributions, deductibles and co-payments, are also available upon retirement to certain employees, their dependents and, under certain circumstances, their survivors. FirstEnergy recognizes the expected cost of providing pension and OPEB to employees and their beneficiaries and covered dependents from the time employees are hired until they become eligible to receive those benefits. FirstEnergy also has obligations to former or inactive employees after employment, but before retirement, for disability-related benefits. On August 25, 2014, the qualified pension plan was amended authorizing a voluntary cashout window program for certain eligible terminated participants with vested benefits. Eligible terminated participants were able to elect an immediate lump sum cash payment of their vested benefits. Additionally, annuity options were offered and could be elected instead of the lump sum cash payment. The election period was September 15, 2014 to October 31, 2014. Payment of benefits for participants that elected an immediate lump sum cash payment or an annuity commenced on December 1, 2014 which resulted in a \$40 million reduction to the underfunded status of the pension plan. Additionally, during 2014, certain unions ratified their labor agreements that ended subsidized retiree health care resulting in a reduction to the OPEB benefit obligation by approximately \$97 million.

FirstEnergy recognizes as a pension and OPEB mark-to-market adjustment the change in the fair value of plan assets and net actuarial gains and losses annually in the fourth quarter of each fiscal year and whenever a plan is determined to qualify for a remeasurement. The remaining components of pension and OPEB expense, primarily service costs, interest on obligations, assumed return on assets and prior service costs, are recorded on a monthly basis. The pension and OPEB mark-to-market adjustment for the years ended December 31, 2014, 2013, and 2012 were \$1,243 million (\$835 million net of amounts capitalized), \$(396) million (\$(256) million net of amounts capitalized), and \$875 million (\$609 million net of amounts capitalized), respectively. In 2014, the pension and OPEB mark-to-market adjustment primarily reflects a 75 basis point decline in the discount rate, revisions to mortality assumptions extending the expected life in key demographics as further described below, lower than expected asset returns, and changes in other demographic assumptions.

FirstEnergy's pension and OPEB funding policy is based on actuarial computations using the projected unit credit method. During the year ended December 31, 2014, FirstEnergy did not make any contributions to its qualified pension plan. FirstEnergy expects to contribute \$143 million to its qualified pension plan in 2015. Pension and OPEB costs are affected by employee demographics (including age, compensation levels and employment periods), the level of contributions made to the plans and earnings on plan assets. Pension and OPEB costs may also be affected by changes in key assumptions, including anticipated rates of return on plan assets, the discount rates and health care trend rates used in determining the projected benefit obligations for pension and OPEB costs. FirstEnergy uses a December 31 measurement date for its pension and OPEB plans. The fair value of the plan assets represents the actual market value as of the measurement date.

FirstEnergy's assumed rate of return on pension plan assets considers historical market returns and economic forecasts for the types of investments held by the pension trusts. In 2014, FirstEnergy's qualified pension and OPEB plan assets earned \$387 million or 6.2% compared to losses of \$(22) million, or (0.3)% in 2013 and assumed a 7.75% rate of return for both years on plan assets which generated \$496 million and \$535 million of expected returns on plan assets, respectively. The expected return on pension and OPEB assets is based on the trusts' asset allocation targets and the historical performance of risk-based and fixed income securities. The gains or losses generated as a result of the difference between expected and actual returns on plan assets will increase or decrease future net periodic pension and OPEB cost as the difference is recognized annually in the fourth quarter of each fiscal year or whenever a plan is determined to qualify for remeasurement.

During 2014, the Society of Actuaries published new mortality tables and improvement scales reflecting improved life expectancies and an expectation that the trend will continue. An analysis of FirstEnergy pension and OPEB plan mortality data indicated the use of the RP2000 mortality table with projection scale BB2D was most appropriate. As such, the RP2000 mortality table with projection scale BB2D was utilized to determine the 2014 benefit cost and obligation as of December 31, 2014 for the FirstEnergy pension and OPEB plans. The impact of using the RP2000 mortality table with projection scale BB2D resulted in an increase in the projected benefit obligation of \$373 million and \$21 million for the pension and OPEB plans, respectively, and was included in the 2014 pension and OPEB mark-to-market adjustment.

Obligations and Funded Status	Pension		OPEB	
	2014	2013	2014	2013
	(In millions)			
Change in benefit obligation:				
Benefit obligation as of January 1	\$ 8,263	\$ 8,975	\$ 879	\$ 1,076
Service cost	167	197	9	13
Interest cost	402	372	39	37
Plan participants' contributions	—	—	16	15
Plan amendments	5	2	(97)	(37)
Medicare retiree drug subsidy	—	—	—	5
Actuarial (gain) loss	1,123	(846)	13	(107)
Benefits paid	(711)	(437)	(102)	(123)
Benefit obligation as of December 31	<u>\$ 9,249</u>	<u>\$ 8,263</u>	<u>\$ 757</u>	<u>\$ 879</u>
Change in fair value of plan assets:				
Fair value of plan assets as of January 1	\$ 6,171	\$ 6,671	\$ 495	\$ 508
Actual return on plan assets	349	(77)	38	56
Company contributions	15	14	17	39
Plan participants' contributions	—	—	16	15
Benefits paid	(711)	(437)	(102)	(123)
Fair value of plan assets as of December 31	<u>\$ 5,824</u>	<u>\$ 6,171</u>	<u>\$ 464</u>	<u>\$ 495</u>
Funded Status:				
Qualified plan	\$ (3,064)	\$ (1,782)		
Non-qualified plans	(361)	(310)		
Funded Status	<u>\$ (3,425)</u>	<u>\$ (2,092)</u>	<u>\$ (293)</u>	<u>\$ (384)</u>
Accumulated benefit obligation	<u>\$ 8,744</u>	<u>\$ 7,800</u>	<u>\$ —</u>	<u>\$ —</u>
Amounts Recognized on the Balance Sheet:				
Current liabilities	\$ (17)	\$ (15)	\$ —	\$ —
Noncurrent liabilities	(3,408)	(2,077)	(293)	(384)
Net liability as of December 31	<u>\$ (3,425)</u>	<u>\$ (2,092)</u>	<u>\$ (293)</u>	<u>\$ (384)</u>
Amounts Recognized in AOCI:				
Prior service cost (credit)	<u>\$ 45</u>	<u>\$ 48</u>	<u>\$ (479)</u>	<u>\$ (558)</u>
Assumptions Used to Determine Benefit Obligations (as of December 31)				
Discount rate	4.25%	5.00%	4.00%	4.75%
Rate of compensation increase	4.20%	4.20%	N/A	N/A
Assumed Health Care Cost Trend Rates (as of December 31)				

Health care cost trend rate assumed (pre/post-Medicare)	N/A	N/A	7.0-7.5%	7.25-7.75%
Rate to which the cost trend rate is assumed to decline (the ultimate trend rate)	N/A	N/A	4.5%	5%
Year that the rate reaches the ultimate trend rate (pre/post-Medicare)	N/A	N/A	2026	2020

Allocation of Plan Assets (as of December 31)

Equity securities	36%	18%	49%	47%
Bonds	33%	40%	40%	40%
Absolute return strategies	14%	23%	1%	3%
Real estate	7%	6%	1%	1%
Derivatives	1%	—%	—%	—%
Cash and short-term securities	9%	13%	9%	9%
Total	100%	100%	100%	100%

The estimated 2015 amortization of pension and OPEB prior service costs (credits) from AOCI into net periodic pension and OPEB costs (credits) is approximately \$9 million and \$(134) million, respectively.

Components of Net Periodic Benefit Costs	Pension			OPEB		
	2014	2013	2012	2014	2013	2012
	<i>(In millions)</i>					
Service cost	\$ 167	\$ 197	\$ 161	\$ 9	\$ 13	\$ 12
Interest cost	402	372	389	39	37	47
Expected return on plan assets	(462)	(501)	(486)	(34)	(34)	(37)
Amortization of prior service cost (credit)	8	12	12	(176)	(207)	(203)
Pension & OPEB mark-to-market adjustment	1,235	(267)	735	8	(129)	140
Net periodic cost	<u>\$ 1,350</u>	<u>\$ (187)</u>	<u>\$ 811</u>	<u>\$ (154)</u>	<u>\$ (320)</u>	<u>\$ (41)</u>

Assumptions Used to Determine Net Periodic Benefit Cost for Years Ended December 31	Pension			OPEB		
	2014	2013	2012	2014	2013	2012
Weighted-average discount rate	5.00%	4.25%	5.00%	4.75%	4.00%	4.75%
Expected long-term return on plan assets	7.75%	7.75%	7.75%	7.75%	7.75%	7.75%
Rate of compensation increase	4.20%	4.70%	5.20%	N/A	N/A	N/A

In selecting an assumed discount rate, FirstEnergy considers currently available rates of return on high-quality fixed income investments expected to be available during the period to maturity of the pension and OPEB obligations. The assumed rates of return on plan assets consider historical market returns and economic forecasts for the types of investments held by FirstEnergy's pension trusts. The long-term rate of return is developed considering the portfolio's asset allocation strategy.

The following tables set forth pension financial assets that are accounted for at fair value by level within the fair value hierarchy. See Note 9, Fair Value Measurements, for a description of each level of the fair value hierarchy. There were no significant transfers between levels during 2014 and 2013.

	December 31, 2014				Asset Allocation
	Level 1	Level 2	Level 3	Total	
	<i>(In millions)</i>				
Cash and short-term securities	\$ —	\$ 517	\$ —	\$ 517	9%
Equity investments					
Domestic	1,266	8	—	1,274	22%
International	355	414	—	769	14%
Fixed income					
Government bonds	—	159	—	159	3%
Corporate bonds	—	1,386	—	1,386	24%
High yield debt	—	300	—	300	5%
Mortgage-backed securities (non-government)	—	37	—	37	1%
Alternatives					
Hedge funds (Absolute return)	—	809	—	809	14%
Derivatives	—	35	—	35	1%
Private equity funds	—	—	25	25	—%
Real estate funds	—	—	421	421	7%
Total ⁽¹⁾	<u>\$ 1,621</u>	<u>\$ 3,665</u>	<u>\$ 446</u>	<u>\$ 5,732</u>	<u>100%</u>

⁽¹⁾ Excludes \$92 million as of December 31, 2014 of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

	December 31, 2013				Asset Allocation
	Level 1	Level 2	Level 3	Total	
	<i>(In millions)</i>				
Cash and short-term securities	\$ —	\$ 782	\$ —	\$ 782	13%
Equity investments					
Domestic	701	3	—	704	11%
International	304	118	—	422	7%
Fixed income					
Government bonds	—	314	—	314	5%
Corporate bonds	—	2,128	—	2,128	34%
Mortgage-backed securities (non-government)	—	87	—	87	1%
Alternatives					
Hedge funds (Absolute return)	—	1,395	—	1,395	23%
Derivatives	—	14	—	14	—%
Private equity funds	—	—	27	27	—%
Real estate funds	—	—	385	385	6%
Total ⁽¹⁾	\$ 1,005	\$ 4,841	\$ 412	\$ 6,258	100%

⁽¹⁾ Excludes \$(87) million as of December 31, 2013 of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

The following table provides a reconciliation of changes in the fair value of pension investments classified as Level 3 in the fair value hierarchy during 2014 and 2013:

	Private Equity Funds	Real Estate Funds
	<i>(In millions)</i>	
Balance as of January 1, 2013	\$ 33	\$ 357
Actual return on plan assets:		
Unrealized gains	1	17
Realized gains	5	13
Transfers out	(12)	(2)
Balance as of December 31, 2013	\$ 27	\$ 385
Actual return on plan assets:		
Unrealized gains (losses)	(2)	17
Realized gains	1	14
Transfers in (out)	(1)	5
Balance as of December 31, 2014	\$ 25	\$ 421

As of December 31, 2014 and 2013, the OPEB trust investments measured at fair value were as follows:

	December 31, 2014				Asset Allocation
	Level 1	Level 2	Level 3	Total	
	(In millions)				
Cash and short-term securities	\$ —	\$ 41	\$ —	\$ 41	9%
Equity investment					
Domestic	230	—	—	230	48%
International	3	3	—	6	1%
Fixed income					
U.S. treasuries	—	41	—	41	9%
Government bonds	—	110	—	110	23%
Corporate bonds	—	32	—	32	7%
High yield debt	—	2	—	2	—%
Mortgage-backed securities (non-government)	—	3	—	3	1%
Alternatives					
Hedge funds	—	5	—	5	1%
Real estate funds	—	—	3	3	1%
Total ⁽¹⁾	\$ 233	\$ 237	\$ 3	\$ 473	100%

⁽¹⁾ Excludes \$(9) million as of December 31, 2014 of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

	December 31, 2013				Asset Allocation
	Level 1	Level 2	Level 3	Total	
	(In millions)				
Cash and short-term securities	\$ —	\$ 47	\$ —	\$ 47	9%
Equity investment					
Domestic	227	—	—	227	45%
International	4	2	—	6	1%
Mutual funds	5	—	—	5	1%
Fixed income					
U.S. treasuries	—	44	—	44	9%
Government bonds	—	91	—	91	18%
Corporate bonds	—	59	—	59	12%
Mortgage-backed securities (non-government)	—	3	—	3	1%
Alternatives					
Hedge funds	—	17	—	17	3%
Real estate funds	—	—	5	5	1%
Total ⁽¹⁾	\$ 236	\$ 263	\$ 5	\$ 504	100%

⁽¹⁾ Excludes \$(9) million as of December 31, 2013, of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

The following table provides a reconciliation of changes in the fair value of OPEB trust investments classified as Level 3 in the fair value hierarchy during 2014 and 2013:

	Real Estate Funds
Balance as of January 1, 2013	\$ 5
Balance as of December 31, 2013	5
Transfers out	(2)
Balance as of December 31, 2014	\$ 3

FirstEnergy follows a total return investment approach using a mix of equities, fixed income and other available investments while taking into account the pension plan liabilities to optimize the long-term return on plan assets for a prudent level of risk. Risk tolerance is established through careful consideration of plan liabilities, plan funded status and corporate financial condition. The investment portfolio contains a diversified blend of equity and fixed-income investments. Equity investments are diversified across U.S. and non-U.S. stocks, as well as growth, value, and small and large capitalization funds. Other assets such as real estate and private equity are used to enhance long-term returns while improving portfolio diversification. Derivatives may be used to gain market exposure in an efficient and timely manner; however, derivatives are not used to leverage the portfolio beyond the market value of the underlying investments. Investment risk is measured and monitored on a continuing basis through periodic investment portfolio reviews, annual liability measurements and periodic asset/liability studies.

FirstEnergy's target asset allocations for its pension and OPEB trust portfolios for 2014 and 2013 are shown in the following table:

	Target Asset Allocations	
	2014	2013
Equities	42%	26%
Fixed income	32%	40%
Absolute return strategies	14%	22%
Real estate	5%	5%
Alternative investments	1%	1%
Cash	6%	6%
	100%	100%

Assumed health care cost trend rates have a significant effect on the amounts reported for the health care plans. A one-percentage-point change in assumed health care cost trend rates would have the following effects:

	1-Percentage-Point Increase	1-Percentage-Point Decrease
	<i>(in millions)</i>	
Effect on total of service and interest cost	\$ 2	\$ (1)
Effect on accumulated benefit obligation	\$ 23	\$ (22)

Taking into account estimated employee future service, FirstEnergy expects to make the following benefit payments from plan assets and other payments, net of participant contributions:

	OPEB		
	Pension	Benefit Payments	Subsidy Receipts
	<i>(in millions)</i>		
2015	\$ 467	\$ 59	\$ (3)
2016	476	59	(3)
2017	491	58	(3)

2018	513	56	(3)
2019	529	55	(3)
Years 2020-2024	2,887	260	(10)

FES' share of the pension and OPEB net (liability) asset as of December 31, 2014 and 2013, was as follows:

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	Pension		OPEB	
	2014	2013	2014	2013
	<i>(In millions)</i>			
Net (Liability) Asset	\$ (295)	\$ (149)	\$ 10	\$ (8)

FES' share of the net periodic pension and OPEB costs (credits) for the three years ended December 31, 2014 was as follows:

	Pension			OPEB		
	2014	2013	2012	2014	2013	2012
	<i>(In millions)</i>					
Net Periodic Costs (Credits)	\$ 150	\$ (30)	\$ 78	\$ (24)	\$ (40)	\$ (11)

4. STOCK-BASED COMPENSATION PLANS

FirstEnergy has four stock-based compensation plans - ICP, 401(k) Savings Plan, EDCP and DCPD, as described further below.

ICP

The ICP includes four forms of stock-based compensation — restricted stock, restricted stock units, stock options and performance shares.

Under the ICP, total issuances cannot exceed 29 million shares of common stock or their equivalent. Stock options, restricted stock and restricted stock units are typically designated to pay out in common stock and performance shares are typically designated to pay out in cash, although the form of payout for restricted stock units and for performance shares granted prior to 2013 can vary if the recipient elects to defer the award. Vesting periods range from one to ten years with majority of awards having a vesting period of three years. As of December 31, 2014, approximately 1.3 million shares were available for future grants assuming maximum performance metrics are achieved for the 2013-2015 and 2014-2016 cycles of restricted stock units (or approximately 2.6 million shares available assuming performance at target) plus any shares that become available again under the ICP due to cancellations, forfeitures, cash settlements or other similar circumstances with respect to outstanding awards. Beginning in December 2013, shares used under the ICP are issued from authorized but unissued common stock.

FirstEnergy records the compensation costs for stock-based compensation awards over the vesting period based on the fair value on the grant date, less estimated forfeitures. FirstEnergy records the actual tax benefit realized from tax deductions when awards are exercised or distributed. Realized tax benefits during the years ended December 31, 2014, 2013 and 2012 were \$13 million, \$13 million and \$22 million, respectively. The excess of the deductible amount over the recognized compensation cost is recorded as a component of stockholders' equity and reported as a financing activity on the Consolidated Statements of Cash Flows.

Restricted Stock and Restricted Stock Units

Restricted common stock (restricted stock) and restricted stock units (stock units) activity for the year ended December 31, 2014, was as follows:

Outstanding as of January 1, 2014	2,216,609
Granted	1,171,318
Vested ⁽¹⁾	(872,574)
Forfeited	(103,549)
Outstanding as of December 31, 2014	<u>2,411,804</u>

⁽¹⁾ Excludes dividend equivalents of 148,982 earned during vesting period

The 1,171,318 shares of restricted stock and stock units granted during the year ended December 31, 2014, includes 259,812 stock units related to previous grants due to above target performance.

Eligible employees receive awards of FE restricted stock or stock units subject to restrictions that lapse over a defined period of time or upon achieving performance results. Dividends are received on the restricted stock and are reinvested in additional shares. Restricted stock grants under the ICP were as follows:

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	2014	2013	2012
Restricted stock granted	20,000	27,561	263,771
Weighted average market price	\$ 32.71	\$ 42.53	\$ 44.82
Weighted average vesting period (years)	2.29	3.68	3.09
Dividends restricted	Yes	Yes	Yes

Vesting activity for restricted stock during 2014 was as follows:

Restricted Stock	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested as of January 1, 2014	417,464	\$ 45.46
Nonvested as of December 31, 2014	342,286	\$ 45.29
Granted in 2014	20,000	\$ 32.71
Forfeited in 2014	1,743	\$ 33.56
Vested in 2014 ⁽¹⁾	93,435	\$ 37.30

⁽¹⁾ Excludes 16,480 shares for dividends earned during vesting period

FirstEnergy grants two types of stock unit awards: discretionary-based and performance-based. The discretionary-based awards grant the right to receive, at the end of the period of restriction, a number of shares of common stock equal to the number of stock units set forth in each agreement. Performance-based awards grant the right to receive, at the end of the period of restriction, a number of shares of common stock equal to the number of stock units set forth in the agreement subject to adjustment based on FirstEnergy's performance relative to financial and operational performance targets.

	2014	2013	2012
Restricted stock units granted	1,151,318	924,576	652,120
Weighted average vesting period (years)	3.00	3.00	3.00

Vesting activity for stock units during 2014 was as follows:

Restricted Stock Units	Number of Shares	Weighted Average Grant-Date Fair Value
Nonvested as of January 1, 2014	1,799,145	\$ 40.86
Nonvested as of December 31, 2014	2,069,518	\$ 37.65
Granted in 2014	1,151,318	\$ 32.17
Forfeited in 2014	101,806	\$ 38.70
Vested in 2014 ⁽¹⁾	779,139	\$ 30.67

⁽¹⁾ Excludes dividend equivalents of 132,502 earned during vesting period

As of December 31, 2014, there was \$31 million of total unrecognized compensation cost related to non-vested share-based compensation arrangements granted for restricted stock and restricted stock units; that cost is expected to be recognized over a period of approximately 2 years.

Stock Options

Stock options were granted to eligible employees allowing them to purchase a specified number of common shares at a fixed grant price over a defined period of time. Stock option activity during 2014 was as follows:

Stock Option Activity	Number of Shares	Weighted Average Exercise Price
Balance, January 1, 2014 (1,997,969 options exercisable)	2,359,126	\$ 42.59
Options exercised	(50,007)	21.58
Options forfeited	(869,974)	40.07
Balance, December 31, 2014 (1,077,988 options exercisable)	<u>1,439,145</u>	<u>\$ 44.83</u>

Cash received from the exercise of stock options in 2014, 2013 and 2012 was \$1 million, \$19 million and \$50 million, respectively. The total intrinsic value of options exercised during 2014 was \$1 million. Options outstanding and range of exercise prices as of December 31, 2014, were as follows:

Options Outstanding			
Range of Exercise Prices	Shares	Weighted Average Exercise Price	Remaining Contractual Life (in years)
\$28.42-\$37.74	491,245	\$ 35.23	3.98
\$37.75-\$53.08	667,458	\$ 37.87	5.79
\$53.09-\$81.19	280,442	\$ 78.23	2.90
Total	<u>1,439,145</u>	<u>\$ 44.83</u>	<u>4.61</u>

The aggregate intrinsic value of stock options outstanding as of December 31, 2014 was \$3 million.

Performance Shares

Performance shares are share equivalents and do not have voting rights. The performance shares track the performance of FE's common stock over a three-year vesting period. During that time, dividend equivalents accrue and at vesting are converted into additional performance shares. The final account value may be adjusted based on the ranking of FE stock performance to a composite of peer companies. In 2014, \$3 million cash was paid to settle performance share obligations. During 2013 and 2012, no cash was paid to settle performance shares due to the criteria not being met for the previous three-year vesting period.

401(k) Savings Plan

In 2014, 756,412 shares of FE common stock were issued and contributed to participants' accounts. In 2013 and 2012, approximately 708,000 and 543,600 shares of FE common stock, respectively, were purchased on the market and contributed to participants' accounts.

EDCP

Under the EDCP, covered employees can direct a portion of their compensation, including annual incentive awards and/or long-term incentive awards, into unfunded FE stock accounts to receive vested stock units or into an unfunded retirement cash account. Dividends are calculated quarterly on stock units outstanding and are credited in the form of additional stock units. The form of payout can vary depending upon the form of the award, the duration of the deferral and other factors. However, as a result of amendments to the EDCP that were implemented in January 2014 and January 2015 respectively, payments made with respect to any dividend equivalent units that accrue after January 21, 2014 and any Short-Term Incentive Awards that are deferred after January 21, 2014 are paid in cash, and effective February 23, 2015, all future contributions to stock accounts directed from performance share awards will be paid in cash upon the end of the three-year deferral period. Payout of the stock accounts typically occurs three years from the date of deferral; however, participants may elect to defer their shares into a retirement stock account that will pay out in cash upon retirement. Interest is calculated on the cash allocated to the cash account and the total balance will pay out in cash upon retirement.

DCPD

Under the DCPD, members of the Board of Directors can elect to allocate all or a portion of their equity retainers to deferred stock and their cash retainers, meeting fees and chair fees to deferred stock or deferred cash accounts. The net liability recognized for DCPD of approximately \$8 million and \$7 million as of December 31, 2014 and December 31, 2013, respectively, is included in the caption "Retirement benefits" on the Consolidated Balance Sheets.

The shareholder approved pools for the EDCP and DCPD expired in May 2014, after this date shares for the EDCP and DCPD have been issued from the ICP shareholder approved pool.

Stock-based Compensation Expense

Pre-tax stock-based compensation costs and the amount of stock-based compensation expense capitalized related to FirstEnergy and FES plans are included in the following tables:

FirstEnergy Stock-based Compensation Plan	Years ended December 31,		
	2014	2013	2012
	<i>(In millions)</i>		
Restricted Stock and Restricted Stock Units	\$ 31	\$ 42	\$ 42
Stock Options	—	—	1
Performance Shares	5	(10)	5
401(k) Savings Plan	25	25	37
EDCP	3	(2)	—
DCPD	5	5	4
Total	<u>\$ 69</u>	<u>\$ 60</u>	<u>\$ 89</u>
Stock-based compensation costs capitalized	\$ 23	\$ 20	\$ 29

FES Stock-based Compensation Plan	Years ended December 31,		
	2014	2013	2012
	<i>(In millions)</i>		
Restricted Stock and Restricted Stock Units	\$ 4	\$ 6	\$ 6
Performance Shares	1	(1)	1
401(k) Savings Plan	4	4	6
Total	<u>\$ 9</u>	<u>\$ 9</u>	<u>\$ 13</u>
Stock-based compensation costs capitalized	\$ 1	\$ 1	\$ 1

Tax benefits associated with stock based compensation plan expense were \$14 million, \$23 million and \$11 million (FES - \$2 million, \$1 million and \$2 million) for the years ended 2014, 2013 and 2012, respectively.

5. TAXES

FirstEnergy records income taxes in accordance with the liability method of accounting. Deferred income taxes reflect the net tax effect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts recognized for tax purposes. Investment tax credits, which were deferred when utilized, are being amortized over the recovery period of the related property. Deferred income tax liabilities related to temporary tax and accounting basis differences and tax credit carryforward items are recognized at the statutory income tax rates in effect when the liabilities are expected to be paid. Deferred tax assets are recognized based on income tax rates expected to be in effect when they are settled.

FES and the Utilities are party to an intercompany income tax allocation agreement with FirstEnergy and its other subsidiaries that provides for the allocation of consolidated tax liabilities. Net tax benefits attributable to FirstEnergy, excluding any tax benefits derived from interest expense associated with acquisition indebtedness from the merger with GPU, are reallocated to the subsidiaries of FirstEnergy that have taxable income. That allocation is accounted for as a capital contribution to the company receiving the tax benefit.

On December 19, 2014, the President signed into law the Tax Increase Prevention Act of 2014 (the Act). The Act, among other things, extended retroactively the R&D tax credit until December 31, 2014, and also extended accelerated depreciation of qualified capital investments placed into service before January 1, 2015. FirstEnergy and FES recorded the effects of the Act in the fourth quarter of 2014. The retroactive extension of the tax benefits did not have a significant impact to the effective tax rate.

PROVISION FOR INCOME TAXES (BENEFITS)⁽¹⁾	2014	2013	2012
	<i>(In millions)</i>		
<u>FirstEnergy</u>			
Currently payable (receivable)-			
Federal	\$ (132)	\$ (118)	\$ (130)
State	(72)	70	28
	<u>(204)</u>	<u>(48)</u>	<u>(102)</u>
Deferred, net-			
Federal	214	305	580
State	(42)	(54)	78
	<u>172</u>	<u>251</u>	<u>658</u>
Investment tax credit amortization	(10)	(8)	(11)
Total provision for income taxes (benefits)	<u>\$ (42)</u>	<u>\$ 195</u>	<u>\$ 545</u>
<u>FES</u>			
Currently payable (receivable)-			
Federal	\$ (222)	\$ (300)	\$ (128)
State	(13)	(3)	17
	<u>(235)</u>	<u>(303)</u>	<u>(111)</u>
Deferred, net-			
Federal	25	317	209
State	(14)	(4)	9
	<u>11</u>	<u>313</u>	<u>218</u>
Investment tax credit amortization	(4)	(4)	(4)
Total provision for income taxes (benefits)	<u>\$ (228)</u>	<u>\$ 6</u>	<u>\$ 103</u>

⁽¹⁾Provision for Income Taxes (Benefits) on Income from Continuing Operations. Currently payable (receivable) in 2014 excludes \$106 million and \$12 million of federal and state taxes, respectively, associated with discontinued operations. Deferred, net in 2014 excludes \$44 million and \$5 million of federal and state tax benefits, respectively, associated with discontinued operations.

FirstEnergy and FES tax rates are affected by permanent items, such as AFUDC equity and other flow-through items as well as discrete items that may occur in any given period, but are not consistent from period to period. The following tables provide a reconciliation of federal income tax expense at the federal statutory rate to the total provision for income taxes on continuing operations for the three years ended December 31, 2014:

	2014	2013	2012
	(In millions)		
FirstEnergy			
Income from Continuing Operations before provision for income taxes	\$ 171	\$ 570	\$ 1,299
Federal income tax expense at statutory rate (35%)	\$ 60	\$ 199	\$ 455
Increases (reductions) in taxes resulting from-			
Amortization of investment tax credits	(10)	(8)	(11)
State income taxes, net of federal tax benefit	12	10	79
Medicare Part D	—	—	32
Effectively settled tax items, including interest	(35)	(2)	(20)
ESOP dividend	(6)	(9)	—
Change in accounting method	(27)	—	—
Tax basis balance sheet adjustments	(25)	—	—
AFUDC equity and other flow-through	(13)	(7)	—
Other, net	2	12	10
Total provision for income taxes (benefits)	\$ (42)	\$ 195	\$ 545
Effective income tax rate	(24.6)%	34.2%	42.0%
FES			
Income (loss) from Continuing Operations before provision for income taxes (benefits)	\$ (588)	\$ 52	\$ 276
Federal income tax expense (benefit) at statutory rate (35%)	\$ (206)	\$ 18	\$ 97
Increases (reductions) in taxes resulting from-			
Amortization of investment tax credits	(4)	(4)	(4)
State income taxes, net of federal tax benefit	(14)	(5)	17
Effectively settled tax items	—	—	(11)
ESOP dividend	(1)	(2)	—
Other, net	(3)	(1)	4
Total provision for income taxes (benefits)	\$ (228)	\$ 6	\$ 103
Effective income tax rate	38.8 %	11.5%	37.3%

In 2014, FirstEnergy's effective tax rate was (24.6)% compared to 34.2% in 2013. The decrease in the effective tax rate year over year relates primarily to a \$399 million decrease in income from continuing operations, tax benefits associated with an IRS approved change in accounting method for costs associated with the refurbishment of meters and transformers (\$27 million), and additional tax benefits on uncertain state tax positions due to expiration of the statute of limitations (\$33 million). Additionally, during 2014, income tax benefits of \$25 million were recorded that related to prior periods. The out-of-period adjustment primarily related to the correction of amounts included in the Company's tax basis balance sheet. Management has determined that this adjustment is not material to the current or any prior period. These benefits were partially offset by higher valuation allowances recorded in 2014 on state and municipal NOL carryforwards that the Company believes are no longer realizable and the absence of tax benefits recorded in 2013 for changes in state apportionment factors as well as a decrease in deferred tax liabilities associated with the elimination of business nexus in certain state jurisdictions.

In 2014, FES' effective tax rate (on a loss from continuing operations) was 38.8% compared to 11.5% (on income from continuing operations) in 2013. During 2014, FES' effective tax rate benefited from changes to state apportionment factors but was offset by valuation allowances recorded on state and municipality NOL carryforwards.

Accumulated deferred income taxes as of December 31, 2014 and 2013 are as follows:

	2014	2013
	(In millions)	
<u>FirstEnergy</u>		
Property basis differences	\$ 9,354	\$ 8,734
Deferred sale and leaseback gain	(381)	(401)
Pension and OPEB	(1,433)	(972)
Nuclear decommissioning activities	458	460
Asset retirement obligations	(641)	(651)
Regulatory asset/liability	768	750
Loss carryforwards and AMT credits	(1,932)	(1,598)
Loss carryforward valuation reserve	174	125
All other	172	155
Net deferred income tax liability	<u>\$ 6,539</u>	<u>\$ 6,602</u>
<u>FES</u>		
Property basis differences	\$ 1,749	\$ 1,354
Deferred sale and leaseback gain	(356)	(370)
Pension and OPEB	(373)	(66)
Lease market valuation liability	75	54
Nuclear decommissioning activities	489	470
Asset retirement obligations	(486)	(439)
Loss carryforwards and AMT credits	(631)	(354)
Loss carryforward valuation reserve	32	27
All other	(15)	40
Net deferred income tax liability	<u>\$ 484</u>	<u>\$ 716</u>

FirstEnergy has tax returns that are under review at the audit or appeals level by the IRS and state taxing authorities. FirstEnergy's tax returns for all state jurisdictions are open from 2010-2013. In April 2014, the IRS completed its examination of FirstEnergy's 2011 and 2012 federal income tax returns and issued Revenue Agent Reports for those years. In addition, in January 2015, the IRS completed its examination of the 2013 federal income tax return and issued a Revenue Agent Report. For tax years 2011-2013 there were no material impacts to FirstEnergy's effective tax rate associated with these examinations. Tax year 2014 is currently under review by the IRS.

FirstEnergy has recorded as deferred income tax assets the effect of NOLs and tax credits that will more likely than not be realized through future operations and through the reversal of existing temporary differences. As of December 31, 2014, the deferred income tax assets, before any valuation allowances, consisted of \$1.5 billion of Federal NOL carryforwards that expire from 2030 to 2034, Federal AMT credits of \$25 million that have an indefinite carryforward period, and \$413 million of state and local NOL carryforwards that will begin to expire in 2015.

The table below summarizes pre-tax NOL carryforwards for state and local income tax purposes of approximately \$9.9 billion for FirstEnergy, of which approximately \$5.6 billion is expected to be utilized based on current estimates and assumptions. The ultimate utilization of these NOLs may be impacted by statutory limitations on the use of NOLs imposed by state and local tax jurisdictions, changes in statutory tax rates, and changes in business which, among other things, impact both future profitability and the manner in which future taxable income is apportioned to various state and local tax jurisdictions.

Expiration Period	FirstEnergy		FES	
	(In millions)			
	State	Local	State	Local

2015-2019	\$	63	\$	2,524	\$	—	\$	1,874
2020-2024		1,813		646		182		—
2025-2029		1,704		—		88		—
2030-2034		3,172		—		1,001		—
	\$	<u>6,752</u>	\$	<u>3,170</u>	\$	<u>1,271</u>	\$	<u>1,874</u>

FirstEnergy accounts for uncertainty in income taxes recognized in its financial statements. A recognition threshold and measurement attribute is utilized for financial statement recognition and measurement of tax positions taken or expected to be taken on a company's tax return. As of December 31, 2014 and 2013, FirstEnergy's total unrecognized income tax benefits were approximately \$34 million and \$48 million, respectively. All \$34 million of unrecognized income tax benefits as of December 31, 2014, would impact the effective tax rate if ultimately recognized in future years. As of December 31, 2014, it is reasonably possible that approximately \$10 million of unrecognized tax benefits may be resolved during 2015 as a result of the statute of limitations expiring, all of which would affect FirstEnergy's effective tax rate.

The following table summarizes the changes in unrecognized tax positions for the years ended 2014, 2013 and 2012:

	FirstEnergy	FES
	<i>(In millions)</i>	
Balance, January 1, 2012	\$ 117	\$ 45
Current year increases	2	—
Current year decreases	(7)	—
Prior years increases	6	6
Prior years decreases	(37)	(13)
Decrease for settlements	(38)	(35)
Balance, December 31, 2012	\$ 43	\$ 3
Prior years increases	10	—
Prior years decreases	(5)	—
Balance, December 31, 2013	\$ 48	\$ 3
Current year increases	4	—
Prior years increases	5	—
Prior years decreases	(23)	—
Balance, December 31, 2014	\$ 34	\$ 3

FirstEnergy recognizes interest expense or income related to uncertain tax positions. That amount is computed by applying the applicable statutory interest rate to the difference between the tax position recognized and the amount previously taken or expected to be taken on the federal income tax return. FirstEnergy includes net interest and penalties in the provision for income taxes. FirstEnergy's reversal of accrued interest associated with unrecognized tax benefits reduced FirstEnergy's effective tax rate in 2014 and 2012 by approximately \$6 million and \$4 million, respectively. There was no reversal of accrued interest for the year ended December 31, 2013.

The following table summarizes the net interest expense (income) for the three years ended December 31, 2014 and the cumulative net interest payable as of December 31, 2014 and 2013:

	Net Interest Expense (Income) For the Years Ended December 31,			Net Interest Payable As of December 31,	
	2014	2013	2012	2014	2013
	<i>(In millions)</i>			<i>(In millions)</i>	
FirstEnergy	\$ (6)	\$ 1	\$ (4)	\$ 2	\$ 9
FES	—	—	(4)	—	1

General Taxes

	2014	2013	2012
	<i>(In millions)</i>		
<u>FirstEnergy</u>			
KWH excise	\$ 194	\$ 219	\$ 230
State gross receipts	226	240	251
Real and personal property	393	368	328
Social security and unemployment	112	110	126
Other	37	41	49
Total general taxes	<u>\$ 962</u>	<u>\$ 978</u>	<u>\$ 984</u>
 <u>FES</u>			
State gross receipts	\$ 69	\$ 77	\$ 77
Real and personal property	39	40	35
Social security and unemployment	17	19	20
Other	3	2	4
Total general taxes	<u>\$ 128</u>	<u>\$ 138</u>	<u>\$ 136</u>

6. LEASES

FirstEnergy leases certain generating facilities, office space and other property and equipment under cancelable and noncancelable leases.

In 1987, OE sold portions of its ownership interests in Perry Unit 1 and Beaver Valley Unit 2 and entered into operating leases on the portions sold for basic lease terms of approximately 29 years, expiring in 2016. In that same year, CEI and TE also sold portions of their ownership interests in Beaver Valley Unit 2 and Bruce Mansfield Units 1, 2 and 3 and entered into similar operating leases for lease terms of approximately 30 years expiring in 2017. During the terms of their respective leases, OE, CEI and TE are responsible, to the extent of their leasehold interests, for costs associated with the units including construction expenditures, operation and maintenance expenses, insurance, nuclear fuel, property taxes and decommissioning. They have the right, at the expiration of the respective basic lease terms, to renew their respective leases. They also have the right to purchase the facilities at the expiration of the basic lease term or any renewal term at a price equal to the fair market value of the facilities. The basic rental payments are adjusted when applicable federal tax law changes.

In 2007, FG completed a sale and leaseback transaction for its 93.825% undivided interest in Bruce Mansfield Unit 1 and entered into operating leases for basic lease terms of approximately 33 years, expiring in 2040. FES has unconditionally and irrevocably guaranteed all of FG's obligations under each of the leases. In 2013, FG acquired the remaining lessor interests in Bruce Mansfield Units 1, 2 and 3, which were part of the leases entered into by CEI and TE in 1987.

In February 2014, NG purchased 47.7 MW of lessor equity interests in OE's existing sale and leaseback of Beaver Valley Unit 2 for approximately \$94 million. On June 24, 2014, OE exercised its irrevocable right to repurchase from the remaining owner participants the lessors' interests in Beaver Valley Unit 2 at the end of the lease term (June 1, 2017), which right to repurchase was assigned to NG. Additionally, on June 24, 2014, NG entered into a purchase agreement with an owner participant to purchase its lessor equity interests of the remaining non-affiliated leasehold interest in Perry Unit 1 on May 23, 2016, which is just prior to the end of the lease term. In November 2014, NG repurchased 55.3 MW of lessor equity interests in OE's existing sale and leaseback of Perry Unit 1 for approximately \$87 million. OE and TE continue to lease these MW under their respective sale and leaseback arrangements and the related lease debt remains outstanding.

Established by OE in 1996, PNBV purchased a portion of the lease obligation bonds issued on behalf of lessors in OE's Perry Unit 1 and Beaver Valley Unit 2 sale and leaseback transactions. Similarly, CEI and TE established Shippingport in 1997 to purchase the lease obligation bonds issued on behalf of lessors in their Bruce Mansfield Units 1, 2 and 3 sale and leaseback transactions. During 2013, the investments held at Shippingport were liquidated. The PNBV arrangements effectively reduce lease costs related to those transactions (see Note 8, Variable Interest Entities).

As of December 31, 2014, FirstEnergy's leasehold interest was 3.75% of Perry Unit 1, 93.83% of Bruce Mansfield Unit 1 and 2.60% of Beaver Valley Unit 2.

Operating lease expense for 2014, 2013 and 2012, is summarized as follows:

<i>(In millions)</i>	2014	2013	2012
FirstEnergy	199	224	291
FES	95	97	140

The future minimum capital lease payments as of December 31, 2014 are as follows:

Capital leases	FirstEnergy	FES
	<i>(In millions)</i>	
2015	\$ 39	\$ 6
2016	35	6
2017	30	5
2018	23	2
2019	18	—
Years thereafter	40	—
Total minimum lease payments	185	19

Interest portion	<u>(25)</u>	<u>(1)</u>
Present value of net minimum lease payments	160	18
Less current portion	<u>34</u>	<u>5</u>
Noncurrent portion	<u>\$ 126</u>	<u>\$ 13</u>

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FirstEnergy's future minimum consolidated operating lease payments as of December 31, 2014, are as follows:

Operating Leases	FirstEnergy		
	Lease Payments	PNBV	Net
	<i>(In millions)</i>		
2015	\$ 245	\$ 40	\$ 205
2016	197	13	184
2017	122	3	119
2018	128	—	128
2019	109	—	109
Years thereafter	1,482	—	1,482
Total minimum lease payments	<u>\$ 2,283</u>	<u>\$ 56</u>	<u>\$ 2,227</u>

FES' future minimum operating lease payments as of December 31, 2014, are as follows:

Operating Leases	Lease Payments
	<i>(In millions)</i>
2015	\$ 142
2016	131
2017	81
2018	101
2019	97
Years thereafter	1,383
Total minimum lease payments	<u>\$ 1,935</u>

7. INTANGIBLE ASSETS

As of December 31, 2014, intangible assets classified in Other Deferred Charges on FirstEnergy's Consolidated Balance Sheet, include the following:

<i>(In millions)</i>	Intangible Assets			Amortization Expense						
	Gross	Accumulated Amortization	Net	Actual	Estimated					
				2014	2015	2016	2017	2018	2019	Thereafter
NUG contracts ⁽¹⁾	\$ 124	\$ 20	\$ 104	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 5	\$ 79
OVEC	54	7	47	2	2	2	2	2	2	37
Coal contracts ⁽²⁾⁽³⁾	556	289	267	55	51	51	45	30	30	19
FES customer contracts	148	70	78	18	17	17	16	14	13	1
	<u>\$ 882</u>	<u>\$ 386</u>	<u>\$ 496</u>	<u>\$ 80</u>	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 68</u>	<u>\$ 51</u>	<u>\$ 50</u>	<u>\$ 136</u>

⁽¹⁾ NUG contracts are subject to regulatory accounting and their amortization does not impact earnings.

⁽²⁾ A gross amount of \$40 million (\$29 million, net) of the coal contracts is related to FES. The 2014 and estimated 2015 to 2019 amortization expense for FES is \$5.7 million annually.

⁽³⁾ A gross amount of \$102 million (\$41 million, net) of the coal contracts was recorded with a regulatory offset and the amortization does not impact earnings. Accordingly, the amortization expense for these coal contracts is excluded from table above.

FES acquired certain customer contract rights which were capitalized as intangible assets. These rights allow FES to supply electric generation to customers, and the recorded value is being amortized ratably over the term of the related contracts.

8. VARIABLE INTEREST ENTITIES

FirstEnergy performs qualitative analyses based on powers and benefits to determine whether a variable interest gives FirstEnergy a controlling financial interest in a VIE. This analysis identifies the primary beneficiary of a VIE as the enterprise that has both power and benefits, such that an entity has (i) the power to direct the activities of a VIE that most significantly impact the entity's economic performance, and (ii) the obligation to absorb losses of the entity that could potentially be significant to the VIE or the right to receive benefits from the entity that could potentially be significant to the VIE. FirstEnergy consolidates a VIE when it is determined that it is the primary beneficiary.

VIEs included in FirstEnergy's consolidated financial statements are: the PNBV and Shippingport capital trusts that were created to refinance debt originally issued in connection with sale and leaseback transactions; wholly-owned limited liability companies of the Ohio Companies (as described below); wholly owned limited liability companies of JCP&L created to sell transition bonds to securitize the recovery of JCP&L's bondable stranded costs and special purpose limited liability companies at MP and PE created to issue environmental control bonds that were used to construct environmental control facilities (see Note 11, Capitalization for additional details).

The caption noncontrolling interest within the consolidated financial statements is used to reflect the portion of a VIE that FirstEnergy consolidates, but does not own.

In order to evaluate contracts for consolidation treatment and entities for which FirstEnergy has an interest, FirstEnergy aggregates variable interests into the following categories based on similar risk characteristics and significance.

Ohio Securitization

In September 2012, the Ohio Companies formed CEI Funding LLC, OE Funding LLC and TE Funding LLC, respectively, as separate, wholly-owned limited liability SPEs. The phase-in recovery bonds issued by these SPEs are payable only from, and secured by, phase-in recovery property owned by the SPEs (i.e. the right to impose, charge and collect irrevocable non-bypassable usage-based charges payable by retail electric customers in the service territories of the Ohio Companies) and the bondholder has no recourse to the general credit of FirstEnergy or any of the Ohio Companies. Each of the Ohio Companies, as servicer of its respective SPE, manages and administers the phase-in recovery property including the billing, collection and remittance of usage-based charges payable by retail electric customers. In the aggregate, the Ohio Companies are entitled to annual servicing fees of \$445 thousand that are recoverable through the usage-based charges. The SPEs are considered VIEs and each one is consolidated into its applicable utility.

Mining Operations

FEV holds a 33-1/3% equity ownership in Global Holding, the holding company for a joint venture in the Signal Peak mining and coal transportation operations with coal sales in U.S. and international markets. FEV is not the primary beneficiary of the joint venture, as it does not have control over the significant activities affecting the joint venture's economic performance. FEV's ownership interest is subject to the equity method of accounting.

Previously FEV held a 50% equity ownership in Global Holding, of which a 16.7% interest was sold in 2011. In conjunction with the 2011 sale, a subsidiary of Global Holding was given the right to put up to 2 million tons annually from the Signal Peak mine to FG through 2024. Such subsidiary did not exercise their right under the put for 2014 or 2015.

Trusts

FirstEnergy's consolidated financial statements include PNBV and Shippingport. FirstEnergy used debt and available funds to purchase the notes issued by PNBV and Shippingport for the purchase of lease obligation bonds. Ownership of PNBV includes a 3% equity interest by an unaffiliated third party and a 3% equity interest held by OES Ventures, a wholly owned subsidiary of OE. During 2013, the investments held at Shippingport were liquidated.

PATH-WV

PATH is a series limited liability company that is comprised of multiple series, each of which has separate rights, powers and duties regarding specified property and the series profits and losses associated with such property. A subsidiary of FE owns 100% of the Allegheny Series (PATH-Allegheny) and 50% of the West Virginia Series (PATH-WV), which is a joint venture with a subsidiary of AEP. FirstEnergy is not the primary beneficiary of PATH-WV, as it does not have control over the significant

activities affecting the economics of the portion of the PATH project that was to be constructed by PATH-WV. FirstEnergy's ownership interest in PATH-WV is subject to the equity method of accounting.

On August 24, 2012, PJM removed the PATH project from its long-range expansion plans. See Note 14, Regulatory Matters, for additional information on the abandonment of PATH.

Power Purchase Agreements

FirstEnergy evaluated its power purchase agreements and determined that certain NUG entities may be VIEs to the extent that they own a plant that sells substantially all of its output to the applicable utilities and the contract price for power is correlated with the plant's variable costs of production. FirstEnergy maintains 17 long-term power purchase agreements with NUG entities that were entered into pursuant to PURPA. FirstEnergy was not involved in the creation of, and has no equity or debt invested in, any of these entities.

FirstEnergy has determined that for all but two of these NUG entities, it does not have variable interests in the entities or the entities do not meet the criteria to be considered a VIE. FirstEnergy may hold a variable interest in the remaining two entities; however, it applied the scope exception that exempts enterprises unable to obtain the necessary information to evaluate entities.

Because FirstEnergy has no equity or debt interests in the NUG entities, its maximum exposure to loss relates primarily to the above-market costs incurred for power. FirstEnergy expects any above-market costs incurred to be recovered from customers. Purchased power costs related to the contracts that may contain a variable interest were \$185 million during the years ended December 31, 2014 and 2013.

In 1998 the PPUC issued an order approving a transition plan for WP that disallowed certain costs, including an estimated amount for an adverse power purchase commitment related to the NUG entity wherein WP may hold a variable interest, for which WP has taken the scope exception. On November 20, 2012, WP entered into an agreement to terminate the adverse power purchase commitment and accrued a pre-tax loss of \$17 million. WP terminated the adverse commitment on January 1, 2013 and settled its liability.

Sale and Leaseback

FirstEnergy has variable interests in certain sale and leaseback transactions. FirstEnergy is not the primary beneficiary of these interests as it does not have control over the significant activities affecting the economics of the arrangements. See Note 6, Leases for additional details.

FirstEnergy and FES are exposed to losses under their applicable sale and leaseback agreements upon the occurrence of certain contingent events. The maximum exposure under these provisions represents the amount of casualty value payments due to the lessor, by FirstEnergy and FES, upon the occurrence of specified casualty events. Net discounted lease payments to the lessor would not be payable if the casualty loss payments were made. The following table discloses each company's net exposure to loss based upon the casualty value provisions as of December 31, 2014:

	Maximum Exposure	Discounted Lease Payments, net	Net Exposure
	<i>(In millions)</i>		
FirstEnergy	\$ 1,308	\$ 1,050	\$ 258
FES	\$ 1,217	\$ 1,003	\$ 214

9. FAIR VALUE MEASUREMENTS

RECURRING FAIR VALUE MEASUREMENTS

Authoritative accounting guidance establishes a fair value hierarchy that prioritizes the inputs used to measure fair value. This hierarchy gives the highest priority to Level 1 measurements and the lowest priority to Level 3 measurements. The three levels of the fair value hierarchy and a description of the valuation techniques are as follows:

- Level 1 - Quoted prices for identical instruments in active market
- Level 2 -
 - Quoted prices for similar instruments in active market
 - Quoted prices for identical or similar instruments in markets that are not active
 - Model-derived valuations for which all significant inputs are observable market data

Models are primarily industry-standard models that consider various assumptions, including quoted forward prices for commodities, time value, volatility factors and current market and contractual prices for the underlying instruments, as well as other relevant economic measures.

- Level 3 - Valuation inputs are unobservable and significant to the fair value measurement

FirstEnergy produces a long-term power and capacity price forecast annually with periodic updates as market conditions change. When underlying prices are not observable, prices from the long-term price forecast, which has been reviewed and approved by FirstEnergy's Risk Policy Committee, are used to measure fair value. A more detailed description of FirstEnergy's valuation process for FTRs and NUGs are as follows:

FTRs are financial instruments that entitle the holder to a stream of revenues (or charges) based on the hourly day-ahead congestion price differences across transmission paths. FTRs are acquired by FirstEnergy in the annual, monthly and long-term RTO auctions and are initially recorded using the auction clearing price less cost. After initial recognition, FTRs' carrying values are periodically adjusted to fair value using a mark-to-model methodology, which approximates market. The primary inputs into the model, which are generally less observable than objective sources, are the most recent RTO auction clearing prices and the FTRs' remaining hours. The model calculates the fair value by multiplying the most recent auction clearing price by the remaining FTR hours less the prorated FTR cost. Generally, significant increases or decreases in inputs in isolation could result in a higher or lower fair value measurement. See Note 10, Derivative Instruments, for additional information regarding FirstEnergy's FTRs.

NUG contracts represent purchase power agreements with third-party non-utility generators that are transacted to satisfy certain obligations under PURPA. NUG contract carrying values are recorded at fair value and adjusted periodically using a mark-to-model methodology, which approximates market. The primary unobservable inputs into the model are regional power prices and generation MWH. Pricing for the NUG contracts is a combination of market prices for the current year and next three years based on observable data and internal models using historical trends and market data for the remaining years under contract. The internal models use forecasted energy purchase prices as an input when prices are not defined by the contract. Forecasted market prices are based on ICE quotes and management assumptions. Generation MWH reflects data provided by contractual arrangements and historical trends. The model calculates the fair value by multiplying the prices by the generation MWH. Generally, significant increases or decreases in inputs in isolation could result in a higher or lower fair value measurement.

FirstEnergy primarily applies the market approach for recurring fair value measurements using the best information available. Accordingly, FirstEnergy maximizes the use of observable inputs and minimizes the use of unobservable inputs. There were no changes in valuation methodologies used as of December 31, 2014, from those used as of December 31, 2013. The determination of the fair value measures takes into consideration various factors, including but not limited to, counterparty credit risk and the impact of credit enhancements (such as cash deposits, LOCs and priority interests). The impact of these forms of risk was not significant to the fair value measurements.

Transfers between levels are recognized at the end of the reporting period. There were no transfers between levels during the years ended December 31, 2014 and 2013. The following tables set forth the recurring assets and liabilities that are accounted for at fair value by level within the fair value hierarchy:

FirstEnergy

Recurring Fair Value Measurements

	December 31, 2014				December 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	<i>(In millions)</i>							
Corporate debt securities	\$ —	\$ 1,221	\$ —	\$ 1,221	\$ —	\$ 1,365	\$ —	\$ 1,365
Derivative assets - commodity contracts	1	171	—	172	7	208	—	215
Derivative assets - FTRs	—	—	39	39	—	—	4	4
Derivative assets - NUG contracts ⁽¹⁾	—	—	2	2	—	—	20	20
Equity securities ⁽²⁾	592	—	—	592	317	—	—	317
Foreign government debt securities	—	76	—	76	—	109	—	109
U.S. government debt securities	—	182	—	182	—	165	—	165
U.S. state debt securities	—	237	—	237	—	228	—	228
Other ⁽³⁾	55	256	—	311	187	255	—	442
Total assets	\$ 648	\$ 2,143	\$ 41	\$ 2,832	\$ 511	\$ 2,330	\$ 24	\$ 2,865
Liabilities								
Derivative liabilities - commodity contracts	\$ (26)	\$ (141)	\$ —	\$ (167)	\$ (13)	\$ (100)	\$ —	\$ (113)
Derivative liabilities - FTRs	—	—	(14)	(14)	—	—	(12)	(12)
Derivative liabilities - NUG contracts ⁽¹⁾	—	—	(153)	(153)	—	—	(222)	(222)
Total liabilities	\$ (26)	\$ (141)	\$ (167)	\$ (334)	\$ (13)	\$ (100)	\$ (234)	\$ (347)
Net assets (liabilities)⁽⁴⁾	\$ 622	\$ 2,002	\$ (126)	\$ 2,498	\$ 498	\$ 2,230	\$ (210)	\$ 2,518

⁽¹⁾ NUG contracts are subject to regulatory accounting treatment and do not impact earnings.

⁽²⁾ NDT funds hold equity portfolios whose performance is benchmarked against the Alerian MLP Index or the Wells Fargo Hybrid and Preferred Securities REIT index.

⁽³⁾ Primarily consists of cash and short-term cash investments.

⁽⁴⁾ Excludes \$40 million and \$10 million as of December 31, 2014 and December 31, 2013, respectively, of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

Rollforward of Level 3 Measurements

The following table provides a reconciliation of changes in the fair value of NUG contracts, LCAPP contracts, and FTRs that are classified as Level 3 in the fair value hierarchy for the periods ended December 31, 2014 and December 31, 2013:

	NUG Contracts ⁽¹⁾			LCAPP Contracts ⁽¹⁾			FTRs		
	Derivative Assets	Derivative Liabilities	Net	Derivative Assets	Derivative Liabilities	Net	Derivative Assets	Derivative Liabilities	Net
<i>(In millions)</i>									
January 1, 2013 Balance	\$ 36	\$ (290)	\$ (254)	\$ —	\$ (144)	\$ (144)	\$ 8	\$ (9)	\$ (1)
Unrealized gain (loss)	(8)	(17)	(25)	—	(22)	(22)	3	1	4
Purchases	—	—	—	—	—	—	6	(15)	(9)
Terminations ⁽²⁾	—	—	—	—	166	166	—	—	—
Settlements	(8)	85	77	—	—	—	(13)	11	(2)
December 31, 2013 Balance	\$ 20	\$ (222)	\$ (202)	\$ —	\$ —	\$ —	\$ 4	\$ (12)	\$ (8)
Unrealized gain (loss)	2	(2)	—	—	—	—	47	(1)	46
Purchases	—	—	—	—	—	—	26	(16)	10
Settlements	(20)	71	51	—	—	—	(38)	15	(23)
December 31, 2014 Balance	\$ 2	\$ (153)	\$ (151)	\$ —	\$ —	\$ —	\$ 39	\$ (14)	\$ 25

⁽¹⁾ Changes in the fair value of NUG and LCAPP contracts are subject to regulatory accounting treatment and do not impact earnings.

⁽²⁾ LCAPP contracts are financially settled agreements associated with capacity in New Jersey. During the fourth quarter of 2013, all LCAPP contracts were terminated after being declared unconstitutional by the U.S. District Court for the District of New Jersey.

Level 3 Quantitative Information

The following table provides quantitative information for FTRs and NUG contracts that are classified as Level 3 in the fair value hierarchy for the period ended December 31, 2014:

	Fair Value, Net (In millions)	Valuation Technique	Significant Input	Range	Weighted Average	Units
FTRs	\$ 25	Model	RTO auction clearing prices	(\$7.20) to \$19.30	\$1.40	Dollars/MWH
NUG Contracts	\$ (151)	Model	Generation Regional electricity prices	500 to 4,756,000 \$44.40 to \$69.80	950,000 \$51.80	MWH Dollars/MWH

FES

Recurring Fair Value Measurements

	December 31, 2014				December 31, 2013			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Assets	<i>(In millions)</i>							
Corporate debt securities	\$ —	\$ 655	\$ —	\$ 655	\$ —	\$ 792	\$ —	\$ 792
Derivative assets - commodity contracts	1	171	—	172	7	208	—	215
Derivative assets - FTRs	—	—	27	27	—	—	3	3
Equity securities ⁽¹⁾	360	—	—	360	207	—	—	207
Foreign government debt securities	—	57	—	57	—	65	—	65
U.S. government debt securities	—	46	—	46	—	27	—	27
U.S. state debt securities	—	4	—	4	—	—	—	—
Other ⁽²⁾	—	199	—	199	—	176	—	176
Total assets	\$ 361	\$ 1,132	\$ 27	\$ 1,520	\$ 214	\$ 1,268	\$ 3	\$ 1,485
Liabilities								
Derivative liabilities - commodity contracts	\$ (26)	\$ (141)	\$ —	\$ (167)	\$ (13)	\$ (100)	\$ —	\$ (113)
Derivative liabilities - FTRs	—	—	(13)	(13)	—	—	(11)	(11)
Total liabilities	\$ (26)	\$ (141)	\$ (13)	\$ (180)	\$ (13)	\$ (100)	\$ (11)	\$ (124)
Net assets (liabilities)⁽³⁾	\$ 335	\$ 991	\$ 14	\$ 1,340	\$ 201	\$ 1,168	\$ (8)	\$ 1,361

⁽¹⁾ NDT funds hold equity portfolios whose performance is benchmarked against the Alerian MLP Index or the Wells Fargo Hybrid and Preferred Securities REIT Index.

⁽²⁾ Primarily consists of short-term cash investments.

⁽³⁾ Excludes \$44 million and \$9 million as of December 31, 2014 and December 31, 2013, respectively, of receivables, payables, taxes and accrued income associated with financial instruments reflected within the fair value table.

Rollforward of Level 3 Measurements

The following table provides a reconciliation of changes in the fair value of FTRs held by FES and classified as Level 3 in the fair value hierarchy for the periods ended December 31, 2014 and December 31, 2013:

	Derivative Asset	Derivative Liability	Net Asset/(Liability)
	<i>(In millions)</i>		
January 1, 2013 Balance	\$ 6	\$ (6)	\$ —
Unrealized loss	—	(2)	(2)
Purchases	5	(12)	(7)
Settlements	(8)	9	1
December 31, 2013 Balance	\$ 3	\$ (11)	\$ (8)
Unrealized gain (loss)	34	(1)	33
Purchases	15	(16)	(1)
Settlements	(25)	15	(10)
December 31, 2014 Balance	\$ 27	\$ (13)	\$ 14

Level 3 Quantitative Information

The following table provides quantitative information for FTRs held by FES that are classified as Level 3 in the fair value hierarchy for the period ended December 31, 2014:

	Fair Value, Net (In millions)		Valuation Technique	Significant Input	Range	Weighted Average	Units
FTRs	\$	14	Model	RTO auction clearing prices	(\$7.20) to \$19.30	\$1.10	Dollars/MWH

INVESTMENTS

All temporary cash investments purchased with an initial maturity of three months or less are reported as cash equivalents on the Consolidated Balance Sheets at cost, which approximates their fair market value. Investments other than cash and cash equivalents include held-to-maturity securities, AFS securities and notes receivable.

At the end of each reporting period, FirstEnergy evaluates its investments for OTTI. Investments classified as AFS securities are evaluated to determine whether a decline in fair value below the cost basis is other than temporary. FirstEnergy first considers its intent and ability to hold an equity security until recovery and then considers, among other factors, the duration and the extent to which the security's fair value has been less than its cost and the near-term financial prospects of the security issuer when evaluating an investment for impairment. For debt securities, FirstEnergy considers its intent to hold the securities, the likelihood that it will be required to sell the securities before recovery of its cost basis and the likelihood of recovery of the securities' entire amortized cost basis. If the decline in fair value is determined to be other than temporary, the cost basis of the securities is written down to fair value.

Unrealized gains and losses on AFS securities are recognized in AOCI. However, unrealized losses held in the NDTs of FES, OE and TE are recognized in earnings since the trust arrangements, as they are currently defined, do not meet the required ability and intent to hold criteria in consideration of OTTI.

The investment policy for the NDT funds restricts or limits the trusts' ability to hold certain types of assets including private or direct placements, warrants, securities of FirstEnergy, investments in companies owning nuclear power plants, financial derivatives, securities convertible into common stock and securities of the trust funds' custodian or managers and their parents or subsidiaries.

AFS Securities

FirstEnergy holds debt and equity securities within its NDT, nuclear fuel disposal and NUG trusts. These trust investments are considered AFS securities, recognized at fair market value. FirstEnergy has no securities held for trading purposes.

The following table summarizes the amortized cost basis, unrealized gains (there were no unrealized losses) and fair values of investments held in NDT, nuclear fuel disposal and NUG trusts as of December 31, 2014 and December 31, 2013:

	December 31, 2014 ⁽¹⁾			December 31, 2013 ⁽²⁾		
	Cost Basis	Unrealized Gains	Fair Value	Cost Basis	Unrealized Gains	Fair Value
	<i>(In millions)</i>					
<u>Debt securities</u>						
FirstEnergy	\$ 1,724	\$ 27	\$ 1,751	\$ 1,881	\$ 33	\$ 1,914
FES	788	13	801	918	17	935
<u>Equity securities</u>						
FirstEnergy	\$ 533	\$ 58	\$ 591	\$ 308	\$ 9	\$ 317
FES	329	31	360	207	—	207

⁽¹⁾ Excludes short-term cash investments: FE Consolidated - \$241 million; FES - \$204 million.

⁽²⁾ Excludes short-term cash investments: FE Consolidated - \$204 million; FES - \$135 million.

Proceeds from the sale of investments in AFS securities, realized gains and losses on those sales, OTTI and interest and dividend income for the three years ended December 31, 2014, 2013 and 2012 were as follows:

<u>December 31, 2014</u>	<u>Sale Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>	<u>OTTI</u>	<u>Interest and Dividend Income</u>
<i>(In millions)</i>					
FirstEnergy	\$ 2,133	\$ 146	\$ (75)	\$ (37)	\$ 96
FES	1,163	113	(54)	(33)	56
<i>(In millions)</i>					
<u>December 31, 2013</u>	<u>Sale Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>	<u>OTTI</u>	<u>Interest and Dividend Income</u>
FirstEnergy	\$ 2,047	\$ 92	\$ (46)	\$ (90)	\$ 101
FES	940	70	(21)	(79)	60
<i>(In millions)</i>					
<u>December 31, 2012</u>	<u>Sale Proceeds</u>	<u>Realized Gains</u>	<u>Realized Losses</u>	<u>OTTI</u>	<u>Interest and Dividend Income</u>
FirstEnergy	\$ 2,980	\$ 179	\$ (83)	\$ (16)	\$ 70
FES	1,464	124	(59)	(14)	39

Held-To-Maturity Securities

The following table provides the amortized cost basis, unrealized gains (there were no unrealized losses) and approximate fair values of investments in held-to-maturity securities as of December 31, 2014 and December 31, 2013:

	December 31, 2014			December 31, 2013		
	Cost Basis	Unrealized Gains	Fair Value	Cost Basis	Unrealized Gains	Fair Value
	(In millions)					
<u>Debt Securities</u>						
FirstEnergy	\$ 13	\$ 4	\$ 17	\$ 33	\$ 2	\$ 35

The held-to-maturity debt securities contractually mature by June 30, 2017. Investments in employee benefit trusts and cost and equity method investments, including FirstEnergy's investment in Global Holding, totaling \$626 million as of December 31, 2014, and \$636 million as of December 31, 2013, are excluded from the amounts reported above.

During 2012, FE increased its ownership interest in a cost method investment. The increased investment triggered a change in the investment accounting from the cost method to the equity method. As a result of this change, FE recorded a reduction of \$9 million to retained earnings in 2012 to reflect the investment as if it had been historically accounted for under the equity method.

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

All borrowings with initial maturities of less than one year are defined as short-term financial instruments under GAAP and are reported as Short-term borrowings on the Consolidated Balance Sheets at cost. Since these borrowings are short-term in nature, FirstEnergy believes that their costs approximate their fair market value. The following table provides the approximate fair value and related carrying amounts of long-term debt and other long-term obligations, excluding capital lease obligations and net unamortized premiums and discounts:

<u>December 31, 2014</u>		<u>December 31, 2013</u>	
<u>Carrying Value</u>	<u>Fair Value</u>	<u>Carrying Value</u>	<u>Fair Value</u>
<i>(In millions)</i>			

FirstEnergy	\$	19,828	\$	21,733	\$	17,049	\$	17,957
FES		3,097		3,241		3,001		3,073

The fair values of long-term debt and other long-term obligations reflect the present value of the cash outflows relating to those securities based on the current call price, the yield to maturity or the yield to call, as deemed appropriate at the end of each respective

period. The yields assumed were based on securities with similar characteristics offered by corporations with credit ratings similar to those of FirstEnergy and its subsidiaries. FirstEnergy classified short-term borrowings, long-term debt and other long-term obligations as Level 2 in the fair value hierarchy as of December 31, 2014 and December 31, 2013.

10. DERIVATIVE INSTRUMENTS

FirstEnergy is exposed to financial risks resulting from fluctuating interest rates and commodity prices, including prices for electricity, natural gas, coal and energy transmission. To manage the volatility relating to these exposures, FirstEnergy's Risk Policy Committee, comprised of senior management, provides general management oversight for risk management activities throughout FirstEnergy. The Risk Policy Committee is responsible for promoting the effective design and implementation of sound risk management programs and oversees compliance with corporate risk management policies and established risk management practice. FirstEnergy also uses a variety of derivative instruments for risk management purposes including forward contracts, options, futures contracts and swaps.

FirstEnergy accounts for derivative instruments on its Consolidated Balance Sheets at fair value unless they meet the normal purchases and normal sales criteria. Derivatives that meet those criteria are accounted for under the accrual method of accounting, and their effects are included in earnings at the time of contract performance. Changes in the fair value of derivative instruments that qualified and were designated as cash flow hedge instruments are recorded in AOCI. Changes in the fair value of derivative instruments that are not designated as cash flow hedge instruments are recorded in net income on a mark-to-market basis. FirstEnergy has contractual derivative agreements through 2020.

Cash Flow Hedges

FirstEnergy has used cash flow hedges for risk management purposes to manage the volatility related to exposures associated with fluctuating commodity prices and interest rates. The effective portion of gains and losses on a derivative contract is reported as a component of AOCI with subsequent reclassification to earnings in the period during which the hedged forecasted transaction affects earnings.

Total net unamortized gains (losses) included in AOCI associated with instruments previously designated as cash flow hedges totaled \$(8) million and \$2 million as of December 31, 2014 and December 31, 2013, respectively. Since the forecasted transactions remain probable of occurring, these amounts will be amortized into earnings over the life of the hedging instruments. Approximately \$3 million is expected to be amortized to income during the next twelve months.

FirstEnergy has used forward starting swap agreements to hedge a portion of the consolidated interest rate risk associated with anticipated issuances of fixed-rate, long-term debt securities of its subsidiaries. These derivatives were treated as cash flow hedges, protecting against the risk of changes in future interest payments resulting from changes in benchmark U.S. Treasury rates between the date of hedge inception and the date of the debt issuance. No forward starting swap agreements designated as a cash flow hedge were outstanding as of December 31, 2014 or December 31, 2013. Total pre-tax unamortized losses included in AOCI associated with prior interest rate cash flow hedges totaled \$50 million and \$59 million as of December 31, 2014 and December 31, 2013, respectively. Based on current estimates, approximately \$9 million will be amortized to interest expense during the next twelve months.

As of December 31, 2014 and December 31, 2013, no commodity or interest rate derivatives were designated as cash flow hedges.

Refer to Note 2, Accumulated Other Comprehensive Income, for reclassifications from AOCI during the years ended December 31, 2014 and 2013.

Fair Value Hedges

FirstEnergy has used fixed-for-floating interest rate swap agreements to hedge a portion of the consolidated interest rate risk associated with the debt portfolio of its subsidiaries. These derivative instruments were treated as fair value hedges of fixed-rate, long-term debt issues, protecting against the risk of changes in the fair value of fixed-rate debt instruments due to lower interest rates. As of December 31, 2014 and December 31, 2013, no fixed-for-floating interest rate swap agreements were outstanding.

Unamortized gains included in long-term debt associated with prior fixed-for-floating interest rate swap agreements totaled \$32 million and \$44 million as of December 31, 2014 and December 31, 2013, respectively. Based on current estimates, approximately \$12 million will be amortized to interest expense during the next twelve months. Reclassifications from long-term debt into interest expense totaled approximately \$12 million and \$19 million during the years ended December 31, 2014 and

2013, respectively. In connection with the redemptions of senior notes in 2013 by FES, PN, and ME, and taxable bonds by CEI and OE, unamortized gains associated with fixed for floating interest rate swap agreements of \$17 million were included in the Loss on debt redemptions in the Consolidated Statements of Income for the year ended December 31, 2013.

As of December 31, 2014 and December 31, 2013, no commodity or interest rate derivatives were designated as fair value hedges.

Commodity Derivatives

FirstEnergy uses both physically and financially settled derivatives to manage its exposure to volatility in commodity prices. Commodity derivatives are used for risk management purposes to hedge exposures when it makes economic sense to do so, including circumstances where the hedging relationship does not qualify for hedge accounting.

Electricity forwards are used to balance expected sales with expected generation and purchased power. Natural gas futures are entered into based on expected consumption of natural gas primarily for use in FirstEnergy's combustion turbine units. Heating oil futures are entered into based on expected consumption of oil and the financial risk in FirstEnergy's coal transportation contracts. Derivative instruments are not used in quantities greater than forecasted needs.

As of December 31, 2014, FirstEnergy's net asset position under commodity derivative contracts was \$5 million, which related to FES positions. Under these commodity derivative contracts, FES posted \$83 million of collateral. Certain commodity derivative contracts include credit risk related contingent features that would require FES to post \$5 million of additional collateral if the credit rating for its debt were to fall below investment grade.

Based on derivative contracts held as of December 31, 2014, an adverse change of 10% in commodity prices would increase net income by approximately \$1 million during the next twelve months.

Interest Rate Swaps

As of December 31, 2014 and December 31, 2013, no interest rate swaps were outstanding.

NUGs

As of December 31, 2014, FirstEnergy's net liability position under NUG contracts was \$151 million representing contracts held at JCP&L, ME and PN. NUG contracts represent purchased power agreements with third-party non-utility generators that are transacted to satisfy certain obligations under PURPA. Changes in the fair value of NUG contracts are subject to regulatory accounting treatment and do not impact earnings.

FTRs

As of December 31, 2014, FirstEnergy's and FES' net asset position under FTRs was \$25 million and \$14 million, respectively and FES posted \$5 million of collateral. FirstEnergy holds FTRs that generally represent an economic hedge of future congestion charges that will be incurred in connection with FirstEnergy's load obligations. FirstEnergy acquires the majority of its FTRs in an annual auction through a self-scheduling process involving the use of ARRs allocated to members of an RTO that have load serving obligations and through the direct allocation of FTRs from the PJM RTO. The PJM RTO has a rule that allows directly allocated FTRs to be granted to LSEs in zones that have newly entered PJM. For the first two planning years, PJM permits the LSEs to request a direct allocation of FTRs in these new zones at no cost as opposed to receiving ARRs. The directly allocated FTRs differ from traditional FTRs in that the ownership of all or part of the FTRs may shift to another LSE if customers choose to shop with the other LSE.

The future obligations for the FTRs acquired at auction are reflected on the Consolidated Balance Sheets and have not been designated as cash flow hedge instruments. FirstEnergy initially records these FTRs at the auction price less the obligation due to the RTO, and subsequently adjusts the carrying value of remaining FTRs to their estimated fair value at the end of each accounting period prior to settlement. Changes in the fair value of FTRs held by FES and AE Supply are included in other operating expenses as unrealized gains or losses. Unrealized gains or losses on FTRs held by FirstEnergy's utilities are recorded as regulatory assets or liabilities. Directly allocated FTRs are accounted for under the accrual method of accounting, and their effects are included in earnings at the time of contract performance.

FirstEnergy records the fair value of derivative instruments on a gross basis. The following table summarizes the fair value and classification of derivative instruments on FirstEnergy's Consolidated Balance Sheets:

Derivative Assets			Derivative Liabilities		
Fair Value			Fair Value		
	December 31, 2014	December 31, 2013		December 31, 2014	December 31, 2013
	(In millions)			(In millions)	
Current Assets - Derivatives			Current Liabilities - Derivatives		
Commodity Contracts	\$ 121	\$ 162	Commodity Contracts	\$ (154)	\$ (102)
FTRs	38	4	FTRs	(13)	(9)
	159	166		(167)	(111)
			Noncurrent Liabilities - Adverse Power Contract Liability		
Deferred Charges and Other Assets - Other			NUGs	(153)	(222)
Commodity Contracts	51	53	Noncurrent Liabilities - Other		
FTRs	1	—	Commodity Contracts	(13)	(11)
NUGs	2	20	FTRs	(1)	(3)
	54	73		(167)	(236)
Derivative Assets	\$ 213	\$ 239	Derivative Liabilities	\$ (334)	\$ (347)

FirstEnergy enters into contracts with counterparties that allow for net settlement of derivative assets and derivative liabilities. Certain of these contracts contain margining provisions that require the use of collateral to mitigate credit exposure between FirstEnergy and these counterparties. In situations where collateral is pledged to mitigate exposures related to derivative and non-derivative instruments with the same counterparty, FirstEnergy allocates the collateral based on the percentage of the net fair value of derivative instruments to the total fair value of the combined derivative and non-derivative instruments. The following tables summarize the fair value of derivative instruments on FirstEnergy's Consolidated Balance Sheets and the effect of netting arrangements and collateral on its financial position:

		Amounts Not Offset in Consolidated Balance Sheet			Net Fair Value
December 31, 2014	Fair Value	Derivative Instruments	Cash Collateral (Received)/Pledged		
(In millions)					
<u>Derivative Assets</u>					
Commodity contracts	\$ 172	\$ (126)	\$ —	\$ 46	
FTRs	39	(14)	—	25	
NUG contracts	2	—	—	2	
	<u>\$ 213</u>	<u>\$ (140)</u>	<u>\$ —</u>	<u>\$ 73</u>	
<u>Derivative Liabilities</u>					
Commodity contracts	\$ (167)	\$ 126	\$ 35	\$ (6)	
FTRs	(14)	14	—	—	

NUG contracts	(153)	—	—	(153)
	<u>\$ (334)</u>	<u>\$ 140</u>	<u>\$ 35</u>	<u>\$ (159)</u>

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December 31, 2013	Fair Value	Amounts Not Offset in Consolidated Balance Sheet		Net Fair Value
		Derivative Instruments	Cash Collateral (Received)/Pledged	
(In millions)				
Derivative Assets				
Commodity contracts	\$ 215	\$ (106)	\$ (9)	\$ 100
FTRs	4	(4)	—	—
NUG contracts	20	—	—	20
	<u>\$ 239</u>	<u>\$ (110)</u>	<u>\$ (9)</u>	<u>\$ 120</u>
Derivative Liabilities				
Commodity contracts	\$ (113)	\$ 106	\$ 7	\$ —
FTRs	(12)	4	5	(3)
NUG contracts	(222)	—	—	(222)
	<u>\$ (347)</u>	<u>\$ 110</u>	<u>\$ 12</u>	<u>\$ (225)</u>

The following table summarizes the volumes associated with FirstEnergy's outstanding derivative transactions as of December 31, 2014:

	Purchases	Sales	Net	Units
	<i>(In millions)</i>			
Power Contracts	21	33	(12)	MWH
FTRs	43	—	43	MWH
NUGs	6	—	6	MWH
Natural Gas	40	—	40	mmBTU

The effect of derivative instruments not in a hedging relationship on the Consolidated Statements of Income during 2014 and 2013 are summarized in the following tables:

	Year Ended December 31			
	Commodity Contracts	FTRs	Interest Rate Swaps	Total
	(In millions)			
2014				
Unrealized Gain (Loss) Recognized in:				
Other Operating Expense ⁽¹⁾	\$ (86)	\$ 22	\$ —	\$ (64)
Realized Gain (Loss) Reclassified to:				
Revenues ⁽²⁾	\$ (6)	\$ 68	\$ —	\$ 62
Purchased Power Expense ⁽³⁾	365	—	—	365
Other Operating Expense ⁽⁴⁾	—	(44)	—	(44)
Fuel Expense	(6)	—	—	(6)
Interest Expense	—	—	14	14

⁽¹⁾ Includes (\$86) million for commodity contracts and \$21 million for FTRs associated with FES.

⁽²⁾ Represents losses on structured financial contracts. Includes (\$6) million for commodity contracts and \$67 million for FTRs associated with FES.

⁽³⁾ Realized losses on financially settled wholesale sales contracts of \$252 million resulting from higher market prices were netted in purchased power. Includes \$365 million for commodity contracts associated with FES.

⁽⁴⁾ Includes (\$43) million for FTRs associated with FES.

	Year Ended December 31		
	Commodity Contracts	FTRs	Total
	(In millions)		
2013			
Unrealized Gain (Loss) Recognized in:			
Other Operating Expense ⁽⁵⁾	\$ 11	\$ (8)	\$ 3
Realized Gain (Loss) Reclassified to:			
Revenues ⁽⁶⁾	\$ 46	\$ 21	\$ 67
Purchased Power Expense ⁽⁷⁾	(38)	—	(38)
Other Operating Expense ⁽⁸⁾	—	(36)	(36)
Fuel Expense	(2)	—	(2)

⁽⁵⁾ Includes \$11 million for commodity contracts and (\$8) million for FTRs associated with FES.

⁽⁶⁾ Includes \$46 million for commodity contracts and \$19 million for FTRs associated with FES.

⁽⁷⁾ Includes (\$38) million for commodity contracts associated with FES.

⁽⁸⁾ Includes (\$33) million for FTRs associated with FES.

The following table provides a reconciliation of changes in the fair value of FirstEnergy's derivative instruments subject to regulatory accounting during 2014 and 2013. Changes in the value of these contracts are deferred for future recovery from (or credit to) customers:

Derivatives Not in a Hedging Relationship with Regulatory Offset	Year Ended December 31			
	NUGs	LCAPP ⁽¹⁾	Regulated FTRs	Total
	<i>(In millions)</i>			
Outstanding net liability as of January 1, 2014	\$ (202)	\$ —	\$ —	\$ (202)
Unrealized gain (loss)	(1)	—	13	12
Purchases	—	—	11	11
Settlements	52	—	(13)	39
Outstanding net asset (liability) as of December 31, 2014	<u>\$ (151)</u>	<u>\$ —</u>	<u>\$ 11</u>	<u>\$ (140)</u>
Outstanding net liability as of January 1, 2013	\$ (254)	\$ (144)	\$ —	\$ (398)
Unrealized gain (loss)	(23)	(22)	4	(41)
Purchases	—	—	(3)	(3)
Terminations	—	166	—	166
Settlements	75	—	(1)	74
Outstanding net liability as of December 31, 2013	<u>\$ (202)</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (202)</u>

⁽¹⁾ LCAPP contracts are financially settled agreements associated with capacity in New Jersey. During the fourth quarter of 2013, all LCAPP contracts were terminated after being declared unconstitutional by the U.S. District Court for the District of New Jersey.

11. CAPITALIZATION

COMMON STOCK

Retained Earnings and Dividends

As of December 31, 2014, FirstEnergy's unrestricted retained earnings were \$2.3 billion. Dividends declared in 2014 were \$1.44 per share, which included dividends of \$0.36 per share paid in the first, second, third and fourth quarters of 2014. Dividends declared in 2013 were \$1.65 per share, which included dividends of \$0.55 per share paid in the second, third and fourth quarter of 2013. The amount and timing of all dividend declarations are subject to the discretion of the Board of Directors and its consideration of business conditions, results of operations, financial condition and other factors. On January 20, 2015 the Board of Directors declared a quarterly dividend of \$0.36 per share to be paid in the first quarter of 2015.

In addition to paying dividends from retained earnings, OE, CEI, TE, Penn, JCP&L, ME and PN have authorization from the FERC to pay cash dividends to FirstEnergy from paid-in capital accounts, as long as their FERC-defined equity to total capitalization ratio remains above 35%. In addition, TrAIL and AGC have authorization from the FERC to pay cash dividends to their respective parents from paid-in capital accounts, as long as their FERC-defined equity to total capitalization ratio remains above 45%. The articles of incorporation, indentures, regulatory limitations and various other agreements relating to the long-term debt of certain FirstEnergy subsidiaries contain provisions that could further restrict the payment of dividends on their common stock. None of these provisions materially restricted FirstEnergy's subsidiaries' abilities to pay cash dividends to FirstEnergy as of December 31, 2014.

Stock Issuance

In 2014, FE issued approximately 2 million shares of common stock to registered shareholders and its employees and the employees of its subsidiaries under its Stock Investment Plan and certain share-based benefit plan obligations.

PREFERRED AND PREFERENCE STOCK

FirstEnergy and the Utilities were authorized to issue preferred stock and preference stock as of December 31, 2014, as follows:

	Preferred Stock		Preference Stock	
	Shares Authorized	Par Value	Shares Authorized	Par Value
FirstEnergy	5,000,000	\$ 100		
OE	6,000,000	\$ 100	8,000,000	no par
OE	8,000,000	\$ 25		
Penn	1,200,000	\$ 100		
CEI	4,000,000	no par	3,000,000	no par
TE	3,000,000	\$ 100	5,000,000	\$ 25
TE	12,000,000	\$ 25		
JCP&L	15,600,000	no par		
ME	10,000,000	no par		
PN	11,435,000	no par		
MP	940,000	\$ 100		
PE	10,000,000	\$ 0.01		
WP	32,000,000	no par		

As of December 31, 2014, and 2013, there were no preferred or preference shares outstanding.

LONG-TERM DEBT AND OTHER LONG-TERM OBLIGATIONS

The following tables present outstanding long-term debt and capital lease obligations for FirstEnergy and FES as of December 31, 2014 and 2013:

<i>(Dollar amounts in millions)</i>	As of December 31, 2014		As of December 31	
	Maturity Date	Interest Rate	2014	2013
FirstEnergy:				
FMBs	2015 - 2044	3.340% - 9.740%	\$ 3,190	\$ 3,166
Secured notes - fixed rate	2015 - 2037	0.000% - 7.880%	1,793	1,804
Unsecured notes - fixed rate	2015 - 2044	2.150% - 7.700%	13,532	11,076
Unsecured notes - variable rate	2015 - 2019	0.030% - 1.920%	1,292	959
Total unsecured notes			14,824	12,035
Capital lease obligations			160	188
Unamortized debt premiums (discounts)			(8)	9
Unamortized fair value adjustments			21	44
Currently payable long-term debt			(804)	(1,415)
Total long-term debt and other long-term obligations			\$ 19,176	\$ 15,831
FES:				
Secured notes - fixed rate	2015 - 2017	0.000% - 12.000%	\$ 126	\$ 188
Unsecured notes - fixed rate	2015 - 2039	2.150% - 6.800%	2,879	2,077
Unsecured notes - variable rate	2015 - 2015	0.030% - 0.050%	92	736
Total unsecured notes			2,971	2,813
Capital lease obligations			18	22
Unamortized debt discounts			(1)	(1)
Currently payable long-term debt			(506)	(892)
Total long-term debt and other long-term obligations			\$ 2,608	\$ 2,130

On March 31, 2014, FE, FES, AE Supply, FET and FE's other borrower subsidiaries entered into extensions and amendments to the three existing multi-year syndicated revolving credit facilities. Each Facility was extended until March 31, 2019. The FE facility was amended to increase the lending banks' commitments under the facility by \$1 billion to a total of \$3.5 billion and to increase the individual borrower sublimit for FE by \$1 billion to a total of \$3.5 billion. The FES/AE Supply facility was amended to decrease the lending banks' commitments by \$1 billion to a total of \$1.5 billion. The lending banks' commitments under the FET facility remain at \$1 billion and that facility was amended to increase ATSI's individual borrower sublimit to \$500 million from \$100 million and TrAIL's individual borrower sublimit to \$400 million from \$200 million. FirstEnergy expensed approximately \$5 million (FES -\$3 million) of unamortized debt expense as a result of the amendments, included in Loss on Debt Redemptions in the Consolidated Statement of Income for the year ended December 31, 2014.

On March 31, 2014, FE executed, and fully utilized, a new \$1 billion variable rate term loan credit agreement with a maturity date of March 31, 2019. The initial borrowing under the term loan, which took the form of a Eurodollar rate advance, may be converted from time to time, in whole or in part, to alternate base rate advances or other Eurodollar rate advances. The proceeds from this term loan reduced borrowings under the FE Facility.

During the first quarter of 2014, FG and NG remarketed approximately \$235 million and \$182 million, respectively, of PCRBs, previously held by the companies. The NG PCRBs were remarketed with a fixed interest rate of 4% per annum and a mandatory put date of June 3, 2019 and the FG PCRBs were remarketed with a fixed interest rate of 3.75% per annum and a mandatory put date of December 3, 2018.

In addition, in the first quarter of 2014, FG and NG repurchased approximately \$197 million and \$16 million, respectively, of PCRBs, which were subject to a mandatory tender. The PCRBs have been remarketed in the second and third quarter as described below. Additionally, FG retired \$50 million of PCRBs at maturity.

During the first quarter of 2014, AE Supply returned \$500 million of capital to FE. Additionally, FE contributed \$500 million of equity to FES.

On April 1, 2014, PN and ME repurchased approximately \$45 million and \$29 million of PCRBs, respectively, which were subject to a mandatory put on such date. The companies are currently holding the PCRBs for remarketing subject to future market and other conditions. Additionally, on April 1, 2014, ME retired \$150 million of long-term debt at maturity.

On May 19, 2014, FET issued \$600 million of 4.35% senior notes due 2025 and \$400 million of 5.45% senior notes due 2044. Proceeds received from the issuance of the senior notes were used to (i) repay borrowings under its revolving credit facility and the FirstEnergy unregulated companies' money pool; (ii) fund a capital contribution to ATSI; and (iii) for working capital needs and other general business purposes.

On June 11, 2014, ME and PN issued \$250 million of 4% senior notes due 2025 and \$200 million of 4.15% senior notes due 2025, respectively. Proceeds received from the issuance of the senior notes were used to repay ME and PN's borrowings under the FirstEnergy revolving credit facility and the FirstEnergy regulated companies' money pool.

In addition, in the second quarter of 2014, FG and NG remarketed approximately \$57 million and \$164 million, respectively, of PCRBs previously held by the companies. The bonds were remarketed with a fixed interest rate of 3.50% per annum and a mandatory put date of June 1, 2020.

On September 25, 2014, ATSI issued \$400 million of 5% senior notes due 2044. Proceeds received from the issuance of the senior notes were used: (i) to fund capital expenditures, including capital expenditures related to its transmission investment plans; and (ii) for working capital needs and other general business purposes.

Also during the third quarter, FG and NG remarketed approximately \$140.1 million and \$101 million, respectively, of PCRBs. Of the total, approximately \$45 million of PCRBs were remarketed by NG with a fixed interest rate of 3.63%, of which \$15.5 million has a mandatory put date of June 1, 2020 and \$29.5 million has a mandatory put date of April 1, 2020. NG also remarketed \$56 million of PCRBs with a fixed interest rate of 3.95% and a mandatory put date of May 1, 2020; FG remarketed \$50 million of PCRBs with a fixed interest rate of 3.10% and a mandatory put date of March 1, 2019; and \$90.1 million of PCRBs with a fixed interest rate of 3.00% and a maturity date of May 15, 2019.

On November 25, 2014, PE issued \$200 million of 4.44% FMBs due November 15, 2044. Proceeds received from the issuance of the FMBs were used: (i) to refinance PE's outstanding \$175 million of 5.35% FMBs due November 15, 2014; (ii) to repay PE's borrowings under the FirstEnergy regulated companies' money pool; and (iii) for other general business purposes.

On December 1, 2014, NG repurchased approximately \$26 million PCRBs, which were subject to a mandatory put on such date. NG is currently holding these PCRBs for remarketing subject to future market and other conditions.

On December 11, 2014, TrAIL issued \$550 million of 3.85% senior notes due June 1, 2025. Proceeds received from the issuance of the senior notes were used: (i) to repay TrAIL's outstanding \$450 million of 4.00% senior notes due January 15, 2015; (ii) to fund capital expenditures; and (iii) for working capital needs and other general business purposes.

On December 19, 2014, the maturity date for a \$200 million term loan agreement for which FE is the borrower was extended an additional year to December 31, 2016.

See Note 6, Leases for additional information related to capital leases.

Securitized Bonds

Environmental Control Bonds

The consolidated financial statements of FirstEnergy include environmental control bonds issued by two bankruptcy remote, special purpose limited liability companies that are indirect subsidiaries of MP and PE. Proceeds from the bonds were used to construct environmental control facilities. The special purpose limited liability companies own the irrevocable right to collect non-bypassable environmental control charges from all customers who receive electric delivery service in MP's and PE's West Virginia service territories. Principal and interest owed on the environmental control bonds is secured by, and payable solely from, the proceeds of the environmental control charges. The right to collect environmental control charges is not included as an asset on FirstEnergy's consolidated balance sheets. Creditors of FirstEnergy, other than the special purpose limited liability companies, have no recourse to any assets or revenues of the special purpose limited liability companies. As of December 31, 2014 and 2013, \$450 million and \$472 million of environmental control bonds were outstanding, respectively.

Transition Bonds

The consolidated financial statements of FirstEnergy and JCP&L include the accounts of JCP&L Transition Funding and JCP&L Transition Funding II, wholly owned limited liability companies of JCP&L. In June 2002, JCP&L Transition Funding sold transition bonds to securitize the recovery of JCP&L's bondable stranded costs associated with the previously divested Oyster Creek Nuclear Generating Station. In August 2006, JCP&L Transition Funding II sold transition bonds to securitize the recovery of deferred costs associated with JCP&L's supply of BGS. JCP&L did not purchase and does not own any of the transition bonds, which are included as long-term debt on FirstEnergy's and JCP&L's Consolidated Balance Sheets. The transition bonds are the sole obligations of JCP&L Transition Funding and JCP&L Transition Funding II and are collateralized by each company's equity and assets, which consist primarily of bondable transition property. As of December 31, 2014 and 2013, \$168 million and \$207 million of the transition bonds were outstanding, respectively.

Phase-In Recovery Bonds

In June 2013, the SPEs formed by the Ohio Companies issued approximately \$445 million of pass-through trust certificates supported by phase-in recovery bonds to securitize the recovery of certain all electric customer heating discounts, fuel and purchased power regulatory assets. The phase-in recovery bonds were sold to a trust that concurrently sold a like aggregate amount of its pass through trust certificates to public investors. As of December 31, 2014 and 2013, \$386 million and \$445 million of the phase-in recovery bonds were outstanding, respectively.

Other Long-term Debt

The Ohio Companies, Penn, FG and NG each have a first mortgage indenture under which they can issue FMBs secured by a direct first mortgage lien on substantially all of their property and franchises, other than specifically excepted property.

Based on the amount of FMBs authenticated by the respective mortgage bond trustees as of December 31, 2014, the sinking fund requirement for all FMBs issued under the various mortgage indentures amounted to payments of \$8 million in 2014, all of which relate to Penn. Penn expects to meet its 2014 annual sinking fund requirement with a replacement credit under its mortgage indenture.

As of December 31, 2014, FirstEnergy's currently payable long-term debt included approximately \$92 million of FES variable interest rate PCRBs, the bondholders of which are entitled to the benefit of irrevocable direct pay bank LOCs. The interest rates on the PCRBs are reset daily or weekly. Bondholders can tender their PCRBs for mandatory purchase prior to maturity with the purchase price payable from remarketing proceeds or, if the PCRBs are not successfully remarketed, by drawings on the irrevocable direct pay LOCs. The subsidiary obligor is required to reimburse the applicable LOC bank for any such drawings or, if the LOC bank fails to honor its LOC for any reason, must itself pay the purchase price.

The following table presents scheduled debt repayments for outstanding long-term debt, excluding capital leases, fair value purchase accounting adjustments and unamortized debt discounts and premiums, for the next five years as of December 31, 2014. PCRBs that can be tendered for mandatory purchase prior to maturity are reflected in 2015.

<u>Year</u>	<u>FirstEnergy</u>	<u>FES</u>
	<i>(In millions)</i>	
2015	\$ 769	\$ 501
2016	1,241	416
2017	1,641	163
2018	1,687	501
2019	2,266	322

The following table classifies the outstanding fixed rate put PCRBs and variable rate PCRBs by year, excluding unamortized debt discounts and premiums, for the next five years based on the next date on which the debt holders may exercise their right to tender their PCRBs.

<u>Year</u>	<u>FirstEnergy</u>	<u>FES</u>
	<i>(In millions)</i>	
2015	\$ 405	\$ 405
2016	391	391

2017	130	130
2018	359	359
2019	232	232

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Obligations to repay certain PCRBs are secured by several series of FMBs. Certain PCRBs are entitled to the benefit of irrevocable bank LOCs, to pay principal of, or interest on, the applicable PCRBs. To the extent that drawings are made under the LOCs, FG is entitled to a credit against its obligation to repay those bonds. FG pays annual fees based on the amounts of the LOCs to the issuing bank and is obligated to reimburse the bank for any drawings thereunder.

The amounts and annual fees for PCRb-related LOCs for FirstEnergy and FES as of December 31, 2014, are as follows:

	Aggregate LOC Amount ⁽¹⁾ (In millions)	Annual Fees
FirstEnergy	\$ 93	1.65%
FES	93	1.65%

(1) Includes approximately \$1 million of applicable interest coverage.

Debt Covenant Default Provisions

FirstEnergy has various debt covenants under certain financing arrangements, including its revolving credit facilities. The most restrictive of the debt covenants relate to the nonpayment of interest and/or principal on such debt and the maintenance of certain financial ratios. The failure by FirstEnergy to comply with the covenants contained in its financing arrangements could result in an event of default, which may have an adverse effect on its financial condition. As of December 31, 2014, FirstEnergy and FES remain in compliance with all debt covenant provisions.

Additionally, there are cross-default provisions in a number of the financing arrangements. These provisions generally trigger a default in the applicable financing arrangement of an entity if it or any of its significant subsidiaries default under another financing arrangement in excess of a certain principal amount, typically \$100 million. Although such defaults by any of the Utilities, ATSI or TrAIL would generally cross-default FE financing arrangements containing these provisions, defaults by any of AE Supply, FES, FG or NG would generally not cross-default to applicable financing arrangements of FE. Also, defaults by FE would generally not cross-default applicable financing arrangements of any of FE's subsidiaries. Cross-default provisions are not typically found in any of the senior notes or FMBs of FE, FG, NG or the Utilities.

12. SHORT-TERM BORROWINGS AND BANK LINES OF CREDIT

FE and certain of its subsidiaries participate in three five-year syndicated revolving credit facilities with aggregate commitments of \$6.0 billion (Facilities), which are available until March 31, 2019. FirstEnergy had \$1,799 million and \$3,404 million of short-term borrowings under the Facilities as of December 31, 2014 and 2013, respectively. FirstEnergy's available liquidity under the Facilities as of January 31, 2015 was as follows:

Borrower(s)	Type	Maturity	Commitment	Available Liquidity
<i>(In millions)</i>				
FirstEnergy ⁽¹⁾	Revolving	March 2019	\$ 3,500	\$ 1,469
FES / AE Supply	Revolving	March 2019	1,500	1,435
FET ⁽²⁾	Revolving	March 2019	1,000	1,000
		Subtotal	\$ 6,000	\$ 3,904
		Cash	—	58
		Total	\$ 6,000	\$ 3,962

⁽¹⁾ FE and the Utilities

⁽²⁾ Includes FET, ATSI and TrAIL as subsidiary borrowers

Revolving Credit Facilities*FirstEnergy, FES/AE Supply and FET Facilities*

On March 31, 2014, FE, FES, AE Supply, FET and FE's other borrower subsidiaries entered into extensions and amendments to the three existing multi-year syndicated revolving credit facilities. Each Facility was extended until March 31, 2019. The FE facility was amended to increase the lending banks' commitments under the facility by \$1.0 billion to a total of \$3.5 billion and to increase the individual borrower sublimit for FE by \$1.0 billion to a total of \$3.5 billion. The FES/AE Supply facility was amended to decrease the lending banks' commitments by \$1.0 billion to a total of \$1.5 billion. The lending banks' commitments under the FET facility remain at \$1.0 billion and that facility was amended to increase ATSI's individual borrower sublimit to \$500 million from \$100 million and TrAIL's individual borrower sublimit to \$400 million from \$200 million. FirstEnergy expensed approximately \$5 million (FES - \$3 million) of unamortized debt expense as a result of the amendments, included in Loss on Debt Redemptions in the Consolidated Statement of Income for the year ended December 31, 2014.

Generally, borrowings under each of the Facilities are available to each borrower separately and mature on the earlier of 364 days from the date of borrowing or the commitment termination date, as the same may be extended. Each of the Facilities contains financial covenants requiring each borrower to maintain a consolidated debt to total capitalization ratio (as defined under each of the Facilities, as amended) of no more than 65%, and 75% for FET, measured at the end of each fiscal quarter.

The following table summarizes the borrowing sub-limits for each borrower under the Facilities, the limitations on short-term indebtedness applicable to each borrower under current regulatory approvals and applicable statutory and/or charter limitations, as of December 31, 2014:

Borrower	Revolving Credit Facility Sub- Limits	Regulatory and Other Short-Term Debt Limitations
	<i>(In millions)</i>	
FE	\$ 3,500	\$ — ⁽¹⁾
FES	1,500	— ⁽²⁾
AE Supply	1,000	— ⁽²⁾
FET	1,000	— ⁽¹⁾
OE	500	500 ⁽³⁾
CEI	500	500 ⁽³⁾
TE	500	500 ⁽³⁾
JCP&L	600	850 ⁽³⁾
ME	300	500 ⁽³⁾
PN	300	300 ⁽³⁾
WP	200	200 ⁽³⁾
MP	500	500 ⁽³⁾
PE	150	150 ⁽³⁾
ATSI	500	500 ⁽³⁾
Penn	50	50 ⁽³⁾
TrAIL	400	400 ⁽³⁾

⁽¹⁾ No limitations.

⁽²⁾ No limitation based upon blanket financing authorization from the FERC under existing market-based rate tariffs.

⁽³⁾ Excluding amounts which may be borrowed under the regulated companies' money pool.

The entire amount of the FES/AE Supply Facility, \$600 million of the FE Facility and \$225 million of the FET Facility, subject to each borrower's sub-limit, is available for the issuance of LOCs (subject to borrowings drawn under the Facilities) expiring up to one year from the date of issuance. The stated amount of outstanding LOCs will count against total commitments available under each of the Facilities and against the applicable borrower's borrowing sub-limit.

The Facilities do not contain provisions that restrict the ability to borrow or accelerate payment of outstanding advances in the event of any change in credit ratings of the borrowers. Pricing is defined in "pricing grids," whereby the cost of funds borrowed under the Facilities is related to the credit ratings of the company borrowing the funds, other than the FET Facility, which is based on its subsidiaries' credit ratings. Additionally, borrowings under each of the Facilities are subject to the usual and customary provisions for acceleration upon the occurrence of events of default, including a cross-default for other indebtedness in excess of \$100 million.

Term Loans

On March 31, 2014, FE executed, and fully utilized, a new \$1 billion variable rate term loan credit agreement with a maturity date of March 31, 2019. The initial borrowing under the term loan, which took the form of a Eurodollar rate advance, may be converted from time to time, in whole or in part, to alternate base rate advances or other Eurodollar rate advances. The proceeds from this term loan reduced borrowings under the FE Facility. Additionally, FE has a \$200 million variable rate term loan, for which the maturity was extended in December 2014 for an additional year to December 31, 2016. The term loan contains covenants and other terms and conditions substantially similar to FE's \$1 billion variable rate term loan entered into on March 31, 2014 and FE's existing revolving credit facility, including the same consolidated debt to total capitalization ratio requirement.

As of December 31, 2014, FE was in compliance with the financial covenants associated with the applicable debt to total capitalization ratios under each of these term loans.

FirstEnergy Money Pools

FirstEnergy's utility operating subsidiary companies also have the ability to borrow from each other and the holding company to meet their short-term working capital requirements. A similar but separate arrangement exists among FirstEnergy's unregulated companies. FESC administers these two money pools and tracks surplus funds of FirstEnergy and the respective regulated and unregulated subsidiaries, as well as proceeds available from bank borrowings. Companies receiving a loan under the money pool agreements must repay the principal amount of the loan, together with accrued interest, within 364 days of borrowing the funds. The rate of interest is the same for each company receiving a loan from their respective pool and is based on the average cost of funds available through the pool. The average interest rate for borrowings in 2014 was 1.45% per annum for the regulated companies' money pool and 1.35% per annum for the unregulated companies' money pool.

Weighted Average Interest Rates

The weighted average interest rates on short-term borrowings outstanding, including borrowings under the FirstEnergy Money Pools, as of December 31, 2014 and 2013, were as follows:

	2014	2013
FirstEnergy	1.96%	1.80%
FES	3.34%	—%

13. ASSET RETIREMENT OBLIGATIONS

FirstEnergy has recognized applicable legal obligations for AROs and their associated cost primarily for nuclear power plant decommissioning, reclamation of sludge disposal ponds, closure of coal ash disposal sites, underground and above-ground storage tanks, wastewater treatment lagoons and transformers containing PCBs. In addition, FirstEnergy has recognized conditional retirement obligations, primarily for asbestos remediation.

The ARO liabilities for FES primarily relate to the decommissioning of the Beaver Valley, Davis-Besse and Perry nuclear generating facilities. FES uses an expected cash flow approach to measure the fair value of their nuclear decommissioning AROs.

FirstEnergy and FES maintain NDTs that are legally restricted for purposes of settling the nuclear decommissioning ARO. The fair values of the decommissioning trust assets as of December 31, 2014 and 2013 were as follows:

	2014	2013
	(In millions)	
FirstEnergy	\$ 2,341	\$ 2,201
FES	\$ 1,365	\$ 1,276

The following table summarizes the changes to the ARO balances during 2014 and 2013:

ARO Reconciliation	FirstEnergy	FES
	<i>(In millions)</i>	
Balance, January 1, 2013	\$ 1,599	\$ 965
Liabilities settled	(18)	(18)
Accretion	115	71
Revisions in estimated cash flows	(18)	(3)
Balance, December 31, 2013	\$ 1,678	\$ 1,015
Liabilities settled	(9)	(7)
Accretion	113	66
Revisions in estimated cash flows	(395)	(233)
Balance, December 31, 2014	<u>\$ 1,387</u>	<u>\$ 841</u>

During 2013, revisions to estimated cash flows as a result of increased cost estimates for the closure of LBR increased the associated ARO liability of FES by \$163 million. The revised cost estimates were the result of a Closure Plan submitted to the PA DEP by FG on March 28, 2013, which provides for placing a final cap over LBR, and a response to a technical deficiency letter issued by the PA DEP on October 3, 2013. See Note 15, Commitments, Guarantees, and Contingencies for additional information related to the closure of LBR.

During the third quarter of 2013, studies were completed to update the estimated cost of asbestos remediation for FirstEnergy and FES. The cost studies resulted in a revision to the estimated cash flows associated with the ARO liabilities of FirstEnergy and FES and increased the liability by \$12 million and \$5 million, respectively.

During the fourth quarter of 2013, revisions to estimated nuclear decommissioning cash flows associated with the ARO liability of FirstEnergy and FES decreased the liability by \$193 million and \$171 million, respectively. The revision in estimates for the ARO balances is the result of a decommissioning study that was completed by a third-party in connection with Davis-Besse's license renewal that was submitted to the NRC in February 2014. The most significant revision from this study was related to accelerating the expected date when the DOE would begin to accept spent fuel, to be more in line with the industry assumptions. Additionally, FirstEnergy also updated and revised its estimates for Perry and Beaver Valley Units 1 and 2, in a consistent manner.

During the fourth quarter of 2014, based on studies completed by a third-party to reassess the estimated costs of decommissioning certain nuclear generating facilities, FE decreased its ARO by \$395 million (\$233 million at FES) of which \$133 million was credited against a regulatory asset associated with nuclear decommissioning and spent fuel disposal costs for TMI-2. The decrease in the ARO primarily resulted from an extension in the number of years in which decommissioning activities are estimated to occur at Davis-Besse, Perry, TMI-2 and Beaver Valley Units 1 and 2.

14. REGULATORY MATTERS

STATE REGULATION

Each of the Utilities' retail rates, conditions of service, issuance of securities and other matters are subject to regulation in the states in which it operates - in Maryland by the MDPSC, in Ohio by the PUCO, in New Jersey by the NJBPU, in Pennsylvania by the PPUC, in West Virginia by the WVPSC and in New York by the NYPSC. The transmission operations of PE in Virginia are subject to certain regulations of the VSCC. In addition, under Ohio law, municipalities may regulate rates of a public utility, subject to appeal to the PUCO if not acceptable to the utility.

As competitive retail electric suppliers serving retail customers primarily in Ohio, Pennsylvania, Illinois, Michigan, New Jersey and Maryland, FES and AE Supply are subject to state laws applicable to competitive electric suppliers in those states, including affiliate codes of conduct that apply to FES, AE Supply and their public utility affiliates. In addition, if any of the FirstEnergy affiliates were to engage in the construction of significant new transmission or generation facilities, depending on the state, they may be required to obtain state regulatory authorization to site, construct and operate the new transmission or generation facility.

MARYLAND

PE provides SOS pursuant to a combination of settlement agreements, MDPSC orders and regulations, and statutory provisions. SOS supply is competitively procured in the form of rolling contracts of varying lengths through periodic auctions that are overseen by the MDPSC and a third party monitor. Although settlements with respect to residential SOS for PE customers expired on December 31, 2012, by statute, service continues in the same manner unless changed by order of the MDPSC. The settlement provisions relating to non-residential SOS have also expired; however, by MDPSC order, the terms of service remain in place unless PE requests or the MDPSC orders a change. PE recovers its costs plus a return for providing SOS.

The Maryland legislature adopted a statute in 2008 codifying the EmPOWER Maryland goals to reduce electric consumption by 10% and reduce electricity demand by 15%, in each case by 2015. PE's initial plan submitted in compliance with the statute was approved in 2009, at which time expenditures were estimated to be approximately \$101 million for the PE programs for the entire period of 2009-2015. PE's third plan, covering the three-year period 2015-2017, was approved by the MDPSC on December 23, 2014. The projected costs of the 2015-2017 plan are approximately \$64 million for that three year period. PE continues to recover program costs subject to a five-year amortization. Maryland law only allows for the utility to recover lost distribution revenue attributable to energy efficiency or demand reduction programs through a base rate case proceeding, and to date such recovery has not been sought or obtained by PE.

The MDPSC adopted rules, effective May 28, 2012, that set utility-specific SAIDI and SAIFI targets for 2012-2015; prescribed detailed tree-trimming requirements, outage restoration and downed wire response deadlines; imposed other reliability and customer satisfaction requirements; and established annual reporting requirements. The MDPSC is required to assess each utility's compliance with the new rules, and may assess penalties of up to \$25,000 per day, per violation. The MDPSC issued orders accepting PE's reports on compliance under the new rules on September 3, 2013 and August 27, 2014.

On February 27, 2013, the MDPSC issued an order (the February 27 Order) requiring the Maryland electric utilities to submit analyses, relating to the costs and benefits of making further system and staffing enhancements in order to attempt to reduce storm outage durations. The order further required the Staff of the MDPSC to report on possible performance-based rate structures and to propose additional rules relating to feeder performance standards, outage communication and reporting, and sharing of special needs customer information. PE's final filing on September 3, 2013, discussed the steps needed to harden the utility's system in order to attempt to achieve various levels of storm response speed described in the February 27 Order, and projected that it would require approximately \$2.7 billion in infrastructure investments over 15 years to attempt to achieve the quickest level of response for the largest storm projected in the February 27 Order. On July 1, 2014, the Staff of the MDPSC issued a set of reports that recommended the imposition of extensive additional requirements in the areas of storm response, feeder performance, estimates of restoration times, and regulatory reporting. The Staff also recommended the imposition of penalties, including customer rebates, for a utility's failure or inability to comply with the escalating standards of storm restoration speed proposed by the Staff. In addition, the Staff proposed that the utilities be required to develop and implement system hardening plans, up to a rate impact cap on cost. The MDPSC conducted a hearing September 15-18, 2014, to consider certain of these matters, and has not yet scheduled further proceedings on any of the matters.

NEW JERSEY

JCP&L currently provides BGS for retail customers who do not choose a third party EGS and for customers of third party EGSs that fail to provide the contracted service. The supply for BGS, which is comprised of two components, is provided through contracts procured through separate, annually held descending clock auctions, the results of which are approved by the NJBPU. One BGS component and auction, reflecting hourly real time energy prices, is available for larger commercial and industrial customers. The other BGS component and auction, providing a fixed price service, is intended for smaller commercial and residential customers. All New Jersey EDCs participate in this competitive BGS procurement process and recover BGS costs directly from customers as a charge separate from base rates.

In an order issued July 31, 2012, the NJBPU ordered JCP&L to file a base rate case using a historical 2011 test year. The rate case petition was filed on November 30, 2012 by JCP&L requesting approval to increase revenues by approximately \$31 million, which included the recovery of 2011 storm restoration costs but excluded approximately \$603 million of costs incurred in 2012 associated with the impact of Hurricane Sandy. In the initial briefs of the parties, the Division of Rate Counsel recommended that base rate revenues be reduced by \$214.9 million while the NJBPU Staff recommended a \$207.4 million reduction (such amounts do not address the revenue requirements associated with the major storm events of 2011 and 2012). On May 5, 2014, JCP&L submitted updated schedules to reflect the result of the generic storm cost proceeding, discussed below, to revise the debt rate to 5.93%, and to request that base rate revenues be increased by \$9.1 million, including the recovery of 2011 storm costs. The record in the case was closed as of June 30, 2014. The ALJ provided his initial Decision on January 8, 2015, which recommended an annual revenue reduction of \$107.5 million and did not include the recovery of 2012 storm costs or any CTA. On February 11, 2015, the NJBPU approved a 45-day extension to render a final decision.

On January 23, 2013, the NJBPU opened a generic proceeding to review its policies with respect to the use of a CTA in base rate cases. The NJBPU and its Staff solicited, and were provided, input from interested stakeholders, including utilities and the Division of Rate Counsel. On June 18, 2014, the NJBPU Staff proposed to amend current CTA policy by: 1) calculating savings using a 5 year look back from the beginning of the test year; 2) allocating savings with 75% retained by the company and 25% allocated to rate payers; and 3) excluding transmission assets of electric distribution companies in the savings calculation. JCP&L and other stakeholders filed written comments on the Staff proposal. In its Order issued October 22, 2014, the NJBPU stated it would continue to apply its current CTA policy in base rate cases, subject to incorporating the staff proposed modifications (as discussed above). For pending base rate cases in which the record had closed, such as JCP&L's, the NJBPU

would, following an initial decision of the ALJ, reopen the record for the limited purpose of adding a CTA calculation reflecting the modified policy and allow parties the opportunity to comment. FirstEnergy expects the application of the modified policy in the pending JCP&L base rate case to reduce annual revenues by approximately \$5 million. On November 5, 2014, the Division of Rate Counsel appealed the NJBPU Order to the New Jersey Superior Court. JCP&L has filed to participate as a respondent in that proceeding.

On March 20, 2013, the NJBPU ordered that a generic proceeding be established to investigate the prudence of costs incurred by all New Jersey utilities for service restoration efforts associated with the major storm events of 2011 and 2012. The Order provided that if any utility had already filed a proceeding for recovery of such storm costs, to the extent the amount of approved recovery had not yet been determined, the prudence of such costs would be reviewed in the generic proceeding. On May 31, 2013, the NJBPU clarified its earlier order to indicate that the 2011 major storm costs would be reviewed expeditiously in the generic proceeding, with the goal of maintaining the base rate case schedule established by the ALJ where recovery of such costs would be addressed. The NJBPU further indicated that it would review the 2012 major storm costs in the generic proceeding and the recovery of such costs would be considered through a Phase II in the existing base rate case or through another appropriate method to be determined at the conclusion of the generic proceeding. On June 21, 2013, JCP&L filed a detailed report in support of recovery of major storm costs with the NJBPU. On February 24, 2014, a Stipulation was filed with the NJBPU by JCP&L, the Division of Rate Counsel and NJBPU Staff which will allow recovery of \$736 million of JCP&L's \$744 million of costs related to the significant weather events of 2011 and 2012. As a result, FirstEnergy recorded a regulatory asset impairment charge of approximately \$8 million (pre-tax) as of December 31, 2013. By its Order of March 19, 2014, the NJBPU approved the Stipulation of Settlement. Although the settlement permits recovery of 2011 and 2012 storm costs, the recovery of the 2011 costs will be addressed in the pending base rate case; whereas the manner and timing of recovery of the 2012 storm costs totaling \$580 million will be determined by the NJBPU.

OHIO

The Ohio Companies primarily operate under their ESP 3 plan which expires on May 31, 2016. The material terms of ESP 3 include:

- Continuing the current base distribution rate freeze through May 31, 2016;
- Continuing collection of lost distribution revenues associated with energy efficiency and peak demand reduction programs;
- Continuing to provide economic development and assistance to low-income customers for the two-year plan period at levels established in the prior ESP;
- A 6% generation rate discount to certain low income customers provided by the Ohio Companies through a bilateral wholesale contract with FES (FES is one of the wholesale suppliers to the Ohio Companies);
- Continuing to provide power to non-shopping customers at a market-based price set through an auction process;
- Continuing Rider DCR that allows continued investment in the distribution system for the benefit of customers;
- Continuing commitment not to recover from retail customers certain costs related to transmission cost allocations for the longer of the five-year period from June 1, 2011 through May 31, 2016 or when the amount of costs avoided by customers for certain types of products totals \$360 million, subject to the outcome of certain FERC proceedings;
- Securing generation supply for a longer period of time by conducting an auction for a three-year period rather than a one-year period, in each of October 2012 and January 2013, to mitigate any potential price spikes for the Ohio Companies' utility customers who do not switch to a competitive generation supplier; and
- Extending the recovery period for costs associated with purchasing RECs mandated by SB221, Ohio's renewable energy and energy efficiency standard, through the end of the new ESP 3 period. This is expected to initially reduce the monthly renewable energy charge for all non-shopping utility customers of the Ohio Companies by spreading out the costs over the entire ESP period.

Notices of appeal of the Ohio Companies' ESP 3 plan to the Supreme Court of Ohio were filed by the Northeast Ohio Public Energy Council and the ELPC. The matter has not yet been scheduled for oral argument.

The Ohio Companies filed an application with the PUCO on August 4, 2014 seeking approval of their ESP IV entitled *Powering Ohio's Progress*. The Ohio Companies have requested a decision by the PUCO by April 8, 2015. The Ohio Companies filed a partial Stipulation and Recommendation on December 22, 2014. The evidentiary hearing on the ESP IV is scheduled to commence on April 13, 2015. The material terms of the proposed plan include:

- Continuing a base distribution rate freeze through May 31, 2019;
- Continuing collection of lost distribution revenues associated with energy efficiency and peak demand reduction programs;
- Providing economic development and assistance to low-income customers for the three-year plan period;
- An Economic Stability Program providing for a retail rate stability rider to flow through charges or credits representing the net result of the costs paid to FES through a proposed 15-year purchase power agreement for the output of Sammis, Davis-Besse and FES' share of OVEC against the revenues received from selling the output into the PJM markets over the same period;
- Continuing to provide power to non-shopping customers at a market-based price set through an auction process;
- Continuing Rider DCR with increased revenue caps of approximately \$30 million per year that allows continued investment supporting the distribution system for the benefit of customers;
-

A commitment not to recover from retail customers certain costs related to transmission cost allocations for the longer of the five-year period from June 1, 2011 through May 31, 2016 or when the amount of such costs avoided by customers for certain types of products totals \$360 million, including appropriately such costs from MISO along with such costs from PJM, subject to the outcome of certain FERC proceedings; and

- General updates to electric service regulations and tariffs to reflect regulatory orders, administrative rule changes, and current practices.

Under Ohio's energy efficiency standards (SB221 and SB310), and the Ohio Companies' filing of amended energy efficiency plans, the Ohio Companies are required to implement energy efficiency programs that achieve a total annual energy savings equivalent of approximately 2,237 GWHs in 2014, 2015 and 2016. The Ohio Companies are also required to reduce peak demand in 2009

by 1%, with an additional 0.75% reduction each year thereafter through 2014, and retain the 2014 level for 2015 and 2016, and then increase the benchmark by an additional 0.75% thereafter through 2020.

On March 20, 2013, the PUCO approved the three-year energy efficiency portfolio plans for 2013-2015, estimated to cost the Ohio Companies approximately \$250 million over the three-year period, which is expected to be recovered in rates. Applications for rehearing were filed by the Ohio Companies and several other parties. On July 17, 2013, the PUCO denied the Ohio Companies' application for rehearing, in part, but authorized the Ohio Companies to receive 20% of any revenues obtained from offering energy efficiency and DR reserves into the PJM auction. The PUCO also confirmed that the Ohio Companies can recover PJM costs and applicable penalties associated with PJM auctions, including the costs of purchasing replacement capacity from PJM incremental auctions, to the extent that such costs or penalties are prudently incurred. On August 16, 2013, ELPC and OCC filed applications for rehearing, which were granted for the sole purpose of further consideration of the issue. On September 24, 2014, the Ohio Companies filed an amendment to their portfolio plan as contemplated by SB310, seeking to suspend certain programs for the 2015-2016 period in order to better align the plan with the new benchmarks under SB310. On November 20, 2014, the PUCO approved the Ohio Companies' amended portfolio plan. Several applications for rehearing were filed, and the PUCO granted those applications for further consideration of the matters specified in those applications.

On September 16, 2013, the Ohio Companies filed with the Supreme Court of Ohio a notice of appeal of the PUCO's July 17, 2013 Entry on Rehearing related to energy efficiency, alternative energy, and long-term forecast rules stating that the rules issued by the PUCO are inconsistent with, and are not supported by, statutory authority. On October 23, 2013, the PUCO filed a motion to dismiss the appeal, which is still pending. The matter has not been scheduled for oral argument.

Ohio law requires electric utilities and electric service companies in Ohio to serve part of their load from renewable energy resources measured by an annually increasing percentage amount through 2024, except 2015 and 2016 that remain at the 2014 level. The Ohio Companies conducted RFPs in 2009, 2010 and 2011 to secure RECs to help meet these renewable energy requirements. In September 2011, the PUCO opened a docket to review the Ohio Companies' alternative energy recovery rider through which the Ohio Companies recover the costs of acquiring these RECs. The PUCO issued an Opinion and Order on August 7, 2013 approving the Ohio Companies' acquisition process and their purchases of RECs to meet statutory mandates in all instances except for part of the purchases arising from one auction and directing the Ohio Companies to credit non-shopping customers in the amount of \$43.4 million, plus interest, on the basis that the Ohio Companies did not prove such purchases were prudent. Based on the PUCO ruling, a regulatory charge of approximately \$51 million, including interest, was recorded in the fourth quarter of 2013. On December 24, 2013, following the denial of their application for rehearing, the Ohio Companies filed a notice of appeal and a motion for stay of the PUCO's order with the Supreme Court of Ohio, which was granted. On February 18, 2014, the OCC and the ELPC also filed appeals of the PUCO's order. The Ohio Companies filed their merit brief with the Supreme Court of Ohio on March 6, 2014 and the briefing process concluded on December 24, 2014. The matter is not yet scheduled for oral argument.

On April 9, 2014, the PUCO initiated a generic investigation of marketing practices in the competitive retail electric service market, with a focus on the marketing of fixed-price or guaranteed percent-off SSO rate contracts where there is a provision that permits the pass-through of new or additional charges.

PENNSYLVANIA

The Pennsylvania Companies currently operate under DSPs that expire on May 31, 2015, and provide for the competitive procurement of generation supply for customers that do not choose an alternative EGS or for customers of alternative EGSs that fail to provide the contracted service. The default service supply is currently provided by wholesale suppliers through a mix of long-term and short-term contracts procured through descending clock auctions, competitive requests for proposals and spot market purchases. On July 24, 2014, the PPUC unanimously approved a settlement of the Pennsylvania Companies' DSPs for the period of June 1, 2015 through May 31, 2017, that provides for quarterly descending clock auctions to procure 3, 12 and 24-month energy contracts, as well as one RFP seeking 2-year contracts to secure SRECs for ME, PN and Penn.

The PPUC entered an Order on March 3, 2010 that denied the recovery of marginal transmission losses through the TSC rider for the period of June 1, 2007 through March 31, 2008, and directed ME and PN to submit a new tariff or tariff supplement reflecting the removal of marginal transmission losses from the TSC. Pursuant to a plan approved by the PPUC, ME and PN refunded those amounts to customers over 29-months concluding in the second quarter of 2013. On appeal, the Commonwealth Court affirmed the PPUC's Order to the extent that it holds that line loss costs are not transmission costs and, therefore, the approximately \$254 million in marginal transmission losses and associated carrying charges for the period prior to January 1, 2011, are not recoverable under ME's and PN's TSC riders. The Pennsylvania Supreme Court denied ME's and PN's Petition for Allowance of Appeal and the Supreme Court of the United States denied ME's and PN's Petition for Writ of Certiorari. The U.S. District Court for the Eastern District of Pennsylvania granted the PPUC's motion to dismiss the complaint

filed by ME and PN to obtain an order that would enjoin enforcement of the PPUC and Pennsylvania court orders under a theory of federal preemption on the question of retail rate recovery of the marginal transmission loss charges. As a result of the U.S. District Court's decision, FirstEnergy recorded a regulatory asset impairment charge of approximately \$254 million (pre-tax) in the quarter ended September 30, 2013. On appeal, on September 16, 2014, in a split decision, two judges of a three-judge panel of the United States Court of Appeals for the Third Circuit affirmed the U.S. District Court's dismissal of the complaint, agreeing that ME and PN had litigated the issue in the state proceedings and thus were precluded from subsequent litigation in federal court. On September 30, 2014, ME and PN filed for rehearing and rehearing

en banc before the Third Circuit and, on October 15, 2014, the Third Circuit rejected that rehearing request. ME and PN filed a Petition for Certiorari with the U.S. Supreme Court on February 12, 2015.

Pursuant to Pennsylvania's EE&C legislation (Act 129 of 2008), the PPUC was charged with reviewing the cost effectiveness of energy efficiency and peak demand reduction programs. The PPUC found the energy efficiency programs to be cost effective and directed all of the electric utilities in Pennsylvania to submit by November 15, 2012, a Phase II EE&C Plan that would be in effect for the period June 1, 2013 through May 31, 2016. The PPUC deferred ruling on the need to create peak demand reduction targets and did not include a peak demand reduction requirement in the Phase II plans. On March 14, 2013, the PPUC adopted a settlement among the Pennsylvania Companies and interested parties and approved the Pennsylvania Companies' Phase II EE&C Plans for the period 2013-2016. Total costs of these plans are expected to be approximately \$234 million and recoverable through the Pennsylvania Companies' reconcilable EE&C riders.

On August 4, 2014, the Pennsylvania Companies each filed tariffs with the PPUC proposing general rate increases associated with their distribution operations. The filings request approval to increase operating revenues by approximately \$151.9 million at ME, \$119.8 million at PN, \$28.5 million at Penn, and \$115.5 million at WP based upon fully projected future test years for the twelve months ending April 30, 2016 at each of the Pennsylvania Companies. On February 3, 2015, each of the Pennsylvania Companies filed a Joint Petition for Settlement seeking PPUC approval of the agreements reached in each proceeding which included, among other things: 1) increases in current distribution revenues of \$89.3 million for ME, \$90.8 million for PN, \$15.9 million for Penn and \$96.8 million for WP; 2) a Universal Services Charge Rider to be established for WP; 3) storm reserve accounts for future storm recovery to be established for each of the Pennsylvania Companies; and 4) certain other operational and customer service-related provisions. The sole issue reserved for briefing was with respect to the scope and pricing of the Companies' proposed LED offerings. Orders on the proposed increases are expected in May 2015.

WEST VIRGINIA

On April 30, 2014, MP and PE filed a rate case, as amended on June 13, 2014, requesting a base rate increase of approximately \$104 million, or 9.9%, based on an historic 2013 test year. The filing also included a request for an additional \$48 million to recover by surcharge costs for new and existing vegetation management programs. On November 3, 2014, a Joint Stipulation was submitted by all parties which settled all issues in the proceeding. The settlement includes, among other things: a \$15 million increase in base rate revenues effective February 25, 2015; the implementation of a Vegetation Management Surcharge effective February 25, 2015 to recover all costs related to both new and existing vegetation maintenance programs; authority to establish a regulatory asset for MATS investments placed into service in 2016 and 2017; authority to defer, amortize and recover over a 5-year period approximately \$46 million of storm restoration costs; and elimination of the Temporary Transaction Surcharge for costs associated with MP's acquisition of the Harrison plant in October 2013 and movement of those costs into base rates effective February 25, 2015. On February 3, 2015, the WVPSC approved the settlement in full and without modification. MP and PE's new rates will go into effect February 25, 2015.

On August 29, 2014, MP and PE filed their annual ENEC case proposing an approximate \$65.8 million annual increase in ENEC rates, which is a 5.7% overall increase to existing rates. The increase is comprised of an actual \$51.6 million under-recovered balance as of June 30, 2014, and a projected \$14.2 million in under-recovery for the 2015 rate effective period. A settlement was reached by all the parties, which was filed with the WVPSC on December 2, 2014. The parties agreed to defer \$16.8 million of the energy portion of the under-recovery balance for medium and large customers for one year at a carrying cost of 4% in order to mitigate the proposed rate impact to those customers. The settlement permits MP and PE to recover all of their costs incurred during the two year review period and closes the review period except for two coal issues for further review in next year's ENEC case. On January 29, 2015, the WVPSC approved the settlement in full without modification and new ENEC rates will go into effect February 25, 2015.

RELIABILITY MATTERS

Federally-enforceable mandatory reliability standards apply to the bulk electric system and impose certain operating, record-keeping and reporting requirements on the Utilities, FES, AE Supply, FG, FENOC, NG, ATSI and TrAIL. NERC is the ERO designated by FERC to establish and enforce these reliability standards, although NERC has delegated day-to-day implementation and enforcement of these reliability standards to eight regional entities, including RFC. All of FirstEnergy's facilities are located within the RFC region. FirstEnergy actively participates in the NERC and RFC stakeholder processes, and otherwise monitors and manages its companies in response to the ongoing development, implementation and enforcement of the reliability standards implemented and enforced by RFC.

FirstEnergy believes that it is in compliance with all currently-effective and enforceable reliability standards. Nevertheless, in the course of operating its extensive electric utility systems and facilities, FirstEnergy occasionally learns of isolated facts or circumstances that could be interpreted as excursions from the reliability standards. If and when such occurrences are found, FirstEnergy develops information about the occurrence and develops a remedial response to the specific circumstances, including in appropriate cases "self-reporting" an occurrence to RFC. Moreover, it is clear that NERC, RFC and FERC will continue to refine existing reliability standards as well as to develop and adopt new reliability standards. Any inability on FirstEnergy's part to comply with the reliability standards for its bulk electric system could result in the imposition of financial penalties that could have a material adverse effect on its financial condition, results of operations and cash flows.

FERC MATTERS

PJM Transmission Rates

PJM and its stakeholders have been debating the proper method to allocate costs for new transmission facilities. While FirstEnergy and other parties advocate for a traditional "beneficiary pays" (or usage based) approach, others advocate for "socializing" the costs on a load-ratio share basis, where each customer in the zone would pay based on its total usage of energy within PJM. This question has been the subject of extensive litigation before FERC and the appellate courts, including most recently before the Seventh Circuit. On June 25, 2014, a divided three-judge panel of the Seventh Circuit ruled that FERC had not quantified the benefits that western PJM utilities would derive from certain new 500 kV or higher lines and thus had not adequately supported its decision to socialize the costs of these lines. The majority found that eastern PJM utilities are the primary beneficiaries of the lines, while western PJM utilities are only incidental beneficiaries, and that, while incidental beneficiaries should pay some share of the costs of the lines, that share should be proportionate to the benefit they derive from the lines, and not on load-ratio share in PJM as a whole. The court remanded the case to FERC, which issued an order setting the issue of cost allocation for hearing and settlement proceedings. Settlement discussions under a FERC-appointed settlement judge are ongoing.

Order No. 1000, issued by FERC on July 21, 2011, announced new policies regarding transmission planning and transmission cost allocation, requiring the submission of a compliance filing by PJM and the PJM transmission owners demonstrating that the cost allocation methodology for new transmission projects directed by the PJM Board of Managers satisfied the principles set forth in the order. On August 15, 2014 the U.S. Court of Appeals for the D.C. Circuit affirmed Order No. 1000, including its termination of certain "right of first refusal" privileges discussed in more detail below. The court subsequently denied a request for rehearing of its decision.

In series of orders, including certain of the orders related to the Order No. 1000 proceedings, FERC has asserted that the PJM transmission owners do not hold an incumbent "right of first refusal" to construct, own and operate transmission projects within their respective footprints that are approved as part of PJM's RTEP process. FirstEnergy and other PJM transmission owners have appealed these rulings, and those appeals are pending before the U.S. Court of Appeals for the D.C. Circuit.

To demonstrate compliance with the regional cost allocation principles of Order No. 1000, the PJM transmission owners, including FirstEnergy, proposed a hybrid allocation of 50% beneficiary pays and 50% socialized to be effective for RTEP projects approved by the PJM Board of Managers on, and after, the requested February 1, 2013 effective date of the compliance filing. FERC has accepted that approach.

Separately, the PJM transmission owners, including FirstEnergy, submitted filings to FERC setting forth the cost allocation method for projects that cross the borders between the PJM Region and: (1) the NYISO region; (2) the MISO region; and (3) the FERC-jurisdictional members of the SERTP region. These filings propose to allocate the cost of these interregional transmission projects based on the costs of projects that otherwise would have been constructed separately in each region, or, in the case of MISO, indicate that the cost allocation provisions for interregional transmission projects provided in the Joint Operating Agreement between PJM and MISO comply with the requirements of Order No. 1000. FERC accepted the PJM/MISO and PJM/SERTP filing, subject to refund and further compliance requirements. The PJM/NYISO cross-border project cost allocation filing remains pending before FERC.

The outcome of these proceedings and their impact, if any, on FirstEnergy cannot be predicted at this time.

RTO Realignment

On June 1, 2011, ATSI and the ATSI zone transferred from MISO to PJM. While many of the matters involved with the move have been resolved, FERC denied recovery under ATSI's transmission rate for certain charges that collectively can be described as "exit fees" and certain other transmission cost allocation charges totaling approximately \$78.8 million until such time as ATSI submits a cost/benefit analysis demonstrating net benefits to customers from the move. FERC rejected a proposed settlement agreement to resolve the exit fee and transmission cost allocation issues, stating that its action is without prejudice to ATSI submitting a cost/benefit analysis demonstrating that the benefits of the RTO realignment decisions outweigh the exit fee and transmission cost allocation charges. FirstEnergy's request for rehearing of FERC's order remains pending.

Separately, the question of ATSI's responsibility for certain costs for the "Michigan Thumb" transmission project continues to be disputed. Potential responsibility arises under the MISO MVP tariff, which has been litigated in complex proceedings before FERC and certain U.S. appellate courts. In the event of a final non-appealable order that rules that ATSI must pay these charges, ATSI will seek recovery of these charges through its formula rate. On a related issue, FirstEnergy joined certain other PJM transmission owners in a protest of MISO's proposal to allocate MVP costs to energy transactions that cross MISO's borders into the PJM Region. On January 22, 2015, FERC issued an order establishing a paper hearing on remand from the Seventh Circuit of the issue of whether any limitation on "export pricing" for sales of energy from MISO into PJM is justified in light of applicable FERC precedent. Initial comments on the MISO/PJM MVP issue are due March 9, 2015, and reply comments are due April 8, 2015.

In addition, in a May 31, 2011 order, FERC ruled that the costs for certain "legacy RTEP" transmission projects in PJM approved before ATSI joined PJM could be charged to transmission customers in the ATSI zone. The amount to be paid, and the question of derived benefits, is pending before FERC as a result of the Seventh Circuit's June 25, 2014 order described above under PJM Transmission Rates.

The outcome of those proceedings that address the remaining open issues related to ATSI's move into PJM cannot be predicted at this time.

2014 ATSI Formula Rate Filing

On October 31, 2014, ATSI filed a proposal with FERC to change the structure of its formula rate. The proposed change requested to move from an "historical looking" approach, where transmission rates reflect actual costs for the prior year, to a "forward looking" approach, where transmission rates would be based on the estimated costs for the coming year, with an annual true up. Several parties protested ATSI's filing. On December 31, 2014, FERC issued an order accepting ATSI's filing effective January 1, 2015, as requested, subject to refund and the outcome of hearing and settlement proceedings. Settlement discussions under a FERC-appointed settlement judge are ongoing. FERC also initiated an inquiry pursuant to Section 206 of the FPA into ATSI's ROE and certain other matters, with a refund effective date of January 12, 2015, for any refund resulting from the inquiry. A procedural schedule for the Section 206 inquiry has not yet been established.

California Claims Matters

In October 2006, several California governmental and utility parties presented AE Supply with a settlement proposal to resolve alleged overcharges for power sales by AE Supply to the California Energy Resource Scheduling division of the CDWR during 2001. The settlement proposal claims that CDWR is owed approximately \$190 million for these alleged overcharges. This proposal was made in the context of mediation efforts by FERC and the Ninth Circuit in several pending proceedings to resolve all outstanding refund and other claims, including claims of alleged price manipulation in the California energy markets during 2000 and 2001. The Ninth Circuit had previously remanded one of those proceedings to FERC, which dismissed the claims of the California Parties in May 2011. The California Parties appealed FERC's decision back to the Ninth Circuit, where the appeal remains pending. AE Supply joined with other intervenors in the case and filed a brief in support of FERC's dismissal of the case. Oral argument was held on February 11, 2015. The matter is now before the Ninth Circuit for decision.

In another proceeding, in June 2009, the California Attorney General, on behalf of certain California parties, filed a complaint with FERC against various sellers, including AE Supply, again seeking refunds for transactions in the California energy markets during 2000 and 2001. The above-noted transactions with CDWR are the basis for including AE Supply in this complaint. AE Supply filed a motion to dismiss, which FERC granted. The California Attorney General appealed FERC's dismissal of its complaint to the Ninth Circuit, which has consolidated the case with other pending appeals related to California refund claims, and stayed the proceedings pending further order.

FirstEnergy cannot predict the outcome of either of the above matters or estimate the possible loss or range of loss.

PATH Transmission Project

On August 24, 2012, the PJM Board of Managers canceled the PATH project, a proposed transmission line from West Virginia through Virginia and into Maryland which PJM had previously suspended in February 2011. As a result of PJM canceling the project, approximately \$62 million and approximately \$59 million in costs incurred by PATH-Allegheny and PATH-WV (an equity method investment for FE), respectively, were reclassified from net property, plant and equipment to a regulatory asset for future recovery. PATH-Allegheny and PATH-WV requested authorization from FERC to recover the costs with a proposed ROE of 10.9% (10.4% base plus 0.5% for RTO membership) from PJM customers over five years. FERC issued an order denying the 0.5% ROE adder for RTO membership and allowing the tariff changes enabling recovery of these costs to become effective on December 1, 2012, subject to settlement judge proceedings and hearing if the parties do not agree to a settlement. On March 24, 2014, the FERC Chief ALJ terminated settlement judge procedures and appointed an ALJ to preside over the hearing phase of the case. The FERC Chief ALJ later extended the procedural schedule to allow time for the parties to address the applicability of FERC's Opinion No. 531 to the PATH proceedings. FERC's Opinion No. 531, as discussed below, revises FERC's methodology for calculating ROE. The hearing is scheduled to commence in March 2015.

MISO Capacity Portability

On June 11, 2012, in response to certain arguments advanced by MISO, FERC issued a Notice of Request for Comments regarding whether existing rules on transfer capability act as barriers to the delivery of capacity between MISO and PJM. FirstEnergy and other parties have submitted filings arguing that MISO's concerns largely are without foundation and suggested that FERC address the remaining concerns in the existing stakeholder process that is described in the PJM/MISO Joint Operating Agreement. FERC has not mandated a solution, and the RTOs and affected parties are working to address the MISO's proposal in stakeholder proceedings. In January 2015, the RTOs and affected parties indicated to FERC that discussions on the various issues are continuing. Changes to the criteria and qualifications for participation in the PJM RPM capacity auctions could have a significant impact on the outcome of those auctions, including a negative impact on the prices at which those auctions would clear.

FTR Underfunding Complaint

In PJM, FTRs are a mechanism to hedge congestion and operate as a financial replacement for physical firm transmission service. FTRs are financially-settled instruments that entitle the holder to a stream of revenues based on the hourly congestion price differences across a specific transmission path in the PJM Day-ahead Energy Market. FE also performs bilateral transactions for the purpose of hedging the price differences between the location of supply resources and retail load obligations. Due to certain language in the PJM Tariff, the funds that are set aside to pay FTRs can be diverted to other uses, resulting in "underfunding" of FTR payments. Since June 2010, FES and AE Supply have lost more than \$94 million in revenues that they otherwise would have received as FTR holders to hedge congestion costs. FES and AE Supply expect to continue to experience significant underfunding.

On February 15, 2013, FES and AE Supply filed a renewed complaint with FERC for the purpose of changing the PJM Tariff to eliminate FTR underfunding. On June 5, 2013, FERC issued its order denying the new complaint. Requests for rehearing, and all subsequent filings in the docket, are pending before FERC. The PJM stakeholders continue to discuss FTR underfunding.

A recent and related issue is the effect that certain financial trades have on congestion. On August 29, 2014, FERC instituted an investigation to address the question of whether the current rules regarding "Up-to Congestion" transactions are just and reasonable. FESC, on behalf of FES and the Utilities, filed comments supporting the investigation, arguing that PJM Tariff changes would decrease the incidence of Up-to Congestion transactions, and funding for FTRs likely would increase. FERC convened a technical

conference on January 7, 2015 to discuss application of certain FTR-related rules to Up-to Congestion and virtual transactions and whether PJM's current uplift allocation for Up-to Congestion and virtual transactions is just and reasonable. FERC action following the technical conference is pending.

PJM Market Reform: 2014 PJM RPM Tariff Amendments

In late 2013 and early 2014, PJM submitted a series of amendments to the PJM Tariff to ensure that resources that clear in the RPM auctions are available as physical resources in the delivery year and that the rules implement comparable obligations for different types of resources. PJM's filings can be grouped into four categories: (i) DR; (ii) imports; (iii) modeling of transmission upgrades in calculating geographic clearing prices; and (iv) arbitrage/capacity replacement. In each of the relevant dockets, FirstEnergy and other parties submitted comments largely supporting PJM's proposed amendments. FERC largely approved the PJM Tariff amendments as proposed by PJM regarding DR, imports, and transmission upgrade modeling. Compliance filings pursuant to and requests for rehearing of certain of these orders are pending before FERC. However, FERC rejected the arbitrage/capacity replacement amendments, directing instead that a technical conference be convened to further examine the issues. The technical conference has yet to be scheduled.

PJM Market Reform: PJM Capacity Performance Proposal and 2015/2016 Reliability Filings

On December 12, 2014, PJM submitted two filings to implement its proposed "Capacity Performance" reform of the RPM capacity market. PJM proposes to revise the PJM Tariff to, among other things: (i) adopt a modified version of the FERC-approved ISO New England Inc. capacity performance payment structure; (ii) allow no excuses for nonperformance except under certain defined circumstances; (iii) maintain DR as a supply-side resource; and (iv) impose a Capacity Performance Resource must-offer requirement (units that can perform as a Capacity Performance Resource must offer into the capacity market, except certain defined resources, including DR). PJM also proposes, among other things, to revise the PJM Operating Agreement to provide limits in energy market offers based on specific physical characteristics and to ensure that capacity resources are available when the PJM Region needs them to perform. PJM requested an effective date of April 1, 2015 for these proposed reforms. Numerous parties filed comments on and protests to PJM's Capacity Performance filings. FERC, on behalf of its affected affiliates, and, as part of a coalition of certain other PJM utilities, filed comments and protests on the proposed reforms. PJM's filings and all related pleadings are pending before FERC.

In addition, on December 24, 2014, PJM submitted two filings seeking to ensure enough capacity is available during the 2015/2016 Delivery Year. First, PJM proposed to revise the PJM Tariff to allow PJM to procure an undetermined amount of additional capacity for the 2015/2016 Delivery Year to address reliability concerns. PJM requested an effective date of February 23, 2015 for this revision. Second, PJM requested a one-time PJM Tariff waiver that would permit PJM to keep approximately 2,000 MW of committed capacity that should be released for the third incremental auction for the 2015/2016 Delivery Year. Without the waiver, PJM would be required under the PJM Tariff to release this capacity. PJM requests an effective date of February 23, 2015 for the waiver. Numerous parties filed comments on and protests to these PJM filings. FERC, on behalf of its affected affiliates, and, as part of a coalition of certain other PJM utilities, filed comments in support of both PJM filings and seeking additional information from PJM about the scope of any capacity shortfall. PJM's filings and all related pleadings are pending before FERC.

PJM Market Reform: PJM RPM Auctions - Calculation of Unit-Specific Offer Caps

The PJM Tariff describes the rules for calculating the "offer cap" for each unit that offers into the RPM auctions. FES disagreed with the PJM Market Monitor's approach for calculating the offer caps and in 2014, FES asked FERC to determine which PJM Tariff interpretation, FES's or the PJM Market Monitor's, was correct. On August 25, 2014, FERC issued a declaratory order agreeing with the FES interpretation of the PJM Tariff language. FERC went on, however, to initiate a new proceeding to examine whether the existing PJM Tariff language is just and reasonable. PJM filed its brief explaining why the existing PJM Tariff language is just and reasonable. Other parties, including FES, submitted responsive briefs. The briefs and related pleadings are pending before FERC.

PJM Market Reform: FERC Order No. 745 - DR

On May 23, 2014, a divided three-judge panel of the U.S. Court of Appeals for the D.C. Circuit issued an opinion vacating FERC Order No. 745, which required that, under certain parameters, DR participating in organized wholesale energy markets be compensated at LMP. The majority concluded that DR is a retail service, and therefore falls under state, and not federal, jurisdiction, and that FERC, therefore, lacks jurisdiction to regulate DR. The majority also found that even if FERC had jurisdiction over DR, Order No. 745 would be arbitrary and capricious because, under its requirements, DR was inappropriately receiving a double payment (LMP plus the savings of foregone energy purchases). On January 15, 2015, FERC and a coalition of DR providers and industrial end-user groups filed separate petitions for U.S. Supreme Court review of the May 23, 2014

decision. Responses to those petitions are due March 19, 2015. The U.S. Court of Appeals for the D.C. Circuit will withhold issuance of the mandate pending the United States Supreme Court's disposition of those petitions.

On May 23, 2014, FESC, on behalf of its affiliates with market-based rate authorization, filed a complaint asking FERC to issue an order requiring the removal of all portions of the PJM Tariff allowing or requiring DR to be included in the PJM capacity market, with a refund effective date of May 23, 2014. FESC also requested that the results of the May 2014 PJM BRA be considered void and

legally invalid to the extent that DR cleared that auction because the participation of DR in that auction was unlawful in light of the May 23, 2014 U.S. Court of Appeals for the D.C. Circuit decision discussed above. FESC, on behalf of FES, subsequently filed an amended complaint renewing its request that DR be removed from the May 2014 BRA. Specifically, FESC requested that FERC direct PJM to recalculate the results of the May 2014 BRA by: (i) removing DR from the PJM capacity supply pool; (ii) leaving the offers of actual capacity suppliers unchanged; and then (iii) determining which capacity suppliers clear the auction on the basis of the offers they submitted consistent with the existing PJM Tariff once the unlawful DR resources have been removed. The complaint remains pending before FERC. The timing of FERC action and the outcome of this proceeding cannot be predicted at this time.

On January 14, 2015, PJM filed proposed amendments to the PJM Tariff for the purpose of addressing the uncertainty of DR. The amendments, which will become effective only in certain defined conditions, purport to be in response to the U.S. Court of Appeals for the D.C. Circuit's May 23, 2014 decision regarding FERC's jurisdiction to regulate DR, as discussed above. If implemented, the amendments will move DR from the supply side to the load side for purposes of PJM's RPM capacity markets, and will permit loads to bid load reductions into the RPM auctions occurring after April 1, 2015. On February 13, 2015, FirstEnergy, as part of a coalition, filed a protest against PJM's proposed amendments. FirstEnergy expects further filings before FERC rules on this matter.

PJM Market Reform: PJM 2014 Triennial RPM Review

The PJM Tariff obligates PJM to perform a thorough review of its RPM program every three years. On September 25, 2014, PJM filed proposed changes to the PJM Tariff as part of the latest review cycle. Among other adjustments, the filing included: (i) shifting the VRR curve one percentage point to the right, which would increase the amount of capacity supply that is procured in the RPM auctions and the clearing price; and (ii) a change to the index used for calculating the generation plant construction costs of the Net CONE formula for the future years between triennial reviews. On November 28, 2014, FERC accepted the PJM Tariff amendments as proposed, subject to a minor compliance requirement. PJM subsequently submitted the required compliance filing. On December 23, 2014, a coalition including FESC, on behalf of its affected affiliates, requested rehearing of FERC's order. PJM's compliance filing, and the coalition's and others' requests for rehearing, remain pending before FERC.

Market-Based Rate Authority, Triennial Update

The Utilities, AE Supply, FES, FG, NG, FirstEnergy Generation Mansfield Unit 1 Corp., Buchanan Generation, LLC, and Green Valley Hydro, LLC each hold authority from FERC to sell electricity at market-based rates. One condition for retaining this authority is that every three years each entity must file an update with the FERC that demonstrates that each entity continues to meet FERC's requirements for holding market-based rate authority. On December 20, 2013, FESC, on behalf of its affiliates with market-based rate authority, submitted to FERC the most recent triennial market power analysis filing for each market-based rate holder for the current cycle of this filing requirement. On August 13, 2014, FERC accepted the triennial filing as submitted.

FERC Opinion No. 531

On June 19, 2014, FERC issued Opinion No. 531, in which FERC revised its approach for calculating the discounted cash flow element of FERC's ROE methodology, and announced a qualitative adjustment to the ROE methodology results. Under the old methodology, FERC used a five-year forecast for the dividend growth variable, whereas going forward the growth variable will consist of two parts: (a) a five-year forecast for dividend growth (2/3 weight); and (b) a long-term dividend growth based on a forecast for the U.S. economy (1/3 weight). Regarding the qualitative adjustment, FERC formerly pegged ROE at the mid-point of the "zone of reasonableness" that came out of the ROE formula, whereas going forward, FERC may rely on record evidence to make qualitative adjustments to the outcome of the ROE methodology in order to reach a level sufficient to attract future investment. Requests for rehearing of Opinion No. 531 are currently pending before FERC. On October 16, 2014, FERC issued its Opinion No. 531-A, applying the revised ROE methodology to certain ISO New England Inc. transmission owners. FirstEnergy is evaluating the potential impact of Opinion No. 531 on the authorized ROE of our FERC-regulated transmission utilities and the cost-of-service wholesale power generation transactions of MP.

15. COMMITMENTS, GUARANTEES AND CONTINGENCIES

NUCLEAR INSURANCE

The Price-Anderson Act limits the public liability which can be assessed with respect to a nuclear power plant to \$13.6 billion (assuming 104 units licensed to operate) for a single nuclear incident, which amount is covered by: (i) private insurance amounting to \$375 million; and (ii) \$13.2 billion provided by an industry retrospective rating plan required by the NRC pursuant

thereto. Under such retrospective rating plan, in the event of a nuclear incident at any unit in the United States resulting in losses in excess of private insurance, up to \$127 million (but not more than \$19 million per unit per year in the event of more than one incident) must be contributed for each nuclear unit licensed to operate in the country by the licensees thereof to cover liabilities arising out of the incident. Based on their present nuclear ownership and leasehold interests, FirstEnergy's maximum potential assessment under these provisions would be \$509 million (NG-\$501 million) per incident but not more than \$76 million (NG-\$75 million) in any one year for each incident.

In addition to the public liability insurance provided pursuant to the Price-Anderson Act, FirstEnergy has also obtained insurance coverage in limited amounts for economic loss and property damage arising out of nuclear incidents. FirstEnergy is a member of

NEIL, which provides coverage (NEIL I) for the extra expense of replacement power incurred due to prolonged accidental outages of nuclear units. Under NEIL I, FirstEnergy's subsidiaries have policies, renewable annually, corresponding to their respective nuclear interests, which provide an aggregate indemnity of up to approximately \$1.96 billion (NG-\$1.93 billion) for replacement power costs incurred during an outage after an initial 20-week waiting period. Members of NEIL I pay annual premiums and are subject to assessments if losses exceed the accumulated funds available to the insurer. FirstEnergy's present maximum aggregate assessment for incidents at any covered nuclear facility occurring during a policy year would be approximately \$14 million (NG-\$13 million).

FirstEnergy is insured as to its respective nuclear interests under property damage insurance provided by NEIL to the operating company for each plant. Under these arrangements, up to \$2.75 billion of coverage for decontamination costs, decommissioning costs, debris removal and repair and/or replacement of property is provided. FirstEnergy pays annual premiums for this coverage and is liable for retrospective assessments of up to approximately \$74 million (NG-\$72 million).

FirstEnergy intends to maintain insurance against nuclear risks as described above as long as it is available. To the extent that replacement power, property damage, decontamination, decommissioning, repair and replacement costs and other such costs arising from a nuclear incident at any of FirstEnergy's plants exceed the policy limits of the insurance in effect with respect to that plant, to the extent a nuclear incident is determined not to be covered by FirstEnergy's insurance policies, or to the extent such insurance becomes unavailable in the future, FirstEnergy would remain at risk for such costs.

The NRC requires nuclear power plant licensees to obtain minimum property insurance coverage of \$1.06 billion or the amount generally available from private sources, whichever is less. The proceeds of this insurance are required to be used first to ensure that the licensed reactor is in a safe and stable condition and can be maintained in that condition so as to prevent any significant risk to the public health and safety. Within 30 days of stabilization, the licensee is required to prepare and submit to the NRC a cleanup plan for approval. The plan is required to identify all cleanup operations necessary to decontaminate the reactor sufficiently to permit the resumption of operations or to commence decommissioning. Any property insurance proceeds not already expended to place the reactor in a safe and stable condition must be used first to complete those decontamination operations that are ordered by the NRC. FirstEnergy is unable to predict what effect these requirements may have on the availability of insurance proceeds.

GUARANTEES AND OTHER ASSURANCES

FirstEnergy has various financial and performance guarantees and indemnifications which are issued in the normal course of business. These contracts include performance guarantees, stand-by letters of credit, debt guarantees, surety bonds and indemnifications. FirstEnergy enters into these arrangements to facilitate commercial transactions with third parties by enhancing the value of the transaction to the third party.

As of December 31, 2014, outstanding guarantees and other assurances aggregated approximately \$4.0 billion, consisting of parental guarantees (\$712 million), subsidiaries' guarantees (\$2,338 million) and other guarantees (\$649 million).

Of this amount, substantially all relates to guarantees of wholly-owned consolidated entities. FES' debt obligations are generally guaranteed by its subsidiaries, FG and NG, and FES guarantees the debt obligations of each of FG and NG. Accordingly, present and future holders of indebtedness of FES, FG, and NG would have claims against each of FES, FG, and NG, regardless of whether their primary obligor is FES, FG, or NG.

COLLATERAL AND CONTINGENT-RELATED FEATURES

In the normal course of business, FE and its subsidiaries routinely enter into physical or financially settled contracts for the sale and purchase of electric capacity, energy, fuel and emission allowances. Certain bilateral agreements and derivative instruments contain provisions that require FE or its subsidiaries to post collateral. This collateral may be posted in the form of cash or credit support with thresholds contingent upon FE's or its subsidiaries' credit rating from each of the major credit rating agencies. The collateral and credit support requirements vary by contract and by counterparty. The incremental collateral requirement allows for the offsetting of assets and liabilities with the same counterparty, where the contractual right of offset exists under applicable master netting agreements.

Bilateral agreements and derivative instruments entered into by FE and its subsidiaries have margining provisions that require posting of collateral. Based on FES' power portfolio exposure as of December 31, 2014, FES has posted collateral of \$175 million and AE Supply has posted no collateral. The Regulated Distribution segment has posted collateral of \$1 million.

These credit-risk-related contingent features stipulate that if the subsidiary were to be downgraded or lose its investment grade credit rating (based on its senior unsecured debt rating), it would be required to provide additional collateral. Depending on the volume of forward contracts and future price movements, higher amounts for margining could be required.

Subsequent to the occurrence of a senior unsecured credit rating downgrade to below S&P's BBB- and Moody's Baa3, or a "material adverse event," the immediate posting of collateral or accelerated payments may be required of FE or its subsidiaries. The following table discloses the additional credit contingent contractual obligations that may be required under certain events as of December 31, 2014:

Collateral Provisions	FES	AE Supply	Utilities	Total
	(In millions)			
Split Rating (One rating agency's rating below investment grade)	\$ 603	\$ 6	\$ 48	\$ 657
BB+/Ba1 Credit Ratings	\$ 643	\$ 6	\$ 48	\$ 697
Full impact of credit contingent contractual obligations	\$ 886	\$ 72	\$ 86	\$ 1,044

Excluded from the preceding chart are the potential collateral obligations due to affiliate transactions between the Regulated Distribution segment and CES segment. As of December 31, 2014, neither FES nor AE Supply had any collateral posted with their affiliates. In the event of a senior unsecured credit rating downgrade to below S&P's BB- or Moody's Ba3, FES would be required to post \$24 million with affiliated parties.

OTHER COMMITMENTS AND CONTINGENCIES

FirstEnergy is a guarantor under a syndicated three-year senior secured term loan facility due October 18, 2015, under which Global Holding borrowed \$350 million. Proceeds from the loan were used to repay Signal Peak's and Global Rail's maturing \$350 million syndicated two-year senior secured term loan facility. In addition to FirstEnergy, Signal Peak, Global Rail, Global Mining Group, LLC and Global Coal Sales Group, LLC, each being a direct or indirect subsidiary of Global Holding, have also provided their joint and several guaranties of the obligations of Global Holding under the new facility.

In connection with the current facility, 69.99% of Global Holding's direct and indirect membership interests in Signal Peak, Global Rail and their affiliates along with FEV's and WMB Marketing Ventures, LLC's respective 33-1/3% membership interests in Global Holding, are pledged to the lenders under the current facility as collateral.

FirstEnergy, FEV and the other two co-owners of Global Holding, Pinesdale LLC, a Gunvor Group, Ltd. subsidiary, and WMB Marketing Ventures, LLC, have agreed to use their best efforts to refinance the new facility no later than July 20, 2015, which reflects the terms of an amendment dated August 14, 2013, on a non-recourse basis so that FirstEnergy's guaranty can be terminated and/or released. If that refinancing does not occur, FirstEnergy may require each co-owner to lend to Global Holding, on a pro rata basis, funds sufficient to prepay the new facility in full. In lieu of providing such funding, the co-owners, at FirstEnergy's option, may provide their several guaranties of Global Holding's obligations under the facility. FirstEnergy receives a fee for providing its guaranty, payable semiannually, which accrued at a rate of 4% through December 31, 2012, and accrues at a rate of 5% from January 1, 2013 through October 18, 2015, which amends the rate in the prior agreement, in each case based upon the average daily outstanding aggregate commitments under the facility for such semiannual period.

ENVIRONMENTAL MATTERS

Various federal, state and local authorities regulate FirstEnergy with regard to air and water quality and other environmental matters. Compliance with environmental regulations could have a material adverse effect on FirstEnergy's earnings and competitive position to the extent that FirstEnergy competes with companies that are not subject to such regulations and, therefore, do not bear the risk of costs associated with compliance, or failure to comply, with such regulations.

Clean Air Act

FirstEnergy complies with SO₂ and NO_x emission reduction requirements under the CAA and SIP(s) by burning lower-sulfur fuel, utilizing combustion controls and post-combustion controls, generating more electricity from lower or non-emitting plants and/or using emission allowances. CAIR requires reductions of NO_x and SO₂ emissions in two phases (2009/2010 and 2015), ultimately capping SO₂ emissions in affected states to 2.5 million tons annually and NO_x emissions to 1.3 million tons annually. In 2008, the U.S. Court of Appeals for the D.C. Circuit decided that CAIR violated the CAA but allowed CAIR to remain in effect to "temporarily preserve its environmental values" until the EPA replaced CAIR with a new rule consistent with the Court's decision. In July 2011, the EPA finalized CSAPR, to replace CAIR, requiring reductions of NO_x and SO₂ emissions in two phases (2012 and 2014), ultimately capping SO₂ emissions in affected states to 2.4 million tons annually and NO_x emissions to 1.2 million tons annually. CSAPR allows trading of NO_x and SO₂ emission allowances between power plants located in the same state and interstate trading of NO_x and SO₂ emission allowances with some restrictions. On December 30, 2011, CSAPR was stayed by the U.S. Court of Appeals for the D.C. Circuit and was ultimately vacated by the Court on August 21, 2012. The Court subsequently ordered the EPA to continue administration of CAIR until it finalized a valid replacement for CAIR. On April 29, 2014, the U.S. Supreme Court reversed the U.S. Court of Appeals for the D.C. Circuit decision vacating CSAPR and generally upheld the EPA's authority under the CAA to establish the regulatory structure underpinning CSAPR. On October 23, 2014, the U.S. Court of Appeals for the D.C. Circuit lifted its stay of CSAPR allowing its Phase 1 reductions of NO_x and SO₂.

emissions to begin in 2015, a three year delay from EPA's original rule. CSAPR Phase 2 will also be delayed by three years to 2017. Depending on the outcome of further proceedings in this matter and how the EPA and the states implement the final rules, the future cost of compliance may be substantial and changes to FirstEnergy's and FES' operations may result.

MATS imposes emission limits for mercury, PM, and HCL for all existing and new coal-fired electric generating units effective in April 2015 with averaging of emissions from multiple units located at a single plant. Under the CAA, state permitting authorities can grant an additional compliance year through April 2016, as needed, including instances when necessary to maintain reliability where electric generating units are being closed. On December 28, 2012, the WVDEP granted a conditional extension through April 16, 2016 for MATS compliance at the Fort Martin, Harrison and Pleasants stations. On March 20, 2013, the PA DEP granted an extension through April 16, 2016 for MATS compliance at the Hatfield's Ferry and Bruce Mansfield stations. In December 2014, FG requested an extension through April 16, 2016 for MATS compliance at the Bay Shore and Sammis stations and await a decision from OEPA. In addition, an EPA enforcement policy document contemplates up to an additional year to achieve compliance, through April 2017, under certain circumstances for reliability critical units. MATS was challenged in the U.S. Court of Appeals for the D.C. Circuit by various entities, including FirstEnergy's challenge of the PM emission limit imposed on petroleum coke boilers, such as Bay Shore Unit 1. On April 15, 2014, MATS was upheld by the U.S. Court of Appeals for the D.C. Circuit, however, the Court refused to decide FirstEnergy's challenge of the PM emission limit imposed on petroleum coke boilers due to a January 2013 petition for reconsideration still pending but not addressed by EPA. On November 25, 2014, the U.S. Supreme Court agreed to review MATS, specifically, to determine if EPA should have evaluated the cost of MATS prior to regulating. Depending on the outcome of the U.S. Supreme Court review and how the MATS are ultimately implemented, FirstEnergy's total capital cost for compliance (over the 2012 to 2018 time period) is currently expected to be approximately \$370 million (CES segment of \$178 million and Regulated Distribution segment of \$192 million), of which \$133 million has been spent through 2014 (\$56 million at CES and \$77 million at Regulated Distribution).

As of September 1, 2012, Albright, Armstrong, Bay Shore Units 2-4, Eastlake Units 4-5, R. Paul Smith, Rivesville and Willow Island were deactivated. FG entered into RMR arrangements with PJM for Eastlake Units 1-3, Ashtabula Unit 5 and Lake Shore Unit 18 through the spring of 2015, when they are scheduled to be deactivated. In February 2014, PJM notified FG that Eastlake Units 1-3 and Lake Shore Unit 18 will be released from RMR status as of September 15, 2014. FG intends to operate the plants through April 2015, subject to market conditions. As of October 9, 2013, the Hatfield's Ferry and Mitchell stations were also deactivated.

FirstEnergy and FES have various long-term coal supply and transportation agreements, some of which run through 2025 and certain of which are related to the plants described above. FE and FES have asserted force majeure defenses for delivery shortfalls under certain agreements, and are in discussion with the applicable counterparties. As to coal transportation agreements, FE and FES have agreed to pay liquidated damages for delivery shortfalls for 2014 in the estimated amount of \$70 million. If FE and FES fail to reach a resolution with the applicable counterparties for the agreements associated with the deactivated plants or unresolved aspects of the agreements and it were ultimately determined that, contrary to their belief, the force majeure provisions or other defenses, do not excuse or otherwise mitigate the delivery shortfalls, the results of operations and financial condition of both FirstEnergy and FES could be materially adversely impacted. If that were to occur, FE and FES are unable to estimate the loss or range of loss. Additionally, on July 1, 2014, FES terminated a long-term fuel supply agreement. In connection with this termination, FES recognized a pre-tax charge of \$67 million in the second quarter of 2014. In one coal supply agreement, AE Supply has asserted termination rights effective in 2015. In response to the notification of the termination, the coal supplier has commenced litigation alleging AE Supply does not have sufficient justification to terminate the agreement. There are 6 million tons remaining under the contract for delivery. At this time, FirstEnergy cannot estimate the loss or range of loss regarding the on-going litigation with respect to this agreement.

In June 2005, the PA DEP and the Attorneys General of New York, New Jersey, Connecticut and Maryland filed suit against AE, AE Supply, MP, PE and WP in the U.S. District Court for the Western District of Pennsylvania alleging, among other things, that AE performed major modifications in violation of the NSR provisions of the CAA and the Pennsylvania Air Pollution Control Act at the coal-fired Hatfield's Ferry, Armstrong and Mitchell Plants in Pennsylvania. On February 6, 2014, the Court entered judgment for AE, AE Supply, MP, PE and WP finding they had not violated the CAA or the Pennsylvania Air Pollution Control Act. New York, Connecticut, and Maryland withdrew their appeal to the U.S. Court of Appeals for the Third Circuit on December 15, 2014, concluding this litigation. This decision does not change the status of these plants which remain deactivated.

In September 2007, AE received an NOV from the EPA alleging NSR and PSD violations under the CAA, as well as Pennsylvania and West Virginia state laws at the coal-fired Hatfield's Ferry and Armstrong plants in Pennsylvania and the coal-fired Fort Martin and Willow Island plants in West Virginia. The EPA's NOV alleges equipment replacements during maintenance outages triggered the pre-construction permitting requirements under the NSR and PSD programs. On June 29, 2012, January 31, 2013, and March 27, 2013, EPA issued CAA section 114 requests for the Harrison coal-fired plant seeking information and documentation relevant to its operation and maintenance, including capital projects undertaken since 2007. On December 12, 2014, EPA issued a CAA section 114 request for the Fort Martin coal-fired plant seeking information and documentation relevant to its operation and maintenance, including capital projects undertaken since 2009. FirstEnergy intends to comply with the CAA but, at this time, is unable to predict the outcome of this matter or estimate the possible loss or range of loss.

In July 2008, three complaints representing multiple plaintiffs were filed against FG in the U.S. District Court for the Western District of Pennsylvania seeking damages based on air emissions from the coal-fired Bruce Mansfield Plant. Two of these complaints also seek to enjoin the Bruce Mansfield Plant from operating except in a "safe, responsible, prudent and proper manner." One complaint was filed on behalf of twenty-one individuals and the other is a class action complaint seeking certification as a class with the eight named plaintiffs as the class representatives. FG believes the claims are without merit and intends to vigorously defend itself against the allegations made in these complaints, but, at this time, is unable to predict the outcome of this matter or estimate the possible loss or range of loss.

Climate Change

There are a number of initiatives to reduce GHG emissions at the state, federal and international level. Certain northeastern states are participating in the RGGI and western states led by California, have implemented programs, primarily cap and trade mechanisms, to control emissions of certain GHGs. Additional policies reducing GHG emissions, such as demand reduction programs, renewable portfolio standards and renewable subsidies have been implemented across the nation. A June 2013, Presidential Climate Action Plan outlined goals to: (1) cut carbon pollution in America by 17% by 2020 (from 2005 levels); (2) prepare the United States for the impacts of climate change; and (3) lead international efforts to combat global climate change and prepare for its impacts. GHG emissions have already been reduced by 10% between 2005 and 2012 according to an April, 2014 EPA Report. In a joint announcement on November 12, 2014, President Obama stated a U.S. target of reducing GHG emissions by 26 to 28% by 2025 from 2005 emission levels and China's President stated its GHG emissions will "peak", around 2030 with approximately 20% of its energy generated by non-fossil fuels by that same year. Due to plant deactivations and increased efficiencies, FirstEnergy anticipates its CO₂ emissions will be reduced 25% below 2005 levels by 2015, exceeding the President's Climate Action Plan goals both in terms of timing and reduction levels.

EPA released its final "Endangerment and Cause or Contribute Findings for Greenhouse Gases under the Clean Air Act" in December 2009, concluding that concentrations of several key GHGs constitutes an "endangerment" and may be regulated as "air pollutants" under the CAA and mandated measurement and reporting of GHG emissions from certain sources, including electric generating plants. EPA proposed a new source performance standard in September 2013, which would not apply to any existing, modified, or reconstructed fossil fuel generating units, of 1,000 lbs. CO₂/MWH for large natural gas fired units (> 850 mmBTU/hr), and 1,100 lbs. CO₂/MWH for other natural gas fired units (≤ 850 mmBTU/hr), and 1,100 lbs. CO₂/MWH for fossil fuel fired units which would require partial carbon capture and storage. EPA proposed regulations in June 2014, to reduce CO₂ emissions from existing fossil fuel electric generating units that would require each state to develop state implementation plans by June 30, 2016, to meet EPA's state specific CO₂ emission rate goals. EPA's proposal allows states to request a 1-year extension for single-SIPs (June 30, 2017) or a 2-year extension for multi-state SIPs (June 30, 2018). EPA also proposed separate regulations imposing additional CO₂ emission limits on modified and reconstructed fossil fuel electric generating units. On January 7, 2015, EPA announced it would complete all of these so-called "Carbon Pollution Standards" by "midsummer" 2015. On June 23, 2014, the U.S. Supreme Court decided that CO₂ or other GHG emissions alone cannot trigger permitting requirements under the CAA, but that air emission sources that need PSD permits due to other regulated air pollutants can be required by EPA to install GHG control technologies. On November 13, 2014, the U.S. Court of Appeals for the D.C. Circuit scheduled expedited briefing to consider challenges to prevent EPA from regulating CO₂ emissions from existing fossil fuel electric generating units. Depending on the outcome of appeals and how any final rules are ultimately implemented, the future cost of compliance may be substantial.

At the international level, the United Nations Framework Convention on Climate Change resulted in the Kyoto Protocol requiring participating countries, which does not include the U.S., to reduce GHGs commencing in 2008 and has been extended through 2020. FirstEnergy cannot currently estimate the financial impact of climate change policies, although potential legislative or regulatory programs restricting CO₂ emissions, or litigation alleging damages from GHG emissions, could require significant capital and other expenditures or result in changes to its operations. The CO₂ emissions per KWH of electricity generated by FirstEnergy is lower than many of its regional competitors due to its diversified generation sources, which include low or non-CO₂ emitting gas-fired and nuclear generators.

Clean Water Act

Various water quality regulations, the majority of which are the result of the federal CWA and its amendments, apply to FirstEnergy's plants. In addition, the states in which FirstEnergy operates have water quality standards applicable to FirstEnergy's operations.

The EPA finalized CWA Section 316(b) regulations in May 2014, requiring cooling water intake structures with an intake velocity greater than 0.5 feet per second to reduce fish impingement when aquatic organisms are pinned against screens or other parts of a cooling water intake system to a 12% annual average and requiring cooling water intake structures exceeding 125 million gallons per day to conduct studies to determine site-specific controls, if any, to reduce entrainment, which occurs when aquatic life is drawn into a facility's cooling water system. FirstEnergy is studying various control options and their costs and effectiveness, including pilot testing of reverse louvers in a portion of the Bay Shore power plant's cooling water intake channel to divert fish away from the plant's cooling water intake system. Depending on the results of such studies and any final action taken by the states based on those studies, the future costs of compliance with these standards may require material capital expenditures.

The EPA proposed updates to the waste water effluent limitations guidelines and standards for the Steam Electric Power Generating category (40 CFR Part 423) in April 2013. The EPA proposed eight treatment options for waste water discharges

from electric power plants, of which four are "preferred" by the agency. The preferred options range from more stringent chemical and biological treatment requirements to zero discharge requirements. The EPA is required to finalize this rulemaking by September 30, 2015, under a consent decree entered by a U.S. District Court and the treatment obligations are proposed to phase-in as permits are renewed on a 5-year cycle from 2017 to 2022. Depending on the content of the EPA's final rule and any final action taken by the states, the future costs of compliance with these standards may require material capital expenditures.

In October 2009, the WVDEP issued an NPDES water discharge permit for the Fort Martin Plant, which imposes TDS, sulfate concentrations and other effluent limitations for heavy metals, as well as temperature limitations. Concurrent with the issuance of

the Fort Martin NPDES permit, WVDEP also issued an administrative order setting deadlines for MP to meet certain of the effluent limits that were effective immediately under the terms of the NPDES permit. MP appealed, and a stay of certain conditions of the NPDES permit and order have been granted pending a final decision on the appeal and subject to WVDEP moving to dissolve the stay. The Fort Martin NPDES permit could require an initial capital investment ranging from \$150 million to \$300 million in order to install technology to meet the TDS and sulfate limits, which technology may also meet certain of the other effluent limits. Additional technology may be needed to meet certain other limits in the Fort Martin NPDES permit. MP intends to vigorously pursue these issues but cannot predict the outcome of these appeals or estimate the possible loss or range of loss.

In December 2010, PA DEP recommended a sulfate impairment designation for an approximately 68 mile stretch of the Monongahela River north of the West Virginia border which EPA approved in May of 2011. PA DEP subsequently recommended that the sulfate impairment designation for the Monongahela River be removed in its bi-annual water report. The EPA approved the removal of the sulfate impairment designation for the Monongahela River on December 19, 2014.

FirstEnergy intends to vigorously defend against the CWA matters described above but, except as indicated above, cannot predict their outcomes or estimate the possible loss or range of loss.

Regulation of Waste Disposal

Federal and state hazardous waste regulations have been promulgated as a result of the RCRA, as amended, and the Toxic Substances Control Act. Certain coal combustion residuals, such as coal ash, were exempted from hazardous waste disposal requirements pending the EPA's evaluation of the need for future regulation.

In December 2014, the EPA finalized regulations for the disposal of CCRs (non-hazardous), establishing national standards regarding landfill design, structural integrity design and assessment criteria for surface impoundments, groundwater monitoring and protection procedures and other operational and reporting procedures to assure the safe disposal of CCRs from electric generating plants. Depending on how the final rules are ultimately implemented, the future costs of compliance with such CCR regulations may require material capital expenditures.

The PA DEP filed a 2012 complaint against FG in the U.S. District Court for the Western District of Pennsylvania with claims under the RCRA and Pennsylvania's Solid Waste Management Act regarding the LBR CCR Impoundment and simultaneously proposed a consent decree between PA DEP and FG to resolve those claims. On December 14, 2012, a modified consent decree was entered by the court, requiring FG to conduct monitoring studies and submit a closure plan to the PA DEP, no later than March 31, 2013, and discontinue disposal to LBR as currently permitted by December 31, 2016. The modified consent decree also required payment of civil penalties of \$800,000 to resolve claims under the Solid Waste Management Act. PA DEP issued a 2014 permit requiring FE to provide bonding for 45 years of closure and post-closure activities and to complete closure within a 12-year period, but authorizing FE to seek a permit modification based on "unexpected site conditions that have or will slow closure progress." The permit does not require active dewatering of the CCRs, but does require a groundwater assessment for arsenic and abatement if certain conditions in the permit are met. The Bruce Mansfield Plant is pursuing several options for its CCRs following December 31, 2016. A 2013 complaint filed by Citizens Coal Counsel and other NGOs in the U.S. District Court for the Western District of Pennsylvania, against the owner and operator of a reclamation mine in LaBelle, Pennsylvania that is one possible alternative, alleged the LaBelle site is in violation of RCRA and state laws. On July 14, 2014, Citizens Coal Council served FE, FG and NRG with a citizen suit notice alleging violations of RCRA due to beneficial reuse of "coal ash" at the LaBelle Site.

On October 10, 2013 approximately 61 individuals filed a complaint against FG in the U.S. District Court for the Northern District of West Virginia seeking damages for alleged property damage, bodily injury and emotional distress related to the LBR CCR Impoundment. The complaints state claims for private nuisance, negligence, negligence per se, reckless conduct and trespass related to alleged groundwater contamination and odors emanating from the Impoundment. FG believes the claims are without merit and intends to vigorously defend itself against the allegations made in the complaints, but, at this time, is unable to predict the outcome of the above matter or estimate the possible loss or range of loss. A similar complaint involving approximately 26 individuals filed in the U.S. District Court for the Western District of Pennsylvania has been resolved and was closed on February 9, 2015, pending the filing of a stipulation for dismissal.

FirstEnergy and certain of its subsidiaries have been named as potentially responsible parties at waste disposal sites, which may require cleanup under the CERCLA. Allegations of disposal of hazardous substances at historical sites and the liability involved are often unsubstantiated and subject to dispute; however, federal law provides that all potentially responsible parties for a particular site may be liable on a joint and several basis. Environmental liabilities that are considered probable have been recognized on the Consolidated Balance Sheet as of December 31, 2014 based on estimates of the total costs of cleanup, FE's and its subsidiaries' proportionate responsibility for such costs and the financial ability of other unaffiliated entities to pay. Total

liabilities of approximately \$125 million have been accrued through December 31, 2014. Included in the total are accrued liabilities of approximately \$85 million for environmental remediation of former manufactured gas plants and gas holder facilities in New Jersey, which are being recovered by JCP&L through a non-bypassable SBC. FirstEnergy or its subsidiaries could be found potentially responsible for additional amounts or additional sites, but the possible losses or range of losses cannot be determined or reasonably estimated at this time.

OTHER LEGAL PROCEEDINGS

Nuclear Plant Matters

Under NRC regulations, FirstEnergy must ensure that adequate funds will be available to decommission its nuclear facilities. As of December 31, 2014, FirstEnergy had approximately \$2.3 billion invested in external trusts to be used for the decommissioning and environmental remediation of Davis-Besse, Beaver Valley, Perry and TMI-2. The values of FirstEnergy's NDTs fluctuate based on market conditions. If the value of the trusts decline by a material amount, FirstEnergy's obligation to fund the trusts may increase. Disruptions in the capital markets and their effects on particular businesses and the economy could also affect the values of the NDTs. By a letter dated July 2, 2014, FENOC submitted a \$155 million FES parental guaranty relating to a shortfall in nuclear decommissioning funding for Beaver Valley Unit 1 and Perry to the NRC for approval. FE and FES have also entered into a total of \$23 million in parental guaranties in support of the decommissioning of the spent fuel storage facilities located at the nuclear facilities. As required by the NRC, FirstEnergy annually recalculates and adjusts the amount of its parental guaranties, as appropriate.

In August 2010, FENOC submitted an application to the NRC for renewal of the Davis-Besse operating license for an additional twenty years, until 2037. An NRC ASLB granted an opportunity for a hearing on the Davis-Besse license renewal application to a group of Intervenor, subject to admissible contentions. On September 29, 2014, the Intervenor filed a petition, accompanied by a request to admit a new contention, to suspend the final licensing decision on Davis-Besse license renewal. These filings argue that the NRC's Continued Storage Rule failed to make necessary safety findings regarding the technical feasibility of spent fuel disposal and the adequacy of future repository capacity required by the Atomic Energy Act. On October 31, 2014, FENOC and the NRC Staff filed their opposition to these requests.

As part of routine inspections of the concrete shield building at Davis-Besse in 2013, FENOC identified changes to the subsurface laminar cracking condition originally discovered in 2011. These inspections revealed that the cracking condition had propagated a small amount in select areas. FENOC's analysis confirms that the building continues to maintain its structural integrity, and its ability to safely perform all of its functions. On September 2, 2014, the Intervenor in the Davis-Besse license renewal proceeding requested that the ASLB introduce issues based on FENOC's plans to manage the subsurface laminar cracking in the Davis-Besse shield building. On January 15, 2015, the ASLB denied this request. The NRC continues to evaluate FENOC's analysis of the shield building.

On March 12, 2012, the NRC issued orders requiring safety enhancements at U.S. reactors based on recommendations from the lessons learned Task Force review of the accident at Japan's Fukushima Daiichi nuclear power plant. These orders require additional mitigation strategies for beyond-design-basis external events, and enhanced equipment for monitoring water levels in spent fuel pools. The NRC also requested that licensees including FENOC: re-analyze earthquake and flooding risks using the latest information available; conduct earthquake and flooding hazard walkdowns at their nuclear plants; assess the ability of current communications systems and equipment to perform under a prolonged loss of onsite and offsite electrical power; and assess plant staffing levels needed to fill emergency positions. These and other NRC requirements adopted as a result of the accident at Fukushima Daiichi are likely to result in additional material costs from plant modifications and upgrades at FENOC's nuclear facilities.

ICG Litigation

On December 28, 2006, AE Supply and MP filed a complaint in the Court of Common Pleas of Allegheny County, Pennsylvania against ICG, Anker WV, and Anker Coal for failure to supply coal required by a long term CSA. A non-jury trial was held from January 10, 2011 through February 1, 2011 regarding past and future damages incurred by AE Supply and MP as a result of the shortfall. On May 2, 2011, the court entered a verdict in favor of AE Supply and MP for \$104 million (\$90 million in future damages and \$14 million for past damages/interest) and on August 25, 2011, the verdict became final. On August 26, 2011, ICG filed a Notice of Appeal with the Superior Court. On August 13, 2012, the Superior Court affirmed the \$14 million past damages award against ICG but vacated the \$90 million future damages award. While the Superior Court found that defendants still owed future damages, it remanded the calculation of those damages back to the trial court. Efforts by AE Supply and MP to have the Superior Court reconsider this decision or challenge it at the Pennsylvania Supreme Court were denied. In the second quarter of 2013 the final past damage award of \$15.5 million (including interest) was recognized and the case was sent back to the trial court to recalculate future damages only. A multi-day damages hearing was held and, on February 13, 2015, the trial court awarded AE Supply and MP approximately \$11.3 million in future damages and prejudgment interest. AE Supply and MP are evaluating the court's decision and a possible appeal. In a related proceeding before the same court, ICG appealed a ruling that prohibited their reliance on a price re-opener clause to limit future damages. On January 30, 2015, the ICG appeal was denied and ICG has moved for reconsideration on this ruling.

Other Legal Matters

There are various lawsuits, claims (including claims for asbestos exposure) and proceedings related to FirstEnergy's normal business operations pending against FirstEnergy and its subsidiaries. The loss or range of loss in these matters is not expected to be material to FirstEnergy or its subsidiaries. The other potentially material items not otherwise discussed above are described under Note 14, Regulatory Matters of the Combined Notes to Consolidated Financial Statements.

FirstEnergy accrues legal liabilities only when it concludes that it is probable that it has an obligation for such costs and can reasonably estimate the amount of such costs. In cases where FirstEnergy determines that it is not probable, but reasonably possible that it has a material obligation, it discloses such obligations and the possible loss or range of loss if such estimate can be made. If it were ultimately determined that FirstEnergy or its subsidiaries have legal liability or are otherwise made subject to liability based on any of the matters referenced above, it could have a material adverse effect on FirstEnergy's or its subsidiaries' financial condition, results of operations and cash flows.

16. TRANSACTIONS WITH AFFILIATED COMPANIES

FES' operating revenues, operating expenses, investment income and interest expenses include transactions with affiliated companies. These affiliated company transactions include affiliated company power sales agreements between FirstEnergy's competitive and regulated companies, support service billings, interest on affiliated company notes including the money pools and other transactions.

FirstEnergy's competitive companies at times provide power through affiliated company power sales to meet a portion of the Utilities' POLR and default service requirements. The primary affiliated company transactions for FES during the three years ended December 31, 2014 are as follows:

FES	2014	2013	2012
	<i>(In millions)</i>		
Revenues:			
Electric sales to affiliates	\$ 861	\$ 652	\$ 515
Other	6	6	16
Expenses:			
Purchased power from affiliates	271	486	451
Fuel	1	—	2
Support services	619	619	570
Investment Income:			
Interest income from FE	3	2	2
Interest Expense:			
Interest expense to affiliates	3	4	10
Interest expense to FE	4	6	1

FirstEnergy does not bill directly or allocate any of its costs to any subsidiary company. Costs are allocated to FES and the Utilities from FESC and FENOC. The majority of costs are directly billed or assigned at no more than cost. The remaining costs are for services that are provided on behalf of more than one company, or costs that cannot be precisely identified and are allocated using formulas developed by FESC and FENOC. The current allocation or assignment formulas used and their bases include multiple factor formulas: each company's proportionate amount of FirstEnergy's aggregate direct payroll, number of employees, asset balances, revenues, number of customers, other factors and specific departmental charge ratios. Management believes that these allocation methods are reasonable. Intercompany transactions are generally settled under commercial terms within thirty days. FES purchases the entire output of the generation facilities owned by FG and NG, and may purchase the uncommitted output of AE Supply, as well as the output relating to leasehold interests of OE and TE in certain of those facilities that are subject to sale and leaseback arrangements, and pursuant to full output, cost-of-service PSAs.

FES and the Utilities are parties to an intercompany income tax allocation agreement with FirstEnergy and its other subsidiaries that provides for the allocation of consolidated tax liabilities. Net tax benefits attributable to FirstEnergy are generally reallocated to the subsidiaries of FirstEnergy that have taxable income. That allocation is accounted for as a capital contribution to the company receiving the tax benefit (see Note 5, Taxes).

17. SUPPLEMENTAL GUARANTOR INFORMATION

In 2007, FG completed a sale and leaseback transaction for its undivided interest in Bruce Mansfield Unit 1. FES has fully and unconditionally and irrevocably guaranteed all of FG's obligations under each of the leases. The related lessor notes and pass through certificates are not guaranteed by FES or FG, but the notes are secured by, among other things, each lessor trust's undivided interest in Unit 1, rights and interests under the applicable lease and rights and interests under other related agreements, including FES' lease guaranty. This transaction is classified as an operating lease for FES and FirstEnergy and as a financing lease for FG.

The Condensed Consolidating Statements of Income (Loss) and Comprehensive Income (Loss) for the years ended December 31, 2014, 2013, and 2012, Condensed Consolidating Balance Sheets as of December 31, 2014 and December 31, 2013, and Condensed Consolidating Statements of Cash Flows for the years ended December 31, 2014, 2013, and 2012, for FES (parent and guarantor), FG and NG (non-guarantor) are presented below. These statements are provided as FES fully and unconditionally guarantees outstanding registered securities of FG as well as FG's obligations under the facility lease for the Bruce Mansfield sale and leaseback that underlie outstanding registered pass-through trust certificates. Investments in wholly owned subsidiaries are accounted for by FES using the equity method. Results of operations for FG and NG are, therefore, reflected in FES' investment accounts and earnings as if operating lease treatment was achieved. The principal elimination entries eliminate investments in subsidiaries and intercompany balances and transactions and the entries required to reflect operating lease treatment associated with the 2007 Bruce Mansfield Unit 1 sale and leaseback transaction.

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME (LOSS) AND COMPREHENSIVE INCOME (LOSS)
(Unaudited)

For the Year Ended December 31, 2014	FES	FG	NG	Eliminations	Consolidated
	(In millions)				
STATEMENTS OF INCOME (LOSS)					
REVENUES	\$ 5,990	\$ 1,902	\$ 2,172	\$ (3,920)	\$ 6,144
OPERATING EXPENSES:					
Fuel	—	1,055	198	—	1,253
Purchased power from affiliates	3,920	—	271	(3,920)	271
Purchased power from non-affiliates	2,767	4	—	—	2,771
Other operating expenses	790	269	527	49	1,635
Pension and OPEB mark-to-market adjustments	19	90	188	—	297
Provision for depreciation	10	119	193	(3)	319
General taxes	72	31	25	—	128
Total operating expenses	7,578	1,568	1,402	(3,874)	6,674
OPERATING INCOME (LOSS)	(1,588)	334	770	(46)	(530)
OTHER INCOME (EXPENSE):					
Loss on debt redemptions	(3)	(1)	(2)	—	(6)
Investment income	7	8	61	(15)	61
Miscellaneous income, including net income from equity investees	786	4	—	(784)	6
Interest expense — affiliates	(12)	(6)	(4)	15	(7)
Interest expense — other	(53)	(101)	(52)	60	(146)
Capitalized interest	—	4	30	—	34
Total other income (expense)	725	(92)	33	(724)	(58)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES (BENEFITS)	(863)	242	803	(770)	(588)
INCOME TAXES (BENEFITS)	(619)	87	298	6	(228)
INCOME (LOSS) FROM CONTINUING OPERATIONS	(244)	155	505	(776)	(360)
Discontinued operations (net of income taxes of \$70)	—	116	—	—	116
NET INCOME (LOSS)	\$ (244)	\$ 271	\$ 505	\$ (776)	\$ (244)
STATEMENTS OF COMPREHENSIVE INCOME (LOSS)					
NET INCOME (LOSS)	\$ (244)	\$ 271	\$ 505	\$ (776)	\$ (244)

OTHER COMPREHENSIVE LOSS:

Pension and OPEB prior service costs	(6)	(5)	—	5	(6)
Amortized gain on derivative hedges	(10)	—	—	—	(10)
Change in unrealized gain on available-for-sale securities	21	—	21	(21)	21
Other comprehensive income (loss)	5	(5)	21	(16)	5
Income tax benefits on other comprehensive income (loss)	2	(2)	8	(6)	2
Other comprehensive income (loss), net of tax	3	(3)	13	(10)	3
COMPREHENSIVE INCOME (LOSS)	\$ (241)	\$ 268	\$ 518	\$ (786)	\$ (241)

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

For the Year Ended December 31, 2013	FES	FG	NG	Eliminations	Consolidated
	(In millions)				
STATEMENTS OF INCOME					
REVENUES	\$ 6,068	\$ 2,399	\$ 1,634	\$ (3,928)	\$ 6,173
OPERATING EXPENSES:					
Fuel	—	1,056	206	—	1,262
Purchased power from affiliates	4,148	—	266	(3,928)	486
Purchased power from non-affiliates	2,326	7	—	—	2,333
Other operating expenses	635	275	529	48	1,487
Pension and OPEB mark-to-market adjustments	(8)	(37)	(36)	—	(81)
Provision for depreciation	6	127	178	(5)	306
General taxes	80	34	24	—	138
Total operating expenses	7,187	1,462	1,167	(3,885)	5,931
OPERATING INCOME (LOSS)	(1,119)	937	467	(43)	242
OTHER INCOME (EXPENSE):					
Loss on debt redemptions	(103)	—	—	—	(103)
Investment income	5	1	25	(15)	16
Miscellaneous income, including net income from equity investees	846	24	—	(842)	28
Interest expense — affiliates	(13)	(5)	(6)	14	(10)
Interest expense — other	(63)	(104)	(54)	61	(160)
Capitalized interest	1	2	36	—	39
Total other income (expense)	673	(82)	1	(782)	(190)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	(446)	855	468	(825)	52
INCOME TAXES (BENEFITS)	(506)	365	135	12	6
INCOME FROM CONTINUING OPERATIONS	60	490	333	(837)	46
Discontinued operations (net of income taxes of \$8)	—	14	—	—	14
NET INCOME	\$ 60	\$ 504	\$ 333	\$ (837)	\$ 60
STATEMENTS OF COMPREHENSIVE INCOME					
NET INCOME	\$ 60	\$ 504	\$ 333	\$ (837)	\$ 60

Pension and OPEB prior service costs	(15)	(13)	—	13	(15)
Amortized gain on derivative hedges	(6)	—	—	—	(6)
Change in unrealized gain on available-for-sale securities	(8)	—	(8)	8	(8)
Other comprehensive loss	(29)	(13)	(8)	21	(29)
Income tax benefits on other comprehensive income	(11)	(5)	(3)	8	(11)
Other comprehensive loss, net of tax	(18)	(8)	(5)	13	(18)
COMPREHENSIVE INCOME	<u>\$ 42</u>	<u>\$ 496</u>	<u>\$ 328</u>	<u>\$ (824)</u>	<u>\$ 42</u>

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF INCOME AND COMPREHENSIVE INCOME
(Unaudited)

For the Year Ended December 31, 2012	FES	FG	NG	Eliminations	Consolidated
				(In millions)	
STATEMENTS OF INCOME					
REVENUES	\$ 5,804	\$ 2,100	\$ 1,895	\$ (3,905)	\$ 5,894
OPERATING EXPENSES:					
Fuel	—	1,077	210	—	1,287
Purchased power from affiliates	4,098	—	258	(3,905)	451
Purchased power from non-affiliates	1,881	6	—	—	1,887
Other operating expenses	434	334	539	49	1,356
Pension and OPEB mark-to-market adjustments	(2)	52	116	—	166
Provision for depreciation	4	116	157	(5)	272
General taxes	79	36	21	—	136
Total operating expenses	6,494	1,621	1,301	(3,861)	5,555
OPERATING INCOME (LOSS)	(690)	479	594	(44)	339
OTHER INCOME (EXPENSE):					
Investment income	2	15	67	(18)	66
Miscellaneous income, including net income from equity investees	1,284	20	—	(1,269)	35
Interest expense — affiliates	(18)	(7)	(4)	19	(10)
Interest expense — other	(93)	(110)	(50)	62	(191)
Capitalized interest	—	4	33	—	37
Total other income (expense)	1,175	(78)	46	(1,206)	(63)
INCOME FROM CONTINUING OPERATIONS BEFORE INCOME TAXES	485	401	640	(1,250)	276
INCOME TAXES (BENEFITS)	298	(269)	62	12	103
INCOME FROM CONTINUING OPERATIONS	187	670	578	(1,262)	173
Discontinued operations (net of income taxes of \$8)	—	14	—	—	14
NET INCOME	\$ 187	\$ 684	\$ 578	\$ (1,262)	\$ 187
STATEMENTS OF COMPREHENSIVE INCOME					
NET INCOME	\$ 187	\$ 684	\$ 578	\$ (1,262)	\$ 187

Pension and OPEB prior service costs	6	6	—	(6)	6
Amortized loss on derivative hedges	(9)	—	—	—	(9)
Change in unrealized gain on available-for-sale securities	(5)	—	(5)	5	(5)
Other comprehensive income (loss)	(8)	6	(5)	(1)	(8)
Income taxes (benefits) on other comprehensive income (loss)	(4)	1	(2)	1	(4)
Other comprehensive income (loss), net of tax	(4)	5	(3)	(2)	(4)
COMPREHENSIVE INCOME	<u>\$ 183</u>	<u>\$ 689</u>	<u>\$ 575</u>	<u>\$ (1,264)</u>	<u>\$ 183</u>

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING BALANCE SHEETS
(Unaudited)

As of December 31, 2014	FES	FG	NG	Eliminations	Consolidated
	(In millions)				
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ —	\$ 2	\$ —	\$ —	\$ 2
Receivables-					
Customers	415	—	—	—	415
Affiliated companies	484	487	674	(1,120)	525
Other	66	21	20	—	107
Notes receivable from affiliated companies	339	838	272	(1,449)	—
Materials and supplies	67	202	223	—	492
Derivatives	147	—	—	—	147
Collateral	229	—	—	—	229
Prepayments and other	56	41	—	(2)	95
	1,803	1,591	1,189	(2,571)	2,012
PROPERTY, PLANT AND EQUIPMENT:					
In service	133	6,217	7,628	(382)	13,596
Less — Accumulated provision for depreciation	36	2,058	3,305	(191)	5,208
	97	4,159	4,323	(191)	8,388
Construction work in progress	3	206	801	—	1,010
	100	4,365	5,124	(191)	9,398
INVESTMENTS:					
Nuclear plant decommissioning trusts	—	—	1,365	—	1,365
Investment in affiliated companies	6,607	—	—	(6,607)	—
Other	—	10	—	—	10
	6,607	10	1,365	(6,607)	1,375
DEFERRED CHARGES AND OTHER ASSETS:					
Accumulated deferred income tax benefits	276	76	—	(352)	—
Customer intangibles	78	—	—	—	78
Goodwill	23	—	—	—	23
Property taxes	—	14	27	—	41
Unamortized sale and leaseback costs	—	—	—	217	217
Derivatives	52	—	—	—	52
Other	34	277	7	(204)	114
	483	367	34	(339)	525
	\$ 8,973	\$ 6,333	\$ 7,712	\$ (9,708)	\$ 13,310
LIABILITIES AND CAPITALIZATION					
CURRENT LIABILITIES:					
Currently payable long-term debt	\$ 18	\$ 164	\$ 348	\$ (24)	\$ 506
Short-term borrowings-					

Affiliated companies	1,135	321	28	(1,449)	35
Other	90	9	—	—	99
Accounts payable-					
Affiliated companies	1,068	197	219	(1,068)	416
Other	46	202	—	—	248
Accrued taxes	2	62	161	(123)	102
Derivatives	166	—	—	—	166
Other	72	56	9	47	184
	<u>2,597</u>	<u>1,011</u>	<u>765</u>	<u>(2,617)</u>	<u>1,756</u>
CAPITALIZATION:					
Total equity	5,585	2,561	4,014	(6,575)	5,585
Long-term debt and other long-term obligations	695	2,215	859	(1,161)	2,608
	<u>6,280</u>	<u>4,776</u>	<u>4,873</u>	<u>(7,736)</u>	<u>8,193</u>
NONCURRENT LIABILITIES:					
Deferred gain on sale and leaseback transaction	—	—	—	824	824
Accumulated deferred income taxes	13	—	678	(180)	511
Asset retirement obligations	—	189	652	—	841
Retirement benefits	38	288	—	—	324
Derivatives	14	—	—	—	14
Other	33	69	744	1	847
	<u>96</u>	<u>546</u>	<u>2,074</u>	<u>645</u>	<u>3,361</u>
	<u>\$ 8,973</u>	<u>\$ 6,333</u>	<u>\$ 7,712</u>	<u>\$ (9,708)</u>	<u>\$ 13,310</u>

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING BALANCE SHEETS
(Unaudited)

As of December 31, 2013	FES	FG	NG	Eliminations	Consolidated
	(In millions)				
ASSETS					
CURRENT ASSETS:					
Cash and cash equivalents	\$ —	\$ 2	\$ —	\$ —	\$ 2
Receivables-					
Customers	539	—	—	—	539
Affiliated companies	938	787	227	(916)	1,036
Other	52	12	17	—	81
Notes receivable from affiliated companies	203	23	683	(909)	—
Materials and supplies	76	159	213	—	448
Derivatives	165	—	—	—	165
Collateral	136	—	—	—	136
Prepayments and other	52	50	7	—	109
	<u>2,161</u>	<u>1,033</u>	<u>1,147</u>	<u>(1,825)</u>	<u>2,516</u>
PROPERTY, PLANT AND EQUIPMENT:					
In service	104	6,105	6,645	(382)	12,472
Less — Accumulated provision for depreciation	<u>28</u>	<u>1,953</u>	<u>2,962</u>	<u>(188)</u>	<u>4,755</u>
	76	4,152	3,683	(194)	7,717
Construction work in progress	<u>23</u>	<u>148</u>	<u>1,137</u>	<u>—</u>	<u>1,308</u>
	<u>99</u>	<u>4,300</u>	<u>4,820</u>	<u>(194)</u>	<u>9,025</u>
INVESTMENTS:					
Nuclear plant decommissioning trusts	—	—	1,276	—	1,276
Investment in affiliated companies	5,801	—	—	(5,801)	—
Other	<u>—</u>	<u>11</u>	<u>—</u>	<u>—</u>	<u>11</u>
	<u>5,801</u>	<u>11</u>	<u>1,276</u>	<u>(5,801)</u>	<u>1,287</u>
ASSETS HELD FOR SALE	—	122	—	—	122
DEFERRED CHARGES AND OTHER ASSETS:					
Accumulated deferred income tax benefits	—	131	—	(131)	—
Customer intangibles	95	—	—	—	95
Goodwill	23	—	—	—	23
Property taxes	—	15	26	—	41
Unamortized sale and leaseback costs	—	—	—	168	168
Derivatives	53	—	—	—	53
Other	<u>81</u>	<u>228</u>	<u>18</u>	<u>(155)</u>	<u>172</u>
	<u>252</u>	<u>374</u>	<u>44</u>	<u>(118)</u>	<u>552</u>
	<u>\$ 8,313</u>	<u>\$ 5,840</u>	<u>\$ 7,287</u>	<u>\$ (7,938)</u>	<u>\$ 13,502</u>
LIABILITIES AND CAPITALIZATION					
CURRENT LIABILITIES:					
Currently payable long-term debt	\$ 1	\$ 367	\$ 547	\$ (23)	\$ 892

Short-term borrowings-					
Affiliated companies	977	212	151	(909)	431
Other	—	4	—	—	4
Accounts payable-					
Affiliated companies	741	400	362	(738)	765
Other	94	196	—	—	290
Accrued taxes	204	23	23	(184)	66
Derivatives	110	—	—	—	110
Other	70	63	18	46	197
	<u>2,197</u>	<u>1,265</u>	<u>1,101</u>	<u>(1,808)</u>	<u>2,755</u>
CAPITALIZATION:					
Total equity	5,312	2,283	3,493	(5,776)	5,312
Long-term debt and other long-term obligations	712	1,860	742	(1,184)	2,130
	<u>6,024</u>	<u>4,143</u>	<u>4,235</u>	<u>(6,960)</u>	<u>7,442</u>
NONCURRENT LIABILITIES:					
Deferred gain on sale and leaseback transaction	—	—	—	858	858
Accumulated deferred income taxes	32	—	736	(27)	741
Asset retirement obligations	—	187	828	—	1,015
Retirement benefits	22	163	—	—	185
Derivatives	14	—	—	—	14
Other	24	82	387	(1)	492
	<u>92</u>	<u>432</u>	<u>1,951</u>	<u>830</u>	<u>3,305</u>
	<u>\$ 8,313</u>	<u>\$ 5,840</u>	<u>\$ 7,287</u>	<u>\$ (7,938)</u>	<u>\$ 13,502</u>

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(Unaudited)

For the Year Ended December 31, 2014	FES	FG	NG	Eliminations	Consolidated
	<i>(In millions)</i>				
NET CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES	\$ (600)	\$ 408	\$ 785	\$ (22)	\$ 571
CASH FLOWS FROM FINANCING ACTIVITIES:					
New Financing-					
Long-term debt	—	431	447	—	878
Short-term borrowings, net	247	114	—	(361)	—
Equity contribution from parent	500	—	—	—	500
Redemptions and Repayments-					
Long-term debt	(1)	(269)	(568)	22	(816)
Short-term borrowings, net	—	—	(123)	(178)	(301)
Other	(1)	(12)	(2)	—	(15)
Net cash provided from (used for) financing activities	745	264	(246)	(517)	246
CASH FLOWS FROM INVESTING ACTIVITIES:					
Property additions	(8)	(169)	(662)	—	(839)
Nuclear fuel	—	—	(233)	—	(233)
Proceeds from asset sales	—	307	—	—	307
Sales of investment securities held in trusts	—	—	1,163	—	1,163
Purchases of investment securities held in trusts	—	—	(1,219)	—	(1,219)
Loans to affiliated companies, net	(136)	(815)	412	539	—
Other	(1)	5	—	—	4
Net cash used for investing activities	(145)	(672)	(539)	539	(817)
Net change in cash and cash equivalents	—	—	—	—	—
Cash and cash equivalents at beginning of period	—	2	—	—	2
Cash and cash equivalents at end of period	<u>\$ —</u>	<u>\$ 2</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 2</u>

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(Unaudited)

For the Year Ended December 31, 2013	FES	FG	NG	Eliminations	Consolidated
	<i>(In millions)</i>				
NET CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES	\$ (1,429)	\$ 753	\$ 776	\$ (22)	\$ 78
CASH FLOWS FROM FINANCING ACTIVITIES:					
New Financing-					
Short-term borrowings, net	864	371	150	(954)	431
Equity contribution from parent	1,500	—	—	—	1,500
Redemptions and Repayments-					
Long-term debt	(770)	(364)	(90)	22	(1,202)
Short-term borrowings, net	(244)	(505)	—	749	—
Tender premiums	(67)	—	—	—	(67)
Other	(4)	(5)	—	—	(9)
Net cash provided from (used for) financing activities	1,279	(503)	60	(183)	653
CASH FLOWS FROM INVESTING ACTIVITIES:					
Property additions	(12)	(256)	(449)	—	(717)
Nuclear fuel	—	—	(250)	—	(250)
Proceeds from asset sales	—	21	—	—	21
Sales of investment securities held in trusts	—	—	940	—	940
Purchases of investment securities held in trusts	—	—	(1,000)	—	(1,000)
Loans to affiliated companies, net	163	(15)	(77)	205	276
Other	(1)	(1)	—	—	(2)
Net cash provided from (used for) investing activities	150	(251)	(836)	205	(732)
Net change in cash and cash equivalents	—	(1)	—	—	(1)
Cash and cash equivalents at beginning of period	—	3	—	—	3
Cash and cash equivalents at end of period	\$ —	\$ 2	\$ —	\$ —	\$ 2

FIRSTENERGY SOLUTIONS CORP.
CONDENSED CONSOLIDATING STATEMENTS OF CASH FLOWS
(Unaudited)

For the Year Ended December 31, 2012	FES	FG	NG	Eliminations	Consolidated
	<i>(In millions)</i>				
NET CASH PROVIDED FROM (USED FOR) OPERATING ACTIVITIES	\$ (1,063)	\$ 639	\$ 1,266	\$ (21)	\$ 821
CASH FLOWS FROM FINANCING ACTIVITIES:					
New Financing-					
Long-term debt	—	351	299	—	650
Short-term borrowings, net	—	260	—	(257)	3
Redemptions and Repayments-					
Long-term debt	(1)	(288)	(161)	21	(429)
Short-term borrowings, net	(707)	—	(32)	739	—
Common stock dividend payment	—	(2,000)	—	2,000	—
Other	(1)	(8)	(3)	—	(12)
Net cash provided from (used for) financing activities	(709)	(1,685)	103	2,503	212
CASH FLOWS FROM INVESTING ACTIVITIES:					
Property additions	(14)	(273)	(508)	—	(795)
Nuclear fuel	—	—	(286)	—	(286)
Proceeds from asset sales	—	17	—	—	17
Sales of investment securities held in trusts	—	—	1,464	—	1,464
Purchases of investment securities held in trusts	—	—	(1,502)	—	(1,502)
Loans to affiliated companies, net	(211)	1,338	(538)	(482)	107
Dividends received	2,000	—	—	(2,000)	—
Other	(3)	(40)	1	—	(42)
Net cash provided from (used for) investing activities	1,772	1,042	(1,369)	(2,482)	(1,037)
Net change in cash and cash equivalents	—	(4)	—	—	(4)
Cash and cash equivalents at beginning of period	—	7	—	—	7
Cash and cash equivalents at end of period	<u>\$ —</u>	<u>\$ 3</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ 3</u>

18. SEGMENT INFORMATION

FirstEnergy's reportable segments are as follows: Regulated Distribution, Regulated Transmission and CES.

Financial information for each of FirstEnergy's reportable segments is presented in the tables below. FES does not have separate reportable operating segments.

The Regulated Distribution segment distributes electricity through FirstEnergy's ten utility operating companies, serving approximately six million customers within 65,000 square miles of Ohio, Pennsylvania, West Virginia, Maryland, New Jersey and New York, and purchases power for its POLR, SOS, SSO and default service requirements in Ohio, Pennsylvania, New Jersey and Maryland. This segment also includes regulated electric generation facilities located primarily in West Virginia, Virginia and New Jersey that MP and JCP&L, respectively, own or contractually control. The segment's results reflect the commodity costs of securing electric generation and the deferral and amortization of certain fuel costs. This business segment currently controls approximately 3,790 MWs of generation capacity.

The Regulated Transmission segment transmits electricity through transmission facilities owned and operated by ATSI, TrAIL, and certain of FirstEnergy's utilities (JCP&L, ME, PN, MP, PE and WP), and the regulatory asset associated with the abandoned PATH project. The segment's revenues are primarily derived from rates that recover costs and provide a return on transmission capital investment. Except for the recovery of the PATH abandoned project regulatory asset, these revenues are primarily from transmission services provided pursuant to the PJM Tariff to LSEs. The segment's results also reflect the net transmission expenses related to the delivery of electricity on FirstEnergy's transmission facilities.

The CES segment, through FES and AE Supply, primarily supplies electricity to end-use customers through retail and wholesale arrangements, including competitive retail sales to customers primarily in Ohio, Pennsylvania, Illinois, Michigan, New Jersey and Maryland, and the provision of partial POLR and default service for some utilities in Ohio, Pennsylvania and Maryland, including the Utilities. This business segment currently controls approximately 14,068 MWs of capacity, including 885 MWs of capacity scheduled to be deactivated by April 2015. The segment's net income is primarily derived from electric generation sales less the related costs of electricity generation, including fuel, purchased power and net transmission (including congestion) and ancillary and capacity costs charged by PJM to deliver energy to the segment's customers.

In 2014, the CES segment began to reduce its exposure to weather-sensitive loads, including maintaining competitive generation in excess of committed sales, eliminating load obligations that do not adequately cover risk premiums, pursuing more certain revenue streams, and modifying its hedging strategy to optimize risk management and market upside opportunities. As part of this, the CES segment eliminated future selling efforts in certain sales channels, such as Mass Market, medium commercial-industrial and select large commercial-industrial (Direct), to focus on a selective mix of retail sales channels, wholesale sales that hedge generation more effectively, and maintain a small open position to take advantage of market upside opportunities resulting from volatility such as that experienced in the first quarter of 2014. Going forward, the CES segment will target 65 to 75 million MWhs of sales annually with a target portfolio mix of approximately 10 to 15 million MWhs in Governmental Aggregation sales, 0 to 10 million MWhs of POLR sales, 0 to 20 million MWhs in large commercial and industrial sales (Direct), 10 to 20 million MWhs in block wholesale sales, including Structured Sales, and 10 to 20 million MWhs of spot wholesale sales. Support for current customers in the channels to be exited will remain through their respective contract terms.

Corporate/Other contains corporate support and other businesses that are below the quantifiable threshold for separate disclosure as a reportable segment and interest expense on stand-alone holding company debt and corporate income taxes. As of December 31, 2014, Corporate/Other had \$4.2 billion of stand-alone holding company long-term debt, of which 28% was subject to variable-interest rates and \$1.7 billion was borrowed under the FE revolving credit facility. Reconciling adjustments for the elimination of inter-segment transactions are shown separately in the accompanying table.

Segment Financial Information

For the Years Ended	December 31,	Regulated Distribution	Regulated Transmission	Competitive Energy Services	Corporate/ Other	Reconciling Adjustments	Consolidated
(In millions)							
2014							
External revenues		\$ 9,102	\$ 769	\$ 5,470	\$ (146)	\$ (146)	\$ 15,049
Internal revenues		—	—	819	—	(819)	—
Total revenues		9,102	769	6,289	(146)	(965)	15,049
Depreciation		658	127	387	48	—	1,220
Amortization of regulated assets, net		1	11	—	—	—	12
Investment income		56	—	45	11	(40)	72
Interest expense		589	131	189	168	(4)	1,073
Income taxes (benefit)		227	121	(226)	(175)	11	(42)
Income (loss) from continuing operations		465	223	(423)	(52)	—	213
Discontinued operations, net of tax		—	—	86	—	—	86
Net income (loss)		465	223	(337)	(52)	—	299
Total assets		28,232	6,352	16,743	839	—	52,166
Total goodwill		5,092	526	800	—	—	6,418
Property additions		972	1,329	939	72	—	3,312
2013							
External revenues		\$ 8,720	\$ 731	\$ 5,728	\$ (121)	\$ (166)	\$ 14,892
Internal revenues		—	—	770	—	(770)	—
Total revenues		8,720	731	6,498	(121)	(936)	14,892
Depreciation		606	114	439	43	—	1,202
Amortization of regulated assets, net		529	10	—	—	—	539
Investment income		57	—	11	9	(44)	33
Interest expense		543	93	222	148	10	1,016
Income taxes (benefit)		301	129	(141)	(104)	10	195
Income (loss) from continuing operations		501	214	(237)	(103)	—	375
Discontinued operations, net of tax		—	—	17	—	—	17
Net income (loss)		501	214	(220)	(103)	—	392
Total assets		27,683	5,247	16,782	712	—	50,424
Total goodwill		5,092	526	800	—	—	6,418
Property additions		1,272	461	827	78	—	2,638
2012							
External revenues		\$ 9,047	\$ 735	\$ 5,778	\$ (119)	\$ (188)	\$ 15,253
Internal revenues		—	—	866	—	(864)	2
Total revenues		9,047	735	6,644	(119)	(1,052)	15,255
Depreciation		558	114	409	38	—	1,119
Amortization of regulated assets, net		(65)	(3)	—	—	—	(68)
Investment income (loss)		84	1	66	(5)	(69)	77
Interest expense		540	92	284	85	—	1,001

Income taxes (benefits)	295	133	83	(34)	68	545
Income (loss) from continuing operations	540	226	199	(155)	(55)	755
Discontinued operations, net of tax	—	—	16	—	—	16
Net income (loss)	540	226	215	(155)	(55)	771
Total assets	27,150	4,865	18,087	392	—	50,494
Total goodwill	5,025	526	896	—	—	6,447
Property additions	1,074	507	1,014	83	—	2,678

19. DISCONTINUED OPERATIONS

On September 4, 2013, certain of FirstEnergy's subsidiaries applied for authorization from the FERC to sell eleven hydroelectric power stations in Pennsylvania, Virginia and West Virginia to subsidiaries of Harbor Hydro, a subsidiary of LS Power. The asset purchase agreement was entered into on August 23, 2013, and amended and restated as of September 4, 2013. On February 12, 2014, the sale of the hydroelectric power plants to LS Power closed for approximately \$394 million (FES - \$307 million). The carrying value of the assets sold was \$235 million (FES - \$122 million), including goodwill of \$29 million (FES - \$1 million) which was allocated to the hydroelectric plants to be sold.

Pre-tax income for the hydroelectric facilities of \$155 million, \$26 million and \$24 million (FES - \$186 million, \$22 million and \$22 million) for the years ended December 31, 2014, 2013 and 2012, respectively, are reported in FirstEnergy's and FES' Consolidated Statement of Income as discontinued operations. Included in income for discontinued operations in the year ended December 31, 2014, was a pre-tax gain on the sale of assets of \$142 million (FES - \$177 million). Revenues for the hydroelectric facilities of \$5 million, \$33 million and \$30 million (FES - \$5 million, \$31 million and \$24 million) for years ended December 31, 2014, 2013 and 2012, respectively, are reported in FirstEnergy's and FES' Consolidated Statement of Income as discontinued operations.

20. SUMMARY OF QUARTERLY FINANCIAL DATA (UNAUDITED)

The following summarizes certain consolidated operating results by quarter for 2014 and 2013.

FirstEnergy**CONSOLIDATED STATEMENTS OF INCOME**

(In millions, except per share amounts)

	2014				2013			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Revenues	\$ 3,483	\$ 3,888	\$ 3,496	\$ 4,182	\$ 3,633	\$ 4,032	\$ 3,507	\$ 3,720
Other operating expense	901	858	1,021	1,182	948	877	886	882
Pension and OPEB mark-to-market	835	—	—	—	(256)	—	—	—
Provision for depreciation	316	308	302	294	293	316	300	293
Impairment of long-lived assets	—	—	—	—	322	—	473	—
Operating Income (Loss)	(337)	716	292	391	387	508	42	645
Income (loss) from continuing operations before income taxes (benefits)	(574)	485	90	170	208	286	(230)	306
Income taxes (benefits) ⁽¹⁾	(268)	152	26	48	66	77	(62)	114
Income (loss) from continuing operations	(306)	333	64	122	142	209	(168)	192
Discontinued operations (net of income taxes)	—	—	—	86	—	9	4	4
Net Income (Loss)	(306)	333	64	208	142	218	(164)	196
Earnings (loss) per share of common stock ⁽²⁾								
Basic - Continuing Operations	(0.73)	0.79	0.16	0.29	0.34	0.50	(0.40)	0.46
Basic - Discontinued Operations (Note 19)	—	—	—	0.21	—	0.02	0.01	0.01
Basic - Earnings Available to FirstEnergy Corp.	(0.73)	0.79	0.16	0.50	0.34	0.52	(0.39)	0.47
Diluted - Continuing Operations	(0.73)	0.79	0.15	0.29	0.34	0.50	(0.40)	0.46
Diluted - Discontinued Operations (Note 19)	—	—	—	0.20	—	0.02	0.01	0.01
Diluted - Earnings Available to FirstEnergy Corp.	(0.73)	0.79	0.15	0.49	0.34	0.52	(0.39)	0.47

(1) - During the fourth quarter of 2014, income tax benefits of \$16 million were recorded that related to prior periods. The out-of-period adjustment primarily related to the correction of amounts included in the Company's tax basis balance sheet. Management has determined that this adjustment is not material to the current or any prior period.

(2) - Total quarterly earnings per share information may not equal annual earnings per share due to the issuance of shares throughout the year. See FirstEnergy's Consolidated Statements of Stockholders' Equity and Note 4. Stock-Based Compensation for additional information.

FES**CONSOLIDATED STATEMENTS OF INCOME**

(In millions)

	2014				2013			
	Dec. 31	Sept. 30	June 30	Mar. 31	Dec. 31	Sept. 30	June 30	Mar. 31
Revenues	\$ 1,342	\$ 1,521	\$ 1,452	\$ 1,829	\$ 1,518	\$ 1,679	\$ 1,452	\$ 1,524
Other operating expense	359	356	468	452	382	339	387	379
Pension and OPEB mark-to-market	297	—	—	—	(81)	—	—	—
Provision for depreciation	83	83	79	74	75	80	76	75
Operating Income (Loss)	(321)	90	(151)	(148)	121	65	(39)	95

Income (loss) from continuing operations before income taxes (benefits)	(347)	72	(154)	(159)	114	56	(117)	(1)
Income taxes (benefits)	(133)	28	(67)	(56)	25	23	(42)	—
Income (loss) from continuing operations	(214)	44	(87)	(103)	89	33	(75)	(1)
Discontinued operations (net of income taxes)	—	—	—	116	—	7	4	3
Net Income (Loss)	(214)	44	(87)	13	89	40	(71)	2

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ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

ITEM 9A. CONTROLS AND PROCEDURES**Evaluation of Disclosure Controls and Procedures**

The respective management of FirstEnergy and FES, with the participation of each respective registrant's chief executive officer and chief financial officer, have reviewed and evaluated the effectiveness of their registrant's disclosure controls and procedures, as defined in the Securities Exchange Act of 1934, as amended, Rules 13a-15(e) and 15d-15(e), as of the end of the period covered by this report. Based on that evaluation, the chief executive officer and chief financial officer of each registrant have concluded that each respective registrant's disclosure controls and procedures were effective as of the end of the period covered by this report.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting as defined in Rule 13a-15(f) of the Securities Exchange Act of 1934. Using the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission in *Internal Control — Integrated Framework* published in 2013, the respective management of each registrant conducted an evaluation of the effectiveness of their registrant's internal control over financial reporting under the supervision of each respective registrant's Chief Executive Officer and Chief Financial Officer. Based on that evaluation, the respective management of each registrant concluded that their registrant's internal control over financial reporting was effective as of December 31, 2014. The effectiveness of FirstEnergy's internal control over financial reporting, as of December 31, 2014, has been audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm, as stated in their report included herein. The effectiveness of internal control over financial reporting of FES as of December 31, 2014, has not been audited by the registrant's independent registered public accounting firm.

Changes in Internal Control over Financial Reporting

During the quarter ended December 31, 2014, there were no changes in internal control over financial reporting that have materially affected, or are reasonably likely to materially affect, FirstEnergy's or FES' internal control over financial reporting.

ITEM 9B. OTHER INFORMATION

On February 17, 2015, the Board of Directors of FE disclosed that it had determined that, as part of its previously announced executive transition plan, Anthony J. Alexander will be leaving FE and conclude his service as executive chairman on April 30, 2015. As a result, Mr. Alexander will receive the benefits provided for under his existing employment agreement with FE, dated as of March 20, 2012, including the vesting of the remaining portion of the restricted stock award granted to Mr. Alexander pursuant to such agreement. He also is entitled to receive a pro rata portion of his previously-disclosed outstanding performance-adjusted restricted stock unit ("performance-adjusted RSU") awards and performance share awards, subject to the achievement of the performance targets and in return for a complete release as provided in the award agreements. In addition, on February 17, 2015, the Board of Directors authorized the grant, effective March 2, 2015, to Mr. Alexander of a mix of cash based performance-adjusted RSUs (1/3 of the total), and stock based performance adjusted RSUs (2/3 of the total), with an aggregate value of \$427,311. The number of shares underlying these awards will be based on the average high and low price of FE's common shares on February 27, 2015, and, in each case, these awards will require him to remain employed with FE through April 30, 2015 and, consistent with FE's performance-adjusted RSU awards, will remain entirely at risk (and subject to upward/downward adjustment or forfeiture) based on the achievement of the previously disclosed performance goals tracked over a three year period. These awards were granted in lieu of Mr. Alexander's customary annual Long-Term Incentive Plan grants for 2015 and represents a small fraction (1/18th) of his customary award size in light of his expected limited time of service over the 36-month performance period. In accordance with his employment agreement, Mr. Alexander will also step down from the Board of Directors effective May 1, 2015. In a related matter, effective May 1, 2015, George M. Smart, currently FE's lead independent director, will return to his prior role as chairman and the size of the Board of Directors will be decreased by one.

PART III**ITEM 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE**

The information required by Item 10 is incorporated herein by reference to FirstEnergy's 2015 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

ITEM 11. EXECUTIVE COMPENSATION

The information required by Item 11 is incorporated herein by reference to FirstEnergy's 2015 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS

The information required by Item 12 is incorporated herein by reference to FirstEnergy's 2015 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS, AND DIRECTOR INDEPENDENCE

The information required by Item 13 is incorporated herein by reference to FirstEnergy's 2015 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

ITEM 14. PRINCIPAL ACCOUNTING FEES AND SERVICES

A summary of the audit and audit-related fees for services rendered by PricewaterhouseCoopers LLP for the years ended December 31, 2014 and 2013, are as follows:

Company	Audit Fees ⁽¹⁾		Audit-Related Fees ⁽²⁾	
	2014	2013	2014	2013
	<i>(In thousands)</i>			
FES	\$ 1,700	\$ 1,560	\$ —	\$ —
FE and other subsidiaries	6,001	6,101	117	300
Total FirstEnergy	<u>\$ 7,701</u>	<u>\$ 7,661</u>	<u>\$ 117</u>	<u>\$ 300</u>

⁽¹⁾ Professional services rendered for the audits of the Registrants' annual financial statements and reviews of unaudited financial statements included in the Registrants' Quarterly Reports on Form 10-Q and for services in connection with statutory and regulatory filings or engagements, including comfort letters and consents for financings and filings made with the SEC.

⁽²⁾ Professional services rendered in 2014 and 2013 related to additional agreed upon procedures that included the audit of compliance with certain DOE grants, risk assurance and the audit of PE's cost allocation manual.

Tax and Other Fees

There were no tax services performed by PricewaterhouseCoopers LLP in 2014 or 2013. PricewaterhouseCoopers LLP performed other services in 2013 of \$40,000 related to SEC Regulation AB readiness. PricewaterhouseCoopers LLP performed no other services in 2014.

Additional information required by this item is incorporated herein by reference to FirstEnergy's 2015 Proxy Statement to be filed with the SEC pursuant to Regulation 14A under the Securities Exchange Act of 1934.

PART IV**ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES**

(a) The following documents are filed as a part of this report on Form 10-K:

1. Financial Statements:

Management's Report on Internal Control Over Financial Reporting for FirstEnergy Corp. and FES is listed under Item 8 herein.

Reports of Independent Registered Public Accounting Firm for FirstEnergy Corp. and FES are listed under Item 8 herein.

The financial statements filed as a part of this report for FirstEnergy Corp. and FES are listed under Item 8 herein.

2. Financial Statement Schedules:

Reports of Independent Registered Public Accounting Firm as to Schedules are included herein on pages:

	Page
FirstEnergy	106
FES	107

Schedule II — Consolidated Valuation and Qualifying Accounts are included herein on pages:

	Page
FirstEnergy	207
FES	208

3. Exhibits — FirstEnergy

Exhibit Number

- | | |
|----------|--|
| 2-1 † | Agreement and Plan of Merger, dated as of February 10, 2010, by and among FirstEnergy Corp., Element Merger Sub, Inc. and Allegheny Energy, Inc. (incorporated by reference to FE's Form 8-K filed February 11, 2010, Exhibit 2.1, File No. 333-21011). |
| 3-1 | Amended Articles of Incorporation of FirstEnergy Corp. (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 3-1, File No. 333-21011). |
| 3-2 | Amendment to the Amended Articles of Incorporation of FirstEnergy Corp. dated as of February 25, 2011 (incorporated by reference to FE's Form 8-K filed February 25, 2011, Exhibit 3.1, File No. 333-21011). |
| 3-3 | FirstEnergy Corp. Amended Code of Regulations. (incorporated by reference to FE's Form 10-K filed February 25, 2009, Exhibit 3.1, File No. 333-21011). |
| 3-4 | Amendment to the FirstEnergy Corp. Amended Code of Regulations (incorporated by reference to FirstEnergy's Definitive Proxy Statement filed April 1, 2011, Appendix 1, File No. 333-21011). |
| 4-1 | Indenture, dated November 15, 2001, between FirstEnergy Corp. and The Bank of New York Mellon, as Trustee. (incorporated by reference to FE's Form S-3 filed September 21, 2001, Exhibit 4(a), File No. 333-69856). |
| 4-2 | Officer's Certificate relating to \$650 million aggregate principal amount of the Company's 2.75% Notes, Series A, due 2018 (the "Series A Notes") and \$850 million aggregate principal amount of the Company's 4.25% Notes, Series B, due 2023 (the "Series B Notes") (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.1, File No. 333-21011.) |
| 4-2 | (a) Form of Series A Note (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.2, File No. 333-21011) |
| 4-2 | (b) Form of Series B Note, (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.3, File No. 333-21011). |
| 4-3 | Agreement of Resignation, Appointment and Acceptance Among The Bank of New York Mellon, as Resigning Trustee, The Bank of New York Mellon Trust Company, N.A., as Successor Trustee and FirstEnergy Corp., dated May 16, 2012 (incorporated by reference to FE's Form S-3 filed May 18, 2012, Exhibit 4(h), file No. 333-181519). |
| (B) 10-1 | FirstEnergy Corp. 2007 Incentive Plan, effective May 15, 2007. (incorporated by reference to FE's Form 10-K filed February 25, 2009, Exhibit 10.1, File No. 333-21011). |
| (B) 10-2 | Amendment to FirstEnergy Corp. 2007 Incentive Plan, effective January 1, 2011. (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.5, File No. 333-21011). |
| (B) 10-3 | Amendment No. 2 to FirstEnergy Corp. 2007 Incentive Plan, effective January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-3 File No. 333-21011). |
| (B) 10-4 | Form of 2014-2016 Performance Share Award Agreement (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-4 File No. 333-21011). |
| (B) 10-5 | Form of 2014-2016 Performance-Adjusted Restricted Stock Unit Award Agreement (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-5 File No. 333-21011). |
| (B) 10-6 | FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, amended and restated January 1, 2005, further amended December 31, 2010 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-6 File No. 333-21011). |
| (B) 10-7 | Amendment No. 1 to FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, effective as of January 1, 2012 (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.7, File No. 333-21011). |

- (B) 10-8 Amendment No. 2 to FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, effective January 21, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-8 File No. 333-21011).
- (B) 10-9 FirstEnergy Corp. Supplemental Executive Retirement Plan, amended and restated January 1, 2005, further amended December 31, 2010 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-9 File No. 333-21011).
- (B) 10-10 Amendment to FirstEnergy Corp. Supplemental Executive Retirement Plan, effective January 1, 2012. (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.8, File No. 333-21011).
- (B) 10-11 FirstEnergy Corp. Cash Balance Restoration Plan, effective January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-11 File No. 333-21011).

**Exhibit
Number**

- (B) 10-12 FirstEnergy Corp. Executive Deferred Compensation Plan, Amended and Restated as of January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-12 File No. 333-21011).
- (B) 10-13 Deferred Remuneration Plan for Outside Directors of GPU, Inc. as amended and restated effective August 8, 2000. (incorporated by reference to GPU, Inc. Form 10-K filed March 21, 2001, Exhibit 10-O, File No. 001-06047).
- (B) 10-14 Retirement Plan for Outside Directors of GPU, Inc. as amended and restated as of August 8, 2000. (incorporated by reference to GPU, Inc. Form 10-K filed March 21, 2001, Exhibit 10-N, File No. 001-06047).
- (B) 10-15 Forms of Estate Enhancement Program Agreements entered into by certain former GPU directors. (incorporated by reference to GPU, Inc. Form 10-K filed March 20, 2000, Exhibit 10-JJ, File No. 001-06047).
- (B) 10-16 Stock Option Agreement between FirstEnergy Corp. and an officer dated August 20, 2004. (incorporated by reference to FE's Form 10-Q filed November 4, 2004, Exhibit 10-42, File No. 333-21011).
- 10-17 Consent Decree dated March 18, 2005. (incorporated by reference to FE's Form 8-K filed March 18, 2005, Exhibit 10-1, File No. 333-21011).
- (B) 10-18 Form of 2010-2012 Performance Share Award Agreement effective January 1, 2010 (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 10-48, File No. 333-21011).
- (B) 10-19 Form of Performance-Adjusted Restricted Stock Unit Award Agreement as of March 8, 2010 (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 10-49, File No. 333-21011).
- (B) 10-20 Form of Director Indemnification Agreement (incorporated by reference to FE's 10-Q filed May 7, 2009, Exhibit 10.1, File No. 333-21011).
- (B) 10-21 Form of Management Director Indemnification Agreement (incorporated by reference to FE's 10-Q filed May 7, 2009, Exhibit 10.2, File No. 333-21011).
- (B) 10-22 FirstEnergy Corp. Change in Control Severance Plan (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.9, File No. 333-21011).
- (B) 10-23 Allegheny Energy, Inc. 1998 Long-Term Incentive Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.2, File No. 21011).
- (B) 10-24 Amendment No. 1 to Allegheny Energy, Inc. 1998 Long-Term Incentive Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-25 File No. 333-21011).
- (B) 10-25 Allegheny Energy, Inc. 2008 Long-Term Incentive Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.3, File No. 21011).
- (B) 10-26 Amendment No. 1 to Allegheny Energy, Inc. 2008 Long-Term Incentive Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-27 File No. 333-21011).
- (B) 10-27 Allegheny Energy, Inc. Non-Employee Director Stock Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.4, File No. 21011).
- (B) 10-28 Allegheny Energy, Inc. Amended and Restated Revised Plan for Deferral of Compensation of Directors (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-29 File No. 333-21011).
- (B) 10-29

Amendment No. 1 to Allegheny Energy, Inc. Amended and Restated Revised Plan for Deferral of Compensation of Directors (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-30 File No. 333-21011).

- 10-30 Credit Agreement, dated as of June 17, 2011, among FirstEnergy Corp., The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, The Potomac Edison Company and West Penn Power Company, as borrowers, the Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein. (incorporated by reference to FE's Form 10-Q filed August 2, 2011, Exhibit 10.1, File No. 333-21011).

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Number**

- 10-31 Amendment, dated as of May 8, 2012, to the Credit Agreement, dated as of June 17, 2011, among FirstEnergy Corp., The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, The Potomac Edison Company and West Penn Power Company, as borrowers, the Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 8-K filed May 11, 2012, Exhibit 10.2, File No. 333-21011).
- 10-32 Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 8-K filed May 13, 2013, Exhibit 10.1, File No. 333-21011).
- 10-33 Amendment, dated as of October 31, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 10-Q filed November 5, 2013, Exhibit 10.1(a), File No. 333-21011).
- 10-34 Amendment, dated as of March 31, 2014, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, May 8, 2013 and October 31, 2013, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.1, File No. 333-21011).
- (B) 10-35 Employment Agreement between FirstEnergy Corp. and Anthony J. Alexander, dated March 20, 2012. (incorporated by reference to FE's Form 10-Q filed March 31, 2012, Exhibit 10.1, File No. 333-21011).
- (B) 10-36 Form of Officer Indemnification Agreement (incorporated by reference to FirstEnergy's Form 8-K filed July 23, 2012, Exhibit 10.1, File No. 333-21011).
- (B) 10-37 Amendment No.1 to the FirstEnergy Corp. Change in Control Severance Plan, amended and restated as of September 18, 2012 (incorporated by reference to FE's Form 10-Q filed November 8, 2012, Exhibit 10.1, File No. 333-21011).
- 10-38 U.S. \$1,000,000,000 Credit Agreement, dated as of May 8, 2012, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed May 11, 2012, Exhibit 10.3, File No. 333-21011).
- 10-39 Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of May 8, 2012, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, and PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed May 13, 2013, Exhibit 10.3, File No. 333-21011).
- 10-40 Amendment, dated as of March 31, 2014 to the Credit Agreement, dated as of May 8, 2012, and as amended as of May 8, 2013, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, and PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.3, File No. 333-21011).
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Term Loan Credit Agreement, dated as of March 31, 2014, among FE, as borrower, the banks named therein and The Royal Bank of Scotland, plc, as administrative agent (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.4, File No. 333-21011).

- 10-42 Guarantee, dated as of September 16, 2013 by FirstEnergy Corp. in favor of participants under the FirstEnergy Corp. Executive Deferred Compensation Plan (incorporated by reference to FE's Form 10-Q filed November 5, 2013, Exhibit 10.2, File No. 333-21011).
- (B) 10-43 Executive Severance Benefits Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-44 File No. 333-21011).
- (A)(B) 10-44 Amendment No. 2 to the FirstEnergy Corp. Change in Control Severance Plan.
- (A)(B) 10-45 Amendment No. 1 to the FirstEnergy Corp. Executive Deferred Compensation Plan, dated as of January 23, 2014.

Exhibit Number	
(A)(B) 10-46	Executive Short-Term Incentive Program.
(A)(B) 10-47	Form of 2015-2017 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement.
(A)(B) 10-48	Form of 2015-2017 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement.
(A)(B) 10-49	Form of Restricted Stock Agreement.
(A) 12	Consolidated ratios of earnings to fixed charges.
(A) 21	List of Subsidiaries of the Registrant at December 31, 2014.
(A) 23	Consent of Independent Registered Public Accounting Firm.
(A) 31-1	Certification of chief executive officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 31-2	Certification of chief financial officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
(A) 32	Certification of chief executive officer and chief financial officer, pursuant to 18 U.S.C. §1350.
101	The following materials from the Annual Report on Form 10-K for First Energy Corp. for the period ended December 31, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) related notes to these financial statements and (v) document and entity information.
†	Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant will furnish the omitted schedules to the Securities and Exchange Commission upon request by the Commission.
(A)	Provided herein in electronic format as an exhibit.
(B)	Management contract or compensatory plan contract or arrangement filed pursuant to Item 601 of Regulation S-K.

Pursuant to paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K, FirstEnergy has not filed as an exhibit to this Form 10-K any instrument with respect to long-term debt if the respective total amount of securities authorized thereunder does not exceed 10% of its respective total assets, but hereby agrees to furnish to the SEC on request any such documents.

3. Exhibits — FES

Exhibit Number	
3-1	Articles of Incorporation of FirstEnergy Solutions Corp., as amended August 31, 2001. (incorporated by reference to FES' Form S-4 filed August 6, 2007, Exhibit 3.2, File No. 333-145140-01).
3-2	Amended and Restated Code of Regulations of FirstEnergy Solutions Corp. effective as of August 26, 2009 (incorporated by reference to FES' Form 8-K filed August 27, 2009, Exhibit 3.1, File No. 000-53742).
4-1	Open-End Mortgage, General Mortgage Indenture and Deed of Trust, dated as of June 19, 2008, of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) to The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1, File No. 333-145140-01).
4-1 (a)	

First Supplemental Indenture dated as of June 25, 2008 (including Form of First Mortgage Bonds, Guarantee Series A of 2008 due 2009 and Form of First Mortgage Bonds, Guarantee Series B of 2008 due 2009). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(a), File No. 333-145140-01).

- 4-1 (b) Second Supplemental Indenture dated as of March 1, 2009 (including Form of First Mortgage Bonds, Guarantee Series A of 2009 due 2014 and Form of First Mortgage Bonds, Guarantee Series B of 2009 due 2023). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(b), File No. 333-145140-01).
- 4-1 (c) Third Supplemental Indenture dated as of March 31, 2009 (including Form of First Mortgage Bonds, Collateral Series A of 2009 due 2011). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(c), File No. 333-145140-01).

**Exhibit
Number**

- 4-1 (d) Fourth Supplemental Indenture, dated as of June 15, 2009 (including Form of First Mortgage Bonds, Guarantee Series C of 2009 due 2018, Form of First Mortgage Bonds, Guarantee Series D of 2009 due 2029, Form of First Mortgage Bonds, Guarantee Series E of 2009 due 2029, Form of First Mortgage Bonds, Collateral Series B of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series C of 2009 due 2011). (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.3, File No. 333-145140-01).
- 4-1 (e) Fifth Supplemental Indenture, dated as of June 30, 2009 (including Form of First Mortgage Bonds, Guarantee Series F of 2009 due 2047, Form of First Mortgage Bonds, Guarantee Series G of 2009 due 2018 and Form of First Mortgage Bonds, Guarantee Series H of 2009 due 2018). (incorporated by reference to FES' Form 8-K filed July 6, 2009, Exhibit 4.2, File No. 333-145140-01).
- 4-1 (f) Sixth Supplemental Indenture, dated as of December 1, 2009 (including Form of First Mortgage Bonds, Collateral Series D of 2009 due 2012) (incorporated by reference to FES' Form 8-K filed December 4, 2009, Exhibit 4.2, File No. 000-53742).
- 4-1 (g) Seventh Supplemental Indenture dated as of February 14, 2012 (including Form of First Mortgage Bonds, Collateral Series D of 2009 due 2012) (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 4.1(g), File No. 000-53742).
- 4-2 Open-End Mortgage, General Mortgage Indenture and Deed of Trust, dated as of June 1, 2009, by and between FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.1, File No. 333-145140-01).
- 4-2 (a) First Supplemental Indenture, dated as of June 15, 2009 (including Form of First Mortgage Bonds, Guarantee Series A of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series B of 2009 due 2011, Form of First Mortgage Bonds, Collateral Series A of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series B of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series C of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series D of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series E of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series F of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series G of 2009 due 2011). (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.2(i), File No. 333-145140-01).
- 4-2 (b) Second Supplemental Indenture, dated as of June 30, 2009 (including Form of First Mortgage Bonds, Guarantee Series C of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series D of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series E of 2009 due 2033, Form of First Mortgage Bonds, Collateral Series H of 2009 due 2011, Form of First Mortgage Bonds, Collateral Series I of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series J of 2009 due 2010). (incorporated by reference to FES' Form 8-K filed July 6, 2009, Exhibit 4.1, File No. 333-145140-01).
- 4-2 (c) Third Supplemental Indenture, dated as of December 1, 2009 (including Form of First Mortgage Bonds, Collateral Series K of 2009 due 2012). (incorporated by reference to FES' Form 8-K filed December 4, 2009, Exhibit 4.1, File No. 000-53742).
- 4-2 (d) Fourth Supplemental Indenture, dated as of February 14, 2012 (including Form of First Mortgage Bonds, Collateral Series K of 2009 due 2012). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 4.2(d), File No. 000-53742).
- 4-3 Indenture, dated as of August 1, 2009, between FirstEnergy Solutions Corp. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to FES' Form 8-K filed August 7, 2009, Exhibit 4.1, File No. 000-53742).
- 4-3 (a) First Supplemental Indenture, dated as of August 1, 2009 (including Form of 4.80% Senior Notes due 2015, Form of 6.05% Senior Notes due 2021 and Form of 6.80% Senior Notes due 2039). (incorporated by reference to FES' Form 8-K filed August 7, 2009, Exhibit 4.2, File No. 000-53742).
- 10-1 Form of 6.85% Exchange Certificate due 2034. (incorporated by reference to FES' Form S-4 filed August 6, 2007, Exhibit 4.1, File No. 333-145140-01).

- 10-2 Guaranty of FirstEnergy Solutions Corp., dated as of July 1, 2007. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-9, File No. 333-21011).
- 10-3 Indenture of Trust, Open-End Mortgage and Security Agreement, dated as of July 1, 2007, between the applicable Lessor and The Bank of New York Trust Company, N.A., as indenture Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-3, File No. 333-21011).
- 10-4 6.85% Lessor Note due 2034. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-3, File No. 333-21011).

Exhibit Number	
10-5	Participation Agreement, dated as of June 26, 2007, among FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), as Lessee, FirstEnergy Solutions Corp., as Guarantor, the applicable Lessor, U.S. Bank Trust National Association, as Trust Company, the applicable Owner Participant, The Bank of New York Trust Company, N.A., as Indenture Trustee, and The Bank of New York Trust Company, N.A., as Pass Through Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-1, File No. 333-21011).
10-6	Trust Agreement, dated as of June 26, 2007, between the applicable Owner Participant and U.S. Bank Trust National Association, as Owner Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-2, File No. 333-21011).
10-7	Pass Through Trust Agreement, dated as of June 26, 2007, among FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), FirstEnergy Solutions Corp., and The Bank of New York Trust Company, N.A., as Pass Through Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-12, File No. 333-21011).
10-8	Bill of Sale and Transfer, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-5, File No. 333-21011).
10-9	Facility Lease Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-6, File No. 333-21011).
10-10	Site Lease, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-7, File No. 333-21011).
10-11	Site Sublease, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-8, File No. 333-21011).
10-12	Support Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-10, File No. 333-21011).
10-13	Second Amendment to the Bruce Mansfield Units 1, 2, and 3 Operating Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), The Cleveland Electric Illuminating Company and The Toledo Edison Company. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-11, File No. 333-21011).
10-14	Guaranty, dated as of March 26, 2007, by FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) on behalf of FirstEnergy Solutions Corp. (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.39, File No. 333-145140-01).
10-15	Guaranty, dated as of March 26, 2007, by FirstEnergy Solutions Corp. on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.40, File No. 333-145140-01).
10-16	Guaranty, dated as of March 26, 2007, by FirstEnergy Solutions Corp. on behalf of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.41, File No. 333-145140-01).
10-17	Guaranty, dated as of March 26, 2007, by FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) on behalf of FirstEnergy Solutions Corp. (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.42, File No. 333-145140-01).
(B) 10-18	Form of Trust Indenture dated as of December 1, 2005 between Ohio Water Development Authority and JP Morgan Trust Company, as Trustee, related to issuance of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear

Generation Corp.) pollution control revenue refunding bonds. (incorporated by reference to FE's Form 10-K filed March 2, 2006, Exhibit 10-59, File No. 333-21011).

- (B) 10-19 Form of Waste Water Facilities and Solid Waste Facilities Loan Agreement between Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.), dated as of December 1, 2005. (incorporated by reference to FE's Form 10-K filed March 2, 2006, Exhibit 10-63, File No. 333-21011).
- (C) 10-20 Form of Trust Indenture dated as of April 1, 2006 between the Ohio Water Development Authority and The Bank of New York Trust Company, N.A. as Trustee securing pollution control revenue refunding bonds issued on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FE's Form 10-Q filed May 9, 2006, Exhibit 10-3, File No. 333-21011).

Exhibit Number	
(C) 10-21	Form of Waste Water Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) dated as of April 1, 2006. (incorporated by reference to FE's Form 10-Q filed May 9, 2006, Exhibit 10-4, File No. 333-21011).
(D) 10-22	Form of Trust Indenture dated as of December 1, 2006 between the Ohio Water Development Authority and The Bank of New York Trust Company, N.A. as Trustee securing State of Ohio Pollution Control Revenue Refunding Bonds (FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.)) (FirstEnergy Nuclear Generation Project). (incorporated by reference to FE's Form 10-K filed February 28, 2007, Exhibit 10-77, File No. 333-21011).
(D) 10-23	Form of Waste Water Facilities and Solid Waste Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) dated as of December 1, 2006. (incorporated by reference to FE's Form 10-K filed February 28, 2007, Exhibit 10-80, File No. 333-21011).
(B) 10-24	First Amendment to Loan Agreement, dated as of February 14, 2012, between the Ohio Water Development Authority, as issuer, and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Generation Corp.). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 10.1, File No. 000-53742).
(B) 10-25	First Amendment to Loan Agreement, dated as of February 14, 2012, between the Ohio Air Quality Development Authority, as issuer, and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 10.2, File No. 000-53742).
10-26	First Supplemental Trust Indenture, dated April 2, 2012, supplementing and amending that certain Trust Indenture dated as of April 1, 2006 between the Ohio Water Development Authority and The Bank of New York Mellon Trust Company, N.A. as Trustee securing pollution control revenue refunding bonds issued on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (FirstEnergy Generation Project), which trust indenture, as amended, is substantially similar to various other PCRB trust indentures of FirstEnergy Generation Corp. (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.1, File No. 000-53742).
10-27	First Amendment to Loan Agreement dated April 2, 2012, amending the Waste Water Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), dated as of April 1, 2006, which loan agreement, as amended, is substantially similar to various other PCRB loan agreements of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.2, File No. 000-53742).
10-28	First Supplemental Trust Indenture, dated April 2, 2012, supplementing and amending that certain Trust Indenture dated as of December 1, 2006 between the Ohio Water Development Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee securing State of Ohio Pollution Control Revenue Refunding Bonds (FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.)) (FirstEnergy Nuclear Generation Project), which trust indenture, as amended, is substantially similar to various other PCRB trust indentures of FirstEnergy Nuclear Generation, LLC (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.3, File No. 000-53742).
10-29	First Amendment to Loan Agreement dated April 2, 2012, amending the Waste Water Facilities and Solid Waste Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.), dated as of December 1, 2006, which loan agreement, as amended, is substantially similar to various other PCRB loan agreements of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.4, File No. 000-53742).
10-30	Credit Agreement, dated as of June 17, 2011, among FirstEnergy Solutions Corp., and Allegheny Energy Supply Company, LLC, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein. (incorporated by reference to FES' Form 10-Q filed August 2, 2011, Exhibit 10.1, File No. 000-53742).
10-31	Amendment, dated as of May 8, 2012, to the Credit Agreement, dated as of June 17, 2011, among FirstEnergy Solutions Corp., and Allegheny Energy Supply Company, LLC, as borrowers, JP Morgan Chase Bank, N.A., as administrative

agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed May 11, 2012, Exhibit 10.3, File No. 000-53742).

- 10-32 Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011 and May 8, 2012, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed May 13, 2013, Exhibit 10.2, File No. 000-53742).
- 10-33 Amendment, dated as of October 31, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011 and May 8, 2012 and May 8, 2013, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 10-Q filed November 5, 2013, Exhibit 10.1(b), File No. 000-53742).

**Exhibit
Number**

- 10-34 Amendment, dated as of March 31, 2014, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011, May 8, 2012 and May 8, 2013 and October 31, 2013, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed April 4, 2014, Exhibit 10.2, File No. 000-53742).
- (A) 31-1 Certification of chief executive officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
- (A) 31-2 Certification of chief financial officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
- (A) 32 Certification of chief executive officer and chief financial officer, pursuant to 18 U.S.C. §1350.
- 101 The following materials from the Annual Report on Form 10-K for FirstEnergy Solutions Corp. for the period ended December 31, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) related notes to these financial statements and (v) document and entity information.
- (A) Provided herein in electronic format as an exhibit.
- (B) Four substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to four other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority, the Ohio Air Quality Authority and Beaver County Industrial Development Authority, Pennsylvania, relating to pollution control notes of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).
- (C) Three substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to three other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority and the Beaver County Industrial Development Authority relating to pollution control notes of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).
- (D) Seven substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to one other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority, three other series of pollution control bonds issued by the Ohio Air Quality Development Authority and the three other series of pollution control bonds issued by the Beaver County Industrial Development Authority, relating to pollution control notes of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).

Pursuant to paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K, FES has not filed as an exhibit to this Form 10-K any instrument with respect to long-term debt if the respective total amount of securities authorized thereunder does not exceed 10% of its respective total assets, but hereby agrees to furnish to the SEC on request any such documents.

SCHEDULE II

FIRSTENERGY CORP.
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

Description	Beginning Balance	Additions		Deductions ⁽²⁾	Ending Balance
		Charged to Income	Charged to Other Accounts ⁽¹⁾		
<i>(In thousands)</i>					
Year Ended December 31, 2014:					
Accumulated provision for uncollectible accounts — customers	\$ 51,630	\$90,144	\$ 36,373	\$ 118,881	\$ 59,266
— other	\$ 2,976	\$ 3,469	\$ 8,264	\$ 9,512	\$ 5,197
Loss carryforward tax valuation reserve	\$ 125,360	\$48,644	\$ —	\$ —	\$174,004
Year Ended December 31, 2013:					
Accumulated provision for uncollectible accounts — customers	\$ 40,354	\$68,733	\$ 39,775	\$ 97,232	\$ 51,630
— other	\$ 4,013	\$ (1,464)	\$ 5,208	\$ 4,781	\$ 2,976
Loss carryforward tax valuation reserve	\$ 101,697	\$23,663	\$ —	\$ —	\$125,360
Year Ended December 31, 2012:					
Accumulated provision for uncollectible accounts — customers	\$ 37,303	\$84,026	\$ 36,686	\$ 117,661	\$ 40,354
— other	\$ 3,447	\$ 4,328	\$ 203	\$ 3,965	\$ 4,013
Loss carryforward tax valuation reserve	\$ 34,236	\$67,461	\$ —	\$ —	\$101,697

⁽¹⁾ Represents recoveries and reinstatements of accounts previously written off.

⁽²⁾ Represents the write-off of accounts considered to be uncollectible.

FIRSTENERGY SOLUTIONS CORP.
CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS
FOR THE YEARS ENDED DECEMBER 31, 2014, 2013 AND 2012

Description	Beginning Balance	Additions		Deductions ⁽²⁾	Ending Balance
		Charged to Income	Charged to Other Accounts ⁽¹⁾		
(In thousands)					
Year Ended December 31, 2014:					
Accumulated provision for uncollectible accounts — customers	\$ 11,073	\$ 21,942	\$ —	\$ 15,153	\$ 17,862
— other	\$ 2,523	\$ 9	\$ —	\$ 32	\$ 2,500
Loss carryforward tax valuation reserve	\$ 26,875	\$ 5,251	\$ —	\$ —	\$ 32,126
Year Ended December 31, 2013:					
Accumulated provision for uncollectible accounts — customers	\$ 16,188	\$ 14,294	\$ —	\$ 19,409	\$ 11,073
— other	\$ 2,500	\$ 28	\$ —	\$ 5	\$ 2,523
Loss carryforward tax valuation reserve	\$ 15,810	\$ 11,065	\$ —	\$ —	\$ 26,875
Year Ended December 31, 2012:					
Accumulated provision for uncollectible accounts — customers	\$ 16,441	\$ 10,410	\$ —	\$ 10,663	\$ 16,188
— other	\$ 2,500	\$ 1,290	\$ —	\$ 1,290	\$ 2,500
Loss carryforward tax valuation reserve	\$ 11,650	\$ 4,160	\$ —	\$ —	\$ 15,810

⁽¹⁾ Represents recoveries and reinstatements of accounts previously written off.

⁽²⁾ Represents the write-off of accounts considered to be uncollectible.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRSTENERGY CORP.

BY: /s/ Charles E. Jones

Charles E. Jones

President and Chief Executive Officer

Date: February 17, 2015

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ Anthony J. Alexander

Anthony J. Alexander
Executive Chairman of the Board

/s/ George M. Smart

George M. Smart
Lead Independent Director

/s/ James F. Pearson

James F. Pearson
Senior Vice President and Chief Financial Officer
(Principal Financial Officer)

/s/ Paul T. Addison

Paul T. Addison
Director

/s/ Michael J. Anderson

Michael J. Anderson
Director

/s/ William T. Cottle

William T. Cottle
Director

/s/ Robert B. Heisler, Jr.

Robert B. Heisler, Jr.
Director

/s/ Julia L. Johnson

Julia L. Johnson
Director

/s/ Ted J. Kleisner

Ted J. Kleisner
Director

/s/ Charles E. Jones

Charles E. Jones
President and Chief Executive Officer and Director
(Principal Executive Officer)

/s/ K. Jon Taylor

K. Jon Taylor
Vice President, Controller and Chief Accounting Officer
(Principal Accounting Officer)

/s/ Donald T. Misheff

Donald T. Misheff
Director

/s/ Ernest J. Novak, Jr.

Ernest J. Novak, Jr.
Director

/s/ Christopher D. Pappas

Christopher D. Pappas
Director

/s/ Catherine A. Rein

Catherine A. Rein
Director

/s/ Luis A. Reyes

Luis A. Reyes
Director

/s/ Wes M. Taylor

Wes M. Taylor
Director

Date: February 17, 2015

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

FIRSTENERGY SOLUTIONS CORP.

BY: /s/ Donald R. Schneider

Donald R. Schneider

President

Date: February 17, 2015

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the date indicated:

/s/ Donald R. Schneider

Donald R. Schneider

President

(Principal Executive Officer)

/s/ James F. Pearson

James F. Pearson

Senior Vice President, Chief Financial Officer and Director

(Principal Financial Officer)

/s/ Charles E. Jones

Charles E. Jones

Director

/s/ K. Jon Taylor

K. Jon Taylor

Vice President and Controller

(Principal Accounting Officer)

/s/ James H. Lash

James H. Lash

Director

Date: February 17, 2015

Exhibit Index**FirstEnergy****Exhibit
Number**

- 2-1 † Agreement and Plan of Merger, dated as of February 10, 2010, by and among FirstEnergy Corp., Element Merger Sub, Inc. and Allegheny Energy, Inc. (incorporated by reference to FE's Form 8-K filed February 11, 2010, Exhibit 2.1, File No. 333-21011).
- 3-1 Amended Articles of Incorporation of FirstEnergy Corp. (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 3-1, File No. 333-21011).
- 3-2 Amendment to the Amended Articles of Incorporation of FirstEnergy Corp. dated as of February 25, 2011 (incorporated by reference to FE's Form 8-K filed February 25, 2011, Exhibit 3.1, File No. 333-21011).
- 3-3 FirstEnergy Corp. Amended Code of Regulations. (incorporated by reference to FE's Form 10-K filed February 25, 2009, Exhibit 3.1, File No. 333-21011).
- 3-4 Amendment to the FirstEnergy Corp. Amended Code of Regulations (incorporated by reference to FirstEnergy's Definitive Proxy Statement filed April 1, 2011, Appendix 1, File No. 333-21011).
- 4-1 Indenture, dated November 15, 2001, between FirstEnergy Corp. and The Bank of New York Mellon, as Trustee. (incorporated by reference to FE's Form S-3 filed September 21, 2001, Exhibit 4(a), File No. 333-69856).
- 4-2 Officer's Certificate relating to \$650 million aggregate principal amount of the Company's 2.75% Notes, Series A, due 2018 (the "Series A Notes") and \$850 million aggregate principal amount of the Company's 4.25% Notes, Series B, due 2023 (the "Series B Notes") (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.1, File No. 333-21011.)
- 4-2 (a) Form of Series A Note (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.2, File No. 333-21011)
- 4-2 (b) Form of Series B Note, (incorporated by reference to FE's Form 8-K filed March 5, 2013, Exhibit 4.3, File No. 333-21011).
- 4-3 Agreement of Resignation, Appointment and Acceptance Among The Bank of New York Mellon, as Resigning Trustee, The Bank of New York Mellon Trust Company, N.A., as Successor Trustee and FirstEnergy Corp., dated May 16, 2012 (incorporated by reference to FE's Form S-3 filed May 18, 2012, Exhibit 4(h), file No. 333-181519).
- (B) 10-1 FirstEnergy Corp. 2007 Incentive Plan, effective May 15, 2007. (incorporated by reference to FE's Form 10-K filed February 25, 2009, Exhibit 10.1, File No. 333-21011).
- (B) 10-2 Amendment to FirstEnergy Corp. 2007 Incentive Plan, effective January 1, 2011. (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.5, File No. 333-21011).
- (B) 10-3 Amendment No. 2 to FirstEnergy Corp. 2007 Incentive Plan, effective January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-3 File No. 333-21011).
- (B) 10-4 Form of 2014-2016 Performance Share Award Agreement (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-4 File No. 333-21011).
- (B) 10-5 Form of 2014-2016 Performance-Adjusted Restricted Stock Unit Award Agreement (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-5 File No. 333-21011).
- (B) 10-6 FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, amended and restated January 1, 2005, further amended December 31, 2010 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-6 File No. 333-21011).
- (B) 10-7 Amendment No. 1 to FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, effective as of January 1, 2012 (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.7, File No. 333-21011).

- (B) 10-8 Amendment No. 2 to FirstEnergy Corp. Deferred Compensation Plan for Outside Directors, effective January 21, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-8 File No. 333-21011).
- (B) 10-9 FirstEnergy Corp. Supplemental Executive Retirement Plan, amended and restated January 1, 2005, further amended December 31, 2010 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-9 File No. 333-21011).
- (B) 10-10 Amendment to FirstEnergy Corp. Supplemental Executive Retirement Plan, effective January 1, 2012. (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.8, File No. 333-21011).

- (B) 10-11 FirstEnergy Corp. Cash Balance Restoration Plan, effective January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-11 File No. 333-21011).
- (B) 10-12 FirstEnergy Corp. Executive Deferred Compensation Plan, Amended and Restated as of January 1, 2014 (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-12 File No. 333-21011).
- (B) 10-13 Deferred Remuneration Plan for Outside Directors of GPU, Inc. as amended and restated effective August 8, 2000. (incorporated by reference to GPU, Inc. Form 10-K filed March 21, 2001, Exhibit 10-O, File No. 001-06047).
- (B) 10-14 Retirement Plan for Outside Directors of GPU, Inc. as amended and restated as of August 8, 2000. (incorporated by reference to GPU, Inc. Form 10-K filed March 21, 2001, Exhibit 10-N, File No. 001-06047).
- (B) 10-15 Forms of Estate Enhancement Program Agreements entered into by certain former GPU directors. (incorporated by reference to GPU, Inc. Form 10-K filed March 20, 2000, Exhibit 10-JJ, File No. 001-06047).
- (B) 10-16 Stock Option Agreement between FirstEnergy Corp. and an officer dated August 20, 2004. (incorporated by reference to FE's Form 10-Q filed November 4, 2004, Exhibit 10-42, File No. 333-21011).
- 10-17 Consent Decree dated March 18, 2005. (incorporated by reference to FE's Form 8-K filed March 18, 2005, Exhibit 10-1, File No. 333-21011).
- (B) 10-18 Form of 2010-2012 Performance Share Award Agreement effective January 1, 2010 (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 10-48, File No. 333-21011).
- (B) 10-19 Form of Performance-Adjusted Restricted Stock Unit Award Agreement as of March 8, 2010 (incorporated by reference to FE's Form 10-K filed February 19, 2010, Exhibit 10-49, File No. 333-21011).
- (B) 10-20 Form of Director Indemnification Agreement (incorporated by reference to FE's 10-Q filed May 7, 2009, Exhibit 10.1, File No. 333-21011).
- (B) 10-21 Form of Management Director Indemnification Agreement (incorporated by reference to FE's 10-Q filed May 7, 2009, Exhibit 10.2, File No. 333-21011).
- (B) 10-22 FirstEnergy Corp. Change in Control Severance Plan (incorporated by reference to FE's Form 10-Q filed May 3, 2011, Exhibit 10.9, File No. 333-21011).
- (B) 10-23 Allegheny Energy, Inc. 1998 Long-Term Incentive Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.2, File No. 21011).
- (B) 10-24 Amendment No. 1 to Allegheny Energy, Inc. 1998 Long-Term Incentive Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-25 File No. 333-21011).
- (B) 10-25 Allegheny Energy, Inc. 2008 Long-Term Incentive Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.3, File No. 21011).
- (B) 10-26 Amendment No. 1 to Allegheny Energy, Inc. 2008 Long-Term Incentive Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-27 File No. 333-21011).
- (B) 10-27 Allegheny Energy, Inc. Non-Employee Director Stock Plan (incorporated by reference to FirstEnergy's Form 8-K filed February 25, 2011, Exhibit 10.4, File No. 21011).
- (B) 10-28 Allegheny Energy, Inc. Amended and Restated Revised Plan for Deferral of Compensation of Directors (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-29 File No. 333-21011).
- (B) 10-29 Amendment No. 1 to Allegheny Energy, Inc. Amended and Restated Revised Plan for Deferral of Compensation of Directors (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-30 File No. 333-21011).

- 10-30 Credit Agreement, dated as of June 17, 2011, among FirstEnergy Corp., The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, The Potomac Edison Company and West Penn Power Company, as borrowers, the Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein. (incorporated by reference to FE's Form 10-Q filed August 2, 2011, Exhibit 10.1, File No. 333-21011).
- 10-31 Amendment, dated as of May 8, 2012, to the Credit Agreement, dated as of June 17, 2011, among FirstEnergy Corp., The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, American Transmission Systems, Incorporated, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, The Potomac Edison Company and West Penn Power Company, as borrowers, the Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 8-K filed May 11, 2012, Exhibit 10.2, File No. 333-21011).

- 10-32 Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 8-K filed May 13, 2013, Exhibit 10.1, File No. 333-21011).
- 10-33 Amendment, dated as of October 31, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 10-Q filed November 5, 2013, Exhibit 10.1(a), File No. 333-21011).
- 10-34 Amendment, dated as of March 31, 2014, to the Credit Agreement, dated as of June 17, 2011, as amended as of May 8, 2012, May 8, 2013 and October 31, 2013, among FirstEnergy, The Cleveland Electric Illuminating Company, Metropolitan Edison Company, Ohio Edison Company, Pennsylvania Power Company, The Toledo Edison Company, Jersey Central Power & Light Company, Monongahela Power Company, Pennsylvania Electric Company, the Potomac Edison Company and West Penn Power Company, as borrowers, The Royal Bank of Scotland plc, as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.1, File No. 333-21011).
- (B) 10-35 Employment Agreement between FirstEnergy Corp. and Anthony J. Alexander, dated March 20, 2012. (incorporated by reference to FE's Form 10-Q filed March 31, 2012, Exhibit 10.1, File No. 333-21011).
- (B) 10-36 Form of Officer Indemnification Agreement (incorporated by reference to FirstEnergy's Form 8-K filed July 23, 2012, Exhibit 10.1, File No. 333-21011).
- (B) 10-37 Amendment No.1 to the FirstEnergy Corp. Change in Control Severance Plan, amended and restated as of September 18, 2012 (incorporated by reference to FE's Form 10-Q filed November 8, 2012, Exhibit 10.1, File No. 333-21011).
- 10-38 U.S. \$1,000,000,000 Credit Agreement, dated as of May 8, 2012, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed May 11, 2012, Exhibit 10.3, File No. 333-21011).
- 10-39 Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of May 8, 2012, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, and PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed May 13, 2013, Exhibit 10.3, File No. 333-21011).
- 10-40 Amendment, dated as of March 31, 2014 to the Credit Agreement, dated as of May 8, 2012, and as amended as of May 8, 2013, among FirstEnergy Transmission, LLC, American Transmission Systems, Incorporated and Trans-Allegheny Interstate Line Company, as borrowers, and PNC Bank, National Association, as administrative agent, and the lending banks and fronting banks identified therein (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.3, File No. 333-21011).
- 10-41 Term Loan Credit Agreement, dated as of March 31, 2014, among FE, as borrower, the banks named therein and The Royal Bank of Scotland, plc, as administrative agent (incorporated by reference to FE's Form 8-K filed April 4, 2014, Exhibit 10.4, File No. 333-21011).
- 10-42 Guarantee, dated as of September 16, 2013 by FirstEnergy Corp. in favor of participants under the FirstEnergy Corp. Executive Deferred Compensation Plan (incorporated by reference to FE's Form 10-Q filed November 5, 2013, Exhibit 10.2, File No. 333-21011).
- (B) 10-43 Executive Severance Benefits Plan (incorporated by reference to FE's Form 10-K filed February 27, 2014, Exhibit 10-44 File No. 333-21011).
- (A)(B) 10-44 Amendment No. 2 to the FirstEnergy Corp. Change in Control Severance Plan.

- (A)(B) 10-45 Amendment No. 1 to the FirstEnergy Corp. Executive Deferred Compensation Plan, dated as of January 23, 2014.
- (A)(B) 10-46 Executive Short-Term Incentive Program.
- (A)(B) 10-47 Form of 2015-2017 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement.
- (A)(B) 10-48 Form of 2015-2017 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement.
- (A)(B) 10-49 Form of Restricted Stock Agreement.

- (A) 12 Consolidated ratios of earnings to fixed charges.
- (A) 21 List of Subsidiaries of the Registrant at December 31, 2014.
- (A) 23 Consent of Independent Registered Public Accounting Firm.
- (A) 31-1 Certification of chief executive officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
- (A) 31-2 Certification of chief financial officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
- (A) 32 Certification of chief executive officer and chief financial officer, pursuant to 18 U.S.C. §1350.
- 101 The following materials from the Annual Report on Form 10-K for First Energy Corp. for the period ended December 31, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) related notes to these financial statements and (v) document and entity information.
- † Schedules have been omitted pursuant to Item 601(b)(2) of Regulation S-K. The Registrant will furnish the omitted schedules to the Securities and Exchange Commission upon request by the Commission.
- (A) Provided herein in electronic format as an exhibit.
- (B) Management contract or compensatory plan contract or arrangement filed pursuant to Item 601 of Regulation S-K.

Pursuant to paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K, FirstEnergy has not filed as an exhibit to this Form 10-K any instrument with respect to long-term debt if the respective total amount of securities authorized thereunder does not exceed 10% of its respective total assets, but hereby agrees to furnish to the SEC on request any such documents.

FES

Exhibit Number	
3-1	Articles of Incorporation of FirstEnergy Solutions Corp., as amended August 31, 2001. (incorporated by reference to FES' Form S-4 filed August 6, 2007, Exhibit 3.2, File No. 333-145140-01).
3-2	Amended and Restated Code of Regulations of FirstEnergy Solutions Corp. effective as of August 26, 2009 (incorporated by reference to FES' Form 8-K filed August 27, 2009, Exhibit 3.1, File No. 000-53742).
4-1	Open-End Mortgage, General Mortgage Indenture and Deed of Trust, dated as of June 19, 2008, of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) to The Bank of New York Mellon Trust Company, N.A., as Trustee (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1, File No. 333-145140-01).
4-1 (a)	First Supplemental Indenture dated as of June 25, 2008 (including Form of First Mortgage Bonds, Guarantee Series A of 2008 due 2009 and Form of First Mortgage Bonds, Guarantee Series B of 2008 due 2009). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(a), File No. 333-145140-01).
4-1 (b)	Second Supplemental Indenture dated as of March 1, 2009 (including Form of First Mortgage Bonds, Guarantee Series A of 2009 due 2014 and Form of First Mortgage Bonds, Guarantee Series B of 2009 due 2023). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(b), File No. 333-145140-01).
4-1 (c)	Third Supplemental Indenture dated as of March 31, 2009 (including Form of First Mortgage Bonds, Collateral Series A of 2009 due 2011). (incorporated by reference to FES' 10-Q filed May 7, 2009, Exhibit 4.1(c), File No. 333-145140-01).
4-1 (d)	Fourth Supplemental Indenture, dated as of June 15, 2009 (including Form of First Mortgage Bonds, Guarantee Series C of 2009 due 2018, Form of First Mortgage Bonds, Guarantee Series D of 2009 due 2029, Form of First Mortgage Bonds, Guarantee Series E of 2009 due 2029, Form of First Mortgage Bonds, Collateral Series B of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series C of 2009 due 2011). (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.3, File No. 333-145140-01).

- 4-1 (e) Fifth Supplemental Indenture, dated as of June 30, 2009 (including Form of First Mortgage Bonds, Guarantee Series F of 2009 due 2047, Form of First Mortgage Bonds, Guarantee Series G of 2009 due 2018 and Form of First Mortgage Bonds, Guarantee Series H of 2009 due 2018). (incorporated by reference to FES' Form 8-K filed July 6, 2009, Exhibit 4.2, File No. 333-145140-01).
- 4-1 (f) Sixth Supplemental Indenture, dated as of December 1, 2009 (including Form of First Mortgage Bonds, Collateral Series D of 2009 due 2012) (incorporated by reference to FES' Form 8-K filed December 4, 2009, Exhibit 4.2, File No. 000-53742).

- 4-1 (g) Seventh Supplemental Indenture dated as of February 14, 2012 (including Form of First Mortgage Bonds, Collateral Series D of 2009 due 2012) (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 4.1(g), File No. 000-53742).
- 4-2 Open-End Mortgage, General Mortgage Indenture and Deed of Trust, dated as of June 1, 2009, by and between FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) and The Bank of New York Mellon Trust Company, N.A., as trustee (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.1, File No. 333-145140-01).
- 4-2 (a) First Supplemental Indenture, dated as of June 15, 2009 (including Form of First Mortgage Bonds, Guarantee Series A of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series B of 2009 due 2011, Form of First Mortgage Bonds, Collateral Series A of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series B of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series C of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series D of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series E of 2009 due 2010, Form of First Mortgage Bonds, Collateral Series F of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series G of 2009 due 2011). (incorporated by reference to FES' Form 8-K filed June 19, 2009, Exhibit 4.2(i), File No. 333-145140-01).
- 4-2 (b) Second Supplemental Indenture, dated as of June 30, 2009 (including Form of First Mortgage Bonds, Guarantee Series C of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series D of 2009 due 2033, Form of First Mortgage Bonds, Guarantee Series E of 2009 due 2033, Form of First Mortgage Bonds, Collateral Series H of 2009 due 2011, Form of First Mortgage Bonds, Collateral Series I of 2009 due 2011 and Form of First Mortgage Bonds, Collateral Series J of 2009 due 2010). (incorporated by reference to FES' Form 8-K filed July 6, 2009, Exhibit 4.1, File No. 333-145140-01).
- 4-2 (c) Third Supplemental Indenture, dated as of December 1, 2009 (including Form of First Mortgage Bonds, Collateral Series K of 2009 due 2012). (incorporated by reference to FES' Form 8-K filed December 4, 2009, Exhibit 4.1, File No. 000-53742).
- 4-2 (d) Fourth Supplemental Indenture, dated as of February 14, 2012 (including Form of First Mortgage Bonds, Collateral Series K of 2009 due 2012). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 4.2(d), File No. 000-53742).
- 4-3 Indenture, dated as of August 1, 2009, between FirstEnergy Solutions Corp. and The Bank of New York Mellon Trust Company, N.A. (incorporated by reference to FES' Form 8-K filed August 7, 2009, Exhibit 4.1, File No. 000-53742).
- 4-3 (a) First Supplemental Indenture, dated as of August 1, 2009 (including Form of 4.80% Senior Notes due 2015, Form of 6.05% Senior Notes due 2021 and Form of 6.80% Senior Notes due 2039). (incorporated by reference to FES' Form 8-K filed August 7, 2009, Exhibit 4.2, File No. 000-53742).
- 10-1 Form of 6.85% Exchange Certificate due 2034. (incorporated by reference to FES' Form S-4 filed August 6, 2007, Exhibit 4.1, File No. 333-145140-01).
- 10-2 Guaranty of FirstEnergy Solutions Corp., dated as of July 1, 2007. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-9, File No. 333-21011).
- 10-3 Indenture of Trust, Open-End Mortgage and Security Agreement, dated as of July 1, 2007, between the applicable Lessor and The Bank of New York Trust Company, N.A., as Indenture Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-3, File No. 333-21011).
- 10-4 6.85% Lessor Note due 2034. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-3, File No. 333-21011).
- 10-5 Participation Agreement, dated as of June 26, 2007, among FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), as Lessee, FirstEnergy Solutions Corp., as Guarantor, the applicable Lessor, U.S. Bank Trust National Association, as Trust Company, the applicable Owner Participant, The Bank of New York Trust Company, N.A., as Indenture Trustee, and The Bank of New York Trust Company, N.A., as Pass Through Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-1, File No. 333-21011).
- 10-6 Trust Agreement, dated as of June 26, 2007, between the applicable Owner Participant and U.S. Bank Trust National Association, as Owner Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-2, File No. 333-21011).
- 10-7 Pass Through Trust Agreement, dated as of June 26, 2007, among FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), FirstEnergy Solutions Corp., and The Bank of New York Trust Company, N.A., as Pass Through Trustee. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-12, File No. 333-21011).

- 10-8 Bill of Sale and Transfer, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-5, File No. 333-21011).
- 10-9 Facility Lease Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-6, File No. 333-21011).

- 10-10 Site Lease, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-7, File No. 333-21011).
- 10-11 Site Sublease, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-8, File No. 333-21011).
- 10-12 Support Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and the applicable Lessor. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-10, File No. 333-21011).
- 10-13 Second Amendment to the Bruce Mansfield Units 1, 2, and 3 Operating Agreement, dated as of July 1, 2007, between FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), The Cleveland Electric Illuminating Company and The Toledo Edison Company. (incorporated by reference to FE's Form 8-K/A filed August 2, 2007, Exhibit 10-11, File No. 333-21011).
- 10-14 Guaranty, dated as of March 26, 2007, by FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) on behalf of FirstEnergy Solutions Corp. (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.39, File No. 333-145140-01).
- 10-15 Guaranty, dated as of March 26, 2007, by FirstEnergy Solutions Corp. on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.40, File No. 333-145140-01).
- 10-16 Guaranty, dated as of March 26, 2007, by FirstEnergy Solutions Corp. on behalf of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.41, File No. 333-145140-01).
- 10-17 Guaranty, dated as of March 26, 2007, by FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) on behalf of FirstEnergy Solutions Corp. (incorporated by reference to FES' Form S-4/A filed August 20, 2007, Exhibit 10.42, File No. 333-145140-01).
- (B) 10-18 Form of Trust Indenture dated as of December 1, 2005 between Ohio Water Development Authority and JP Morgan Trust Company, as Trustee, related to issuance of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) pollution control revenue refunding bonds. (incorporated by reference to FE's Form 10-K filed March 2, 2006, Exhibit 10-59, File No. 333-21011).
- (B) 10-19 Form of Waste Water Facilities and Solid Waste Facilities Loan Agreement between Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.), dated as of December 1, 2005. (incorporated by reference to FE's Form 10-K filed March 2, 2006, Exhibit 10-63, File No. 333-21011).
- (C) 10-20 Form of Trust Indenture dated as of April 1, 2006 between the Ohio Water Development Authority and The Bank of New York Trust Company, N.A. as Trustee securing pollution control revenue refunding bonds issued on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FE's Form 10-Q filed May 9, 2006, Exhibit 10-3, File No. 333-21011).
- (C) 10-21 Form of Waste Water Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) dated as of April 1, 2006. (incorporated by reference to FE's Form 10-Q filed May 9, 2006, Exhibit 10-4, File No. 333-21011).
- (D) 10-22 Form of Trust Indenture dated as of December 1, 2006 between the Ohio Water Development Authority and The Bank of New York Trust Company, N.A. as Trustee securing State of Ohio Pollution Control Revenue Refunding Bonds (FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.)) (FirstEnergy Nuclear Generation Project). (incorporated by reference to FE's Form 10-K filed February 28, 2007, Exhibit 10-77, File No. 333-21011).
- (D) 10-23 Form of Waste Water Facilities and Solid Waste Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) dated as of December 1, 2006. (incorporated by reference to FE's Form 10-K filed February 28, 2007, Exhibit 10-80, File No. 333-21011).
- (B) 10-24

First Amendment to Loan Agreement, dated as of February 14, 2012, between the Ohio Water Development Authority, as issuer, and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Generation Corp.). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 10.1, File No. 000-53742).

(B) 10-25 *First Amendment to Loan Agreement, dated as of February 14, 2012, between the Ohio Air Quality Development Authority, as issuer, and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.). (incorporated by reference to FES' Form 10-Q filed May 1, 2012, Exhibit 10.2, File No. 000-53742).*

10-26 *First Supplemental Trust Indenture, dated April 2, 2012, supplementing and amending that certain Trust Indenture dated as of April 1, 2006 between the Ohio Water Development Authority and The Bank of New York Mellon Trust Company, N.A. as Trustee securing pollution control revenue refunding bonds issued on behalf of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (FirstEnergy Generation Project), which trust indenture, as amended, is substantially similar to various other PCRB trust indentures of FirstEnergy Generation Corp. (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.1, File No. 000-53742).*

- 10-27 First Amendment to Loan Agreement dated April 2, 2012, amending the Waste Water Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.), dated as of April 1, 2006, which loan agreement, as amended, is substantially similar to various other PCRB loan agreements of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.2, File No. 000-53742).
- 10-28 First Supplemental Trust Indenture, dated April 2, 2012, supplementing and amending that certain Trust Indenture dated as of December 1, 2006 between the Ohio Water Development Authority and The Bank of New York Mellon Trust Company, N.A., as Trustee securing State of Ohio Pollution Control Revenue Refunding Bonds (FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.)) (FirstEnergy Nuclear Generation Project), which trust indenture, as amended, is substantially similar to various other PCRB trust indentures of FirstEnergy Nuclear Generation, LLC (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.3, File No. 000-53742).
- 10-29 First Amendment to Loan Agreement dated April 2, 2012, amending the Waste Water Facilities and Solid Waste Facilities Loan Agreement between the Ohio Water Development Authority and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.), dated as of December 1, 2006, which loan agreement, as amended, is substantially similar to various other PCRB loan agreements of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.) (incorporated by reference to FES' Form 10-Q filed August 7, 2012, Exhibit 10.4, File No. 000-53742).
- 10-30 Credit Agreement, dated as of June 17, 2011, among FirstEnergy Solutions Corp., and Allegheny Energy Supply Company, LLC, as borrowers, JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein. (incorporated by reference to FES' Form 10-Q filed August 2, 2011, Exhibit 10.1, File No. 000-53742).
- 10-31 Amendment, dated as of May 8, 2012, to the Credit Agreement, dated as of June 17, 2011, among FirstEnergy Solutions Corp., and Allegheny Energy Supply Company, LLC, as borrowers, JP Morgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed May 11, 2012, Exhibit 10.3, File No. 000-53742).
- 10-32 Amendment, dated as of May 8, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011 and May 8, 2012, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed May 13, 2013, Exhibit 10.2, File No. 000-53742).
- 10-33 Amendment, dated as of October 31, 2013, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011 and May 8, 2012 and May 8, 2013, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 10-Q filed November 5, 2013, Exhibit 10.1(b), File No. 000-53742).
- 10-34 Amendment, dated as of March 31, 2014, to the Credit Agreement, dated as of June 17, 2011, as amended as of October 3, 2011, May 8, 2012 and May 8, 2013 and October 31, 2013, among FirstEnergy Solutions Corp. and Allegheny Energy Supply Company, LLC, as borrowers, and JPMorgan Chase Bank, N.A., as administrative agent, and the lending banks, fronting banks and swing line lenders identified therein (incorporated by reference to FES' Form 8-K filed April 4, 2014, Exhibit 10.2, File No. 000-53742).
- (A) 31-1 Certification of chief executive officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
- (A) 31-2 Certification of chief financial officer, as adopted pursuant to Rule 13a-15(e)/15d-15(e).
- (A) 32 Certification of chief executive officer and chief financial officer, pursuant to 18 U.S.C. §1350.
- 101 The following materials from the Annual Report on Form 10-K for FirstEnergy Solutions Corp. for the period ended December 31, 2014, formatted in XBRL (Extensible Business Reporting Language): (i) Consolidated Statements of Income and Consolidated Statements of Comprehensive Income, (ii) Consolidated Balance Sheets, (iii) Consolidated Statements of Cash Flows, (iv) related notes to these financial statements and (v) document and entity information.
- (A) Provided herein in electronic format as an exhibit.
- (B)

Four substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to four other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority, the Ohio Air Quality Authority and Beaver County Industrial Development Authority, Pennsylvania, relating to pollution control notes of FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).

- (C) Three substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to three other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority and the Beaver County Industrial Development Authority relating to pollution control notes of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).

- (D) Seven substantially similar agreements, each dated as of the same date, were executed and delivered by the registrant and its affiliates with respect to one other series of pollution control revenue refunding bonds issued by the Ohio Water Development Authority, three other series of pollution control bonds issued by the Ohio Air Quality Development Authority and the three other series of pollution control bonds issued by the Beaver County Industrial Development Authority, relating to pollution control notes of FirstEnergy Generation, LLC (f/k/a FirstEnergy Generation Corp.) and FirstEnergy Nuclear Generation, LLC (f/k/a FirstEnergy Nuclear Generation Corp.).

Pursuant to paragraph (b)(4)(iii)(A) of Item 601 of Regulation S-K, FES has not filed as an exhibit to this Form 10-K any instrument with respect to long-term debt if the respective total amount of securities authorized thereunder does not exceed 10% of its respective total assets, but hereby agrees to furnish to the SEC on request any such documents.

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Section 2: EX-10.44 (EXHIBIT 10.44)

EXHIBIT 10-44

AMENDMENT NO. 2 TO THE FIRSTENERGY CORP. CHANGE IN CONTROL SEVERANCE PLAN

This Amendment No. 2 (this "Amendment") to the FirstEnergy Corp. Change in Control Severance Plan (the "Plan") was adopted and approved by the Board of Directors of FirstEnergy Corp., an Ohio corporation (the "Company"), on December 16, 2014.

Effective as of January 1, 2016, the Plan is hereby amended as follows:

1. The definition of "Good Reason" in Article II of the Plan is hereby deleted and replaced with the following:

"Good Reason" means the initial occurrence, without the Participant's consent, of one or more of the following events:

- (1) a material diminution in the Participant's Base Compensation;
- (2) a material diminution in the Participant's authority, duties or responsibilities (including, without limitation, the Participant's reporting relationship);
- (3) a material change in the geographic location at which the Participant must perform services and, for purposes of this paragraph (3), any reassignment which results in your current residence to your new reporting location being at least fifty (50) miles farther than your current residence to your previous reporting location is considered material; and
- (4) any other action or inaction that constitutes a material breach by the Company of any employment agreement under which the Participant provides services;

provided, however, that "Good Reason" shall not be deemed to exist unless:

- (A) the Participant has provided notice to the Company of the existence of one or more of the conditions listed in (1) through (4) above within 90 days after the initial occurrence of such condition or conditions; and
- (B) such condition or conditions have not been cured by the Company within 30 days after receipt of such notice."

2. The first sentence of Section 3.3(b) of the Plan is hereby amended by deleting the phrase "at a regular meeting held between September 1 and December 31 each year."

3. The first sentence of Section 7.1 of the Plan is hereby deleted and replaced with the following:

"7.1 Non-Competition. If, subsequent to a Change in Control of the Company, a Participant incurs a Termination of Employment under circumstances described in Section 5.1 of the Plan, then (i) with respect to subparagraphs (a), (b) and (c) below, for a period of twenty-four (24) months after such Termination of Employment and (ii) with respect to subparagraphs (d) and (e) below, at any time after such Termination of Employment, the Participant shall not on his or her own account without the consent of the Company, or as a shareholder, employee, officer, director, consultant or otherwise, engage directly or indirectly in any business or enterprise which is in competition with the Company, an Affiliate or any Subsidiary in a market located in any state or states in which, on the date of the Participant's Termination of Employment, the Company sells, has sold or reasonably intends to sell to Customers."

4. The first sentence of Section 10.1 of the Plan is hereby deleted and replaced with the following:

"10.1 Procedure for Amendment or Termination. During the term of the Plan, as set forth in Section 3.3, this Plan may be amended by an instrument in writing signed by the Company, provided no amendment that materially and adversely affects the rights of the Participants may be adopted unless at least fifty-one percent (51%) of all Participants have consented to the amendment."

5. Paragraph (d) of Exhibit B of the Plan is hereby deleted in its entirety and replaced with the following:

"(d) For purposes of the Company's group health insurance plan:

- (1) The Participant shall be entitled to continue to participate, on the same terms and conditions as active employee participants, in such plan for a period of two (2) years after the date of the Participant's Termination of Employment. During such continuation period, the Participant shall

be responsible for paying the normal employee share of the applicable premiums for coverage under the group health insurance plan.

- (2) The Company shall have the right to modify, amend or discontinue the Company's group health insurance plan following the date of any Participant's Termination of Employment and any Participant's continued participation therein, and the continued participation of any other person therein under Subsection (g) below, shall be subject to such modification, amendment or discontinuation if such modification, amendment or discontinuation applies generally to the then-current participants in such plan.
- (3) If the Company is not permitted to provide continuing coverage under the terms of the Company's group health insurance plan and related trusts, then the Company may purchase health insurance for the Participant for the period specified in Subsection (d)(1) with coverage comparable to the applicable coverage under the Company's group health insurance plan then in effect, as the same may have been modified amended or discontinued in accordance with the terms and provisions of the applicable plan under this Subsection (d).
- (4) The health benefit continuation provided under this Subsection (d) shall satisfy the Company's obligations to provide, and any rights that the Participant may have to, COBRA coverage continuation under the health care continuation requirements under the federal Consolidated Omnibus Budget Reconciliation Act, as amended, Part VI of Subtitle B of Title I of ERISA and Section 4980B(f) of the Code, or any successor provisions thereto."

6. Paragraph (d) of Exhibit C of the Plan is hereby deleted in its entirety and replaced with the following:

"(d) For purposes of the Company's group health insurance plan:

- (1) The Participant shall be entitled to continue to participate, on the same terms and conditions as active employee participants, in such plan for a period of two (2) years after the date of the Participant's Termination of Employment. During such continuation period, the Participant shall be responsible for paying the normal employee share of the applicable premiums for coverage under the group health insurance plan.
- (2) The Company shall have the right to modify, amend or discontinue the Company's group health insurance plan following the date of any Participant's Termination of Employment and any Participant's continued participation therein, and the continued participation of any other person therein under Subsection (g) below, shall be subject to such modification, amendment or discontinuation if such modification, amendment or discontinuation applies generally to the then-current participants in such plan.
- (3) If the Company is not permitted to provide continuing coverage under the terms of the Company's group health insurance plan and related trusts, then the Company may purchase health insurance for the Participant for the period specified in Subsection (d)(1) with coverage comparable to the applicable coverage under the Company's group health insurance plan then in effect, as the same may have been modified amended or discontinued in accordance with the terms and provisions of the applicable plan under this Subsection (d).
- (4) The health benefit continuation provided under this Subsection (d) shall satisfy the Company's obligations to provide, and any rights that the Participant may have to, COBRA coverage continuation under the health care continuation requirements under the federal Consolidated Omnibus Budget Reconciliation Act, as amended, Part VI of Subtitle B of Title I of ERISA and Section 4980B(f) of the Code, or any successor provisions thereto."

7. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Plan.

8. Except as otherwise modified in this Amendment, the Plan shall remain in full force and effect. In the event of a conflict between the terms of this Amendment and the Plan, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the Company, by its duly authorized officer, has executed this Amendment No. 2 to the FirstEnergy Corp. Change in Control Severance Plan, effective as of January 1, 2016.

FIRSTENERGY CORP

By: /s/ Charles E. Jones
Charles E. Jones
President and Chief Executive Officer of FirstEnergy Corp.

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Section 3: EX-10.45 (EXHIBIT 10.45)

EXHIBIT 10-45

Amendment No. 1 to

FirstEnergy Corp. Amended and Restated Executive Deferred Compensation Plan

(Effective September 28, 1985, Amended and Restated as of January 1, 2014)

WHEREAS, FirstEnergy Corp. (the "Company"), established the FirstEnergy Corp. Executive Deferred Compensation Plan, effective September 28, 1985, as amended and restated as of January 1, 2014 (the "Plan");

WHEREAS, Section 10.1 of the Plan provides that the Plan may be amended, subject to certain conditions, by action of the Board of Directors of the Company (the "Board") or Compensation Committee of the Board (the "Compensation Committee") or by a writing executed on behalf of the Board or the Compensation Committee by the Company's duly elected officers, effective on the thirty-first day following the date on which the Company notifies the participants;

WHEREAS, the Compensation Committee has delegated authority to officers of the Company to execute an amendment to the Plan;

WHEREAS, concurrently with entering into this Amendment No. 1 as of January 23, 2015, the Company is notifying the participants under the Plan on such date of the adoption of the Amendment No. 1 described herein; and

WHEREAS, the Company desires to amend the Plan to provide that, effective February 23, 2015, a Participant's *deferrals of performance shares into his or her Stock Account will be paid in cash once payments are distributed from the Stock Account* and to provide that, with respect to deferrals made in 2016 and thereafter, distributions from a Stock Account made to a Participant who terminates employment prior to the applicable Initial Eligible Payment Date will be paid through the applicable Retirement Account for such Participant.

NOW, THEREFORE, in accordance with Section 10.1 of the Plan, the Plan is amended, effective as of February 23, 2015, as follows:

1. Section 5.5(a) of the Plan is hereby amended by deleting it in its entirety and replacing it with the following:

"Benefit of Participant Employed on Initial Eligible Payment Date or with a Separation from Service on or after Age Sixty. With respect to balances that accrue in a Stock Account prior to January 1, 2016, an Employer shall pay a Participant who is employed by any Employer on his or her Initial Eligible Payment Date or who has a Separation from Service on or after age sixty (60) a Deferred Compensation Benefit equal to the amount of the Participant's Stock Account earned by the Participant while he or she was employed by such Employer, including the Stock Premium, in Company common stock; provided that payments made with respect to (i) any dividend equivalents that accrue pursuant to Section 4.3(e) of the Plan after May 17, 2014; (ii) Short-Term Incentive Awards deferred after January 1,

2014; and (iii) Performance Shares that are deferred on or after February 23, 2015 shall, in each case, be paid in cash. Commencing January 1, 2002, a Participant may elect in his or her Participation Agreement to defer receipt of such payment to the Participant's date of Separation from Service or death. If such an election is made, such Stock Account balance, including the Stock Premium, shall be transferred to a Retirement Stock Account or held in the Stock Account until Separation from Service or death and then transferred to a Retirement Account and paid in cash pursuant to the Participant's elections or Plan provisions, whichever is applicable, under Sections 5.1, 5.2, 5.3 or 5.5 of this Plan.

With respect to balances that accrue in a Stock Account on or after January 1, 2016, an Employer shall pay a Participant who is employed by any Employer on his or her Initial Eligible Payment Date a Deferred Compensation Benefit equal to the amount of the Participant's Stock Account earned by the Participant while he or she was employed by such Employer in cash. If the Participant incurs a Separation from Service prior to his or her Initial Eligible Payment Date with respect to balances that accrue in a Stock Account on or after January 1, 2016, then such balances shall be paid in accordance with Section 5.5(b) or 5.5(c) of this Plan."

2. Section 5.5(c) of the Plan is hereby amended by deleting it in its entirety and replacing it with the following:

"Benefit of Participant with Separation from Service on and after Age Sixty. Commencing January 1, 2002 and with respect to account balances in a Stock Account that accrue prior to January 1, 2016, if a Participant with a Stock Account balance that has not reached its Initial Eligible Payment Date Separates from Service for any reason including death or Disability on or after age sixty (60), such Stock Account, including the Stock Premium, shall be payable on the earlier of the date the Stock Premium becomes fully vested or the Initial Eligible Payment Date. A Participant may make an election each year in a Participation Agreement to receive the Stock Account, including the Stock Premium, either in the form of Company common stock or in cash and paid pursuant to the Participant's elections or Plan provisions, whichever is applicable, under Article 5 of this Plan; provided that, notwithstanding the Participant's election, payments made with respect to (i) any dividend equivalents that accrue pursuant to Section 4.3 (e) of the Plan after May 17, 2014; (ii) Short-Term Incentive Awards

that are deferred after January 1, 2014; and (iii) Performance Shares that are deferred on or after February 23, 2015 shall, in each case, be paid in cash. If the Participant does not make an election prior to the Commencement of the Service Period, such Stock Accounts shall be paid in the form of Company common stock; provided that payments made with respect to (i) any dividend equivalents that accrue pursuant to Section 4.3(e) of the Plan after May 17, 2014; (ii) Short-Term Incentive Awards that are deferred after January 1, 2014; and (iii) Performance Shares that are deferred on or after February 23, 2015 shall, in each case, be paid in cash.

For account balances in a Stock Account that accrue on or after January 1, 2016, if a Participant Separates from Service for any reason, including death or Disability, then such account balances shall be transferred to a Retirement Account and paid in cash pursuant to the Participant's elections or Plan provisions, whichever is applicable, under Article 5 of this Plan."

3. Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the Plan.
4. Except as otherwise modified in this Amendment, the Plan shall remain in full force and effect. In the event of a conflict between the terms of this Amendment and the Plan, the terms of this Amendment shall control.

IN WITNESS WHEREOF, the Compensation Committee has caused this Amendment No. 1 to FirstEnergy Corp. Executive Deferred Compensation Plan, as amended and restated as of January 1, 2014, to be effective as of the date set forth above.

FIRSTENERGY CORP.

By: /s/ James F. Pearson
Name: James F. Pearson
Title: Senior Vice President and
Chief Financial Officer

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Section 4: EX-10.46 (EXHIBIT 10.46)

EXHIBIT 10-46

EXECUTIVE SHORT-TERM INCENTIVE PROGRAM (EXECUTIVE STIP) FOR EXECUTIVE OFFICERS

PURPOSE OF PROGRAM

The Executive Short-Term Incentive Program (the "Executive STIP"), sponsored by FirstEnergy Corp. ("FirstEnergy"), provides the terms under which incentive awards are provided to executive officers whose contributions support the successful achievement of Corporate Financial and Operational Key Performance Indicators (the "KPIs"). Executive STIP awards are cash-based awards granted pursuant to the terms and conditions of FirstEnergy's 2007 Incentive Plan (the "Plan"). The Executive STIP KPIs are developed in accordance with the performance measures identified in the Plan as approved by

FirstEnergy's shareholders. The Executive STIP supports FirstEnergy's compensation philosophy by linking KPIs to business strategy and objectives.

ELIGIBILITY

Participants under the Executive STIP shall consist of the executive officers of FirstEnergy who are deemed to be "covered persons" under Section 162(m) of the Internal Revenue Code of 1986, as amended, and any regulations promulgated thereunder ("Section 162(m)") and any other officer or employee selected by the Compensation Committee (the "Committee") of the Board of Directors of the FirstEnergy (the "Board") to participate in the Executive STIP.

PERFORMANCE PERIOD

Unless otherwise determined by the Committee, the performance period for any award granted under the Executive STIP shall be from January 1st to December 31st of a given year.

AWARDS

The Committee shall establish (i) the KPIs that must be satisfied in order for a participant to receive an award for such performance period, including the relative weightings for each KPI with respect to each participant, and (ii) the threshold, target and maximum award opportunity for each participant, which will be expressed as a percentage of the participant's base salary. For awards intended to qualify as "performance-based compensation" under Section 162(m), the performance goals will be established no later than 90 days after the start of the applicable performance period. The Committee may present the KPIs and award opportunities for such participants to the independent members of FirstEnergy's Board for ratification. The KPIs shall be based on one of the performance measures approved by FirstEnergy's shareholders under the Plan.

CERTIFICATION

After the end of each performance period, the Committee will certify in writing whether and the extent to which the KPIs were achieved during the performance period (such certification may be reflected in the minutes of the Committee). The Committee shall have the right, in its own discretion, to reduce or eliminate the amount otherwise payable to a participant based on individual performance or any other factors the Committee deems appropriate. However, with respect to awards intended to qualify as "performance-based compensation" under Section 162(m) of the Code, the Committee shall not have the right to make an adjustment, either directly or indirectly, that would result in a payment that is greater than the amount that would have been otherwise payable to the participant for the applicable performance period.

PAYMENT

Executive STIP awards, if any, will be paid no later than March 15th of the year following the year in which the award is earned. If a participant's employment terminates prior to the end of a performance period due to retirement, disability, death, or under conditions for which the participant qualifies for and elects benefits under the Company's severance benefit plan, the participant will be entitled to receive a pro-rated portion of his or her Executive STIP award that would have been earned, based on actual KPI performance, had he or she remained employed through the performance period. The pro-rated portion of the Executive STIP award will be based on the number of days the participant was employed during the applicable performance period. Notwithstanding the foregoing, if the participant is entitled to receive all or a portion of his or her Executive STIP award pursuant to an individual agreement or separate severance or change in control plan in which he or she participates, then his or her Executive STIP award will be paid pursuant to such individual agreement or plan to avoid any duplication of payments.

ADMINISTRATION

The Committee administers the Executive STIP. The Committee shall establish the KPIs for any performance period in accordance with the Section titled "Awards" above. Any determination made by the Committee under the Executive STIP shall be final and conclusive. The Committee may employ such legal counsel, consultants and agents (including counsel or agents who are employees of FirstEnergy or an affiliate) as it may deem desirable for the administration of the Executive STIP and may rely upon any advice received from any such counsel or consultant or agent and any computation received from any such consultant or agent. All expenses incurred in the administration of the Executive STIP, including, without limitation, for the engagement of any counsel, consultant or

agent, shall be paid by FirstEnergy. No member or former member of the Board or the Committee shall be liable for any act, omission, interpretation, construction or determination made in connection with the Executive STIP other than as a result of such individual's willful misconduct. The Committee may delegate administrative or ministerial duties to management of FirstEnergy; provided that no administrative duties that the Committee is required to perform under Section 162(m) may be delegated by the Committee.

RECOUPMENT

Any Executive STIP award will be administered in compliance with Section 10D of the Securities and Exchange Act of 1934, as amended, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the common stock of FirstEnergy is traded, and subject to any recoupment or "clawback" policy of FirstEnergy adopted pursuant to such law, rules, or regulations and may be amended to further such purpose without the consent of any participant.

AMENDMENT AND TERMINATION

The Board or the Committee may at any time amend, suspend, discontinue or terminate the Executive STIP; provided, however, that, except as permitted herein, no such amendment, suspension, discontinuance or termination shall adversely affect the rights of any participant in respect of any performance period that has already commenced.

WITHHOLDING

FirstEnergy or any of its affiliates shall have the right and is hereby authorized to withhold from any payment due under the Executive STIP or from any compensation or other amount owing to the participant, applicable withholding taxes with respect to any payment under the Executive STIP and to take such action as may be necessary in the opinion of FirstEnergy to satisfy all obligations for the payment of such withholding taxes.

2007 INCENTIVE PLAN

The Executive STIP is a component of the Plan and shall be subject to the terms and conditions of the Plan in all respects. To the extent there is a conflict between the terms of the Executive STIP and the terms of the Plan, the terms of the Plan shall control.

COMPLIANCE WITH SECTION 409A

The parties intend that the Executive STIP be, at all relevant times, in compliance with (or exempt from) Section 409A of the Internal Revenue Code and all other applicable laws, and the Executive STIP shall be so interpreted and administered. In addition to the general amendment rights of FirstEnergy with respect to Executive STIP, FirstEnergy specifically retains the unilateral right (but not the obligation) to make, prospectively or retroactively, any amendment to the Executive STIP or any related document as it deems necessary or desirable to more fully address issues in connection with compliance with (or exemption from) Section 409A of the Internal Revenue Code and other laws. In no event, however, shall this section or any other provisions of the Executive STIP be construed to require FirstEnergy to provide any gross-up for the tax consequences of any provisions of, or payments under, the Executive STIP. FirstEnergy and its affiliates shall have no responsibility for tax or legal consequences to any participant resulting from the terms or operation of the Executive STIP.

NO EMPLOYMENT AGREEMENT

The Executive STIP does not constitute a contract between FirstEnergy or any of its affiliates and any participant nor should anything contained in the program be deemed to give any participant any right to be retained in the employ of FirstEnergy or any of its affiliates or to interfere with the right of FirstEnergy or its affiliates to discharge any participant at any time and to treat the participant without regard to the effect which such treatment might have upon participation in the Executive STIP.

UNFUNDED STATUS OF PROGRAM

All awards paid under the Executive STIP shall at all times constitute general unsecured liabilities of FirstEnergy, payable out of FirstEnergy's general assets. In no event shall FirstEnergy or any affiliate be obliged to reserve any funds or assets to secure the payment of such amounts and nothing contained in the program shall confer upon the participant the right, title or interest in any assets of FirstEnergy or its affiliates. The program is not a covered program under the Employee Retirement Income Security Act of 1974 (ERISA); no contributions are required by employees under this program.

GOVERNING LAW

The Executive STIP shall be governed by and construed in accordance with the laws of the State of Ohio without regard to conflicts of laws.

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Section 5: EX-10.47 (EXHIBIT 10.47)

EXHIBIT 10-47

Form of 2015-2017 Cash-Based Performance-Adjusted Restricted Stock Unit Award Agreement

This Restricted Stock Unit Award Agreement (the "Award Agreement") is entered into as of the Award Date between FirstEnergy Corp. and the Participant. For the purposes of this Award Agreement, the term "Company" means FirstEnergy Corp., its successors and/or its Subsidiaries, singularly or collectively.

SECTION ONE - AWARD

As of the Award Date, in accordance with the FirstEnergy Corp. 2007 Incentive Plan, as amended (the "Plan") and the terms and conditions of this Award Agreement, the Company grants to the Participant the right to receive, at the end of the Period of Restriction (as defined below) the cash equivalent of the number of shares of common stock of the Company equal to the fixed number of restricted stock units listed as "Awarded" on the Award Detail Page (the "Restricted Stock Units"), subject to adjustment based on the Company's performance as described below. The number of Restricted Stock Units set forth on the Award Detail Page is referred to as the "Target Number" in this Award Agreement.

Dividend Equivalents

Until the expiration of the Period of Restriction pursuant to the terms and conditions of this Award Agreement, the Participant will be credited on the books and records of the Company with an amount per each Restricted Stock Unit equal to the amount per share of any cash dividends declared by the Board with a record date on or after the Award Date on the outstanding common stock of the Company (the "Dividend Equivalent"). Such Dividend Equivalents will be credited in the form of an additional number of Restricted Stock Units (which Restricted Stock Units, from the time of crediting, will be deemed to be in addition to and part of the base number of Restricted Stock Units awarded by this Award Agreement for all purposes hereunder). The additional number of Restricted Stock Units will be equal to the aggregate amount of Dividend Equivalents credited on this Award on the respective dividend payment date divided by the average of the high and low prices per share of common stock on the respective dividend payment date. The Restricted Stock Units attributable to the Dividend Equivalents will be either settled or forfeited, as appropriate, under the same terms and conditions that apply to the other Restricted Stock Units under this Award Agreement and, to the extent applicable, the Company's Executive Deferred Compensation Plan.

SECTION TWO - GENERAL TERMS

This Award Agreement is subject to the Plan and the following terms and conditions:

Period of Restriction

For the purposes of this Award Agreement, "Period of Restriction" means the period beginning on the Award Date set forth above and ending on the earliest of:

- a) 5:00 p.m. Akron time on the March XX, 2018 (the "Vest Date");
- b) The date of the Participant's death;
- c) The date that the Participant's employment is terminated due to Disability; or
- d) The date of an involuntary termination in connection with and resulting from a Change in Control within the two-year period following the date of the Change in Control under conditions in which the Participant qualifies for and receives any employer severance benefit that may be offered, provided that the Participant executes, submits and does not revoke an agreement to release the Company in full against any and all claims as required by (and within the time period mandated by) the arrangement or plan providing the employer severance benefit.

Notwithstanding that the Period of Restriction ends upon a termination of employment due to Disability, Restricted Stock Units awarded pursuant to this Award Agreement shall be subject to limited restrictions after a termination due to Disability as provided in this Award Agreement.

Performance Adjustment

If the Payment Date (as defined below under "Payment") is the Vest Date, the actual cash amount payable under the Restricted Stock Units awarded pursuant to this Award Agreement may be adjusted upward or downward by one-hundred percent (100%) of the Target Number, based on the Company's performance against three key metrics. The Committee has identified the three performance metrics as Capital Effectiveness, Safety, and Funds from Operations/Debt Index. The specific performance goals applicable to this Award are set forth in Exhibit A attached hereto and the extent to which performance goals for all three performance metrics are achieved will be expressed in "total points earned," as set forth in Exhibit A.

If the total points earned is at or above the 90th percentile, then the Participant will earn 200% of the Restricted Stock Units. If the total points earned is at the 60th percentile, then the Participant will earn 150% of the Restricted Stock Units. If the total points earned is at the 50th percentile, then the Participant will earn 100% of the Restricted Stock Units. If the total points earned is at the 40th percentile, then the Participant will earn 50% of the Restricted Stock Units. If the total points earned falls below the 40th

percentile, then no Restricted Stock Units will be earned and all Restricted Stock Units granted hereunder shall be immediately forfeited. If the total points earned fall between the 40th percentile and the 50th percentile, the 50th percentile and the 60th percentile or the 60th percentile and the 90th percentile, then the number of Restricted Stock Units that are earned shall be based on interpolation within such percentile ranges.

Payment

Subject to any election the Participant makes to defer any of the Restricted Stock Units, as provided below, the date of payment to the Participant (the "Payment Date") shall be as follows for each specified event (provided that in no event will the Participant be permitted directly or indirectly to designate the taxable year of payment):

- As soon as practicable, but not later than ninety (90) days after the Vest Date if the payment is on account of: the expiration of the Period of Restriction set forth in paragraph a) of the subsection entitled "Period of Restriction" above; the Participant's termination of employment upon retirement (which shall mean the Participant's attainment of age 55 with 10 years of service with the Company or an affiliate and any predecessor thereof); the Participant's termination of employment due to Disability as set forth in paragraph c) of the subsection entitled "Period of Restriction" above; the Participant's involuntary termination other than under paragraph d) of the subsection entitled "Period of Restriction" above that occurs under conditions in which the Participant qualifies for and receives any employer severance benefit that may be offered, provided that the Participant executes, submits and does not revoke an agreement to release the Company in full against any and all claims as required by (and within the time period mandated by) the arrangement or plan providing the employer severance benefit; or if the Participant continues to be employed by the Company but ceases to be employed in an executive position during the three-year Period of Restriction; or
- As soon as practicable, but not later than ninety (90) days, after the expiration of the Period of Restriction due to the Participant's death pursuant to paragraph b) of the subsection entitled "Period of Restriction" above; or
- On the 90th day after the expiration of the Period of Restriction due to the Participant's involuntary termination in connection with and resulting from a Change in Control within the two-year period following the date of the Change in Control in accordance with, and as described in, paragraph d) of the subsection entitled "Period of Restriction" above.

As soon as practicable after the Payment Date, the Company shall pay to the Participant cash in the amount earned with respect to the Restricted Stock Units awarded under this Agreement, as adjusted, less any amounts withheld to cover the tax obligations in accordance with the subsection entitled "Withholding Tax" below.

Notwithstanding the foregoing, if the Participant is eligible to participate in the Company's Executive Deferred Compensation Plan, the Participant may elect to defer the cash payment made with respect to the Restricted Stock Units to the extent permitted by the Committee in accordance with the terms and conditions of the Company's Executive Deferred Compensation Plan. Any payment made with respect to any Restricted Stock Units that are deferred under the Company's Executive Deferred Compensation Plan shall be paid pursuant to the administrative procedures, terms and conditions of the Executive Deferred Compensation Plan. Any election to defer shall be made in a manner as required under administrative rules established by the Company and shall be made in a manner that complies with Section 409A of the Internal Revenue Code.

Special Definitions

For purposes of this Award, the term "Change in Control" means a change in control that satisfies both a Change in Control as defined in the Plan for Awards granted on or after January 1, 2011 and a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) and the term "involuntary termination" (or forms or derivations thereof) means "involuntary separation from service" as defined in Treasury Regulation Section 1.409A-1(n).

Withholding Tax

The Company shall withhold an amount sufficient to satisfy all federal, state, and local taxes required by law to be withheld in connection with any payment made under this Award Agreement, but in no event shall such amount exceed the minimum statutory withholding requirements.

Forfeiture

The Participant shall forfeit all of the Restricted Stock Units and any right under this Award Agreement to receive any payment hereunder upon the occurrence of any of the following events before the expiration of the Period of Restriction:

- Termination of employment with the Company for any reason; provided, however, that no forfeiture shall occur if termination of employment occurs due to the Participant's involuntary termination in connection with and resulting from

a Change in Control within the two-year period following the date of the Change in Control and the satisfaction of the conditions as described in paragraph d) of the subsection entitled "Period of Restriction" above; and further provided, that if the conditions

of paragraph d) of the subsection entitled "Period of Restriction" above are not met, the Restricted Stock Units and any right under this Award Agreement to receive any payment will be forfeited.

- Any attempt to sell, transfer, pledge, assign or otherwise alienate or hypothecate the Restricted Stock Units or the right to receive any payment under the Restricted Stock Units in violation of this Award Agreement.

Notwithstanding the above, if the Participant dies, has a termination of employment upon retirement (as defined under the then established rules of the Company or any of its Subsidiaries, as the case may be), has a termination of employment due to Disability, is involuntarily terminated other than under paragraph d) of the subsection entitled "Period of Restriction" above under conditions in which the Participant qualifies for and receives any employer severance benefit that may be offered, provided that the Participant executes, submits and does not revoke an agreement to release the Company in full against any and all claims as required by (and within the time period mandated by) the arrangement or plan providing the employer severance benefit, or if the Participant continues to be employed by the Company until the Vest Date but ceases to be employed in an executive position during the three-year Period of Restriction, the Restricted Stock Units awarded to the Participant under this Award Agreement will be forfeited and/or payable as follows:

- If the Participant dies, terminates employment as described above or ceases to be employed in an executive position prior to a full month after the Award Date, all Restricted Stock Units earned will be forfeited upon the death or termination.
- If the Participant dies, terminates employment as described above or ceases to be employed in an executive position after the lapse of a full month or more after the Award Date, the Participant will be entitled to a prorated number of Restricted Stock Units. The proration will be calculated by multiplying the number of Restricted Stock Units awarded by the number of full months served after the Award Date, divided by thirty-six months. The prorated Restricted Stock Units will then be adjusted upward or downward by the performance factors in accordance with the provisions under the subsection "Performance Adjustment" (as determined by the Committee), except that no adjustment is made upon death. The remaining portion of Restricted Stock Units awarded will be forfeited.

Upon the occurrence of any of the above forfeiture events (for which no exception has been made as set forth above) before the expiration of the Period of Restriction, the Restricted Stock Units that are to be forfeited as described above (either in full or in part), shall be forfeited by the Participant to the Company. At the time of such forfeiture, the Participant's interest in the Restricted Stock Units and any payments under the Restricted Stock Units shall terminate, unless such forfeiture is waived in the sole discretion of the Committee.

Recoupment

With respect to a Participant who is or has been deemed to be, or becomes, an "insider" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this Award Agreement will be administered in compliance with Section 10D of the Exchange Act, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Shares may be traded, and subject to any Company policy adopted pursuant to such law, rules, or regulations and may be amended to further such purpose without the consent of the Participant.

Shareholder Rights

The Participant shall have no rights as a shareholder of the Company, including voting rights, with respect to the Restricted Stock Units.

Effect on the Employment Relationship

The grant of Restricted Stock Units is voluntary and made on a one-time basis and does not constitute a commitment to make any future awards. Nothing by this Award or in this Award Agreement guarantees employment with the Company or any Subsidiary, nor does this Award or Award Agreement confer any special rights or privileges to the Participant as to the terms of employment.

Adjustments

In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, stock split, combination, distribution, or other change in corporate structure of the Company affecting the common stock, the Committee will adjust the number and class of securities granted under this Award Agreement in a manner determined by the Committee, in its sole discretion, to be appropriate to prevent dilution or enlargement of the Restricted Stock Units granted under this Award Agreement.

Administration

1. *This Award Agreement is governed by the laws of the State of Ohio without giving effect to the principles of conflicts of laws. By accepting this Award, the Participant agrees to the exclusive jurisdiction of the courts of the United States District Court for the Northern District of Ohio to adjudicate any and all claims brought with respect to the Award.*
2. The administration of this Award Agreement and the Plan will be performed in accordance with Article 3 of the Plan.

3. All interpretations, determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of the Plan shall be final, conclusive, and binding on all persons and the Participant agrees to be bound by such interpretations, determinations and decisions.
4. The terms of this Award Agreement are governed at all times by the official text of the Plan and in no way alter or modify the Plan.
5. If a term is capitalized but not defined in this Award Agreement, it has the meaning given to it in the Plan or on the Award Detail Page (which is a part of this Award Agreement) as the context so requires.
6. To the extent a conflict exists between the terms of this Award Agreement and the provisions of the Plan or the Company's Executive Deferred Compensation Plan (the "EDCP"), the provisions of the Plan or the EDCP, as applicable, shall govern.
7. The terms and conditions of this Award may be modified by the Committee:
 - (a) in any case permitted by the terms of the Plan or this Award Agreement;
 - (b) with the written consent of the Participant; or
 - (c) without the consent of the Participant if the amendment is either not materially adverse to the interests of the Participant or is necessary or appropriate in the view of the Committee to conform with, or to take into account, applicable law, including either exemption from or compliance with any applicable tax law.

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It is intended that this Award Agreement and the compensation and benefits hereunder either be exempt from, or comply with, Section 409A of the Internal Revenue Code ("Section 409A"), and this Award Agreement shall be so construed and administered. In the event that the Committee reasonably determines that any compensation or benefits payable under this Award Agreement may be subject to taxation under Section 409A, the Committee shall have the authority to adopt, prospectively or retroactively, such amendments to this Award Agreement or to take any other actions it determines necessary or appropriate to (a) exempt the compensation and benefits payable under this Award Agreement from Section 409A or (b) comply with the requirements of Section 409A. The Committee, in its sole discretion, shall determine to what extent, if any, this Award must be amended, modified or reformed. In no event, however, shall this section or any other provisions of this Award Agreement be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or payments under, this Award Agreement and the Company shall have no responsibility for tax consequences to Participant (or the Participant's beneficiary) resulting from the terms or operation of this Award Agreement.

Notwithstanding any other provision in this Award Agreement to the contrary, in the event a benefit payable under this Award Agreement is subject to the requirements of Section 409A:

1. A Participant shall not be treated as having a termination of employment unless the Participant has a "separation from service" as defined in regulations under, and for purposes of, Section 409A.
2. If a Participant is a "specified employee," as determined under the Company's policy for determining specified employees on the date of a "separation from service," all payments under this Award Agreement that would otherwise be paid or provided during the first six (6) months following such separation from service (other than payments, benefits, or reimbursements that are treated as separation pay under Section 1.409A-1(b)(9)(v) of the Treasury Regulations, short-term deferrals under Section 1.409A-1(b)(4) of the Treasury Regulations or other payments exempted under the Treasury Regulations for Section 409A) shall be accumulated through and paid or provided as soon as practicable following the six (6) month anniversary of such separation from service but not later than the end of the taxable year in which the six (6) month anniversary occurs. Notwithstanding the foregoing, payments delayed pursuant to this paragraph shall commence as soon as practicable following the date of death of the Participant prior to the end of the 6 month period but in no event later than ninety (90) days following the date of death.
3. Unless otherwise provided for in an arrangement or plan providing an employer severance benefit and notwithstanding any other provision of this Award Agreement, if the Participant is required to execute, submit and not revoke a release of claims against the Company in order to receive the payment of benefits hereunder as a result of the terms of an arrangement or plan providing an employer severance benefit and the period in which to execute, submit and not revoke the release begins in a first taxable year and ends in a second taxable year, any payment to which the Participant would be entitled hereunder will be paid in the second taxable year, but no later than the end of the payment period specified in this Award Agreement.

SECTION THREE - TRANSFER OF AWARD

Neither the Restricted Stock Units nor the right to receive any payment under the Restricted Stock Units are transferable during the life of the Participant. Only the Participant shall have the right to receive payment under this Award Agreement, unless the Participant is deceased, at which time the payment under this Award Agreement is due to the Participant's beneficiary (as designated under Article 15 of the Plan), or pursuant to the Participant's will or the laws of descent and distribution.

I acknowledge receipt of this Restricted Stock Unit Award Agreement and I accept and agree with the terms and conditions stated above.

(Date)

(Signature of Participant)

EXHIBIT A

(attach RSU Index)

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[\(Back To Top\)](#)**Section 6: EX-10.48 (EXHIBIT 10.48)****EXHIBIT 10-48****Form of 2015-2017 Stock-Based Performance-Adjusted Restricted Stock Unit Award Agreement**

This Restricted Stock Unit Award Agreement (the "Award Agreement") is entered into as of the Award Date between FirstEnergy Corp. and the Participant. For the purposes of this Award Agreement, the term "Company" means FirstEnergy Corp., its successors and/or its Subsidiaries, singularly or collectively.

SECTION ONE - AWARD

As of the Award Date, in accordance with the FirstEnergy Corp. 2007 Incentive Plan, as amended (the "Plan") and the terms and conditions of this Award Agreement, the Company grants to the Participant the right to receive, at the end of the Period of Restriction (as defined below) a number of shares of common stock of the Company equal to the fixed number of restricted stock units listed as "Awarded" on the Award Detail Page (the "Restricted Stock Units"), subject to the availability of shares, or at the Compensation Committee's discretion, the cash equivalent of such number of Restricted Stock Units, in each case subject to adjustment based on the Company's performance as described below. The number of Restricted Stock Units set forth on the Award Detail Page is referred to as the "Target Number" in this Award Agreement.

Dividend Equivalents

Until the expiration of the Period of Restriction pursuant to the terms and conditions of this Award Agreement, the Participant will be credited on the books and records of the Company with an amount per each Restricted Stock Unit equal to the amount per share of any cash dividends declared by the Board with a record date on or after the Award Date on the outstanding common stock of the Company (the "Dividend Equivalent"). Such Dividend Equivalents will be credited in the form of an additional number of Restricted Stock Units (which Restricted Stock Units, from the time of crediting, will be deemed to be in addition to and part of the base number of Restricted Stock Units awarded by this Award Agreement for all purposes hereunder). The additional number of Restricted Stock Units will be equal to the aggregate amount of Dividend Equivalents credited on this Award on the respective dividend payment date divided by the average of the high and low prices per share of common stock on the respective dividend payment date. The Restricted Stock Units attributable to the Dividend Equivalents will be either settled or forfeited, as appropriate, under the same terms and conditions that apply to the other Restricted Stock Units under this Award Agreement and, to the extent applicable, the Company's Executive Deferred Compensation Plan.

SECTION TWO - GENERAL TERMS

This Award Agreement is subject to the Plan and the following terms and conditions:

Period of Restriction

For the purposes of this Award Agreement, "Period of Restriction" means the period beginning on the Award Date set forth above and ending on the earliest of:

- a) 5:00 p.m. Akron time on the March XX, 2018 (the "Vest Date");
- b) The date of the Participant's death;
- c) The date that the Participant's employment is terminated due to Disability; or
- d) The date of an involuntary termination in connection with and resulting from a Change in Control within the two-year period following the date of the Change in Control under conditions in which the Participant qualifies for and receives any employer severance benefit that may be offered, provided that the Participant executes, submits and does not revoke an agreement to release the Company in full against any and all claims as required by (and within the time period mandated by) the arrangement or plan providing the employer severance benefit.

Notwithstanding that the Period of Restriction ends upon a termination of employment due to Disability, Restricted Stock Units awarded pursuant to this Award Agreement shall be subject to limited restrictions after a termination due to Disability as provided in this Award Agreement.

Performance Adjustment

If the Payment Date (as defined below under "Payment") is the Vest Date, the actual number of shares issuable or cash payable under the Restricted Stock Units awarded pursuant to this Award Agreement may be adjusted upward or downward by one-hundred percent (100%) of the Target Number, based on the Company's performance against three key metrics. The Committee has identified the three performance metrics as Capital Effectiveness, Safety, and Funds from Operations/Debt Index. The specific performance goals applicable to this Award are set forth in Exhibit A attached hereto and the extent to which performance goals for all three performance metrics are achieved will be expressed in "total points earned," as set forth in Exhibit A.

If the total points earned is at or above the 90th percentile, then the Participant will earn 200% of the Restricted Stock Units. If the total points earned is at the 60th percentile, then the Participant will earn 150% of the Restricted Stock Units. If the total points earned is at the 50th percentile, then the Participant will earn 100% of the Restricted Stock Units. If the total points earned is at the 40th percentile, then the Participant will earn 50% of the Restricted Stock Units. If the total points earned falls below the 40th

percentile, then no Restricted Stock Units will be earned and all Restricted Stock Units granted hereunder shall be immediately forfeited. If the total points earned fall between the 40th percentile and the 50th percentile, the 50th percentile and the 60th percentile or the 60th percentile and the 90th percentile, then the number of Restricted Stock Units that are earned shall be based on interpolation within such percentile ranges.

Payment

Subject to any election the Participant makes to defer any of the Restricted Stock Units, as provided below, the date that shares of common stock shall be issued to the Participant or cash paid to the Participant (the "Payment Date") shall be as follows for each specified event, provided that, except with respect to deferrals of any Restricted Stock Units under the Company's Executive Deferred Compensation Plan, as provided below, in no event will the Participant be permitted directly or indirectly to designate the taxable year of payment:

- As soon as practicable, but not later than ninety (90) days after the Vest Date if the payment is on account of: the expiration of the Period of Restriction set forth in paragraph a) of the subsection entitled "Period of Restriction" above; the Participant's termination of employment upon retirement (which shall mean the Participant's attainment of age 55 with 10 years of service with the Company or an affiliate and any predecessor thereof); the Participant's termination of employment due to Disability as set forth in paragraph c) of the subsection entitled "Period of Restriction" above; the Participant's involuntary termination other than under paragraph d) of the subsection entitled "Period of Restriction" above that occurs under conditions in which the Participant qualifies for and receives any employer severance benefit that may be offered, provided that the Participant executes, submits and does not revoke an agreement to release the Company in full against any and all claims as required by (and within the time period mandated by) the arrangement or plan providing the employer severance benefit; or if the Participant continues to be employed by the Company but ceases to be employed in an executive position during the three-year Period of Restriction; or
- As soon as practicable, but not later than ninety (90) days, after the expiration of the Period of Restriction due to the Participant's death pursuant to paragraph b) of the subsection entitled "Period of Restriction" above; or
- On the 90th day after the expiration of the Period of Restriction due to the Participant's involuntary termination in connection with and resulting from a Change in Control within the two-year period following the date of the Change in Control in accordance with, and as described in, paragraph d) of the subsection entitled "Period of Restriction" above.

As soon as practicable after the Payment Date, the Company shall deliver to the Participant a number of Shares of common stock, or pay its cash equivalent, as the case may be, under any Restricted Stock Units that the Participant has not elected to defer under the Company's Executive Deferred Compensation Plan. The Company will deliver a number of Shares, or pay its cash equivalent, as the case may be, equal to the number of Restricted Stock Units awarded under this Award Agreement, as adjusted, less any Shares or cash withheld to cover the tax obligations in accordance with the subsection entitled "Withholding Tax" below; provided that, no fractional Shares will be delivered and any fractional Shares to which the Participant would otherwise be entitled will be paid in cash. Any Shares delivered will be held in an account in the name of the Participant.

Notwithstanding the foregoing, if the Participant is eligible to participate in the Company's Executive Deferred Compensation Plan, the Participant may elect to defer the payment made with respect to the Restricted Stock Units to the extent permitted by the Committee in accordance with the terms and conditions of the Company's Executive Deferred Compensation Plan. Any payment made with respect to any Restricted Stock Units that are deferred under the Company's Executive Deferred Compensation Plan shall be paid pursuant to the administrative procedures, terms and conditions of the Executive Deferred Compensation Plan. Any election to defer shall be made in a manner as required under administrative rules established by the Company and shall be made in a manner that complies with Section 409A of the Internal Revenue Code.

Special Definitions

For purposes of this Award, the term "Change in Control" means a change in control that satisfies both a Change in Control as defined in the Plan for Awards granted on or after January 1, 2011 and a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) and the term "involuntary termination" (or forms or derivations thereof) means "involuntary separation from service" as defined in Treasury Regulation Section 1.409A-1(n).

Withholding Tax

The Company shall withhold Shares or cash, as applicable, in an amount sufficient to satisfy all federal, state, and local taxes required by law to be withheld in connection with the delivery of Shares of common stock or payment of cash granted under this Award Agreement, but in no event shall such amount exceed the minimum statutory withholding requirements.

Forfeiture

The Participant shall forfeit all of the Restricted Stock Units and any right under this Award Agreement to receive Shares of common stock or equivalent cash payments upon the occurrence of any of the following events before the expiration of the Period of Restriction:

- Termination of employment with the Company for any reason; provided, however, that no forfeiture shall occur if termination of employment occurs due to the Participant's involuntary termination in connection with and resulting from a Change in Control within the two-year period following the date of the Change in Control and the satisfaction of the conditions as described in paragraph d) of the subsection entitled "Period of Restriction" above; and further provided, that if the conditions of paragraph d) of the subsection entitled "Period of Restriction" above are not met, the Restricted Stock Units and any right under this Award Agreement to receive Shares of common stock or equivalent cash payments will be forfeited.
- Any attempt to sell, transfer, pledge, assign or otherwise alienate or hypothecate the Restricted Stock Units or the right to receive the common stock issuable, or cash payable, under the Restricted Stock Units in violation of this Award Agreement.

Notwithstanding the above, if the Participant dies, has a termination of employment upon retirement (as defined under the then established rules of the Company or any of its Subsidiaries, as the case may be), has a termination of employment due to Disability, is involuntarily terminated other than under paragraph d) of the subsection entitled "Period of Restriction" above under conditions in which the Participant qualifies for and receives any employer severance benefit that may be offered, provided that the Participant executes, submits and does not revoke an agreement to release the Company in full against any and all claims as required by (and within the time period mandated by) the arrangement or plan providing the employer severance benefit, or if the Participant continues to be employed by the Company until the Vest Date but ceases to be employed in an executive position during the three-year Period of Restriction, the Restricted Stock Units awarded to the Participant under this Award Agreement will be forfeited and/or payable as follows:

- If the Participant dies, terminates employment as described above or ceases to be employed in an executive position prior to a full month after the Award Date, all Restricted Stock Units earned will be forfeited upon the death or termination.
- If the Participant dies, terminates employment as described above or ceases to be employed in an executive position after the lapse of a full month or more after the Award Date, the Participant will be entitled to a prorated number of Restricted Stock Units. The proration will be calculated by multiplying the number of Restricted Stock Units awarded by the number of full months served after the Award Date, divided by thirty-six months. The prorated Restricted Stock Units will then be adjusted upward or downward by the performance factors in accordance with the provisions under the subsection "Performance Adjustment" (as determined by the Committee), except that no adjustment is made upon death. All fractional shares will be rounded up to the next full share. The remaining portion of Restricted Stock Units awarded will be forfeited.

Upon the occurrence of any of the above forfeiture events (for which no exception has been made as set forth above) before the expiration of the Period of Restriction, the Restricted Stock Units that are to be forfeited as described above (either in full or in part), shall be forfeited by the Participant to the Company. At the time of such forfeiture, the Participant's interest in the Restricted Stock Units and the common stock issuable or the equivalent cash payments under the Restricted Stock Units shall terminate, unless such forfeiture is waived in the sole discretion of the Committee.

Recoupment

With respect to a Participant who is or has been deemed to be, or becomes, an "insider" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this Award Agreement will be administered in compliance with Section 10D of the Exchange Act, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Shares may be traded, and subject to any Company policy adopted pursuant to such law, rules, or regulations and may be amended to further such purpose without the consent of the Participant.

Shareholder Rights

The Participant shall have no rights as a shareholder of the Company, including voting rights, with respect to the Restricted Stock Units until the issuance of common stock, if any, upon expiration of the Period of Restriction or, to the extent applicable, upon the Participant's receipt of the common stock following a distribution from his or her account under the Company's Executive Deferred Compensation Plan.

Effect on the Employment Relationship

The grant of Restricted Stock Units is voluntary and made on a one-time basis and does not constitute a commitment to make any future awards. Nothing by this Award or in this Award Agreement guarantees employment with the Company or any

Subsidiary, nor does this Award or Award Agreement confer any special rights or privileges to the Participant as to the terms of employment.

Adjustments

In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, stock split, combination, distribution, or other change in corporate structure of the Company affecting the common stock, the Committee will adjust the number and class of securities granted under this Award Agreement in a manner determined by the Committee, in its sole discretion, to be appropriate to prevent dilution or enlargement of the Restricted Stock Units granted under this Award Agreement.

Administration

1. This Award Agreement is governed by the laws of the State of Ohio without giving effect to the principles of conflicts of laws. By accepting this Award, the Participant agrees to the exclusive jurisdiction of the courts of the United States District Court for the Northern District of Ohio to adjudicate any and all claims brought with respect to the Award.
2. The administration of this Award Agreement and the Plan will be performed in accordance with Article 3 of the Plan.
3. All interpretations, determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of the Plan shall be final, conclusive, and binding on all persons and the Participant agrees to be bound by such interpretations, determinations and decisions.
4. The terms of this Award Agreement are governed at all times by the official text of the Plan and in no way alter or modify the Plan.
5. If a term is capitalized but not defined in this Award Agreement, it has the meaning given to it in the Plan or on the Award Detail Page (which is a part of this Award Agreement) as the context so requires.
6. To the extent a conflict exists between the terms of this Award Agreement and the provisions of the Plan or the Company's Executive Deferred Compensation Plan ("EDCP"), the provisions of the Plan or the EDCP, as applicable, shall govern.
7. The terms and conditions of this Award may be modified by the Committee:
 - (a) in any case permitted by the terms of the Plan or this Award Agreement;
 - (b) with the written consent of the Participant; or
 - (c) without the consent of the Participant if the amendment is either not materially adverse to the interests of the Participant or is necessary or appropriate in the view of the Committee to conform with, or to take into account, applicable law, including either exemption from or compliance with any applicable tax law.

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It is intended that this Award Agreement and the compensation and benefits hereunder either be exempt from, or comply with, Section 409A of the Internal Revenue Code ("Section 409A"), and this Award Agreement shall be so construed and administered. In the event that the Committee reasonably determines that any compensation or benefits payable under this Award Agreement may be subject to taxation under Section 409A, the Committee shall have the authority to adopt, prospectively or retroactively, such amendments to this Award Agreement or to take any other actions it determines necessary or appropriate to (a) exempt the compensation and benefits payable under this Award Agreement from Section 409A or (b) comply with the requirements of Section 409A. The Committee, in its sole discretion, shall determine to what extent, if any, this Award must be amended, modified or reformed. In no event, however, shall this section or any other provisions of this Award Agreement be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or payments under, this Award Agreement and the Company shall have no responsibility for tax consequences to Participant (or the Participant's beneficiary) resulting from the terms or operation of this Award Agreement.

Notwithstanding any other provision in this Award Agreement to the contrary, in the event a benefit payable under this Award Agreement is subject to the requirements of Section 409A:

1. A Participant shall not be treated as having a termination of employment unless the Participant has a "separation from service" as defined in regulations under, and for purposes of, Section 409A.
2. If a Participant is a "specified employee," as determined under the Company's policy for determining specified employees on the date of a "separation from service," all payments under this Award Agreement that would otherwise be paid or provided during the first six (6) months following such separation from service (other than payments, benefits, or reimbursements that are treated as separation pay under Section 1.409A-1(b)(9)(v) of the Treasury Regulations, short-term deferrals under Section 1.409A-1(b)(4) of the Treasury Regulations or other payments exempted under the Treasury Regulations for Section 409A) shall be accumulated through and paid or provided as soon as practicable following the six (6) month anniversary of such separation from service but not later than the end of the taxable year in which the six (6) month anniversary occurs. Notwithstanding the foregoing, payments delayed pursuant to this paragraph shall commence as soon as practicable following the date of death of the Participant prior to the end of the 6 month period but in no event later than ninety (90) days following the date of death.
3. Unless otherwise provided for in an arrangement or plan providing an employer severance benefit and notwithstanding any other provision of this Award Agreement, if the Participant is required to execute, submit and not revoke a release of claims against the Company in order to receive the payment of benefits hereunder as a result of the terms of an arrangement or

plan providing an employer severance benefit and the period in which to execute, submit and not revoke the release begins in a first taxable year and ends in a second taxable year, any payment to which the Participant would be entitled hereunder will be paid in the second taxable year, but no later than the end of the payment period specified in this Award Agreement.

SECTION THREE - TRANSFER OF AWARD

Neither the Restricted Stock Units nor the right to receive the common stock issuable or cash payments payable under the Restricted Stock Units are transferable during the life of the Participant. Only the Participant shall have the right to receive the common stock issuable or cash payments payable under this Award Agreement, unless the Participant is deceased, at which time the common stock issuable or cash payments payable under this Award Agreement may be issued or paid to the Participant's beneficiary (as designated under Article 15 of the Plan), or pursuant to the Participant's will or the laws of descent and distribution.

I acknowledge receipt of this Restricted Stock Unit Award Agreement and I accept and agree with the terms and conditions stated above.

(Date)

(Signature of Participant)

EXHIBIT A

(attach RSU Index)

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[\(Back To Top\)](#)**Section 7: EX-10.49 (EXHIBIT 10.49)****EXHIBIT 10-49****Form of Restricted Stock Award Agreement**

This Restricted Stock Award Agreement ("Award Agreement") is entered into as of the Award Date between FirstEnergy Corp. and the Participant. For the purposes of this Award Agreement, the term "Company" means FirstEnergy Corp., its successors and/or its Subsidiaries, singularly or collectively.

SECTION ONE - AWARD

As of the Award Date, in accordance with the FirstEnergy Corp. 2007 Incentive Plan, as amended (the "Plan") and the terms and conditions of this Award Agreement, the Company grants to the Participant the fixed number of restricted shares of the Company's common stock listed as "Awarded" on the Award Detail Page (the "Restricted Stock").

Voting and Dividend Rights

Subject to the restrictions in this Award Agreement, the Participant shall be entitled to all rights of ownership during the Period of Restriction (as defined in "Section Two-General Terms" below), including, but not limited to, the right to vote the Restricted Stock and to receive dividends. Dividends payable during the Period of Restriction, however, shall be automatically reinvested in Restricted Stock that is subject to the same restrictions.

SECTION TWO - GENERAL TERMS

This Award Agreement is subject to the Plan and the following terms and conditions:

Period of Restriction

For the purposes of this Award Agreement, "Period of Restriction" means the period beginning on the Award Date set forth above and ending on the earliest of:

- a) 5:00 p.m. Akron time on [March __, 2018] (the "Vest Date");
- b) The date of the Participant's death;
- c) The date that the Participant's employment is terminated due to Disability; or
- d) The date that the Participant is involuntarily terminated under conditions in which the Participant qualifies for and receives any employer severance benefit that may be offered, provided that the Participant executes, submits and does not revoke an agreement to release the Company in full against any and all claims as required by (and within the time period mandated by) the arrangement or plan providing the employer severance benefit.

Registration and Certificate Legend

The Restricted Stock shall be registered in the name of the Participant and shall be placed in a restricted account in book entry form where it shall remain, accruing dividends, until the expiration of the Period of Restriction or forfeiture, as described below. The Company may, in its discretion, register the Restricted Stock in certificate form for the number of shares of Restricted Stock specified above. If the Company registers the Restricted Stock in certificate form, the Company will retain the certificates and each certificate will bear the following legend until the expiration of the Period of Restriction or forfeiture:

"The sale or other transfer of the shares of stock represented by this certificate, whether voluntary, involuntary, or by operation of law, is subject to certain restrictions on transfer set forth in the FirstEnergy Corp. 2007 Incentive Plan, as amended, in the rules and administrative procedures adopted pursuant to such Plan, and in a Restricted Stock Award Agreement dated with the Award Date. A copy of the Plan, such rules and procedures, and such Restricted Stock Award Agreement may be obtained from the Corporate Secretary of FirstEnergy Corp."

Delivery of Common Stock

Subject to satisfying the applicable tax withholding requirements, the shares of common stock issuable under this Award Agreement shall be delivered to the Participant as follows (the "Delivery Date") for each specified event:

- The Vest Date, if the delivery is on account of paragraph a) of the subsection entitled "Period of Restriction" above; or
- As soon as practicable after the Participant's death, termination due to Disability or involuntary termination in accordance with, and as described in, paragraph b), c), or d) of the subsection entitled "Period of Restriction" above, and subject to the subsection entitled "Forfeiture" below.

As soon as practicable after the Delivery Date, the Company shall, as applicable, either lift the restrictions on the Restricted Stock held in a restricted account in book entry form or remove the legend from the Restricted Stock held in certificate form and all unrestricted Shares shall remain in, or shall be placed in, an account in book entry form; provided that, no fractional Shares will be delivered and any fractional Shares to which the Participant would otherwise be entitled will be paid in cash. All unrestricted Shares,

less any Shares withheld to cover the tax obligations in accordance with the subsection entitled "Withholding Tax" below, will continue to be registered in the name of the Participant.

Special Definitions

For purposes of this Award Agreement, the term "Change in Control" means a change in control that satisfies both a Change in Control as defined in the Plan for Awards granted on or after January 1, 2011 and a "change in control event" as defined in Treasury Regulation Section 1.409A-3(i)(5) and the term "involuntary termination" (or forms or derivations thereof) means "involuntary separation from service" as defined in Treasury Regulation Section 1.409A-1(n).

Withholding Tax

The Company shall withhold shares in an amount sufficient to satisfy all federal, state, and local taxes required by law to be withheld in connection with the delivery of shares of common stock granted under this Award Agreement, but in no event shall such amount exceed the minimum statutory withholding requirements.

Forfeiture

The Participant shall forfeit to the Company all of the Restricted Stock and any right to dividends on the Restricted Stock upon the occurrence of any the following events before the expiration of the Period of Restriction and neither the Participant nor any of the Participant's successors, heirs, assigns or personal representatives shall have any interest or rights in the Restricted Stock or any dividends upon or after the following events:

- Termination of employment with the Company for any reason; provided, however, that no forfeiture shall occur if termination of employment with the Company is due to death or Disability or due to an involuntary termination in connection with and resulting from a Change in Control within the two-year period following the date of the Change in Control under conditions in which the Participant qualifies for and receives an employer severance benefit, if offered, provided that the Participant executes, submits and does not revoke an agreement to release the Company in full against any and all claims as required by (and within the time period mandated by) the arrangement or plan providing the employer severance benefit; and further provided, that if the Participant is involuntarily terminated other than in connection with and resulting from a Change in Control as described in the immediately preceding phrase and satisfies the conditions as described in paragraph d) of the subsection entitled "Period of Restriction" above, a prorated portion of the Restricted Stock under this Award Agreement based on the number of months served during the Period of Restriction shall not be forfeited. The proration will be calculated by multiplying the number of shares of Restricted Stock awarded by the number of full months served after the Award Date, divided by the total number of months of the Period of Restriction.
- Any attempt to sell, transfer, pledge, assign or otherwise alienate or hypothecate the Restricted Stock or the right to receive the Restricted Stock in violation of this Award Agreement.

Recoupment

With respect to a Participant who is or has been deemed to be, or becomes, an "insider" for purposes of Section 16 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), this Award Agreement will be administered in compliance with Section 10D of the Exchange Act, any applicable rules or regulations promulgated by the Securities and Exchange Commission or any national securities exchange or national securities association on which the Shares may be traded, and subject to any Company policy adopted pursuant to such law, rules, or regulations and may be amended to further such purpose without the consent of the Participant.

Effect on the Employment Relationship

The grant of Restricted Stock is voluntary and made on a one-time basis and does not constitute a commitment to make any future awards. Nothing by this Award or in this Award Agreement guarantees employment with the Company, nor does this Award or Award Agreement confer any special rights or privileges to the Participant as to the terms of employment.

Adjustments

In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, stock split, combination, distribution, or other change in corporate structure of the Company affecting the common stock, the Committee will adjust the number and class of securities in this Award in a manner determined appropriate to prevent dilution or enlargement of the Restricted Stock granted under this Award Agreement.

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It is intended that this Award Agreement and the compensation and benefits hereunder either be exempt from, or comply with, Section 409A of the Internal Revenue Code ("Section 409A"), and this Award Agreement shall be so construed and administered.

In the event that the Committee reasonably determines that any compensation or benefits payable under this Award Agreement may be subject to taxation under Section 409A, the Committee shall have the authority to adopt, prospectively or retroactively, such amendments to this Award Agreement or to take any other actions it determines necessary or appropriate to (a) exempt the compensation and benefits payable under this Award Agreement from Section 409A or (b) comply with the requirements of Section 409A. The Committee, in its sole discretion, shall determine to what extent, if any, this Award must be amended, modified or reformed. In no event, however, shall this section or any other provisions of this Award Agreement be construed to require the Company to provide any gross-up for the tax consequences of any provisions of, or payments under, this Award Agreement and the Company shall have no responsibility for tax consequences to Participant (or the Participant's beneficiary) resulting from the terms or operation of this Award Agreement.

Administration

1. This Award Agreement is governed by the laws of the State of Ohio without giving effect to the principles of the conflicts of laws. By accepting this Award, the Participant agrees to the exclusive jurisdiction of the courts of the United States District Court for the Northern District of Ohio to adjudicate any and all claims brought with respect to the Award.
2. The administration of this Award Agreement and the Plan will be performed in accordance with Article 3 of the Plan.
3. All interpretations, determinations and decisions made by the Committee, the Board, or any delegate of the Committee as to the provisions of the Plan shall be final, conclusive, and binding on all persons and the Participant agrees to be bound by such interpretations, determinations and decisions.
4. The terms of this Award Agreement are governed at all times by the official text of the Plan and in no way alter or modify the Plan.
5. If a term is capitalized but not defined in this Award Agreement, it has the meaning given to it in the Plan or on the Award Detail Page (which is a part of this Award Agreement) as the context so requires.
6. To the extent a conflict exists between the terms of this Award Agreement and the provisions of the Plan, the provisions of the Plan shall govern.
7. The terms and conditions of this Award may be modified by the Committee:
 - (a) in any case permitted by the terms of the Plan or this Award Agreement;
 - (b) with the written consent of the Participant; or
 - (c) without the consent of the Participant if the amendment is either not materially adverse to the interests of the Participant or is necessary or appropriate in the view of the Committee to conform with, or to take into account, applicable law, including either exemption from or compliance with any applicable tax law.

SECTION THREE - TRANSFER OF AWARD

The Restricted Stock is not transferable during the life of the Participant. Only the Participant shall have the right to receive the common stock issuable under the Restricted Stock, unless the Participant is deceased, at which time the common stock issuable under the Restricted Stock may be issued to the Participant's beneficiary (as designated under Article 15 of the Plan), or pursuant to the Participant's will or the laws of descent and distribution.

I acknowledge receipt of this Restricted Stock Award Agreement and I accept and agree with the terms and conditions stated above.

(Date)

(Signature of Participant)

Section 8: EX-12 (EXHIBIT 12)

EXHIBIT 12

FIRSTENERGY CORP.

CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES

	Year Ended December 31				
	2010	2011	2012	2013	2014
	(Dollars in millions)				
EARNINGS AS DEFINED IN REGULATION S-K:					
Income from continuing operations	\$ 696	\$ 856	\$ 755	\$ 375	\$ 213
Interest and other charges, before reduction for amounts capitalized and deferred	845	1,008	1,001	1,016	1,073
Capitalized interest	(165)	(70)	(72)	(75)	(69)
Provision for income taxes (benefits)	449	566	545	195	(42)
Interest element of rentals charged to income ⁽¹⁾	151	150	136	96	83
Earnings as defined	<u>\$ 1,976</u>	<u>\$ 2,510</u>	<u>\$ 2,365</u>	<u>\$ 1,607</u>	<u>\$ 1,258</u>
FIXED CHARGES AS DEFINED IN REGULATION S-K:					
Interest before reduction for amounts capitalized and deferred	\$ 845	\$ 1,008	\$ 1,001	\$ 1,016	\$ 1,073
Interest element of rentals charged to income ⁽¹⁾	151	150	136	96	83
Fixed charges as defined	<u>\$ 996</u>	<u>\$ 1,158</u>	<u>\$ 1,137</u>	<u>\$ 1,112</u>	<u>\$ 1,156</u>
CONSOLIDATED RATIO OF EARNINGS TO FIXED CHARGES	<u>1.98</u>	<u>2.17</u>	<u>2.08</u>	<u>1.45</u>	<u>1.09</u>

⁽¹⁾ Includes the interest element of rentals where determinable plus 1/3 of rental expense where no readily defined interest element can be determined.

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Section 9: EX-21 (EXHIBIT 21)

EXHIBIT 21

FIRSTENERGY CORP.
LIST OF SUBSIDIARIES OF THE REGISTRANT
AT DECEMBER 31, 2014

FirstEnergy Nuclear Operating Company - Incorporated in Ohio

FirstEnergy Service Company - Incorporated in Ohio

FirstEnergy Solutions Corp. - Incorporated in Ohio

FirstEnergy Transmission, LLC - Organized in Delaware

FirstEnergy Ventures Corp. - Incorporated in Ohio

Jersey Central Power & Light Company - Incorporated in New Jersey

Metropolitan Edison Company - Incorporated in Pennsylvania

Monongahela Power Company - Incorporated in Ohio

Ohio Edison Company - Incorporated in Ohio

Pennsylvania Electric Company - Incorporated in Pennsylvania

The Cleveland Electric Illuminating Company - Incorporated in Ohio

The Potomac Edison Company - Incorporated in Maryland

The Toledo Edison Company - Incorporated in Ohio

West Penn Power Company - Incorporated in Pennsylvania

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Section 10: EX-23 (EXHIBIT 23)

EXHIBIT 23

FirstEnergy Corp.

Consent of Independent Registered Public Accounting Firm

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (Nos. 333-153608, 333-191382, 333-181519, and 333-48587), and Form S-8 (Nos. 333-56094, 333-72768, 333-81183, 333-89356, 333-101472, 333-110662, 333-146170, 333-165640, and 333-172464) of FirstEnergy Corp. of our report dated February 17, 2015, relating to the financial statements, financial statement schedule, and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

/s/ PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Cleveland, Ohio
February 17, 2015

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Section 11: EX-31.1 (EXHIBIT 31.1)

EXHIBIT 31.1

Certification

I, Charles E. Jones, certify that:

1. I have reviewed this report on Form 10-K of FirstEnergy Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- 3.

Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2015

/s/ Charles E. Jones

Charles E. Jones
President and Chief Executive Officer

EXHIBIT 31.1

Certification

I, Donald R. Schneider, certify that:

1. I have reviewed this report on Form 10-K of FirstEnergy Solutions Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2015

/s/ Donald R. Schneider

Donald R. Schneider
Chief Executive Officer

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Section 12: EX-31.2 (EXHIBIT 31.2)

EXHIBIT 31.2

Certification

I, James F. Pearson, certify that:

1. I have reviewed this report on Form 10-K of FirstEnergy Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2015

/s/ James F. Pearson

James F. Pearson
Chief Financial Officer

EXHIBIT 31.2

Certification

I, James F. Pearson, certify that:

1. I have reviewed this report on Form 10-K of FirstEnergy Solutions Corp.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 17, 2015

/s/ James F. Pearson

James F. Pearson
Chief Financial Officer

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Section 13: EX-32 (EXHIBIT 32)

EXHIBIT 32

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350**

In connection with the Report of FirstEnergy Corp. ("Company") on Form 10-K for the period ending December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each undersigned officer of the Company does hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Charles E. Jones

Charles E. Jones
President and Chief Executive Officer

/s/ James F. Pearson

James F. Pearson
Chief Financial Officer

Date: February 17, 2015

EXHIBIT 32

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350**

In connection with the Report of FirstEnergy Solutions Corp. ("Company") on Form 10-K for the period ending December 31, 2014 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), each undersigned officer of the Company does hereby certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to the best of his knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ Donald R. Schneider

Donald R. Schneider
President
(Chief Executive Officer)

/s/ James F. Pearson

James F. Pearson
Chief Financial Officer

Date: February 17, 2015

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